सत्यमेव जयते

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

on

GENERAL AND SOCIAL SECTOR

for the year ended March 2017

भारतीय लेखापरीक्षा और लेखा विभाग ✦ INDIAN AUDIT AND ACCOUNTS DEPARTMENT

सत्यमेव जयते

सत्यमेव जयते

GOVERNMENT OF KERALA

Government of Kerala

Report No. 4 of the year 2018

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

on

GENERAL AND SOCIAL SECTOR

for the year ended March 2017

GOVERNMENT OF KERALA

Report No. 4 of the year 2018

CONTENTS

APPENDICES

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2017 is prepared for submission to the Governor of Kerala under Article 151 of the Constitution for being laid before the State Legislature.

The report contains significant results of the performance audit and compliance audit of the Departments and Autonomous Bodies of the Government of Kerala under the General and Social Services including Departments of Ayush, Health and Family Welfare, Higher Education, Home and Vigilance, Local Self Government, Labour and Skills, Public Works, Social Justice and Water Resources.

The instances mentioned in this report are those, which came to notice in the course of test audit for the period 2016-17 as well as those, which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to period subsequent to 2016-17 are also included, wherever found necessary.

The audit was conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

INTRODUCTION

CHAPTER I
INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programmes and activities and compliance audit of Government Departments and Autonomous Bodies.

Performance audit includes examination of whether the objectives of the programme/activity/department are achieved economically, efficiently and effectively. Compliance audit, on the other hand, refers to examination of transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of the Report is to bring to the notice of the State Legislature important results of audit. The audit findings are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during performance and compliance audit and follow-up on previous Audit Reports.

1.2 Profile of units under audit jurisdiction

There were 43 Departments in the State at Secretariat level during 2016-17. The Accountant General (General and Social Sector Audit), Kerala (AG (G&SSA)), conducts audit of 30 Secretariat Departments, all Public Sector Undertakings/Autonomous Bodies thereunder and Local Self-Government Institutions in the State. The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers under them. The Accountant General (Economic and Revenue Sector Audit), Kerala (AG (E&RSA)), conducts audit of 19 Departments[1].

The comparative position of expenditure incurred by the Government during the year 2016-17 and in the preceding two years is given in **Table 1.1**:

[1] Six departments included under AG (E&RSA) namely Finance, Food, Civil Supplies and Consumer Affairs, Planning and Economic Affairs, Public Works, Revenue and Water Resources are audited by AG (G&SSA) also.

Table 1.1: Comparative position of expenditure

(₹ in crore)

Disbursements	2014-15			2015-16			2016-17		
	Plan	Non-plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue Expenditure									
General Services	133.76	31298.99	31432.75	116.98	35967.70	36084.68	181.39	41013.94	41195.33
Social Services	5893.10	17825.01	23718.11	7591.56	20011.73	27603.29	9773.34	23991.38	33764.72
Economic Services	4255.73	5941.84	10197.57	4369.95	6728.47	11098.42	3537.62	7117.73	10655.35
Grants-in-aid and Contributions		6398.00	6398.00		3903.08	3903.08		5480.91	5480.91
Total	**10282.59**	**61463.84**	**71746.43**	**12078.49**	**66610.98**	**78689.47**	**13492.35**	**77603.96**	**91096.31**
Capital Expenditure									
Capital outlay	3880.54	374.05	4254.59	6518.48	981.56	7500.04	8945.65	1180.30	10125.95
Loans and advances disbursed			743.09	407.61	434.64	842.25	375.25	785.04	1160.29
Repayment of public debt			5842.77			6060.73			7706.01
Contingency Fund			0.00			0.00			0.00
Public Account disbursements			136242.59			162824.67			179910.43
Total			**147083.04**			**177227.69**			**198902.68**
GRAND TOTAL			**218829.47**			**255917.16**			**289998.99**

1.3 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's (DPC) Act). C&AG conducts audit of expenditure of the Departments of the Government of Kerala (GOK) under Section 13 of the C&AG's (DPC) Act. C&AG is the sole auditor in respect of 24 Autonomous Bodies in the General and Social Sector, which are audited under Sections 19 and 20(1) of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of 258 Autonomous Bodies, which are substantially funded by the Government under Section 14 and 15 of the C&AG's (DPC) Act. There are also 1,216 educational institutions[2], 24 Public Sector Undertakings, Buildings Divisions of the Public Works Department and 1,200 Local Self-Government Institutions[3] under the audit jurisdiction in the General and Social Sector. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007, issued by the C&AG.

[2] Government-aided Colleges: 243;
Government-aided Higher Secondary Schools: 845; and
Government-aided Vocational Higher Secondary Schools: 128.

[3] Grama Panchayats: 941, Block Panchayats: 152, District Panchayats: 14, Municipal Corporations: 6 and Municipalities: 87.

1.4 Organisational structure of the Office of the Accountant General (General and Social Sector Audit)

Under the directions of the C&AG, the Office of the Accountant General (General and Social Sector Audit), Kerala conducts audit of Government Departments, Offices, Autonomous Bodies and Institutions under the General and Social Sector, which are spread all over the State. The AG (G&SSA) is assisted by four Deputy Accountants General.

1.5 Planning and conduct of Audit

The audit process starts with the assessment of risks faced by various Departments of Government based on expenditure incurred, criticality/ complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each unit, Inspection Reports containing audit observations are issued to the heads of the Offices and Departments. The Departments are requested to furnish replies to the audit observations within four weeks from the date of receipt of the Inspection Reports. Whenever replies are received, audit observations are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Reports of the C&AG of India, which are submitted to the Governor of the State under Article 151 of the Constitution of India for placing in the State Legislature.

During 2016-17, the Office of the AG (G&SSA) utilised 12,866 party days to carry out audit of 1,915 units (compliance, performance and financial audits) of various departments/organisations under its jurisdiction. The audit plan covered those units/entities, which were vulnerable to significant risks as per risk assessment.

1.6 Significant Audit Observations

1.6.1 Performance audits of programmes/activities/departments

Chapter II includes Performance Audit of 'National Health Mission – Reproductive and Child Health (RCH) and Immunisation', Chapter III includes Performance Audit of 'Role of Kudumbashree in the socio-economic empowerment of women', Chapter IV includes Performance Audit of 'Functioning of Kerala Social Security Mission' and Chapter V includes Information System Audit on 'Enhanced Advanced Billing, Accounting and Collection Utility System (eABACUS) in Kerala Water Authority'. The significant audit observations are given in the following paragraphs.

1.6.1.1 National Health Mission – Reproductive and Child Health (RCH) and Immunisation

The Performance Audit was conducted to assess whether the interventions of the National Health Mission in the areas of maternal health, child health, family planning and immunisation during 2012-17 were effective in improving the health standards of women and children in the State. The Performance Audit attempted to assess whether the physical and human resources were adequate, the procurement of drugs and equipment were efficient and economical and whether the overall financial management was efficient and effective. The Performance Audit revealed deficiencies in providing delivery services to women, setting up facilities for newborn at delivery points, shortfall in infrastructure, etc., as detailed below.

Government of Kerala did not release proportionate share of assistance of ₹323.22 crore during 2012-17. Over 12 *per cent* of 24.95 lakh pregnant women who registered for Ante Natal Care did not receive Iron and Folic Acid tablets. There was also shortfall in the percentage of women who received Tetanus Toxoid shots. Thirty seven *per cent* of 24.95 lakh pregnant women were not tested for HIV. Delivery facility was available only in 15 out of test-checked 65 institutions in selected districts, *viz.* Wayanad, Malappuram, Thrissur and Alappuzha. There were deficiencies in providing free diet and other facilities to pregnant women under Janani Shishu Suraksha Karyakram. Facilities like Newborn Care Corners and Newborn Stabilisation Units were not set up at all delivery points. The objectives of District Early Intervention Centres for early detection, free treatment and management of children with health conditions were not attained as almost 83 *per cent* of 9,588 children identified in Alappuzha, Malappuram, Wayanad and Thrissur districts during 2016-17 did not report for further treatment. Progress of immunisation in Malappuram and Wayanad districts was poor. There were deficiencies in infrastructure in healthcare institutions. Contrary to GOI guidelines, High Priority Districts of Kasaragod, Malappuram and Palakkad were denied additional funds to the extent of ₹86.40 crore during 2013-17.

(Chapter II)

1.6.1.2 Role of Kudumbashree in the socio-economic empowerment of women

'Kudumbashree' – a registered society under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, was set up as a Poverty Eradication Mission in Kerala on 17 May 1998. Kudumbashree has evolved into a mass women participation programme, encompassing 43 lakh members. Over the years, Kudumbashree received many national and international awards for excellence and best practice and is a globally acclaimed model of women empowerment and entrepreneurship. A Performance Audit to assess the role of Kudumbashree in the socio-economic empowerment of women was conducted covering the period 2012-17. The Performance Audit brought out the following audit findings.

At least 35 *per cent* of Micro Enterprises (MEs) under Kudumbashree were inactive. MEs were registered without assessing financial viability of projects being undertaken by them. Training to members of Neighbourhood Groups (NHGs) was not conducted as envisaged. 'Punarjani' a skilling and placement project to train 5,000 Kudumbashree workers benefitted only 1,794 members. The activities of Programme Implementation Agencies (PIAs) were not monitored by Kudumbashree resulting in deficiencies in the scheme. The target of bringing a minimum of 24,000 Ha of land under cultivation with the participation of 1,50,000 women forming 30,000 farming groups under Mahila Kisan Sashakthikaran Pariyojana was not achieved. Project to train women in video making under 'Mediasree' did not deliver the intended results. A Community College programme implemented by Kudumbashree in collaboration with Tata Institute of Social Sciences offered a one-year postgraduate diploma course in Development Praxis to only one batch of 43 students. Financial Management under Kudumbashree was deficient. The financial statements contained material mis-statements and did not give a correct picture about the financial transactions of Kudumbashree during 2012-16.

(Chapter III)

1.6.1.3 Functioning of Kerala Social Security Mission

The Kerala Social Security Mission (KSSM), a registered society under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, was set up to formulate and implement social security schemes in the State. A Performance Audit was conducted on the functioning of KSSM covering the period 2012-17. The Performance Audit focused on assessing the effectiveness of various programmes/schemes implemented by KSSM, the efficiency of financial management and the status of internal control mechanism and brought out the following audit findings.

The accounts of KSSM were audited only upto the financial year 2014-15 and accounts for the years 2015-17 were yet to be finalised. The systemic deficiencies pointed out by the auditors during the years 2012-13 to 2014-15 were persisting. Order of Government of Kerala to transfer ₹20 crore from the Corpus fund of KSSM to Kudumbashree Mission led to premature closure of a Fixed Deposit and resultant loss of interest income of ₹0.59 crore to KSSM. Under the scheme 'Sruthitharangam', 134 children in the Government Medical College, Kozhikode were awaiting (August 2017) mandatory testing and evaluation of hearing threshold, for assessing suitability for cochlear implantation. Around 10,000 applications received by KSSM for obtaining assistance under Aswasakiranam, a scheme for rendering financial assistance to Caregivers of bed-ridden patients were found bundled and stacked at the office of the Mission, without registration and processing. Failure of KSSM to follow-up and ensure receipt of duly signed and stamped computer generated lists of online applications from the Heads of Institutions resulted in denial of assistance to 57,831 beneficiaries under Snehapoorvam, a scheme for providing financial assistance to children who lost either or both of their parents. Failure of Coordinators/Child Development Project Officers (CDPOs) to identify tribal unwed mothers resulted in inability to render financial assistance to all potential beneficiaries, as envisaged under Snehasparsham scheme.

(Chapter IV)

1.6.1.4 Information System Audit on 'Enhanced Advanced Billing, Accounting and Collection Utility System' (eABACUS) in Kerala Water Authority

Kerala Water Authority is entrusted with the task of providing quality drinking water and sewerage services in an eco-friendly and sustainable manner to the people of the State. Enhanced Advanced Billing, Accounting and Collection Utility System (eABACUS), is a billing, accounting and collection system developed by National Informatics Centre and put to use in Kerala Water Authority. The deficiencies observed in planning, system design, IT controls and security of eABACUS are given below.

Deficiencies in system design led to inaccurate mapping of business rules that resulted in non-collection of fees and fine amounting to ₹76.50 lakh. Improper designing of database deprived the system from exercising online monitoring controls, which resulted in cash embezzlement of ₹6.42 lakh. Bypassing segregation of duties exposed the system to the risk of irregularity and adversely affected accountability of transactions. Failures in access controls exposed the system to the risk of exclusion of consumers from billing cycle. Inadequate monitoring of service contract led to non-reversal of the amount of failed transactions and non-refunding of the service charges levied from consumers involving ₹8.50 lakh. Inaccuracies and delay in mapping of business rules exposed the system to wrong processing of transactions involving short collection of sewerage and water charges of ₹450.66 lakh and excess collection of water charges of ₹1.35 lakh. Weak process controls and mistakes in software led to generation of inaccurate water bills resulting in loss of ₹17.38 lakh. Failure in subjecting to standardisation testing exposed the system to major information security flaws.

(Chapter V)

1.6.2 Compliance Audit Paragraphs

Audit identified certain key compliance issues based on risk factors and topical importance for conduct of regularity audit in addition to conduct of regular propriety audit. Significant deficiencies observed during such audits are detailed in the following paragraphs.

1.6.2.1 Role of Factories and Boilers Department in the safety of factory workers

The Department of Factories and Boilers was formed in 1961 by bifurcating the Labour Department so as to focus more on the health, safety and welfare of factory workers in the State and to facilitate the pace of industrialisation. The audit was conducted from April 2017 to August 2017 covering the period 2012-13 to 2016-17 to assess the enforcement of the provisions relating to the safety of factory workers by the Department as stipulated in the Factories Act, 1948 and other relevant enactments.

The Department of Factories and Boilers, which was responsible for enforcing the provisions of Factories Act did not have effective mechanism to ensure compliance of factories to the safety standards stipulated under the Act. The number of factories registered with the Department under the Act was very low. The data on number of factories with the Department was hugely understated.

The inspection of factories was inadequate. Audit noticed shortfall in posts of Inspectors, which adversely affected enforcement measures of various provisions under the Act. Training on safety at work was imparted only to 0.40 *per cent* of the total workers. The implementation of the provisions of the Factories Act with reference to the safety of workers was, thus, not satisfactory.

(Paragraph 6.1)

1.6.2.2 Implementation of Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

Government of India (GOI) enacted the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, in June 1979 to regulate the employment of Inter-State Migrant Workmen (ISMW) and to provide for their conditions of service and other matters connected therewith. Audit was conducted from April 2017 to July 2017 covering the period 2012-13 to 2016-17 to assess the compliance of the Department to the provisions relating to the ISMW as stipulated in the Act and the Rules. Audit assessed whether all establishments and contractors to whom the Act applies in the selected districts of Thiruvananthapuram, Kollam, Ernakulam, Kottayam, Kozhikode and Kannur were registered and issued with licences respectively and whether the amenities mandated by the Act to ISMW were provided to the workers. Audit also examined whether records maintained by the principal employer/contractor in selected cases were in compliance with the provisions of the Act and whether penal provisions were enforced in the event of contravention of any of the provisions in the Act.

Audit observed that the Department was lax in identifying ISMW and ensuring that the benefits under the Act were derived by these workers. The District Labour Officer (Enforcement) who was the registering officer appointed under Section 3 of the Act failed to evolve a mechanism to ensure that all establishments engaging ISMW were registered under the Act. The Department issued licences to the contractors without ensuring whether the contractors possessed valid licences issued by a competent authority of the home State, to recruit from that State for employment in Kerala. Audit observed laxity on the part of Inspectors in diligently pursuing cases and ensuring prosecution of offenders under the Act. The implementation of the Inter-State Migrant Workmen Act in the State was, thus, not effective.

(Paragraph 6.2)

1.6.2.3 Failure of Oversight/Administrative Controls

The Government has an obligation to improve the quality of life of the people as it works towards fulfilment of certain goals in the area of health, education, development and upgradation of infrastructure and public service, etc. Audit noticed instances where funds released by the Government for creating public assets for the benefit of the community remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. The details are given below.

- Non-adherence to codal provisions and laxity in discharge of mandated responsibilities resulted in misappropriation of ₹4.86 lakh in Vilappilsala Police Station, Thiruvananthapuram.

(Paragraph 6.3)

- Government of Kerala irregularly assigned land falling under 'residential zone' for construction of a pharmaceutical factory resulting in denial of mandatory clearances from local body and consequent idle investment and locking up of funds to the tune of ₹3.76 crore.

(Paragraph 6.4)

- Director of Technical Education violated AICTE norms/GOK orders while making placement to posts of Associate Professors resulting in inadmissible payment of at least ₹1.46 crore in 24 cases test-checked.

(Paragraph 6.5)

- The Principal, Central Polytechnic College, Thiruvananthapuram failed to follow-up and ensure successful submission of application for Extension of Approval to AICTE for 2015-16, resulting in irregularly granting admission to 360 students to its courses in 2015-16 without obtaining approval from the AICTE. Further, admission could not be conducted to any of its six courses in 2016-17 since AICTE did not permit restoration of intake of students due to deficiencies noticed during inspection.

(Paragraph 6.6)

- Non-finalisation of tender for construction of two buildings within the firm period led to avoidable excess expenditure of ₹1.53 crore to Government of Kerala.

(Paragraph 6.7)

1.7 Lack of responsiveness of Government to Audit

1.7.1 Outstanding Inspection Reports

The Handbook of Instructions for Speedy Settlement of Audit Objections/Inspection Reports/timely disposal of draft audit paragraphs and matters pertaining to the Public Accounts Committee, issued by the State Government in 2010 provides for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General for rectification in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses etc., noticed during audit inspection. The Heads of Offices and next higher authorities are required to comply with the audit observations contained in the IRs, rectify the defects and omissions and promptly report their compliance to the Accountant General within four weeks of receipt of IRs. Half-yearly reports of pending IRs are being sent to the Secretaries of the Departments to facilitate monitoring of audit observations.

It was noticed that as on 30 June 2017, 770 IRs (3,580 paragraphs) were outstanding in respect of Higher Education, Indian System of Medicine (ISM)

Ayurveda, Local Self Government and Public Works (Buildings) Departments. Even initial replies in respect of 109 IRs containing 841 paragraphs issued upto 2016-17 were pending from the Higher Education, Indian System of Medicine (ISM) Ayurveda, Local Self Government and Public Works (Buildings) Departments. Year-wise details of IRs and paragraphs outstanding are given in **Appendix 1.1**.

1.7.2 Response of Departments to the paragraphs included in this Report

Performance and Compliance Audit paragraphs were forwarded to the Additional Chief Secretaries/Principal Secretaries/Secretaries of Departments concerned during August to November 2017 to send their replies within six weeks. Replies from Government for all the four Performance Audits and six out of the seven compliance audit paragraphs featured in this Report were received. These replies were suitably incorporated in the Report.

1.7.3 Follow-up on Audit Reports

According to the Handbook of Instructions for Speedy Settlement of Audit Objections/Inspection Reports/timely disposal of draft audit paragraphs and matters pertaining to the Public Accounts Committee, issued by the State Government in 2010, the Administrative Departments should submit Statements of Action Taken Notes on audit paragraphs included in the Reports of the C&AG directly to the Legislature Secretariat, with copies to the AG within two months of their being laid on the Table of the Legislature. The Administrative Departments did not comply with the instructions and seven Departments, as detailed in **Appendix 1.2**, did not submit Statements of Action Taken Notes of 21 paragraphs for the period 2012-13 to 2015-16, as of September 2017.

1.7.4 Paragraphs pending discussion by the Public Accounts Committee

Thirty seven paragraphs pertaining to 15 Departments for the period 2012-13 to 2015-16 were pending discussion by the Public Accounts Committee as on 30 September 2017 (**Appendix 1.3**).

PERFORMANCE AUDIT

CHAPTER II
HEALTH AND FAMILY WELFARE DEPARTMENT

National Health Mission – Reproductive and Child Health (RCH) and Immunisation

Executive summary

The Performance Audit was conducted to assess whether the interventions of the National Health Mission in the areas of maternal health, child health, family planning and immunisation during 2012-17 were effective in improving the health standards of women and children in the State. The Performance Audit attempted to assess whether the physical and human resources were adequate, the procurement of drugs and equipment were efficient and economical and whether the overall financial management was efficient and effective.

The Performance Audit revealed deficiencies in providing delivery services to women, setting up facilities for newborn at delivery points, shortfall in infrastructure, etc., as detailed below.

Government of Kerala did not release proportionate share of assistance of ₹323.22 crore during 2012-17.

(Paragraph 2.7)

Over 12 *per cent* of 24.95 lakh pregnant women who registered for Ante Natal Care did not receive Iron and Folic Acid tablets. There was also shortfall in the percentage of women who received Tetanus Toxoid shots.

(Paragraph 2.8.1)

Thirty seven *per cent* of 24.95 lakh pregnant women were not tested for HIV.

(Paragraph 2.8.2)

Delivery facility was available only in 15 out of test-checked 65 institutions in selected districts, *viz*. Wayanad, Malappuram, Thrissur and Alappuzha.

(Paragraph 2.8.4)

There were deficiencies in providing free diet and other facilities to pregnant women under Janani Shishu Suraksha Karyakram.

