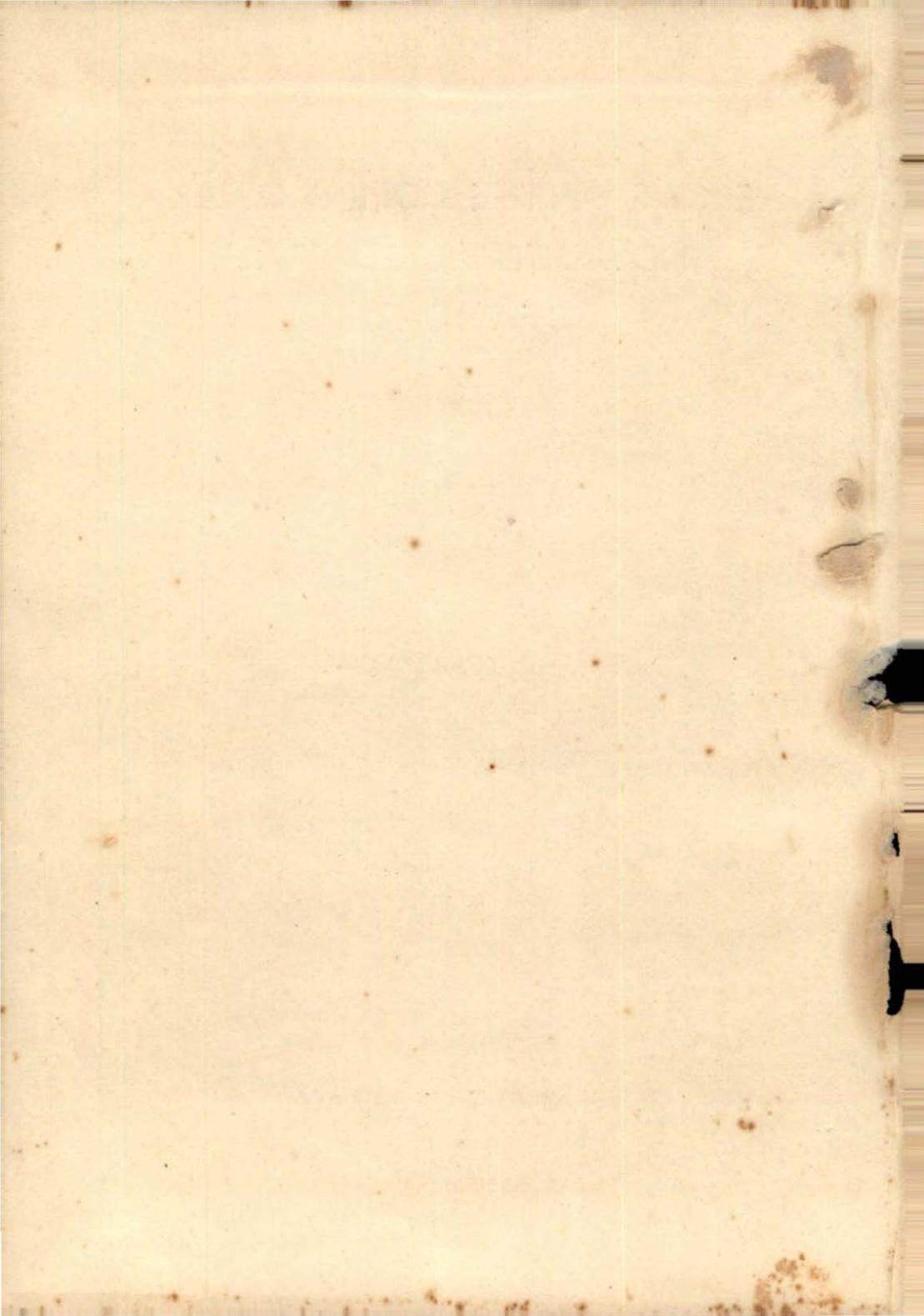


REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR 1980—81

(CIVIL)

GOVERNMENT OF KERALA



ERRATA
Report of the Comptroller and Auditor General of
India for the year 1980-81, Government of Kerala
(Civil)

<i>Page no.</i>	<i>Reference to paragraph, line, etc.</i>	<i>For</i>	<i>Read</i>
8	Last line	balance	balances
12	Line 8 from bottom	nterest	Interest
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16	Foot note, last line	Provisional	provisional
20	Para 1.12		
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20	Penultimate line	expenditute	expenditure
21	Tabular statement under "A. Voted grants"	Excess	Excess
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35	Line 9	bprepared	prepared
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50	Line 12	non-avilability	non-availability
57	Tabular statement—Column 3 against 1978-79	10,676	12,676
59	Line 6 from bottom	249	359
59	Line 5 from bottom	7 per cent	8 per cent
70	Tabular statement—Column 9 against 1979-80	0.73	0.65

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162)	Heading in Column 2 Line 2	Undertakings	undertaking
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163	Do.	undertakings	undertaking
163	Remarks Column against Sl. no. 7	State Farming Corporation of Kerala	the State Farming Corporation of Kerala Limited
163	Remarks Column against Sl. no. 8	attributed to	attributed
164	Remarks Column Line 1	availabilty	availability
164	Column 2 against Sl. no. 14	Scheduled Castes/ Scheduled Tribes	Scheduled Castes and Scheduled Tribes
178	Line 4	wries off	writes off
178	Sl. no. 3, Column 2	Finanace	Finance
184	Line 4	Paragraph 4.6 (iii)	Paragraph 4.6 (3)
186	Line 4	Paragraph 4.6 (iv)	Paragraph 4.6 (4)

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1980-81 and other points arising from audit of financial transactions of the Government of Kerala. It also includes:—

- (i) certain points of interest arising from the Finance Accounts for the year 1980-81; and
- (ii) comments on National Malaria Eradication Programme and schemes relating to Lift Irrigation and Rural Water Supply.

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 1980-81 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 1980-81 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 1980-81 are given below with the corresponding figures of the previous year:—

	1979-80	1980-81
	<i>(in crores of rupees)</i>	
(1) Revenue		
Revenue receipts	5,91.55	6,40.38
Revenue expenditure	5,33.69	6,67.61
Revenue surplus (+)	(+ 57.86	(—) 27.23
Revenue deficit (—)		
(2) Public Debt		
Internal debt of the State Government (net)		
Increase (+)	(+ 17.26	(+ 21.45
Loans and Advances from the Central Government (net)		
Increase (+)	(+ 56.76	(+ 56.07
Total Public Debt (net)		
Increase (+)	(+ 74.02	(+ 77.52
(3) Loans and Advances by the State Government (net)		
Increase(—)	(—) 39.55	(—) 29.90
(4) Contingency Fund (net)		
Increase (+)	(+ 0.57	(—) 1.60
Decrease (—)		

	1979-80	1980-81
	<i>(in crores of rupees)</i>	
(5) Public Account (net)		
Increase (+)	(+)	23.46 (+) 62.67
(6) Capital Account (net)		
Increase (—)	(—)	1,04.09 (—) 1,21.86
Net surplus (+)	(+)	12.27 (—) 40.40
Deficit(—)		
Opening Cash Balance	(+)	15.58 (+) 27.85
Net surplus (+)		
Deficit (—)	(+)	12.27 (—) 40.40
Closing Cash Balance	(+)	27.85 (—) 12.55*

1.2. Revenue surplus/deficit

(a) Revenue receipts:

The actuals of revenue receipts for 1980-81 compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the year along with the corresponding figures for 1978-79 and 1979-80 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>					
1978-79	4,67.63	4,81.13	5,22.15	(+)	41.02 8.53
1979-80	5,42.11	5,42.11	5,91.55	(+)	49.44 9.12
1980-81	5,91.29	5,98.89	6,40.38	(+)	41.49 6.93

* There was a difference of Rs. 13.65 lakhs (net debit) between the figures reflected in the accounts (Rs. 14,96.17 lakhs) and that communicated by the Reserve Bank of India (Rs. 14,82.52 lakhs) under 'Deposits with Reserve Bank'. Difference to the extent of Rs. 33.25 lakhs (net credit) has since been reconciled; the remaining difference of Rs. 46.90 lakhs (net debit) is under reconciliation (February 1982).

(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>					
1978-79	4,73.42	5,19.84	4,79.14	(—) 40.70	7.83
1979-80	5,37.94	5,53.95	5,33.69	(—) 20.26	3.66
1980-81	5,75.24	6,71.81	6,67.61	(—) 4.20	0.63

(c) While 1978-79 and 1979-80 ended with a revenue surplus of Rs. 43.01 crores and Rs. 57.86 crores respectively, the year 1980-81 ended with a revenue deficit of Rs. 27.23 crores as against a revenue surplus of Rs. 16.05 crores anticipated in the budget.

1.3. Revenue receipts

The revenue receipts during 1980-81 (Rs. 6,40.38 crores) increased by Rs. 48.83 crores over those in 1979-80 (Rs. 5,91.55 crores). A brief analysis of the revenue receipts during 1980-81 is given in Appendix 1.1. The detailed analysis of the receipts and audit comments thereon are given separately in the Audit Report on Revenue Receipts for the year 1980-81.

While the tax revenue raised by the State Government increased from Rs. 2,90.80 crores in 1979-80 to Rs. 3,36.53 crores in 1980-81, the non-tax revenue declined from Rs. 1,21.93 crores to Rs. 1,00.06 crores. The fall in non-tax revenue during 1980-81 was due to the decrease in interest receipts (Rs. 29.01 crores) owing to non-payment of dues by the Kerala State Electricity Board.

1.4. Expenditure on revenue account

The total revenue expenditure during 1980-81 was Rs. 6,67.61 crores (Plan: Rs. 1,24.53 crores; Non-Plan: Rs. 5,43.08 crores) as against Rs. 5,33.69 crores (Plan: Rs. 76.28 crores; Non-Plan: Rs. 4,57.41 crores) during 1979-80. A sector-wise analysis of expenditure on revenue account

during 1980-81 under Plan and Non-Plan as compared to the provision of funds under each category is given in Appendix 1.2.

The increase of Rs. 1,33.92 crores in revenue expenditure during 1980-81 over that in 1979-80 was mainly due to more expenditure under Fiscal Services (Rs. 3.13 crores), Administrative Services (Rs. 5.09 crores), Pensions and Miscellaneous General Services (Rs. 7.37 crores), Social and Community Services (Rs. 72.85 crores) and Economic Services (Rs. 44.32 crores). The increase was mainly on the following functions:—

<i>Sl. no.</i>	<i>Function</i>	<i>Increase (in crores of rupees)</i>	<i>Reasons</i>
<i>Social and Community Services</i>			
1.	Education	26.66	Increase in staff and enhancement of dearness allowance.
2.	Social Security and Welfare	19.70	Payment of pension to agricultural workers (Rs. 10.92 crores) and implementation of more schemes for the welfare of Scheduled Castes (Rs. 1.84 crores).
3.	Labour and employment	13.37	Payment of more assistance under the Employment Relief Schemes (Rs. 12.76 crores).
4.	Medical	6.89	Increase in administrative expenses and purchase of materials for hospitals.
<i>Economic Services</i>			
5.	Agriculture	10.74	Payment of subsidy to small and marginal farmers, implementation of coconut development schemes and payment of more grants to Kerala Agricultural University.
6.	Community Development	10.45	Payment of grants to Panchayats for co-ordination of development activities (Rs. 10.08 crores).

<i>Sl. no.</i>	<i>Function</i>	<i>Increase (in crores of rupees)</i>	<i>Reasons</i>
7.	Co-operation	5.32	Payment of grants to co-operative societies for giving interest relief on loans to Harijans and interest subsidy to small farmers.
8.	Roads and Bridges	6.88	Special repairs to roads and bridges on account of floods and cyclone damages (Rs. 5.46 crores).

Pensions and Miscellaneous General Services

9.	Pensions and other retirement benefits	6.49	Increase in number of pensioners and pensionary benefits.
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1.5. Expenditure on capital account

(i) The capital expenditure during the three years ending 1980-81 as compared with (i) the budget estimates and (ii) the budget estimates 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>					

1978-79	91.01	99.40	67.13	(—)32.27	32.46
1979-80	1,11.61	1,19.26	1,04.17	(—)15.09	12.65
1980-81	1,17.06	1,26.94	1,21.86	(—)5.08	4.00

(ii) The expenditure on capital account during 1980-81 was Rs. 1,21.86 crores (Plan: Rs. 1,19.75 crores; Non-Plan: Rs. 2.11 crores) as against Rs. 1,04.17 crores (Plan: Rs. 1,04.60 crores; Non-Plan: Rs. (—)0.43 crore) during the previous year. A sector-wise analysis of expenditure on capital account during 1980-81 under Plan and Non-Plan as compared with the provision of funds under each category is given in Appendix 1.3.

(iii) The capital expenditure during 1980-81 was more in the case of 20 functions and less in the case of 9 other functions when compared to that in

the previous year. The functions that fell under the latter category were mainly—(i) co-operation, (ii) agriculture, (iii) village and small industries, (iv) consumer industries, (v) mining and metallurgical industries, (vi) ports, light houses and shipping and (vii) road and water transport services.

1.6. Loans and advances by Government

(i) The actuals of disbursement of loans and advances by Government for 1980-81 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants along with the corresponding figures for 1978-79 and 1979-80 are shown below:—

Year	Budget	Budget plus supple- mentary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		(in crores of rupees)			
1978-79	33.06	46.34	41.04	(—) 5.30	11.44
1979-80	26.08	50.96	49.56	(—) 1.40	2.75
1980-81	31.22	44.02	40.41	(—) 3.61	8.20

(ii) The budget and actuals of recoveries of loans and advances for the three years ending 1980-81 are given below:—

Year	Budget	Actuals	Variations	
			Amount	Percentage
		(in crores of rupees)		
1978-79	18.61	10.20	(—) 8.41	45.19
1979-80	13.83	10.01	(—) 3.82	27.62
1980-81	12.11	10.51	(—) 1.60	13.21

(iii) The sector-wise details of loans and advances disbursed and recovered during the three years ending 1980-81 together with the outstandings at the end of 1980-81 are given in Appendix 1.4.

(iv) Recoveries in arrears

(a) In the case of loans and advances, the detailed accounts of which are maintained by the Audit Office, the amount overdue for recovery at the end of March 1981 was Rs. 1.54 lakhs of which Rs. 1.02 lakhs were recovered between April 1981 and September 1981, leaving a balance of Rs. 0.52 lakh (principal: Rs. 0.38 lakh; interest: Rs. 0.14 lakh).

The year-wise break-up of the arrears is given below:—

Nature of loan	Balance of loans outstanding at the end of March 1981	Amount overdue for recovery			
		1978-79	1979-80	1980-81	Total as on 31st March 1981
(in lakhs of rupees)					
Loans to Panchayats	54.49	0.07	0.33	0.12	0.52

Arrears of interest due from the Kerala State Electricity Board as on 31st March 1981 amounted to Rs. 40.41 crores.

(b) In respect of loans and advances, the detailed accounts of which are maintained by the departmental officers, the amount overdue for recovery at the close of 1980-81 (to the extent information has been received) was Rs. 22,86.48 lakhs (principal: Rs. 14,87.55 lakhs; interest: Rs. 7,98.93 lakhs). Of this, Rs. 21,19.65 lakhs (principal: Rs. 13,68.67 lakhs; interest: Rs. 7,50.98 lakhs) were overdue from Government Companies as shown in Appendix 1.5. The year-wise break-up of the balance amount is given below:-

Nature of loan	Balance of loan outstanding at the end of March 1981	Amount overdue for recovery					Total as on 31st March 1981
		For 1977-78 and earlier years	1978-79	1979-80	1980-81		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
(in lakhs of rupees)							
1. Loans for Dairy Development	31.61	6.54	16.94	0.82	1.21	25.51	
2. Loans for Social Welfare	1.86	..	..	..	0.28	0.28
3. Loans for Education	2,10.56	1.06	0.27	0.20	26.59	28.12	
4. Loans to joint farming societies of QST Blocks in Kuttanad	23.98	13.63	14.92	..	..	28.55
5. Loans for Coir Development (Co-operatives)	5,78.47	27.47	4.27	9.99	42.64	84.37	
Total	8,46.48	48.70	36.40	11.01	70.72	1,66.83	

(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 as on 31st March 1981 had not been furnished in the following cases:—

<i>Name of department</i>	<i>Category of loans</i>
1. Agriculture	Agriculture loans Loans for animal husbandry Loans for soil conservation schemes Loans to co-operative societies
2. Development	Loans to scheduled castes/scheduled tribes Loans under community development programmes
3. Education	Loans under National Loan Scholarship Scheme Miscellaneous loans
4. Fisheries and Ports	Loans for port development
5. Health	Medical loans
6. Industries	Loans for powerloom schemes Loans for handloom schemes Loans under small scale industries schemes
7. Labour	Loans to repatriates from Burma/Sri Lanka
8. Local Administration and Social Welfare	Loans for housing schemes Loans for social welfare schemes
9. *Revenue	Loans to cultivators affected by flood

(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 401 cases including 86 cases where minus balance

were outstanding, the certificates of acceptance of balances had not been received from the departmental officers (January 1982) as shown below:—

Department	Number	Balance of loans on 31st March 1981 (in crores of rupees)	Cases where minus balances were outstanding	
			Number	Balance as on 31st March 1981 (in crores of rupees)
Industries	124	71.72	20	(—) 0.43
Agriculture	95	27.86	45	(—) 0.78
Development	19	1.25	6	(—) 0.07
Education	9	6.53		
Health	3	1.24		
Revenue	7	0.26	5	(—) 0.07
Local Administration	20	12.64	6	(—) 0.02
Labour	8	0.38	4	(—) 0.01
Others	30	15.37		
Total	315	1,37.25	86	(—) 1.38

The occurrence of minus balances in 86 cases is mainly due to misclassification of debits/credits, wrong account of interest under principal, failure to effect account adjustment of the value of items issued on hire purchase basis, etc.

Of the 401 cases where certificates are due, 137 pertain to 1971-72 and earlier years, 87 to 1972-73 to 1975-76 and 177 to 1976-77 to 1980-81.

In respect of loans the detailed accounts of which are maintained by the Audit Office, the arrears in receipt of certificates of acceptance of balances as at the end of January 1982 were as given below:—

	Number of certificates	Balance of loan as on 31st March 1981 (in lakhs of rupees)	Earliest year to which the outstanding certificates pertain
Municipalities	18	18.99	1980-81
Corporation/Boards	10	8,27.10	1979-80
Panchayats	680	31.31	1977-78
Total	708	8,77.40	

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

The sources from which capital expenditure (Rs. 1,22.16 crores including Rs. 0.30 crore met from Contingency Fund) and the net expenditure under 'Loans and Advances by the State Government' (Rs. 31.15 crores including Rs. 1.25 crores met from Contingency Fund) during 1980-81 were met are shown below:—

	<i>(in crores of rupees)</i>
I. Net additions to-	
(i) Internal debt of the State Government	21.45
(ii) Loans and advances from the Central Government	56.07
(iii) Small savings, Provident Funds, etc.	16.07
II. Miscellaneous (mainly deposits, etc., received by Government less the amounts refunded plus contributions from Contingency Fund)	12.14
III. Investments and drawing down of cash balances	74.81
IV. Revenue deficit	(—)27.23
Net amount available for expenditure	1,53.31

1.8. Debt position of Government

(i) The outstanding public debt of the State Government at the end of 1980-81 was Rs. 8,26.94 crores. Analysis of the debt liability as at the end of the three years ending 1980-81 is given below:—

	<i>Public debt as on 31st March</i>		
	1979	1980	1981
	<i>(in crores of rupees)</i>		
Loans and advances from the Central Government	5,47.44	6,04.20	6,60.27
Market loans	1,05.17	1,18.64	1,35.99
Other loans	21.26	24.90	28.85
Compensation and other bonds	1.53	1.68	1.83
Total	6,75.40	7,49.42	8,26.94

(ii) The details of the transactions under public debt during 1980-81 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	74.81	18.74	56.07
Market loans	22.37	5.02	17.35
Ways and means advances from the Reserve Bank of India	41.04	41.04	..
Other loans	5.73	1.78	3.95
Compensation and other bonds	0.16	0.01	0.15
Total	1,44.11	66.59	77.52

(iii) *Other debt and obligations*

In addition to public debt, the balances under small savings, provident funds, deposits, etc., to the extent they have not been separately invested but merged with the general cash balance of the State Government constitute the liability of the State Government. The net liability outstanding under this category as at the end of 1980-81 was Rs. 3,07.57 crores.

(iv) *Overall debt*

Taking public debt and other obligations together, the debt position of the Government was as follows:—

	<i>Total debt as on 31st March</i>		
	1979	1980	1981
	<i>(in crores of rupees)</i>		
1. Public debt	6,75.40	7,49.42	8,26.94
2. Small savings, provident funds, etc.	1,81.08	1,98.57	2,14.64
3. Interest-bearing obligations such as depreciation reserve funds of Government Commercial Undertakings	0.65	0.68	0.57
4. Non-interest-bearing obligations such as deposits of local funds, civil deposits, other earmarked funds, etc.	73.72	81.39	92.36
Total	9,30.85	10,30.06	11,34.51

(v) *Ways and means from Reserve Bank of India*

Under an agreement with the Reserve Bank of India, the Government of Kerala have to maintain with the bank a minimum cash balance of Rs. 60 lakhs on all days. The bank gives ordinary ways and means advances (up to Rs. 12 crores) and additional special accommodation (up to Rs. 6 crores) when the cash balance falls short of the agreed minimum.

The advances carry interest at 1 per cent below the Bank rate for the first 90 days, 1 per cent above the Bank rate beyond 90 days and up to 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 up to and including the seventh day and 3 per cent above the Bank rate thereafter. The Bank rate of interest during 1980-81 was 9 per cent per annum.

To maintain the minimum balance, the State Government took ordinary ways and means advances on 10 days, ordinary and special ways and means advances on 16 days and overdraft on 3 days. The aggregate ways and means advances availed of by the State Government during the year 1980-81 was Rs. 41.04 crores. The entire advance of Rs. 41.04 crores was repaid during the year. Interest of Rs. 8.03 lakhs was paid during 1980-81 on these advances.

(vi) *Interest charges*

Interest payments on account of the debt are analysed below:—

	1978-79	1979-80	1980-81
	<i>(in crores of rupees)</i>		
Interest paid by the State Government	40.32	44.49	45.59
Interest received by the State Government			
(a) Interest received on loans and advances and capital contributions given by Government	13.80	31.76	3.35*

*Interest receipts during 1980-81 dwindled mainly due to non-payment of dues by the Kerala State Electricity Board.

	1978-79	1979-80	1980-81
	<i>(in crores of rupees)</i>		
(b) Interest received on investment of cash balances	1.09	3.16	2.28
Net burden of interest on revenue	25.43	9.57	39.96
Net interest as percentage of total revenue receipts	4.87	1.62	6.24

In addition, there were other receipts and adjustments of interest charges (Rs. 3.33 crores) such as interest received from departmental commercial undertakings, etc. If these are also taken into account the net burden of interest during 1980-81 would be Rs. 36.63 crores (5.72 per cent of the total revenue receipts).

Government also received during the year Rs. 63.25 lakhs as dividend on investments in commercial undertakings, etc.

1.9. Guarantees

(i) Government have given guarantees for repayment of loans, etc. raised by Statutory Corporations, Boards, Government Companies, Local Bodies, Co-operative Societies and other institutions. Brief particulars of guarantees so given which constitute contingent liabilities on the State revenues are given below:—

<i>Bodies on whose behalf guarantees were given</i>	<i>Maximum amount guaranteed</i>	<i>Sums guaranteed outstanding as on 31st March 1981</i>	
		<i>Principal</i>	<i>Interest</i>
	<i>(Principal only)</i>	<i>(in crores of rupees)</i>	
(a) Working Capital raised by the Kerala Financial Corporation and dividends thereon	4.50	4.49	..
(b) Loans, debentures, bonds, etc. raised by			
(1) Statutory Corporations and Boards	2,09.90	1,85.93	..

<i>Bodies on whose behalf guarantees were given</i>	<i>Maximum amount guaranteed (Principal only)</i>	<i>Sums guaranteed outstanding as on 31st March 1981</i>	
		<i>Principal (in crores of rupees)</i>	<i>Interest</i>
(2) Government Companies	1,38.01	72.93	4.72
(3) Co-operative Banks and Societies	94.26	44.00	1.46
(4) Municipalities, Corporations, Townships and other local bodies	35.55	26.31	..
(5) Other institutions	5.63	2.97	0.03
Total	4,87.85	3,36.63	6.21

Note:—(1) The details of amounts outstanding as on 31st March 1981 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 had also guaranteed payment of minimum dividend of $3\frac{1}{2}$ per cent on the share capital of the Kerala Financial Corporation. The total payment made by Government on this account was Rs. 17.45 lakhs up to 1969-70; no payment has been made thereafter. Of this, Rs. 0.20 lakh were recovered up to April 1974; no further recovery has been made.

(iii) Government stood guarantee for an interim loan of Rs. 1 lakh and a short term loan of Rs. 1.34 lakhs provided by the State Bank of India to the Collective Farm Society, Koothali (registered in January 1974). Some aspects relating to the working results of the Society for the period up to 1975-76 were given in paragraph 7.2 of the Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil). When the Society defaulted in payment of minimum wages to its members owing to financial difficulties, the members requested (February 1978 and October 1978) Government that the land assigned to the Society might be reassigned in their favour individually.

In July 1980 Government agreed to this and accorded sanction to treat the Society as having been liquidated from the date of such reassignment of the land to the members. Government also undertook to pay the amount due to the State Bank of India in respect of the loans paid by it to the Society under Government guarantee. Further developments are awaited (February 1982).

(iv) Government had paid Rs. 89.19 lakhs between December 1973 and October 1979 to discharge the liabilities arising from the guarantees given in favour of four bodies, namely, Alleppey Port Thozhilali Co-operative Society Limited, Messrs. V.O. Vakkan and Sons, Alleppey, Koliat Estates and the Palghat Co-operative Milk Supply Union Limited. A sum of Rs. 4.25 lakhs was recovered in 1980-81 from Koliat Estates against Rs. 45.59 lakhs paid by Government. The details of recovery from other bodies and of further recovery from Koliat Estates are awaited.

(v) Rupees 2.98 lakhs were received by Government in 1980-81 towards guarantee fees. The recovery of guarantee fee amounting to Rs. 23.01 lakhs due from the Kerala State Civil Supplies Corporation Limited for the years 1976-77 to 1980-81 was waived by Government in June 1981. Guarantee fee in arrears as on 31st March 1981 in respect of guarantees given in favour of five other undertakings was reported to be Rs. 6.87 lakhs.

1.10. Investments

During 1980-81, Government invested Rs. 3.02 lakhs in 3 Statutory Corporations, Rs. 18,29.50 lakhs in 39 Government Companies, Rs. 0.32 lakh in 2 other Joint Stock Companies and Rs. 5,00.85 lakhs in Co-operative Banks and Societies. Progressive expenditure on investments was increased by Rs. 7.20 lakhs under Government Companies and by Rs. 5.86 lakhs under Co-operative Banks and Societies through *pro forma* adjustments. The proceeds of investment in one Joint Stock Company (Rs. 5 lakhs) and debentures and bonds (Rs. 5 lakhs) were realised during the year.

The following table shows the extent of Government's investments to the end of 1980-81 in the shares of Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies, debentures and bonds of banks, etc. and returns therefrom, with the corresponding figures as at the end of 1979-80.

Where invested	Investment				Dividend / Interest received during the year (in lakhs of rupees) with percentage of return on cumulative investments in brackets	
	To end of 1979-80		To end of 1980-81		1979-80	1980-81
	No. of concerns	Amount (in lakhs of rupees)	No. of concerns	Amount (in lakhs of rupees)	(6)	(7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Statutory Corporations	3	22,97.36	3	25,99.36	1.59 (0.07)	1.59 (0.06)
2. Government Companies	62*	91,65.88 7.53†	64*	1,10,10.11	31.22 (0.34)	29.73 (0.27)
3. Other Joint Stock Companies	42	5,25.12	41	5,20.44	37.15 (7.07)	11.62 (2.23)
4. Co-operative Banks and Societies	@	34,94.67	@	40,01.38	23.62 (0.68)	16.48 (0.41)
5. Bonds	1	64.70	1	59.70	3.87 (5.98)	3.97 (6.65)
Total	108	1,55,47.73 7.53†	109	1,81,90.99	97.45 (0.63)	63.39 (0.35)

In the case of following Statutory Corporation/Government Companies (total investment by Government: Rs. 43,86.99 lakhs) the accumulated loss as per the latest accounts was more than Rs. 65,51.13 lakhs.

Name of Statutory Corporation/ Government Company	Total investment at the end of March 1981 (in lakhs of rupees)	Accumulated loss	
		Amount ‡	As on 31st March
1. Kerala State Road Transport Corporation	22,88.04	36,19.29	1980
2. The Kerala Fisheries Corporation Limited	4,56.73	7,06.20	1980

*Includes 5 Central Government Companies (investment: Rs.2,73.79 lakhs).

† Investments in Kerala State Handicapped Persons' Welfare Corporation made during 1978-79 and 1979-80.

@ Information awaited. ‡ Figures Provisional.

Name of Statutory Corporation/ Government Company	Total invest- ment at the end of March 1981	Accumulated loss	
		Amount ‡	As on 31st March
		(in lakhs of rupees)	
3. Pallathra Bricks and Tiles Limited	25.55	33.05	1980
4. The Travancore Cochin Chemicals Limited	5,89.75	7,86.24	1981
5. The Kerala Ceramics Limited	1,07.95	3,87.61	1981
6. Kerala Electrical and Allied Engineering Com- pany Limited	75.82	1,80.70	1981
7. Trivandrum Rubber Works Limited	58.12@	3,41.55	1981
8. Handicrafts Development Corporation of Kerala Limited	77.18	91.83	1981
9. The Chalakudy Refra- ctories Limited	48.90	53.44	1981
10. Kerala Land Development Corporation Limited	2,81.00	99.80	1981
11. Trivandrum Spinning Mills Limited	1,84.99	1,27.57	1981
12. Kerala Soaps and Oils Limited	1,44.37	99.49	1981
13. Travancore Plywood Industries Limited	48.59	24.36	1981
Total	43,86.99	65,51.13	

In the case of the first nine undertakings mentioned above the accumulated loss was more than Government's investment in them.

‡ Figures provisional.

@According to the details furnished by the Government, the total investment in the Company was Rs. 1,54.96 lakhs of which Rs. 80.99 lakhs was by way of conversion of loan and interest in to share capital for which adjustment was to be effected in the accounts. Balance difference was under reconciliation.

More details of the investments are given in Statement No. 14 of the Finance Accounts 1980-81 and in the Report of the Comptroller and Auditor General of India for the year 1980-81 (Commercial).

Five institutions in which Government had invested Rs. 35.73 lakhs are under liquidation.

1.11. Plan Expenditure

The Annual Plan of the State for the year 1980-81 envisaged an outlay of Rs. 2,79.84 crores of which Rs. 45.07 crores were expected to be met from the internal resources of the State Electricity Board and Rs. 5 crores from the open market borrowings of autonomous bodies. The balance of Rs. 2,29.77 crores (Revenue Account: Rs. 86.10 crores; Capital Account: Rs. 1,21.46 crores; Loans and advances: Rs. 22.21 crores) was proposed to be met by the State from the State's budgetary resources, borrowings and Central assistance.

The Plan outlay was fixed taking into account recoveries to the extent of Rs. 0.55 crore under Revenue account (towards expenditure met from the Agriculturist Rehabilitation Fund and Kudikidappukars Benefit Fund) and Rs. 6 crores under capital account (receipts and recoveries from (i) sewerage schemes: Rs. 1.10 crores; urban water supply schemes: Rs. 4 crores; (ii) irrigation, navigation, drainage and flood control works: Rs. 0.90 crore). Excluding these items the net Plan outlay budgeted for the year was Rs. 2,23.22 crores (Revenue account: Rs.85.55 crores; Capital account: Rs. 1,15.46 crores; Loans and advances: Rs. 22.21 crores). In addition, funds to the tune of Rs. 69.45 crores (Revenue account: Rs. 44.39 crores; Capital account: Rs. 17.40 crores; Loans and advances: Rs. 7.66 crores) were provided through supplementary grants for financing Plan schemes. Thus the aggregate net provision for Plan schemes during 1980-81 was Rs. 2,92.67 crores (Revenue account: Rs. 1,29.94 crores; Capital account: Rs. 1,32.86 crores; Loans and advances: Rs. 29.87 crores). The corresponding net Plan expenditure was Rs. 2,71.74 crores (Revenue account: Rs. 1,24.53 crores; Capital account: Rs. 1,19.75 crores; Loans and advances: Rs. 27.46 crores) registering a shortfall of Rs. 20.93 crores.

The Sectors where the shortfall was substantial were as under-

<i>Sector</i>	<i>Shortfall (in crores of rupees)</i>	<i>Remarks</i>
General Economic Services	2.20 *(R: 1.20 C: 0.50 L: 0.50)	The shortfall was mainly due to less expenditure on land ceiling owing to reduction in posts (Rs.1,02 lakhs), non-finalisation of scheme for giving assistance to irrigation co-operatives (Rs. 25 lakhs), non-release of margin money assistance to Kerala Co-operative Rubber Marketing Federation (Rs.50 lakhs), shortfall in investment in the shares and debentures of co-operatives and in the release of loans to them.
Agriculture and Allied Services	10.56 (R: 6.04 C: 3.95 L: 0.57)	The shortfall was due to non-appointment of full complement of staff under command area development authority, release of less grants to Small Farmers Development Agency, release of assistance by the Indian Dairy Development Board to the Kerala Co-operative Milk Marketing Federation Limited direct instead of through the State Government, non-approval of the scheme for development of Vizhinjam Fishing Harbour by Government of India, etc.
Industry and Minerals	0.64 (R: 0.07 C: 0.11 L: 0.46)	The shortfall was due to release of less loans for village and small industries, consumer industries, etc.
Transport and Communications	0.60 (R: 0.04 C: 0.56)	The decline was due to shortfall in expenditure on hill roads.

*R-Revenue; C-Capital; L-Loans and Advances

More details of the schemes where shortfall occurred are given in Chapter II.

1.12. Non-Plan Expenditure

The growth of non-plan expenditure during 1978-79 to 1980-81 was as under:—

	1978-79	1979-80	1980-81
	<i>(in crores of rupees)</i>		
Revenue	4,00.06	4,57.41	5,43.08
Capital	(—)0.36	(—)0.43	2.11
Total of Revenue and Capital	3,99.70	4,56.98	5,45.19
Loans and Advances	13.05	18.49	12.95
Total	4,12.75	4,75.47	5,58.14

The increase in non-plan expenditure (excluding loans and advances) during 1980-81 was Rs. 88.21 crores (19 *per cent*) as against Rs. 57.28 crores (14 *per cent*) in 1979-80. If expenditure under loans and advances is also taken into account, the increase in non-plan expenditure was Rs. 62.72 crores (15 *per cent*) during 1979-80 and Rs. 82.67 crores (17 *per cent*) during 1980-81.

The increase in non-plan expenditure during 1980-81 was mainly due to (i) more expenditure on pay and allowances, contingencies and grants under Education (Rs. 26.11 crores), General Services (Rs. 7.92 crores), Agriculture and Allied Services (Rs. 6.27 crores), Medical (Rs. 5.85 crores), etc. and (ii) increase in expenditure on Pension under Social Security Schemes (Rs. 13.53 crores) and on Service Pensions (Rs. 6.49 crores).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

The following table compares the total expenditure during the year with the totals of grants and charged appropriations under revenue and capital sections:

	<i>Revenue Section</i>	<i>Capital (ex- cluding loans and advances and Public debt)</i>	<i>Loans and advances</i>	<i>Public Debt</i>	<i>Total</i>
	<i>(in crores of rupees)</i>				
A. Voted grants					
Original	5,53.04	1,29.37	31.22	..	7,13.63
Supplementary	94.16	9.11	12.80	..	1,16.07
Total	6,47.20	1,38.48	44.02	..	8,29.70
Actual expenditure	6,44.75	1,32.08	40.41	..	8,17.24
Excess (+)/ Saving (—)	(—)2.45	(—)6.40	(—)3.61	..	(—)12.46
(Percentage)					(1.50)
B. Charged appropriations					
Original	50.74	0.32	..	53.65	1,04.71
Supplementary	2.41	0.77	..	..	3.18
Total	53.15	1.09	..	53.65	1,07.89
Actual expenditure	51.28	0.82	..	66.59	1,18.69
Excess (+)/ Saving (—)	(—)1.87	(—)0.27	..	(+)12.94	(+)10.80
(Percentage)					(10)
C. Aggregate provision (grants and charged appropriations)					
Original	6,03.78	1,29.69	31.22	53.65	8,18.34
Supplementary	96.57	9.88	12.80	..	1,19.25
Total	7,00.35	1,39.57	44.02	53.65	9,37.59
Actual expenditure	6,96.03	1,32.90	40.41	66.59	9,35.93
Excess (+)/ Saving (—)	(—)4.32	(—)6.67	(—)3.61	(+)12.94	(—)1.66
(Percentage)					(0.18)

The overall saving of Rs. 1.66 crores was the net result of saving of Rs. 16.12 crores in the Revenue Section (29 grants: Rs. 14.23 crores; 29 charged appropriations: Rs. 1.89 crores) and Rs. 12.00 crores in the Capital Section (19 grants: Rs. 11.70 crores; 10 charged appropriations: Rs. 0.30 crore) and excess of Rs. 11.80 crores in the Revenue Section (13 grants: Rs. 11.79 crores; 2 charged appropriations: Rs. 0.01 crore) and Rs. 14.66 crores in the Capital Section (4 grants: Rs. 1.68 crores; 2 charged appropriations: Rs. 12.98 crores).

The excesses, the details of which are given in Appendix 2.1, require regularisation under Article 205 of the Constitution.

2.2. Supplementary grants/charged appropriations

During the year supplementary grants of Rs. 94.16 crores and Rs. 21.91 crores were obtained under 38 and 18 grants respectively in the Revenue and Capital Sections. Supplementary appropriations of Rs. 2.41 crores and Rs. 0.77 crore were also obtained for charged expenditure under 13 grants and 5 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 of Rs. 26.00 lakhs in one case in the Revenue Section and of Rs. 10 lakhs in one case in the Capital Section remained wholly unutilised as the expenditure did not come up even to the original provision:—

Number and name of grant	Revenue Section			
	Original grant	Supplementary grant	Expenditure	Saving
	(in lakhs of rupees)			
XX Public Health	5,96.27	26.00	5,64.88	57.39

Saving was mainly due to non-purchase of mosquito larvicidal oil for filariasis control scheme, non-receipt of sprayers for filariasis control and eradication of malaria schemes, non-purchase of vehicles, machinery and equipment, non-adjustment of the cost of drugs supplied pending receipt of intimation, etc.

Capital Section

<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>				
XXIX Miscellaneous				
Economic Services	57.00	10.00	31.81	35.19

Saving was attributed to shortfall in the number of 16-year Land Reform bonds indented for due to stay orders from courts, non-settlement of disputes over the compensation for excess land and administrative delay.

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

In the following cases, supplementary provision (exceeding Rs. 10 lakhs in each case) proved largely excessive. The excess provision was more than Rs. 5 lakhs in each case.

Revenue Section

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant/ charged appropriation</i>	<i>Supplementary grant/charged appropriation</i>	<i>Expenditure</i>	<i>Saving</i>
<i>(in lakhs of rupees)</i>					
1.	<i>Debt charges</i>	48,09.60	2,05.58	48,70.33	1,44.85

Saving was mainly due to (i) the amount adjusted towards interest on savings bank deposits being less than that estimated (Rs. 1,16 lakhs) and (ii) reduction in interest liability owing to shortfall in the amount of loans received from Government of India (Rs. 23.02 lakhs).

2.	XXII Housing	3,26.06	1,91.39	4,11.34	1,06.11
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Shortfall was mainly due to (i) non-payment of contribution to Kerala State Poor Housing Fund on account of non-finalisation of rules (Rs. 53.27 lakhs) and (ii) delay in revision of orders governing assistance for reconstruction of houses/huts damaged by floods/cyclone (Rs.52 lakhs).

3.	XXXV Labour and Employment	7,78.77	13,30.39	20,56.91	52.25
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Saving occurred under 'Unemployment Relief Scheme' (Rs. 56.23 lakhs) mainly due to late starting of most of the training schemes, poor response from

beneficiaries in respect of the scheme "self-employment of graduate engineers" and non-implementation of the scheme "Training of Television Technicians" for want of qualified instructors.

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

4.	XXVII Famine	3,18.00	49.83	3,43.30	24.53
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Saving was mainly under 'gratuitous relief' from where an expenditure of Rs. 21.32 lakhs was transferred to the major head "283—Housing" to claim subsidy made available by Government of India for housing schemes.

5.	XXVIII Co-operation	4,64.76	4,95.57	9,32.92	27.41
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Shortfall was mainly due to non-finalisation of the scheme for giving assistance to irrigation co-operatives (Rs. 25 lakhs).

6.	XXXIV Fisheries	2,73.20	90.00	2,75.22	87.98
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Shortfall was mainly due to (i) non-finalisation of the rules for the group insurance scheme for sea-going fishermen the implementation of which has been entrusted to the Kerala Fishermen's Welfare Corporation Limited (Rs. 53 lakhs), (ii) post-budget decision to defer the scheme for the grant of off-shore fishing subsidy to private entrepreneurs and fishermen for introducing purse-seiners (Rs. 8 lakhs) and (iii) less assistance to the Kerala Fishermen's Welfare Corporation Limited for the scheme of 'assistance to traditional fishermen for craft and gear' (Rs. 6.43 lakhs).

7.	XXXVI Community Development	13,92.56	18,74.50	28,42.77	4,24.29
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Saving was mainly due to less expenditure under "National Employment Programme" (Rs. 3,89.65 lakhs) reasons for which have not been given and non-utilisation of the entire provision (Rs. 1,00 lakhs) under "Basic Tax Grant to Panchayats" owing to non-receipt of details from the District Collectors.

8.	XXXVII Industries	7,39.87	55.00	7,79.26	15.61
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Saving occurred under the scheme for Central subsidy to industrial units in backward areas owing to want of sufficient applications satisfying the prescribed conditions.

Capital Section

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

1.	XV Public Works	13,57.66	3,26.80	16,09.80	74.66
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Shortfall was mainly under 'Hill roads' due to lack of sufficient time to execute all the 92 works for which provision was made through supplementary grant in January 1981.

2.	XXII Housing	3,28.00	3,47.80	4,53.83	2,21.97
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Shortfall was mainly due to (i) not taking up of construction of quarters in tribal areas and for policemen pending finalisation of sites and sanction to estimates (Rs. 68 lakhs), (ii) non-implementation of the rental housing scheme and non-acquisition of land owing to non-availability of the anticipated additional assistance from Life Insurance Corporation of India (Rs. 82.17 lakhs) and (iii) less expenditure on low income group housing scheme owing to lack of response from the beneficiaries and scarcity of building materials (Rs. 43.26 lakhs).

3.	XXVIII Co-operation	10,65.41	1,71.50	10,77.86	1,59.05
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Saving was mainly due to (i) non-payment of margin money assistance to Kerala Co-operative Rubber Marketing Federation (Rs. 50 lakhs), (ii) less claims from the Kerala Co-operative Central Land Mortgage Bank for purchase of debentures (Rs. 43.40 lakhs) and (iii) less payment of loans to Consumer Co-operative Stores due to less assistance from Government of India (Rs. 43.09 lakhs).

4.	XXXVIII Irrigation	11.68	42.54	39.97	14.25
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Saving occurred mainly under Kallada Irrigation Project (Rs.12.40 lakhs). Reasons for saving are awaited (February 1982).

5.	XL Ports	85.85	30.44	1,06.91	9.38
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Saving was mainly due to non-purchase of crane for Beypore Port for want of sanction (Rs. 4.65 lakhs) and changes in dredging programme (Rs. 1.72 lakhs).

(iii) *Inadequate supplementary grants/charged appropriations*

In the following cases, supplementary provision (exceeding Rs. 5 lakhs in each case) of Rs. 15,25.66 lakhs in the Revenue Section and Rs. 1,07.24 lakhs in the Capital Section proved inadequate by more than Rs. 10 lakhs in each case; the final uncovered excess in those cases was Rs. 11,55.50 lakhs in the Revenue Section and Rs. 1,67.29 lakhs in the Capital Section.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant/appropriation</i>	<i>Supplementary grant/appropriation</i> <i>(in lakhs of rupees)</i>	<i>Expenditure</i>	<i>Excess</i>
Revenue Section					
1.	III Administration of Justice	4,86.02	26.08	5,25.57	13.47
2.	XIV Stationery and Printing and Other Administrative Services	4,09.25	72.53	6,52.90	1,71.12
3.	XVI Pensions and Miscellaneous	29,11.07	4,46.73	34,68.39	1,10.59
4.	XVII Education, Art and Culture	2,04,39.17	2,71.68	2,13,23.11	6,12.26
5.	XVIII Medical	45,04.86	66.86	45,98.67	26.95
6.	XXI Public Health Engineering	11,18.77	46.66	12,71.19	1,05.76
7.	XXX Agriculture	33,01.36	4,88.99	38,66.25	75.90
8.	XXXV Forest	9,32.35	1,06.13	10,77.94	39.45
Capital Section					
1.	XXI Public Health Engineering	15,61.07	1,00.00	17,65.10	1,04.03
2.	XXXVIII Irrigation	48,72.37	7.24	49,42.87	63.26

2.3. Unutilised provision

(i) Rupees 16.12 crores remained unutilised in the Revenue Section (Rs. 14.23 crores in 29 grants and Rs. 1.89 crores in 29 charged appropriations).

(ii) Rupees 12.00 crores remained unutilised in the Capital section (Rs. 11.70 crores in 19 grants and Rs. 0.30 crore in 10 charged appropriations).

(iii) In 6 grants and 2 charged appropriations in the Revenue Section and in 8 grants and 1 charged 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 2.2.

(iv) (a) Some of the significant cases where provision for Centrally sponsored schemes remained wholly or substantially unutilised are given below:—

<i>Sl. no.</i>	<i>Department, number and name of grant and name of scheme</i>	<i>Provision</i> <i>(in lakhs of rupees)</i>	<i>Saving</i> <i>(percentage)</i>
1.	<i>Education</i>		
	XVII Education, Art and Culture Special (Adult) Education	56.10	48.70 (87 per cent)

Saving was attributed to non-finalisation of policy for payment of assistance to voluntary organisations.

2.	<i>Health</i>		
	XVIII Medical Re-orientation of Medical Education and upgradation of the Department of Ophthalmology, Medical College, Trivandrum	40	23.05 (58 per cent)

Reasons for the saving are awaited (February 1982).

3.	<i>XX Public Health</i>		
	(i) National Programme for prevention and control of visual impairment;	85.00	71.06 (84 per cent)
	(ii) National Malaria Eradication Programme;		
	(iii) T.B excluding operational cost;		
	(iv) Community Health Workers		

Saving was due to (i) unfilled vacancies, (ii) late receipt of intimation regarding the quantum of Central assistance and non-purchase of vehicles and sprayers for National Malaria Eradication Programme, (iii) less receipt of drugs from the Government of India and non-adjustment of cost of drugs supplied pending receipt of intimation for the scheme 'T.B. excluding operational cost' and (iv) non-implementation of the scheme for Community Health Workers pending receipt of sanction.

Sl. no.	Department, number and name of grant and name of scheme	Provision (in lakhs of rupees)	Saving (Percentage)
4.	Local Administration and Social Welfare XXVI Social Welfare including Harijan Welfare Research, Training and special projects	20.64	16.59 (80 per cent)

Shortfall was due to reduction in quantum of assistance from Government of India and non-implementation of re-organisation of the Kerala Institute for Research, Training and Development Studies, Kozhikode.

5.	Agriculture (Co-operation) XXVIII Co-operation (i) Loans to Consumer Co-operative Stores; (ii) Loans for financing small and medium sized Co-operative Processing Units; (iii) Share contribution to Consumer Co-operative Stores.	1,47.36	84.22 (57 per cent)
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Saving was due to receipt of less assistance from Government of India for payment of loans to consumer co-operative stores, sanctioning of less amount by the National Co-operative Development Corporation than anticipated for the scheme for financing small and medium sized co-operative processing units.

6.	Agriculture XXX Agriculture Ayacut Development— Command Area Development Authority	1,30.00	1,14.91 (88 per cent)
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Saving was due to non-appointment of the full complement of staff.

<i>Sl. no.</i>	<i>Department, number and name of grant and name of scheme</i>	<i>Provision (in lakhs of rupees)</i>	<i>Saving (Percentage)</i>
7.	Small Farmers Development Agency— Grant-in-aid for various programmes	72.50	43.95 (61 per cent)
	Reasons for the saving are awaited (February 1982).		
8.	Integrated Rural Development in Command Areas	75.00	40.50 (54 per cent)
	The provision was to implement the IRDP programmes in 12 Blocks. Reasons for the saving are awaited (February 1982).		
9.	<i>Development</i>		
	XXXVI Community Development National Employment Programme	7,51.84	3,89.65 (52 per cent)

The entire provision was obtained through a supplementary grant in March 1981 for implementing the scheme 'National Rural Employment Programme'. Reasons for the saving are awaited (February 1982).

(b) In the case of the following State sector schemes also, provision remained wholly or substantially unutilised.

Irrigation

XXXVIII Irrigation

Kallada Irrigation Project	}	22,64.63	8,40.37 (37 per cent)
Idamalayar Project			
Chimoni-Mupli Scheme			
Pamba Irrigation Project			
Beyrurpuzha Irrigation Project			
Vamanapuram Project			
Chitturpuzha Irrigation Project			
Kuriyarkutty Karapara Project			
Kakkadavu Project			

Saving was generally attributed to retardation of work consequent on belated sanctioning of additional staff, labour unrest at worksites, delay in settlement of contracts, non-co-operation from contractors for certain works, delay

in formation of the works division, lack of response to tender calls, non-construction of quarters, office buildings, etc., owing to non-transfer of land by the Forest Department (Vamanapuram Project), slow progress of work, etc.

(c) Particulars of a few more State sector schemes where provision remained wholly or substantially unutilised are given in Appendix 2.3.

2.4. Persistent savings in grants/charged appropriations

The object of control over expenditure is to secure as close an approximation as possible between annual expenditure and the final grant/appropriation. Saving exceeding 10 *per cent* was however noticed persistently in all the three years from 1978-79 in the case of the following grants and appropriations, indicating that either the budgeting was defective or the control over expenditure was ineffective.

<i>Sl. no.</i>	<i>Number and name of grant/ appropriation</i>	<i>Charged/ Voted</i>	<i>Year</i>	<i>Total grant/ appropriation</i>	<i>Saving</i>	<i>Percentage of saving to total provision</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(in lakhs of rupees)

Revenue Section

1.	XVI Pensions and Miscellaneous	Charged	1978-79	60.55	24.35	40
			1979-80	51.30	32.67	64
			1980-81	40.50	14.64	36
2.	XXII Housing	Voted	1978-79	6,13.92	74.81	12
			1979-80	3,27.64	98.02	30
			1980-81	5,17.45	1,06.11	21

Capital Section

1.	XXXIV Fisheries	Voted	1978-79	1,11.80	20.39	18
			1979-80	1,64.89	60.72	37
			1980-81	3,26.30	1,13.68	35

2.5. Rush of expenditure

The financial rules of Government enjoin that no attempt should be made to prevent the lapse of an appropriation by undue rush of expenditure during March. It is, however, seen that there is considerable rush of expenditure at the fag end of each financial year. A review of the flow of expenditure during 1980-81 revealed that there had been heavy rush of expenditure during the last quarter of the year.

The net revenue expenditure of the State during the year 1980-81 was Rs. 6,67.61 crores. Of this, Rs. 21.30 crores represented annual adjustment towards interest. Of the balance Rs. 6,46.31 crores, expenditure of Rs. 2,24.11 crores (35 *per cent*) was incurred during the last quarter of the year.

Analysis of the progress of expenditure under the major head '305 Agriculture' indicated that out of the annual expenditure of Rs. 24.52 crores, more than 50 *per cent* was incurred during the last quarter, the expenditure during March 1981 alone (Rs. 8 crores) being about six times the average expenditure for the first nine months of the year (Rs. 1.34 crores).

A review of the trend of expenditure in 36 public works/public health engineering divisions showed that in 18 of them the expenditure incurred during the last quarter was 50 *per cent* or more of the total expenditure during the financial year; in 35 divisions the expenditure during the last month of the financial year was 25 *per cent* or more (in one division it was 70 *per cent*) of the total amount drawn during the whole financial 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 credits and recoveries are shown separately in the budget estimates. During the year 1980-81 such recoveries were anticipated at Rs. 41.17 crores (Revenue: Rs. 28.54 crores; Capital: Rs. 12.63 crores) against which actual recoveries were Rs. 39.47 crores (Revenue: Rs. 28.43 crores; Capital: Rs. 11.04 crores), resulting in shortfall of Rs. 1.70 crores (Revenue: Rs. 0.11 crore; Capital: Rs. 1.59 crores). Some of the important cases of shortfall/excess in recoveries are detailed below; reasons for variation are awaited.

Sl. no.	Number and name of grant	Budget estimates		Actuals		Amount 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	8.88	..	11.49	..	(+)2.61	..
2.	XXI Public Health Engineering	6.23	5.10	5.82	2.71	(-)0.41	(-)2.39
3.	XXVII Famine	1.59	..	..	..	(-)1.59	..
4.	XXX Agriculture	1.14	0.47	1.08	1.72	(-)0.06	(+)1.25
5.	XXXI Food	..	5.82	..	5.24	..	(-)0.58

2.7. Advances from the contingency fund

A contingency fund of Rs. 8 crores has been placed at the disposal of the Government, to enable them to make advances for meeting unforeseen expenditure, pending authorisation by the Legislature. Advances from the fund are to be made only for meeting expenditure of an emergent character, the postponement of which, till its authorisation by the Legislature, would be undesirable.

Twenty-six sanctions were issued during 1980-81, advancing Rs. 10,70.68 lakhs, of which two sanctions for a total amount of Rs. 9.50 lakhs were subsequently cancelled and the amounts of five others reduced by Rs. 7.07 lakhs.

Two sanctions, issued in November 1980 advancing a total of Rs. 1.43 lakhs, were not operated.

2.8. Reconciliation of departmental figures

The Budget Manual of the State Government requires that departmental figures of expenditure should be reconciled every month with those 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.

The reconciliation was in arrears in several departments. The number of controlling officers who have not reconciled (March 1982) their figures up to the end of 1980-81 and the amounts which require reconciliation are indicated below year-wise:

<i>Year</i>	<i>No. of controlling officers</i>	<i>Amount unreconciled (in lakhs of rupees)</i>
1978-79	7	7,76.12
1979-80	43	13,39.14
1980-81	111	2,13,87.94

Departments with heavy arrears are noted below:

<i>Department</i>	<i>No. of certificates</i>	<i>Amount unreconciled (in lakhs of rupees)</i>
Education (Primary & Secondary)	11	76,59.11
Health	90	27,44.61
Family Welfare	24	11,01.73
Revenue	120	8,44.27
Public Health	45	6,53.66
Stationery & Printing	14	2,70.83

2.9. Withdrawal of funds in advance of requirements

(a) The financial rules of Government prohibit drawal of money from the treasury unless it is required for immediate disbursement. According to details furnished to Audit, 29 drawing and disbursing officers drew Rs. 44.13 lakhs in March 1981 and earlier months and retained the money either in the cash chest (in the form of cash or bank draft) or in deposit account with treasury/banks.

Out of Rs. 44.13 lakhs drawn in March 1981 and earlier months, Rs. 10.06 lakhs were disbursed between April and November 1981 and Rs. 0.38 lakh refunded. Information regarding disbursement of the balance of Rs. 33.69 lakhs is still awaited (March 1982).

Details of amounts drawn, disbursed and retained by the officers are given in Appendix 2.4.

(b) In March 1980, execution of six works (for which a provision of Rs. 20.75 lakhs was included in the budget estimates of 1979-80) was entrusted by Government to the Kerala Health Research and Welfare Society, Trivandrum. This was done on the ground that it would not be possible for the Public Works Department to take up and complete the works before March 1980. The Chief Engineer, Buildings and Roads, withdrew and placed at the disposal of the society a sum of Rs. 20.75 lakhs on 28th March 1980.

The Chief Engineer stated (July 1980) that the department had not sanctioned any estimate for these works. Details of estimates, administrative sanction to works and progress made in construction, called for in August 1980, have not been furnished by Government (December 1981).

Similarly a sum of Rs. 16 lakhs was drawn and paid to the society in March 1981 for construction of buildings for Ayurveda hospitals, dispensaries and nurses' quarters.

The action of the department in drawing Rs. 20.75 lakhs in March 1980 and Rs. 16 lakhs in March 1981 and paying the amounts to a society, otherwise than for works done or services rendered, with a view to avoiding lapse of funds, was irregular.

2.10. Expenditure on New Services

In December 1980, Government paid a grant of Rs. 16.67 lakhs to the Oil Palm India Limited (a Government Company) for implementation of a new scheme for cultivation of oil palm in Pathanapuram Taluk, although there was no specific provision for the item in the Budget. Similarly, a sum of Rs. 17.43 lakhs was paid as grant to the State Farming Corporation of Kerala Limited, (another Government Company) in March 1981 for implementation of a new 'Rubber Plantation Scheme' of the Company. In this case also, there was no specific provision in the Budget for the purpose. The expenditure in both the cases was met from lumpsum provision made for development schemes in Western Ghats region. According to the criteria laid down by the State Public Accounts Committee, expenditure on any scheme costing more than Rs. 2 lakhs is to be treated as New Service even if it is financed from lumpsum provision made in the Budget. As the expenditure in each of the two cases exceeded the above limit, it should not have been incurred without obtaining a supplementary grant or advance from the Contingency Fund.

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

3.1. Soil Conservation Schemes

Soil Conservation Schemes in arable lands are executed under the provisions of the Kerala Land Development Act, 1964. Government have, under the Act, constituted a Land Development Board and District Land Development Committees. Schemes are investigated and prepared by District Land Development Committees and sanctioned by the Land Development Board. Sanctioned schemes are executed by District Soil Conservation Officers who are appointed by the District Committees as Executing Officers under the Act. Execution of the works is arranged through the beneficiary land-owners or nominees (conveners) of beneficiary committees who are paid for work done at approved rates. Payment of the entire cost of the works is made by Government; 75 per cent of the cost is treated as loan given to the beneficiaries and the balance as subsidy. On completion of work in any land included in a scheme, the Executing Officer has to prepare a statement of rights and liabilities setting forth *inter alia* the name of the owner of the land, the cost of work executed in his land, amount treated as loan and the period within which the amount is to be recovered. The loan bears interest at 6 per cent per annum besides penal interest of 2 per cent on defaulted instalments.

Soil conservation schemes in tribal blocks and harijan colonies are taken up by the department under executive orders issued by Government in August 1972. Such schemes are sanctioned by the Director of Agriculture and are got executed through beneficiary committees of harijans/tribals. The entire cost of such works is treated as grant to the beneficiaries.

Mention was made in paragraph 23 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) about the delay in execution of soil conservation schemes, poor progress in the recovery of loans and absence of machinery for ensuring maintenance of completed works, etc. The Public Accounts Committee, 1979-81 in their 28th Report (September 1979) recommended that (i) a target date should be fixed for completion of the schemes, (ii) suitable machinery should be evolved for ensuring proper

maintenance of completed works and (iii) vigorous steps should be taken to clear the arrears in the recovery of loans.

Results of a further review conducted between November 1980 and March 1981 with reference to the records of the Directorate of Agriculture (Soil Conservation) and the Soil Conservation Offices in 5 districts (Quilon, Alleppey, Kottayam, Trichur and Cannanore) are given in the succeeding paragraphs.

(1) *Implementation of schemes*

(i) The following table shows the targets fixed for the entire State in regard to execution of soil conservation schemes during each year from 1975-76 to 1979-80 and achievement thereagainst:—

Year	Soil conservation in arable lands				Soil conservation in lands belonging to harijans, tribals, etc.			
	Financial		Physical		Financial		Physical	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
	(in lakhs of rupees)		(in hectares)		(in lakhs of rupees)		(in hectares)	
1975-76	14.00	13.50	680	673	8.16	8.53	300	187
1976-77	20.00	25.02	1,000	615	12.00	17.02	450	444
1977-78	20.00	18.93	1,000	709	14.00	14.33	500	520
1978-79	35.00	30.43	1,720	600	20.00	24.66	800	860
1979-80	60.00	50.31	1,100	1,422	30.00	47.09	550	1,017

As regards soil conservation in arable lands, reasons for shortfall in the area covered during 1976-77, 1977-78 and 1978-79 when compared to the targets are awaited from the department.

(ii) Statistical details regarding the schemes executed during the period 1975-76 to 1979-80 in the five districts test checked are given below:—

Name of the programme and number of schemes	Estimated cost	Actual cost	Area proposed to be covered	Area actually covered
			(in lakhs of rupees)	(in hectares)
A. Soil conservation schemes in arable lands				
Sanctioned	99	6,38.12	29,460	..
Taken up	81	4,97.55	23,852	..
Completed	43	2,26.69	15,020	6,113
Not completed	38	2,70.86	8,832	..
Abandoned	2	3.53	187	..
Not yet taken up	16	1,37.04	5,421	..

Name of the programme and number of schemes	Estimated cost		Actual cost		Area proposed to be covered	Area actually covered
	(in lakhs of rupees)		(in lakhs of rupees)		(in hectares)	
B. Soil conservation schemes in lands belonging to Harijans/Tribals						
Sanctioned	92	1,14.26	..	3,665	..	..
Taken up	85	1,09.76	..	3,584	..	..
Completed	64	78.46	68.30	2,760	1,498	..
Not completed	21	31.30	..	824	..	..
Not yet taken up	7	4.50	..	81	..	..

The table shows that in the case of the 107 completed schemes, the actual area covered is only 43 per cent of the area proposed to be protected.

(iii) *Long period of execution*

No target dates are fixed for the completion of schemes. As a result, 6 schemes in two districts (estimated cost: Rs. 73.78 lakhs) initiated between October 1970 and March 1977 still remain incomplete even after a lapse of more than 4 to 10 years. Owing to prolongation of the period of execution, the cost of these schemes is estimated to increase by Rs. 48.59 lakhs.

(iv) *Delay in the processing of schemes*

Twelve schemes (estimated cost: Rs. 67.13 lakhs) prepared by the District Soil Conservation Officers, Kottayam and Trichur prior to August 1975 on the basis of directions issued by the Land Development Board between December 1968 and May 1974, have not yet been processed and put up to the Board for sanction (February 1981). The District Soil Conservation Officers, Trichur and Kottayam stated (January 1981) that the estimates of these schemes needed revision and that according to the rates effective from October 1980, the revision would push up the cost by Rs. 35.03 lakhs.

There was also delay ranging from 5 to 11 years in the preparation of draft schemes in 8 cases (Trichur: 4 cases; Cannanore: 4 cases), while draft schemes in respect of 46 cases (Quilon: 1 case; Alleppey: 10 cases; Kottayam: 8 cases; Trichur: 5 cases and Cannanore: 22 cases) are yet to be prepared (February 1981) though the Land Development Board had issued directions for the preparation of the schemes more than 5 to 14 years back.

(v) The department attributed (December 1980 and February 1981) the delay pointed out in sub paragraphs (iii) and (iv) above to inadequacy of

funds and staff. A review by Audit of the trend of expenditure on establishment and on works, however, disclosed that the plea of paucity of staff was not tenable as the expenditure on staff deployed on these schemes in the five districts was very high as compared to the expenditure on works, vide table below:

Year	Expenditure on		Percentage of establishment expenditure to works expenditure
	Works	Establishment	
	(in lakhs of rupees)		
1975-76	7.09	15.38	217
1976-77	18.96	16.59	87
1977-78	14.49	17.84	123
1978-79	29.48	19.22	65
1979-80	49.72	21.19	43

(vi) *Schemes at a standstill*

Ten schemes (estimated cost: Rs. 48.20 lakhs; area proposed to be covered: 2,399.91 hectares) commenced in Quilon, Alleppey, Kottayam, and Cannanore Districts between October 1970 and November 1979 were at a standstill from various dates between April 1977 and August 1980. The area actually covered by soil conservation works in respect of these schemes was only 331.14 hectares till the end of November 1980 (expenditure: Rs. 10.39 lakhs). Government stated (September 1981) that action was under way to complete or wind up the schemes after ensuring that the works already done would suffice.

The department attributed (December 1980 and February 1981) the slow progress mainly to reluctance on the part of the beneficiaries in executing the works or to slackness on the part of the conveners of the beneficiary committees.

(vii) *Schemes wound up in the middle*

Twenty-three schemes (estimated cost: Rs. 1,17.81 lakhs; area proposed to be covered: 5,021.17 hectares) commenced in four districts (Quilon, Alleppey, Kottayam and Cannanore) between May 1970 and January 1979 were wound up in the middle after covering an area of 1,988.77 hectares at a cost of Rs. 22.60 lakhs. The reasons adduced by the department for winding up the schemes in the middle were:

- (a) non-availability of funds for continuance of the spill-over works (2 schemes) and

- (b) non-co-operation and poor response from the beneficiaries (21 schemes).

According to the District Soil Conservation Officer, Quilon (December 1980), the completion of the work in the entire area was necessary to achieve the full benefit of the scheme.

(2) *Recovery of loans*

(i) The amount treated as loan is recoverable from the beneficiaries in 15 annual instalments (modified as 20 instalments within a period of 10 years, with effect from June 1977) commencing from the first anniversary of the date of publication of the notice regarding preparation of the statement of rights and liabilities. The Tahsildars are responsible for recovery of the loans under the scheme and the District Soil Conservation Officers are to watch the progress in recovery.

In regard to 23 schemes executed in five districts prior to September 1965 recovery of the entire loan of Rs. 19.70 lakhs was to have been completed between January 1971 and August 1980. The loan amount has not been fully repaid so far. As at the end of August 1980, Rs. 5.24 lakhs were overdue for recovery under principal alone in respect of 20 of these schemes. This included one scheme (Gurunathanmannu) in respect of which Rs. 2.26 lakhs out of Rs. 3.38 lakhs treated as loan were still outstanding.

In respect of 27 schemes, (Quilon: 6; Alleppey: 2; Trichur: 6 and Cannanore:13) 648 out of 5,351 beneficiaries had not repaid any instalment during the last 7 to 15 years; the loan amount overdue from them was Rs. 2.96 lakhs. One hundred and seventy-eight of these beneficiaries covered by 8 schemes had not remitted any amount during the last 15 years, though the entire loan of Rs. 1.20 lakhs was to have been recovered from them between March 1972 and December 1980. Under section 15 of the Act, the entire outstanding balance of loan is recoverable in lump, in the event of default of 3 or more consecutive instalments. However, this provision has been seldom invoked.

While Rs. 130.38 lakhs were recovered towards principal out of Rs. 161.42 lakhs (principal) due for recovery in respect of the period 1956-57 to 1979-80, interest and penal interest due had not been worked out in any case, nor had demands been raised by the Tahsildars against the beneficiaries.

(ii) The amounts remitted by the beneficiaries are to be adjusted first against interest due and the balance against the principal. This principle was seldom followed in accounting the remittances made by the beneficiaries, as amounts remitted were adjusted against principal, even when interest was overdue. Loss of interest on this account in respect of 36 land-owners benefited by 15 selected schemes worked out to Rs. 0.17 lakh on Rs. 0.87 lakh so adjusted against principal.

(iii) The District Soil Conservation Officers send monthly demand, collection and balance statement of soil conservation loans to the Directorate of Agriculture (Soil Conservation Unit) where they are consolidated and sent to Government. Preparation of the consolidated demand, collection and balance statement of loans for the period from December 1980 onwards was in arrears (September 1981).

The demand, collection and balance statements prepared by the District Offices suffered from several defects such as (a) non-inclusion of interest and penal interest (Quilon and Alleppey) (b) exhibition of incorrect amounts under demand, etc.

(iv) The loan ledgers maintained in the district offices were defective on various counts such as arrears in posting the remittances, failure to note due dates of commencement of repayment and failure to strike the balances outstanding, etc.

(3) *Maintenance of completed schemes*

The Act makes the beneficiaries responsible to maintain completed works to the satisfaction of the District Collectors. No machinery has, however, been evolved so far to watch whether the completed soil conservation works are maintained properly.

(4) *Expenditure incurred beyond the ambit of budget provision*

In 4 districts, the provision made in the Budget for execution of soil conservation works in lands belonging to harijans and tribals, etc., was utilised by the department between 1972-73 and 1975-76, for execution of 12 schemes (cost: Rs. 20.34 lakhs) in areas which were not harijan colonies or tribal blocks but which formed part of regular padasekharams or other arable lands. Expenditure incurred on these schemes was outside the scope of the budget provision and was, therefore, unauthorised. This had also resulted

in loss of Rs. 15.26 lakhs (representing 75 per cent of the cost of such works) which would have been recoverable from the beneficiaries, had the works been taken up under the provisions of the Act.

In respect of 4 other schemes executed between August 1979 and August 1980 in Kottayam District (cost: Rs. 7.06 lakhs) for protecting lands belonging to harijans/tribals, 142 out of 413 beneficiaries were neither harijans nor tribals. The resultant loss (the amount that would have been recoverable, had the works been undertaken under the provisions of the Act) could not be worked out as the information regarding the cost of works done in the lands belonging to persons other than harijans/tribals is still awaited from the District Soil Conservation Officer, Kottayam.

(5) *Construction of surplus water ways*

In August 1976, the Director of Agriculture issued instructions to the District Officers that necessary provision for the construction of stone-pitched surplus water ways at intervals of 350 to 400 metres of contour bund should be made in the estimate for the schemes to protect the bunds from being washed away. Separate estimates for this item were also required to be prepared in respect of the schemes which were under execution. In respect of 74 schemes commenced after the issue of these instructions in 4 Districts (Quilon, Alleppey, Kottayam and Cannanore), provision for surplus water ways was not made in the estimates, nor was the work carried out.

Summing up

Following are the important points emerging from the foregoing paragraphs:—

(i) In the case of 107 completed schemes in five districts, the actual area covered was only 7,611 hectares against a target of 17,780 hectares.

(ii) Six schemes in 2 districts (estimated cost: Rs. 73.78 lakhs) commenced between October 1970 and March 1977 still remain incomplete.

(iii) Compared to works expenditure, the establishment expenditure during the years 1975-76 to 1979-80 was disproportionately high and ranged between 43 per cent and 217 per cent.

(iv) Ten schemes commenced between October 1970 and November 1979 and on which Rs. 10.39 lakhs had been spent were at a standstill.

(v) Twenty-three schemes estimated to cover 5021 hectares in four districts were wound up before completion after covering an area of 1989 hectares at a total expenditure of Rs. 22.60 lakhs and were treated as closed.

(vi) Recovery of loan dues was in arrears, the amount overdue at the end of March 1980 being Rs. 31.04 lakhs under principal. Interest and penal interest due had not been worked out in any case.

(vii) There were discrepancies in the demand, collection and balance statements prepared by the department.

(viii) There was no machinery to ensure proper maintenance of completed works.

(ix) Provision intended for execution of works in lands belonging to harijans and tribals was utilised for execution of other works; this resulted in forgoing of recovery of Rs. 15.26 lakhs in the case of 12 schemes and extension of unintended benefit to 142 beneficiaries not belonging to scheduled castes/tribes, etc., in respect of 4 other schemes.

FOOD DEPARTMENT

3.2. Excess Transportation Charges

The food grains required for statutory rationing in the State are obtained by the State Government mainly from the Food Corporation of India (FCI) on the basis of allotments made by the Government of India. The responsibility for the lifting of foodgrains from FCI depots and supplying them to retailers is entrusted to authorised wholesale dealers who are allowed a margin of profit including charges for transport of the grains from the FCI depot to the wholesale depot. According to extant instructions of the Government, the wholesale depots are to be linked to the nearest FCI depot for the supply of foodgrains.

In Kodungallur Taluk, 3 authorised wholesale depots were linked to the FCI depot at Mulamkunnathukavu and the dealers were allowed transportation charges with reference to the distance from that depot which ranged between 49 and 57 kilometres. On 12th January 1973, a new depot was

started at Chalakudy by the FCI. Even though the distance from the three wholesale depots in Kodungallur to the new depot at Chalakudy was only about 27 to 35 kilometres, no action was taken by the department to link them to it. Between January 1973 and June 1979, 5.82 lakh quintals of food-grains were lifted by the 3 wholesale dealers from the FCI depot at Mulamkunnathukavu for which the dealers were allowed transportation charges amounting to Rs. 10.37 lakhs. Had the wholesale depots been linked to the depot at Chalakudy, the transportation charges admissible would have been reduced to Rs. 7.53 lakhs. The failure of the department to delink the three wholesale depots from the FCI depot at Mulamkunnathukavu and to link them to the depot at Chalakudy thus resulted in increasing the price of food grains by Rs. 2.84 lakhs.

The Taluk Supply Officer, Kodungallur stated (August 1979) that there was no loss to Government due to non-linking of the depots to the nearer depot at Chalakudy as the element of transportation charges was passed on to the consumers. The fact, however, remains that the failure of the department has led to overcharging the consumers by Rs. 2.84 lakhs.

Government stated (June 1981) that based on a deliberate decision taken at a high level conference held in December 1974, the three wholesalers were not delinked from the depot at Mulamkunnathukavu.

HEALTH DEPARTMENT

3.3. National Malaria Eradication Programme

The National Malaria Eradication Programme launched by the Government of India and implemented in Kerala from April 1958 aims at elimination of the malaria parasite from the community. The programme was to be implemented in four phases, viz., (i) preparatory phase consisting of preliminary operations and planning, (ii) attack phase comprising complete coverage of all structures by DDT spray for a period of three years and organisation of a surveillance system, (iii) consolidation phase covering a span of two to three years and comprising epidemiological surveillance and provision of radical treatment

(administration of chloroquine and primaquine) in detected cases of malaria and (iv) maintenance phase (which is to start when malaria is eradicated from the region) warranting vigilance against import of the disease from neighbouring States/countries and resurgence of indigenous cases. The entire Kerala State entered the maintenance phase in April 1965.

In the context of increasing incidence of malaria in the country, a modified plan of operations mainly to prevent deaths and transmission of malaria, to the maximum extent, was formulated (November 1976) by the Government of India and implemented in the State by the State Government from April 1977. The modified plan envisaged *inter alia* selective spray operations in areas where the annual parasitic index (API) was two and above (i.e. the incidence is not less than two cases per 1000 population), focal spray operations soon after detection of any positive case (spray in 50 houses around the detected case) in areas where API was less than two, entomological studies to guide operational services and constitution of a zonal malaria organisation.

As the API in Kerala (November 1977) was less than two, the programme in Kerala consisted mainly of detection and treatment of malaria cases through active and passive surveillance and focal spray operations. The implementation of the programme in the State is supervised by the Director of Health Services (DHS) who is assisted by a Deputy Director of Health Services and a Zonal Malaria Officer. The District Medical Officers of Health and Medical Officers attached to Primary Health Centres (PHC) and other institutions are in charge of the implementation of the programme. Field work is got done through basic health workers. For providing laboratory services, a laboratory technician has been provided at each PHC and other medical institutions, besides a district laboratory technician at district level and a Chief Laboratory Technician at State level.