(Paragraph 2.8.8.1)

Facilities like Newborn Care Corner and Newborn Stabilisation Units were not set up at all delivery points.

(Paragraph 2.9.1)

The objectives of District Early Intervention Centres for early detection, free treatment and management of children with health conditions were not attained as almost 83 *per cent* of 9,588 children identified in Alappuzha, Malappuram, Wayanad and Thrissur districts during 2016-17 did not report for further treatment.

(Paragraph 2.9.3.1)

Progress of immunisation in Malappuram and Wayanad districts was poor.

(Paragraph 2.11.1)

There were deficiencies in infrastructure in healthcare institutions.

(Paragraph 2.12.2)

Contrary to GOI guidelines, High Priority Districts of Kasaragod, Malappuram and Palakkad were denied additional funds to the extent of ₹86.40 crore during 2013-17.

(Paragraph 2.13.1)

2.1 Introduction

Government of India launched (April 2005) the National Rural Health Mission (NRHM), renamed (2013) as National Health Mission (NHM) to provide equitable, affordable and quality healthcare services in rural areas through strengthening of health systems, institutions and capabilities. It was envisaged that the NHM would facilitate universal access to quality healthcare services through partnership between the Centre, State, Local Self-Governments and community in the management of primary health programmes and infrastructure. There were 18 General Hospitals, 99 hospitals at District/Taluk level[4], 22 Speciality hospitals, 14 District Tuberculosis Centres (DTBCs), 232 Community Health Centres (CHCs), 848 Primary Health Centres (PHCs), 5,408 Sub-Centres and 47 other health facilities functioning in Kerala as on 31 March 2017.

The Reproductive and Child Health (RCH) programme under NHM provided for healthcare to women and children with a view to reducing maternal and infant mortality and total fertility rates as well as social and geographical disparities in access to and utilisation of quality reproductive and child health services. The immunisation programme in India has undergone significant changes in recent years, which included a new policy environment through the NHM, new vaccines and new procedures/technologies for vaccine delivery.

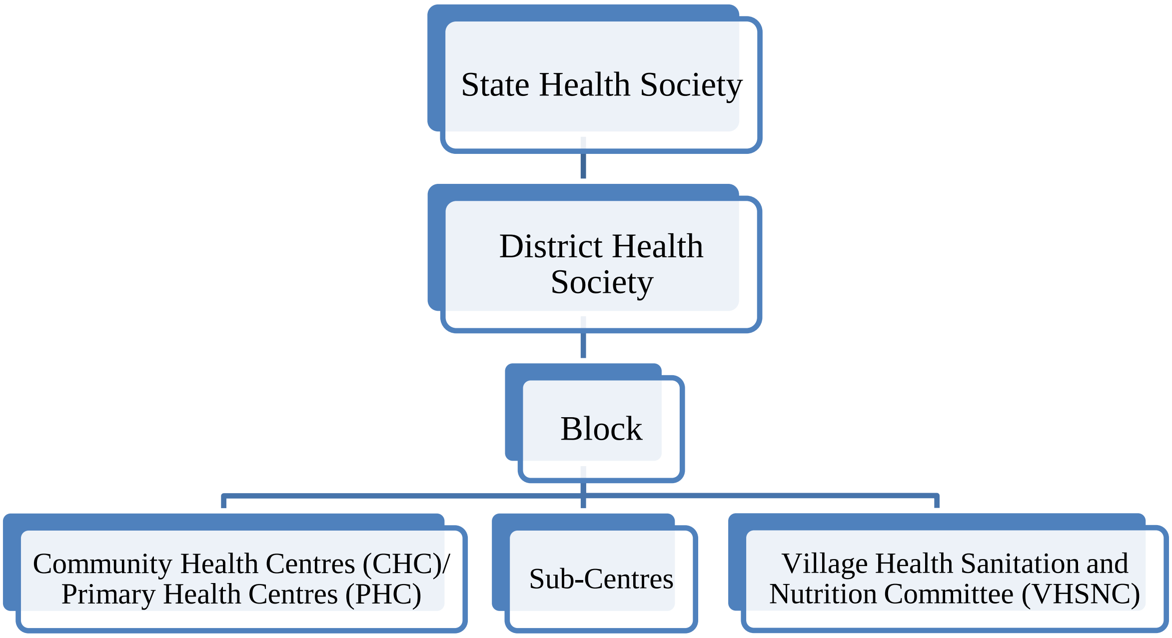
2.2 Organisational Setup

At State level, the Mission functioned under the overall guidance of the State Health Mission (SHM) headed by the Chief Minister. The Mission carried out its activities through the State Health Society headed by the Principal Secretary, Health and Family Welfare Department. At the District level, the District Health Mission was headed by the head of the Local Self-Government *viz*., President, Chairperson/Mayor as decided by the State Government depending upon whether the district was predominantly rural or urban. The District Collectors headed the respective District Health Societies in each district.

[4] 18 District Hospitals, 41 Taluk Headquarters Hospitals and 40 Taluk Hospitals.

A chart showing the Programme implementation structure of NHM in the State is shown below:

Chart 2.1: Programme implementation structure of NHM



2.3 Audit scope and methodology

The Performance audit covering the period 2012-17 was conducted between May 2017 and September 2017 by test-check of relevant records in the Government Secretariat, State Health Society, Directorate of Health Services (DHS), four District Health and Welfare Societies in Alappuzha, Thrissur, Malappuram and Wayanad districts and 65 health institutions[5] in the selected districts. Besides, Audit also covered 32 Sub-Centres. The districts were selected using Simple Random Sampling without Replacement (SRSWOR) technique.

The Audit Report of the Comptroller and Auditor General of India (Civil) for the year ended March 2009 discussed the implementation of NRHM in the State. The Public Accounts Committee (PAC) in its 56th report made recommendations on the report and Audit also examined the follow-up action of the Department on the recommendations of the PAC.

Audit methodology included scrutiny of records and gathering of evidence by issue of audit enquiries and conduct of joint inspections alongwith Departmental officials. The Performance Audit commenced with an Entry Conference with the Additional Chief Secretary, Health and Family Welfare Department, Government of Kerala on 11 May 2017 wherein the audit objectives, scope and methodology of audit were discussed in detail. An Exit Conference was held with the Additional Chief Secretary to Government on 21 November 2017

5 32 PHCs, 16 CHCs, 8 Taluk/Taluk Headquarters Hospitals, 4 District Hospitals, 4 General Hospitals and 1 Women and Child Hospital.

wherein the audit findings were discussed and responses of Government obtained.

2.4 Audit Objectives

The Performance Audit was conducted to assess whether:

- the interventions of National Health Mission (NHM) in the areas of Maternal health, Child health, Family planning and Immunisation were effective in improving health standards of women and children in the State and were targeted to achieve UN Sustainable Development Goal of 'Good Health and Well-being' as adopted by the Government of India;
- the physical and human resources were adequate and procurement of equipment and drugs were efficient and economical in providing improved health care service; and
- the overall financial management including release and utilisation of funds earmarked under various schemes was efficient and effective.

2.5 Audit criteria

Audit findings were benchmarked against the criteria derived from the following documents:

- NRHM Framework for Implementation, 2005-12 and 2012-17;
- Operational Guidelines for Financial Management;
- Indian Public Health Standards, 2012 for Sub-Centres, Primary Health Centres, Community Health Centres, Sub-Divisional Hospitals and District Hospitals;
- Operational Guidelines for Quality Assurance in Public Health Facilities, 2013;
- Audited Annual Financial Statements of State Health Society;
- Guidelines of various GOI schemes under NHM;
- World Health Organisation (WHO) standards; and
- State/Central Public Works Department Manuals.

Audit Findings

2.6 Attainment of demographic goals

Improving maternal and child health and their survival are central to the achievement of national health goals. NHM aimed to reduce Infant Mortality Rate (IMR), Maternal Mortality Rate (MMR) and Total Fertility Rate (TFR). In this process, NHM was expected to help achieve related goals set under the UN Sustainable Development Goals by 2030. The performance of the State was impressive and exceeded the targets set under the UN Sustainable Development Goals as indicated in **Table 2.1**.

Table 2.1: Status of target and achievement of IMR, MMR and TFR

Performance indicators	NHM framework for implementation (2012-17)		UN Sustainable Development Goals (2030)	
	Target	Achievement as on 31.03.2017	Target	Achievement as on 31.03.2017
IMR (Infant Mortality Rate)	25 per 1000 live births	6	12 per 1000 live births	6
MMR (Maternal Mortality Rate)	100 per 100000 live births	29	70 per 100000 live births	29
TFR (Total Fertility Rate)	Reduce to 2.1	1.6[6]	No target	

(Source: Directorate of Health Services)

2.7 Non-allotment of State share of funds

The State NHM received funds directly from the Ministry of Health and Family Welfare, Government of India (GOI) upto the year 2013-14. From the year 2014-15 onwards, GOI released funds to Government of Kerala (GOK), which, in turn released the same to State Health Society through the DHS. The funding pattern from 2012-13 to 2014-15 between GOI and State was in the ratio 75:25 which shifted to 60:40 from 2015-16. Year-wise details of receipt of funds and expenditure of SHM, Kerala during 2012-17 were as shown in **Table 2.2**.

Table 2.2: Grants received and expended under NHM during 2012-17

(₹in crore)

Period	Opening Balance	Central Grant received	State share released	Interest earned during the year	Total fund available	Total fund expended by NHM	Closing Balance[7]
1	2	3	4	5	6 = 2+3+4+5	7	8 = 6-7
2012-13	46.56	490.55	30.00	5.14	572.25	626.98	-54.73
2013-14	-54.73	360.98	76.94	5.08	388.27	632.30	-244.03
2014-15	-244.03	521.99	112.24	5.89	396.09	628.71	-232.62
2015-16	-232.62	315.35	70.00	4.62	157.35	682.64	-525.29
2016-17	-525.29	455.25	302.80	1.15	233.91	744.78	-510.87
TOTAL		**2144.12**	**591.98**	**21.88**	**1747.87**	**3315.41**	

(Source: GOI correspondence and data obtained from NHM/Directorate of Health Services)

The NHM Framework for Implementation, 2005-12 (Guidelines), while referring to the finances of the Mission specifically stated that the aim of NHM was to increase the share of Central and State Governments on health care. The Guidelines stipulated that it must be ensured that the State expenditure on health increased in real terms and there was no substitution of the State expenditure by Central expenditure.

[6] Data as per National Family Health Survey – 04/2015-16.

[7] The additional expenditure over and above the total fund available was met from the State Plan fund.

Audit observed that as per letter forwarded (April 2017) from GOI to NHM, against the release of ₹2144.12 crore by GOI during 2012-17, GOK should have contributed ₹915.20 crore. However, the actual release was only ₹591.98 crore resulting in a short release of ₹323.22 crore. It was noticed that even though GOK contribution was less to the extent of ₹323.22 crore during 2012-17, GOK reported its contribution to GOI as ₹901.74 crore. Audit scrutinised the accounts of GOK/NHM for the period 2012-17, which revealed that GOK released from the State Plan fund, ₹249.01 crore in 2012-13 and ₹60.73 crore in 2014-15 to NHM, for execution of various plan schemes. Thus, ₹309.74 crore, which was released from the State Plan Fund was intimated to GOI as State share of contribution to NHM. The booking of State plan funds as State share of funds under various heads of account, which were not related to NHM activities, was contrary to the guidelines, which required the State expenditure on health to increase in real terms. The statement of the Government during the Exit Conference (November 2017) that the matter was discussed with GOI and settled was not accepted by Audit in the absence of records to substantiate the claim.

2.8 Health care for Women

The maternal health care package with its focus on the health of women during pregnancy, childbirth and post-partum period was a vital component of NHM due to its profound effects on the health of women, immediate survival of the newborn and long-term well-being of children. Key strategies to improve maternal health included improved access to skilled obstetric care through facility development, increased coverage and quality of antenatal and postnatal care, increased access to skilled birth attendance, institutional delivery, etc. The important services for ensuring maternal health care included antenatal care, delivery care and postnatal care. As per Indian Public Health Standards (IPHS) 2012, health institutions of the status of PHCs and above shall be equipped with the Minimum Assured Services of Ante Natal Care (ANC), Intra Natal Care (INC) and Post Natal Care (PNC). Audit examined whether there were adequate institutions for providing services to pregnant women and whether these institutions were equipped in terms of skilled manpower and equipment for providing delivery services to expectant mothers. Deficiencies noticed are discussed in the succeeding paragraphs.

2.8.1 Ante Natal Care (ANC)

Government of India, recognising that reproductive, maternal and child health cannot be addressed in isolation and that the health of adolescent girls and pregnant women impacted on the health of the newborn and the child, adopted (January 2013) a strategy of expanding the scope of Reproductive and Child Health (RCH) to Reproductive, Maternal, Newborn, Child plus Adolescent Health (RMNCH+A). The guidelines provided for interventions to be made at various stages of life cycle, which should be mutually linked.

The RMNCH+A guidelines identified delivery of antenatal care package and tracking of high-risk pregnancies as a priority intervention to monitor the progress of foetal growth and to ascertain the well-being of the mother. The women who reach the Health Centre for the first time only during labour carry more risk of complications during childbirth. The NRHM Framework for Implementation issued by GOI as well as the IPHS stipulated the first antenatal checkup within the first 12 weeks of pregnancy and three checkups thereafter. The Guidelines also prescribed Iron and Folic Acid (IFA) supplementation of 100 milligram of elemental iron and 500 microgram of folic acid daily for 100 days during pregnancy, followed by same dose for 100 days in post-partum period. The position of ANC registration and services provided in the State during 2012-17 are as detailed in **Table 2.3**.

Table 2.3: ANC registration and services provided

Year	Total pregnant women registered for ANC	Registered within first trimester (12 weeks)	Received three ANC checkups during pregnancy	Not received three ANC checkups	Pregnant women who received TT1	Pregnant women who received TT2	Pregnant women who received 100 IFA tablets
2012-13	515226	396933	461253	53973	438339	415089	441235
2013-14	518811	412737	486203	32608	452769	435913	511134
2014-15	495640	401565	456179	39461	417985	399293	497822
2015-16	477820	385274	434759	43061	411064	388412	404900
2016-17	488095	403137	440375	47720	415964	388420	326231
TOTAL	**2495592**	**1999646**	**2278769**	**216823**	**2136121**	**2027127**	**2181322**
Percentage		**80.13**	**91.31**		**85.60**	**81.23**	**87.41**

(Source: Health Management Information System (HMIS) data)

Thus, during 2012-17, 80 *per cent* of 24.95 lakh pregnant women registered for ANC within the first trimester of pregnancy. Further, 2.17 lakh (nine *per cent*) did not receive three ANC checkups during the pregnancy period. There was also shortfall in the percentage of women who received Tetanus Toxoid (TT) shots. Against 85.60 *per cent* of women who received first dose of TT, 81.23 *per cent* received the second dose.

Audit observed that Government was not able to keep track of all pregnant women who were registered for ANC and ensure whether all of them received the stipulated quantum of ANC checkups, TT and IFA tablets at timely intervals. Government stated in the Exit Conference (November 2017) that due to ineffective data capturing, the sizeable share of pregnant women moving to private sector went unrecorded which was devoid of follow-up. Audit observed that unless those registered for ANC were tracked and followed up, the very purpose of registration was defeated.

Audit further noticed that over 12 *per cent* of 24.95 lakh pregnant women who had registered for ANC during 2012-17 did not receive 100 IFA tablets. Anaemia is a major cause of maternal mortality. Treatment against anaemia required[8] administration of a daily dose of IFA tablets for a period of 100 days to a pregnant woman. In the selected districts of Malappuram, Wayanad, Alappuzha and Thrissur, 44 out of 65 institutions test-checked reported stock out of IFA tablets during various periods in 2012-17. These districts also reported 3,774, 1,215, 363 and 1,104 instances respectively of severe anaemic[9] cases during 2012-17. In the 65 test-checked institutions, it was seen that 45,678

[8] Paragraph 4.1 (Supplementation Interventions by Ministry of Health and Family Welfare) of Guidelines for Control of Iron Deficiency Anaemia specified a requirement of 100 mg of elemental iron and 500 mcg of folic acid daily for 100 days for pregnant women.

[9] Severe anaemic cases – Cases where the haemoglobin level is below seven.

out of 2,31,587 pregnant women (19.72 *per cent*) who were registered for ANCs were not given the stipulated 100 IFA tablets. Besides, 1,931 pregnant women in the test-checked institutions were detected with severe anaemia.

2.8.2 Testing of pregnant women for HIV and STI infections

The RMNCH+A Guidelines issued by GOI (January 2013) identified parent-to-child transmission of Human Immunodeficiency Virus (HIV) as a major route of new and emerging HIV infections in children and suggested universal confidential HIV screening of pregnant women to be included as an integral component of routine ANC checkup. Diagnostic and laboratory services for management of Sexually Transmitted Infections (STI) and Reproductive Tract Infections (RTI) were to be provided at all CHCs, First Referral Units and at 24x7 PHCs. Further, special focus was to be given to linking up with Integrated Counselling and Testing Centres (ICTCs) and establishing appropriate referrals for HIV testing and RTI/STI management.

Audit noticed that out of 24.95 lakh pregnant women who registered for ANC checkups during 2012-13 to 2016-17, 36.88 *per cent* and 55.86 *per cent* were not tested for HIV and STI respectively during 2012-17 as shown in **Table 2.4**.

Table 2.4: Status of conduct of HIV/STI tests in pregnant women

Year	Total pregnant women registered for ANC	No. of pregnant women tested for HIV	No. of pregnant women not tested for HIV	*Per cent* not tested	No. of positive cases in HIV tested cases	No. of pregnant women tested for STI	No. of pregnant women not tested for STI	*Per cent* not tested
2012-13	515226	260027	255199	49.53	413	182058	333168	64.66
2013-14	518811	303909	214902	41.42	60	214545	304266	58.65
2014-15	495640	318140	177500	35.81	94	223502	272138	54.91
2015-16	477820	329310	148510	31.08	67	223242	254578	53.28
2016-17	488095	363758	124337	25.47	376	258118	229977	47.12
TOTAL	**2495592**	**1575144**	**920448**		**1010**	**1101465**	**1394127**	
Percentage				**36.88**				**55.86**

(Source: HMIS data)

Data obtained from the four test-checked districts revealed that during 2012-17, 1.53 lakh cases of suspected RTI/STI were identified during testing. In addition, 69 instances of pregnant mothers afflicted with HIV were also detected during the period in the test-checked districts. The possibility of more such cases escaping detection due to non-testing of pregnant women could not be ruled out.

GOK stated (November 2017) that the reports received on HIV testing of pregnant women were low since the data captured was mainly the reports from Facility Integrated Counselling and Testing Centres (FICTC). GOK also stated that 60 *per cent* of the population accessed private hospitals for their medical care and that, only 50 *per cent* of FICTCs established in CHCs and PHCs were functional. The reply was not justifiable since the data on such pregnant women who were registered for ANC and not screened for HIV/RTI/STI was derived from the HMIS, which was a fully functional health information system and included data from multiple information systems in various health programmes.

Recommendation 2.1: Government may ensure that pregnant women who register for ANC are tested for HIV/STI and administered with the required doses of IFA tablets/TT vaccine.

2.8.3 Adequacy of health centres and manpower

The NHM, in its Framework for Implementation 2005-12, stipulated the norms for setting up of Sub-Centres, Primary Health Centres (PHCs) and Community Health Centres (CHCs) on the basis of population. It was envisaged therein that one Sub-Centre was to be set up for a population of 5000 (3000 in hilly and tribal areas), one PHC for 30,000 population (20,000 in hilly and tribal areas) and one CHC for 1,20,000 population (80,000 in hilly and tribal areas).

Audit noticed shortfall in setting up of Sub-Centres, PHCs and CHCs as per population norms (2011 census) in the State and selected districts. Under NHM, the CHCs were conceived as health service providers, capable of addressing 80 *per cent* of all ailments requiring out-patient services or hospitalisation. Considering their importance in delivery of health care services, the NHM attached great significance to strengthening existing CHCs and setting up new ones to bring them in conformity to the ratio of one per population of 1,20,000. The shortfall in setting up of CHCs was acute in Malappuram (54 *per cent*) and Thrissur (62 *per cent*), as shown in **Table 2.5**.

Table 2.5: Shortfall in setting up of Sub-Centres, PHCs and CHCs

State/District	Availability of								
	Sub-Centres			PHCs			CHCs		
	Required as per norms	Actual	Shortfall (*per cent*)	Required as per norms	Actual	Shortfall (*per cent*)	Required as per norms	Actual	Shortfall (*per cent*)
Kerala	9263	5408	3855 (42)	1293	848	445 (34)	366	232	134 (37)
Wayanad	278	204	74 (27)	32	23	9 (28)	9	9	0 (00)
Malappuram	959	589	370 (39)	160	84	76 (48)	48	22	26 (54)
Thrissur	636	472	164 (26)	106	79	27 (25)	63	24	39 (62)
Alappuzha	467	366	101 (22)	78	59	19 (24)	16	16	0 (00)

(Source: Data from DHS and DPMs)

Audit observed that GOK did not set up stipulated number of CHCs and also did not fill up vacancies of doctors and para medical staff to the extent of 48 *per cent* and 35 *per cent*, respectively in test-checked institutions. This resulted in patients not receiving envisaged benefits.

The need for filling up the vacancies in the cadre of doctors and para medical staff in CHCs and PHCs, as per IPHS norms, was also emphasised by the Public Accounts Committee (PAC) in its 56th report. Though, in the Action Taken Report, GOK stated (October 2015) that 564 posts were created in PHCs and CHCs, the problem of shortage of doctors and para medical staff in CHCs persisted.

Recommendation 2.2: Government may address the shortfall in health centres also, after the shortfall in availability of doctors, nurses and para medical staff is effectively addressed.

2.8.4 Availability of delivery facility

The Janani Suraksha Yojana (JSY) implemented by GOI since April 2005 as a 100 *per cent* Centrally Sponsored Scheme (CSS) under the overall umbrella[10] of NHM, targeted to reduce overall maternal and infant mortality ratios, besides aiming to increase institutional deliveries in Below Poverty Line (BPL) families. The strategy involved operationalisation of 24x7 delivery services to provide basic obstetric care at PHC level and First Referral Units (FRU) to provide emergency obstetric care, etc. Similarly, the Janani Shishu Suraksha Karyakram **(**JSSK) under NHM launched by GOI (June 2011), stressed upon entitlements and elimination of out of pocket expenses for pregnant women and sick neonates, promotion of institutional deliveries and proper care of newborn in all health institutions across the State. Audit noticed that out of the test-checked 65 health institutions in the selected districts of Wayanad, Malappuram, Thrissur and Alappuzha, delivery facility was not available in 50 institutions. These included 32 PHCs and 15 CHCs wherein the post of Gynaecologist was not created. Of the remaining three institutions, delivery service was not provided in General Hospital (GH), Alappuzha since the District already had a Women and Children hospital. Delivery was not conducted in Taluk Hospital (TH), Thuravoor due to lack of infrastructure and manpower. In TH Pudukkad delivery facility was not provided inspite of the availability of Gynaecologists, citing the reason of poor infrastructure. Government (November 2017) replied that specialist posts as per IPHS were not available in CHCs and PHCs. The Additional Chief Secretary, Health and Family Welfare Department also admitted in the Exit Conference (November 2017) that some THs were not having satisfactory facilities.

The IPHS also envisaged PHCs and CHCs to provide delivery services such as Ante Natal Care, Intra Natal Care[11], Post Natal Care, Newborn Care, etc., as part of Maternal and Child Health care. Audit observed that none of the 245 PHCs in the test-checked districts provided delivery services. In fact, even the CHCs were not equipped to handle delivery services in the four test-checked districts with only two[12] out of the 71 CHCs providing delivery services. Out of the 20 TH/Taluk Headquarters Hospitals (THQHs) in the test-checked four districts, delivery facility was being provided in 16 hospitals. The district wise details are shown in **Table 2.6**.

Table 2.6: Shortfall in PHC/CHC/THQH/TH providing delivery facility

Name of district	Total no. of PHCs	No. of PHCs where delivery facility is provided	Total no. of CHCs	No. of CHCs where delivery facility is provided	Total no. of TH/ THQHs	No. of TH/THQHs where delivery facility is provided
Alappuzha	59	0	16	0	6	3
Thrissur	79	0	24	0	6	5
Malappuram	84	0	22	1	6	6
Wayanad	23	0	9	1	2	2
Total	**245**	**0**	**71**	**2**	**20**	**16**

(Source: Data received from DHS)

10 The assistance under JSY would form part of the overall release under NHM. The implementation of JSY would be as per the parameters indicated in the JSY guidelines.
11 24-hour delivery services, both normal and assisted.
12 CHC Meenangadi in Wayanad district, CHC Edappal in Malappuram district.

Audit observed that despite GOK sanctioning posts of Gynaecologists in four out of 16 test-checked CHCs, a Gynaecologist was posted only in CHC Meenangadi in Wayanad district. In respect of another hospital *viz.*, CHC Pulpally in Wayanad district, even though the hospital had a six-bedded maternity ward, a well-equipped operation theatre and labour room with adequate facility, there was no Gynaecologist and the hospital generally provided only ANC. However, the hospital provided delivery services in instances where patients were not in a position to be transferred to other hospitals. Significantly, while it is to be appreciated that the CHC, Pulpally provided normal delivery services to 35 pregnant women during 2012-17 even without the services of a Gynaecologist, Anaesthetist and Paediatrician and without essential facilities like Blood storage unit and Newborn care corner, it needed to be emphasised that both mothers and babies were exposed to avoidable risks.

2.8.5 Impact of inadequate manpower and infrastructure on maternal care

The IPHS guidelines recognised that Sub-divisional hospitals (Taluk Hospitals in Kerala) were below the district level and above the block level (CHC) hospitals and acted as First Referral Units (FRU) for the Tehsil/Taluk/Block population in which they were geographically located. These guidelines also recognised that THs had an important role to play as FRUs in providing emergency obstetric and neonatal care and helped in bringing down MMR and IMR. As per IPHS, TH/THQHs were classified as those with bed strength from 31 to 100. Audit test-checked the availability of Gynaecologists in eight out of 20 THs/THQHs in the selected districts. It was noticed that Gynaecologists were not available in one out of the eight test-checked THs/THQHs. There was shortage of one Gynaecologist in one hospital as detailed in **Table 2.7**.

Table 2.7: Shortage of Gynaecologists

Name of hospital	Bed strength	Sanctioned strength	Men in position	Requirement as per IPHS	Shortage
THQH Kayamkulam	125	2	2	2	Nil
THQH Kodungallur	176	2	2	2	Nil
TH Pudukkad	75	2	2	1	Nil
THQH Ponnani	125	2	2	2	Nil
THQH Tirurangadi	157	3	2	2	Nil
THQH Sulthan Bathery	127	2	1	2	1
THQH Vythiri	129	3	3	2	Nil
TH Thuravoor	24	1	0	1	1

(Source: Details collected from health institutions)

- Audit noticed number of deliveries in 10[13] out of 15 hospitals coming down during the last three years due to shortage of Gynaecologists. Due to this the possibility of these hospitals turning away patients cannot be ruled out. In THQH Tirurangadi, Audit noticed that the number of deliveries was steadily declining over the years from 574 during 2012-13 to 284 during 2016-17. Analysis of the confinement register

[13] GH Thrissur, DH Mananthavady, THQH Vythiri, CHC Meenangadi, DH Tirur, THQH Tirurangadi, THQH Kodungallur, W&C Alappuzha, DH Mavelikkara and THQH Kayamkulam.

maintained by the Hospital revealed that the number of primipara[14] cases attended to by the hospital during 2015-17 was only seven out of 635 deliveries. The Hospital stated (August 2017) that patients were aware of risk factors like there being no Paediatrician on call and no facility for emergency intervention and therefore requested for reference to higher centres during the course of antenatal checkup. Similarly, in THQH Vythiri, delivery facilities were not made available to the patients from August 2015 to June 2017 due to the transfer of the lone Gynaecologist to another hospital. GOK stated (November 2017) that measures were being taken to fill all the sanctioned posts of Gynaecologists in different hospitals in the State. However, the fact remains that had the risk factors been minimised, these ANC patients could have claimed delivery service from PHCs/CHCs and not sought reference to higher centres as stated above. Thus, the objective of NHM to provide health to all in an equitable manner was not achieved.

- Audit noticed in District Hospital (DH), Mananthavady that GOK accorded sanction (November 2005) to increase the bed strength from 274 to 500 since the average number of inpatients was between 475 and 500 per day. Similarly, in respect of GH, Kalpetta GOK accorded sanction (November 2005) to increase the bed strength from 43 to 250. However, neither the number of beds was increased nor the infrastructure developed to cater to the demand, citing paucity of funds. Audit observed that the constraints in space and bed strength led to situations like patients sharing beds and even resting on floors as shown in **Picture 2.1** below.

Picture 2.1: Patients sharing beds at DH Mananthavady in Wayanad District (28 June 2017)

Picture 2.2: Delivery patients resting in corridors and floors at GH Manjeri in Malappuram District (24 May 2017)

- GOK attached (January 2014) General Hospital (GH) Manjeri, including its staff and equipment to Government Medical (GM) College, Manjeri for the purpose of medical education. GOK also renamed (June 2014) the GH Manjeri as GM College, Manjeri. While the Superintendent, GH was designated as Superintendent (Administration),

[14] Primipara cases relate to women who are pregnant for the first time.

the Principal, GM College Manjeri was given overall control of the hospital for the purpose of running the Medical College.

Joint physical verification (24 May 2017) of the antenatal and postnatal wards in the GM College, Manjeri, revealed that 88 patients were allowed to be admitted though the sanctioned bed strength was 78. Patients were lying on the floor or sharing beds with other patients. The normal delivery patients along with the newborn were accommodated on the floor in the corridor, as seen in **Picture 2.2**. Two instances of pregnant women giving birth to children in the toilet at ANC ward occurred in 2016 and 2017. The Hospital stated (August 2017) that lack of vacant beds in the labour room forced the patients to be retained in ANC wards. In these circumstances, it is felt that there was need for increasing the bed strength to accommodate the increasing number of patients.

The Superintendent (Administration) of the GM College, Manjeri stated (November 2017) that the existing hospital buildings were converted into Medical College Education Unit for housing the academic blocks and Clinical Academic areas. He also confirmed that a building originally constructed for the Women and Child (W&C) block was converted into an academic block for the GM College, Manjeri. Audit was further informed by the Government in its reply that despite the need for more beds, no proposal seeking increase of bed strength was forwarded by GM College, Manjeri due to lack of space for constructing new buildings.

The reply of the Superintendent (Administration) was not justifiable as GM College, Manjeri despite facing shortage of beds converted the building constructed for accommodating women and children into an academic block. The upgradation of the GH Manjeri into the GM College, Manjeri without enhancing the existing limited facilities adversely impacted on the delivery of services for maternal care.

2.8.6 Shortage of drugs and consumables in Post-Partum Units

All services relating to Reproductive and Child health programme, immunisation sessions, monthly clinics, etc., are conducted through Post-Partum Unit (PPU). The Guidelines for Control of Iron Deficiency Anaemia issued by the GOI emphasises IFA supplementation among pregnant women and lactating mothers. Stock-out of drugs and consumables was noticed in 47 of the 65 test-checked institutions with period of stock-outs ranging from two to 74 months as detailed in **Appendix 2.1**. The stipulations contained in the National Health Mission Framework for Implementation 2012-17 requiring hospitals to provide for appropriate increase in drugs and supplies commensurate with caseloads was not achieved.

2.8.7 Deliveries through Caesarean sections

Government of Kerala recognising that the percentage of Caesarean section (C-section) among the total number of deliveries was on the increase, issued guidelines (May 2011) for reduction of C-sections and promotion of safe vaginal delivery. GOK, while emphasising the WHO recommendation that C-section among the Primipara should be limited to less than 15 *per cent*, observed that the average proportion of C-sections in Kerala was higher than the national average and that high risk of complications in second C-section warranted reduction of primary C-section to as minimum as possible. Against the national average of 17.20 *per cent*[15] C-sections, data obtained from the Directorate of Health Services (DHS), Kerala indicated that 40 to 42 *per cent* of the deliveries in the State during 2012-17 were C-sections. Audit noticed an increase in percentage of C-section deliveries in 2016-17 over 2012-13, in respect of nine out of 15 institutions test-checked as detailed in **Appendix 2.2**. Though the remaining six institutions did not show a similar increase in 2016-17, it was observed that the percentage of C-section deliveries was still high and ranged between 20.58 and 49.01 *per cent*. During the Exit Conference (November 2017), Government accepted that the State average of C-section deliveries was high as compared to the national average and admitted that it was a shameful situation. Government also admitted its failure to bring down the percentage of C-section inspite of concerted efforts.

2.8.8 Janani Shishu Suraksha Karyakram (JSSK)

Janani Shishu Suraksha Karyakram (JSSK) launched on 01 June 2011, was an initiative to assure cashless services to all pregnant women including normal deliveries, C-sections, and treatment of sick newborn (upto 30 days after birth) in all Government health institutions across the State. In order to reduce MMR and IMR, JSSK under NHM stressed upon promotion of institutional deliveries and proper care of newborn. The entitlements for pregnant women under JSSK included free and zero expense delivery and C-section, free Drugs and Consumables, free Diagnostics (Blood, Urine tests, Ultrasonography, etc.), free diet during stay in the health institutions (upto three days for normal deliveries and upto seven days for caesarean deliveries), free provision of blood, free transport from home to health institutions, between facilities in case of referrals and drop back from institution to home.

2.8.8.1 Deficiencies in providing free diet and other facilities to pregnant women under Janani Shishu Suraksha Karyakram (JSSK)

- ***Supply of diet***

  JSSK guidelines envisaged that extra calorific diet was to be provided to mothers upto three days for normal deliveries and upto seven days for caesarean deliveries. Further, GOI while launching the scheme stated that non-availability of diet at the health facilities demotivates the delivered mothers from staying at the health facilities and consequently, most of the mothers prefer returning home after delivery, at the earliest.

  The JSSK guidelines envisaged to provide cooked food, local seasonal fruits, vegetables, milk and eggs. The NHM, in its Circular (August 2012) suggested supply of bed coffee, breakfast, seasonal fruits, lunch, tea and snacks and dinner to the beneficiaries under the scheme. Audit observed that only six[16] of the 15 delivery points test-checked, which

[15] Data obtained from National Family Health Survey – 4 as average of last five years before 2015-16.

[16] CHC Meenangadi, W&C Alappuzha, GH Manjeri, General Hospital Thrissur, District Hospital Wadakkancherry and TH Kodungallur.

included one Women and Children (W&C) hospital, three GHs, four DHs, six THs and one CHC provided diet as specified in JSSK guidelines. The details of two institutions, which failed to provide any diet to the mothers and that of the remaining seven institutions where diet as supplied did not conform to the Guidelines, are given in **Appendix 2.3**. It was also observed that in four[17] institutions, the mothers were discharged from the institutions prior to the days prescribed (three days for normal and seven days for LSCS[18]) in the Guidelines resulting in mothers not receiving the stipulated diet.

Lack of sufficient intake of calorific food by mothers in post-partum period could hamper adequate care of the mothers and neonates. GOK stated (November 2017) that strict instructions were issued to the districts to ensure free diet for pregnant women in all institutions. GOK further stated that though Post-Partum duration of hospital stay varied from individual to individual and was the choice of the patient as well, institutions were since instructed not to discharge mothers prior to acquiring fitness.

- ***Non-implementation of patient transport ambulance under JSSK and resultant parking of ₹11.88 crore with KMSCL***

The JSSK launched by GOI (June 2011) provided for free and cashless services to pregnant women including normal deliveries and caesarean section deliveries and also treatment of sick newborn (upto 30 days after birth) in all Government health institutions across State/UT. As per the initiative, all pregnant women shall be provided with free transportation from residence to the health centre, from there to the referral points, if needed and back to residence. Patient Transport Ambulance (102) services essentially consisted of basic patient transport aimed to cater to the needs of pregnant women and sick infants under JSSK. It was observed that the patient transport ambulance system was not set up (November 2017) and instead the State Mission Director, NHM accorded sanction (August 2012) to disburse cash assistance of ₹500 each to the mothers until GOK established transport system for the pregnant women under JSSK.

Audit examined the reasons for not setting up the patient transport ambulance system as envisaged under the JSSK guidelines. It was observed that an amount of ₹27.45 crore (₹15.57 crore for purchase of 283 Patient transport ambulances, ₹5.09 crore for setting up a control room and ₹6.79 crore for its operational cost) was earmarked in the approved Programme Implementation Plan (PIP) for 2012-13 for the purchase and operation of patient transport ambulance. NHM transferred (March 2013) ₹11.88 crore to M/s. Kerala Medical Services Corporation Ltd (KMSCL), which included ₹5.09 crore for setting up of a control room and ₹6.79 crore to meet operational costs. However, the cost of purchase of ambulances (₹15.57 crore) was not transferred to KMSCL. Audit noticed that KMSCL neither set up the call centre nor purchased ambulances as the cost of ambulances (₹15.57 crore) was not

17 TH Sultan Bathery, DH Tirur, TH Ponnani and THQH Tirurangadi.
18 Lower Segment Caesarean Section.

transferred to them. Thus, ₹11.88 crore was retained by KMSCL since March 2013. It was also noticed that NHM submitted Utilisation Certificate (UC) for 2012-13 to GOI certifying that all amount received during 2012-13 was utilised.

Audit observed that besides parking ₹11.88 crore with the KMSCL since March 2013, an amount of ₹3.23 crore[19] was paid as cash assistance to the beneficiaries in test-checked institutions thereby violating the scheme guidelines.

GOK stated (November 2017) that though ₹11.88 crore was released to KMSCL for patient transport ambulance, formal directions for purchase of vehicles and implementation of the project were yet to be issued resulting in the idling of funds. The reply was not acceptable since NHM and GOK were bound to utilise the funds approved by GOI for setting up of patient transport ambulance system under JSSK. The reply also failed to explain why NHM misled GOI by forwarding UC certifying that all amounts received during 2012-13 were expended, when ₹11.88 crore was parked unspent with KMSCL. Government stated in the Exit Conference (November 2017) that the matter would be looked into. Failure to utilise funds for the intended purpose and submission of wrong UCs calls for fixation of responsibility.

- ***Free Drugs and Consumables/Diagnostics/Blood***

  The scheme envisages cashless service to women on account of free supply of drugs and consumables, diagnostic services and blood transfusion. Visits to hospitals during the course of Audit revealed that in three out of 15 delivery points, pregnant women were compelled to purchase medicines and blood from outside sources (**Appendix 2.4**). GOK stated (November 2017) that consequent to observations of Audit steps were taken to ensure that the entitlements envisaged under the scheme would be made available to all mothers. However, the steps taken were not intimated to Audit, despite being asked.

2.9 Health care of children

2.9.1 Setting up of facilities for newborn at delivery points

The IPHS 2012 and the Operational guidelines for Facility Based Newborn Care mandated all facilities where deliveries were conducted, to set up Newborn Care Corner (NBCC)[20]. Similarly, all FRUs/CHCs needed to have a Newborn Stabilisation Unit (NBSU)[21], in addition to NBCC, with a Paediatrician in charge. It was also stipulated that any facility with more than 3,000 deliveries per year should have a Special Newborn Care Unit (SNCU), which would

---

[19] At the rate of ₹500 per beneficiary.

[20] Newborn Care Corner (NBCC) – a space within the delivery room in any health facility, where immediate care is provided to all newborns at birth. This is mandatory for all health facilities where deliveries are conducted.

[21] Newborn Stabilization Unit (NBSU) – a facility within or in close proximity of the maternity ward where sick and low birth weight newborns can be cared for during short periods. All FRUs/CHCs need to have a Neonatal Stabilization Unit, in addition to the Newborn Care Corner.

provide special care (all care except assisted ventilation and major surgery) for the sick newborn.

Data obtained from the DHS revealed that there were 107 delivery points in the State (March 2017). Though the DHS stated (October 2017) that NBCC was available at all delivery points, test-check revealed that three[22] out of 15 delivery points did not have the facility. There was shortfall in setting up NBSUs also. Across the State, NBSUs were not available in 41 out of 107 delivery points. NBSUs were not available in five[23] out of 15 delivery points test-checked. Two delivery points *viz.*, DH, Wadakkancherry and DH, Mananthavady neither had NBCC nor NBSU facilities. Thus, 10 delivery points out of 15 test-checked, failed to set up stipulated facilities for the newborn.

Audit also noticed in the 10 delivery points which were lacking either in NBCCs/NBSUs or both, shortfall in filling up of sanctioned posts of Paediatricians in four delivery points. While shortfall of one Paediatrician against two sanctioned posts was noticed in THQH, Kodungallur and TH, Kayamkulam, there was shortfall of one Paediatrician against three sanctioned posts in GH, Thrissur. In DH, Mananthavady, shortfall of two Paediatricians against the sanctioned four posts was observed.

As GOK neither set up the required number of NBCCs and NBSUs nor effectively addressed the problem of shortages of Paediatricians, the newborns were denied the envisaged special care. Government agreed in the Exit Conference (November 2017) that the non-availability of NBCC was a very serious issue. Government further stated that NBSUs were provided in 66 institutions and that NBSUs in remaining institutions would be proposed in the next programme implementation plan of NHM.

2.9.2 Low birth weight (LBW) babies

World Health Organisation (WHO) defined Low Birth Weight (LBW) babies as such infants with a birth weight of 2,499 grams or less. It estimated that LBW contributed to 60 to 80 *per cent* of all neonatal deaths. Audit observed that the percentage of LBW babies increased in 2016-17 compared to 2012-13 for the State as well as selected districts as detailed in **Table 2.8**.