Total expenditure on the programme from 1958-59 to 1979-80 was Rs. 11.98 crores of which Rs. 3.23 crores were incurred during the period 1977-78 to 1979-80. The Central assistance provided for the programme during the period 1977-78 to 1979-80 was Rs. 46.21 lakhs.

A review, conducted by Audit in February-May 1981, of the implementation of the programme in the State, with reference to the records of the Directorate of Health Services, 4 District Offices (Trivandrum, Quilon,

Ernakulam and Cannanore) and 13 Primary Health Centres disclosed the following:—

(1) *Inadequate surveillance*

In areas under maintenance phase where regular insecticidal spraying had been discontinued, surveillance constitutes the most important activity and is intended to detect positive cases of malaria for taking prompt remedial measures. Surveillance falls under two categories, viz., (i) active surveillance requiring house to house visits by Health staff for collection of blood smears and (ii) passive surveillance through hospitals and dispensaries involving collection of blood smears from patients. The performance in regard to each category is mentioned below:—

(i) *Active surveillance*

According to the targets fixed by the department, blood smears are to be taken at least from 5 per cent of the total population annually. This target was never achieved in the State during the period 1974-75 to 1979-80 vide details given in the table below:—

Year	Rural population in the State as per 1971 census	Number of blood smears targeted to be collected at 5% of the total population (in lakhs)	Number of blood smears collected during active surveillance	Percentage of population covered under active surveillance	Achievement in percentage of target fixed
1974-75	178.81	8.94	3.01	1.7	34
1975-76	178.81	8.94	2.94	1.6	33
1976-77	178.81	8.94	3.02	1.7	34
1977-78	178.81	8.94	4.49	2.5	50
1978-79	171.35*	8.57	3.36*	2.0	39
1979-80	171.35*	8.57	3.37*	2.0	39

The coverage under active surveillance ranged between 1.6 per cent and 2.5 per cent of the population against 5 per cent envisaged in the programme.

*Excluding Idukki District, data in respect of which were not available in the Directorate.

One of the reasons attributed for the shortfall in achievement was diversion of the programme staff for other items of work such as family welfare work, extensive immunisation programme, multipurpose training, etc.

Government stated (September 1981) that in view of the low incidence of malaria in the State, active surveillance was practically neglected as emphasis was given to other emergency health programmes like immunisation camps and mass family welfare camps.

An analysis of the surveillance data for the years 1977 to 1980 in regard to 63 centres in 4 districts selected for test check showed that performance of the centres was far below the targets fixed. Details were not available for the years 1977 to 1978 in respect of 15 centres test checked in Ernakulam District and for the years 1977, 1978 and 1979 in respect of 17 centres test checked in Trivandrum District. Out of 31 centres test checked in the districts of Cannanore and Quilon, the achievement of 17 centres in 1977 and 26 centres in 1978 was less than 50 per cent. Out of 46 centres in three districts for which details for 1979 were available the achievement of 36 centres was less than 50 per cent. As regards 1980, the achievement of 49 centres out of 65 centres test checked was less than 50 per cent. The achievement of 2 centres in 1978, 4 centres in 1979 and 2 centres in 1980 was below 15 per cent. The shortfall was attributed by the department mainly to diversion of staff for other programmes and training, reduction in duration of field work in Quilon, recruitment of unskilled/untrained workers, ineffective supervision (Ernakulam) and want of staff (Cannanore).

A test check of the performance of 391 surveillance sections in 26 Primary Health Centres covering a total population of 33.05 lakhs showed that in 206 sections during 1979 and 181 sections in 1980, the achievement was less than 50 per cent. There was no surveillance at all in 33 sections covering a population of 2.57 lakhs in 1979 and in 44 sections covering a population of 3.43 lakhs in 1980. Of these, 13 out of 33 sections in 1979 and 8 out of 44 sections in 1980 were in Cannanore District where malaria had broken out in epidemic form during 1976-77 when 1961 positive cases were detected.

(ii) *Passive surveillance*

Active surveillance by health workers was to be supplemented by passive surveillance done by hospitals, dispensaries, etc. The operational guidelines issued by the Government of India in 1976 required that all fever cases attending hospitals and dispensaries should be blood filmed and in no case the daily

collection of blood smears should be less than 15 per cent of the new out-patient (o.p.) cases. However, the passive surveillance was done only to a negligible extent. The details of achievement in three of the selected districts—Quilon, Ernakulam and Cannanore (details regarding Trivandrum District were still awaited)—for the years 1977 to 1979 (figures for 1980 awaited) are given in the following table:—

District	Total number of new o.p. cases	Blood slides to be taken at 15% of new o.p. cases	Total number of blood slides taken	Percentage of o.p. cases covered under passive surveillance	Percentage of achievement
	(in lakhs)				
Quilon	72.50	10.87	0.41	0.6	3.77
Ernakulam	87.72	13.16	0.60	0.7	4.56
Cannanore	74.04	11.11	0.43	0.6	3.87

The coverage under surveillance ranged between 0.6 per cent and 0.7 per cent of the new out-patient cases against 15 per cent contemplated in the programme. Number of *P. Falciparum* cases detected in 1980 was 44 and in 1981, 26. It was stated that these cases were imported from other States.

According to the District Medical Officer, the poor performance was due to lack of interest on the part of medical officers in charge of the institutions.

In 13 Primary Health Centres test checked, the coverage of o.p. cases for taking blood slides ranged between 0.9 per cent and 7.2 per cent in 1977, 0.8 per cent and 5.3 per cent in 1978 and 0.3 per cent and 3.2 per cent in 1979 and 0.3 per cent and 3.8 per cent in 1980 against the minimum 15 per cent prescribed under the programme. Attributing the poor coverage to the absence of separate staff for passive surveillance in medical institutions, Government stated (September 1981) that steps were being taken to sanction 120 posts of basic health workers/health assistants for passive surveillance in major hospitals.

(iii) *Delay in transmission of blood smears*

Blood smears collected by field workers are to be received in the laboratory of the Primary Health Centre within three days of the date of collection. As the blood slides collected by the field workers are not stained, delay in their transmission beyond three days involves risk of fungus growth and consequent damage to the slides. Examination of such damaged slides would not serve any purpose and may also result in positive cases remaining undetected. However, there was inordinate delay in transmission of slides by field workers in several cases. Particulars of a few such instances involving delay are given in Appendix 3.1. The main reasons attributed by medical officers for the delay were non-issue of service stamps to field workers for despatch of slides and the distant location of the sections from the Primary Health Centres.

(2) *Laboratory services*

According to the instructions issued by the Directorate of National Malaria Eradication Programme, the time lag between collection and examination of blood slides was not to exceed 10 days. However, in several cases there was considerable delay leading to accumulation of cases as indicated in the following table:—

<i>Year</i>	<i>Total number of blood smears collected</i>	<i>Total number of blood smears examined</i>	<i>Total number of blood smears remaining unexamined as at the end of March</i>	<i>Percentage of blood smears remaining unexamined</i>	<i>Average daily out-turn during the year</i>	<i>Percentage of the year in terms of daily out-turn</i>
1975-76	6,15,466	5,64,154	51,312	8.33	1,881	27
1976-77	9,40,285	8,94,521	45,764	4.86	2,982	15
1977-78	10,80,929	10,00,510	80,419	7.44	3,335	24
1978-79	8,66,241	8,02,560	63,681	7.35	2,675	24
1979-80	6,66,842	6,30,007	36,835	5.52	2,100	18

Had the cases been examined promptly, the number of cases remaining unexamined at the end of each year would not have exceeded the average out-turn for 10 days. The department stated that owing to shortage of qualified hands several posts of microscopists and technicians in Primary Health Centres remained unfilled and consequently all the smears could not be examined in time. A few instances where the posts of Laboratory Technicians were vacant for long durations are given in Appendix 3.2. Government stated (September 1981) that as the Laboratory Technicians in Public Health Centres were to attend to other routine laboratory tests also, the expected out-turn (examination of 60 blood smears for malaria parasite per day per technician) could not be achieved. It was further ascertained from the Government (May 1982) that 82 posts of laboratory technicians were filled up through the Employment Exchange.

Ten per cent and 2.5 per cent of the slides found negative by the Primary Health Centres were to be transferred to Central Malaria Laboratory and the Regional Co-ordinating Officer respectively for cross-check. Omissions/shortfalls in this regard were generally noticed in all the Primary Health Centres test checked.

(3) *Defective spray operations*

The modified plan envisaged regular spray operations in sections (Basic Health Worker Units) where the API was 2 and above and focal spray covering 50 houses surrounding the positive case in sections where the API was less than 2. According to the instructions of the Director of Health Services (July 1978), focal spray was to be carried out within a week of detection of the positive case. On a test check of the position in 26 Primary Health Centres in four districts, it was noticed that no focal spray was carried out in 766 out of 2,229 positive malaria cases detected between 1976 and 1980. The reasons attributed by the medical officers for the failure to conduct focal spray in most cases were:—

- (i) inadequacy of funds,
- (ii) non-availability of vehicles, D D T sprayers, etc., and
- (iii) diversion of staff for other works. According to the State Director of Health Services, diversion of staff to other works at times of need was unavoidable. Information on period of

diversion and expenditure was stated to be not readily available with the Directorate.

On a test check of the position in 10 Primary Health Centres in four districts, it was noticed that no focal spray was done in 339 cases detected between 1975 and 1980.

In 9 sections in 1977 and 1 section in 1978 where the API was 2 and above, no regular spray was carried out. In another section in Primary Health Centre, Pappinisseri (API above 2) only one round of spray was done against two rounds required. In 392 cases relating to the period September 1976 to December 1980 in 22 Primary Health Centres, there was delay ranging from 25 to 309 days in conducting focal spray. Reasons attributed for the above omissions/shortfall were non-availability of vehicles, diversion of staff for other works, etc. Government stated (October 1981) that the Director of Health Services had instructed the officers concerned to ensure prompt remedial measures in respect of all malaria cases detected in the State.

(4) *Radical Treatment*

For effective check of malaria, radical treatment was to be given in all positive cases immediately after detection. Records available with the Directorate of Health Services showed that out of 21,656 cases detected during the period 1975-76 to 1979-80, radical treatment was not given in 2,131 cases (about 10 per cent) as indicated in the following table:—

<i>Year</i>	<i>Cases detected</i>	<i>Cases for which radical treatment was not given</i>
1975-76	1,646	400
1976-77	5,265	320
1977-78	5,255	707
1978-79	5,854	483
1979-80	3,636	221
Total	21,656	2,131

Reasons therefor are awaited from the Department.

(5) *Entomological work*

With the object of intensification of entomological studies (determination of susceptibility of vectors to insecticides, study of secondary vectors, etc.) an entomological unit was formed in the State in October 1977. A scrutiny of the entomological reports available in the Directorate of Health Services showed that no susceptibility tests were conducted by the unit as the number of vectors collected was inadequate.

(6) *Inventory control*(i) *Stock accounts*

Insecticides and antimalarials for implementation of the programme were procured by the Director of National Malaria Eradication programme, Government of India and supplied to the State Government. There was no system for assessing the requirements and supplies were made on *ad hoc* basis. Details regarding the requirements of insecticides and antimalarials as assessed by the Department, actual stock available at the beginning of the year, stock consumed during each year, etc., for the years 1976-77 to 1979-80 were not available with the Directorate of Health Services of the State Government.

The Directorate was maintaining a stock register for watching the receipt and distribution of allotment of materials made by Government of India. Receipt of materials from July 1979 onwards (when the Assistant Director of Entomology retired) and issues therefrom have not been accounted for in the stock registers maintained in the Directorate (June 1981). A few instances of non-accountal are mentioned below:—

<i>Name of the material and nature of transaction</i>	<i>Month</i>	<i>Quantity</i>	<i>Value (in lakhs of rupees)</i>
Receipt			
Chloroquine	September 1979	30 lakhs	2.46
Do.	February 1980	10 lakhs	1.22
Do.	May 1980	20 lakhs	2.44
Issues			
Chloroquine	November 1980 and December 1980	1.90 lakhs	0.23

Reasons for non-maintenance of stock accounts called for from the department are awaited.

(ii) *DDT*

The stock of DDT held by the State was apparently in excess of the requirements as the receipts during each year were far in excess of the issues—vide details given in the table below:—

<i>Year</i>	<i>Opening balance</i>	<i>Fresh receipts</i> (in tonnes)	<i>Total</i>	<i>Issues</i>	<i>Closing balance @</i>
1976-77					136.58
1977-78	136.58	95.00*	231.58	86.82	144.76
1978-79	144.76	55.00	199.76	49.58	150.18
1979-80	150.18	132.50	282.68	39.11	243.57

(iii) *Antimalarials*

Antimalarials are supplied free of cost by Government of India (as grant-in-aid) for providing presumptive treatment of all fever cases and radical treatment of positive cases. A scrutiny of the records of the Directorate of Health Services disclosed that annual requirements of antimalarials was not assessed by the department and intimated to the Director of National Malaria Eradication Programme. There were discrepancies in the entries made in the stock register relating to antimalarials. A few such instances are given in the following table:—

<i>Name of material and date of supply</i>	<i>Remarks</i>
40 lakh Chloroquine tablets (cost: Rs. 4.88 lakhs)—April 1978 to June 1978	The supply had not been accounted for in the stock registers of the Directorate. The cost of the item was adjusted as grant-in-aid from Government of India in October 1978. The Director of Health Services has reckoned two other consignments of 23 lakh tablets received for January-March 1978 and 35 lakh tablets received for July-September 1978 against

* According to the records in the Directorate of Health Services, the quantity received was 95 tonnes whereas the quantity, the cost of which was adjusted by the Government of India as grant-in-aid was 75 tonnes.

@ Does not include the stock available in Primary Health Centres.

*Name of material and date of supply**Remarks*

the consignment of 40 lakhs made for the period April-June 1978. It was, however, seen in audit that the cost of the two consignments of 23 lakhs and 35 lakhs had been separately adjusted as grant-in-aid in March 1978 and December 1978. The stock verification conducted by the Deputy Director of Health Services in June 1980 did not bring to light any unaccounted stock. Had the consignment of 40 lakh tablets been received, there should have been an excess of 40 lakh tablets over the book balance at the time of physical verification. The absence of any such excess indicates that either the consignment of 40 lakh tablets had not been received or it had been misappropriated without taking into stock.

3 lakh Chloroquine tablets issued by the Director of Health Services to the District Medical Officer of Health, Trivandrum in January 1979

The quantity accounted for by the District Medical Officer of Health was only 2 lakhs. The District Medical Officer stated that only 2 lakh tablets had been received by him. Remarks of Director of Health Services are awaited.

60,000 Chloroquine tablets issued by the Director of Health Services to the District Medical Officer of Health, Quilon in May 1978

The quantity has not been accounted for by the District Medical Officer of Health in the stock register. His remarks on this discrepancy are awaited.

3000 (15mg) primaquine tablets issued in May 1977 and 2000 (7.5 mg) primaquine tablets issued in December 1978 by the Director of Health Services to the District Medical Officer of Health, Cannanore

The receipts were not accounted for in the stock registers of the District Medical Officer of Health, Cannanore.

The Deputy Director of Health Services (Malaria) who conducted a stock verification in June 1980 had observed that owing to non-availability of storage space, several wooden boxes and cardboard cartons containing antimalarials and microslides remained unopened and unverified.

(iv) *Pumpsets*

Though 117 pumpsets costing Rs. 0.52 lakh were returned to the Directorate by the District Medical Officer of Health, Cannanore in June 1978, the Director of Health Services has not accounted their receipt in the stock register.

(7) *Infructuous expenditure*

Taking into account the large number of malaria cases imported into the State from Gulf countries (276 cases in 1977 and 353 cases from January to November 1978) Government sanctioned (February 1979) the establishment of a permanent laboratory at Trivandrum Air Port with necessary staff for collection of blood smears from passengers and examining them. However, not a single blood smear has been taken so far by the unit though expenditure on staff of the unit up to February 1981 amounted to Rs. 0.42 lakh.

(8) *Non-functioning of Malaria Committee*

As a part of the new strategy adopted by Government of India for eradication of Malaria, the State Government were to constitute a Malaria Committee to review the implementation of the programme. Though the State Government had constituted (March 1978) a high level committee for the purpose for a term of five years, no meeting of the Committee had been convened so far (March 1981).

(9) *Impact*

According to the statistics furnished by the Department, the number of positive cases detected in the State since 1976-77 was as indicated in the following table:—

<i>Year</i>	<i>Number of cases detected</i>
1976-77	5,265
1977-78	5,255
1978-79	5,854
1979-80	3,636

The table shows that the number of positive cases continues to be very high.

In view of the shortfall in active and passive surveillance, delay in the transmission of blood smears for testing and arrears in the examination of the smears in the laboratory, the chances of several cases having escaped detection cannot be ruled out.

(10) *Summing up:*—

The important points that emerge from the preceding paragraphs are:—

(i) There has been considerable shortfall under active surveillance. The annual coverage in regard to collection of blood smears ranged between 1.6 *per cent* and 2.5 *per cent* of the population against 5 *per cent* targeted in the programme.

(ii) Under passive surveillance also, the performance was far below the target. Against 15 *per cent* of the new out-patient cases targeted to be covered, the actual coverage during the years 1977 to 1979 in three districts ranged between 0.6 *per cent* and 0.7 *per cent*. Number of *P. Falciparum* cases detected in 1980 was 44 and in 1981, 26.

(iii) In several cases there was delay ranging from 23 days to 372 days on the part of field workers in transmitting the blood smears collected by them. There was delay in examination of the blood smears collected though according to the instructions of the department the time lag between collection and examination of blood slides was not to exceed 10 days; the percentage of unexamined cases at the end of the year during the period 1975-76 to 1979-80 ranged between 4.86 and 8.33.

(iv) A test check of the position in 26 Primary Health Centres in four Districts showed that focal spray had not been conducted in 766 out of 2,229 positive malaria cases detected between 1976 and 1980.

(v) There was omission to provide radical treatment to about 10 *per cent* of the positive cases during the period 1975-76 to 1979-80.

(vi) There was omission to collect mass and contact smears on detection of positive cases.

(vii) Though an entomological unit was formed in the State in October 1977, no susceptibility tests have been conducted on the ground that the number of vectors collected was negligible.

(viii) There were discrepancies in stock accounts. There was no procedure for assessing the requirements and making allotments to various districts.

(ix) Materials received from July 1979 onwards and issues therefrom have not been accounted for in the stock registers of the Director of Health Services.

(x) The cost (Rs. 4.88 lakhs) of 40 lakh chloroquine tablets was adjusted by the department without proper verification of the receipt of the consignment.

(xi) A laboratory sanctioned to be established at Trivandrum Airport has not started functioning although Rs. 0.42 lakh have been spent towards establishment charges of the unit.

(xii) Though the State had eradicated malaria and entered the maintenance phase in April 1965, the recrudescence of malaria indicates that the control measures taken by the department were not adequate.

3.4. Drugs control

Drugs control measures are designed to prevent the import, manufacture, distribution and sale of substandard/spurious/misbranded/adulterated drugs and are governed by the Drugs and Cosmetics Act, 1940, allied Acts and the rules framed thereunder. These measures include a wide range of activities comprising *inter alia* (i) licensing and inspection of manufacturing and selling premises, (ii) drawal of samples from the stock kept for sale or distribution in any premises and their testing and (iii) prosecution of offenders. Drugs control functions in the State are the responsibility of the Drugs control Department headed by the Drugs Controller who is assisted by Deputy Drugs Controller (Ayurveda), two Assistant Drugs Controllers and Inspectors on the enforcement side and a Government Analyst on the testing side, besides other supporting staff. The expenditure incurred on drugs control during the period 1976-77 to 1980-81 was Rs. 80.19 lakhs.

Points noticed on a test check (June 1981) of the records of the headquarters office and six out of eleven district offices are given below:—

(1) Licensing

No control register was maintained either at the headquarters office or at the field offices to watch whether manufacturing/selling units renew

their licences regularly and whether any unit continued to function beyond the licensed period without renewing the licences. In regard to units not renewing the licences, there was no system in the department to investigate the reasons therefor and to launch prosecution against the defaulters. The Drugs Controller stated (November 1981) that steps were being taken to maintain a control register to watch the renewal of licences.

(2) Inspection

According to the Drugs and Cosmetics Rules, 1945, each manufacturing and selling unit is to be inspected at least twice annually. The actual number of inspections done is far below the prescribed standard as shown in the table below:—

Year	Selling premises				Manufacturing premises			
	Number licensed	Number of inspections due	Number of inspections conducted	Percentage of (4) to (3)	Number licensed	Number of inspections due	Number of inspections conducted	Percentage of (8) to (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1976-77	5,082	10,164	2,405	24	257	514	50	10
1977-78	4,925	9,850	2,733	28	268	536	53	10
1978-79	5,338	10,676	2,846	22	369	738	141	19
1979-80	6,974	13,948	3,090	22	467	934	228	24

Hospitals and other institutions stocking/distributing drugs also come under the purview of drugs control measures. Against 891 Government hospitals, 12 Government medical stores and 721 quasi-Government and private hospitals stocking/distributing drugs, the number of institutions inspected annually during the period 1975-76 and 1979-80 ranged between 13 (Government hospital: 1; Government medical stores: nil; private hospitals:12) in 1975-76 and 57 (Government hospitals:9; Government medical stores:1; private hospitals:47) in 1978-79. The number of institutions inspected under the category was less than 4 per cent in all these years.

There are 23 Inspectors in the department and each Inspector is to conduct about 20 inspections monthly. As such, the department was to conduct about 5,520 inspections annually. However, the actual number of inspections

done was less than 60 *per cent* of this in all the years from 1976-77 to 1980-81. The Drugs Controller stated (November 1981) that only 13 out of 23 Inspectors had been detailed for inspection duty and that the shortfall in inspection was due to the inadequate strength of the inspectorates. In view of the increasing percentage of adulteration of drugs, 3 posts of Drugs Inspectors have been created in the Intelligence Branch and proposals for more posts are stated to be under way.

(3) *Sampling*

(i) No samples of Ayurveda, Unani, Sidha or Homoeopathic drugs have been drawn so far as no standards have been laid down for their analysis.

(ii) According to the instructions issued by the Drugs Controller, a Drugs Inspector has to draw not fewer than 10 samples per month. There were 23 Inspectors engaged in the inspection of manufacturing, selling and distributing premises. Against the annual target of 2,760 samples to be taken by them, the number actually drawn ranged between 1,054 in 1975-76 to 434 in 1979-80. A further analysis of the details for the period 1975-76 to 1979-80 showed that the number of Inspectors who drew fewer than 5 samples a month ranged between 9 in 1977-78 and 21 in 1979-80. It was further seen that 6 Inspectors in 1978-79, 5 during each of the years 1975-76, 1976-77 and 1979-80 and 4 in 1977-78 did not draw even a single sample. Paucity of hands was stated (November 1981) to be the reason for the shortfall.

(4) *Testing*

The State Drugs Testing Laboratory has 6 sections namely pharmaceutical chemistry, biochemistry, bacteriology, pharmacology, pharmacognosy and pharmaceutical chemistry (Ayurveda). However, no samples have been subjected to pharmacological or bacteriological analysis in the laboratory so far (August 1981); samples requiring such analysis are at present sent to approved laboratories outside the State. Similarly, no ayurveda drugs have been tested in the laboratory since its inception in May 1974 as standards for such analysis have not been prescribed. The Drugs Controller stated (November 1981) that (i) pharmacological tests could not be conducted for want of an animal house, (ii) the bacteriology wing was equipped only recently and the bacteriologist needed training in the latest methods of analysis and handling of the new instruments and (iii) the Ayurvedic Formulary of India had been recently published by Government of India as a first step towards standardisation of Ayurvedic drugs. Bacteriology section (with 2 Analysts) and Ayurveda section (with 2 Analysts) are engaged in the testing of samples relating to other wings. No analytical work had been conducted in the pharmacological wing (with one Analyst) during the years 1978-79 and 1979-80.

Pending commencement of pharmacological and bacteriological analysis in the laboratory, a kymograph with accessories (cost: Rs. 0.20 lakh) purchased in December 1976 for the pharmacology section, a laminar work bench (cost: Rs. 0.21 lakh) and a steam steriliser (cost: Rs. 0.65 lakh) purchased in March 1980 for the bacteriology section have not been put to use yet (November 1981).

According to the Drugs Technical Advisory Board, a trained Analyst can test about 150 drugs annually. As the Drugs Testing Laboratory had a strength of 11 trained Analysts (excluding 2 Government Analysts who were to supervise the analysis/tests), it was to test about 1,650 samples annually. However, the number of samples tested was less than 55 *per cent* of the expected number in all the years from 1975-76 onwards, the achievement being even less than 25 *per cent* during 1979-80. The Drugs Controller stated (November 1981) that the target of 1,650 samples was not possible at this stage and that in several cases, the samples needed re-analysis, thereby reducing the total number analysed during the year.

The number of samples received, the number found substandard and their percentage to the total during the years 1975-76 to 1979-80 were as follows:—

<i>Year</i>	<i>Number of samples analysed</i>	<i>Number of samples declared sub-standard</i>	<i>Percentage of substandard drugs</i>
1976-77	846	88	10
1977-78	708	85	12
1978-79	891	53	6
1979-80	400	94	24

The reasons for the steep increase in the percentage of substandard drugs in 1979-80 have not been clarified by the department.

There was considerable time lag between the receipt of samples in the laboratory and their actual testing. For instance, the delay involved in testing 59 out of 979 samples (6 *per cent*) received in 1977-78, 249 out of 940 samples (38 *per cent*) received in 1978-79 and 36 out of 434 samples (7 *per cent*) received in 1979-80 was more than six months. Unless the samples received are tested promptly, it may not be possible to prevent the distribution of substandard drugs. In several cases, the testing was completed only after the concerned batch of the drug had been sold out, thereby defeating the very object of

drugs control legislation. Four such instances in regard to samples taken by Drugs Inspector, Quilon are given in Appendix 3.3.

(5) *Substandard drugs*

Any person who or on whose behalf any other person manufactures for sale, sells, stocks or exhibits for sale any misbranded, adulterated, substandard drug is liable to be prosecuted under the Act. Out of 451 samples detected as substandard during the period 1975-76 to 1979-80, prosecution was launched only in two cases. The reasons for not initiating prosecution steps in other cases were not apparent from the records. Particulars of an instance where there has been delay in initiating action against the offenders are given below:—

The Deputy Inspector General of Police, Vigilance reported to the State Drugs Controller on 27th January 1977 that adulterated tetracycline capsules were being sold by a dealer 'A' at Trivandrum. The Drugs Inspector (Special Intelligence Branch) and Chief Inspector of Drugs, Intelligence Squad conducted an inspection of the shop immediately and seized stocks of the drug. Investigations showed that 'A' had obtained the drug from another dealer 'B' in Trivandrum. Stock of the same drug was also seized from the premises of a third dealer 'C'. On analysis, it transpired that the drug did not contain any tetracycline as claimed. Though the drug was purported to have been manufactured by a firm in Haryana, further investigations revealed that the packing used by the Haryana firm was different from the one used in the seized samples. Moreover, the licensees 'B' and 'C' did not possess any record of purchase nor did they disclose the source from where they had acquired the drug. On the matter being reported by the Drugs Controller, Government instructed (February 1977) the former to pursue the case on the basis of available evidence. The State Government also requested the Government of Haryana to cause investigations about the firm purported to have manufactured the drug. After getting reports (1977 and 1979) from the Haryana Government, the department filed (August 1981) a complaint in the court. The case is still pending (November 1981).

Summing up

The following are the main points emerging from the preceding paragraphs:—

(i) No control register was maintained in the headquarters office to watch the renewal of licences.

(ii) The number of inspections conducted was far short of the minimum laid down in the Drugs and Cosmetics Rules.

(iii) Against 2,760 samples to be drawn annually by 23 Inspectors, the number actually drawn was between 1,054 in 1975-76 and 434 in 1979-80.

(iv) In the State drugs testing laboratory, pharmacological, bacteriological, pharmaceutical (Ayurveda) tests were yet to be started and consequently three instruments (cost: Rs. 1.06 lakhs) purchased between December 1976 and March 1980 remain unused.

(v) There was considerable delay in completion of tests with the result that in four cases where substandard/spurious drugs were detected, effective follow up measures could not be taken.

The views of the Drugs Controller incorporated in the paragraph were endorsed by Government in November 1981.

LABOUR DEPARTMENT

3.5. Unemployment Relief Scheme

Government sanctioned (June 1978 and July 1978) a scheme for granting relief of Rs. 400 per annum to unemployed persons who were on the live registers of Employment Exchanges for over three years as on 31st March 1978 and whose family income did not exceed Rs. 4,000 per annum. The registrants were to send the applications for relief to the Employment Exchanges through the Block Development Officers/Municipal authorities who were to verify the correctness of the details given in the applications. The list of persons eligible for the assistance was to be finalised by the Employment Exchanges after scrutiny of the applications. The recipients of relief were to render social service for 2 months in selected fields. Exemption from this obligation was not permissible except in the case of pregnancy or maternity. Four surveys and 5 other categories of work, *viz.*, minor irrigation, soil conservation, road maintenance, removal of salvinia from rivers and backwaters in Kuttanad and Kole lands and rural works under community development blocks were selected for engaging the beneficiaries. The relief was payable in two instalments, the second instalment being payable only to those persons who had rendered the prescribed social service. The relief was released through the Block Development Officers/Commissioners of Municipalities and Corporations. Returns regarding disbursement of relief were to be sent to the District Collectors and the Director of Employment. The total amount paid as relief during 1978-79 was Rs. 6.14 crores.

A review, conducted by Audit in February—May 1981 of the implementation of the scheme revealed the following points:—

(1) One of the surveys selected for implementation under the scheme was the survey of housing and unemployment. It was proposed to be conducted utilising the services of about 20,000 beneficiaries as enumerators. The work was proposed to be got supervised by school teachers. However, the survey could not be taken up during 1978-79 on account of difficulties in providing the required supervisory staff. It was postponed by one year and was got done in 1979-80 through persons recruited through Employment Exchanges at a cost of Rs. 79.64 lakhs. This could have been avoided, had the work been got done during 1978-79 itself utilising the services of the beneficiaries as originally programmed.

Another survey (survey of fishermen families in the coastal villages and areas surrounding backwaters) proposed to be taken up during 1978-79 utilising the services of the beneficiaries could not be undertaken during that year as the lists of the beneficiaries to be engaged on the work were not received in time by the implementing agencies. The survey was got done during 1979-80 at a cost of Rs. 1.30 lakhs which could have been saved, had the survey been arranged in 1978-79 itself.

The third survey (survey of families below poverty line in 45 community development blocks selected for integrated rural development programme) proposed to be taken up under the scheme was not implemented at all.

The fourth survey (survey on evaluation of soil conservation works in hilly areas) could be implemented only partly as no beneficiary was detailed for the survey in 3 districts. The survey was thus incomplete and hence its results were not analysed or put to any use by the Agriculture (soil conservation) Department.

(2) On a test check of the records maintained by two Corporations, two Municipalities and five Community Development Blocks in regard to implementation of the scheme, the following points were noticed:—

(i) In the Corporation of Trivandrum, Rs. 39.63 lakhs were paid as relief to 10,057 beneficiaries between September 1978 and March 1979. The Corporation intimated Government in October 1978 that implementation committee of the Corporation was not favourably inclined to engage the beneficiaries without payment of wages in addition to the relief. In a report to the District Collector in March 1981, the Corporation stated that the

works programme was not implemented in the Corporation owing to the huge number of beneficiaries and want of works for engaging them.

(ii) Work could be allotted only to 525 out of 5,297 beneficiaries (relief paid: Rs. 21.08 lakhs) in Calicut Corporation. According to the Corporation, the non-allotment of work to the remaining beneficiaries was due to want of sufficient works.

(iii) In Alleppey Municipality, Rs. 14.61 lakhs were paid as relief to 3,693 beneficiaries; no work could, however, be provided by the Municipality to the beneficiaries.

(iv) In Palghat Municipality, Rs. 1.45 lakhs were paid as relief to 634 registrants of whom 271 were proposed to be engaged on survey work and the rest on manual labour. However, no work was got done by any of the beneficiaries. The Municipality reported (November 1978) to Government that it was not practicable to implement the works programme owing to non-availability of supervisory staff and want of tools and implements.

(v) In all the five Blocks test checked, there was no record to show that in the case of beneficiaries to whom work was assigned, the second instalment was paid only after they had done the work fully or partly.

(vi) The number of persons provided with relief was 1.54 lakhs. At the rate of 2 months per beneficiary, the quantum of work to be turned out by them was 3.08 lakh man months. Information regarding the total number of man months of work actually turned out was not available with the Directorate of Employment.

(3) In February 1979, the Director of Employment reported to Government that (i) the works programme under the scheme was not successful, (ii) many of the beneficiaries had refused to do the allotted work and (iii) the authorities concerned had not been in a position to offer work to the beneficiaries in several cases. Based on the report, Government ordered (March 1979) to release the second instalment to all persons other than those who had refused to do the allotted work. As no durable community assets could be produced with the mere grant of relief, Government decided (March 1979) to link the Unemployment Relief Scheme with other work and training programmes. Government stated (November 1981) that it was the policy change of replacing Unemployment Relief Scheme with Employment Generation Scheme that resulted in non-completion of schemes undertaken during 1978-79.

To sum up, the scheme was implemented without proper planning about utilisation of available idle manpower and the expenditure of Rs. 6.14 crores incurred on it was largely unproductive. Information regarding number of beneficiaries who got employment after they were paid assistance is not readily available with the department.

Government stated (August/November 1981) that the underlying idea was to create opportunities for productive work while providing relief for the unemployed so as not to treat them as mere dole-receivers and it was on this basis that certain work programmes were hopefully introduced as part of the scheme for creation of community assets. But these programmes were either not completed or not taken up at all owing to delay in completing preliminary works in some cases and the overwhelming resistance on the part of the unemployed to do the prescribed work due to the interplay of social and political factors beyond the control of the Government besides inadequacy of remuneration. Further, the educated unemployed had little or no experience in or aptitude for skilled or unskilled manual labour necessary for the creation of concrete assets and this also contributed for the failure of the scheme.

3.6. Agricultural Workers Pension Scheme

A new welfare scheme of pension to Agricultural workers was introduced by Government with effect from 1st April 1980. The rules governing the scheme were framed in April 1980. They were later superseded in October 1980 by a new set of rules which was given retrospective effect from 1st April 1980. For the purpose of the scheme, the term 'agricultural worker' has been defined as a person who, in consideration of wages, has worked for a period of not less than 10 years on agricultural land belonging to a land-owner. The scheme was not applicable to workers employed in plantations covered by the Plantation Labour Act, 1951. Under the scheme, an agricultural worker who has completed 60 years of age and whose annual income does not exceed Rs. 1,500 is eligible for a pension of Rs. 45 per month. Those in receipt of financial assistance under other welfare schemes of Government are ineligible for the pension. The applications for the pension are to be submitted to the Executive Authority of the concerned local body (Panchayat/Municipality/Corporation). All applications so received, are to be placed before a selection committee consisting of representatives of trade unions of agricultural workers and members representing the local body. The committee sanctions the pension to eligible persons and communicates the order to the

District Labour Officer, who arranges for the disbursement of the pension once in two months. The Deputy Labour Officer may *suo-motu* investigate the facts relating to any application, at any stage. If on investigation, he finds any irregularity, he shall cancel the order sanctioning the pension after giving an opportunity to the pensioner to represent his case. The District Labour Officer is to maintain a register of pensions sanctioned under the scheme. The pension was payable by money order up to October 1980, when the rules were changed providing for payment of pension through co-operative societies. The pension is now paid by credit to the accounts opened in the name of the pensioners in primary co-operative societies. The amount required for paying the pension is drawn in lump by the Labour Commissioner every two months and placed at the disposal of the State Co-operative Bank which in turn passes on the amount to the primary co-operative societies through the District Co-operative Banks.

The total expenditure on the scheme from April 1980 to March 1981 was Rs. 10,92.44 lakhs. In a meeting of departmental officers held on 4th July 1981 it was decided to conduct a thorough verification of all sanctioned applications. Pending verification payment of pension was suspended from 8th July 1981. Government stated (December 1981) that a cent *per cent* verification of the applications in the case of pensions sanctioned up to March 1981 had since been done. Payment of pension in eligible cases was being resumed (September 1981).

On an audit review (April—September 1981) of the implementation of the scheme, the following points were noticed:—

(1) There was no system in the department for examination by the Government Officers that the pension in each case had been sanctioned only to eligible persons and that the recipients continued to satisfy the prescribed conditions.

(2) A total sum of Rs. 10,69.99 lakhs was drawn by the Labour Commissioner during 1980-81 and placed at the disposal of the State Co-operative Bank. The latter distributed the amount among various District Co-operative Banks for release to the pensioners through the primary societies. The total amount authorised for disbursement by the District Labour Officers up to the end of March 1981 was Rs. 9,71.73 lakhs. Against this, the amount distributed by the District Co-operative Banks among the primary co-operative societies, to the end of March 1981 was Rs. 9,02.54 lakhs. Thus, at the end

of March 1981, Rs. 1,67.45 lakhs remained unspent with the District Co-operative Banks. The reasons for the non-disbursement of the amount during 1980-81 are awaited (December 1981). Out of the pension released for 1980-81, Rs. 1,33.85 lakhs were distributed during April—June 1981, leaving an unspent balance of Rs. 33.60 lakhs with the Co-operative Banks, as on 30th June 1981.

Between April 1981 and June 1981, a further sum of Rs. 1,30.66 lakhs was placed at the disposal of the State Co-operative Bank by the Labour Commissioner. Out of this, Rs. 1,22.94 lakhs were authorised to be distributed among primary co-operative societies, for payment of pension to agricultural labourers in certain panchayats and towns where none had received pension during 1980-81. A sum of Rs. 7.72 lakhs out of this was also lying unspent with the District Co-operative Banks as on 30th June 1981.

(3) Verification conducted by the department between July 1981 and January 1982 revealed that out of 3,38,416 persons to whom agricultural workers pension had been sanctioned up to 31st March 1981, the number properly eligible for such pension was only 1,42,543 and that out of 65,754 persons to whom pension had been newly sanctioned between April 1981 and September 1981, the number properly eligible was only 29,833.

(4) According to the first set of rules framed in April 1980, the Executive Authorities of local bodies were to sanction the pension. After revision of the rules in October 1980, the power to sanction pension was given to selection committees. Following this, the selection committees reconsidered the applications rejected by the Executive Authorities earlier. Sanctions accorded to pension cases rejected earlier do not indicate any reason for revising earlier decision. A test check by Audit of 10,481 cases where pension was sanctioned (in 6 districts) showed that in 376 cases, pension was sanctioned by the selection committees on applications rejected by the Executive Authorities earlier without assigning any reasons for reversal of the decision.

(5) The Deputy Labour Officers were invested with powers to conduct *suo-motu* investigations to ascertain the facts stated in the applications. However, the quantum, extent and frequency of such investigations had not been prescribed by Government yet. In reply to an enquiry by Audit, the District Labour Officers, Quilon and Trichur stated (June and July 1981) that no *suo-motu* investigations had been conducted in the two

districts. Though the District Labour Officers of Idukki, Ernakulam and Kozhikode claimed to have conducted *suo-motu* investigations, the number of cases investigated and the results thereof were not furnished by them.

The total number of cases where *suo-motu* investigation was made in Alleppey, Kottayam, Palghat, Cannanore and Malappuram Districts was only 430 although the total number of agricultural labourers to whom pension had been sanctioned in these districts up to March 1981 was more than 1.56 lakhs.

(6) Pension had been sanctioned on defective/incomplete applications in a large number of cases. Particulars of defects noticed in the 10,481 cases test checked are given below:—

<i>Defects</i>	<i>Number of cases</i>	<i>Percentage</i>
Absence of proper signature/thumb impression in the application	2,303	22
Age noted in the revised application being at variance with that noted in the original application	1,253	12
Absence of full details about land-owners under whom the applicant worked	7,012	67
Other defects (such as retrospective grant of pension on belated applications, payment of pension direct to the pensioners even in cases where they were stated to be invalid or of unsound mind, etc.)	736	7

(7) In February 1981, the Labour Commissioner directed the District Labour Officers to conduct a random verification of the sanctioned applications before authorising payment, to ascertain whether the sanctioning authorities had given due consideration to proof of age and income of the applicants. Random check conducted by the District Labour Officers in Trivandrum, Cannanore and Trichur revealed several defects like failure to conduct proper verification of age, omission to furnish sufficient details in the applications about the land-owners under whom the workers were employed, grant of

agricultural pension to persons who were in receipt of other pensions or whose income exceeded Rs. 1,500, etc. Full particulars of the cases so detected and the amount involved are awaited (May 1982).

(8) Soon after introduction of the scheme Government instructed the Labour Department on 12th May 1980 to arrange for disbursement of the first instalment of pensions by organising public functions in each district on 15th May 1980. Consequently, the department had to rush through the scrutiny and processing of the applications with the result that pension happened to be granted to several ineligible persons. On subsequent scrutiny by the department, it transpired that 853 ineligible persons had been paid pension thus and that the total amount involved in 369 of these cases was Rs. 0.33 lakh. In the absence of any provision in the rules empowering Government to recover the pension once paid, the amount could not be recovered.

(9) According to the rules of the scheme, the State Co-operative Bank is to render to the Labour Commissioner, half-yearly statements of accounts of payments made under the scheme. The Bank has not, however, furnished the prescribed return for any half year so far (August 1981).

(10) The District Labour Officers are to maintain a register to record the details of payments made to each pensioner. The register is not maintained in 9 out of 11 districts on the ground that certified statements of disbursement are still to be received from the primary co-operative societies.

(11) On a test check by Audit, 64 cases of excess payments/double payments (amount involved: Rs. 0.08 lakh) have been noticed.

(12) In terms of provisions in the Kerala Agricultural Workers Act, 1974, the land-owners are bound to employ willing male agricultural labourers till they complete 65 years of age. There was no machinery in the department to ascertain before sanctioning pension whether the applicants not over 65 years of age continued in such employment or not.

Summing up

Important points brought out in the preceding paragraphs are:—

A verification conducted by the department showed that out of 4,04,170 persons to whom pension was sanctioned up to the end of September 1981, the number properly eligible was only 1,72,376.

(ii) Out of the amount released by Government during 1980-81 for payment of pension, Rs. 167.45 lakhs remained unspent with the District Co-operative Banks as at the end of March 1981. Out of this, Rs. 33.60 lakhs remained unspent even by the end of June 1981.

(iii) The applications received were defective in many respects and the procedure for verification of the eligibility of the applicants for pension before sanction and also thereafter was inadequate.

(iv) A test check by Audit showed that there were double payments/excess payments in 64 cases.

TRANSPORT, FISHERIES AND PORTS DEPARTMENT

3.7. Pilot project on pearl culture, Vizhinjam

A pilot project on pearl culture at Vizhinjam (estimated cost: Rs. 11.09 lakhs) was sanctioned by Government in January 1976. It envisaged production of cultured pearls by inserting or implanting shell bead nuclei in the interior aspect of pearl oysters. The project was to be implemented in a phased manner over a period of 5 years. The project was sanctioned on the basis of a project report prepared after preliminary experiments (July-August 1974), which gave encouraging results indicating that Vizhinjam area was suitable for production of cultured pearls on a commercial scale. In terms of the project report, 75,000 oysters were to be stocked annually from the second year onwards. Seventy *per cent* of them (after allowing a margin of 30 *per cent* for mortality) were expected to be available for implanting; seventy *per cent* of the implanted oysters were expected to yield pearls. Out of the pearl-producing oysters, 50 *per cent* were expected to produce 2 pearls each and the rest one pearl each annually. The project started functioning in May 1976 and Rs. 9.03 lakhs (Rs. 4.19 lakhs on salaries and wages, Rs. 3.88 lakhs on machinery and equipment and Rs. 0.96 lakh on other contingencies) were spent to the end of March 1981.

The following table compares the targets *vis-a-vis* achievements in regard to stocking and implanting of oysters and production of pearls.

Year	Targets			Achievements				
	Number of oysters to be stocked	Number of oysters to be implanted, i. e. 70 per cent of the number stocked	Pro-duction of pearls	Number of oysters actually stocked	Num-ber of oysters im-plant-ed	Pearls expected to be pro-duced from the oysters im-plant-ed	Actual num-ber of pearls produced	Per-centage of (8) over(4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1977-78	75,000	52,500	55,000	17,627	Nil	Nil	Nil	Nil
1978-79	75,000	52,500	55,000	17,627	8,757	9,195	263(x) 2,423 (c)	4.40
1979-80	75,000	52,500	55,000	12,681	2,302	2,416	360	0.73
1980-81	75,000	52,500	55,000	36,547	4,512	4,737	416	0.76

Government stated (November 1981) that the shortfall in production was due to (i) the natural settlement of oyster spat being not so profuse as to meet the requirement of industrial production, (ii) high mortality of oysters due to predation, parasitosis, etc., (iii) dearth of trained staff and (iv) labour strike. It was, however, observed that in the project report prepared after detailed study, it was stated (September 1975) that natural oyster spat settlement in the area was profuse and could be relied upon to provide the necessary stock.

It was forecast in the project report that 30 per cent of the pearls produced would be of good quality, 40 per cent of medium and 30 per cent of poor quality. Their value per piece was estimated as Rs. 25, Rs. 10 and Re. 1 respectively. In actual operation, the project classified the production into

(x) Ungraded pearls.

(c) 6 ungraded pearls and 2,417 graded pearls were harvested during 1979-80.

five categories of which the last two categories were considered worthless. The category-wise break-up of the pearls produced is given below:—

Year of operation	Number of graded pearls produced	Good quality		Medium quality		Poor quality		Worthless	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
1978-79	*2417	60	3	413	17	445	18	1,499	62
1979-80	360	104	29	71	20	76	21	109	30
1980-81	416	129	31	136	33	34	8	117	28

Government stated (November 1981) that the decrease in the percentage of good/medium quality pearls was due to the fact that project report did not give due weight to aspects such as hatchery production of oysters, production of suitable indigenous nuclei and sophisticated farming techniques which were essential for pearl production on a commercial scale.

According to the project report, the project was to yield an annual revenue of Rs. 6.49 lakhs from 1977-78 onwards. The pearls produced in the project have not been disposed of (August 1981). Computed at the value assumed for working out the economics of the project, the estimated value of pearls produced during the 4 years from 1977-78 to 1980-81 worked out to Rs. 0.14 lakh against Rs. 25.96 lakhs anticipated.

At the instance of the Government (March 1979), a revised project report (envisaging an expenditure of Rs. 24.50 lakhs and a revenue of Rs. 30 lakhs during a five year period) was prepared by the department in April 1979. It has not been approved by Government yet (August 1981).

While according sanction to the pilot project, Government observed (January 1976) that "the project is sound and will stand the test of time". In terms of the project report, it was to yield 1.54 lakh good/medium quality pearls and a revenue of Rs. 25.96 lakhs by March 1981. The expectations were, however, belied; the number of quality/medium pearls produced during the period was only 0.01 lakh and no revenue has been earned yet.

According to Government (November 1981), the activities of the first three years of the project proved that original conception of the project was far from realistic and that the economic goals originally set were not attainable.

* Harvested during 1979-80.

GENERAL

3.8. Misappropriations, losses, etc.

Cases of misappropriations, losses, etc., of Government money reported to Audit up to the end of March 1981 and pending finalisation at the end of September 1981 were as follows:

	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
Cases reported to the end of March 1980 and outstanding at the end of September 1980	181	57.69
Cases reported during April 1980 to March 1981	22	3.88
Cases disposed of till September 1981	35	7.68
Cases outstanding at the end of September 1981	168	53.89

Department-wise analysis of the outstanding cases is given in Appendix 3.4.

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

<i>Year</i>	<i>Number of cases</i>	<i>Amount (in lakhs of rupees)</i>
1970-71 and prior years	38	23.06
1971-72	13	4.28
1972-73	9	6.67
1973-74	13	7.36
1974-75	8	0.50
1975-76	14	2.89
1976-77	16	1.09
1977-78	12	2.03
1978-79	16	1.35
1979-80	7	0.78
1980-81	22	3.88
Total	168	53.89

The reasons for the pendency are analysed below:—

	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
(i) Awaiting departmental and criminal investigation	16	1.29
(ii) Departmental action started but not finalised	120	36.95

	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
(iii) Awaiting orders for recovery or write off	13	7.60
(iv) Pending in courts of law	19	8.05
Total	168	53.89

3.9. Writes off, waivers and ex-gratia payments

Rupees 32.92 lakhs representing mainly losses, irrecoverable revenue, duties, advances, etc., were written off/waived in 276 cases and Rs. 1.58 lakhs paid ex-gratia in 17 cases between April 1980 and March 1981 or in earlier years as detailed in Appendix 3.5.

CHAPTER IV

WORKS EXPENDITURE

AGRICULTURE (MINOR IRRIGATION) DEPARTMENT

4.1. Lift irrigation schemes

Lift irrigation schemes are executed by the Minor Irrigation Wing of the Public Works Department in regions not served by major irrigation works and where the possibility of bringing the lands under flow irrigation is rather remote. The schemes consist in lifting water from rivers with the help of electric pumps and feeding the ayacut through well laid-out channels. Schemes benefiting 40.5 hectares (100 acres) and more are executed and maintained at Government cost while those benefiting less than 40.5 hectares are to be executed and maintained by co-operative societies of cultivators at their cost.

From the commencement of the first Five Year Plan to end of March 1981, 340 lift irrigation schemes expected to benefit 28,289 hectares were taken up for execution. Of these, 263 schemes expected to benefit 25,704 hectares (net) have been completed. The total expenditure incurred on lift irrigation schemes between April 1956 and March 1981 amounted to Rs. 9,56.89 lakhs. The details of physical and financial targets fixed for the years 1976-77 to 1980-81 in respect of lift irrigation schemes *vis-a-vis* the achievements are given below:

Year	Target (in lakhs of rupees)	Financial		Targeted area (in hectares)	Physical	
		Actual	Percentage of shortfall		Actual area benefited	Percentage of shortfall
1976-77	73.55	63.03	14	1,681	568	66
1977-78	68.00	94.62	..	1,380	834	40
1978-79	88.00	1,14.65	..	1,800	610	66
1979-80	1,40.00	1,12.82	19	2,730	360	86
1980-81	1,35.00	115.44	14	2,500	1,695	32
Total	5,04.55	5,00.56	..	10,091	4,067	59

Government attributed (January 1982) the shortfall to slow progress of works owing to delay in receipt of pumpsets and scarcity of departmental materials like cement and steel.

Results of a review conducted in July-August 1981 by Audit, of records relating to the execution of lift irrigation schemes in general and those under five minor irrigation divisions (Ernakulam, Malappuram, Palghat, Quilon and Trichur) in particular are given in the succeeding paragraphs.

(1) Expenditure of Rs. 44.13 lakhs incurred up to March 1981 on ten schemes commenced in five districts between May 1970 and November 1979 remains unfruitful as the schemes have not been commissioned yet. The delay in their commissioning was attributed to (i) delay in purchase of pump sets (2 schemes), (ii) delay in installation of pumpsets (2 schemes), (iii) non-energisation of pumpsets for want of power connection (4 schemes) and (iv) non-electrification of pump-houses (2 schemes). Details of the schemes are given in Appendix 4.1. Government stated (January 1982) that a separate Electrical Wing for the Irrigation Department had been sanctioned in January 1981 to minimise delay in completion of electrical works and that the departmental officers were being instructed to have better liaison with the State Electricity Board officials to avoid delay in energisation of pumpsets.

(2) The verification of benefited area in respect of the 263 lift irrigation schemes completed up to the end of 1980-81 is not yet over. In May 1977, Government ordered that the area irrigated by minor irrigation works including lift irrigation schemes was to be jointly verified by the officials of the Public Works and Revenue Departments. For this purpose, the Executive Engineers were to furnish to the Tahsildars within 30 days from the date of commissioning of each scheme, lists of areas additionally brought under irrigation by it. The joint verification was to be conducted within 60 days from the date of supplying the lists to the Tahsildars. The Chief Engineer, Irrigation was to review every month the progress regarding the supply of ayacut lists to the Revenue Department.

According to a report sent to Government in January 1979 by the Chief Engineer, the ayacut lists have been forwarded to Revenue Department for joint verification only in respect of 33 lift irrigation schemes (area involved: 1,876 hectares). Government stated (January 1982) that the joint verification would be completed by the end of 1981-82.

(3) *Maintenance of lift irrigation works*

The responsibility for the maintenance of any lift irrigation scheme benefiting less than 40.5 hectares rests with lift irrigation co-operatives. A test check conducted in two divisions (Minor Irrigation Divisions, Quilon and Trichur), however, revealed that 10 such schemes were being maintained at Government cost. Expenditure on their maintenance from 1977-78 to 1980-81 amounted to Rs. 4.96 lakhs. Government stated (January 1982) that there were no records to verify how the schemes happened to be maintained at Government cost. Pending joint verification of the ayacut by the officials of the Revenue and Public Works Departments, no cess is being collected.

(4) *Excess payment to contractor*

The estimate for 'lift irrigation scheme, Thirunavaya' sanctioned by the Superintending Engineer, Minor Irrigation Circle, Trivandrum in November 1971 for Rs. 14.45 lakhs included an item for forming canals with red earth including conveyance of earth from quarry. The quantity provided in the estimate for this item of work was 9,340 cubic metres at the rate of Rs. 80.20 per 10 cubic metres for the first reach and 28,000 cubic metres at Rs. 131.60 per 10 cubic metres for the second reach. However, while awarding the work in February 1972 to a contractor at 36.1 per cent below estimate, the quantities of work to be carried out in the first and second reaches were clubbed together and the average rate of Rs. 118.74 per 10 cubic metres was indicated in the agreement. The contractor commenced the work in December 1972 (delay owing to belated handing over of site) and after execution of about 20 per cent of the work stopped it in January 1975 on the ground of non-availability of land and increase in the cost of materials and labour. The work turned out by the contractor included 10,693 cubic metres of earthwork for formation of canals in the first reach for which he was paid Rs. 0.81 lakh at the rate of Rs. 118.74 per ten cubic metres (less the tender percentage of 36.1). He did not do any work relating to the second reach. The action of the department in clubbing the quantities in the two reaches and indicating the average rate was not in order. Adoption of the average rate of Rs. 118.74 for the earth work item resulted in an excess payment of Rs. 0.26 lakh to the contractor for the quantities done in the first reach.

In March 1976, the Superintending Engineer, Minor Irrigation Circle, Trivandrum cancelled the contract at the risk and cost of the contractor

and the work relating to the first stage left over by the contractor was got completed through another contractor by June 1978. The work relating to the second reach/stage was awarded in March 1979 to a third contractor and is in progress. According to the general instructions issued by Government in 1972, when a contract awarded to a contractor is cancelled by the department at his risk and cost, the liability of the defaulting contractor should be determined and recovered within a period of not more than one year from the date of arranging execution of the balance work through fresh contract. Though more than four years have elapsed since the balance work relating to the first stage was awarded and more than two years since the award of work relating to the second reach/stage, the liabilities of the first contractor had not been determined till the end of August 1981 for initiation of steps for effecting recovery. According to an assessment made by the Assistant Executive Engineer, Minor Irrigation Sub Division, Parappanangadi in December 1980, the liability of the first contractor for the work relating to the first reach/stage, alone amounted to Rs. 1.41 lakhs. Reasons for the long delay in fixing the liabilities of the contractor called for from the Executive Engineer, Minor Irrigation Division, Malappuram are awaited (May 1982).

(5) *Idle outlay*

The Kattoor Thekkumpadom lift irrigation scheme in Trichur District intended to benefit 758.80 hectares (estimated cost: Rs. 12.60 lakhs) was sanctioned by Government in December 1970. The scheme provided for construction of four pump-houses, installation of 9 pumpsets, construction of two sluices with suction pits, construction of main supply channels, branches and distributaries, etc. Construction of pump-houses and sluices was commenced in November 1971 and completed by March 1974. Nine pumpsets were installed and trial run conducted by October 1979. Civil works relating to high level canals were not taken up although 2.61 hectares of land required for the purpose were acquired at a cost of Rs. 1.07 lakhs and transferred to the department between October 1978 and December 1978. In April 1979, it was noticed by the department that the area proposed to be covered by the scheme overlapped with the ayacut of another scheme taken up in March 1978 by the Kerala Land Development Corporation Ltd. (a Government company incorporated in December 1972). Further developments are awaited. The expenditure incurred on the scheme till the end of March 1981 was Rs. 12.14 lakhs.

(6) *Extra financial commitments*

Pandallurpadam lift irrigation scheme in Trichur District was commissioned in November 1978 at a cost of Rs. 5.19 lakhs. Though advance possession of 1.56 hectares of land required for the work was taken in November 1972, land acquisition proceedings have not been finalised yet (January 1982), owing to delay up to December 1978 in sending the proposals for land acquisition. The resultant extra financial commitment to Government owing to escalation in land value since 1972 and liability towards interest on compensation could not be quantified as the awards are still to be passed. Government stated (January 1982) that disciplinary action would be initiated against the officers responsible.

Summing up

To sum up, the following are the main points dealt with in the foregoing paragraphs:—

(i) Expenditure of Rs. 44.13 lakhs on ten schemes remains unfruitful owing to delay in their commissioning mainly due to delay in the installation and or energisation of the pump sets, for want of power connection and delay in completion of electrification works of the pump house.

(ii) Though 263 schemes for benefiting an area of 25,704 hectares (net) had been executed till March 1981, the actual area benefited has not so far been determined by joint verification of the ayacut as ordered by Government in May 1977 and again in July 1980.

(iii) Ten schemes benefiting less than 40.5 hectares each were maintained at Government cost contrary to standing orders of Government; the expenditure incurred on this account from 1977-78 to 1980-81 was Rs. 4.96 lakhs.

(iv) Excess payment made to a contractor in respect of a scheme amounted to Rs. 0.26 lakh.

4.2. Loss due to defective estimation of a minor irrigation work

The construction of an irrigation canal at Uthram-cherupu in Kavalangad Panchayat (estimated cost: Rs. 1.11 lakhs) to irrigate 124 acres of paddy field and 60 acres of forest land was sanctioned by the Superintending Engineer in July 1971. The work was entrusted to a contractor in December 1971

for Rs. 1.13 lakhs, at 5 *per cent* above the estimate. It was commenced in February 1972 and was due for completion by August 1972. In April 1972, the Assistant Engineer-in-charge of the work reported that—

(i) there was a level difference of eight metres in the bed of the river in the initial reach from Ch. 0 to 495 m;

(ii) it was practically impossible to construct syphons or the like to take water from Ch. 0 to 495 m. due to peculiar geographical condition of the locality and huge boulders lying on the bed of the river and other peculiarities;

(iii) it was not advisable to carry out work in Ch. 0 to 495 m. in view of practical difficulties and the huge cost that it would entail; and

(iv) provision made in the estimate for excavation in hard rock was grossly inadequate.

The observations of the Assistant Engineer were confirmed by the Executive Engineer in May 1972. Pending revision of the estimate to provide for the additional quantities, the contractor was directed in August 1972 to carry out the other items of work. A revised estimate of Rs. 1.83 lakhs proposed by the division in May 1973 was not sanctioned by the Superintending Engineer on account of certain defects in it. Though the estimate was further revised to Rs. 2.88 lakhs in January 1977 by the division, it has not been sanctioned by the Superintending Engineer yet.

The contractor confined the execution of the work to Ch. 1888m. to 7000m. and did not do any work in the reach Ch. 0 to 1888 m. He stopped the work in March 1976 and represented (June 1976) to be relieved from the burden of contract. The contract was terminated in December 1976, at the contractor's risk and cost. The Arbitrator to whom the dispute was referred by the contractor in March 1978 absolved him of the risk and cost for the balance work and allowed him a 25 *per cent* enhancement in rates for the work done after March 1974, besides payment of Rs. 0.51 lakh towards the final bill against Rs. 0.24 lakh worked out by the department based on measurement at agreed rates. Though the department challenged (October 1978) the award, it was upheld (October 1979) by the court and accordingly an additional amount of Rs. 0.58 lakh* was paid to the contractor in February 1981.

*Includes Rs. 2,200 (security deposit) and Rs. 5,157 (retention amount) also released as per the decree.

The work is at a standstill from March 1976 and the expenditure of Rs. 1.14 lakhs incurred on it remains unfruitful. In 1978, the department found that works along the original alignment of the canal from Ch. 0 to 1888 m. could not be taken up as the Kerala State Electricity Board had proposed to construct under the Lower Periyar hydro-electric scheme a dam 13 km. upstream and a power-house about 400 metres down-stream besides a sub station and an office building in the alignment of the canal. The canal constructed from Ch. 1888 m. has not been utilised for irrigation. Government stated (October 1981) that a proposal was under detailed examination to convert the flow irrigation scheme into a lift irrigation scheme by pumping into the canal sufficient water from the Periyar river which is only 115 metres away.

According to the Superintending Engineer (February 1979), the Executive Engineer had visited the site only months after the execution of the agreement and the estimate which was defective had not been scrutinised by him. The Executive Engineer admitted (May 1981) that this was a case of inadequate investigation and defective estimation and that the expenditure on the work had become infructuous. Government stated (October 1981) that the expenditure incurred could be salvaged if the proposed lift irrigation scheme was taken up. Compared to the flow irrigation scheme, the maintenance cost of the lift irrigation scheme would be significantly higher owing to the cost of energy required for pumping water.

The work has not been resumed yet (October 1981) and consequently the expenditure of Rs. 1.14 lakhs incurred so far remains unfruitful.

IRRIGATION AND REHABILITATION DEPARTMENT

4.3. Extra expenditure due to incorrect measurement of work and departmental delays

The work "Kanhirapuzha Project—forming right bank canal in reach from 0 to 1500 m" (estimated cost: Rs. 0.97 lakh) was entrusted to a contractor in October 1968 for Rs. 0.75 lakh, stipulating the date of completion as August 1969. The contractor started the work in November 1968. However, he abandoned it in December 1970, alleging (i) difficulties in blasting due to heavy seepage of water and (ii) eleven-fold increase in the quantity of blasting done (5,500 cubic metres) when compared to the agreed quantity (500 cubic metres). Following this, the contract was terminated by the department in December 1971 at his risk and cost. The estimate for the work was revised

in October 1976 to Rs. 3.68 lakhs (adopting 1976 schedule of rates for balance work) and sent to Government in December 1976 for sanction. While according sanction to it, Government observed (October 1977) that there was inordinate delay in terminating the contract as well as in preparing the revised estimate.

The balance work was entrusted to another contractor in November 1977 for Rs. 3.50 lakhs at 45 *per cent* above estimates. The canal already excavated had silted up in the meantime. The balance work including removal of silt was completed in April 1979. Rearrangement of the balance work at higher cost resulted in an extra expenditure of Rs. 2.15 lakhs of which Rs. 0.11 lakh was on removal of silt.

The Departmental Manual lays down that as a general rule, earthwork should be measured by level section where the total quantities exceed 300 cubic metres. But contrary to this, the first contractor was paid Rs. 1.24 lakhs upto June 1969 based on tape measurements. When final measurements based on level section were taken in March 1974, i.e. about 39 months after he had abandoned the work, it was noticed that he had been paid Rs. 0.25 lakh in excess. This amount as also the extra expenditure due to re-arrangement of work could not be recovered from him as the Arbitrator to whom the case was referred by the contractor had absolved him of the liabilities.

Failure of the department in following codal provisions while taking measurement of earth work and the delay in rearranging the work after its abandonment by the first contractor had resulted in an extra expenditure of Rs. 2.40 lakhs.

Government stated (December 1981) that more attention was paid to dam works during the period from 1972 to 1975 and that the delay in rearranging the balance works was due to delay in settling the first contract and sanctioning the revised estimate. Government have attributed the delay in sanctioning the revised estimate to the time consumed in seeking clarifications and elucidations from the department.

4.4. Loss due to delay in approval of initial levels of earthwork

The Superintending Engineer, Project Circle, Muvattupuzha entrusted the work 'Periyar Valley Irrigation Project—improvements to Main Canal—forming embankment—left side from Ch. 6520 M. to 7400M'. (estimated cost: Rs. 7.62 lakhs) to a contractor (the lowest tenderer) in April 1978

for Rs. 7.53 lakhs at 1.17 per cent below estimate. The site was handed over to the contractor in October 1978 and the work was to be completed by October 1979.

The Kerala Public Works Department Manual provides that in cases where the estimate is sanctioned by the Superintending Engineer or the Chief Engineer, the level sheets and proposals for earthwork are to be approved by the Superintending Engineer. Further, according to the instructions issued by the Chief Engineer in August 1978, no earth work is to be started before level sheets and proposals for earthwork are approved by the competent authority. Notwithstanding these instructions, the contractor was asked (October 1978) to commence work before the initial levels were got approved by the Superintending Engineer. Initial levels for 190 metres taken by the Assistant Engineer in October 1978 and check-measured by the Assistant Executive Engineer in November 1978 were submitted to the Superintending Engineer in December 1978. The Superintending Engineer directed the Executive Engineer in January 1979 to submit complete levels for the entire reach of 880 metres. These were submitted by the Executive Engineer on 15th March 1979 and approved by the Superintending Engineer on 31st March 1979. Meanwhile the contractor informed (November 1978) the department that he would commence the work only after the initial levels and proposals for earthwork were got approved by the competent authority. The department, however, held the view that the approval of initial levels was only an internal matter of the department and instructed (November 1978) the contractor to start the work. On 18th January 1979, the contractor intimated the Superintending Engineer that he would not proceed with the contract unless the initial levels were approved within a week. The contractor did not commence the work even after approval of the initial levels in March 1979. The Superintending Engineer, therefore, terminated the contract in June 1979 at the contractor's risk and cost. The contractor had in the meantime filed (May 1979) an arbitration petition before the Government Arbitrator seeking *inter alia* relief from the contract and compensation towards loss of profit, mainly on the ground that there was delay in approving level sheets and proposals for earthwork. The award passed by the Arbitrator in December 1979 absolved the contractor of the risk and cost involved in rearrangement of the work. The work was arranged through another contractor in August 1979 based on fresh tender and completed in November 1980. The total expenditure incurred on the work to end of November 1980 was Rs. 9.14 lakhs.

Extra expenditure (amounting to Rs. 1.82 lakhs) on execution of work through the second contractor could have been avoided had the department not delayed the approval of the level sheets and proposals for earthwork.

Government stated (March 1982) that the delay in taking and approving the initial levels (which was advanced by the contractor as an excuse for backing out from the contract) was not justified and that the Chief Engineer (General) had been asked to investigate the matter and take necessary further action.

4.5. Financial results of irrigation works

(a) Capital and revenue accounts are kept in the State for eight completed irrigation works from which water is being used for irrigation.

The total revenue from these works during 1980-81 was Rs. 88.15 lakhs (including Rs. 3.19 lakhs forgone during the year) while the working expenses were Rs. 91.48 lakhs. Taking into account the interest (Rs. 3,10.98 lakhs) on capital, the deficit during the year was Rs. 3,14.31 lakhs, which worked out to 6.63 *per cent* of the capital outlay against 5.79 *per cent* in 1979-80.

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

	1978-79	1979-80	1980-81
	(in lakhs of rupees)		
Capital outlay to end of the year	38,93.30	43,22.04	47,42.72
Total revenue during the year	46.45	1,08.58	88.15
Working expenses	70.53	76.27	91.48
Net surplus/deficit excluding interest	(—)24.08	(+)32.31	(—)3.33
Interest on capital	2,34.49	2,82.49	3,10.98
Deficit after meeting interest	2,58.57	2,50.18	3,14.31
Percentage of deficit	6.64	5.79	6.63

The table shows that while the revenue declined by Rs. 20.43 lakhs during 1980-81, the working expenses and the overall deficit increased by Rs. 15.21 lakhs and 64.13 lakhs respectively, when compared to those in 1979-80.

(b) Some aspects about the working of these irrigation projects are given in the following table:—

Sl. no.	Name of the project and year of commissioning	Total area anticipated to be irrigated	Actual area irrigated 1980-81	Quantity of water released for irrigation purposes	
		Gross area	Gross area	1979-80	1980-81
		Net area	Net area	(million cubic metres)	
(in thousands of hectares)					
1.	Malampuzha (1953)	42.3 21.2	40.2 20.1	205	155.4
2.	Mangalam (1956)	6.9 3.4	6.6 3.3	18.6	19.9
3.	Meenkara (Gayathri)	10.9 5.5	9.8 4.9	24	26.8
4.	Walayar	6.5 3.2	7.5 3.7	13.7	14.3
5.	Peechi (1953)	15.3 15.3	15.3 15.3	139.5*	141.6
6.	Chalakudy	13.5 13.5	13.5 13.5	464.9*	364.4
7.	Cheerakuzhy (1973)	0.9 0.9	0.9 0.9	40.8*	34.8
8.	Periyar Valley Project (1966)	85.6 32.8	44.6 18.9	451.7	445.2

The table shows that there has been sharp decline during 1980-81 in the quantity of water released for irrigation by the Malampuzha, Chalakudy and Cheerakuzhy projects and that nearly 50 per cent of the targeted area is yet to be irrigated by the Periyar Valley Irrigation Project although it was partially commissioned in 1966. Reasons for the shortfall in achievement are awaited (January 1982).

* Maintained on calendar-year basis.

LOCAL ADMINISTRATION AND SOCIAL WELFARE DEPARTMENT

4.6. Rural water supply schemes

Rural water supply schemes are implemented in the State by the Public Health Engineering Department. The schemes are partly financed by assistance from Government of India and the Life Insurance Corporation of India (LIC). A special programme sponsored by the Government of India for accelerating the implementation of rural water supply schemes in problem villages was launched in the State in 1972. To the end of 1981, 883 rural water supply schemes (LIC aided: 184; Accelerated Rural Water Supply Programme: 129; others: 570) have been completed; in addition 315 schemes (LIC aided: 9; Accelerated Rural Water Supply Programme: 176; others: 130) are under execution. The total expenditure incurred on Rural water supply schemes from 1956-57 onwards to the end of March 1980 amounted to Rs. 32.47 crores.

According to a survey conducted by the Public Health Engineering Department in 1980, 1,164 villages (population: 1,72.20 lakhs as per 1971 census) were problem villages. 1,017 of these villages (population: 1,43.44 lakhs) did not have an assured source of drinking water within 1.6 km. or within a depth of 15 metres (category I); 122 villages (population: 22.79 lakhs) suffered from excess salinity, presence in available water of iron or fluoride or other toxic elements hazardous to health (category II). The remaining 25 villages (population: 5.97 lakhs) were liable to cholera or guinea worm infestation (category III). Out of the 1,017 problem villages, falling in the first category, only six with a population of 0.24 lakh had been provided with protected water supply till the end of March 1980. Works were stated to be in progress for providing water supply to 476 other villages (population: 79.55 lakhs) in the first category, 90 in the second category (population: 15.18 lakhs) and 17 in the third category (population: 3.08 lakhs). Of these, 417 villages have been partially covered by the ongoing schemes. Schemes are yet to be taken up for providing water supply in 535 villages (population: 63.65 lakhs) in the first category, 32 villages (population: 7.61 lakhs) in the second category and eight villages (population: 2.89 lakhs) in the third category.

It was, however, seen that when works in problem villages identified in 1972 were still to be taken up, the department incurred an estimated

expenditure of Rs. 1,42.63 lakhs for providing water supply to 61 non-problem villages in preference to problem villages.

A test check (May-August 1981) of the records relating to the implementation of the programme in the Chief Engineer's Office and seven divisions disclosed the following points:—

(1) According to orders issued by Government in 1967 as modified in 1977, the beneficiary panchayats are to reimburse to the State Government 25 *per cent* of the capital cost of rural water supply schemes in 25 annual instalments. The accelerated rural water supply programme sponsored by the Government of India envisaged *cent per cent* Central assistance and hence no contribution was to be raised from the beneficiaries. All the same, the department insisted on contribution of 25 *per cent* of the capital cost for taking up the works sanctioned under the programme. The amount of contribution thus realised has not been intimated by the department so far (May 1982).

(2) Considerable delay took place in the completion of sanctioned schemes. Out of 223 schemes (estimated cost: Rs. 16,68.59 lakhs) sanctioned under the accelerated rural water supply scheme during the period 1977-78 to 1980-81, 146 (estimated cost: Rs. 13,56.63 lakhs; expenditure upto December 1981: Rs. 7,76.32 lakhs) are still to be completed, out of which 110 (estimated cost: Rs. 7,60.34 lakhs) were sanctioned/taken up prior to 1979-80. The expenditure incurred on the 110 schemes up to the end of December 1981 was Rs. 6,16.98 lakhs. The delay in execution/completion of the works was mainly due to delay in arranging works, tardy progress in execution of works by contractors, delay in revision of estimate, etc. An analysis of the reasons for delay in completion of 17 of the schemes is given below:—

<i>Number of schemes</i>	<i>Expenditure incurred up to December 1981</i> (in lakhs of rupees)	<i>Reasons</i>
14	31.42	Delay in revising the estimates
3	..	Delay in finalisation of estimates

(3) Seven schemes on which Rs. 40.99 lakhs had been spent up to December 1981 are at a standstill for want of land, want of clearance from other agencies, etc. Particulars of the schemes are given in Appendix 4.2.

(4) Two schemes, civil works relating to which had been completed between October 1978 and October 1980 at a cost of Rs. 6.44 lakhs have not been commissioned yet for want of power connection. Details of the schemes are given in Appendix 4.3.

(5) The Kerala Public Works Account Code prohibits fictitious adjustments such as (i) debiting to a work of the cost of materials not required for it or in excess of actual requirements; (ii) the debiting to a particular work for which funds are available, of the cost of the materials intended to be utilised on another work for which no funds are available. Notwithstanding this, the department has debited to certain schemes the value of materials purchased for other schemes. Three such instances are mentioned below:—

(a) Against materials worth Rs. 3.40 lakhs estimated as required for Vellanad Rural Water Supply Scheme, cost of materials charged to the work up to March 1981 was Rs. 14.93 lakhs. This was due to debiting to the work of the cost of materials required for other schemes.

(b) Rupees 0.69 lakh representing cost of different sizes of pipes not required for water supply scheme, Vattiyoorkavu were charged to the scheme during 1978-79.

(c) Against Rs. 3.45 lakhs provided for materials in the estimate for the Marady Rural Water Supply Scheme, the value of materials debited to the work till March 1980 was Rs. 7.17 lakhs.

(6) Delay in execution of schemes has led to escalation in cost in certain cases. Two instances are given below:—

<i>Name of schemes</i>	<i>Original estimate</i>	<i>Expenditure</i>	<i>Revised estimate</i>	<i>Remarks</i>
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(in lakhs of rupees)

Public Health Division, Quilon

RWSS, Edappally-kottah	4.84 (November 1972)	0.67 (March 1980)	9.80 (March 1980)	Contract for the work awarded in October 1973 was cancelled in December 1975 since land was not surrendered by the Panchayat. The expenditure on the work (March 1980) included Rs. 0.63 lakh,
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Name of schemes	Original estimate	Expenditure (in lakhs of rupees)	Revised estimate	Remarks
				representing value of stones not brought to site
				The land was acquired only in March 1981.
				Thereafter the work was commenced in June 1981 and is in progress (December 1981).