Table 2.8: Percentage of LBW babies in the State and selected districts

State/District	2012-13	2013-14	2014-15	2015-16	2016-17
Kerala	**10.90**	**11.21**	**10.83**	**11.72**	**12.36**
Alappuzha	9.57	9.80	10.81	12.24	12.15
Thrissur	8.01	8.10	8.20	10.38	9.39
Malappuram	11.71	11.82	12.23	10.99	14.31
Wayanad	15.04	14.75	15.41	15.38	16.39

(Source: HMIS data)

The percentage of LBW babies in the test-checked 15 delivery points ranged from 2.60 to 30.61 during 2012-17 as detailed in **Appendix 2.5**. Operational Guidelines for Facility Based Newborn Care, 2011, stipulated setting up of NBSUs in every FRU and CHC. The expected services to be provided at NBSUs

22 THQH Kodungallur, TH Kayamkulam and THQH Ponnani.

23 THQH Vythiri, GH Kalpetta, W&C Hospital Alappuzha, GH Thrissur and CHC Meenangadi.

included management of LBW infants less than 1.8 kg[24] with no other complication. Only 10 of the 15 institutions test-checked offered records showing details of children weighing less than 1.8 kg at birth. Audit noticed that almost 7.82 *per cent* of the underweight children recorded weight of less than 1.8 kg. Audit observed that eight, 38 and 10 *per cent* of underweight children delivered in DH Mananthavady, W&C Alappuzha and GH Kalpetta respectively during 2012-17 were less than 1.8 kg in birth weight. Even though the percentage of LBW babies was increasing in the State, NBSUs and NBCCs which were required for stabilisation of such babies were not setup in the delivery points.

2.9.3 Child Health Screening and Early Intervention Services under NHM

2.9.3.1 District Early Intervention Centres (DEIC)

Government of India launched (February 2013) the Rashtriya Bal Swasthya Karyakram (RBSK) targeted to deliver Child Health Screening and Early Intervention Services under NHM. The scheme envisaged to cover 30 identified health conditions for early detection, free treatment and management through dedicated mobile health teams placed in every block in the country. The operational guidelines of the scheme envisaged first level of screening[25] to be done at all delivery points through existing Medical Officers, Staff Nurses and Auxiliary Nurse Midwives (ANM). After 48 hours till six weeks, the screening of newborns were to be done by ASHA[26] at home as a part of Home Based Newborn Care (HBNC) package.

Dedicated Mobile Health Teams (MHT) were to be constituted to conduct outreach screening to children between six weeks and six years at Anganwadi Centres and to children aged between six and 18 years at schools. The scheme envisaged engagement of at least three MHTs in each block to conduct screening of children. Each MHT was to consist of four members *viz*., two Doctors (AYUSH), one male and one female, one ANM/Staff nurse and one pharmacist. The screening of children in the Anganwadi Centres was to be conducted at least twice a year and at least once a year for school children to begin with.

The RBSK also envisaged setting up of District Early Intervention Centres (DEIC) at the District Hospital level across the country. The DEICs were to be the first referral points for further investigation, treatment and management of children detected with health conditions during health screening. A team consisting of one Paediatrician, one Medical officer, one Dentist, two Staff Nurses, Paramedics and visiting specialists will be engaged to provide services.

Audit observed laxity in implementation of the scheme, as discussed below.

- Even though the State constituted DEICs, which were functional from 2013-14 onwards, it neither constituted dedicated MHTs nor proposed capital cost for setting up the same as required under the guidelines. The

[24] Infants with birth weight more than 1.2 kg and less than 1.8 kg have significant problems in neonatal period.
[25] Screening of visible defects like cleft lip, clubfoot, etc.
[26] Accredited Social Health Activist (ASHA).

screening activities to be undertaken by the MHT were being done by Junior Public Health Nurses (JPHN) who were trained and posted for the purpose. The District Programme Managers (DPM) and the State Health Society confirmed that these nurses were being deployed for screening in Anganwadis and schools for which proposals were made and funds allotted. Thus, the action of NHM of deploying JPHNs instead of Doctors was not in order. The probability of JPHN failing to detect children with health condition cannot be ruled out.

Audit observed that the scheme guidelines provided for doctors to be part of the MHT and that a JPHN, however well trained, would still not be able to identify health conditions like Neural Tube defects, Down's Syndrome, Congenital cataract, Congenital deafness, Congenital Heart diseases, Thalassemia, etc. Thus, the screening activities done by JPHN were not in compliance with RBSK guidelines which clearly stipulated that there should be two doctors in each team to screen the children with the help of an ANM/Staff nurse.

- Audit observed that even though DEICs were formed in all the selected districts, they were working without the service of Paediatrician in Wayanad and Malappuram districts. DPMs of both districts replied that interviews were being arranged to fill the post.
- Scrutiny of records maintained at DEICs Alappuzha, Malappuram, Wayanad and Thrissur districts for the year 2016-17 revealed that out of 9,588 children referred to DEICs under the School Health programme, only 1,616 children reached DEICs for further treatment. Thus, almost 83 *per cent* of the children did not report for further treatment. There was no mechanism at the DEICs to ensure that all cases referred from various periphery level institutions reached DEICs for further investigation and treatment.

Thus, the objective of DEIC to intervene in the early stages of child health could not be achieved in the test-checked districts. Government stated in the Exit Conference (November 2017) that the issue of these children not being followed up was serious and directed NHM and DHS to initiate immediate action to track every child referred to DEIC.

Recommendation 2.3: GOK may direct DEICs to maintain database of children referred to them including follow-up activities to ensure that all cases referred from various periphery level institutions reached DEICs.

2.10 Family planning

2.10.1 Non-availability of Family planning activities

As per IPHS, 2012, all PHCs shall provide Education, Motivation and Counselling to adopt appropriate family planning methods and to provide for contraceptives such as condoms, oral pills, emergency contraceptives and Intra Uterine Contraceptive Device (IUCD) insertions. The standards also envisaged that CHCs would provide full range of family planning services including Information, Education and Communication (IEC), counselling, provision of

Contraceptives, Non-Scalpel Vasectomy (NSV), Laparoscopic Sterilisation Services and their follow-up.

It was observed that all the 32 PHCs test-checked provided all the family planning activities as envisaged in IPHS, except IUCD insertion. Of the test-checked 16 CHCs, only three CHCs[27] provided all the stipulated family planning activities. None of the remaining 13 test-checked CHCs provided Tubectomy, Vasectomy and Laparoscopy services. All family planning activities were being provided in all the TH/THQHs except TH Thuravoor[28]. The details are as shown in **Table 2.9**.

Table 2.9: Details of institutions providing family planning activities

Family Planning Activities	Alappuzha		Thrissur		Malappuram		Wayanad	
	PHC	CHC	PHC	CHC	PHC	CHC	PHC	CHC
Vasectomy	Not required	1	Not required	Nil	Not required	Nil	Not required	2
Tubectomy	Not required	1	Not required	Nil	Not required	Nil	Not required	2
Laparoscopy	Not required	1	Not required	Nil	Not required	Nil	Not required	2
IUCD insertion	Nil	4	Nil	4	Nil	4	Nil	4
Oral pills/Mini lap sterilisation/Condom distribution	8	4	8	4	8	4	8	4

(Source: Data collected from test-checked institutions)

Government stated (November 2017) that since most of the sterilisation procedures were performed by Gynaecologists or Surgeons, family planning measures were provided through Taluk/District/General/W&C hospitals. The reply was not acceptable in view of the fact that the State was to equip CHCs with full range of family planning activities as per IPHS norm.

2.11 Immunisation

2.11.1 Poor progress in Immunisation

The NHM Immunisation Handbook for Medical Officers recognises a child as fully immunised with all basic vaccinations, if the child has received Bacille Calmette-Guerin (BCG) vaccine against tuberculosis at birth; three doses each of polio and pentavalent (diphtheria, tetanus, pertussis, Hepatitis B (Hep) and Haemophilus influenza type B (Hib)) vaccines at 6, 10 and 14 weeks of age; and a vaccination against measles at nine months of age. Timely administration of vaccines has implications for the success of childhood immunisation programmes.

The details of immunisation in the selected districts from 2012-13 to 2016-17 are as shown in **Table 2.10**.

---
27 CHCs Meenangadi, Pulpally and Ambalappuzha.
28 Vasectomy and Tubectomy not available.

Table 2.10: Details of immunisation

District	Target	Fully immunised	Fully immunised (in *per cent*)	Partially immunised	Unimmunised
Wayanad[29]	72635	67669	93.16	5839	316
Malappuram	1275326	1148923	90.09	113604	12799
Thrissur	458992	454829	99.09	3908	255
Alappuzha	113745	112212	98.65	1440	93

(Source: Data from DPMs)

The reasons for the slow progress in immunisation in the districts of Malappuram and Wayanad as stated by the DPMs included reckoning of vaccination by some communities as anti-religious, impact of anti-vaccination lobby such as Naturopathy, propaganda against immunisation through social media and fear of immunisation. Audit observed that the failure of GOK to successfully overcome public resistance to vaccination resulted in a setback to the success of childhood immunisation programmes as envisaged under NHM.

Recommendation 2.4: GOK must strengthen dissemination activities to spread awareness of the necessity of immunisation amongst such communities.

2.12 Infrastructure and manpower

As per the Indian Public Health Standards, 2012 (IPHS) certain essential/ desirable services at Sub-Centres/PHCs/CHCs/THs/THQHs and DHs are to be provided so as to ensure availability of uniform standards of services and infrastructure to the public. Deficiencies in manpower have been pointed out in paragraph 2.8.3 of this report. Audit also noticed deficiencies in service delivery by Accredited Social Health Activists (ASHA), as discussed below.

2.12.1 Functioning of Accredited Social Health Activist

The NHM framework required Accredited Social Health Activists (ASHAs) to reinforce community action for universal immunisation, safe delivery, newborn care, prevention of water-borne and other communicable diseases, nutrition and sanitation. Each ASHA was to be equipped with a kit to provide the rural population with immediate and easy access to essential health supplies like Oral Rehydration Salts (ORS), contraceptives and a set of 10 basic drugs, besides a health communication kit and other IEC materials.

As per approved norms, one ASHA was to be provided for every 1,000 population at village level and all ASHAs were to undergo series of training sessions to acquire the necessary knowledge, skills and confidence for performing their spelt out roles.

- Audit observed that against the requirement of 32,854 ASHAs in the State, only 25,680 were available resulting in shortage of 7,174 ASHAs. In the test-checked districts, against the target of 9,924 ASHAs, there

[29] In respect of Wayanad, the District Medical Officer, Wayanad while confirming the figures stated that achievement exceeded target since children from neighbouring two States and districts availed immunisation service from that district.

was shortage of 1,683 ASHAs. The shortfall against target was highest in Thrissur (24 *per cent*) while in Wayanad, Malappuram and Alappuzha, it was 20, 17 and 7 *per cent* respectively.

Table 2.11: Availability of ASHAs and details of training imparted in selected districts

District	No. of ASHA			Training imparted		
	Target	Available	Shortage	Available	Trained	Shortage
Wayanad	835	669	166	669	666	3
Malappuram	3900	3228	672	3228	2478	750
Thrissur	2889	2209	680	2209	1800	409
Alappuzha	2300	2135	165	2135	2035	100

(Source: Data from State Health Society)

NHM replied (September 2017) that revamping of the programme was going on with ward based redistribution of ASHAs and that new ASHAs would be nominated once the process was completed. The reply was not acceptable as the department was well aware of the shortage of ASHAs and as such, the process to nominate new ASHAs could have been initiated well in advance, to avoid further delay.

- Audit observed that the project for supply of ASHA kits was implemented by NHM in 2008-09 and in 2013-14 only. ASHA kits comprising of essential drugs and consumables, meant to be distributed free of cost to the beneficiaries in the field were not replenished from time to time. In the 32 test-checked Sub-Centres in four districts, no ASHA kits were replenished since 2013-14.

  On enquiry it was stated (September 2017) by SHS that approval from GOI was not received to replenish ASHA kits since 2013 and that GOI directed in the Record of Proceedings (ROP) of 2016-17 to replenish them from existing health facilities.

2.12.2 Deficiencies in infrastructure in health centres

2.12.2.1 Non-conducting of baseline survey

As per paragraph 81 of the NHM Framework, in order to enable the District Health Mission to take up the exercise of comprehensive district planning, a household and facility survey of Sub-Centre/PHC/CHC/Sub-Divisional/DHs was to be conducted, which would act as the baseline for the Mission. This exercise was to be taken up at regular intervals to assess the progress under the Mission. Mention was also made in the C&AG's Audit Report, 2009 that though facility survey was conducted in all CHCs during September to December 2006, no such survey was conducted in any of the PHCs and Sub-Centres in the State.

NHM confirmed (October 2017) that it did not conduct any baseline survey after 2006. Audit observed that in the absence of baseline survey, NHM neither possessed inputs to monitor the progress in imparting health care nor placed itself in a position to access details of improvement, which came about due to the investments made under the scheme.

2.12.2.2 Status of Civil works

The physical status as on 31 March 2017, of 212 works relating to construction of health institutions, training centres and staff quarters sanctioned during 2012-15 is given in **Table 2.12**.

Table 2.12: Status of Civil Works

Year	No. of works sanctioned	No. of works completed	No. of works in progress	No. of works not started due to non-availability of land	No. of works not started due to other reasons
2012	84	83	Nil	Nil	1
2013	117	106	Nil	7	4
2014	4	Nil	3	Nil	1
2015	7	4	1	Nil	2
Total	**212**	**193**	**4**	**7**	**8**

(Source: Data from SHS)

Audit observed that 15 works could not be taken up for construction, out of which, seven works could not be taken up due to non-availability of land and eight due to other reasons.

Shortfall in setting up of Sub-Centres, PHCs and CHCs have been mentioned in paragraph 2.8.3 of this report. Many of the test-checked institutions lacked in essential facilities like electricity, drinking water facility, toilet, road accessibility, equipment like Cardiogram, X-Ray, Lab service, etc. (**Appendix 2.6**).

Details of buildings idling after completion/incomplete works are indicated below.

- **Training Centre in the premises of TB Hospital, Manjeri**

  Even after the lapse of 48 months since handing over of the building (August 2013) to NHM, the building was idling due to lack of manpower and infrastructure. Training activities were being conducted in rented buildings and an amount of ₹1.86 lakh was incurred towards rent from 2013-14 to 2016-17 alone. Proposal submitted by District Medical Officer, Malappuram in April 2017 was for an additional post of a watchman, with no requisition for administrative staff. The proposal was not approved by GOK (September 2017).

- **Maternity Block at CHC, Edappal**

  The Maternity Block building was idling for more than two years for want of sufficient equipment and furniture and posting of electrical and cleaning staff. GOK stated (November 2017) that proposal for supply of equipment would be included in the supplementary PIP for 2017-18.

- **Maternal and Child Health (MCH) Block in CHC Fort, Thiruvananthapuram**

  The building could not be put to use due to objection raised (June 2016) by the Chief Town Planner, Thiruvananthapuram that the elevation of the building was not as per the norms prescribed under heritage zone. Besides, the building plan was not approved before commencement of work.

- **W&C Block at District Hospital, Tirur**

  Deviation on civil works necessitated due to site condition. Lack of proper planning as per CPWD specifications and preparation of project estimate without studying the site condition resulted in the increase of project cost by more than 20 *per cent*. The work, which was scheduled for completion by November 2016 with a project cost of ₹ five crore, could not be completed till September 2017.

- **Construction of MCH Block at THQ Hospital Chengannur**

  As the progress of work was very slow, the consultant terminated the contract on 27 May 2015 after forfeiting the Performance Guarantee of ₹40.42 lakh. Work was re-tendered and the lowest amount quoted by another contractor for an amount of ₹1,030.52 lakh was accepted by the Technical Committee in January 2016 with a time of completion of one year. The additional liability consequent on revision of estimate due to termination of work by the first contractor was avoidable, had the agreement included a conditional risk and cost clause to make good any loss, in case of termination of work.

- **Construction of Staff Quarters at DH Mananthavady**

  During the course of execution of work, the Kerala Police raised objection stating that a part of the land belonged to their department. The dispute was yet to be resolved (September 2017). Failure of SHM in proper planning and ensuring hindrance free land led to inability to complete the staff quarters and infructuous payment of ₹36.89 lakh to the consultant.

2.12.3 Shortage in blood bank/blood storage

As per IPHS and report on Standardisation of Medical Institutions in Kerala, blood storage is an essential requirement in CHCs/TH/THQHs and blood banks, in District hospitals. Audit noticed 11 out of 33 medical institutions (CHC/TH/DH/GH/W&C) functioning without blood storage/blood bank, available blood storage facilities remaining non-functional due to failure to obtain licence, blood banks functioning without licence from the Drugs Controller and Licensing Authority and institutions offering blood storage facilities instead of the stipulated full-fledged blood bank (**Appendix 2.7**).

GOK stated (November 2017) that blood storage units were made available at THQHs Kodungallur and Vythiri. Audit was also informed that action was initiated in four hospitals[30] to obtain licence. In two hospitals[31] it was stated that Blood storage units were functioning in place of Blood banks. In respect of GH, Alappuzha, it was stated that the nearby MCH had the facility of blood bank. The reply was not acceptable as IPHS stipulate that hospitals falling under the category DH and above, should invariably be equipped with blood banks. In respect of other two hospitals[32] it was stated that they did not have delivery facility and hence blood storage units were not provided. The reply was not

[30] THQHs Tirurangadi and Sulthan Bathery, W&C Alappuzha and CHC Meenangadi.
[31] GH Kalpetta and DH Mavelikkara.
[32] THs Pudukkad and Thuravoor.

acceptable as the provision of blood storage was not based solely on the availability of delivery facilities in the institution.

2.12.4 Ambulance service

As per IPHS guidelines, referral transport facility was to be made available at each PHC. However, ambulances were available only in 54 out of 848 PHCs and 58 out of 232 CHCs across the State. Thus, 94 *per cent* of PHCs and 75 *per cent* of CHCs did not possess ambulances. Status of availability of ambulances in the four test-checked districts to transport patients to referral centres is presented in **Table 2.13**.

Table 2.13: Availability of ambulances

Name of the district	Total number of PHCs	Number of PHCs provided with ambulances	Total number of CHCs	Number of CHCs provided with ambulances
Alappuzha	59	1	16	2
Malappuram	84	0	22	1
Wayanad	23	3	9	5
Thrissur	79	3	24	5

(Source: Data from DHS)

Government replied (November 2017) that 50 ambulances were procured for functioning as '108 Ambulances'. The reply was not acceptable as '108 Ambulances' were utilised for management of emergencies of serious concern like road accidents, health related problems, etc., and not to cater to the needs of PHCs/CHCs.

2.12.5 Idling of equipment

Audit observed that in 19 institutions in the test-checked districts, equipment worth ₹0.98 crore were idling for various reasons such as non-availability of infrastructure/space/manpower, non-requirement of equipment, etc., as shown in **Appendix 2.8**.

Government stated (November 2017) that action will be taken to utilise the equipment.

2.12.6 Non-availability of laboratory services

As per IPHS, the status (March 2017) of availability of laboratories in the test-checked health institutions and the services rendered by them are shown in **Table 2.14**.

Table 2.14: Availability of Laboratories

Health institution	Test-checked number of institutions	Non-availability of laboratory	Required number of laboratory tests	Non-availability of tests
PHC	32	17	11	2 – 9
CHC	16	Nil	36	9 – 27
TH/THQH	8	Nil	51	11 – 34
DH	4	Nil	97	51 – 66

(Source: Data collected from test-checked institutions)

Audit observed severe shortfall in laboratory services provided by TH/THQHs/CHCs/DHs in the test-checked four districts (**Appendix 2.9**).

The institutions cited inadequate infrastructure and shortage in space, manpower, reagents, etc., as reasons for the non-availability of laboratory and laboratory services. The reply was not acceptable as laboratory services were essential in the process of diagnosis and hence, adequate proposals were to be projected in the Programme Implementation Plans to overcome shortage of space, infrastructure and equipment.

2.12.7 Safety measures in X-ray centres

Atomic Energy Regulatory Board (AERB) guidelines (August 2004) on licensing of X–ray units provided for issuing licence for operating radiation installations after inspecting the working practices being followed, to ensure adherence to prescribed safety standards, availability of appropriate radiation monitors and dosimetry devices for purposes of radiation surveillance, etc. In Kerala, the Director of Radiation Safety (DRS) is the authorised agency to issue licences on behalf of AERB.

Audit noticed that 15 out of 32 hospitals test-checked offered X–ray services. However, in 10[33] out of 15 hospitals, X–ray machines were operated without obtaining Certificate of Safety from DRS and 10 equipment in seven[34] hospitals were being utilised without conducting the quality tests as shown in **Appendix 2.10**.

Audit noticed that the technicians manning the X–ray units in five[35] hospitals were not provided with Thermoluminescent Dosimeter (TLD) badges to indicate levels of exposure to radiation. In the absence of TLD badges and safety certification from the DRS, Audit could not obtain reasonable assurance that patients and technicians were not being exposed to more than permissible radiation levels.

DPMs, Thrissur, Malappuram and Wayanad replied (August 2017) that action was being taken to obtain AERB licences and necessary arrangements were made for conducting quality assurance test. District Medical Officer (DMO), Thrissur replied (August 2017) that necessary directions for obtaining AERB registration were forwarded to peripheral institutions.

NHM stated (September 2017) that AERB registration and purchase of TLD badges was to be done by the hospital authorities concerned and quality assurance tests of radiological equipment were being conducted by NHM as per request of hospitals. Unrestrained exposure of patients and technicians to more than permissible levels of radiation would pose serious health risks. GOK stated that NHM was preparing a proposal in supplementary PIP 2017-18 for obtaining funds for taking AERB licence for all radiological equipment at all the Government hospitals.

---

33 GH Kalpetta, DH Mavelikkara, DH Wadakkancherry, DH Tirur, DH Mananthavady, THQH Kayamkulam, THQH Ponnani, THQH Tirurangadi, THQH Sulthan Bathery and CHC Muthukulam.

34 DH Mavelikkara, DH Wadakkancherry, THQH Kayamkulam, THQH Kodungallur, THQH Tirurangadi, THQH Sulthan Bathery and CHC Muthukulam.

35 DH Mavelikkara, THQH Kayamkulam, THQH Kodungallur, CHC Muthukulam and THQH Tirurangadi.

2.12.8 Compliance to Quality Assurance Guidelines

The Public Health Operational Guidelines for Quality Assurance, 2013 (Quality Assurance guidelines) envisaged that the health facilities were not only to provide full range of services which are committed in the National Health Programmes but also to ensure that the services meet verifiable and objective quality standards. The Quality Assurance guidelines recommended to create State Quality Assurance Committee (SQAC), District Quality Assurance Committee (DQAC), District Quality Assurance Teams (DQAT) at District Hospitals and Facility Level Quality teams for strengthening quality assurance activities at various levels.

Audit noticed that though SQAC and DQACs were formed, DQAT and Facility Level Quality teams were not constituted in all institutions. In the test-checked eight General/District Hospitals and eight Taluk Hospitals, QAT was not formed in three General/District Hospitals and four Taluk Hospitals. Further, Facility Level QATs were not formed in 11 CHCs and 24 PHCs. In the absence of such QATs, internal assessment of quality activities, preparation of key performance indicators, patient satisfaction surveys, identification of gaps and improvement, follow-up actions etc., were not being done.

2.13 Financial Management

2.13.1 Short release of funds to High Priority Districts

To ensure equitable health care and to bring about sharper improvements in health outcomes, the bottom 25 *per cent* of the districts in every State, on the basis of outcome indicators covering the three areas of Maternal health, Child health and family planning were identified as High Priority Districts (HPD). GOI identified (July 2013) three districts *viz.*, Kasaragod, Malappuram and Palakkad as HPDs in the State. It was also conveyed to the States that HPDs must, within the overall State Resource Envelope[36] under NHM, receive at least 30 *per cent* more budget per capita as compared to the other districts. It was emphasised that diversion of this envelope to other districts would not be permitted.

Audit analysed the average annual assistance received by 11 non-HPDs during 2013-17. Audit noticed that there was short release of ₹86.40 crore to the three HPDs during 2013-17 as detailed in **Table 2.15**.

[36] Financial resources that are expected to be made available under various components.

Table 2.15: Shortage of funds allotted to High Priority Districts

(₹ in crore)

Year	2013-14	2014-15	2015-16	2016-17	Total
Total allotment to 11 non-high priority districts	181.59	181.53	305.50	209.59	
Average of 11 such districts	16.51	16.50	27.77	19.05	
Amount due adding 30 *per cent* of average to each HPD	21.46	21.45	36.10	24.77	
Amount allotted to Kasaragod	16.39	12.22	12.19	10.72	
Amount allotted to Malappuram	24.44	20.98	21.99	25.77	
Amount allotted to Palakkad	20.06	19.92	18.34	21.92	
Shortage of funds to Kasaragod	5.07	9.23	23.91	14.05	**52.26**
Shortage of funds to Malappuram	-2.98	0.47	14.11	-1.00	**10.60**
Shortage of funds to Palakkad	1.40	1.53	17.76	2.85	**23.54**
Total short release of funds					**86.40**

(Source: State Health Society data)

NHM stated (October 2017) that the activities approved in the ROP were those based on proposals forwarded by the districts and that the districts implemented the approved proposals. It was stated that since the demand from the districts were usually provided, the question of additional funds over and above their usual necessity did not arise. The reply was not correct since GOI during the years 2012-17 accorded approval to only 67 *per cent* of the PIPs forwarded by GOK. Thus, against the PIP of ₹4014.75 crore[37], approval was accorded by GOI for only ₹2673.07 crore. It was, therefore, clear that the districts did not obtain the amount sought for in their plan proposals. It was also mandatory for the GOK to comply with the GOI instructions and to allot additional resources to the three HPDs.

2.13.2 Janani Suraksha Yojana (JSY)

Janani Suraksha Yojana (JSY) is a safe motherhood intervention under the NHM being implemented (since 2005) with the objective of reducing maternal and neo-natal mortality by promoting institutional delivery among the pregnant women below poverty line. This scheme integrated cash assistance with delivery and post-delivery care. As per guidelines, the cash assistance of ₹700 under JSY was admissible only to mothers belonging to BPL families who hailed from rural areas and ₹600 to those from urban areas in Kerala, being a High Performing State. JSY guidelines required all payments including compensation amount for sterilisation wherever applicable, to be made in one instalment at the time of discharge from the hospital/health centre. The Auxiliary Nurse Midwives (ANM) and ASHA workers were to ensure disbursal of JSY cash assistance in time. The Guidelines recognised the district level Nodal Officer as the officer responsible for proper implementation of the JSY scheme.

- Audit observed that during 2012-17, 11.44 lakh beneficiaries across the State (47 *per cent*) and 33,782 (33 *per cent*) out of 1.01 lakh beneficiaries in the 15 selected institutions of the four selected districts were not paid the stipulated cash assistance as shown in **Table 2.16**.

[37] Including Supplementary proposal of ₹546.94 crore.

Table 2.16: Details of payment of cash assistance

Year	State			Selected institutions		
	Total number of institutional deliveries	Number of beneficiaries to whom cash assistance not paid	Percentage of non-disbursement	Total number of institutional deliveries	Number of beneficiaries to whom cash assistance not paid	Percentage of non-disbursement
2012-13	494504	236541	47.83	20601	11111	53.93
2013-14	496257	229922	46.33	23445	8572	36.56
2014-15	493636	231071	46.81	21959	4106	18.70
2015-16	480656	245295	51.03	18973	4696	24.75
2016-17	446123	201654	45.20	15937	5297	33.24
TOTAL	**2411176**	**1144483**	**47.46**	**100915**	**33782**	**33.47**

(Source: Data from State Health Society)

The reasons stated for non-disbursement of JSY assistance were patients not collecting money on discharge and non-furnishing of proper documents like JSY card, copy of bank pass book, ID proof, copy of discharge summary, etc. The reply was not acceptable since incentives were being paid to ASHA for assisting the beneficiaries. As such, availability of documents should have been ensured through ASHA.

- Government of India instructed (May 2013) that in Low Performing States (LPS), the financial assistance under JSY was to be made available to all women regardless of age and number of children, for delivery in Government/private accredited health facilities. Even though Kerala fell under the category of High Performing States where the facility could be extended only to BPL/SC/ST women, the State Mission Director (NHM) Kerala wrongly extended the facility (September 2013) to all women irrespective of age and number of children. Audit observed in the test-checked districts that the institutions were not maintaining separate records for APL and BPL women and JSY assistance was paid irrespective of the income factor.

Government (November 2017) replied that on the basis of the observation in C&AG's All India Review Report, 2016 on NHM regarding ratification of grant of JSY assistance to all women irrespective of being BPL/SC/ST, directions were issued (May 2017) by GOK to continue with the payment of JSY assistance to all women who deliver in Government hospitals except those availing payward facilities. The reply was not acceptable as the C&AG's report brought to light the irregularity in deviating from the guidelines of JSY, a 100 *per cent* Centrally Sponsored Scheme, without ratification from the State and Central Government. Government admitted the facts in the Exit Conference (November 2017). Thus, laxity of ASHA workers resulted in failure to ensure that eligible beneficiaries obtained stipulated financial assistance. Orders of GOI were also violated, resulting in JSY cash assistance meant for BPL/SC/ST being wrongly extended to APL women as well.

2.13.3 Non-maintenance of records at PHC, Chethalayam

The Operational Guidelines for Financial Management of the National Health Mission (NHM) stipulated[38] that records like Cash book, Cheque Issue Register, Allotment/fund register, Bank Pass book, reconciliation statement vouchers, etc., should be maintained. The cash book should be updated on daily basis in case of PHC/CHC etc., and authenticated by the drawing/disbursing officer or any responsible officer authorised for the purpose. It was also stipulated that cash transactions should be made only for petty expenses.

All receipts, payments/disbursements should be entered in the cash book on the day of the payment itself. Cheque Issue Register should be maintained properly in respect of issue of every cheque. Audit noticed violation of these guidelines in PHC Chethalayam situated in Wayanad district.

Audit observed that the PHC maintained two accounts in State Bank of India, Sulthan Bathery branch to effect transactions of NHM. While one account was in the joint name of the Medical officer and the Block Panchayat President for transactions like Untied fund, Maintenance grant, Ward Health Sanitation Fund, etc., the second account was maintained in the name of Medical officer for all other schemes of NHM.

An amount of ₹19.59 lakh was transferred by the District Project Manager (DPM) to the PHC for the period from 01 April 2012 to 29 November 2014. However, Cash Book was available in the PHC only from 30 November 2014 with an opening balance of ₹37,685. Other essential registers like Fund register, Cheque Issue register, Statements of Expenditure, supporting vouchers, etc., were also not maintained by the PHC. Audit noticed that contrary to guidelines, the Medical Officer of PHC issued Cash cheques[39] for large amounts. All these cheques were drawn on the account, operated by the Medical Officer solely in his name.

As the Cash book and connected records were not maintained and since the Medical Officer drew sizeable amounts by way of cash cheques, the possibility of misappropriation of Government funds could not be ruled out.

NHM stated (October 2017) that consequent to audit findings, the PHC was directed (September 2017) to prepare the books of accounts and produce the supporting documents. As these directions were not complied with, the matter was reported by the NHM to the DMO and the District Collector who was the Chairman of the Executive Committee of the District Health and Welfare Society. GOK stated (November 2017) that DHS was directed to take necessary action in this regard.

2.13.4 Advances pending settlement

As per Chapter 6.9.1 of Operational guidelines for Financial Management, all advances should be settled within a maximum period of 90 days. Audit observed that contrary to the above guidelines, ₹83.74 lakh released during the period from 2010-11 to 2016-17 to various organisations/individuals involving nine

[38] Chapter 6 (Internal Controls) of the Operational Guidelines for Financial Management of the National Health Mission (NHM).

[39] Cash cheque No. 578486 dated 04.10.13 for ₹87,040, Cash cheque No. 350698 dated 03.03.2015 for ₹29,100 and Cash cheque No. 350699 dated 10.03.2015 for ₹25,000.

cases were still pending settlement. The advances were pending since 2010. Details of advances pending settlement are shown in **Appendix 2.11**. The SHM needs to take action to adjust these advances without further delays and fix responsibility for lack of action in this regard.

2.14 Non-compliance to mandatory disclosures

The yearly approval to the State's PIP, accorded by GOI contained certain conditionalities to be adhered to by the States and which were to be treated as non-negotiable. Audit observed that the State NHM did not make disclosures of four of the nine mandatory stipulations required by GOI (07 October 2017) in its website *www.arogyakeralam.gov.in* as shown in **Table 2.17**.

Table 2.17: Mandatory Disclosures

Sl. No.	Mandatory requirement as per ROP	Status as on 07 October 2017
1.	Facility wise service delivery data particularly on Outpatient Department (OPD), Inpatient Department (IPD), Institutional delivery, C-section, Major and minor surgeries etc., on Health Management Information System (HMIS).	While the OPD data upto November 2015 only, was available on the website the HMIS data was protected by user name and password. Thus, the information was not generally available.
2.	Patient transport ambulance and emergency response ambulances – total number of vehicles, types of vehicle, registration number of vehicles, service delivery data including clients served and kilometre logged on a monthly basis.	A copy of the list of vehicles with registration number and category was available. However, the data does not contain service delivery data including clients served and kilometre logged on monthly basis.
3.	All procurements including details of equipment in specified format.	The website exhibited the details of availability of equipment only without giving the procurement details.
4.	Supportive supervision plan and reports shall be part of mandatory disclosures. Block wise supervisory plan and reports should be uploaded on the website.	Available for only 12 institutions.

(Source: Website of NHM)

The NHM stated (October 2017) that the data till 2016 was uploaded and that they were in the process of updating the data and making it live in the portal. Audit examined the webpage on 17 October 2017 and observed that data with respect to Sl. No. 1 only was updated upto November 2016, while the other requirements were yet to be complied with by NHM. Government stated (November 2017) that facility-wise service delivery data on OPD, IPD, Institutional delivery, C-section, major/minor surgeries etc., was updated upto March 2017 and that the remaining data would be updated shortly.

2.15 Conclusion

The performance audit brought out deficiencies in providing Ante Natal Care, failure to test all pregnant women for HIV, inadequate health centres, delivery facilities not available at all institutions and inadequacies in infrastructure. There was also shortage of manpower and a rising trend in Caesarean sections in the State, which was a matter of concern. Deficiencies in delivery services under the Janani Shishu Suraksha Karyakram and Janani Suraksha Yojana were also noticed. Facilities for newborns were not available in many test-checked institutions. Deficiencies in Child Health Screening and Early Intervention

Services were also observed. The State did not release stipulated additional financial assistance of ₹86.40 crore to identified High Priority Districts of Kasaragod, Malappuram and Palakkad during 2013-17. Despite these identified deficiencies, the performance of the State was impressive in terms of exceeding the targets set under the UN Sustainable Development Goals of reduction in Infant Mortality Rate and Maternal Mortality Rate.

CHAPTER III
LOCAL SELF GOVERNMENT DEPARTMENT

Role of Kudumbashree in the socio-economic empowerment of women

Executive Summary

'Kudumbashree' – a registered society under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, was set up as a Poverty Eradication Mission in Kerala on 17 May 1998. Kudumbashree has evolved into a mass women participation programme, encompassing 43 lakh members. Over the years, Kudumbashree received many national and international awards for excellence and best practice and is a globally acclaimed model of women empowerment and entrepreneurship. A Performance Audit to assess the role of Kudumbashree in the socio-economic empowerment of women was conducted covering the period 2012-17. The Performance Audit brought out the following audit findings.

At least 35 *per cent* of Micro Enterprises (MEs) under Kudumbashree were inactive. MEs were registered without assessing financial viability of projects being undertaken by them. Training to members of Neighbourhood Groups (NHGs) was not conducted as envisaged.

(Paragraph 3.7)

'Punarjani' a skilling and placement project to train 5,000 Kudumbashree workers benefitted only 1,794 members. The activities of Programme Implementation Agencies (PIAs) were not monitored by Kudumbashree resulting in deficiencies in the scheme.

(Paragraph 3.8)

The target of bringing a minimum of 24,000 Ha of land under cultivation with the participation of 1,50,000 women forming 30,000 farming groups under Mahila Kisan Sashakthikaran Pariyojana was not achieved.

(Paragraph 3.9)

Project to train women in video making under 'Mediasree' did not deliver the intended results.

(Paragraph 3.11)

A Community College programme implemented by Kudumbashree in collaboration with Tata Institute of Social Sciences offered a one-year postgraduate diploma course in Development Praxis to only one batch of 43 students.

(Paragraph 3.12)

Financial Management under Kudumbashree was deficient. The financial statements contained material mis-statements and did not give a correct picture about the financial transactions of Kudumbashree during 2012-16.

(Paragraph 3.13)

3.1 Introduction

Government of Kerala (GOK) approved (1997) the recommendations of a Special Task Force for setting up the State Poverty Eradication Mission (SPEM) with the objective to eradicate absolute poverty from the State over a period of ten years. The SPEM was registered (November 1998) under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, and started functioning on 01 April 1999 under the Local Self Government Department. It was named Kudumbashree[40] Mission. As of March 2017, there were 2.77 lakh Neighbourhood Groups (NHGs) with 43 lakh members, 19,854 Area Development Societies (ADS) and 1,073 Community Development Societies (CDS) under Kudumbashree in the State. Kudumbashree membership is open to all adult women, limited to single membership per family.

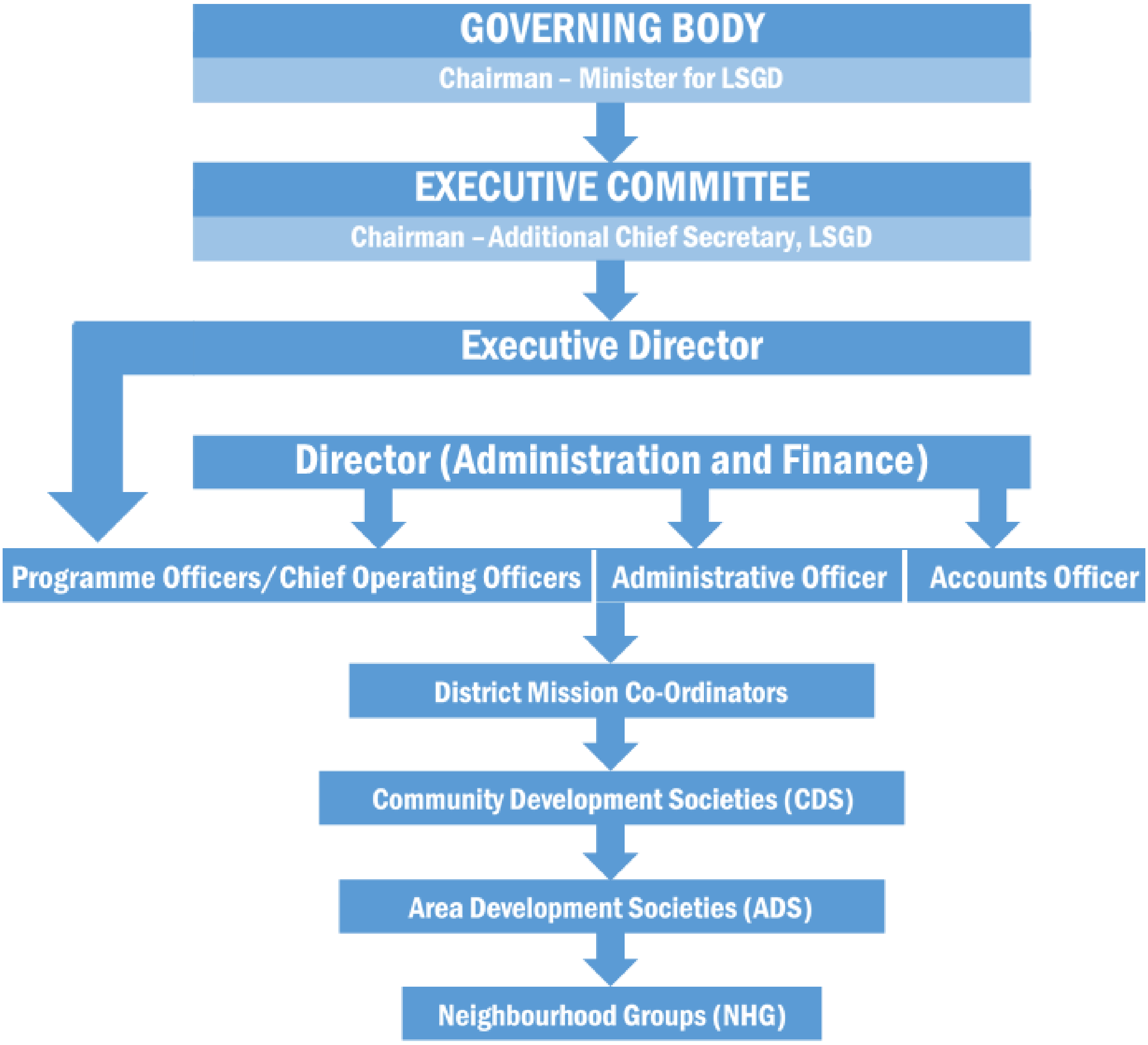
3.2 Organisational set up

The State Mission Office of Kudumbashree at Thiruvananthapuram with a field office in each district, supports and facilitates the activities of the community network across the State. Governance of the Mission is vested with the Governing Body comprising of 28 members, chaired by the Minister for Local Self-Government, Government of Kerala. The Executive Committee consisting of eight members was to oversee the Mission's administration. The Principal Secretary, Department of Local Self-Government is its chairperson and the Executive Director of Kudumbashree Mission is its convenor. For effective convergence of the programme, it has a three-tier structure of women community network comprising NHGs at the base level, ADS at ward level and CDS at Grama Panchayat/Municipality/Corporation level. A Neighbourhood Group (NHG) consists of 10 to 20 women members represented by a member of the age of 18 years and above from one family. NHG is the base unit of the three tier organisational structure of Kudumbashree. Area Development Society (ADS) is the middle level of the Kudumbashree structure. An ADS is formed at the ward level of the Grama Panchayat/Municipality/Corporation. Each NHG shall be affiliated to the ADS. The Community Development Society (CDS) is the apex body of the Kudumbashree organisational structure having jurisdiction at Grama Panchayat/Municipality/Corporation level. Each NHG, which adopts the bye laws of Kudumbashree shall be given affiliation to the CDS representing the area in which the NHG is situated.

The organisational structure of Kudumbashree in the State is shown in **Chart 3.1**.

[40] The name Kudumbashree in Malayalam language means 'prosperity of the family'.

Chart 3.1: Organisational Structure of Kudumbashree



3.3 Audit objectives

The Performance Audit was conducted to assess whether:

- the welfare schemes of Kudumbashree were properly planned and implemented effectively for the removal of poverty and achievement of self-sufficiency of women and were envisioned to achieve Government of India adopted United Nations Sustainable Development Goals of ending poverty in all its manifestations and establishing gender equality by 2030;
- the financial management under Kudumbashree was efficient and effective; and
- the institutional framework established under Kudumbashree was efficient and effective for the achievement of objectives of the Mission.