Public Health Division, Trivandrum

RWSS Pallippuram	3.22 (July 1972)	0.94 (May 1980)	6.50 (December 1979)	Expenditure represented the cost of stones. Delay in execution of the work was due to delay on the part of the Panchayat in making the land available and to delay in revising the estimate.
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(7) Completed schemes are maintained and operated by Public Health Engineering Department. The operational and maintenance expenditure is recoverable from the beneficiary Panchayats. As at the end of March 1981, an amount of Rs. 3,07.89 lakhs was pending recovery from the Panchayats on this account.

(8) Estimates of works situated in areas considered inaccessible by regular transport services and where skilled labour and materials were considered costlier have been loaded with 20 per cent *ad hoc* increase over and above the Public Works Department schedule of rates though such a course has not been authorised by Government. Government informed Audit in January 1977 that the Chief Engineer had been advised to discontinue the practice. It was, however, being continued in some divisions. In the case of two schemes in one division (Public Health Division, Quilon) alone, the excess on this account worked out to Rs. 0.76 lakh up to March 1980. In the

case of 60 other works test checked in eight divisions, the inflation in the estimated cost owing to the 20 per cent *ad hoc* increase worked out to Rs. 6.47 lakhs.

(9) The water works management is to ensure that the water supplied is neither corrosive nor scale-forming and that it is clear, palatable and free from pathogenic organisms, undesirable taste, odour and minerals which would produce adverse physiological effects. The Chief Government Analyst was to conduct quality tests of water supplied by rural water supply schemes once every month. The following table compares the number of samples to be tested and actually tested during the three years ended 1979-80:

<i>Year</i>	<i>Number of samples to be tested</i>	<i>Number of samples actually tested</i>
1977-78	7,308	868
1978-79	7,956	3,046
1979-80	8,664	3,074

The Chief Analyst stated (August 1981) that there was only one post of samples collector attached to each of the three laboratories in the State and it was not possible for him to cope with the work involved in collecting samples from all the water supply schemes in his jurisdiction every month.

Summing up:—

The important points emerging from the preceding paragraphs are:

(i) Out of 1,164 problem villages (population: 1,72.20 lakhs), only six villages with a population of 0.24 lakh had been provided with protected water supply till the end of March 1980. Works were stated to be in progress for providing water supply to 583 other villages (population: 97.81 lakhs). Schemes are yet to be taken up in the remaining 575 villages (population: 74.15 lakhs).

(ii) There was considerable delay in completion of sanctioned schemes.

(iii) Seven schemes on which Rs. 40.99 lakhs had been spent are at standstill for want of land, clearance from other agencies, etc.

(iv) Though civil works relating to two schemes have been completed at a cost of Rs. 6.44 lakhs, they have not been commissioned for want of power connection.

(v) Cost of materials not required for three works was charged to them in disregard of the rules.

(vi) Delay in execution of two schemes has led to escalation of cost by Rs. 8.24 lakhs.

(vii) As at the end of March 1981, Rs. 3,07.89 lakhs were outstanding recovery from panchayats towards the cost of operation and maintenance of rural water supply schemes.

(viii) The estimates for works in certain areas were loaded with 20 per cent *ad hoc* increase without proper authority, the resultant increase in the case of two works being Rs. 0.76 lakh.

(ix) There was no systematic quality testing of water supplied by the rural water supply schemes.

The matter was reported to Government in October 1981; reply is awaited (May 1982).

PUBLIC WORKS DEPARTMENT

4.7. Widening the carriage way of Kalladka-Kanhangad Road km. 23/227 to 52/194

Widening the carriage way of Kalladka-Kanhangad Road km. 23/227 to 52/194 was sanctioned by Government in November 1971 at an estimated cost of Rs. 8.80 lakhs. The estimate provided *inter alia* for 20,810 cubic metres of earth work and construction of 16 culverts. Based on competitive tenders the work was awarded to a contractor in April 1972 at 51.75 per cent below the estimate rates, stipulating the date of completion as November 1973.

In November 1972, the Assistant Engineer in charge of the work submitted a proposal for execution of additional items of work (such as straightening the curves and bends and widening the eroded portion of the road which were together estimated to increase the quantities of earth work from 20,810 cubic metres to 1,02,190 cubic metres, laterite rough stone packing, construction of three additional culverts, etc.) estimated to cost Rs. 2.33 lakhs. The proposal was approved by the Superintending Engineer, Buildings and Roads, Kozhikode in January 1973. The estimated quantity of earth work involved was later revised as 1,24,800 cubic metres and this was also sanctioned by the Superintending Engineer in May 1973.

The work was not completed by the stipulated date and the contractor stopped it in January 1975. Following this, the contract was terminated in August 1975 at the risk and cost of the contractor. In December 1975, he referred the matter for arbitration by the Chief Engineer (Arbitration), alleging that the delay in execution of the work was due to abnormal increase in the

quantity of earth work, execution of additional items, delayed payments by the department, etc. The Arbitrator passed an award in July 1976 absolving the contractor of his liabilities for the balance work. The award was confirmed by the court in June 1977 and the contractor's claim was finally settled in January 1979.

The estimate was revised to Rs. 15.63 lakhs (involving an increase of 77.6 per cent over the original estimate) on the basis of 1976 schedule of rates and the revised estimate was sanctioned by Government in June 1977. The balance work was split up into two parts (road portion and culverts) and arranged through other agencies. The road portion was completed in May 1980 and the nineteen culverts by March 1982. The additional expenditure due to re-arrangement of balance work at higher rates has been approximately assessed by the department at Rs. 5 lakhs. However, in view of the decree passed by the court confirming the Arbitrator's award, the amount could not be recovered from the original contractor.

The explanation of the Assistant Engineer for the defective preparation of the original estimate was called for by the Chief Engineer. In his explanation, the Assistant Engineer stated (June 1974) that the original estimate was deliberately pegged down at Rs. 8.80 lakhs so as to bring it within the sanctioning powers of the Superintending Engineer (who was competent to accord technical sanction for works only up to Rs. 10 lakhs). The Chief Engineer stated (December 1979) that disciplinary action against the officers responsible for the defective preparation of the estimate was under way. The action has not been finalised yet (October 1981).

The total expenditure incurred on the work up to December 1981 was Rs. 15.51 lakhs.

The work that commenced in 1972 was completed only in 1982. Apart from the delay, the deliberate under-estimation of quantities has led to termination of the first contract and re-arrangement of the balance work at higher cost involving an extra expenditure of Rs. 5 lakhs.

The facts mentioned above were confirmed by Government in October 1981.

4.8. Improvements to Thodupuzha-Udumbannur Road

In January 1972, Government accorded sanction for the work "Improvements to Thodupuzha-Udumbannur Road" at an estimated cost of Rs. 7.44 lakhs. The work comprised earthwork for widening the road from six metres to eight metres and for formation of side drains, construction of culverts and bridges, supply of materials (soling stones and metal), etc. Based on tenders, the work was entrusted to a contractor in April 1972 at 18.20 *per cent* below the estimate rates. The contractor commenced the work in July 1972. During inspection of the work in October 1972, the Superintending Engineer ordered to increase the width of the road to 11.2 metres. This resulted in increasing the quantities of earthwork from 6,324 cubic metres to 33,000 cubic metres and consequently extension of time was granted to the contractor upto March 1974. The contractor stopped the work in March 1974 and demanded enhanced rates and compensation for loss sustained by him due to prolongation of the contract and variation in quantities. His demands were not conceded by the department. Though the contractor resumed the work in February 1975, he again stopped the work in March 1975. The contract was terminated by the Superintending Engineer in July 1975 at the risk and cost of the contractor.

Alleging several lapses on the part of the department such as delay in taking initial levels till July 1972, enormous increase in earthwork due to increase in the width of the road ordered during execution, delay in the removal of trees (trees in 2 km. stretch of the road were removed only in July 1975) and changes in specification and design of component items of work, the contractor filed (October 1975) an arbitration petition demanding enhanced rates and compensation for losses. In the copy of the final bill relating to the work prepared by the department and filed before the Arbitrator, it was indicated that Rs. 0.49 lakh were due for recovery from the contractor towards value of earthwork and metal paid for in excess under the following circumstances:—

(i) When level measurements were taken in March 1976 the quantity of earthwork measured by tape and paid for earlier was found to be excessive by 9,559 cubic metres.

(ii) 275 cubic metres of soling stones and 404 cubic metres of 36 mm. metal were found short while restacking.

The arbitrator passed (June 1976 and June 1977) an award restraining the department from effecting the proposed recovery and absolving the contractor of his liability for the balance work.

After revising the estimate, the balance work was awarded to another contractor in December 1977 for Rs. 3.58 lakhs. The work was completed in June 1979. The extra expenditure due to rearrangement of balance work at a higher rate amounted to Rs. 1.75 lakhs.

The total extra expenditure to the department on account of defective estimation, delay in providing working facilities to the original contractor, change of specification during execution, non-compliance with departmental instructions regarding measurement, etc., amounted to Rs. 2.30 lakhs.

Government stated (March 1982) that the extra expenditure was due to termination of the first contract which in turn was due to failure of the original contractor.

4.9. Extra expenditure due to defective estimate

The work "Improvements to Kuttiady-Pakramthalam Road km. 36/2 to 41/6" (estimated cost: Rs. 9.18 lakhs) sanctioned by Government in September 1971 was awarded to the only tenderer in March 1972, at 10.5 *per cent* below estimate rates. The necessary agreement was executed by the contractor in July 1972. The site was handed over to him in March 1973 and the work was to be completed within eighteen months thereafter, i.e. by September 1974. However, extension of time was granted upto December 1975 on the ground that there was increase in the quantity of rock blasting.

According to Madras Detailed Standard Specifications, which formed part of the contract document, no extra payment is to be made for preparing the bed of the road (removal of stumps of trees and clearance of large bushes, trees, etc.), unless the item is separately provided in the tender schedule. Although the item was not separately provided in the tender and the contract, the Superintending Engineer on the recommendation of the Executive Engineer sanctioned (August 1973) extra rates for the item and Rs. 0.14 lakh were paid on this account.

Total quantity of rock blasting envisaged in the agreement was 9,500 cubic metres. Against this, the contractor executed 51,284 cubic metres. The agreed rate for blasting hard rock was inclusive of charges for breaking big boulder and conveying and stacking the blasted rubble within initial lead and lift. Although the contractor had stacked only 38,190 cubic metres of rubble equivalent to 25,460 cubic metres of solid rock, full rate was paid to him for the entire quantity of rock blasting (51,284 cubic metres), resulting in an excess payment of Rs. 0.29 lakh.

The contractor stopped the work in October 1973 on the ground that no payments had been made to him for the work done till then. He resumed the work in May 1974 after he was paid the first on account bill in April 1974. Alleging that the poor progress in the execution of the work was due to the failure of the department in making timely payments, he demanded (May 1974) 110.5 *per cent* enhancement over the agreed rates. He stopped the work again in April 1977. Alleging several lapses on the part of the department like delays in payment, abnormal increase in the quantities of work, change in design of culverts during execution and delay in issue of cement, the contractor filed (March 1978) an arbitration petition before the Chief Engineer (Arbitration) requesting for enhanced rates for the work done, determination of his contract without risk and cost and compensation on different counts. The department put in counter claims before the Arbitrator stating that recovery was due from the contractor towards: (i) non-stacking of part of the blasted rubble; and (ii) charges for uprooting of stumps of trees and clearance of light jungle for which payment had been wrongly made. The Arbitrator rejected the department's claim for recovery and awarded (July 1978) that the contractor be paid 30 *per cent* more over the agreed rates for all works done after February 1975 and that the re-arrangement of the balance work should not be at the contractor's risk and cost. The extra expenditure on account of the award of 30 *per cent* enhancement over the agreed rates amounted to Rs. 1.53 lakhs. The award was decreed (December 1978) by the Principal Sub Judge, Trivandrum and the decretal amount was remitted in the Court in December 1979.

The revised estimate (Rs. 15.4 lakhs) for the work forwarded to the Superintending Engineer in December 1978 has not been sanctioned (February 1982). The balance works comprising construction of 15 culverts estimated to cost Rs. 3.57 lakhs was entrusted to another contractor in April 1981 for Rs. 3.80 lakhs. The work commenced in June 1981 is reported to be in progress (February 1982). The approximate extra expenditure due to rearrangement of the work worked out to Rs. 2.53 lakhs.

The work on which Rs. 14.52 lakhs had been spent till June 1980 has not been completed yet (February 1982) even though more than 10 years have elapsed since it was sanctioned by Government. Apart from the delay, defects in estimate and non-adherence to the original terms of the contract had resulted in an estimated extra expenditure of Rs. 4.49 lakhs.

The matter has been reported to Government in July 1981; reply is awaited (April 1982).

4.10. Improvements to Chathankari-Muttar Road

The work of improving the Chathankari-Muttar Road (estimated cost: Rs. 6.52 lakhs) was sanctioned by Government in June 1972. The estimate included a lumpsum provision of Rs. 1 lakh for a bridge required at the beginning of the road. Prior completion of the bridge was essential for execution of part of the road work, as it was necessary to take road rollers to the work site for gravelling and metalling the road. After investigation, the design data for the bridge were submitted by the Superintending Engineer, Investigation and Planning Circle (Buildings and Roads), Trichur to the Chief Engineer in September 1972. However, the design work was not taken up by the Chief Engineer's Office till 1974. In November 1974, the Chief Engineer pointed out that the alignment suggested by the Superintending Engineer, needed revision as it did not conform to the standards of geometrics prescribed for approach roads. The revised alignment and the design were finalised by the Chief Engineer in February 1975. The detailed estimate for the bridge work prepared by the Medical College Division, Kottayam was forwarded (November 1976) to the Superintending Engineer, Buildings and Roads, South Circle, Trivandrum who in turn forwarded it to the Chief Engineer in August 1977. The bridge work was sanctioned by the Chief Engineer in June 1978 for Rs. 5 lakhs, and it was entrusted to a contractor in February 1979 for Rs. 4.88 lakhs. The work which was due for completion by August 1980 has not been completed yet (January 1982). The Superintending Engineer stated (December 1981) that the bridge would be completed by March 1982 and that the delay was mainly due to extension of piles found necessary during actual execution. The expenditure on the bridge upto December 1981 was Rs. 2.89 lakhs.

Meanwhile, based on tenders, the road work was entrusted in May 1974 to a contractor for Rs. 5.24 lakhs at 0.5 per cent below the estimate, stipulating the date of completion as March 1975. In October 1977 when the contractor had completed the road formation, the Superintending Engineer ordered the settlement of his accounts, exempting him from carrying out the remaining work of regravelling and metalling the road already formed, on account of the delay in construction of the bridge which was essential for the work. Pending revision of the estimate, the balance portion of the road work has not been resumed yet (June 1981). The expenditure incurred on the road work till its stoppage in October 1977 was Rs. 3.41 lakhs. According to the Superintending Engineer (December 1974), the whole investment on the road would 'remain idle and wasteful' till the bridge is completed.

Government concurred (January 1982) with the view that the expenditure on the work remained partially unfruitful.

TRANSPORT, FISHERIES AND PORTS DEPARTMENT

4.11. Vizhinjam Fishing Harbour Project

The Vizhinjam Fishing Harbour Project was proposed to be taken up in three stages, of which the first was sanctioned by Government in July 1962 at an estimated cost of Rs. 1,22 lakhs. The first stage comprised construction of the main breakwater and a finger jetty besides manufacture and laying of tetrapods. The estimate of the first stage (work on which was commenced in December 1961) was subsequently revised to Rs. 1,73 lakhs in 1965 and to Rs. 1,93 lakhs in 1967. The second and third stages were to be taken up after completion of the first stage after studying the behaviour of the first stage and siltation in the area.

Work on the second stage (total estimated cost: Rs. 2,80 lakhs) which contemplated construction of a second breakwater was commenced during 1979-80. The third stage which envisaged construction of two basins, besides provision of landing and outfitting quays, slipway, workshop, etc., is yet to be taken up (November 1981).

A World Bank team visited the project in November 1974 and suggested certain modifications to enlarge the scope of the project. Accordingly, a revised project report envisaging a total outlay of Rs. 20.32 crores over a 10 year period was prepared and it was approved by Government in 1975.

Construction of the main breakwater for a length of 405 M. was completed in May 1981 except for arrangement of tetrapods and cement concrete blocks. The second breakwater has been completed for a length of 120 metres (September 1981). The total expenditure on the project to end of July 1981 was Rs. 3,97.67 lakhs.

Two aspects relating to the construction of the main breakwater and the jetty taken up under the first stage are mentioned in the succeeding paragraphs:

(i) *Loss due to a negotiated contract*

In para 56 of the Audit Report 1970, mention was made *inter alia* of the termination of the contract for moulding of tetrapods and cement concrete (c.c.) blocks (for use on the main breakwater) and the consequent extra expenditure of Rs. 7.09 lakhs (loss due to alternative arrangements: Rs. 4.86 lakhs; damages awarded to the original contractor by the Arbitrator and

legal expenses: Rs. 2.23 lakhs). After termination of the first contract, the work was awarded in May 1967 to another contractor for Rs. 27.96 lakhs based on fresh tenders. This was done on the ground that it was necessary to supply sufficient number of tetrapods and c.c. blocks to another contractor to whom the work of construction of the rubble mound breakwater and placing of tetrapods and c.c. blocks had been awarded in July 1966. The contractor for breakwater stopped the work in May 1968, alleging discrepancies in drawings and specifications. As a sequel, the tetrapods and cement concrete blocks moulded under the other contract could not be utilised and remained in the yard. The contractor who had started the work in November 1967 was to mould 4,200 tetrapods and 2,000 cement concrete blocks by May 1969. After moulding 2,719 tetrapods and 1,589 cement concrete blocks, he stopped the work in July 1970, pleading non-availability of stacking space. On the basis of a representation given by the contractor in December 1972 requesting 15 per cent enhancement of rates for work done after May 1969 and 25 per cent enhancement for the balance quantities of work, Government sanctioned (February 1975) payment being made to the contractor at enhanced rates based on 1972 schedule of rates. The contractor did not accept the revised rates and demanded (July 1975) further increase in rates. After a series of discussions, Government acceded (April 1978) to the contractor's demand for 50 per cent enhancement over his quoted rates for the balance quantities with no alteration in the recovery rates for departmental material, hire charges of tools and plants, etc., which were based on 1965 schedule. The concession involved in the non-revision of the rate of recovery works out to Rs. 6.20 lakhs (approximately). The negotiated terms of the contract allowing fifty per cent enhancement of the composite rates (which included an element for value of the departmental material and services) with no corresponding increase in the rates of recovery was not in the best interest of Government as it amounted to selling departmental materials/services at a low rate and re-purchasing them at a higher rate at the same time. Further, the negotiated terms were not favourable to Government, as revealed by the fact that the accepted rates (11.6 per cent below estimate based on 1976 schedule) of another contract for moulding of materials of identical specifications for forming another breakwater (leeward breakwater) for the second stage work of the same project based on a tender accepted in March 1978 were lower than the negotiated rates. Computed with reference to the tendered rates of March 1978 for identical work, the loss to Government due to the negotiated contract works out to about Rs. 2.09 lakhs on 1,420 tetrapods and 410 cement concrete blocks actually moulded and paid for at higher rates up to December 1979. Government stated (May 1982) that though the work had been

completed, final payment had not yet been made pending disposal of certain claims raised by the contractor.

(ii) Construction of a permanent jetty at Vizhinjam (estimated cost: Rs. 7 lakhs) was sanctioned by the Superintending Engineer, Harbour Circle in February 1974. The work was entrusted to a contractor on nomination basis in March 1974 at estimate rates as there was no response to a tender call made in November 1973. The work was due for completion by September 1974. After fabricating moulds for prestressed concrete beams and sinking premo-pipes into the sea bed, the contractor stopped the work in February 1975. He did not resume the work till September 1975 when the contract was terminated by the Superintending Engineer at the contractor's risk and cost. In September 1975 the department decided not to proceed with the work pending examination of the feasibility of construction of quays of different designs to facilitate the operation of larger vessels. The expenditure incurred on the work till then was Rs. 4.35 lakhs.

As the materials issued to the contractor were far in excess of the requirements for a reasonable period, large quantities of departmental materials remained un-utilised with him at the time of termination of the contract. Liability on this account (after setting off the security deposit, etc.) works out to Rs. 1.59 lakhs. The amount has not been recovered yet (May 1982).

GENERAL

4.12. Cash Settlement Suspense Account

The cost of services rendered or supplies made by one division to another is accounted for under a suspense head called 'Cash Settlement Suspense Account' by the originating division, pending settlement of the claims by the receiving division. The rules require that the transactions of a month should be communicated by the originating division to the receiving division at the time of closing the account for the month and that the latter division should, within 10 days of receipt of the claim, settle it by the issue of a cheque/demand draft.

(i) After examining the balance outstanding under the head at the end of March 1971 as reported in Paragraph 38 of the Report of the Comptroller and Auditor General of India for the year 1970-71, the Public Accounts

Committee 1973-74 in its sixteenth report observed that the rule requiring settlement of transactions of a month within the first 10 days of the following month was honoured more in its breach than in its observance. A further review of the balance under the head at the end of March 1981 showed that the outstanding balance had increased from Rs. 2,64.90 lakhs in March 1971 to Rs. 10,83.97 lakhs by March 1981. The department-wise break-up of the balance outstanding at the end of March 1981 was as given below:

<i>Department</i>	<i>Number of divisions</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1. Public Works and Electricity		
Buildings & Roads	28	79.70
National Highways	7	5.37
2. Irrigation & Rehabilitation		
Irrigation (including district stores)	31	5,77.89
Projects	29	1,53.94
3. Local Administration and Social Welfare		
Public Health Engineering	26	2,67.07
	121	10,83.97

Details of subsequent settlement of transactions furnished by 98 out of the 121 divisions showed that out of Rs. 8,32.36 lakhs outstanding in those divisions as at the end of March 1981, only Rs. 3,34.34 lakhs had been settled up to 31st August 1981, leaving a balance of Rs. 4,98.02 lakhs. The remaining 23 divisions with an outstanding balance of Rs. 2,51.61 lakhs as on 31st March 1981 have not furnished the details of subsequent settlement of the balances. Specific reasons, called for in audit, for the claims remaining unsettled were also not furnished by most of the divisions although the outstanding claims related to very old periods.

An analysis of the balances outstanding in seven divisions indicated that the main reasons for their pendency were (i) the delay on the part of the responding divisions to make payment for want of funds, (ii) delay in verification of claims, (iii) disputes about the claims, etc., as shown in Appendix 4.4.

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 1980-81 (to the extent received) is given in Appendix 5.1.

(b) Particulars of stores and stock accounts for 1980-81 and earlier years which had not been furnished to Audit till October 1981 and of those which, though furnished, could not be certified on account of defects such as discrepancies and mistakes in valuation, incorrect calculation of depreciation, non-inclusion of certain items in opening/closing balance, non-production of stock registers to Audit, etc., are indicated in Appendix 5.2.

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

(i) Minus balances were noticed in 17 Buildings and Roads divisions, 11 Irrigation and Projects divisions and five Public Health Engineering divisions. This was mainly due to the accountal of outstanding liabilities under the head 'purchases' constituting a sub-head under stock. When supplies are received, the estimated value thereof is debited to the final sub-head under 'stock' by per contra credit (minus debit) to the sub-head 'purchases'. The balance under the sub-head 'purchases' is cleared when the value is paid/adjusted. The amount outstanding under 'purchases' in 18 Buildings and Roads divisions and 11 Public Health Engineering divisions at the end of March 1981 was Rs. 11,15.91 lakhs and Rs. 3,76.28 lakhs respectively.

(ii) Advance payments for supplies are accounted for under the sub-head 'Advance payment' under the suspense head 'stock'. Details of balances

outstanding for more than a year under the head "Advance payment" are given below:—

<i>Sl.no.</i>	<i>Department</i>	<i>Number of divisions</i>	<i>Number of items involved</i>	<i>Amount (in lakhs of rupees)</i>	<i>Earliest year to which the balance relates</i>
1.	Buildings and Roads	4	43	72.05	1973-74
2.	Irrigation and Projects	7	*	19.23	*
3.	Public Health Engineering	3	*	12.84	*

The reasons why the supplies have not been received and the advances could not be adjusted are awaited from the divisions.

(iii) Rupees 4,61.95 lakhs were outstanding for more than a year under the sub-head "purchases" in 22 divisions as shown below:—

<i>Sl.no.</i>	<i>Department</i>	<i>Number of divisions</i>	<i>Amount (in lakhs of rupees)</i>	<i>Earliest year to which the balance relates</i>
1.	Buildings and Roads	10	3,58.93	1963-64
2.	Irrigation and Projects	8	78.25	1976-77
3.	Public Health Engineering	4	24.77	1972-73

(iv) The balances in the final sub-head under stock, i.e. excluding the balances under 'purchases' and "advance payment" were minus in six Buildings and Roads divisions (Rs. 70.81 lakhs) and two Public Health Engineering divisions (Rs. 59.43 lakhs). This was attributed to non-adjustment of the difference between the actual value of stock and issue rates, under-estimation of value of materials at the time of initial accounting, non-adjustment of the value of stock received, etc.

*Information regarding number of items and earliest year awaited.

(v) Out of the sixty-five divisions which held stock in 1980-81, details of stock transactions were received only from fifty-five divisions. In thirty-five of them, the value of stores as on 31st March 1981 exceeded the reserve limit of stock fixed by Government, vide table below:—

Sl. no.	Department	Total number of divisions in which stock was held	Divisions in which the value of stock held exceeded the reserve limit		Divisions in which the value of stock held exceeded the reserve limit by more than 100 per cent	
			Number of divisions	Value of excess stock (in lakhs of rupees)	Number of divisions	Value of excess stock (in lakhs of rupees)
1.	Irrigation and Projects	23	19	1,51.54	8	1,14.08
2.	Buildings and Roads	20	7	1,31.92	6	1,29.89
3.	Public Health Engineering	12	9	1,40.58	3	1,14.97

The main reasons adduced for the retention of stock in excess of the reserve limit were:—

(1) non-revision of reserve limits fixed years back despite increase in the cost of materials,

(2) increase in the volume of work, and

(3) procurement of large quantities of scarce materials in advance.

(vi) Six Public Works divisions [three each under (a) Buildings and Roads and (b) Irrigation and Projects] have not switched over to the new system of accounts introduced by Government in 1972. The reasons attributed by the divisions for this were:—

(1) inadequate supply of printed forms,

(2) non-receipt of Government orders to adopt the new system, and

(3) non-finalisation of code numbers for electrical and radio goods.

The preparation of half-yearly registers of stock was in arrears in six Buildings and Roads divisions, five Irrigation and Projects divisions and four Public Health Engineering divisions as indicated below:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number of divisions in which arrears existed</i>	<i>Period from which the work is in arrears</i>	<i>Number of division(s)</i>
1.	Buildings and Roads	6	September 1975 September 1976 March 1977 March 1978	2@ 1* 1 2
2.	Irrigation and Projects	5	March 1976 March 1978 September 1979 March 1980	1 1 2 1
3.	Public Health Engineering	4	September 1975 March 1977 September 1977	1 2 1

(vii) For 1980-81, annual physical verification of stock was not conducted in seven Public Health Engineering divisions (closing stock at the end of March 1981: Rs. 34.07 lakhs), three Buildings and Roads divisions (closing stock at the end of March 1981: Rs. 36.61 lakhs) and two Irrigation and Projects divisions (closing stock at the end of March 1981: Rs. 12.17 lakhs). Of these, physical verification was last conducted in one Public Health Engineering division in April 1975 and in another division in May 1977. The last verification was in May 1976 in one Buildings and Roads division and in May 1978 in one Irrigation and Projects division.

(viii) Stores valued at Rs. 3.58 lakhs rendered surplus were awaiting disposal for over two to sixteen years in three Buildings and Roads divisions (66 items; value: Rs. 1.20 lakhs), five Irrigation and Projects divisions (785 items; value: Rs. 1.58 lakhs) and one Public Health Engineering division (91 items; value: Rs. 0.80 lakh).

@ In one division, the arrears related to the period from September 1975 to March 1976 only.

* Arrears related to the period from September 1976 to September 1978 only.

(ix) 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 were not done in thirteen Buildings and Roads divisions, eight Irrigation and Projects divisions and ten Public Health Engineering divisions.

(x) Information furnished by 17 Buildings and Roads divisions, 41 Irrigation and Projects divisions and 13 Public Health Engineering divisions, which were maintaining tools and plant accounts during 1980-81 disclosed the following points:—

(a) The consolidated accounts of the receipts, issues and balances of tools and plant required to be submitted by the sub-divisions annually to the divisions were not received in nine Buildings and Roads divisions (from 47 sub-divisions), fourteen Irrigation and Projects divisions (from 43 sub-divisions) and eight Public Health Engineering divisions (from 23 sub-divisions), the earliest year from which the return is in arrears being 1971.

(b) Physical verification of tools and plant was not conducted in 1980-81 in the sub-divisions falling under two Buildings and Roads divisions, ten Irrigation and Projects divisions and five Public Health Engineering divisions.

(c) The divisions are required to maintain a consolidated register of tools and plant. The registers were either not maintained or the postings were in arrears in six Buildings and Roads divisions, in five Irrigation and Projects divisions and in nine Public Health Engineering divisions.

(d) Tools and plant costing Rs. 9.84 lakhs rendered surplus were awaiting disposal for over one to five years in four Buildings and Roads divisions (11 items; value : Rs. 5.57 lakhs), five Irrigation and Projects divisions (36 items; value: Rs. 4.05 lakhs) and one Public Health Engineering division (one item; value: Rs. 0.22 lakh).

(xi) (a) The accounts of receipts, issues and balances of materials-at-site required to be submitted by the sub-divisions monthly were not received regularly in eight Buildings and Roads divisions, seventeen Irrigation and Projects divisions and eight Public Health Engineering divisions. In Medical College Division, Kottayam the accounts had not been received from two sub-divisions from April 1979 onwards.

(b) Physical verification of the materials-at-site remaining unused was not conducted in 1980-81 in the sub-divisions falling under four Buildings and Roads divisions, eighteen Irrigation and Projects divisions and nine Public Health Engineering divisions.

AGRICULTURE DEPARTMENT

5.2. Purchase of pump sets for tube wells

Under a scheme for establishing community irrigation projects, the Agriculture Department constructed two tube wells (diameter:12 inches) at Clappana and Chemmakkad in Quilon District at a cost of Rs. 1.22 lakhs. Sanction for purchasing two turbine pump sets for installation in the tube wells was accorded by the Director of Agriculture in January 1979. The specification of the pump sets was obtained from the Chief Hydrogeologist of the Ground Water Department. In March 1979, the Deputy Director of Agriculture, Quilon invited tenders for the supply and erection of the pump sets based on the specification furnished by the Ground Water Department. Diameter of the bowl assembly of the pumps and that of the tube wells were not specified in the tender documents. Two tenders were received by the Deputy Director, which were forwarded (March 1979) to the Director of Agriculture who, in turn, forwarded them to the Chief Hydrogeologist of the Ground Water Department for technical scrutiny. As advised by the latter, the department accepted (March 1979) the offer of a Cochin firm on whom orders were accordingly placed. The supply was effected by the firm in June 1980, and Rs. 1.52 lakhs were paid in June 1980. The pump sets were inspected by the Assistant Executive Engineer, Agriculture in July 1980, when it was found that they were unsuitable for installation in the tube wells as they had a diameter of 18 inches while the tube wells were only of 12 inches diameter. When the discrepancy was pointed out, the firm stated (October 1980) that the dimension of the pump sets offered by it had been given in a leaflet sent along with its quotation and that in the absence of any mention in the tender schedule about the diameter of the tube wells, it had assumed that the pump sets offered by it were suitable for the requirements of the department. The pump sets have not been put to use so far (July 1981). According to the Director of Agriculture (December 1980), the pumps were not suitable for use anywhere in the State since tube wells of such big diameter were not constructed there. In the absence of pump sets of the required dimension, the tube wells have not been commissioned yet. Consequently, an expenditure of Rs. 2.74 lakhs incurred on the scheme remains unfruitful.

Government ordered (February 1982) an enquiry into the affair with a view to finding out the irregularities involved and fixing responsibility.

HEALTH DEPARTMENT

5.3. Extra expenditure on purchase of medicines

The Stores Purchase rules of the State Government provide that products manufactured by State Public Sector Undertakings/Institutions located in the State will be purchased from them exclusively without tenders for the first five years after they have gone into production, the prices being fixed by negotiation. Under this provision, the medicines produced by the Kerala State Drugs and Pharmaceuticals Limited, Alleppey (a Kerala Government Undertaking which went into commercial production in September 1974) were being purchased from it by the Department of Health Services during the period 1974-79, without tenders. In January 1980 Government accorded sanction to extend the above practice for a further period of 2 years. The cost of medicines purchased from the undertaking up to the end of March 1981 called for from the department in December 1981 is still awaited (April 1982).

The supplies made by the undertaking till 1976-77 were billed at *ad hoc* rates pending fixation of price by Government of India under the Drugs Price Control Order, 1970. The department made payments to the undertaking on the basis of the claims preferred by it. The prices of certain items manufactured by the undertaking were fixed by Government of India during 1976-77. The object of price fixation was to ensure that medicines were not sold at a price higher than that fixed by Government of India and it neither warranted nor justified an upward revision of the prices of items already supplied at lower rates. Further, the price fixation had no retrospective effect. Still the undertaking claimed enhanced rates for supplies made during 1974-75 and 1975-76. Though the application of prices fixed in 1976-77 to supplies made in earlier years was not warranted, Government in March 1979 accorded sanction to pay Rs. 30 lakhs to the undertaking on condition that (i) the price claimed by the undertaking should be subjected to a detailed check with reference to the market price at the relevant period of purchase and other relevant data; and (ii) if the amount paid was found to be excessive, the excess should be refunded. The amount was paid to the undertaking in March 1979. Details of action taken to determine the market price and to watch the adjustment are awaited from the department.

(ii) The prices charged by the undertaking for several items were much higher than those charged by Government of India undertakings for similar formulations. A test check of the purchases made during the period

1980-81 (which formed part of the extended period of preferential treatment) showed that in regard to 12 items, the excess charged by the undertaking amounted to Rs. 28.52 lakhs.

The matter was reported to Government in October 1981; their reply is awaited (May 1982).

PUBLIC WORKS DEPARTMENT

5.4. Non-utilisation of stone crushers

In July 1978 and May 1979 the Chief Engineer, Irrigation placed orders with a New Delhi firm to supply three stone crushers (one portable and two stationary) for Rs. 3 lakhs. The portable crusher was supplied to the Kerala Newsprint Project Division, Kottayam in April 1979, one stationary crusher was supplied to Buildings and Roads Division, Ernakulam and another to Muvattupuzha in August 1979 and October 1979 respectively. Rupees 2.82 lakhs were paid between April 1979 and February 1980 to the firm towards 90 per cent cost of the stationary crushers and the full cost of the portable crusher. The stationary crushers could not be erected in Ernakulam and Muvattupuzha Divisions for want of suitable sites there. The crusher received in Ernakulam Division was transferred to Buildings and Roads Division, Cannanore in May 1980 and that of Muvattupuzha Division to Buildings and Roads Division, Trichur in August 1980. They have not been installed by the new divisions also (August 1981). The portable crusher received by the Newsprint Project Division, Kottayam could not be put to use on account of (i) difficulty in moving the crusher along hilly tracts, (ii) want of space along the sides of narrow roads for placing the crusher and stacking the crushed rubble and (iii) reluctance of contractors to use it for crushing stones. Attempts to transfer it to other divisions have not fructified yet (January 1982).

The facts mentioned above were confirmed by Government in January 1982.

The crushers have been purchased without a definite end use in view and without proper studies about their utility and also without taking the site conditions into account.

5.5. Under-utilisation of a sand processing plant

In February 1977, the department purchased from the Kerala State Electricity Board, a second hand "Cedarapid" sand processing plant at a cost

of Rs. 4.13 lakhs for production of sand in bulk (by crushing stones) for the Siruvani Drinking Water Supply Project. This was done on the ground that it would be difficult to ensure a steady supply of river sand for construction works in the project on account of the distant location of the project from sources of river sand and the poor condition of the forest road leading to the project site. The Executive Engineer, Siruvani Drinking Water Supply Project Division along with the Assistant Engineer, Mechanical Sub Division, Malampuzha inspected the plant in August 1976 before the proposal for its purchase was made by the department and it was estimated that the plant would produce 25,000 cubic metres of sand for works in the project. The plant was erected at Siruvani in February 1977 and the division incurred an expenditure of Rs. 3.86 lakhs on it (Rs. 0.59 lakh on transport and erection and Rs. 3.27 lakhs on civil works, replacements, repairs, etc.) upto March 1979, when it was shifted to Attappady Valley Irrigation Project.

According to the rated capacity of the plant, it was to produce 64 cubic metres of sand per shift per day. The work of producing sand, using the plant, was entrusted to a contractor in March 1977. The contractor started working the plant on 28th March 1977 and stopped it on 21st March 1978. During this period, the plant worked only for 208 days (the plant could not be worked for 150 days for want of power supply). Though the plant was to produce 13,312 cubic metres of sand in 208 days, the actual production was only 2,418 cubic metres. The production performance was less than 19 *per cent*. Compared to the cost of river sand from the nearest source (Rs. 99.20 per cubic metre) and the cost of crushed sand at agreed rate of the contractor (Rs. 59.74 per cubic metre including 15 *per cent* tender excess) the shortfall in the production of sand from the plant has resulted in an estimated extra expenditure of Rs. 4.30 lakhs. The plant remained unused between March 1978 and March 1979. During the period from February 1977 to March 1979, 40,500 cubic metres of sand consisting of 38,084 cubic metres of river sand and 2,416 cubic metres of sand produced in the plant were utilised in the project. The overall short-production of sand from the plant while it was in the Siruvani Project was 22,582 cubic metres and the resultant loss at Rs. 39.46 per cubic metre worked out to Rs. 8.91 lakhs. The Chief Engineer stated (August 1979) that apart from the unsteady electric supply (with frequent power failure and voltage drops), the poor performance of the plant was due to its being somewhat old.