3.4 Audit Criteria

The audit criteria for evaluation of performance of Kudumbashree were derived from:

- Bye Laws, Memorandum of Association;
- Rules and Regulations of Kudumbashree Mission;
- Relevant orders issued by Government/Local Self Government Departments;
- Annual Plan and Budget documents of Kudumbashree Mission;
- Kerala Financial Code and Treasury Code;
- Guidelines of Government of India schemes *viz.*, National Rural Livelihood Mission (NRLM) and National Urban Livelihood Mission (NULM); and
- Targets and indicators of Sustainable Development Goals of United Nations Development Programme.

3.5 Audit Coverage and Methodology

The Performance Audit was conducted from May 2017 to September 2017 covering the period from 2012-17. Records were test-checked in the Government Secretariat, the State Mission Office at Thiruvananthapuram, four selected District Mission offices, CDSs, ADSs and NHGs. In the first stage of sampling, the State Mission Office and connected administrative offices in Thiruvananthapuram district were selected. In the second stage, the four districts of Wayanad, Thrissur, Alappuzha and Thiruvananthapuram were selected using Simple Random Sampling method. In the third stage, 10 *per cent* of CDS with a minimum of six CDSs from a district were selected by Stratified Random Sampling method. Thus, 36 CDSs, 72 ADSs and 144 NHGs were selected for test-check. Additionally, 12 Exclusive Tribal NHGs in Wayanad District were also selected locally.

Audit conducted a preliminary study to obtain background information on the subject. An Entry Conference was held on 11 April 2017 with the officials of Kudumbashree Mission and Government wherein the scope, objectives, methodology and criteria were discussed and agreed upon. Audit methodology included sample beneficiary survey to assess whether the beneficiaries of various schemes for educational and skill development had actually derived the intended benefits and enhanced their capability. The findings of the Performance Audit were discussed in the Exit Conference held on 09 January 2018 with the Additional Chief Secretary to Government, Local Self Government Department (ACS), the Executive Director of Kudumbashree (ED) and other senior officers. Response of Government was obtained and included in the report.

3.6 Receipt and utilisation of funds

Kudumbashree received funds for its activities from:

- Plan funds of the Government of Kerala (GOK)/Government of India (GOI), Participating institutions like National Bank for Agriculture and Rural Development (NABARD), Scheduled Tribe Development Department (STDD), Social Justice Department and Local Self Government Institutions.
- Recurring and non-recurring grants made by the GOI/GOK for the furtherance of the objectives of the Mission.

Details of financial assistance received by the Mission are given below:

Table 3.1: Details of funds received and expended

(₹in crore)

Year	OB	Receipts[41]	Total	Expenditure	CB
2012-13	53.91	207.13	261.04	135.81	125.23
2013-14	125.23	209.16	334.39	221.59	112.80
2014-15	112.80	185.35	298.15	191.28	106.87
2015-16	106.86	148.48	255.34	178.65	76.69
2016-17	76.70	272.82	349.52	262.67	86.85
TOTAL		**1022.94**		**990.00**	

(Source: Details received from Kudumbashree Mission)

The table shows that the balance of funds available with Kudumbashree at the end of each year ranged from ₹76.69 crore to ₹125.23 crore, revealing that funds at the disposal of Mission were not utilised in full.

Audit Findings

During 2012-17, Kudumbashree implemented GOK schemes like Gender Self Learning, Tribal Project, Micro Finance, Micro Enterprise Activities, Samagra (Animal Husbandry), Joint Liability Group (JLG) farming, etc. During this period, Kudumbashree also implemented 12[42] schemes of the Government of India. However, only eight[43] GOI schemes were operational in 2016-17. Audit, besides examining records relating to GOK schemes, also examined three GOI implemented schemes which impacted women empowerment, *viz.*, Mahila Kisan Sashakthikaran Pariyojana (MKSP), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and NRLM. The results of Audit are detailed below.

[41] Including Receipts from others ₹51.92 crore *viz.*, Interest from Bank, receipts from NABARD on account of MKSP receipts, Consortium of Malappuram, Palakkad, Thrissur (CoMPT), etc.

[42] Mahila Kisan Sashakthikaran Pariyojana (MKSP), National Rural Livelihood Mission (NRLM), National Urban Livelihood Mission (NULM), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Rajiv Awas Yojana (RAY), National Resource Organisation (NRO), Pradhan Mantri Awas Yojana (PMAY) and MKSP – Attappady, Swarna Jayanthi Shahari Rozgar Yojana (SJSRY), Basic Services for Urban Poor Programme (BSUP), Integrated Housing and Slum Development Programme (IHSDP) and Valmiki Ambedkar Awas Yojana (VAMBAY).

[43] The term period of four schemes, *viz.*, SJSRY, BSUP, IHSDP, VAMBAY ended prior to 2016-17.

3.7 Functioning of Micro Enterprises

Kudumbashree envisaged promotion and development of Micro Enterprises (MEs) as an important strategy to facilitate economic empowerment of the poor. The strategy provided for women of each NHG to start an ME, either individually or in groups, within a single NHG or women from several NHGs grouped together. It was envisaged to provide subsidy of ₹7,500 or 30 *per cent* of total project cost whichever was lower to individual entrepreneurs. Group entrepreneurs were entitled to subsidy of ₹10,000 per member subject to a maximum of ₹ one lakh or 50 *per cent* of total project cost, whichever was less. It was also envisaged to promote MEs by making available financial assistance through Revolving Fund[44], Innovation Fund[45], Technology Fund[46], Technology Upgradation Fund[47], Second Dose Assistance to Micro Enterprises[48] and Crisis Management Fund[49]. While the Crisis Management Fund given to eligible MEs was to be refunded to Kudumbashree, all the other funds were to be given to the MEs as financial assistance without need for repayment. Training programmes for existing enterprises like Performance Improvement Programmes as well as training for capacity building and technology upgradation were also envisaged. Observations of Audit on the functioning of MEs are given below.

3.7.1 Inactive Micro Enterprises

The ME consultants of Kudumbashree/CDSs were to assess the requirements for expansion and technological upgradation of MEs and facilitate planning of projects to be undertaken by MEs. They were also entrusted with timely detection of problems faced by MEs, and seek solutions to these problems from appropriate levels. The CDSs were to submit details of MEs, which were inactive/slowing down to District missions, who were to initiate steps to revive them. Details obtained from Kudumbashree revealed that around 35 *per cent* of the MEs were inactive and non-functional as of March 2017 as shown in **Table 3.2**.

---

44 Revolving fund –A fund for meeting additional requirement of working capital. Enterprises were eligible for revolving fund @ 15 *per cent* of the total project cost subject to a maximum of ₹35,000 per group.

45 Innovation fund – A fund to provide assistance to MEs started on the basis of new entrepreneurial ideas as well as existing enterprises introducing innovative changes to solve difficulties involved. Enterprises were eligible for ₹25,000 per member subject to a maximum of ₹2.50 lakh or 40 *per cent* of the total project cost, whichever was less. The maximum amount eligible should not exceed 50 *per cent* of total project cost including subsidy plus innovation fund.

46 Technology fund – A fund to procure advanced and innovative technologies for setting up MEs.

47 Technology Upgradation fund – A fund to upgrade the technology already acquired by the MEs.

48 Second Dose Assistance to ME – to enhance and widen the existing activities of entrepreneurs and to review their activities to enable them to be introduced to new spheres of activities.

49 Crisis Management fund – A fund for responding to an unpredictable negative event to prevent it from escalating into an even bigger problem related to MEs activities of Kudumbashree. It is an interest free loan given to the MEs.

Table 3.2: District-wise details of MEs as on 31 March 2017

Sl. No.	District	Registered MEs	Active MEs	Inactive MEs	Inactive MEs *(in per cent)*
1.	Thiruvananthapuram	4187	783	3404	81.30
2.	Kollam	264	246	18	6.82
3.	Pathanamthitta	840	733	107	12.74
4.	Alappuzha	318	71	247	77.67
5.	Kottayam	1612	1359	253	15.69
6.	Idukki	1535	1033	502	32.70
7.	Ernakulam	8078	5783	2295	28.41
8.	Thrissur	1250	585	665	53.20
9.	Palakkad	1556	1210	346	22.24
10.	Malappuram	1148	920	228	19.86
11.	Kozhikode	2972	2274	698	23.49
12.	Wayanad	467	160	307	65.74
13.	Kannur	2372	1697	675	28.46
14.	Kasaragod	921	901	20	2.17
	TOTAL	**27520**	**17755**	**9765**	**35.48**

(Source: Data received from Kudumbashree mission)

A study conducted (August 2013) by the Gulati Institute of Finance and Taxation (GIFT) on the request of Kudumbashree reported that the data available with the District Missions regarding MEs under their jurisdiction was doubtful. Audit observed that the quality of data on inactive MEs as maintained by Kudumbashree was suspect. It was seen that against the high percentage of inactive MEs reported by Kudumbashree in Thiruvananthapuram (81.30 *per cent*), Alappuzha (77.67 *per cent*), Thrissur (53.20 *per cent*) and Wayanad (65.74 *per cent*) as per **Table 3.2**, test-check of 36 out of 288 CDSs (12.50 *per cent*) revealed that the percentage of inactive MEs was 40.99, 49.27, 51.39 and 44.16 respectively. The possibility of more number of inactive MEs in the remaining 87.50 *per cent* cannot be ruled out.

Audit surveyed 62 of the 163 MEs in the 147 NHGs[50]. Audit also conducted a survey of 702 members belonging to 147 NHGs. Convenors of 21 out of 62 MEs surveyed claimed difficulty in making a sustainable livelihood from MEs, which was analogous to the findings of GIFT that 1,001 out of 1,246 MEs were running at a loss.

Audit observed that ME Consultants/CDSs did not submit details of inactive MEs to District Missions and as a result, no data on inactive MEs was maintained at the State Mission Office. Government, while admitting these facts, stated (February 2018) that a campaign was initiated to revive all defunct MEs and that a regular online system of monitoring was being designed for concurrent evaluation of MEs.

Recommendation 3.1: Kudumbashree may facilitate continuous handholding of MEs at all levels to ensure that MEs remain active and economically viable.

3.7.2 Lack of awareness of MEs regarding availability of various funds

The Mission envisaged rendering assistance from various funds available. The actual funds provided were as shown in **Table 3.3**.

[50] Out of 156 NHGs selected (144+12 ST NHGs) for survey by Audit, 147 responded.

Table 3.3: Details of financial assistance rendered during 2012-17

Name of fund	2012-13		2013-14		2014-15		2015-16		2016-17		Total amount paid (₹in crore)
	MEs	Amount (₹in crore)	MEs	Amount (₹in crore)	MEs	Amount (₹in crore)	MEs	Amount (₹in crore)	MEs	Amount (₹in crore)	
Subsidy	667	4.33	1316	6.84	1863	9.62	462	1.65	663	2.02	24.46
Revolving	98	0.31	129	0.49	35	0.09	97	0.29	323	0.88	2.06
Innovation	5	0.08	0	0	1	0.02	0	0	11	0.09	0.19
Technology	6	0.06	16	0.15	4	0.03	1	0.01	53	0.90	1.15
Technology Upgradation	0	0	0	0	0	0	0	0	26	0.39	0.39
Crisis Management	576	3.19	210	2.87	438	1.56	225	0.90	63	1.04	9.56

(Source: Data received from Kudumbashree Mission)

The above table revealed that meagre assistance was given to MEs by Kudumbashree under Revolving, Innovation, Technology and Technology Upgradation funds. During 2012-17, while ₹2.06 crore was paid as financial assistance under the Revolving Fund to 682 MEs, the assistance rendered under the Innovation, Technology and Technology Upgradation funds was only ₹0.19 crore, ₹1.15 crore and ₹0.39 crore to 17, 80 and 26 MEs respectively. However, analysis of accounts of Kudumbashree revealed huge balances[51] available under these funds, which could have been given to the MEs.

The beneficiary survey conducted by Audit revealed low awareness among the NHG members about various funds. Out of 702 NHG members surveyed, only 91 members were aware of Crisis Management Fund, 64 members were aware of the Technology Fund and 40 members were aware of the Technology Upgradation Fund. Audit observed that due to lack of awareness of MEs regarding availability of the above funds, the demand for funds raised by the MEs was low and the funds under these heads remained undisbursed.

The CDS, being the apex body of the three tier organisational structure of Kudumbashree Mission, and the District Mission Offices did not function effectively for facilitating the various funds available at the disposal of the Mission for the benefit of MEs. Government failed in ensuring that proper initiatives were made by Kudumbashree Mission in spreading adequate awareness among the NHG members of the availability of various types of assistance for the support of the MEs.

Government stated (February 2018) that the District Mission Offices were given direction to give adequate publicity and awareness about the various financial aids to MEs.

Recommendation 3.2: Kudumbashree may ensure that beneficiaries are informed of financial assistance available under various funds, to ensure that no needy beneficiary is deprived of assistance.

3.7.3 Setting up of MEs without preparation of detailed project report

The guidelines issued by Kudumbashree for setting up of MEs stipulated that before starting an ME, the individual enterprise or enterprise group should prepare a Detailed Project Report (DPR) including a feasibility study of the ME,

[51] The closing balances as per the audited Annual Accounts of Kudumbashree as of March 2016 were Innovation Fund - ₹2.64 crore, Technology fund - ₹2.16 crore and Crisis Management fund - ₹3.73 crore.

with the assistance of the ME Consultant and submit the report to the concerned CDS. A feasibility study helps in determining legal and technical feasibility apart from the economic viability of a project. In case of MEs availing subsidy, the CDSs were to submit DPRs to the bank for sanction of loan. The loan sanctioning letter from the bank along with the project report are subsequently forwarded by the CDS to the District Mission Coordinators, who after scrutiny, transfer the subsidy directly to the bank account of the MEs. It was seen that out of 2,359 MEs registered during 2012-17 in the selected 36 CDSs, only 1,278 MEs (54.18 *per cent*) submitted the DPRs including the feasibility study.

The ME Consultants, the CDSs and the District Mission Co-ordinators failed to ensure formulation of DPRs including feasibility study by all registered MEs to facilitate their productive and successful sustenance. Had the submission of DPRs with feasibility study been insisted upon by CDSs/District Missions for all MEs, which was necessary for getting financial support, the proportion of MEs turning inactive could have been minimised.

Government admitted in reply (February 2018) that some of the earlier projects missed out on DPRs and affirmed that they were being currently insisted upon for all MEs.

3.7.4 Conduct of entrepreneurship development programmes for MEs

The Micro Enterprise Scheme Guidelines envisaged general orientation programme to identify potential entrepreneurs and entrepreneurship development programme (EDP) for those who participated in the general orientation programme and were interested in setting up MEs. Further, Performance Improvement Programme (PIP) was to be conducted mandatorily after six months of starting of each ME. Data obtained from 36 test-checked CDSs revealed shortage in conduct of PIPs as shown in **Table 3.4**.

Table 3.4: Details of training conducted in the 36 test-checked CDSs

Year	No. of MEs started in 36 CDSs	No. of MEs given PIP training	Percentage of MEs given PIP training
2012-13	450	33	7.33
2013-14	560	34	6.07
2014-15	791	54	6.83
2015-16	326	31	9.51
2016-17	232	41	17.67
TOTAL	**2359**	**193**	**8.18**

(Source: Details collected from test-checked CDS)

Audit noticed that the mandatory participation of all MEs in the PIPs was not ensured by Kudumbashree. Training was given to only 193 of the 2,359 MEs (8.18 *per cent*) established in the test-checked CDSs during the period 2012-13 to 2016-17. It was observed that CDSs were lax in conducting training. Out of 36 CDSs, only three[52] CDSs conducted PIPs each year during 2012-17. In two[53] CDSs, PIPs were conducted thrice, in one[54] CDS, PIPs were conducted twice

[52] Edathua in Alappuzha district, Karakulam in Thiruvananthapuram district and Thondernad in Wayanad district.
[53] Kandanassery in Thrissur District and Thanneermukkam in Alappuzha district.
[54] Thrikkunappuzha in Alappuzha District.

and in four[55] CDSs, PIP was conducted once during 2012-17. Of the test-checked 36 CDSs, 1,292 MEs in 26 CDSs did not undergo even a single PIP during 2012-17.

The CDSs attributed lack of demand from the MEs as reason for non-conduct of PIPs. Even though during the Exit Conference (January 2018) the ACS agreed that conduct of PIP was mandatory and directed ED, Kudumbashree to do the needful, GOK stated (February 2018) that PIPs were need-based. The reply of GOK was not acceptable since it was contrary to the stipulations contained in the ME Guidelines issued by Kudumbashree.

3.7.5 Marketing Initiatives by Kudumbashree

3.7.5.1 Monthly markets

Kudumbashree conceived (April 2015) a strategy of monthly markets to make available a permanent market network for sale of its products, thereby facilitating a sustainable source of income to the entrepreneurs. These monthly markets were to be held by the CDSs at the district, taluk, block, municipal and panchayat levels. The conduct of monthly markets was entrusted to CDSs, which were to identify and facilitate sites for the markets. Data regarding conduct of monthly markets, details of income received and expenditure incurred by CDSs on conducting monthly markets, number of participants in the market, analysis of consumer details, etc., were to be forwarded to the State Mission by the Marketing Consultant of the District Mission within the first five days of the ensuing month. Test-check of 36 CDSs by Audit revealed that during 2012-17, only three[56] CDSs organised monthly markets as stipulated in the guidelines. It was observed that only 259 (6.86 *per cent*) of the 3,778 MEs participated in the monthly markets during 2016-17.

Audit observed that the State Mission did not obtain the above mentioned details on markets held, from District Missions in the test-checked districts. The State Mission informed that the details were awaited from the District Missions.

Government confirmed (February 2018) that failure of CDSs to keep track of markets and maintain essential data resulted in absence of data at the State level. The fact remains that had the State Mission effectively monitored the activities of CDSs/District missions, more number of monthly markets could have been held.

3.7.5.2 Failure in the branding of Kudumbashree products

Kudumbashree invited Expression of Interest (September 2014) from designers/companies to accomplish brand development and the right ‘Marketing Mix’ to market the selected products and services of MEs owned by women entrepreneurs under the Mission effectively to its target population of consumers of selected products and services of Kudumbashree.

M/s. Eggs Creative Solution (agency) was selected and work awarded for ₹1.75 crore. A Memorandum of Agreement was executed (July 2015), which

[55] Aryancode, Kattakkada, Kadinamkulam and Thiruvananthapuram Corporation CDS III in Thiruvananthapuram district.

[56] Kanjikkuzhy in Alappuzha district and Chalakkudy and Chavakkad in Thrissur district.

specified the branding exercise to be completed with six milestones[57]. An advance of ₹0.29 crore was sanctioned and paid (July 2015) as 50 *per cent* for the first and second milestones. As per the Memorandum of Agreement executed on 28 July 2015, the agency was to complete all six milestones within 18 months by January 2017.

It was noticed that the project which was to be completed within 18 months, was yet to complete even the first milestone, despite the passage of 29 months (December 2017). Audit observed that the progress of the project was held up because of various reasons like the reports on brand and market study not submitted in a manner acceptable to Kudumbashree, failure of Kudumbashree to approve the logo for branding submitted by the agency, etc.

Audit observed that failure of Kudumbashree to ensure successful completion of the work resulted in failure to develop brand identity, besides inability to develop an ideal marketing mix to market its selected products and services effectively.

During the Exit Conference (January 2018), the ED Kudumbashree cited failure to find common ground on the design of the logo proposed by the agency and non-submission of Brand study report in the prescribed manner by the selected firm, as reasons for lack of progress in the branding exercise.

Government replied (February 2018) that progress of the project was held up mainly due to non-submission of 'Brand study report' by the selected firm. Audit was further informed that Kudumbashree had since approved the logo and steps undertaken to review the projects and speed up its implementation.

Audit observed that laxity of Kudumbashree in resolving the issue resulted in failure to brand its products and develop the right marketing mix for its products.

3.7.6 Irregular award of work of MIS software without tender

Paragraph 7.11 of Stores Purchase Manual stipulated that advertised tender (open tender) should be used as a general rule and must be adopted, whenever the estimated value of the contract is ₹10 lakh or more. Paragraph 7.13 clarified that in all cases of open tender, it was essential that wide publicity was given to the tender. Audit noticed violation of these provisions by Kudumbashree as shown below.

Kudumbashree was making use of Management Information System (MIS) software developed by Centre for Development of Advanced Computing (C-DAC) since 2010. A pre-survey report[58] submitted (November 2012) by GIFT identified serious gaps in the quality of database of MEs operating under Kudumbashree Mission. These included details of a single ME entered multiple times, discrepancies in name, address and area of operations of MEs, name of schemes under which MEs were functioning, product/service profile, etc. Subsequently, Kudumbashree entered (May 2013) into an agreement with GIFT for developing a database in which all data on MEs were to be entered and handed over. The software was to be designed in such a manner that the District

[57] Kudumbashree brand identity, product preparation, brand promotion, sales promotion and consultancy, quality assurance and certification and other initiatives of brand identity.

[58] Pre survey report on 'Developing database of Micro Enterprises under the Kudumbashree Mission'.

Missions of Kudumbashree would be able to update the data as and when required, segregated as well as the consolidated data be made available to Kudumbashree and necessary reports generated. As per terms of the agreement, ₹0.15 crore was paid to GIFT.

Audit observed that Kudumbashree did not initiate procedures for award of work through tender and the work was entrusted to GIFT without considering their competence in the field. GIFT was specialised only in the fields of research, training and consultancy in the areas of finance and taxation and had faculties only in Law, Public Finance, Accounting and Management. The incompetence of GIFT to execute the work of development of database on MEs was evident from the fact that the work was outsourced by GIFT to a third party[59]. The work, which was due for completion in May 2014 is yet to be completed (January 2018).

There was no provision to initiate action against GIFT, for non-fulfilment of the terms of contract. Though the agreement stipulated that any dispute between the two parties shall be referred to the Principal Secretary of the Department of Local Self Government, whose decision shall be binding on both the parties, Kudumbashree did not initiate any action against GIFT, for the non-fulfilment of the terms of the contract.

Government stated (February 2018) that since GIFT conducted a study on building institutional capacities of Kudumbashree units, they had knowledge of all MEs and hence the job of developing the portal was entrusted to them. It was also stated that GIFT, an autonomous institution formed by GOK 'for undertaking research, training, consultancy and publication in the area of Public Economics was entrusted with the software analytical part as otherwise analysis of study would not have been comprehensive'. The reply is not acceptable since development of software was not in their sphere of competence and in fact, GIFT outsourced the work to a third party. Kudumbashree should have invited tenders as stipulated in the revised Stores Purchase Manual, 2013 and ensured effective execution and completion of the work by competent agencies.

3.8 Implementation of Punarjani Scheme

'Punarjani' was a skilling and placement programme implemented (September 2014) by Kudumbashree for training 5,000 women aged between 35 and 50 years. The scheme was targeted to improve the socio-economic status of the most disadvantaged women in the society like widows, unwed mothers, women abandoned by husbands, victims of domestic violence, human trafficking and persons with disabilities. The training, with a duration of three months comprising modules on soft skills, English and Sector Skills[60] was to be imparted at the district level. On successful completion of the training, participants were to be given certificates approved by the National Council for Vocational Training (NCVT) or Sector Skill Council (SSC) or other approved agencies and placements offered to at least 75 *per cent* of the trained candidates assuring a minimum monthly salary of ₹6,000.

[59] M/s. Saturn Systemwares Private Ltd.

[60] Heating, Ventilation and Air Conditioning (HVAC), Plumbing, automobile washing and retail marketing were identified as sector skills.

The first stage of the programme envisaged training of 3,400 women in nine[61] districts and aimed to provide jobs to at least 2,550 candidates. Kudumbashree invited Expression of Interest and agreements were entered into with three Project Implementing Agencies (PIAs), as detailed in **Table 3.5**.

Table 3.5: Details of number of trainees and cost of training to be conducted by each PIA

Sl. No.	Name of agency	No. of women to be trained	No. of women to be trained in								Contract Cost* (₹ *in crore*)
			Plumbing and HVAC	Per head cost* (*in* ₹)	Painting	Per head cost* (*in* ₹)	Industrial Sewing Machine Operations	Per head cost* (*in* ₹)	Nursing Assistance	Per head cost* (*in* ₹)	
1.	M/s. SB Global Educational Resources Pvt. Ltd.	1200	1000	13000	200	9000	-	-	-	-	1.48
2.	M/s. Isha Learning	1700	-	-	-	-	1700	10000	-	-	1.70
3.	M/s. Ramakrishna Institute	500	-	-	-	-	-	-	500	10000	0.50

*Not including 12.36 *per cent* service tax per candidate.
(Source: Agreement between Kudumbashree and PIAs)

Audit noticed the following deficiencies in the implementation of the scheme.

3.8.1 Lack of transparency in selection of Project Implementing Agencies

Paragraph 7.13 of the Stores Purchase Manual stipulated that in all cases of open tender, it was essential that wide publicity be given to the tender. GOK also stipulated[62] compliance with the provisions contained in the orders dated 18 December 2003 of the Central Vigilance Commission (CVC) on Improving transparency in Procurement/Sale, etc. The CVC stipulated that in addition to the existing rules and practices regarding giving publicity of tenders through newspapers, trade journals and providing tender documents manually and through post, etc., the complete bid documents along with application form shall be published on the website of the organisation. Kudumbashree did not comply with these provisions as detailed below.

Contrary to stipulations contained in the Stores Purchase Manual to ensure wide publicity to the tender, the invitation for Expression of Interest (EOI) was published only on the website of Kudumbashree and not in any newspaper. Audit observed that even though the EOI was invited from various skill and placement agencies on 05 September 2014, the minutes of a meeting held at the Kudumbashree State Mission Office on 30 August 2014 indicated that Kudumbashree had already decided upon M/s. SB Global Education Resources Private Ltd. as the agency to implement the scheme in Malappuram, Thrissur, Ernakulam and Alappuzha. It was observed that the Chief Operating Officer of M/s. SB Global Education Resources Private Ltd., attended the meeting during which the agency was entrusted to conduct a Skill Gap Assessment in the selected districts. Audit noticed that the terms of payment for services to be rendered and timeline for submission of detailed budget and draft Memorandum of Understanding (MoU) by the agency were finalised during the meeting. The agency had also agreed to enter into MoU/Agreement as well as provide offer

[61] Alappuzha, Ernakulam, Thrissur, Malappuram, Kannur, Thiruvananthapuram, Kollam, Palakkad and Kozhikode districts.

[62] Note 2 below paragraph 7.33 (ix) of the Stores Purchase Manual.

letter to trained women. Therefore, it was evident that the decision to award the work to M/s. SB Global Education Resources Private Ltd., was taken even before issue of the EOI on 05 September 2014. An MoU was executed (September 2014) with M/s. SB Global Education Resources Private Ltd. at a contracted cost of ₹1.66 crore including service tax.

Kudumbashree, thus, violated the stipulations contained in the Stores Purchase Manual requiring it to resort to open tender whenever the estimated value of the contract was ₹10 lakh or more and wide publicity to be given to the tender. As such, the process of award of work to M/s. SB Global Education Resources Private Ltd. was vitiated.

Government replied (February 2018) that the meeting was convened to decide upon the strategies for implementation of the project and no decision was taken to entrust the project to any agency. It was also stated that work was awarded subsequently on the basis of EOI. The reply of Government is wrong and factually misleading and does not offer any explanation to the observations of Audit. It is therefore quite evident that Kudumbashree decided upon the above agency as the implementing agency for the project without complying with the provisions of Stores Purchase Manual on award of contracts.

3.8.2 Failure of Kudumbashree in ensuring successful implementation of the scheme

The MoU entered into by Kudumbashree with the Project Implementation Agencies clearly stipulated the responsibility of Kudumbashree to regularly review the quality of performance and output through field visits, quality assurance checks and inspections. A report on Punarjani prepared by Chief Operating Officer (COO), Kudumbashree revealed that 1,794 persons were trained under the scheme as shown in **Table 3.6**.

Table 3.6: Target and achievement in training by PIAs

Name of the PIA	Target	Achievement	Percentage covered	No. of persons certified	No. of persons placed
M/s. SB Global Educational Resources Pvt. Ltd.	1200	297	24.75	NIL	6
M/s. Isha Learning Systems Pvt. Ltd.	1700	1290	75.88	NIL	NIL
M/s. Ramakrishna Educational Institutions	500	207	41.40	NIL	NIL
TOTAL	**3400**	**1794**	**52.76**	**NIL**	**6**

(Source: Report prepared by COO, Kudumbashree)

The training agencies failed in obtaining affiliation from NCVT or SSC. Consequently, no assessment and certification was done for any of the 1,794 trained women, as required under the Agreement. Audit observed that the scheme was a failure in view of the fact that only six out of the targeted 3,400 trainees were provided with employment.

Government stated (February 2018) that women belonging to prescribed age category may not be willing to take up jobs outside their home districts and that the desired outcome of the scheme was not only to provide wage employment, but to motivate and impart skill training for taking up self-employment programmes also.

The reply of Government was not correct in view of the fact that the scheme required placements to be offered to at least 75 *per cent* of trained candidates assuring a minimum monthly salary of ₹6,000. In fact, Kudumbashree did not ensure that the agencies imparted skill training and awarded duly recognised certificates after completion of the training, not to mention the meagre number of women who got placed.

3.9 Non-achievement of targets under Mahila Kisan Sashakthikaran Pariyojana

Government of India launched (January 2011) the 'Mahila Kisan Sashakthikaran Pariyojana' (MKSP) as a sub-component of the National Rural Livelihood Mission (NRLM) to empower women in agriculture by making systematic investments to enhance participation and productivity and create and sustain agriculture based livelihood of rural women. The scheme guidelines envisaged funding by GOI upto 75 *per cent* of the project cost submitted by the State Government/PIAs under MKSP. In its project proposal approved by GOI (July 2011) for collective farming through women farming groups (Joint Liability Groups (JLGs)), Kudumbashree envisaged participation of 1.50 lakh women farmers forming 30,000 farming groups in agriculture for the year 2010-11, to be incrementally increased over the years. It was envisaged to additionally bring into cultivation 24,000 Ha of land over the existing 44,514 Ha so that production could be increased and the gap between supply and demand reduced, thereby contributing to food security.

The project costing ₹79.87 crore for a period of three years targeting 1.50 lakh beneficiaries was accepted (July 2011) by GOI. The project cost was proposed to be funded by GOI (₹36.12 crore), GOK (₹27.85 crore), leverage from NRLM (₹14.70 crore) and Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) (₹1.20 crore) respectively. The GOI and GOK share of contributions were to be released in three instalments in the ratio 25:50:25. GOI released ₹27.09 crore in two instalments, *viz.*, ₹9.03 crore (25 *per cent* of ₹36.12 crore) in November 2011 and ₹18.06 crore (50 *per cent* of ₹36.12 crore) in February 2016. The guidelines required GOK to release its corresponding matching share within one month of receipt of the respective instalment of the Central share. The project, due for completion in November 2014 was later extended to September 2016 and further to April 2018 on request from Kudumbashree. The following deficiencies were noticed in the implementation of the scheme.

3.9.1 Non-release of State share

Against the release of ₹27.09 crore by GOI during 2011-16, GOK was to release ₹20.89 crore[63] as its proportionate share of funding for the scheme. It was observed that the first instalment of State share (25 *per cent*), which was due on December 2011 amounting to ₹6.96 crore was not released by GOK but was expended wrongly from the Plan fund of Kudumbashree Mission in three

[63] Since GOK was to release ₹27.85 crore as State Share, and since GOI had released 75 *per cent* of ₹36.12 crore, GOK was to release 75 *per cent* of ₹27.85 crore, i.e., ₹20.89 crore.

spells[64]. Thus, GOK is yet to release its due share of ₹20.89 crore to Kudumbashree.

Audit observed that the recommendations (June 2014) of the Subject Committee of the State Legislature[65] to allocate ₹20.89 crore as GOK share for the years 2012-13 and 2013-14 to Kudumbashree was not complied with by GOK (December 2017). Kudumbashree further confirmed (December 2017) that ₹15.90 crore due from NRLM and MGNREGS was not received from them.

Government stated (February 2018) that Kudumbashree, anticipating the delay in receipt of State share from Government, opted for using the State Plan fund for meeting the State share, and later recouping the same from the State Government. It was also stated that the second instalment of State share was approved in principle, the release of which would facilitate the third and final share of the project. However, the fact remains that the first instalment of State share was not yet released and recouped to Kudumbashree plan fund.

3.9.2 Status of implementation of MKSP

Audit examined the status of implementation of the scheme. The MKSP, with a project cost of ₹79.87 crore and due for completion originally in 2014 received only ₹34.05 crore[66] (43 *per cent*) upto October 2017. It was observed that a GOI review (July 2015) of the physical and financial progress of the project revealed that Kudumbashree did not utilise even the first instalment of GOI share of assistance.

Referring to a Midterm Report on targets and achievement submitted (2014) to GOI, Kudumbashree replied (September 2017) that 38,716 Ha land was brought under cultivation by 50,000 groups comprising of 2.42 lakh members thereby attaining its target. Kudumbashree further stated (October 2017) that since the focus was on yearly targets, 30,000 Ha was under cultivation on consistent basis, against the target of minimum 24,000 Ha of land.

The reply was not acceptable for the following reasons:

- A report on Baseline Survey of 2011-12 made it evident that even before the launch of MKSP in the State, Kudumbashree was promoting collective farming and that 44,514 Ha of land was being cultivated by 45,776 JLGs, comprising 2.45 lakh women members. Thus, the claim by Kudumbashree of cultivating 38,716 Ha of land under MKSP was not correct when reckoned against the fact that it was already cultivating 44,514 Ha prior to commencement of the scheme.
- Audit obtained details from 36 CDSs in four test-checked districts, which showed that out of 4,474 JLGs, only 2,316 JLGs were active. Since, almost 48 *per cent* of the JLGs were inactive as of March 2017, the contention of Kudumbashree on the area brought under group cultivation and the number of JLGs currently active, was questionable.

---

64 ₹3.14 crore in January 2013, ₹ three crore in April 2013 and ₹0.82 crore in May 2013.

65 Subject Committee Report of the State Legislature on the scrutiny of Demands for Grants 2013-14 of the Local Administration, Rural Development and Housing.

66 ₹27.09 crore (GOI share) + ₹6.96 crore (Plan fund of Kudumbashree).

The scheme also suffered from shortage of funds as was evident from the short release of 57 *per cent* of funds amounting to ₹45.82 crore, with the last instalment from GOI received in February 2016. Thus, the assertion from Kudumbashree of having achieved/exceeded the target is not sustainable.

Government stated (February 2018) that as per project objectives and midterm report submitted by Kudumbashree to GOI, the number of JLGs/area cultivated did not figure as success parameters of the project and instead, hike in productivity and income generated by farmers were some of the envisaged objectives, which were achieved by Kudumbashree. This contention of Government is not correct as seen from the fact that the project proposal for MKSP clearly had, as its objectives (i) participation of 1.50 lakh women farmers and (ii) bringing in approximately 24,000 Ha of land under cultivation, thereby increasing production, reducing gap between supply and demand and contributing to food security. Audit observed that the claim by GOK, of Kudumbashree enhancing productivity and ensuring generation of income by farmers under the scheme was not sustainable, since the scheme suffered from shortage of funds of ₹45.82 crore (57 *per cent*) and the objectives of bringing 1.50 lakh women farmers and approximately 24,000 Ha of land under cultivation were not attained.

Government, on Audit's observation that almost 44 *per cent* JLGs were inactive as of March 2017, remarked that the JLGs found inactive could be due to the field visit by Audit being undertaken in the month of March, when majority of farming activities undertaken by JLGs were curtailed due to acute water shortage for the crops. The justification offered by Government was also not borne out by facts, as the audit observation was based on replies received from the test-checked CDSs on the total number of inactive JLGs during 2012-17, as on 31 March 2017.

3.10 Impact of schemes for creating awareness among NHG members

Kudumbashree, recognising the need to enhance awareness of rising trend of violence against women in the State, launched schemes like the 'Gender Self Learning Programme' (GSLP) and 'Sreesakthi' in 2008 and 2010 respectively. While the GSLP was aimed at facilitating NHGs to discuss issues focusing on aspects of their lives and livelihoods they could relate to, with focus on discrimination, violence and inequality, the Sreesakthi was a web portal intended to provide a useful venue for discussing issues and ideas, creating modules, collating programme reports, clearing doubts, and, most importantly, helping women become computer and technology savvy.

Under GSLP, each woman represented in the network was regarded as a participant, information provider and knowledge creator. The contents of the learning modules were to be prepared by local women resource persons. Three Modules[67] and handouts were prepared by Kudumbashree State Mission to help the NHG members to discuss and learn on their own in NHG meetings.

Audit observed from the beneficiary survey that both the GSLP and the Sreesakthi programmes did not achieve the intended results. Of the 147 NHGs,

---

[67] Three modules *viz.*, Women and Employment, Women and Health and Women and Mobility.

which responded to the survey questionnaire in the four test-checked districts, GSLP module based discussions were held only in 40 NHGs. Ten NHGs did not offer any remarks to Audit on whether discussions were conducted or not. The Sreesakthi programme cannot also be called a success in view of the fact that of the 43 lakh NHG members, there were only 29,029 registered users of the web portal, which translates to less than one *per cent* of the total members of NHGs making use of the web portal. It was seen that only 143 out of 702 NHG members (20 *per cent*) surveyed were aware of the web portal which could be a possible reason for lesser number of NHG members accessing the portal.

Government stated (February 2018) that the number of registered users for Sreesakthi, *viz.*, 29,029 was an achievement since it was the consequential result of training given to 6,000 women from Community Based Organisations. The reply is not acceptable as Government did not explain why, despite the passage of 10 years, Kudumbashree failed to ensure conduct of GSLP module based discussions in 107 of the 147 NHGs surveyed by Audit as revealed in the beneficiary survey of Audit. Government reply was also silent on why, despite the passage of seven years from November 2010, less than one *per cent* of the total members of NHGs accessed the portal.

3.11 Implementation of Mediasree project

The project 'Mediasree' was conceived by Kudumbashree to provide training to the Kudumbashree women in video making as a step towards starting a Kudumbashree channel. Scrutiny of records revealed significant irregularities in the implementation of the Project as discussed below.

3.11.1 Inadequate training given to beneficiaries

The Executive Committee of Kudumbashree sought (September 2014) to disseminate information on the innovative, relevant and much needed interventions of Kudumbashree through a Kudumbashree TV channel. Towards this end, it invited (September 2014) Expressions of Interest (EOI) from Public/Private companies for providing training in video making to selected members from all the CDSs as an initial training engagement. Kudumbashree planned to engage these trained women as community reporters for its proposed channel. It was envisaged that the women could also be entrusted with the task of video documenting of meetings/conferences/events etc., by Local Self Government Institutions, Government departments and other agencies. The project intended to provide a sustainable livelihood to Kudumbashree members through capacity building and training in audio-visual sector.

Of the nine parties, which responded to the EOI issued by Kudumbashree, agreement was signed (November 2014) with M/s. South Asian College of Journalism - Film - New Media, Kozhikode (Agency), which was found eligible to implement the Mediasree project in two phases at a cost of ₹60 lakh, exclusive of Service Tax. It was proposed, under Phase I, to conduct an initial two day workshop to generate awareness of the project for 2,144 members from 1,072 CDSs, *i.e.*, two members[68] from each CDS. Phase II named 'Framesree' was envisaged as a 20-day training programme for 140 women in 28

[68] CDS Chairperson and one member.

employment groups, each group comprising of five selected members. Audit observed that the MoU entered into between Kudumbashree and the agency clearly stipulated that it was the responsibility of the agency to train 140 women for 20 days and to ensure competence of the trainees in reporting, video production, script writing, camera and editing. The MoU did not include a penalty clause which could be invoked in the event of failure of either party to deliver on the terms of the MoU.

Audit observed that despite releasing ₹51 lakh of the ₹60 lakh payable to the agency, training was given only to 109 members against the targeted 140 members. It was further observed that the women were trained for only 11 days against the required 20 days. The training given to the beneficiaries was, therefore, not as envisaged in the MoU, either in terms of number of women trained or stipulated number of days of training.

The project, which was due for completion in March 2015, remained to be completed (December 2017). In the absence of a penalty clause, the agency could not also be proceeded against, legally. Government stated (February 2018) that training was paused due to allegations raised against the agency and that it was decided to resume the training sessions through Government approved agencies or academies. Audit observed that the reply offered by Government failed to explain why Kudumbashree did not monitor execution of the agreement for the successful implementation of the project. Government could not also explain the failure to institute a penalty clause resulting in inability to proceed legally against the Agency for violating contractual provisions.

3.11.2 Irregular award of contract by Kudumbashree

The Executive Director, Kudumbashree, informed (November 2014) Government that a project under Mediasree for video documentation of the achievements of Grama Panchayats (GP) in the State would be implemented by M/s. South Asian College of Journalism – Film - New Media, Kozhikode (agency), which was selected through a transparent process. It was also stated that the Kudumbashree members who had undergone specialised training under the project would be involved in the video documentation and that GPs may release necessary funds for the production of the documentaries from their Plan/own funds. Subsequently, GOK issued orders (February 2015) for production of documentaries on local history, ongoing projects and achievements of developmental schemes of Local Self Government Institutions (LSGIs) of the State by utilising the services of the agency. An agreement was signed (May 2015) between Kudumbashree and the agency to produce video documentaries at ₹65,000 per GP. Payment to the agency was to be made in three instalments[69]. Video documentation of 434 GPs out of 518 GPs which opted to participate in the project, were completed at a cost of ₹2.82 crore, of which ₹2.12 crore was paid to the agency till December 2017.

The following irregularities were noticed in the award of the contract and the implementation of the project.

[69] First instalment of 60 *per cent* of total expenditure of ₹65,000 to be paid as advance, 25 *per cent* of the balance to be paid on completion and acceptance of the documentary by Kudumbashree on the basis of quality and balance 15 *per cent* after handing over the documentary to the respective Panchayats.

3.11.2.1 Award of work without tendering

The agency was earlier (November 2014) entrusted with the work of providing training in video making to 140 members at a contracted price of ₹60 lakh. It was seen that the work of production of documentaries on the achievement of LSGIs, which was outside the scope of the earlier agreement, was entrusted to the agency without inviting EOI from other parties. Audit observed that the selection was made based on an EOI issued earlier, which was specifically for training. Thus, the assertion of ED Kudumbashree to GOK that the selection of the agency for the work of production of documentaries was made transparently was factually incorrect.