The plant was erected under Attappady Valley Irrigation Project in February 1980 at a further cost of Rs. 2.37 lakhs. However, it has not been put to use there till September 1981 as foundation excavation of the dam to be

constructed under the project is yet to be completed and bulk production of sand is required only for the subsequent stages of work.

The plant (on the purchase, erection and maintenance of which Rs. 10.36 lakhs had been spent till April 1981) had been put to use only for 208 days since its purchase in February 1977. Even during the period when it was operated, its production was less than 19 *per cent* of its optimum capacity.

The Chief Engineer (Project I) Calicut stated (September 1981) that though tenders for production of 14,350 cubic metres of sand by stone crushing process were invited in July 1980, the contract could not be finalised as blasting works of the foundation excavation did not yield much rubble and that as soon as sufficient quantities of departmental rubble became available, the plant would be put to use.

The views of the Chief Engineer on the poor performance of the plant, as incorporated in the paragraph were endorsed by Government in December 1981.

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 1981, there were four departmental commercial undertakings in the State as indicated below:—

- (i) Text Books Office, Trivandrum.
- (ii) State Water Transport Department, Alleppey.
- (iii) State Insurance Department, Trivandrum.
- (iv) Bleaching and Calendering Plant, Pappanamcode*

Pro forma accounts were awaited from these undertakings for various periods from 1967-68 to 1980-81 as shown below:—

- (i) Text Books Office, Trivandrum—1975-76 to 1980-81.
- (ii) State Water Transport Department, Alleppey—1979-80 and 1980-81.
- (iii) State Insurance Department, Trivandrum—1967-68 to 1980-81.
- (iv) Bleaching and Calendering Plant, Pappanamcode—1974-75 to 1980-81.

*The Bleaching and Calendering Plant, Pappanamcode was run by the Industries Department of the State till 30th April 1974 when its management was transferred to the Kerala State Textile Corporation Limited (a State Government Company) for a period of five years. In December 1980 Government ordered to transfer the assets of the Plant to the Company and the Plant was accordingly transferred to it with effect from 1st April 1981. Though the Plant continued to be a departmental undertaking of Government till then, the transactions of the Plant were kept outside the Consolidated Fund of the State. Further details are given in paragraph 6.3 of this Report.

Besides the undertakings mentioned above, *pro forma* accounts were also due from Sitaram Spinning and Weaving Mills, Trichur* for the years 1978-79 and 1979-80.

Reasons for the delay in the preparation of *pro forma* accounts are awaited (November 1981) from the undertakings.

A synoptic statement showing the summarised financial results of the Public Works Department Engineering Workshops, Chackai, Trivandrum for the period from 1st April 1978 to 3rd July 1979 when it was taken over by the Kerala State Engineering Works Limited is given in Appendix 6.1. The accumulated loss of the workshops as on that date was Rs. 34.36 lakhs. The amount outstanding under sundry debtors on that date was Rs. 10.66 lakhs. In addition, a sum of Rs. 14.98 lakhs was outstanding under collection account towards old dues.

Pro forma accounts of the undermentioned schemes have also not been received (November 1981) from the concerned departmental officers for the years shown against each:—

<i>Name of the department/scheme</i>	<i>Period for which due</i>
Agriculture Department	
Manure supply scheme	1977-78 to 1980-81
Scheme for purchase and sale of plant protection chemicals	1975-76 to 1980-81
Scheme for purchase and sale of banana suckers	1976-77 to 1980-81
Scheme for purchase and sale of pulses	1974-75 to 1980-81
Scheme for purchase and sale of paddy seeds	1974-75 to 1980-81
Food Department	
Grain supply scheme	1980-81

Reasons for the delay in the preparation of the accounts are awaited from the departments.

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

GENERAL EDUCATION DEPARTMENT

6.2. Text Books Office

The Text Books Office was formed in 1950 for printing and publication of text books prescribed for schools in the State. It was declared 'commercial' in October 1952. The main activities undertaken by the Department are: (i) printing, stocking and distribution of text books, (ii) manufacture and distribution of note books and (iii) purchase of paper required for text books and note books.

The Text Books Office functions under a Text Books Officer under the overall control and supervision of the Director of Public Instruction. The distribution of text books and note books is arranged through three Central Stores at Trivandrum, Ernakulam and Shoranur and 29 depots situated in the Educational Districts of the State.

Some points on the working of the Text Books Office were mentioned in paragraph 6.2 of the Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil).

On a further review conducted by Audit in July-August 1981 the following points were noticed:—

(1) Accounts

According to the Accounts Manual of the Text Books Office, its *pro forma* accounts for each financial year are to be finalised and made available to Audit by 30th June of the succeeding year. The accounts for the year 1974-75 and 1975-76 were not finalised even by February 1977. For ensuring timely preparation of *pro forma* accounts and to overcome the arrears in this regard, Government sanctioned the post of a lower division clerk in each Text Book Depot and two posts of lower division clerks in the Text Books Office, additionally, from 1976-77. Despite this, the delay in finalisation of accounts still persists. The accounts for 1974-75 due in June 1975, were finalised by the department only in August 1979, after a delay of more than four years. The accounts for the succeeding years from 1975-76 to 1980-81 are still to be finalised (August 1981). The delay in finalisation of accounts was attributed (March 1982) by Government to lack of persons trained in commercial accounting procedure, delay in updating the accounting manual and the change introduced in June 1976 in the system of sales for eliminating private dealers. The expenditure incurred on pay and allowances of the additional staff up to March 1981 amounted to Rs. 4.82 lakhs (approximately).

(2) *Printing of text books*

Till the academic year 1978-79, text books were got printed in Government presses and private presses (on the basis of tenders). Private presses were to quote their rates with reference to the basic rates (comprising the cost of composing, striking and binding) prescribed by the Government in July 1974.

From 1978-79 bulk of the printing is got done through the Kerala Books and Publications Society, Trikkakara, a society formed by Government to establish and run a modern text book printing press. Between July 1978 and April 1980, the Text Books Officer placed orders with the society for the printing of 1,01.34 lakh copies of 51 text books for the academic year 1979-80, 1,74.60 lakh copies of 97 books for the academic year 1980-81 and 1,69.06 lakh copies of 153 books for the academic year 1981-82. The following observations are made in this connection:—

(i) Before placing orders with the society, the rates for printing were not ascertained from the society nor were the terms and conditions of the contract fixed in advance, in spite of the fact that Government had asked in May 1979, April 1980 and July 1980 with reference to the printing work done in earlier years to clarify whether rates had been obtained in advance from the society and whether market rates had been ascertained before awarding the work to the society.

(ii) Against the total print order of 1,01.34 lakh copies for 1979-80, the society is stated to have printed and supplied 90.09 lakh copies of 43 books to the end of October 1979. Up to February 1980 the society claimed Rs. 54.70 lakhs towards printing charges. Between August 1979 and March 1980, the department paid Rs. 51.63 lakhs to the society against the claim, pending settlement of rates.

According to the department, the amount charged by the society for printing 43 books (90.09 lakh copies) relating to the year 1979-80 was in excess by Rs. 18.91 lakhs, when compared to the rates fixed by Government for entrusting printing works to private presses.

The print order given by the department for the 43 books relating to the academic year 1979-80 was for 91.77 lakh copies against which, the society supplied only 90.09 lakh copies. Computed at the sale price fixed for each book, the amount recoverable from the society for the short supply worked out to Rs. 2.95 lakhs. No recovery has, however, been effected. Government stated (March 1982) that on receipt of the final invoice from the society, the question of recovery for the short supply would be decided before settling the claims.

(iii) The society printed and supplied 1,76.72 lakh copies of books for 1980-81 (including the backlog relating to 1979-80) and 54.75 lakh copies for 1981-82 and claimed Rs. 97.04 lakhs (Rs. 73.68 lakhs for 1980-81 and Rs. 23.36 lakhs for 1981-82) towards printing charges between February 1980 and March 1981. Against the claims, the department paid to the society Rs. 66.32 lakhs between March 1980 and March 1981 as advance. The payment was made before settling the rates for printing and without verifying whether there was any short supply and whether the number of copies billed for by the society had actually been received by the department.

(iv) In regard to 13 books supplied between November 1979 and May 1980, the number of copies printed and billed for by the society were more than the number ordered for; printing charges claimed for the copies printed in excess amounted to Rs. 1.88 lakhs.

(v) The paper required for the printing was supplied by the department. The department has not maintained proper registers for recording particulars of issues and watching their final accountal. The consumption of paper by the society for the books printed and supplied has not been worked out with reference to norms. In the absence of this, the value of excess consumption recoverable from the society could not be determined.

(vi) The selling price of books is to be fixed by adding to the estimated prime cost of production, 50 per cent thereof to cover overheads. Owing to non-finalisation of rates with the society, the department worked out the estimated cost of production during 1979-80 and 1980-81 at 1.11 paise per page on the basis of the printing charges incurred during 1978-79. A test check of 43 books printed during 1979-80 and 22 books printed during 1980-81 showed that in the case of 11 books, the actual cost of production based on the printing charges invoiced by the society was more than the selling price. The loss in the production of 16.29 lakh copies of these books was Rs. 6.33 lakhs.

(3) *Incorrect fixation of price*

During 1980-81, it was decided to price the books at 1.11 paise per page, rounded to the nearest 10 paise. A test check by Audit (July 1981) revealed that in the case of 33.25 lakh copies of 12 books printed during the year, the price was not correctly fixed with reference to the number of pages. The resultant loss of revenue was Rs. 3.33 lakhs. Government stated (March 1982) that as the books in question were reprints, the price fixed for them in earlier years was continued for 1980-81 also.

(4) *Purchase of paper*

The department purchased 5,331.06 tonnes of white printing paper (cost: Rs. 1,75.26 lakhs) and 4,892.72 tonnes (cost: Rs. 1,68.53 lakhs) during 1979-80 and 1980-81 respectively at concessional rates. The paper was delivered by the supplier mills direct at the three central stores. Payment for the supply was made by the Text Books Officer on the basis of invoices received from the mills, without ascertaining the quantity of paper actually received and taken to stock by each store. An instance in point is given below:—

For a supply of 389.016 tonnes made at Ernakulam Store, payment was made by the Text Books Officer between April 1980 and July 1980; the requisite stock certificate was received from the store only in November 1981.

(5) *Manufacture and distribution of note books*

The department issued 2,277.195 tonnes of paper procured at concessional rate to the Kerala Co-operative Consumer Federation for the manufacture and distribution of note books during the academic years 1978-79 and 1979-80. The Federation was to utilise the paper only for the manufacture of exercise books and was to sell the books to students at the price fixed by the department. The cost of paper at the concessional rate was realised by the department from the Federation. The department had no system of check to ascertain that the Federation had utilised the paper only for the manufacture of note books and that the books were actually supplied at the rates fixed by Government. The Federation stated (February 1982) that only 2,250.399 tonnes of paper were utilised for the manufacture of note books and that the remaining quantity of 26.796 tonnes of paper (cost: Rs. 0.91 lakh) had not been returned by the contractor to whom the paper was issued for manufacturing note books.

(6) *Non-return of paper*

Out of white printing paper issued between August 1978 and March 1980 to 59 private presses for printing, 1,152 reams have not yet been returned by five presses; its value (Rs. 1.22 lakhs) has not been recovered yet (January 1982). Government stated (March 1982) that the accounts relating to two of the private presses had since been settled and that action was in progress in the case of others.

(7) *Idle stock of paper*

In the central store, Trivandrum 740 reams of various types of paper (estimated value at present market rate: Rs. 1.29 lakhs) were lying without any issue for the last six years. The department has not investigated the reasons for its non-utilisation nor has it taken any steps for its disposal. Government stated (March 1982) that the paper would be used for the production of exercise note books during 1982-83.

(8) *Stock Register of paper*

A test check of the stock register maintained in Central Store, Trivandrum revealed several defects such as failure to obtain acknowledgements from the recipients in respect of issues, absence of periodical physical verification of stock and reconciliation of the physical balance with the book balance. Government assured (March 1982) that the defects would be rectified soon.

(9) *Obsolete books*

The number of copies of books to be printed each year is to be fixed on the basis of student strength, books in stock, etc. Owing to unrealistic assessment of requirements, 23.81 lakh copies of books (value at selling price: Rs. 42.50 lakhs) have been declared obsolete during the period from 1976-77 to 1979-80. A test check by Audit showed that in the case of certain text books, the percentage of books declared obsolete was large as indicated below:—

<i>Name of books</i>	<i>Currency of syllabus (years)</i>	<i>Total no. of books printed during the last year of the currency of syllabus</i>	<i>No. of obsolete books</i>	<i>Percentage of (4) on (3)</i>	<i>Loss due to obsolescence (Rupees in lakhs)</i>
(1)	(2)	(3)	(4)	(5)	(6)
Mathematics (T) X	4	1,700	1,388	82	0.02
Biology (K) VII	6	20,000	13,879	69	0.22
Science (K) V	8	31,000	17,417	56	0.16

<i>Name of books</i>	<i>Currency of syllabus (years)</i>	<i>Total no. of books printed during the last year of the currency of syllabus</i>	<i>No. of obsolete books</i>	<i>Percentage of (4) on (3)</i>	<i>Loss due to obsolescence (Rupees in lakhs)</i>
(1)	(2)	(3)	(4)	(5)	(6)
Mathematics (K) V	8	26,000	13,933	54	0.25
Mathematics (K) IV	8	26,000	13,386	52	0.49
Science (T) V	6	24,000	9,380	39	0.08
Biology (E) IX	4	33,000	12,740	39	0.41
Physics (T) IX	4	2,800	958	34	0.03
Biology (K) IX	4	6,000	1,598	27	0.05
Mathematics (T) IX	8	20,000	5,201	26	0.19
Mathematics (M) X	4	5,00,000	71,961	14	0.93
Total		6,90,500	1,61,841	23	2.83

(T)—Tamil; (K)—Kannada; (M)—Malayalam

On account of delay in obtaining sanction from Government, for the disposal of obsolete books soon after the change of syllabus on each occasion, 29.39 lakh copies of obsolete books (value: Rs.46.52 lakhs) including 5.59 lakh copies relating to 1974-75 remain in stock. Though Government accorded sanction in January 1980 for the disposal of the obsolete books relating to 1974-75 and tenders for their disposal were finalised in March 1980, their sale has not materialised yet as the tenderer backed out (October 1980) alleging delay on the part of the department in supplying the books. Sanction for the disposal of the obsolete books relating to 1976-77, 1977-78 and 1979-80 was issued by Government only in January 1981. Their sale also could not be effected yet as a tender call in March 1981 for their disposal proved abortive. Sanction for disposal of obsolete books relating to 1978-79 was accorded by Government only in October 1981. Their sale has also not materialised yet (March 1982).

(10) *Non-recovery of cost of paper*

As an experimental measure, the Kerala Books and Publications Society was required by the department to manufacture and supply note books using cut-bits accumulated in the press out of the reel paper issued to the society for

printing text books. The intention was to sell them at 60 paise per book. The Society claimed manufacturing charges at 24 paise per book and at this rate, the cost per book was assessed by the department at 72 paise. The department moved (November 1979) Government for sanction to sell them at 65 paise per book. The sanction was not accorded by Government till August 1981, when the Society sold the books to the Kerala Co-operative Consumer's Federation. Though the sale was unauthorised, no action has been taken against the Society. The cost of the paper also has not been recovered from the Society yet (August 1981).

(11) *Delay in printing of text books*

The printing of 4,000 copies each of three text books [Kannada Reader VIII, Kannada Reader IX and Biology (K) VIII] was entrusted to a private press at Bangalore in March 1980. The press to which 147 reams of paper were issued in March -April 1980 for printing was to supply the books before 25th May 1980, i.e. before the re-opening of the schools in June 1980. But the press did not supply books by that date. One book (Kannada Reader VIII) was supplied by 25th November 1980. The second book was supplied in July 1981 and the third one towards the close of 1981-82. Consequently the requirements for the school year 1980-81 and 1981-82 could not be met by the department. Government stated (March 1982) that penal cut for the belated supply would be made from the charges payable to the press.

(12) *Shortage of text books*

Shortage of text books to the value of Rs. 1.63 lakhs was noticed in ten text book depots during physical verification conducted between November 1977 and April 1981. Only a sum of Rs. 0.30 lakh has been recovered so far from the store-keepers against the liability. Government stated (March 1982) that action would be taken for the recovery of the balance.

(13) *Sundry debtors*

The accounts of eight text book depots for the period 1975-76 to 1979-80 revealed that a sum of Rs. 4.23 lakhs was due from debtors towards the value of books issued on credit basis. Government stated (March 1982) that instructions had been issued to expedite recovery of the dues.

(14) *Internal audit*

Internal audit of the central stores and depots is to be conducted by the staff of the Text Books Office. The audit of only one store and 10 depots for various years was conducted between March 1978 and April 1981. No internal audit was conducted in the remaining two stores and 19 depots during the last three years.

(15) *Summing up*

The following are the important points emerging from the preceding paragraphs:—

- (i) *Pro forma* accounts for the years 1975-76 to 1980-81 have not yet been prepared although the accounts for each financial year were to be finalised by 30th June of the succeeding year. Expenditure during the five years viz., 1976-77 to 1980-81 on pay and allowances of additional staff employed for the preparation of accounts amounted to Rs. 4.82 lakhs (approximately).
- (ii) The printing work for the years 1979-80, 1980-81 and 1981-82 was entrusted to the Kerala Text Books and Publications Society without fixing the terms and conditions of the contract. There have been instances of short supply (value : Rs. 2.95 lakhs), excess supply (excess printing charges: Rs. 1.88 lakhs), etc. by the Society.
- (iii) Incorrect estimation of printing charges has resulted in underpricing of 11 books, the resultant loss being Rs. 6.33 lakhs.
- (iv) Incorrect reckoning of pages in the case of 12 books led to incorrect fixation of price, involving a loss of revenue of Rs. 3.33 lakhs.
- (v) There were also other irregularities like—
 - (a) Defective maintenance of stock accounts and payment for supplies without verification of stock;
 - (b) Defective estimation of requirements leading to excess printing and obsolescence of books;
 - (c) Delay in the disposal of obsolete books; and
 - (d) Delay in recovering the value of books found short (Rs. 1.33 lakhs).

INDUSTRIES DEPARTMENT

6.3. Bleaching and Calendering Plant, Pappanamcode.

(a) The Bleaching and Calendering Plant, Pappanamcode was set up in 1962 at a total cost of Rs. 10 lakhs (approximately) with a view to providing post-weaving service facilities to handloom industry. The plant was commissioned in May 1962 and was declared as a commercial concern in November 1963. In March 1973, Government decided to entrust the management of the Plant to the Kerala State Textile Corporation Limited (a Government company). Accordingly, the Company took over the management of the Plant on 1st May 1974, but the terms and conditions of management have not yet been fixed by Government (September 1981).

(b) A loan of Rs. 0.50 lakh was given in March 1977 to enable the Company to meet the working expenses of the Plant. The loan was to bear interest at 10.75 per cent per annum and was repayable in 13 annual instalments. The payment of interest and repayment of principal were in arrears, the amount defaulted being Rs. 0.39 lakh as at the end of November 1981.

(c) The revenue receipts of the Plant during the period from May 1974 to March 1981 amounted to Rs. 5.07 lakhs. This was not credited to Government but was appropriated by the Company to meet the expenses of the Plant. Further, a sum of Rs. 4.08 lakhs was advanced by the Company up to the end of March 1981 for making payments in connection with the affairs of the Plant.

In December 1980, Government accorded sanction to transfer the assets of the Plant to the Company, treating 50 per cent of its net value (after adjusting amounts advanced by the Company for running the Plant while under its management) as share contribution and the balance as loan. The Plant was accordingly transferred to the Company with effect from 1st April 1981. Though the valuation of assets was to be completed by May 1981, it has not yet actually been done (January 1982).

(d) The *pro forma* accounts of the Plant for the period subsequent to the take over of its management by the Company have not been prepared. Government stated (January 1982) that as the working results of the Plant were being reviewed yearly by preparing income and expenditure accounts,

separate *pro forma* accounts had not been prepared for the periods after May 1974. According to the *pro forma* accounts for the period up to 30th April 1974, the accumulated loss of the Plant as on that date (after adjusting Rs. 3.80 lakhs towards interest on capital, Rs. 3.94 lakhs towards depreciation and Rs. 0.54 lakh towards audit charges) amounted to Rs. 13.89 lakhs. The loss was attributed to lack of sufficient order for utilising the facilities for bleaching and calendering.

(c) The installed capacity of the calendering section of the Plant was 37.44 lakh metres per annum. The capacity of the bleaching section has not been fixed separately. The Company also did not fix any targets for bleaching and calendering activities for the period when the Plant was under its management. The output of the bleaching and calendering plant for the years 1974-75 to 1980-81 was as follows:—

Year	Calendering Section		Output in bleaching section (in lakhs of metres)
	Output (in lakhs of metres)	Percentage of utilisation of capacity	
1974-75	2.99	8	0.09
1975-76	2.06	6	0.38
1976-77	4.33	12	0.22
1977-78	4.14	11	0.04
1978-79	2.93	8	1.65
1979-80	4.39	12	0.03
1980-81	5.99	16	0.04

The shortfall in utilisation of capacity was attributed to lack of demand for processing work.

Mention was made in paragraph 52 of the Report of the Comptroller and Auditor General of India for the year 1972-73 about (i) the delay in the erection of a sizing machine purchased in May 1966 and of a warping plant purchased in January 1969, and (ii) their non-functioning. The warping and sizing unit (total cost: Rs. 5.36 lakhs) was taken over by the Kerala State Textile Corporation Limited in October 1974. The Plant remained unused till 1976-77. The installed capacity of the Plant was 156 tonnes of

yarn per annum. Against this, the actual quantity turned out by the Plant during the period 1977-78 to 1980-81 was very low as indicated in the following table:—

<i>Year</i>	<i>Actual capacity utilisation (tonnes)</i>	<i>Percentage of actual utilisation of capacity</i>
1977-78	2.155	1.3
1978-79	11.253	7.2
1979-80	19.906	12.7
1980-81	30.643	19.7

The shortfall was ascribed to lack of demand for the services.

(f) Till the Plant was transferred to the Company in April 1981, the Plant continued to be a departmental undertaking of Government. As such, the receipts and expenditure of the Plant should have been incorporated in Government accounts. Similarly, the expenditure of the Plant also should have been incurred only after getting necessary funds voted by the Legislature. It was, however, seen that the transactions of the Plant were kept outside the Consolidated Fund of the State and that funds for meeting the expenditure of the Plant were not got voted by the Legislature. The expenditure of the Plant from May 1974 to March 1981, which thus escaped legislative control, amounted to Rs. 9.15 lakhs.

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

SECTION I

7.1. General

This chapter deals with:

- (i) results of audit of bodies and authorities substantially financed by grants and/or loans,
- (ii) scrutiny of procedure for watching fulfilment of conditions governing grants or loans paid for specific purposes, and
- (iii) investments in, and financial assistance to co-operative societies.

7.2. Utilisation Certificates

During the year 1980-81, Government paid Rs. 1,56.75 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/beneficiary</i>	<i>Amount (in crores of rupees)</i>
Education	
Non-Government Primary Schools	66.57
Non-Government Secondary Schools	31.59
Non-Government Colleges	14.58
Non-Government Technical Colleges, Polytechnics & Research institutions	4.21
Non-Government Special Schools	0.82
Universities	3.41
Other bodies, institutions & individuals	0.93
Kerala Agricultural University	3.95
Assistance to Panchayats	13.08
Social Security & Welfare	4.18
Housing	2.67
Sports & Arts	1.56
Medical, Family Planning & Public Health	1.31

<i>Purpose/beneficiary</i>	<i>Amount (in crores of rupees)</i>
Industries	1.75
Agriculture/Animal Husbandry/Dairy	0.33
Small Farmers' Development Agencies	1.53
Kerala Khadi & Village Industries Board	0.78
Urban Development	0.91
Fisheries	0.77
Co-operation	0.41
Kerala State Electricity Board	0.25
Other purposes	1.16
Total	1,56.75

The financial rules of Government require that where grants are given for specific purposes, the departments should furnish to Audit within twelve months from the date of sanction or such time as may be specified in each case, certificates that the grants have been utilised for the purpose for which they were paid. On 1st October 1981, 15,253 certificates (Rs. 23,20.22 lakhs) relating to grants paid upto March 1980 were awaited. The department-wise details of the certificates yet to be received are given in Appendix 7.1.

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.

SECTION II

7.3. Bodies and Authorities substantially financed by Government grants and loans

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the bodies/authorities substantially financed by grants or loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. A body/authority is, for this purpose, deemed to be substantially financed from the Consolidated Fund if the aggregate grant/loan to it in a financial year is not less than Rs. 5 lakhs and the amount of such assistance is not less than 75 per cent of the total expenditure of that body/authority.

Government and Heads of Departments are to furnish to Audit every year information about (i) grants and loans given to various bodies and

authorities in each financial year and (ii) the expenditure incurred by the recipient bodies/authorities. This is intended to enable Audit to identify the bodies/authorities attracting audit under Section 14 of the Act. Though Heads of Departments were required in April 1981 to furnish information in respect of grants/loans paid during 1980-81, the requisite details were still awaited (April 1982) from eight departments of Government and ten Heads of Departments. Similar information was also due from the Director of Social Welfare for 1978-79 and from five departments of Government and four Heads of Departments for 1979-80.

The details, to the extent received, of the number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs in a year and the extent of arrears in receipt of the accounts from them, are given below:—

	1978-79	1979-80	1980-81
(i) No. of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs per year	193	213	244
(ii) No. of bodies/authorities from which accounts have been received	182	191	129
(iii) No. of bodies/authorities the accounts of which have not been received	*11	22	115

Apart from the above, the accounts for 1976-77 were due from one institution.

7.4. Some points noticed in audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, of the accounts of two bodies are given below:—

<i>Sl. no. Name of body/authority substantially financed by grants or loans and particulars of grants/loans paid by Government</i>	<i>Points noticed</i>
1. Kerala Forest Research Institute, Peechi—Grants aggregating Rs. 1,63.13 lakhs during the period 1977-78 to 1980-81	Between November 1978 and February 1979 the Institute entrusted the work of constructing 51 quarters and

*Includes one institution from which accounts for 1977-78 were also due.

Sl. no.	Name of body/authority substantially financed by grants or loans and particulars of grants/loans paid by Government	Points noticed
2.	Centre for Earth Science Studies, Trivandrum—Grants totalling Rs. 1,31.85 lakhs were paid between May 1978 and March 1981	<p>fencing the main campus, together estimated to cost Rs. 27 lakhs, to the Kerala State Construction Corporation Limited (a Government Company). In terms of the agreement executed (November 1978) between the Institute and the Company, the former was to pay the latter the actual cost plus 25 per cent thereof to cover overheads and margin. In the case of 16 quarters completed, the amount paid by the Institute to the Company amounted to Rs. 9.22 lakhs against the estimated cost of Rs. 4.12 lakhs. The reasons for the increase have not been investigated by the Institute. Though the agreement contemplated measurement of the works by the engineers of the Institute, no measurements have been taken by them in respect of any of the works executed by the Company. In the absence of measurements, the Institute was not in a position to verify the correctness of the claims preferred by the Company.</p> <p>Government stated (October 1981) that the reasons for increase in cost would be looked into by the Institute after receipt of the final bills from the Company.</p> <p>(i) The rules and regulations of the Centre empower the Governing Body to make, with the prior approval of Government, bye-laws prescribing the powers, functions and duties of the</p>

Sl. no. Name of body /authority substantially financed by grants or loans and particulars of grants/loans paid by Government

Points noticed

Director. No such bye-laws have been framed yet (October 1981). Though the Executive Committee at its meeting held in May 1978 delegated certain powers to the Director, the Centre has not yet got the delegation approved by the Governing Body and the Government.

(ii) In June 1980, the Centre acquired an atomic absorption spectrophotometer at a cost of Rs. 9.99 lakhs. The purchase was not necessary as another project (Kerala Mineral Exploration and Development Project) possessing the equipment had been merged with the Centre in September 1979. Government stated (November 1981) that the instrument purchased in June 1980 was a modern and sophisticated one whereas the one already available with the Centre was an old model. It was, however, seen in audit that the instrument purchased by the Centre in June 1980 and that transferred from the project were of the same brand and that the latter had been acquired only recently (April 1977).

A wave rider buoy (cost: Rs. 4.19 lakhs) imported in January 1981 has not been put to use yet, for want of (i) wireless licence, (ii) an essential part ('DIMA' unit) which is still awaited from the supplier firm and (iii) a research vessel needed for its

<i>Sl. no.</i>	<i>Name of body/authority substantially financed by grants or loans and particulars of grants/loans paid by Government</i>	<i>Points noticed</i>
		deployment and recovery. Though tenders were invited in May 1980 for the purchase of a research vessel, it was not followed up. Government stated (November 1981) that steps were under way to hire a vessel to deploy the instrument and that it would be put to use as soon as the necessary wireless licence and 'DIMA' unit were received.

SECTION III

7.5. Grants and loans for specific purposes

Where any grant or loan is given for any specific purpose from the Consolidated Fund, Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 provides for scrutiny by Audit of the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants and loans were given.

Important points noticed on scrutiny conducted under Section 15 are given in succeeding paragraphs:—

AGRICULTURE (ANIMAL HUSBANDRY) DEPARTMENT

7.6. Special Animal Husbandry Programme implemented by Small Farmers' Development Agencies

Based on the guidelines issued by the Government of India in March 1975, the State Government sanctioned in March 1976, a special animal husbandry programme to be implemented in the districts of Trivandrum, Trichur, Ernakulam and Cannanore through the Small Farmers' Development Agencies (SFDA) of Trivandrum, Trichur and Cannanore. The programme aimed at providing assistance to selected identified small/marginal farmers and agricultural labourers to supplement their income through comprehensive livestock

(2) Some points relating to the implementation of the schemes undertaken under the programme are mentioned below:—

(i) *Calf Subsidy Scheme*

(a) The object of the scheme was to provide the beneficiaries with assistance to purchase concentrates (feed) for rearing crossbred heifers from 4 months to 28 months of age, i.e., till they reach production stage. The pattern of financial assistance was 50 per cent subsidy and 50 per cent loan to small/marginal farmers and 2/3 subsidy and 1/3 loan to agricultural labourers. Cost of the feed required for a calf from 4 to 28 months was estimated as Rs. 1,600. According to the project report, subsidy payable per calf was Rs. 800 to small and marginal farmers and Rs. 1,066 to the agricultural labourers. The balance amount was expected to be raised by loans from financial institutions. The procurement and distribution of feed was to be arranged through co-operative societies. The societies were eligible for managerial subsidy of Rs. 100 per month.

(b) As per the progress reports furnished by the project officers of the Agencies, total subsidy paid under this scheme from November 1976 to March 1980 was Rs. 85.56 lakhs (subsidy on feed: Rs. 84.85 lakhs; managerial subsidy to co-operative societies: Rs. 0.71 lakh). In SFDA, Trivandrum, the entire amount of subsidy was released to the financing banks in advance in cases where the beneficiaries availed themselves of loans and in other cases to the field assistants (Veterinary Surgeons under the Agencies) as soon as a calf was included in the scheme. However, in SFDA, Trichur, lumpsum amounts were placed at the disposal of the financing institutions in advance for meeting subsidy claims of eligible farmers availing loans and to the field assistants in other cases. Such lumpsum releases to banks were shown as expenditure in the progress reports sent by the Agencies. Out of the amounts released, large amounts were lying unutilised with the banks; the exact figures of such amounts were not available with the Agencies as they had not ascertained the amounts disbursed by the financing banks towards subsidy and the balance refundable by them. The amount lying unutilised in banks in Trichur at the end of March 1980 out of Rs. 7.73 lakhs advanced during 1979-80, included Rs. 3.43 lakhs in respect of which even beneficiaries had not been identified. As such, the expenditure figures included in the progress reports did not represent the amount actually paid as subsidy.

(c) In February 1980, Government issued instructions to the Deputy Director, Animal Husbandry to conduct half-yearly inspections to check the

accounts maintained by the Field Assistants and to send copies of the inspection reports to the Field Assistants and the Additional Director. He was also to verify the stock accounts maintained by the co-operative societies and to check the receipts and issues with reference to the issue notes received from the supplier firms and permits issued to the beneficiaries, respectively. However, no such inspection had been conducted. This was attributed by the department to want of adequate staff and heavy pressure of work.

(d) According to the project reports prepared for implementation of the programme in the two Agencies, the small farmers/marginal farmers and agricultural labourers were to be selected in the ratio 3:2. This ratio was, however, not adhered to. Out of 18,200 beneficiaries assisted by the two Agencies, the number of agricultural labourers was only 2,052 (Trivandrum: 1,690; Trichur: 362), against 7,280 required to be assisted at the prescribed ratio. This was stated to be due to want of enough number of eligible agricultural workers owning crossbred heifers. It is not known why the Agencies were not in a position to identify the required number of agricultural workers especially as: (i) the number of agricultural labourers (according to 1971 census) was more than 8.53 lakhs in Trivandrum District and 15.61 lakhs (Ernakulam: 6.30 lakhs; Trichur: 9.31 lakhs) in the area under Trichur Agency; and (ii) another programme, viz., cattle development programme implemented by the Agencies contemplated provision of credit for purchase of cattle.

(e) The actual cost of feed per quintal was higher by Rs. 100 than that assumed in the project report. In order to limit the quantum of subsidy to pre-determined amounts, the quantity of subsidised feed was reduced. The total quantity of feed required at the prescribed scale for the 18,200 heifers enrolled under the programme up to March 1981 worked out to 25,000 tonnes approximately; information regarding the actual quantity purchased by the beneficiaries was, however, not available with the department. The impact of the scaling down of the feed rate on the productivity of the heifers has not been assessed by the Agencies.

(f) In 10 out of 50 cases test checked in Trichur, it was seen that the supply of feed under the scheme was discontinued one to ten months after enrolment of the heifers against 25 months contemplated in the programme. This was stated to be due to failure of the beneficiaries to turn up to receive assistance. The reasons for their going out of the scheme despite incentives in the form of subsidy have not been investigated.

(g) The Credit Planning Officer attached to the Directorate was to assist the farmers/agricultural labourers to get institutional finance from banks. The particulars of loans advanced by banks to beneficiaries under the programme were not available with the Credit Planning Officer. Considering the reluctance of the beneficiaries to avail themselves of the credit facilities, the Additional Director of Animal Husbandry permitted (April 1978) the Agencies to release the subsidy portion under the programme even to such persons as were unwilling to take loans from institutional sources but were otherwise eligible for assistance. This was ratified by Government in February 1980. The Agencies/department have not, however, ensured that the non-utilisation of credit facilities did not lead to any fall in the purchase of feed by the beneficiaries.

(h) In July 1976, Government issued an order creating an insurance fund to safeguard the interests of the beneficiaries in the event of calves dying before reaching the production stage or becoming sterile in spite of expert medical attention. Rules of the fund contemplated subscription of Rs. 50 per calf of which Rs. 25 were to be contributed by the beneficiaries and the balance by the Agency. From April 1981, the insurance scheme was entrusted to the General Insurance Corporation of India. As on 31st March 1980, the balance under the insurance fund was Rs. 3.81 lakhs in the case of Trivandrum Agency and Rs. 0.54 lakh in the case of Trichur Agency. Decision regarding the manner of disposal of the balance in the fund had not been taken yet (May 1981).

For the period when the insurance scheme was administered by the Agency, the amount creditable to the insurance fund in Trichur District in respect of 3,083 calves covered under the programme was Rs. 1.54 lakhs. Against this, only a sum of Rs. 0.72 lakh had been credited, as contribution from the beneficiaries was not recovered by the Agency.

(ii) *Poultry Production Scheme*

(a) The Cannanore Agency paid an advance of Rs. 0.32 lakh in January 1977 to the Regional Agro-Industrial Development Co-operative Limited for trading in feed. The amount has not been recovered (May 1981). The Project Officer stated in April 1981 that action was afoot to recover the advance.

(b) In the project reports, the cost of one unit of 25 birds was estimated as Rs. 900 (subsidy: Rs. 300; loans from financing institutions: Rs. 600). In Trivandrum Agency, the amount of loan availed of by the 411 beneficiaries

aggregated Rs. 2.44 lakhs. Out of this, only a sum of Rs. 0.34 lakh had been repaid so far (September 1979). The heavy default was ascribed to poor productivity of the birds in the units due to inadequate feeding and lack of proper attention. All the birds in the assisted units are reported to have died prematurely for want of adequate care. The total extinction of the birds in the assisted units shows that health care as contemplated in the scheme was provided neither by the department nor by the Agency. The expenditure of Rs. 1.99 lakhs incurred on the scheme in Trivandrum thus proved to be totally unproductive.

(c) In Cannanore Agency, total expenditure incurred on the scheme to the end of 1979-80 was Rs. 12.94 lakhs of which Rs. 6.86 lakhs (53 *per cent*) constituted administrative expenses. Administrative expenditure anticipated in the project report was only 15 *per cent*. The disproportionate increase of administrative expenditure was due to (i) appointment of the full complement of staff without assessing the needs and (ii) shortfall in physical achievement.

3. General

The project reports of the schemes envisaged constitution of district level committees to conduct periodical review and assessment of progress. No such committee has been constituted yet. The performance of the Agencies has also not been evaluated to assess how far the implementation of the programme had helped in increasing the income of the small/marginal farmers and agricultural labourers and also in increasing the output of dairy, poultry, piggery products.

4. Summing up

Following are the important points emerging from the preceding paragraphs:—

- (i) The accounts of the Agencies since 1976-77 have not been finalised.
- (ii) Grants were released to the agencies far in advance/excess of requirements.

(iii) Implementation of Calf Subsidy Scheme suffered from the following defects/deficiencies:—

- (a) Calf feed subsidy was released in lump to banks even before enrolment of heifers under the programme.

(b) Half-yearly inspections required under an order issued by Government in February 1980 to ensure correctness of accounts and proper utilisation of assistance had not been conducted by the Deputy Director of Animal Husbandry.

(c) Prescribed ratio of 3:2 in the selection of beneficiaries from small farmers and agricultural labourers has not been kept.

(d) Many of the beneficiaries went out of the scheme even before the heifers reached production stage.

(e) There was shortfall in the purchase of feed.

(iv) Implementation of poultry development scheme was almost a failure as—

(a) all the birds in assisted units in Trivandrum District died for want of adequate care; and

(b) in Cannanore Agency, the administrative expenses constituted 53 *per cent* of the total expenses against 15 *per cent* envisaged.

(v) No evaluation of the programme has been conducted by the Agencies/department so far.

The matter was reported to Government in September 1981; their reply is awaited (June 1982).

DEVELOPMENT DEPARTMENT

7.7. Grants to Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited, Trichur

Between February 1978 and March 1980 Government paid Rs. 1,69.41 lakhs as grants to the Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited (a company owned by the State Government) for covering its revenue deficit (Rs. 10 lakhs) and implementation of housing schemes for scheduled castes and scheduled tribes (Rs. 1,59.41 lakhs). Some points noticed in regard to these grants are mentioned below:—

(i) The decision to pay grant to the company, to cover its revenue deficit was taken in February 1978. Accordingly, Government sanctioned in

March 1979, a grant of Rs. 10 lakhs based on a report of the company that its revenue deficit up to March 1978 was Rs. 15.31 lakhs. This was arrived at by the company after taking into account the interest of Rs. 18.27 lakhs accrued on loans advanced to it by Government. The entire revenue deficit of Rs. 15.31 lakhs could, therefore, be taken as due to interest accrued on Government loans. As such, the grant of Rs. 10 lakhs ought to have been utilised towards payment of interest. Yet no part of the grant was, utilised for the purpose.

(ii) In connection with a scheme for the construction of 2,200 houses undertaken by the company at an estimated cost of Rs. 2,13.08 lakhs availing loans from the Housing and Urban Development Corporation Limited (HUDCO), Government agreed (February 1975) to subsidise the company towards interest on capital (Rs. 87.36 lakhs), interest during construction (Rs. 4.72 lakhs) and administrative/supervision charges (Rs. 11 lakhs). Up to March 1980, Government paid Rs. 9.41 lakhs to the company towards interest and administrative charges. The basis on which the quantum of subsidy was worked out was not apparent from the records. Government have also not laid down any guidelines for computing the administrative charges payable to the company. The details such as the rate of interest charged by HUDCO, interest accrued/actually paid by the company, elements reckoned by the company for computing administrative expenses, etc., were not ascertained by Government before releasing the grant.

The matter was reported to Government in October 1981; their reply is awaited (June 1982).

7.8. Some points noticed in respect of two other bodies under Industries/Agriculture Departments are mentioned below:—

<i>Sl. no.</i>	<i>Name of the body or authority to which loans and grants have been paid</i>	<i>Amount, purpose, month of payment and other particulars of grants and loans paid</i>	<i>Points noticed</i>
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INDUSTRIES DEPARTMENT

1. The Kerala State Cashew Development Loans aggregating Rs. 18.25 crores (Rs. 7 crores dur- The terms and conditions of two loans of Rs. 1 crore and Rs. .2 crores sanctioned to the Company in May

Sl. no.	Name of the body or authority to which loans and grants have been paid	Amount, purpose, month of payment and other particulars of grants and loans paid	Points noticed
	Corporation Limited, Quilon (a Company owned by the State Government)	ing 1978-79 and Rs. 11.25 crores during 1979-80) for meeting working capital requirements and liquidation of outstanding dues towards the value of raw cashew nuts supplied by the Kerala State Co-operative Marketing Federation Limited, Cochin.	1978 and April 1979 respectively have not yet been prescribed by Government (May 1982). A long term loan of Rs. 10 crores was sanctioned to the Company in July 1979 to discharge its accumulated liabilities to the Kerala State Co-operative Marketing Federation. There was no provision in the budget for the purpose; the balance in the Contingency Fund was also not sufficient to accommodate payment of that magnitude. Government, therefore, ordered the Kerala State Electricity Board to give to the Company a short term loan (for a period of 90 days) of Rs. 10 crores of which Rs. 9 crores were to be paid immediately. The balance was to be released on further instructions from Government after the Company and the Federation had settled their mutual claims. The Board paid the loan of Rs. 9 crores to the Company on 1st August 1979. According to the guarantee deed executed (September 1979) by Government, the loan was repayable to the Board on 30th October 1979. The Appropriation Bill to release the amount was passed by the Legislature on 29th October 1979. On 30th October 1979, Government instructed the Director of Industries

Sl. no.	Name of the body or authority to which loans and grants have been paid	Amount, purpose, month of payment and other particulars of grants and loans paid	Points noticed
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and Commerce to clear the loan advanced to the Company by the Board. Owing to administrative delay, the amount was paid to the Board only on 6th November 1979. The delay necessitated payment of Rs. 1.59 lakhs as extra interest to the Board. The amount was treated as a loan advanced to the Company.

Government stated (June 1981 and March 1982) that the Company had moved Government to convert a major portion of the loan as grant on the ground that it suffered heavy losses on running 90 private cashew factories during 1978-79 as directed by Government and that its request was under consideration of Government.

In respect of loans (Rs. 15 crores) for which terms and conditions have been laid down, the Company had defaulted repayment; the amount overdue at the end of March 1981 being Rs. 4,23.92 lakhs (principal: Rs. 2,00 lakhs; interest: Rs. 2,23.92 lakhs). Government attributed (October 1981) the default to the inability of the Company to generate sufficient surpluses in view of high price of raw cashewnuts and increased operational costs.

Sl. no.	Name of the body or authority to which loans and grants have been paid	Amount, purpose, month of payment and other particulars of grants and loans paid	Points noticed
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AGRICULTURE DEPARTMENT

2.	Kerala Livestock Development and Milk Marketing Board Limited, Trivandrum (a company owned by the State Government).	(i) Grants totalling to Rs. 1,35.48 lakhs were paid during 1975-76 to 1978-79 for Idukki Dairy Development, a scheme approved under the Western Ghats Development Scheme; in addition a grant of Rs. 24.47 lakhs was paid during 1977-78 for establishment of milk chilling plants.	Out of the two grants totalling Rs. 1,59.95 lakhs paid to the company, Rs. 41.39 lakhs remained unutilised (February 1980). The unspent balance has not been refunded; the amount was reportedly diverted by the company for other purposes.
		(ii) Rupees 72 lakhs paid as short term working capital loan (Rs. 35 lakhs in 1976-77; Rs. 15 lakhs in 1977-78 and Rs. 22 lakhs in 1978-79). The entire loan was treated in May 1979 as a long term loan.	The company has defaulted in the repayment of principal and payment of interest, the amount overdue being Rs. 35.06 lakhs (principal: Rs. 6.54 lakhs; interest: Rs. 28.52 lakhs) as on 31st March 1981.

SECTION IV

Investments in and financial assistance to co-operative societies

AGRICULTURE DEPARTMENT

7.9. Loans to Co-operative Societies for establishment of agricultural processing units

Under a refinance scheme sponsored by the National Co-operative Development Corporation (NCDC), the State Government paid Rs. 43.74 lakhs as loans to 6 co-operative societies between March 1979 and March 1981 for establishing agricultural processing units. Some of the points noticed on a scrutiny of the records relating to the implementation of the scheme are given below:

(i) Against Rs. 43.74 lakhs paid by Government, the amount reimbursed by NCDC to the end of February 1982 was Rs. 39.40 lakhs.

(ii) According to the terms and conditions stipulated by NCDC, loans given to the State Government in the form of reimbursement finance were to bear interest at a normal rate of 12.25 *per cent* per annum and effective rate of 9.5 *per cent* per annum for timely repayment of principal and payment of interest. The terms also provided for a moratorium on repayment of principal for 3 years in 5 cases and one year in one case. Rules to regulate the loans under the scheme were framed by Government only in January 1979. These rules were modelled on the lines of another set of rules framed earlier by Government in October 1973 for giving loans to co-operative societies for processing activities. In the rules issued in January 1979, it was stipulated that the loans would bear interest at rates fixed by Government from time to time on the basis of the rates at which interest was payable to NCDC by Government. However, in the mortgage deed form appended to the rules, the effective rate of interest and the higher rate of interest on defaulted instalments were specified as 7.5 *per cent* per annum and 10 *per cent* per annum respectively. This was due to the fact that while drafting the mortgage deed form under the new rules, the interest clause in the rules framed in October 1973 was copied verbatim without effecting the necessary changes to bring them in line with the terms and conditions prescribed by the NCDC. In the mortgage deeds executed by all the societies, the rate of interest was specified as 7.5 *per cent* per annum/10 *per cent* per annum. The estimated loss on account of the failure to specify the correct rate of interest in the mortgage

deeds works out to Rs. 7.75 lakhs. Government stated (December 1981) that the societies had been instructed by the Registrar of Co-operative Societies to remit interest at the effective rate of 9.5 *per cent*.

(iii) One of the conditions stated by NCDC was that the societies should raise certain specified amounts by way of share capital from the members. Against Rs. 8.17 lakhs thus required to be raised as share capital from members of 4 societies, the amount actually raised up to the end of December 1981 was Rs. 3.27 lakhs. Reasons for the shortfall of Rs. 4.90 lakhs and also for release of the loans before the societies satisfied the prescribed condition, are awaited from the department. Government stated that instructions have since been issued to the societies to raise the required share capital.

GENERAL

AGRICULTURE (CO-OPERATION)/INDUSTRIES DEPARTMENTS

7.10. Financial Assistance to Co-operative Institutions

A. Financial assistance in the form of share capital contribution, loans and grants is given by the Government to co-operative institutions. The total investment of Government in the share capital/debentures of co-operative institutions stood at Rs. 40,01.38 lakhs as on 31st March 1981. The balance of loans to such institutions, outstanding at the end of March 1981 was Rs. 25,22.88 lakhs.

Dividends/interest received by Government from co-operative institutions during the three years ended 1980-81 are given in the following table:

<i>Year</i>	<i>Investment as at the end of the year</i>	<i>Dividend received during the year</i>	<i>Percentage of return</i>	<i>Loans outstanding as at the end of the year</i>	<i>Interest received during the year</i>
	<i>(in lakhs of rupees)</i>			<i>(in lakhs of rupees)</i>	
1978-79	28,20.24	28.46	1.01	19,06.46	36.80
1979-80	34,94.67	23.62	0.68	21,01.46	63.46
1980-81	40,01.38	16.48	0.41	25,22.88	59.82

Audit of the accounts of co-operative institutions for each co-operative year ending on 30th June is to be completed by the Registrar of Co-operative Societies during the succeeding co-operative year. Accordingly, the accounts for the co-operative years up to 1979-80 were to have been audited by 30th June 1981. Such audit was in arrears in 14,000 cases as on 30th September 1981 (up to 1976-77: 61; 1977-78: 1,185, 1978-79: 3,755, 1979-80: 8,999). The main reasons adduced by the Government in December 1981 for the arrears in audit were inadequacy of staff, sanctioned posts lying vacant, etc., besides diversion of the services of auditors for implementation of programmes such as cashew procurement scheme, interest subsidy scheme, deposit mobilisation, etc. In addition, 5,707 audits relating to 880 societies were stated to be in arrears for the reasons noted below:

<i>Reasons</i>	<i>Number of societies</i>	<i>Number of audits pending</i>
Records with courts/police	202	943
Non- production of records	513	4,103
Other reasons	165	661
Total	880	5,707

As at the end of June 1981, 851 societies were under liquidation. The total amount outstanding for recovery towards Government dues as on that date was Rs. 23.15 lakhs.

B. Some important points noticed in regard to the working of the Kerala State Handloom Weavers Co-operative Society Limited in which Government have made substantial investment are outlined below:—

(i) The total paid up capital of the society as at the end of June 1980 was Rs. 1,39.94 lakhs of which shares for Rs. 1,30.19 lakhs (93 per cent) were held by Government. Departmental audit of the accounts of the society has been completed up to 1978-79 (September 1981). According to the audited accounts, the accumulated loss of the society as on 30th June 1979 amounted to Rs. 51.20 lakhs. A special study conducted (December 1980) by the department revealed that the losses were mainly due to (i) increase in establishment and contingent charges, (ii) accumulation of finished goods (iii) large balances outstanding under sundry debtors, (iv) heavy interest liability, etc.

(ii) Out of loans aggregating Rs. 1,38.20 lakhs paid to the society between May 1968 and March 1978 for various purposes (construction of sales depots: Rs. 15.49 lakhs; purchase of yarn: Rs. 25 lakhs; purchase of accumulated cloth: Rs. 70 lakhs; processing facilities: Rs. 8 lakhs; grant of assistance to factory type societies: Rs. 5 lakhs; construction of godown: Rs. 14.71 lakhs), Rs. 1,19.40 lakhs were still outstanding under principal. The amount overdue for recovery from the society at the end of March 1981 amounted to Rs. 91.25 lakhs (principal: Rs. 73.53 lakhs; interest: Rs. 17.72 lakhs).

(iii) The departmental audit reports of the society for the period up to 1978-79 disclosed the following:—

(a) The amount pending recovery/regularisation by the society on various counts as at the end of 1978-79 included the following items:—

<i>Nature of item</i>	<i>Amount outstanding (in lakhs of rupees)</i>
Stock deficiency	0.25
Value of stock lost due to burglary	0.46
Liability of delinquent depot managers	1.36

(b) The amount objected to by the departmental auditor and still pending settlement included the following:

<i>Nature of objection</i>	<i>Amount (in lakhs of rupees)</i>
Establishment and contingent charges requiring regularisation	0.31
Purchase of land and buildings without departmental sanction	2.30
Payment of bonus in excess of the statutory minimum without sanction	0.58

(c) Working results of the society for the years 1976-77 to 1978-79 were as follows:—

	1976-77	1977-78	1978-79
	<i>(in lakhs of rupees)</i>		
Sales	4,82.65	4,35.96	5,51.35
Closing stock	1,11.68	1,73.51	1,97.63
Gross profit	47.86	34.16	52.43
Miscellaneous income	5.61	5.22	6.50
Interest on borrowings	14.43	17.34	19.84
Establishment and contingencies	36.21	41.77	48.21
Other miscellaneous expenditure	3.96	6.99	5.61
Net loss	1.13	26.72	14.73
Accumulated loss at the end of the year	9.75	36.47	51.20

The rate of gross profit to sales declined from 9.9 per cent in 1976-77 to 7.9 per cent in 1977-78 and then rose to 9.5 per cent in 1978-79. While the gross profit increased only by Rs. 4.56 lakhs between 1976-77 and 1978-79, the increase in expenditure on establishment and contingencies during the same period was Rs. 12.01 lakhs.

(d) At the end of June 1979, the amount due to the society towards credit sale of cloth worked out to Rs. 49.76 lakhs of which Rs. 0.78 lakh relating to 2 schemes were outstanding for more than three years.

(e) Some of the other irregularities pointed out by the departmental auditor were:

- (1) failure to reconcile the main stock register with the depot-war register,
- (2) non-framing of rules for maintenance of vehicles,
- (3) failure to conduct bank reconciliation,
- (4) failure to conduct half-yearly verification of stock (1977-78); and
- (5) non-introduction of a system of internal audit.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. 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 monitor their settlement. Quick follow-up action on audit observations may help Government to secure better value for money spent and also to curb wasteful expenditure.

The following table shows the number of audit observations issued up to the end of March 1981 and outstanding at the end of September 1981, as compared with the corresponding position in the two preceding Reports.

	<i>As at the end of September 1979</i>	<i>As at the end of September 1980</i>	<i>As at the end of September 1981</i>
Number of observations	39,327	44,257	42,384
Amount (in crores of rupees)	78.10	92.08	83.06

Year-wise break-up of the items outstanding at the end of September 1981 is as follows:—

<i>Year</i>	<i>Items</i>	<i>Amount (in lakhs of rupees)</i>
Prior to 1-4-1975	3,184	2,70.30
1975-76	1,838	1,27.58
1976-77	2,633	3,85.98
1977-78	4,596	6,60.17
1978-79	9,823	23,88.88
1979-80	10,416	21,36.58
1980-81	9,894	23,36.88
Total	42,384	83,06.37

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

<i>Sl. no.</i>	<i>Department</i>	<i>Number of obser- vations</i>	<i>Amount (in lakhs of rupees)</i>
1.	Irrigation	2,758	13,92.19
2.	Industries	2,476	12,05.49
3.	Local Administration and Social Welfare	5,136	10,66.49
4.	Health	10,855	9,01.77
5.	Agriculture	4,520	8,01.45
6.	Revenue	2,888	7,90.72
7.	Food	766	5,57.69
8.	Education	2,841	4,98.03
9.	Public Works	1,555	3,24.05
10.	Home	1,333	2,25.66
11.	Transport, Fisheries and Ports	669	1,79.07
12.	Development	1,615	1,44.72
13.	General Administration	1,500	73.74
14.	Finance	1,878	62.52
15.	Housing	91	27.12
16.	Taxes	66	24.22
17.	Labour	891	18.14
18.	Electricity	26	7.38
19.	Other departments	520	5.92
	Total	42,384	83,06.37

(c) The following are some of the major defects/lapses/irregularities pointed out through the audit observations:—

<i>Nature of observations</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
1. Want of payees' receipts	19,002	36,78.38
2. Want of detailed contingent bills for lumpsum drawals	11,157	19,63.68
3. Vouchers not received	2,463	3,92.88

<i>Nature of observations</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
4. Agreements with contractors/suppliers not received	339	3,11.94
5. Sanction for contingent and miscellaneous expenditure not received	1,088	63.47

The observations of the nature mentioned above merit serious attention, since there is the possibility of frauds or misappropriations remaining concealed behind them.

(d) A major portion (nearly forty-four per cent) of the total outstandings is due to non-receipt of payees' receipts. The departments with comparatively heavy outstandings on this account were the following:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Industries	1,525	11,28.28
2.	Agriculture	2,238	4,19.52
3.	Local Administration and Social Welfare	2,620	3,79.90
4.	Health	3,904	3,31.95
5.	Education	1,242	3,26.34
6.	Irrigation	1,534	3,01.03
7.	Food	488	1,79.01
8.	Home	918	1,41.54
9.	Revenue	1,055	1,18.00

(e) Advance drawal of moneys on abstract contingent bills by the disbursing officers is intended to expedite payments. These are to be followed by detailed contingent bills (containing full particulars of expenditure with supporting sub-vouchers and payees' receipts) which should be sent to the Audit Officer by the 20th of the month succeeding the month to which the advance bills relate. Detailed contingent bills for Rs. 19,63.68 lakhs drawn prior to April 1981 have not been received in the Audit Office. Comparatively heavy outstandings were against the following departments:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Revenue	1,013	6,51.34
2.	Food	107	3,76.94
3.	Health	4,811	3,13.38
4.	Agriculture	690	1,36.80
5.	Education	809	1,17.16
6.	Transport, Fisheries and Ports	256	1,00.92

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 3,92.88 lakhs were held under observation due to non-receipt of vouchers in Audit Office. Departments with comparatively large outstandings are mentioned below:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Irrigation	322	2,11.79
2.	Local Administration and Social Welfare	418	73.65
3.	Finance	1,328	55.97

(g) Rupees 3,11.94 lakhs were held under observation due to non-receipt of agreements with contractors/suppliers. The departments with comparatively heavy outstandings were the following:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
1.	Public Works	117	1,27.21
2.	Irrigation	105	1,11.32
3.	Local Administration and Social Welfare	69	50.74

8.2. Outstanding inspection reports

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 periodical 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. Government have also prescribed that the Heads of Departments should furnish statements of the progress in the settlement of outstanding paras in the inspection reports to the Finance Department every quarter.

As at the end of September 1981, 3,337 inspection reports (excluding those relating to Revenue Receipts, the particulars of which are given in the Report of the Comptroller and Auditor General of India for the year 1980-81 Revenue Receipts, Government of Kerala) issued up to March 1981 were not settled fully. The following table compares the number of unsettled reports and paragraphs at the end of September 1981, with the corresponding figures for the earlier two years:—

	<i>As at the end of September 1979</i>	<i>As at the end of September 1980</i>	<i>As at the end of September 1981</i>
No. of inspection reports	2,887	3,111	3,337
No. of paragraphs	7,147	7,664	8,400

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 1975	500	936
1975-76	222	468
1976-77	376	825
1977-78	366	858
1978-79	527	1,167
1979-80	605	1,620
1980-81	741	2,526
Total	3,337	8,400

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>
Health	591	1,479
Agriculture	491	1,091
General Education	443	1,197
Development	428	1,097
Revenue	318	660
Irrigation	177	450
Local Administration and Social Welfare	156	411
Higher Education	131	297
Industries	120	468
Public Works	119	328
Home	96	255
Finance	74	328
Labour	66	123
Taxes	57	74
Food	38	74
General Administration	26	60
Transport, Fisheries and Ports	6	8
Total	3,337	8,400

First replies had not been received till the end of September 1981, to 524 reports, the department-wise break-up of which is given below:—

<i>Department to which the inspection reports relate</i>	<i>Number of inspection reports for which first replies are still awaited</i>	<i>Earliest year of issue</i>
Higher Education	29	1972-73
Health	104	1974-75
General Education	91	1976-77
Revenue	42	1977-78
Labour	18	1977-78
Agriculture	91	1978-79
Development	61	1978-79
Industries	14	1978-79
Local Administration and Social Welfare	13	1978-79
Taxes	5	1978-79
Irrigation	16	1979-80
Home	16	1979-80
General Administration	4	1979-80
Food	8	1980-81
Finance	7	1980-81
Public Works	5	1980-81
Total	524	

The important types of irregularities noticed in local audit/inspection during 1980-81 are briefly mentioned in Appendix 8.1.

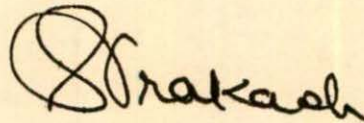


Trivandrum,

The 24th JULY 1982

(S. SETHURAMAN)
Accountant General, Kerala.

Countersigned



New Delhi,

The 2nd AUGUST 1982

(GIAN PRAKASH)
Comptroller and Auditor General of India.

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APPENDICES

APPENDIX 1.1

Analysis of Revenue Receipts

(Reference: Paragraph 1.3—Page 3)

	1979-80	1980-81	Amount of increase (+) decrease (—)
	<i>(in crores of rupees)</i>		
(i) Revenue raised by the State Government—			
(a) Tax revenue	2,90.80	3,36.53	(+) 45.73
(b) Non-Tax revenue	1,21.93	1,00.06	(—) 21.87
(ii) Receipts from the Government of India—			
(a) Taxes on Income other than Corpora- tion Tax	34.17	39.62	(+) 5.45
(b) Estate Duty	0.37	0.38	(+) 0.01
(c) Hotel Receipts Tax	..	0.02	(+) 0.02
(d) State's share of Union Excise Duties	1,02.12	1,11.39	(+) 9.27
(e) Grants—			
1. Non-Plan grants	2.44	6.11	(+) 3.67
2. For State Plan Schemes	26.27	25.00	(—) 1.27
3. For Central Plan Schemes	2.04	9.34	(+) 7.30
4. For Centrally Sponsored Plan Schemes	11.41	11.93	(+) 0.52
Total	5,91.55	6,40.38	(+) 48.83

APPENDIX

Expenditure on
 (Reference: Paragraph

Sector of expenditure	Plan (1980-81)			
	Budget estimates	Budget plus supplementary	Actuals	Variations
			<i>(in crores of rupees, figures</i>	
A. General Services				
Organs of State	..	..	..	..
Fiscal Services	3.00	3.84	3.73 (2.85)	(-)0.11
Interest payments and servicing of debt	..	..	..	..
Administrative Services	0.26	0.36	0.18 (0.10)	(-)0.18
Pensions and Miscellaneous General Services	..	..	..	..
A-Total	3.26	4.20	3.91 (2.95)	(-)0.29
B. Social and Community Services	35.48	50.62	52.94 (32.06)	(+)2.32
C. Economic Services				
General Economic Services	5.90	10.66	9.46 (5.32)	(-)1.20
Agriculture and Allied Services	33.41	56.29	50.25 (28.01)	(-)6.04
Industry and Minerals	5.91	6.46	6.39 (5.05)	(-)0.07
Water and Power Development	0.53	0.53	0.46 (0.76)	(-)0.07
Transport and Communications	1.04	1.16	1.12 (2.13)	(-)0.04
C-Total	46.79	75.10	67.68 (41.27)	(-)7.42
D. Grants-in-aid and Contributions	..	..	..	..
Total (A, B, C & D)	85.53	129.92	124.53 (76.28)	(-)5.39

Revenue Account

1.4—Page 4)

Non-Plan (1980-81)

<i>Budget estimates for 1979-80 in brackets)</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
6.70	7.74	7.95 (8.18)	(+)0.21
16.09	17.70	17.33 (15.08)	(-)0.37
48.10	50.16	48.71 (47.92)	(-)1.45
45.31	50.38	47.55 (42.54)	(-)2.83
29.52	33.99	34.94 (27.57)	(+)0.95
145.72	159.97	156.48 (141.29)	(-)3.49
271.90	295.33	298.77 (246.80)	(+)3.44
6.92	7.12	6.85 (6.33)	(-)0.27
36.78	40.45	41.06 (34.79)	(+)0.61
1.49	1.57	1.49 (1.50)	(-)0.08
6.16	8.27	8.15 (5.43)	(-)0.12
18.64	26.50	27.61 (19.19)	(+)1.11
69.99	83.91	85.16 (67.24)	(+)1.25
2.10	2.68	2.67 (2.08)	(-)0.01
489.71	541.89	543.08 (457.41)	(+)1.19

APPENDIX

Expenditure on

(Reference: Paragraph

Plan (1980-81)

Sector of expenditure	Plan (1980-81)			
	Budget estimates	Budget plus supplementary	Actuals	Variations
			<i>(in crores of rupees, figures for</i>	
A. General Services	3.52	3.72	3.71 (2.10)	(—)0.01
B. Social and Community Services	17.55	20.48	22.35 (17.89)	(+)1.87
C. Economic Services				
General Economic Services	5.70	5.70	5.20 (7.11)	(—)0.50
Agriculture and Allied Services	11.95	12.00	8.05 (5.80)	(—)3.95
Industry and Minerals	14.52	14.63	14.52 (14.79)	(—)0.11
Water and Power Development	47.94	48.74	48.90 (42.92)	(+)0.16
Transport and Communications	14.27	17.58	17.02 (13.99)	(—)0.56
C—Total	94.38	98.65	93.69 (84.61)	(—)4.96
Total (A, B & C)	1,15.45	1,22.85	1,19.75 (1.04.60)	(—)3.10

1.3

Capital Account

1.5—Page 5)

Non-Plan (1980-81)

<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
1979-80 in brackets)			
0.01	0.01	..	(—)0.01
1.31	1.31	0.60 (0.62)	(—)0.71
0.17	0.17	(—)0.08 (—0.12)	(—)0.25
0.07	2.55	1.59 (—1.02)	(—)0.96
..	..	.. (0.05)	..
..	..	(—)0.05 (..)	(—)0.05
0.05	0.05	0.05 (0.04)	..
0.29	2.77	1.51 (—1.05)	(—)1.26
1.61	4.09	2.11 (—0.43)	(—)1.98

APPENDIX

Loans and

(Reference: Paragraph
1979—

Categories	Outstanding balance as on 1st April 1978	1978-79		Loans dis- bursed
		Loans dis- bursed	Loans reco- vered	
				(in crores)
(i) Loans for Social and Community Services	19.27	6.17	1.90	4.11
(i i) Loans for Economic Services				
(a) General Economic Services	18.90	3.21	2.37 (+)0.13(a)	3.38
(b) Agriculture and Allied Services	18.30	4.03	1.82 (+)2.80(b)	7.88
(c) Industry and Minerals	25.77	13.58	0.64 (-)0.13(a) (+)1.34(b)	18.15
(d) Water and Power Development	1,78.92	7.42	0.19	1.80
(e) Transport and Communications	0.09	..	..	8.26
Total (ii)	2,41.98	28.24	5.02 (+)4.14(c)	39.47
(iii) Loans to Government servants	4.05	6.63	3.18	5.98
(iv) Loans for miscellaneous purposes	0.32	..	0.10	..
Total	2,65.62	41.04	14.34	49.56

(a) *Pro forma* correction effected in Finance Accounts for 1979-80.(b) Conversion of loan into share capital contribution effected through *pro forma*(c) Cumulative effect of *pro forma* correction of balances made in Finance accounts(d) *Pro forma* correction effected in Finance Accounts for 1980-81.

1.4
 Advances
 1.6—Page 6)
 80

1980-81

<i>Loans recovered</i>	<i>Loans disbursed</i>	<i>Loans recovered</i>	<i>Balance as on 31st March 1981</i>
<i>of rupees)</i>			
2.28	6.08	2.48	28.97
1.41 (-)0.07(d)	5.73	1.25	26.13
2.14	8.86	1.84	30.47
0.44 (+)0.12(d)	7.34	0.86	61.57
0.20	5.20	0.21	1,92.74
..	0.23	..	8.58
4.19 (+)0.05(d)	27.36	4.16	3,19.49
3.47	6.97	3.85	13.13
0.07	..	0.02	0.13
10.01 (+)0.05(d)	40.41	10.51	3,61.72

correction in Finance Accounts for 1979-80.
 for 1979-80.

APPENDIX 1.5

Default in the repayment of loans given to public undertakings

(Reference: Paragraph 1.6—Page 7)

Sl. no.	Name of Public Undertakings	Balance of loan outstanding as on 31st March 1981	Arrears as at the end of March 1981		Remarks
			Principal	Interest	
(in lakhs of rupees)					
1.	The Kerala Minerals & Metals Limited	10,47.00	..	2.11	The Company has been permitted by Government to defer the payment of interest till the Company's project is commissioned.
2.	The Kerala State Financial Enterprises Limited	85.17	34.59	13.85	The Company has since cleared the arrears under principal (November 1981).
3.	The Kerala Premo Pipe Factory Limited	20.50	20.50	24.33	The default is attributed to financial stringency experienced by the Company.
4.	The Kerala State Cashew Development Corporation Limited	18,15.56	200.00	64.50	The Company has moved Government for conversion of a major portion of the loan into subsidy.
5.	The Plantation Corporation of Kerala Limited	2,21.45 1,02.00 99.12	67.29	92.39	The default is attributed to diversion of funds for oil palm plantation and cashew plantations.
6.	Travancore Titanium Products Limited	4,58.25	40.25	1,15.76	The default is attributed to a setback in the Company's liquidity due to factors, such as, (i) labour unrest and maintenance problems, (ii) shortfall in the quality of titanium-dioxide causing difficulty to market it, (iii) recession in paint industry resulting in accumulation of stock and (iv) bulk purchase of sulphur in February 1981.

APPENDIX 1.5—Contd.

Sl. no.	Name of Public undertakings	Balance of loan outstanding as on 31st March 1981	Arrears as at the end of March 1981		Remarks
			Principal	Interest	
7.	Kerala State Industrial Development Corporation Limited	20.12	1.00	2.15	The Company has requested Government to adjust the loan against a loan given by it to State Farming Corporation of Kerala at the instance of Government. The request is stated (November 1981) to be under consideration of Government.
8.	The Kerala Fisheries Corporation Limited	1,21.46	39.95	1,97.65	The default was attributed to (November 1981) by the Company to paucity of funds.
9.	The Kerala State Coir Corporation Limited	1,18.74	55.88	6.08	The default is attributed to paucity of funds and non-finalisation of accounts relating to distress purchase made by the Company.
10.	Kerala State Civil Supplies Corporation Limited	8,32.00	7,82.00	87.29	The Company's request to convert Rs. 5 crores as share capital is stated to be pending with Government (November 1981).
11.	Kerala State Film Development Corporation Limited	1,18.67	5.13	11.22	
12.	Travancore Plywood Industries Limited	48.25	31.04	35.65	The Company has requested Government to revise the repayment schedule. The Company attributed the default to loss suffered

APPENDIX 1.5—Concl'd.

Sl. no.	Name of Public Undertakings	Balance of loan outstanding as on 31st March 1981	Arrears as at the end of March 1981		Remarks
			Principal	Interest	
			(in lakhs of rupees)		
					by it due to less availability of timber and adverse market conditions.
13.	Kerala State Industrial Enterprises Limited	2,79.65	13.69	18.81	
14.	The Kerala State Development Corporation for Scheduled Castes/ Scheduled Tribes Limited	50.80 75.23	50.80	..	
15.	Kerala State Construction Corporation Limited	85.00	10.00	3.94	The default was ascribed to shortage of funds.
16.	Kerala Soaps and Oils Limited	26.60	..	11.10	
17.	Kerala State Electronics Development Corporation Limited	2,78.00	10.01	35.63	The Company has moved Government for revision of the repayment schedule
18.	Kerala Livestock Development & Milk Marketing Board Limited	1,43.50	6.54	28.52	Instalments due from 1978 defaulted by the Company.
	Total	60,47.07	13,68.67	7,50.98	

APPENDIX 2.1

Grants/appropriations where excess requires regularisation*(Reference: Paragraph 2.1—Page 22)*

Sl. no.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Amount of excess and reasons for excess Rs.
(a) Voted Grants				
REVENUE SECTION				
1.	II Heads of States, Ministers and Headquarters staff	5,21,36,500	5,28,85,178	7,48,678 Due to more expenditure on administrative Secretariat, personal staff of ministers, etc.
2.	III Administration of Justice	5,12,10,300	5,25,57,392	13,47,092 Mainly due to enhancement of dearness allowance of employees.
3.	IV Elections	72,38,100	79,71,870	7,33,770 Mainly due to special revision of electoral rolls (Rs. 5 lakhs).
4.	IX Taxes on Vehicles	76,55,300	78,58,531	2,03,231 Owing to enhancement of dearness allowance and creation of additional posts.
5.	X Treasury and Accounts	2,80,16,200	2,84,81,856	4,65,656 Attributed to enhancement of dearness allowance of employees and purchase of furniture for new sub-treasuries.
6.	XIV Stationery and Printing and other Administrative Services	4,81,78,500	6,52,90,425	1,71,11,925 Mainly on purchase and distribution of stationery stores.
7.	XVI Pensions and Miscellaneous	33,57,80,000	34,68,39,197	1,10,59,197 Due to increase in number of pensioners and pensionary benefits.
8.	XVII Education, Art and Culture	2,07,10,85,200	2,13,23,11,042	6,12,25,842 Mainly due to increase in staff strength, enhancement of dearness allowance and grant of grade benefits to the teaching staff.

APPENDIX 2.1—Contd.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Total grant Rs.</i>	<i>Expenditure Rs.</i>	<i>Amount of excess and reasons for excess Rs.</i>
9.	XVIII Medical	45,71,71,900	45,98,66,539	26,94,639 Due to purchase of medicines for flood relief operations, X-ray equipment for Medical College Hospital, Kozhikode and a Remote after loading unit for the Regional Cancer Institute, employment of additional staff and increased expenditure on salaries.
10.	XXI Public Health Engineering	11,65,42,600	12,71,18,852	1,05,76,252 Excess was mainly under 'suspense—stock' (Rs. 70.52 lakhs) and urban water supply schemes (Rs. 39.61 lakhs).
11.	XXX Agriculture	37,90,35,200	38,66,25,414	75,90,214 Mainly due to implementation of comprehensive coconut development scheme (Rs. 1,81.64 lakhs).
12.	XXXV Forest	10,38,48,400	10,77,93,877	39,45,477 Mainly attributed to increase in the area of extraction of 'timber and other produce removed by Government agency' and wage rates.
13.	XLII Tourism	94,50,000	96,60,690	2,10,690 Mainly attributed to increase in electricity charges on account of modernisation of kitchens and installation of electrical appliances and furnishing of guest houses and residential bungalows, etc.

APPENDIX 2.1—Contd.

Sl. no.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Amount of excess and reasons for excess Rs.
CAPITAL SECTION				
1.	XXI Public Health Engineering	16,61,07,100	17,65,10,406	1,04,03,306 Ascribed to good progress in execution of a number of urban water supply schemes implemented with assistance from the Life Insurance Corporation of India (Rs. 2,66.46 lakhs) and accelerated progress in execution of works under Minimum Needs Programme and execution of 113 works under 'Water Supply Schemes benefiting Harijans' (Rs. 61.90 lakhs).
2.	XXXII Animal Husbandry	61,36,800	61,78,586	41,786 Attributed to more expenditure on Jersey Farm Buildings at Vithura.
3.	XXXVIII Irrigation	48,79,61,400	49,42,87,152	63,25,752 Mainly due to accelerated progress of work on various irrigation projects, anti-sea erosion works and inland navigation works.
4.	XLI Transport	2,75,01,100	2,75,15,111	14,011 Excess occurred mainly under 'crafts—augmentation of ferry services'.
(b) Charged appropriations				
REVENUE SECTION				
1.	I State Legislature	1,55,400	1,56,443	1,043
2.	II Heads of States, Ministers and Headquarters Staff	1,00,06,400	1,01,54,905	1,48,505 Mainly under "Public Service Commission" and was due to appointment of additional staff and purchase of furniture.

APPENDIX 2.1—*Concl'd.*

<i>Sl. Number and name of grant no.</i>	<i>Total grant</i>	<i>Expenditure</i>	<i>Amount of excess and reasons for excess</i>
	Rs.	Rs.	Rs.
CAPITAL SECTION			
1. XXI Public Health Engineering	6,35,000	9,85,775	3,50,775 Excess occurred under the head 'Urban Water Supply' and was due to decretal payments on arbitration awards passed towards the close of the year.
2. Public Debt Repayment	53,64,89,800	66,59,35,245	12,94,45,445 Mainly due to repayment of ways and means advances taken from the Reserve Bank of India (Rs. 15,03.39 lakhs).

APPENDIX 2.2

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 2.3 (iii)—Page 27)

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.	XXVI Pensions and Miscellaneous	Charged	40.50	14.64	36
2.	XVII Education, Art and Culture	Charged	12.91	10.81	84
3.	XXII Housing	Voted	5,17.45	1,06.11	21
4.	XXIX Miscellaneous Economic Services	Voted	7,37.74	1,11.24	15
5.	XXXI Food	Voted	3,89.65	77.86	20
6.	XXXIII Dairy	Voted	1,67.01	49.51	30
7.	XXXIV Fisheries	Voted	3,63.20	87.98	24
8.	XXXVI Community Development	Voted	32,67.06	4,24.30	13
CAPITAL SECTION					
1.	XVIII Medical	Voted	2,48.70	30.68	12
2.	XXII Housing	Voted	6,75.80	2,21.97	33
3.	XXVI Social Welfare including Harijan Welfare	Voted	1,06.72	12.93	12
4.	XXVIII Co-operation	Voted	12,36.91	1,59.05	13
5.	XXIX Miscellaneous Economic Services	Voted	67.00	35.19	53
6.	XXX Agriculture	Voted	10,08.75	2,54.15	25
7.	XXXIII Dairy	Voted	1,94.40	1,49.68	77
8.	XXXIV Fisheries	Voted	3,26.30	1,13.68	35
9.	XXXVIII Irrigation	Charged	54.22	14.25	26

APPENDIX 2.3

Major State Sector Schemes where the provision remained wholly or substantially unutilised

(Reference: Paragraph 2.3 (iv) (c)—Page 30)

<i>Sl. no.</i>	<i>Department/grant number and head/scheme</i>	<i>Provision</i>	<i>Saving</i> (percentage)	<i>Reasons for saving and remarks</i>
		<i>(in lakhs of rupees)</i>		
1. HIGHER EDUCATION				
(i)	Stationery and Printing XIV. 258 (c) 3. purchase of machinery for new presses	20.00	20.00 (100 per cent)	(i) Non-purchase of machinery for the press at Mannanthala. (ii) Non-provision of power connection to the Press at Cannanore pending finalisation of contract.
	Education, Art and Culture			
(ii)	XVII-277. A (b) 2. Upper Primary Schools	16,92.79	2,37.64 (14 per cent)	Out of this, saving of Rs. 69.13 lakhs was due to non-filling up of vacant posts. Reasons for the balance saving (Rs. 1,68.51 lakhs) are awaited (February 1982).
(iii)	277.C (a) 2 Propagation of adult education	22.50	22.50 (100 per cent)	Reasons awaited (February 1982).
2. HEALTH				
(i)	Medical XVIII. 280. A (b) 17 Primary Health Units and Health Centres	3,14.51	54.23 (17 per cent)	Owing to unfilled vacancies of medical officers and field workers.
(ii)	480-A (a) 2 Janatha Payward Scheme	48.00	31.50 (66 per cent)	Reasons awaited (February 1982).
3. AGRICULTURE—XXX				
(i)	305 (a) 4. Strengthening of Agricultural administration and introduction of training and visiting system of extension	85.54	64.33 (75 per cent)	Belated issue (January 1981) of sanction for implementation of the Kerala Agricultural Extension Project and appointment of staff (February 1981).

APPENDIX 2.3—Concl'd.

<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>		
(ii)	505(a) 2. Special Agricultural Development Unit— Kerala Agricultural Development Project	30.00	29.99 (100 per cent)	Non-execution of construction works in the seed garden complex.
4. FOOD—XXXI				
(i)	309 (b) 6. Special Feeding Programme— One meal a day scheme— Special Component Plan for Scheduled Castes	80.00	37.08 (46 per cent)	Delay in identification of the beneficiaries by the implementing authorities.
(ii)	309 (c) 4-Special Nutrition Programme— Special Component Plan for Scheduled Castes	36.00	31.71 (88 per cent)	Out of 250 feeding centres (covering 25,000 additional beneficiaries) proposed, only 120 centres could be started through voluntary organisations.
5. TRANSPORT, FISHERIES AND PORTS				
(i)	Fisheries—XXXIV 512 (c) 2-Rehabilitation of fishermen from the land acquired for the Fishing Harbour Project, Vizhinjam	65.00	42.91 (66 per cent)	Delay in acquisition of land.
6. DEVELOPMENT				
	Community Development— XXXVI 314-C (e) 9- Special Programme for Rural Poor	47.70	37.88 (79 per cent)	Discontinuance of the programme consequent on the implementation of the Central Integrated Rural Development Programme in all the Blocks from 2nd October 1980.

Details of cases of withdrawal of funds*(Reference: Paragraph*

<i>Sl. no.</i>	<i>Drawing /Disbursing Officer</i>	<i>Amount drawn (in lakhs of rupees)</i>	<i>Nature of drawal</i>
(1)	(2)	<i>Month of drawal</i> (3)	(4)
DEVELOPMENT DEPARTMENT			
1	Taluk Welfare Officers, Irinjalakuda, Kuttanad, Devicolam, Kunnathur (Adoor), Peermade	3.99 (March 1981)	Miscellaneous grants like thatching grant, tiling grant, screwpine grant, agriculture grant, etc., subsidy for technically trained hands, cost of clothes supplied to widows, etc.
2	Block Development Officers, Thodupuzha, Chadayamangalam and Tanur	3.38 (March 1980)	Subsidy to small farmers for Minor Irrigation works, I.R.D.P. advance to equip information centre at Block headquarters, etc.
	Block Development Officers, Thodupuzha, Vyttila, Thodannur, Kunnummal, Talikulam, Ollukkara, Karunagappally, Puzhakkal, Kanhangad, Vettikavala and Elanthur.	20.99 (December 1980 & March 1981)	Work advances, housing loans, grants, subsidy to farmers under Minor Irrigation works, etc.
REVENUE DEPARTMENT			
3	District Collector, Kozhikode, Tahsildars, Kottayam, Badagara and Special Tahsildar, Balusseri	6.02 (March 1981)	Financial assistance, house loans, cost of furniture, etc.
HEALTH DEPARTMENT			
4	Principal, Medical College, Kottayam and District Medical Officer (H) Trivandrum	0.98 (December 1980 & March 1981)	Purchase of spirit, equipments, rationed articles, etc., eye camp expenses, etc.
INDUSTRIES DEPARTMENT			
5	General Managers, District Industries Centres, Palghat and Kottayam.	2.13 (March 1980)	Cost of machinery
	District Industries Centre, Idukki (Thodupuzha)	4.87 (March 1981)	Miscellaneous subsidy, Rural Artisans Programme grant, Rural Industries Programme subsidy, Interest-subsidy, loans, etc.
LABOUR DEPARTMENT			
6	Principals, Industrial Training Institutes, Kazhakootam and Cannanore	1.77 (May 1980 to October 1980 and December 1980 to March 1981)	Purchase of sewing machines, regular stipend, lump-sum grant, etc.
	Total:	44.13	

in advance of requirements

2.9—Page 33)

<i>Amount disbursed (in lakhs of rupees)</i>	<i>Amount refunded (in lakhs of rupees)</i>	<i>Amount remaining undisbursed (in lakhs of rupees)</i>	<i>Remarks</i>
<i>Month of disbursement</i>	<i>Month of refund</i>		
(5)	(6)	(7)	(8)
3.71 (April 1981 to August 1981)		0.28	
		3.38	
0.42 (May 1981, July 1981 to September 1981)	0.30 (October 1981)	20.27 (September 1981 to November 1981)	
		6.02 (October 1981 and November 1981)	
0.03 (April 1981)		0.95	
0.83 (June 1980, September 1980 & October 1980)		1.30 (December 1980 and February 1981)	
4.87 (April 1981 to June 1981)			
0.20	0.08	1.49	
10.06	0.38	33.69	

APPENDIX 3.1

Instances of delay in transmission of blood smears collected by surveillance workers

(Reference: Paragraph 3.3—Page 48)

<i>Name of P.H. Centre and No. of section</i>	<i>Date of collection</i>	<i>Date of receipt in the laboratory</i>	<i>Extent of delay (in days)</i>
P.H. Centre, Vellnad, Section T. 147	15-5-1980	23-6-1980	36
P.H. Centre, Kanyakulangara			
T. 84 (A)	4-9-1980 to 23-9-1980	4-11-1980	39-58
T. 85 (A)	9-9-1980 to 26-9-1980	4-11-1980	36-52
T. 87	2-9-1980 to 25-9-1980	4-11-1980	38-58
T. 90(A)	16-9-1980 to 24-9-1980	4-11-1980	38-46
T. 92	6-9-1980 to 9-9-1980	4-11-1980	53-56
T. 151	1-9-1980 to 22-9-1980	4-11-1980	40-61
T. 152	10-9-1980 to 26-9-1980	4-11-1980	28-52
P.H. Centre, Vilappil.			
T. 121	2-4-1979 to 9-4-1979	31-5-1979	49-56
T. 113	2-7-1980 to 9-7-1980	5-8-1980	24-33
T. 131	7-7-1980 to 11-7-1980	9-8-1980	26-30
T. 135	2-7-1980 to 8-7-1980	8-8-1980	28-34
P.H. Centre, Kumbla			
C. 68	26-4-1979 to 8-11-1979	21-4-1980	162-358
C. 70	10-7-1979	19-7-1980	372
C. 71	3-4-1979 to 21-12-1979	4-4-1980	102-364
C. 76	4-5-1979 to 21-7-1979	6-4-1980	256-335
C. 77	9-4-1979 to 23-7-1979	6-4-1980	255-360
C. 82	25-4-1979 to 4-6-1979	6-4-1980	304-344
P.H. Centre, Vamanapuram.			
T.186	11-3-1980 to 15-3-1980	10-4-1980	23-27
P.H. Centre, Poovar			
Section T. 5	18-1-1978	22-2-1978	35
Section T. 17	16-5-1979	30-6-1979	45
P.H. Centre, Perumkadavila			
Section T.44	5-6-1979	13-8-1979	68
" do.	6-8-1979	5-10-1979	61
" do.	5-3-1980	20-5-1980	76
" do.	2-8-1980	10-12-1980	130
" do.	3-9-1980	30-1-1981	118
" do.	5-7-1980	3-10-1980	90
P.H. Centre, Velinalloor			
Section Q 42	6-9-1978	16-10-1978	40
P.H. Centre, Vakkom			
Section T. 127	5-8-1978	1-11-1978	88
" T. 228	4-6-1978	10-7-1978	36

APPENDIX 3.2

**Instances where the posts of Laboratory Technicians were vacant
for long duration**

(Reference : Paragraph 3.3 (2)—Page 49)

<i>Centre and post of Laboratory Technicians</i>	<i>Period during which the post remained vacant</i>	<i>Remarks/Reasons</i>
District Laboratory Technicians :		
Cannanore	October 1977 to September 1980	The technician posted in April 1978 was allowed to continue on working arrangements in other institutions till February 1979.
Palghat	March 1980 to September 1980	Transfer of the incumbent elsewhere.
Alleppey	July 1979 to March 1980	Reasons not furnished.
Laboratory Technicians :		
P.H.C., Kumbla	March 1978 to March 1980 and from April 1981	Want of qualified hands
P.H.C., Periya	November 1978 onwards	„
P.H.C., Muliyar	From July 1979 onwards	„
P.H.C., Nileswar	November 1978 to March 1981	„
P.H.C., Mayyil	November 1978 to April 1979	„
P.H.C., Pinarayi	July 1979 to March 1980	„
P.H.C., Azhikode	December 1980 to April 1981	„
P.H.C., Oachira	August 1979 onwards	Deputation of the Laboratory Technician for higher Studies.
P.H.C., Kulakada	From April 1980 to October 1980	Deputation of the Laboratory Technician for higher studies.
P.H.C., Thrikkadavur	September 1980 to March 1981	„
P.H.C., Thekkumbhagam	June 1980 to February 1981	„
P.H.C., Veliyanad	From December 1980 onwards.	Want of qualified hands.

APPENDIX 3.3

Instances of delay in testing drug samples*(Reference: Paragraph 3.4 (4)—Page 60)*

<i>Sl. no.</i>	<i>Date of drawal of samples</i>	<i>Particulars of the drug sampled and of the licensee from whom samples were taken</i>	<i>Date of receipt of test results</i>	<i>Remarks/Reasons</i>
1.	27th June 1979	Compound Sodium Bicarbonate tablet I. P. from a pharmaceutical firm at Quilon	24th December 1979	The batch of the drug was purchased by the firm in May 1979 and the entire lot was sold out by 15th December 1979. Though all the purchasers of the lot were addressed on 23rd January 1980 to return the balance of the drug available with them there was no indication in the records to show that any quantity had been returned.
2.	27th June 1979	Potassium Permanganate I.P. from a Pharamaceutical firm at Quilon	29th December 1979	The batch of the drug was purchased by the firm in January 1979 and sold out by August 1979.
3.	3rd July 1980	Ephedrin Hydrochloride tablet I.P. from a private medical store at Quilon	10th October 1980	The batch had been sold out by 25th July 1980.
4.	3rd July 1980	Dexa phenalgin tablets from a private medical store at Quilon	20th January 1981	The batch was sold out by 2nd August 1980.

APPENDIX 3.4

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

(Reference: Paragraph 3.8—Page 72)

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
1	Public Works	20	14.72
2	Public Health Engineering	9	8.91
3	Forest	11	1.90
4	Revenue	30	4.41
5	Development	15	1.19
6	General Education	14	6.03
7	Higher Education	6	1.12
8	Health	11	6.37
9	Treasury	8	1.88
10	Animal Husbandry	6	2.48
11	Agriculture	4	0.50
12	Industries	1	0.17
13	Police	4	0.30
14	Taxes	7	0.15
15	Food	4	1.33
16	Fisheries	4	0.30
17	Registration	4	0.04
18	Dairy	1	0.11
19	Tourist	1	0.12
20	Motor Vehicles	2	0.93
21	Excise	2	0.25
22	Panchayat	3	0.36
23	Labour	1	0.32
	Total	168	53.89

APPENDIX—3.5

Writes off, waivers and ex-gratia payments

(Reference: Paragraph 3.9—page 73)

Sl. no.	Name of Department	Writes off		Waiver		Ex-gratia payments	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
(amount in lakhs of rupees)							
1.	Agriculture	63	0.76	2	0.29	..	..
2.	Development	3	0.04	1	0.04	..	..
3.	Finance	1	0.01	3	0.25(E)	13	1.24 (F)
4.	Food	3	0.07	1	23.01 (G)	..	..
5.	Health	90	2.21 (A)	..	..	3	0.19
6.	Home	4	0.11	14	0.12	..	..
7.	Higher Education	14	2.77(B)	..	..	..	..
8.	Irrigation	47	0.06	..	..	..	..
9.	Industries	1	0.08	..	..	..	..
10.	Local Administration and Social Welfare	2	1.10 (C)	..	..	..	..
11.	Law	4	0.85	..	..	..	..
12.	Public Relations	1	0.01	..	..	..	..
13.	Public Works and Electricity	18	0.82 (D)	..	..	..	..
14.	Revenue	1	0.03	..	..	..	..
15.	Taxes	..	..	..	..	1	0.15
16.	Fisheries	3	0.29	..	..	-	..
	Total	255	9.21	21	23.71	17	1.58

(A) Includes Rs. 0.42 lakh towards the value of unserviceable linen articles in Government hospitals, Kozhinjampara, Tellicherry and Kanhangad.

(B) Includes Rs. 0.68 lakh being the value of deficit detected on stock verification.

- (C) Being the transit loss (Rs. 0.51 lakh) suffered by the P.H. Engineering Department in regard to M.S. rods purchased during the years 1972-73 to 1974-75 and irrecoverable loans (Rs. 0.59 lakh) advanced to colonists under the High Range Colonisation Scheme.
- (D) Includes Rs. 0.29 lakh being the charges incurred for clearing goods from the Alwaye Railway Station during the 'no work' agitation by the Engineering personnel in 1967 and Rs. 0.37 lakh being the liability fixed against the former Store Keeper and Assistant Store Keeper of the Government Engineering Workshops, Chackai.
- (E) Includes Rs. 0.21 lakh being the balance of house building and motor conveyance advances and interest outstanding against a deceased officer who died in an accident while on duty.
- (F) Includes Rs. 1 lakh paid to the family of a deceased officer who met with an accident while on duty.
- (G) Represents the guarantee commission payable for the period from April 1976 to January 1981 by the Kerala State Civil Supplies Corporation Limited.

APPENDIX 4.1

Expenditure remaining unfruitful due to non-commissioning of Lift Irrigation Schemes

[Reference: Paragraph-4.1 (1); Page 75]

Sl. no.	Name of scheme and area expected to be benefited	Estimated cost (in lakhs of rupees)	Date of commencement of civil works	Date of completion of civil works	Expenditure (in lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Lift irrigation to Aryampadam in Quilon District (171.82 hectares)	4.68 (December 1966) Revised to Rs. 14.98 lakhs in October 1976	May 1970	March 1981	14.49 (March 1981)	The scheme has not been commissioned even 11 years after commencement. Two pump sets with motors purchased at a cost of Rs. 0.30 lakh in April 1979 have not been installed. The power connection to energise the pump sets on their installation is yet to be provided (August 1981).
2.	Lift Irrigation Scheme, Kanjiramukku in Malappuram District	5.85 (October 1976)	January 1978	March 1979	3.73 (March 1981)	Orders for supply of 2 numbers of 75 HP Pump sets with motors and other accessories were placed with a firm in December 1978. In June 1979 the firm supplied the motors and some accessories. The two pump sets and other accessories were not supplied and hence the contract was terminated in July 1981 at the risk and cost of the firm. Alternative purchase has not been effected (August 1981).
3.	Lifted storage at Panthavoor in Malappuram District	1.75 (June 1971)	December 1971	June 1974	2.55 (March 1981)	Non-commissioning of the scheme is stated to be due to want of power connection (October 1981). Though the Kerala State Electricity Board was addressed as early as in March, 1974, for the supply of a

APPENDIX 4.1—Contd.

Sl. no.	Name of scheme and area expected to be benefited	Estimated cost (in lakhs of rupees)	Date of commencement of civil works	Date of completion of civil works	Expenditure (in lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
						transformer and power line extension, power line was extended only in March 1981. The transformer is yet to be supplied (August 1981).
4.	Kandampuzha Re-lift Irrigation Scheme (Ernakulam District) (117.36 hectares)	3.71	June 1977	May 1980	5.46 (May 1981)	Two pumpsets (90 HP) were purchased in September 1978 at a cost of Rs. 0.75 lakh. Power connection for installation of pump sets is yet to be provided by the Kerala State Electricity Board, though moved as early as in August 1978.
5.	Kuriathode Lift Irrigation Scheme—Construction of additional pump house at Peruvamuzhy (Ernakulam District) (28.73 hectares)	1.97	February 1978	March 1979	2.03 (May 1981)	Three pumpsets (cost: Rs. 1.33 lakhs) were purchased only by June 1981. Request for additional power connection was sent in February 1981. Power connection is still to be provided by the Kerala State Electricity Board.
6.	Cheruthuruthy Lift Irrigation Scheme (Trichur District) (46.41 hectares)	2.29	November 1979	October 1980	1.19 (October 1981)	Two pumpsets were purchased in March 1980 and installed in May 1981. Electrification works of the pump-house are still to be attended to (August 1981).

APPENDIX 4.1—Contd.

Sl. no.	Name of scheme and area expected to be benefited	Estimated cost (in lakhs of rupees)	Date of commencement of civil works	Date of completion of civil works	Expenditure (in lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7.	Munippara Lift Irrigation Scheme (Trichur District) (48.02 hectares)	2.73	September 1979	March 1980	1.39 (May 1981)	Pump-sets purchased (March 1981) have not been energised for want of power connection for which the Electricity Board was approached in October 1979.
8.	Kannampally Lift Irrigation Scheme (Malappuram District) (102.24 hectares)	6.67	March 1978	August 1980	6.60 (March 1981)	Two pump-sets (110 HP) with accessories were ordered for in October 1978 from a Cochin firm. Supply was effected only in March 1980. Flexible coupling supplied by the firm for connecting the motor and pumps were not found suitable. Though the firm was asked to supply the couplings of suitable size in November 1980, the supply is yet to be effected (August 1981). Electrification works of the pump-house constructed in August 1980 are also to be completed.
9.	Lift Irrigation scheme at Uppucode in East Kallada Panchayat (Quilon District) (540.27 hectares)	6.20	February 1978	March 1980	4.43 (March 1981)	Three pump-sets (40 HP) with accessories purchased in July 1980 have not been erected so far. Power connection for energising the pump-sets is also to be arranged. The Electricity Board had been approached for power connection in November 1979.

APPENDIX 4.1—*Concl.*

<i>Sl. no.</i>	<i>Name of scheme and area expected to be benefited</i>	<i>Estimated cost (in lakhs of rupees)</i>	<i>Date of commencement of civil works</i>	<i>Date of completion of civil works</i>	<i>Expenditure (in lakhs of rupees)</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
10.	Lift irrigation facilities to Kunnathukandam Puthenkandam Yelah (Quilon District) (53.60 hectares)	2.08	March 1978	June 1980	2.26 (March 1981)	Though the pump-house was ready by June 1980, electrification works such as wiring of pump house are yet to be attended to for which action was initiated only in December 1980.

APPENDIX 4.2

Rural Water Supply Schemes at a standstill for want of land, want of clearance from other agencies, etc.

[Reference: Paragraph 4.6(iii) Page 86]

<i>Sl. no.</i>	<i>Name of the Rural water supply scheme and year of sanction</i>	<i>Year of commencement</i>	<i>Estimated cost</i>	<i>Expenditure incurred</i>	<i>Remarks</i>
<i>(in lakhs of rupees)</i>					
(a) Works at a standstill for want of land					
<i>P. H. Division, Trivandrum</i>					
1.	Marayamuttom (February 1979)	March 1980	7.59	3.59 (December 1981)	Though the work of laying of the distribution lines was completed by January 1981, land for constructing the headworks is yet to be made available to the contractor.
2.	Vellanadu (February 1979)	March 1980	7.12	14.83 (May 1980)	Distribution system and pumping main completed. Land for construction of well and ground level tank not made available.
<i>P. H. Division, Quilon</i>					
3.	Kalacode (1978-79)	1980-81	7.49	5.41 (December 1981)	Land for construction of overhead tank was not made available till December 1980 although the work was due for completion in June 1980. The request for surrender of land was sent to the Panchayat only in December 1979. The land for construction of well is yet to be handed over by the Panchayat (July 1981). The contractor abandoned the work on 19-12-1980. Remaining work is yet to be arranged.

APPENDIX 4.2—Concl'd.

<i>Sl. no.</i>	<i>Name of the Rural water supply scheme and year of sanction</i>	<i>Year of commencement</i>	<i>Estimated cost</i>	<i>Expenditure incurred</i>	<i>Remarks</i>
<i>(in lakhs of rupees)</i>					
(b) Delay in completion of schemes taken up owing to other reasons					
<i>P. H. Division, Trivandrum</i>					
4.	Nagaroor (December 1972)	1972-73	5.24	4.95 (March 1980)	The contractor backed out alleging delay in handing over of site. The balance works are proposed to be arranged after revision of estimate.
<i>P. H. Division, Trichur</i>					
5.	Tholur (August 1971)	November 1973	0.99	1.28 (March 1980)	The original contract was terminated in April 1976 as the contractor did not show adequate progress in execution of the work. The estimate is being revised.
<i>P. H. Division, Cannanore</i>					
6.	Narath (January 1978)	August 1980	4.00	5.91 (December 1981)	The estimate of the work was revised thrice and commencement of work was delayed due to non-receipt of site for the well. Owing to objection from local people, the panchayat could transfer the land only in December 1981. The work is now in progress.
7.	Mangad (April-July 1978)	February 1980	5.32	5.02 (July 1981)	Clearance from National Highway department to take the distribution lines across the National Highway is yet to be obtained.

APPENDIX 4.3

Rural Water Supply Schemes not commissioned for want of power connection

[Reference: Paragraph 4.6 (iv); Page 87]

<i>Sl. no.</i>	<i>Name of the Rural water supply scheme and year of sanction</i>	<i>Year of commencement</i>	<i>Estimated cost (in lakhs of rupees)</i>	<i>Expenditure</i>	<i>Date of completion of civil works</i>	<i>Remarks</i>
<i>P. H. Division, Badagara</i>						
1.	Pinnangode in Vengapally (February 1974)	November 1974	2.76	2.31	October 1978	The Kerala State Electricity Board was addressed for extending the power lines only in February 1979.
<i>P. H. Division, Cannanore</i>						
2.	Mayyil (October 1972)	March 1974	2.85	4.13	October 1980	The Kerala State Electricity Board was addressed in October 1977 for power connection.

APPENDIX 4.4

**Reasons for the delay in the settlement of balances under
Cash Settlement Suspense Account**

(Reference: Paragraph 4.12; Page 99)

<i>Sl. no.</i>	<i>Reasons</i>	<i>Name of originating division</i>	<i>No. of responding divisions/name of responding division</i>	<i>Amount (in lakhs of rupees and no. of items)</i>	<i>Earliest year</i>	<i>Remarks</i>
1.	Want of funds	(a) District Stores, Trivandrum	28	133.42 (38 items)	1975-76	
		(b) District Stores, Quilon	Minor Irrigation Division, Quilon	14.87 (24 items)	1978-79	
2.	Delay in verification of claims	Public Health Division, Thiruvalla	Public Health Division, Kottayam	8.44	1973-74	The verification of the claim is pending for want of details.
3.	Claims in dispute	(a) Public Health Division, Thiruvalla	Public Health Division, Quilon	0.07 (one item)	1973-74	The responding division had stated that the materials stated to have been supplied had not been received by it.
		(b) Harbour Project Division, Vizhinjam	National Highway Division, Quilon	0.17 (one item towards cost of metal supplied)	1975-76	There are discrepancies between quantity of metal stated to have been supplied by the originating division and that received by responding division.
		(c) Harbour Project Division, Vizhinjam	Harbour Engineering Division, Quilon	1.10 (one item towards hire charges of roller and crane)	1980-81	Claim was irregularly routed through Cash Settlement Suspense Account and there were disputes about the quantum of service rendered.

APPENDIX 4.4 (Concl'd.)

<i>Sl. no.</i>	<i>Reasons</i>	<i>Name of originating division</i>	<i>No. of responding divisions/name of responding division</i>	<i>Amount (in lakhs of rupees and no. of items)</i>	<i>Earliest year</i>	<i>Remarks</i>
(d)	Pazhassi Irrigation Division No. I, Mattannur	Harbour Project Division, Vizhinjam	0.13	1976-77	Details awaited.	
(e)	Public Health Central Stores	Public Health Division, Alleppey	0.19	1979-80	Materials stated to be missing.	
(f)	Public Health Construction Division No. 3, Cochin	Public Health Information Division, Alleppey	1975-76	awaited.	Against 2200 bags of cement supplied by PH Construction Division No. 3, Cochin, P. H. Division, Alleppey made payment for 3200 bags and the value of the short supply was redebited to the former division in December 1977.	

APPENDIX 5.1

Synopsis of stores and stock accounts (1980-81)

[Reference: Paragraph 5.1(a)—Page 100]

Sl. no.	Department or other particulars	Nature of stores	Opening balance as on 1st April 1980	Receipts	Issues	Closing balance as on 31st March 1981
<i>(In lakhs of rupees)</i>						
A. PUBLIC WORKS DEPARTMENT						
1.	Buildings and Roads and District stores	Building materials	(—) 2,17.74	6,13.67	11,09.33	(—)7,13.40
B. IRRIGATION DEPARTMENT						
2.	Irrigation and Projects	Building materials	(—) 37.09	8,21.13	7,52.88	31.16
C. CIVIL DEPARTMENTS						
LOCAL ADMINISTRATION AND SOCIAL WELFARE DEPARTMENT						
3.	Public Health Engineering Stores	Pipes and other sanitary fittings, building materials, etc.	(—)1,10.48	4,10.41	4,36.60	(—)1,36.67
HEALTH DEPARTMENT						
4.	Department of Homoeopathy	Medicines, dietary articles, sundries and fuel	4.43	9.17	7.89	5.71
HOME DEPARTMENT						
5.	Fire Force	Fire appliances, fire fighting equipment, miscellaneous items.	*33.86	25.31	6.47	52.70
6.	Jails Maintenance section	Dietary articles, garden produce, clothing and bedding, medicines and surgical instruments, arms and ammunitions, livestock, etc.	11.83	76.38	70.62	17.59
TAXES DEPARTMENT						
7.	Central Stamp Depot, Trivandrum and Treasuries	Stamps and non-postal stamps	4,35,63.32	86,46.75	47,79.41	4,74,30.66

*The figure differs from the provisional closing balance figure shown in the Report of the Comptroller and Auditor General of India for the year 1979-80, Civil.

APPENDIX 5.2

Stores and stock accounts not received/not certified being defective

[Reference: Paragraph 5.1 (b)—Page 100]

<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	1979-80 and 1980-81	1976-77 and 1977-78 and 1978-79
2.	Agriculture	Chief Conservator of Forests	Felled timber and other forest produce, livestock and other stores	1980-81	..
3.	Agriculture	Director of Animal Husbandry	Livestock, eggs, feeds, equipment and instruments, medicines and chemicals	1979-80 and 1980-81	..
4.	Transport, 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 and 1976-77 and 1977-78 and 1978-79 and 1979-80 and 1980-81	..
5.	Transport, Fisheries and Ports	Director of Fisheries	Apparatus, chemicals, nylon yarns, spare parts of marine diesel engines and diesel engines	1976-77 and 1977-78 and 1978-79 and 1979-80 and 1980-81	1975-76
6.	Development	Director of Harijan Welfare	Tools and plant, equipment, raw materials, manufactured articles and furniture	1978-79 and 1979-80 and 1980-81	1975-76 and 1976-77 and 1977-78
7.	General Administration	Director of Public Relations	Roll films, colour films, photographic paper, chemicals and bulbs, retouching pencils, retouching medium, poste r colour, etc.	1979-80 and 1980-81	..

APPENDIX 5.2—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.	1979-80 and 1980-81	1977-78 and 1978-79
9.	Transport wing of the Directorate of Health Services	Director of Health Services	Tyres, tubes, batteries, vehicles spare parts, consumable and general stores, tools and plant	1976-77 1977-78 1978-79 1979-80 and 1980-81	1973-74 1974-75 and 1975-76
10.	Department of Indian systems of Medicines	Director of Indian systems of Medicines	Medicines, dietary articles, fuel, raw materials, prepared medicines, pharmacognosy publications, printing papers, chemicals and laboratory materials, glassware and other perishable articles, garden implements, hospital appliances, linen and bedding, uniform and artists' materials.	1979-80 and 1980-81	1977-78 and 1978-79
11.	Ayurveda College, Trivandrum	Principal	Medicines, dietary articles, fuel, raw materials, prepared medicines, pharmacognosy publications, printing papers, chemicals and laboratory materials, glassware and other perishable articles, garden implements, hospital appliances, linen and bedding, uniform and artists' materials.	1980-81	1979-80

APPENDIX 5.2 *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>
12.	Ayurveda College, Trippunithura	Principal	Medicines, dietary articles, fuel, raw materials, prepared medicines, pharmacognosy publications, printing papers, chemicals and laboratory materials, glassware and other perishable articles, garden implements, hospital appliances, linen and bedding, uniform and artists' materials	..	1979-80 and 1980-81
Home					
13.	Police	Inspector General of Police	Clothing items, miscellaneous items like time-piece, ground sheets, Ashoka Emblem, whistle, number plates, etc., arms, ammunitions and wireless goods	1979-80 and 1980-81	..
14.	Jails				
	Manufactory Section	Inspector General of Prisons	Raw materials, finished goods, tools and plant etc.	1980-81	..
15.	Industries	Director of Industries and Commerce	Machinery, raw materials, equipment, handkerchieves, clothing, pillow covers, cushion covers and tools	1979-80 and 1980-81	1977-78 and 1978-79
Local Administration and Social Welfare					
16.	Employees' State Insurance Scheme	Administrative Medical Officer	Medicines, tincture, opium, instruments, linen articles, chemicals and dressings	1979-80 and 1980-81	1974-75 and 1975-76 and 1976-77 and 1977-78 and 1978-79
17.	Taxes	Additional Secretary, Board of Revenue (Excise)	Opium and Ganja	1979-80 and 1980-81	1978-79

APPENDIX 5.2 *Concl'd.*

<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>
18.	Taxes	Additional Secretary, Board of Revenue (Excise)	Clothing items, uniform and miscellaneous items	..	1975-76 1976-77 1977-78 1978-79 1979-80 and 1980-81

Higher Education

19.	Stationery Stores, Trivandrum, Kottayam, Ernakulam, Shoranur, Kozhikode and Cannanore	Controller of Stationery	Paper, boards, books, envelopes, binding materials, ink, ribbons, machine spares, etc.	1980-81	1979-80
20.	Government Presses	Superintendent of Government Presses	Consumable stores, types and typemetal, binding materials, publications, forms, etc.	1980-81	1979-80

Taxes Department

21.	Central Stamp Depot, Trivandrum	Superintendent, Central Stamp Depot, Trivandrum.	Stamps	1980-81	..
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APPENDIX

Summarised financial results of*(Reference: Paragraph 6.1—**[Figures in columns 3 to 10*

<i>Name of the concern</i>	<i>Year of commencement</i>	<i>Government capital</i>		<i>Mean capital</i>
		<i>1st April 1978</i>	<i>3rd July 1979</i>	
(1)	(2)	(3)	(4)	(5)
Public Works Department Engineering Workshops, Chackai, Trivandrum	1969	76.09	84.50	80.30

6.1

Government Commercial Undertakings

pages 110-111)

are in lakhs of rupees)

<i>Block assets</i>	<i>Depreciation</i>	<i>Net loss</i> (—)	<i>Interest charged added back</i>	<i>Total returns</i> (columns 8+9)	<i>Percentage of return on mean capital</i>
(6)	(7)	(8)	(9)	(10)	(11)
28.01	16.52	(—) 13.18	4.85	(—) 8.33	..

APPENDIX 7.1

Utilisation Certificates

(Reference: Paragraph 7.2 Pages 123-124)

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)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Agriculture Department							
Agriculture	23	6,34.88	10	3,76.88	13	2,58.00	1978-79
Co-operation	1,509	1,77.20	40	2.91	1,469	1,74.29	1969-70
Forest	5	2.89	2	0.14	3	2.75	1977-78
Development Department							
Harijan Welfare	11,576	2,48.46	..	..	11,576	2,48.46	1963-64
Education Department							
Higher Education	114	3,21.18	6	43.00	108	2,78.18	1972-73
Art & Culture	199	1,04.69	2	4.45	197	1,00.24	1968-69
Transport, Fisheries and Ports Department							
Fisheries	10	79.37	..	..	10	79.37	1978-79
General Administration Department							
	84	23.41	..	..	84	23.41	1975-76
Health Department							
Medical	27	5.27	2	0.31	25	4.96	1978-79
Public Health	16	19.25	..	..	16	19.25	1973-74
Home Department							
	64	6.04	..	..	64	6.04	1973-74
Industries Department							
	329	7,91.95	..	..	329	7,91.95	1971-72
Local Administration and Social Welfare Department							
Urban Development	62	46.52	7	5.08	55	41.44	1974-75
Housing	1,016	40.52	..	..	1,016	40.52	1974-75
Panchayats	480	2,51.78	207	16.76	273	235.02	1974-75
Revenue Department							
	18	22.93	3	6.59	15	16.34	1978-79
Total:	15,532	27,76.34	279	4,56.12	15,253	23,20.22	..

APPENDIX 8.1

Important types of irregularities noticed in local audit and inspection during 1980-81

(Reference: Paragraph 8.2—Pages 148-151)

(a) Civil Offices and Treasuries

Number of offices/treasuries inspected:	1,888
<i>Nature of irregularities</i>	<i>Number of offices in which irregularities were noticed.</i>
1. Defective maintenance of cash book, non-conduct of physical verification/surprise verification of cash balance, etc.	70
2. Non-maintenance/defective maintenance of initial accounts and registers such as bill register, register of contingent charges, etc.	56
3. Non-maintenance/defective maintenance of stock registers, failure to conduct physical verification of stock, etc.	46
4. Defective maintenance of leave accounts resulting in encashment of earned leave in excess	34

(b) Public Works Divisions

Number of Divisions/Offices inspected:	140
<i>Nature of irregularities</i>	<i>No. of Divisions in which irregularities were noticed</i>
1. Non-maintenance/defective maintenance of materials-at-site accounts, contractors' ledger and log books	17
2. Defective maintenance of cash book	12
3. Non-observance of rules regarding measurement/check measurement of works and irregularities in the maintenance of measurement books	11
4. Defects in maintenance of records relating to Family Benefit Scheme	11
5. Non-inspection of sub-divisional offices by Divisional Accountants	10

(c) **Aided Schools**

Number of aided schools, the grant-in-aid accounts
of which were test-checked :

366

<i>Nature of irregularities</i>	<i>Number of schools in which irregularities were noticed</i>
1. Non-production of accounts of maintenance grant	155
2. Aided school teachers rendered surplus being retained in their parent schools for periods exceeding 2 months.	37
3. Failure to review and refix staff strength following drop in the strength	22
4. Irregular conversion of part-time post into full time post	21
5. Irregular calculation of leave/defective maintenance of service books	21
6. Excess payment of maintenance grant	19
7. Irregular fixation of staff strength	18
8. Irregularities in payment of leave salary for earned leave surrendered	8
9. Irregular grant of scholarships	7



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