Scrutiny of the Agreement entered into between Kudumbashree and the agency revealed that the total value of the contract was not specified. Instead, it was stated that the agency would be paid ₹65,000 per documentary made on each GP. Audit observed that the value of work, if all 978 GPs had opted for video documentation of their achievements would work out to ₹6.36 crore, which was to be specified in the agreement in place of ₹65,000, which was the cost per GP. Since 518 GPs had opted to participate in the project, the contractual amount would work out to ₹3.36 crore. The agency was paid ₹2.12 crore till September 2017. As the contract value was high, it was imperative that transparent procurement procedures like tendering were followed before award of the work.

3.11.2.2 Failure to engage trained Kudumbashree Workers for production of documentaries

The proposal submitted by ED Kudumbashree seeking approval of GOK for the production of documentaries specified that the services of such Kudumbashree members who had undergone specialised training in the Mediasree project along with the assistance of professionals from the visual media field would be utilised for making documentaries of the local bodies. Audit observed that the agreement with the Agency did not provide for the utilisation of the services of 109 trained Kudumbashree workers, due to which their services were not utilised.

In the Exit Conference (January 2018), ACS accepted the observations made by Audit on the Mediasree project. It was also stated that a Vigilance enquiry would be advised on the matter since Government was more than convinced of the observations made by Audit on the implementation of the project.

3.12 Implementation of Community College programme in association with the Tata Institute of Social Sciences (TISS), Mumbai

The Governing Body of Kudumbashree Mission approved (April 2013) opening of a Community College, in collaboration with the Tata Institute of Social Sciences, Mumbai (TISS). It was envisaged that the Community College would generate capacity amongst a cadre of Community Researchers from among the Kudumbashree women. To begin with, TISS was to offer one-year postgraduate diploma in Development Praxis[70] in the campus of Loyola College at Thiruvananthapuram. A Memorandum of Understanding (MoU) was executed

[70] Focuses on the practice of development and its relation to theory.

(August 2014) between Kudumbashree and TISS to offer the course to the members of Kudumbashree. As per MoU, TISS would conduct the programme and develop the academic framework and course structure of the programme. TISS would also provide ongoing support towards effective implementation of the programme and award Diploma/Degrees to the students who enrol in the programme. Kudumbashree was to provide necessary financial/human resources and infrastructure for running the programme and monitor the progress of the programme periodically. Kudumbashree paid ₹26 lakh of the ₹28 lakh payable to TISS for executing the programme till December 2017.

Audit observed the following lapses in execution of the project:

- No feasibility study was conducted by Kudumbashree before commencing the Community College.
- MoU was signed between TISS and Kudumbashree without inviting tenders/Expression of Interest. Kudumbashree replied that the agreement was signed with TISS as it was one of the best institutions in the country contributing significantly to policy, planning, action strategies and human resource development and quality education to students. Reply of Kudumbashree was not acceptable as provisions of Stores Purchase Manual do not exempt any company/institution from the tendering process.
- Specific details regarding the project cost, liability clause, etc., were not incorporated in the MoU.
- Apart from the first batch of 43 students who joined the course in 2015-16, no further batches were trained and the programme was discontinued in 2016.

The ED Kudumbashree did not initiate action to pursue the conduct of courses through the Community College as envisaged, which adversely impacted upon the prospects of capacity building among women.

Government replied (February 2018) that permission was given only for a single batch as a pilot project and that policy decisions on expanding the project were yet to be taken. The reply was not acceptable, as the agreement did not mention that it was a pilot project. The MoU spelt that the agreement shall remain in force till any one of the parties or both wished to withdraw from the collaboration by giving at least 12 months' written notice to the other partner. However, no documentary evidence for withdrawal of either parties from the agreement was available on record.

Absence of timely monitoring of the progress of the programme and failure to provide continued support in terms of financial and human resources and infrastructure by Kudumbashree defeated the envisaged objective of capacity building for women community researchers.

Recommendation 3.3: Kudumbashree must ensure transparency in tendering processes so that works are awarded to the most competent agencies.

3.13 Financial Management

3.13.1 Unrealistic Annual Plan

The Kudumbashree State Mission prepared and submitted each year, an Annual Plan Proposal to GOK, which formed part of the State Plan. Details of the Annual Plan Proposal submitted to the GOK, amount provided in the annual budget and funds received and expenditure incurred by the Mission for the last five years from 2012-13 to 2016-17 are as shown in **Table 3.7**.

Table 3.7**: Details of funds received and expended by Kudumbashree during 2012-17**

(₹in crore)

Year	Annual Plan Proposal (AP)	Budget provision (BP)	Percentage of BP to AP	Fund received	Expenditure	Percentage of expenditure against AP
2012-13	120.00	84.17	70	84.17	60.32	50
2013-14	160.00	90.00	56	90.00	86.54	54
2014-15	200.00	115.49	58	50.00	86.16	43
2015-16	330.65	122.96	37	75.00	83.87	25
2016-17	275.26	130.00	47	130.00	124.29	45

(Source: Details received from Kudumbashree mission)

It was observed that Plans were prepared by the Mission component-wise, *viz.*, 'Organisation', 'Social Development' and 'Local Economic Development' and not Project/scheme wise. During the years 2012-17, the Annual Plan Proposal proposed by Kudumbashree increased steadily from ₹120 crore in 2012-13 to ₹330.65 crore in 2015-16. However, provision made in the budget was not proportionate and ranged from ₹84.17 crore in 2012-13 to ₹130 crore in 2016-17. There was shortfall in receipt of funds during 2014-16 amounting to ₹113.45 crore against the Budget provision of ₹238.45 crore. Percentage of Budget provision to Annual Plan proposal ranged from 37 to 70 and percentage of expenditure to Annual Plan proposal ranged from 25 to 54. Audit observed that despite less budget provision and failure to expend funds received from GOK, Kudumbashree continued to prepare plan proposals with a higher outlay each year. Kudumbashree informed that less release of funds by GOK was due to Government policy and projects/schemes of Kudumbashree were not adversely affected since the districts would utilise the funds on priority basis only.

Audit observed that the contention of Kudumbashree that less provision of funds by GOK resulted in districts prioritising expenditure with no adverse effect on projects/schemes was in itself supportive of the fact that the Annual Plans proposed by Kudumbashree were unrealistic.

Government replied (February 2018) that the audit observation was noted for future guidance.

3.13.2 Kudumbashree did not assess requirements before release of funds leading to large unspent balances with District Missions

While conducting analysis of the financial statements for the years 2014-16, Audit observed that the State Mission Office transferred funds to District Offices without assessing the balance funds available with them, as detailed in **Table 3.8**.

Table 3.8: Details of funds transferred by State Mission office to District Mission office

(₹ in crore)

District Office	2014-15		2015-16	
	Released to District Office	Closing Balance as on 31 March 2015*	Released to District Office	Closing balance as on 31 March 2016*
Thiruvananthapuram	5.68	4.32	6.69	4.66
Kollam	3.05	4.49	4.41	3.89
Pathanamthitta	3.90	3.03	4.46	2.42
Alappuzha	3.35	2.75	6.45	2.89
Kottayam	3.85	1.25	5.82	2.70
Idukki	5.02	0.96	4.49	1.89
Ernakulam	9.03	1.64	9.27	2.70
Thrissur	6.67	3.92	6.55	1.71
Palakkad	7.98	3.02	5.16	2.13
Malappuram	5.39	2.45	8.21	2.92
Kozhikode	6.75	3.52	7.40	1.90
Wayanad	6.31	2.04	5.59	2.09
Kannur	5.62	0.50	6.94	3.06
Kasaragod	5.34	1.11	4.87	1.70
Total	**77.94**	**35.00**	**86.31**	**36.66**

* Including bank and cash balances

(Source: Audited Annual Accounts of Kudumbashree mission)

As evident from the table, the Thiruvananthapuram District Mission had unspent balance of ₹4.32 crore at the end of 2014-15. However, ₹6.69 crore was again released to the Mission during 2015-16. Thus, 42 *per cent* of the funds *viz.*, ₹4.66 crore remained unspent with the District Mission. Similarly, unspent balances with the District Missions of Kollam and Pathanamthitta were 43 *per cent* and 32 *per cent* respectively. About 30 *per cent* of the funds received remained unspent with the various District Missions in the State as on 31 March 2016.

Failure of Kudumbashree to monitor and assess the requirement of funds of the District Missions resulted in the parking of excess funds in the District Offices. Government stated (February 2018) that steps were initiated to release funds to district missions as per their requirement and on the basis of utilisation certificates in due intervals.

3.13.3 Receipt of Government funds towards the close of the financial year

Kudumbashree prepared and submitted Annual Plans to Government for a complete financial year. Audit observed from a verification of Treasury Savings Bank statements for 2012-16 that major portion of the Government funds were received towards the close of the financial year as detailed in **Table 3.9**.

Table 3.9: Details of fund received towards close of the financial year

Financial Year	Total fund received during the year (₹ in crore)	Amount and date of fund received towards close of the financial year		Percentage of fund received towards close of the financial year (in *per cent*)
		Amount (₹ in crore)	Date	
2012-13	84.17	39.17	31.03.2013	47
2013-14	90.00	60.00	31.03.2014	67
2014-15	50.00	25.00	30.03.2015	50
2015-16	75.00	50.00	29.02.2016	67

(Source: Account statement of special TSB Account)

Government stated (February 2018) that funds released towards the end of the year could be utilised in the next financial year for paying the claims of previous year. Further in many schemes, funds would be released as and when required. Thus, plan funds were utilised by Kudumbashree and its goals were achieved.

The reply is not justifiable in view of the fact that funds received at the end of the financial year during the period 2012-13 to 2015-16 ranged from ₹25 crore to ₹60 crore i.e. 47 *per cent* to 67 *per cent* of the total fund received during those years. This prevented Kudumbashree from utilising the same for the whole or part of that particular financial year. Audit observed that receipt of funds towards the close of a year impacted upon effective implementation of scheduled activities as detailed in paragraph 3.9.2, thereby rendering the Annual Plan process irrelevant.

3.13.4 Irregularities in accounting

Annual Accounts of Kudumbashree Mission for the period upto 2015-16 were audited by Chartered Accountants and adopted in the Annual General Body Meetings of the Mission. Review of the audited Annual Accounts revealed grave deficiencies which are detailed below:

3.13.4.1 Non-maintenance of Cash Book and connected records

The Rules and Regulations framed by Kudumbashree required that the Mission should keep, at its registered office, proper books of account detailing all sums of money received and expended by the Mission and purposes thereof, as also the assets and liabilities of the Mission. Rule 92 (a) of the Kerala Treasury Code (KTC) required every officer receiving and handling cash on behalf of Government to maintain a Cash Book in Form TR 7A. It stipulated that the cash book should be closed regularly and checked completely. The Head of the office should verify the totalling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct.

The Director (Accounts and Finance) and Accounts Officer were officers of the Finance Department of GOK deputed to Kudumbashree Mission, who were expected to be well versed with the provisions of KTC. However, Audit observed that Kudumbashree did not maintain manual cashbook, ledger and advance registers and instead, maintained cashbook in Excel software during 2012-14 and Tally software from 2014-15. It was noticed that there was no internal control mechanism to ensure authentication of data by competent authorities by attesting daily printouts to guard against data manipulation, which was violative of provisions in KTC. In the absence of such authentication, the correctness of the data could not be ascertained in Audit.

3.13.4.2 Mis-statements in Financial Statements and lax financial standards

Audit noticed that the audit of accounts was completed upto 2015-16 and yet to be completed for 2016-17. Scrutiny of the audited statements of accounts for the years 2012-13 to 2015-16 revealed that the Chartered Accountants qualified the financial statements by pointing out significant deficiencies like improper maintenance of books of accounts, non-maintenance of vouchers and supporting documents for many transactions at the District Mission Offices, Utilisation Certificates regarding transfer of funds to CDSs from District Mission offices not made available, etc.

Our test-check revealed certain serious mis-statements in the financial statements of the Kudumbashree Mission, which were not qualified by the Chartered Accountants as follows.

- In the Balance Sheet of Kudumbashree State Mission as on 31 March 2013, unutilised share of grants from GOI/GOK/Urban Local Bodies amounting to ₹54.88 crore, which was to be accounted as a liability of Kudumbashree, was wrongly deducted from the Assets. Audit observed that besides undervaluation of assets of Kudumbashree, the financial statement wrongly depicted the grants received as utilised.

- Audit observed that during 2013-14 an amount of ₹10.13 crore was transferred to 14 District Mission Coordinators for implementation of SJSRY[71] which was shown as 'Fund in Transit' in the Statement of Accounts of the State Mission for the year. The amount continued to be exhibited as 'Fund in Transit' in the accounts of the State Mission during the subsequent years 2014-15 and 2015-16, despite the District Missions having booked the fund received in their accounts during the first quarter of 2014-15. Since the 'Fund in Transit' shown in the accounts of Kudumbashree for the year 2013-14 were already accounted by the District Missions in 2014-15, it is evident that the position of cash and bank balance of Kudumbashree was not correctly reflected in its accounts for the years 2014-16. The veracity of accounts was, therefore, suspect.

  The ACS stated (January 2018) that non-detection of such a huge amount by Kudumbashree reveals the incompetency in management of accounts and suggested that a qualified financial professional may be appointed in charge of Accounts and finances of Kudumbashree to ensure financial discipline and propriety.

- As per the Audited Annual Accounts of Kudumbashree for the year 2014-15, the unutilised balance under the NRLM was stated to be ₹59.99 crore. However, a verification of Fund Flow Statement of the NRLM for the year 2014-15 revealed that the closing balance was only ₹16.18 crore. Since the balance of ₹16.18 crore as appearing in the statements

[71] Swarna Jayanthi Shahari Rozgar Yojana.

of accounts of NRLM agrees with the balance as per its bank account, the accounts of NRLM appear to be correct.

Audit, therefore, examined the statements of accounts of Kudumbashree and NRLM for the year 2014-15 to determine how the inflation of ₹43.81 crore occurred in the accounts of Kudumbashree. It was seen that receipts of ₹33.28 crore in NRLM accounts was wrongly booked as ₹59.89 crore in the Kudumbashree accounts. Similarly, against payment of ₹37.23 crore in NRLM accounts, amount booked in Kudumbashree accounts was ₹20.04 crore. Thus, Kudumbashree inflated the unutilised balance of NRLM as shown in its accounts by ₹43.81 crore.

Kudumbashree stated (May 2017) that the receipts and payments from Kudumbashree to NRLM and *vice versa* were transferred from its Plan funds and that the balance shown in the consolidated Receipts and Payments Account of ₹16.18 crore was correct. The reply was misleading and not acceptable in view of the fact that the discrepancies as pointed out by Audit resulted in Kudumbashree inflating the unutilised balance of NRLM in its accounts by ₹43.81 crore.

- The Balance Sheet of Kudumbashree Mission as on 31 March 2016 revealed assets of ₹763.12 crore, which included ₹271.95 crore receivable from various Grama Panchayats. However, as per schedule this amount was shown as liability of ₹271.95 crore payable to Grama Panchayats and as asset as per Balance Sheet. This apparent mistake on the face of accounts was also not seen qualified by the Chartered Accountants. It was observed that the funds receivable from Grama Panchayats constituted 54 *per cent* of the total funds receivable of the Kudumbashree Mission. Analysis of the financial statements of the preceding years revealed that dues from Grama Panchayats showed an increasing trend as shown in **Table 3.10**.

Table 3.10: Details of fund receivable

(₹in crore)

Year	Total funds receivable	Funds receivable from Grama Panchayats	Percentage of funds due from Grama Panchayats to total funds receivable
2012-13	317.25	178.62	56
2013-14	388.21	217.38	56
2014-15	452.11	248.13	55
2015-16	500.55	271.95	54

(Source: Audited Annual Accounts of Kudumbashree mission)

On seeking reasons from Kudumbashree for not recovering the amounts due from Grama Panchayats, it was stated (November 2017) that there was misclassification in the Annual accounts and that reclassification would be done in the succeeding years.

Audit is of the view that the audited accounts of the Kudumbashree Mission for the years 2012-16 were not free from material mis-statements and failed to give a correct view about the financial transactions of Kudumbashree during these years.

Government informed (February 2018) that all remarks of audit were discussed by present auditors with District Missions and that rectification reports was received from districts. The reply of GOK was factually not correct, since Audit clarified with Kudumbashree that the rectification reports stated to have been received from districts were with reference to the qualifications made by the Chartered Accountants in the Annual Accounts 2013-16 and not on the mis-statements in financial statements and lax financial standards pointed out in this report. Kudumbashree also replied (February 2018) that the points referred to in the Performance Audit report would be rectified in the ensuing years' Annual Accounts.

Recommendation 3.4: GOK may take all steps to ensure that the accounts of Kudumbashree are more professionally managed to ensure financial discipline and propriety.

3.14 Inefficient Management Information System

The present Management Information System (MIS) at Kudumbashree Mission was developed by the Centre for Development of Advanced Computing (CDAC) in 2010 on the basis of Software Requirement Specification (SRS) prepared in 2007. Four additional software modules *viz.*, Training, Interest Subsidy, Action Plan and Human Resources were developed in-house. It was seen that the Kudumbashree Mission had itself identified at least 37 deficiencies in the existing MIS software like (i) absence of provision to add APL/BPL data while entering NHG member details, interest subsidy in linkage to loan repayment, etc., (ii) edit certain items like thrift amount, age, category wise, etc. Audit observed that failure of Kudumbashree Mission to initiate necessary action to develop and incorporate modules on 11[72] schemes launched after 2010 rendered the MIS ineffective. During the Exit Conference (January 2018), ACS, while accepting the audit observation, stated that the required software could have been developed in-house by their own staff of trained computer professionals. In its reply, Government stated (February 2018) that steps were initiated to develop a comprehensive MIS, incorporating all newly formulated programmes.

3.15 Internal Audit

Kudumbashree lacked a full-fledged Internal Audit Mechanism for verification of transactions and records of the State Mission as well as its district offices. Audit noticed that during 2012-17, inspection of only eight District Missions was conducted between April 2016 and January 2017. Scrutiny of six reports of inspections handed over to audit revealed observations like payment vouchers not available, award of work without inviting tender, collecting quotations from same parties without inviting tenders, etc. No procedure was prescribed for initiating follow-up action on the inspection reports. It is pertinent to note that while significant irregularities in the award of major contracts were pointed out

[72] Revolving Fund and Community Investment Fund under Micro Finance, Social Development, Urban projects, Livelihood, Gender programmes, Insurance, DDU-GKY, Marketing, Animal Husbandry, Elderly and special NHG and Attappady Special Projects.

in this Performance Audit report, the Internal Audit of the State Mission Office was not conducted till date (October 2017).

Government assured (February 2018) that utmost care would be taken to strengthen the internal audit system and address the deficiencies pointed out by Audit.

3.16 Laxity in furnishing replies to observations made in Inspection Reports

The response of Kudumbashree Mission to the Accountant General's Inspection Reports on its local audit of accounts and records was very poor. It was noticed that Inspection Reports for the period dating back to 2008-09 were pending settlement (**Appendix 3.1**).

Article 63 (c) of Kerala Financial Code stipulated that the first replies to Inspection Reports should be sent within four weeks from the date of receipt of the Inspection Report. Audit observed that first replies to Inspection Reports pertaining to the years 2011-12 and 2012-13 were yet to be furnished by Kudumbashree (December 2017).

During the Exit Conference (January 2018), ACS assured that Kudumbashree would furnish replies to all pending Inspection Reports before 15 March 2018.

3.17 Response of Government to Audit

Government while accepting the findings of Audit in this report, stated (February 2018) that Audit did not consider the achievements of Kudumbashree in implementation of its schemes and the various awards it had garnered, while framing observations. Besides questioning the methodology adopted by Audit, Government opined that the size of the sample was not representative, resulting in isolated findings being generalised in the report.

Reply of the Government was not correct as the objectives of the Performance Audit (PA), audit criteria, scope and methodology which included sampling pattern adopted were discussed and agreed upon by Government in the Entry Conference as mentioned in paragraph 3.5. Audit, thus, afforded every opportunity to Government/Kudumbashree to present their views before commencement of Audit. The PA was conducted strictly in accordance with the Performance Auditing Guidelines issued by the Comptroller and Auditor General of India. The outcome of the PA was based on the findings generated during the course of the audit exercise and not on the achievements or the number of awards obtained by the audited entity. The methodology adopted for conduct of the PA was unbiased and impartial.

The fact that Government accepted almost all the findings in the PA and appreciated audit observations as evidenced from the minutes of Exit Conference held on 09 January 2018, makes it evident that the allegations made by Government are superfluous and non-sustainable. The attempts of Government to discredit the results of audit are therefore regrettable.

3.18 Conclusion

The Performance Audit revealed systemic deficiencies in the implementation of various schemes for the empowerment of women. There was no effective monitoring of the working of Micro Enterprises for ensuring sustained operation and profitability of the ventures. Works were awarded to Programme Implementation Agencies by following an opaque selection process. Kudumbashree did not tender works and ensure the selection of competent agencies resulting in the schemes not being able to deliver the intended results. Financial Management was poor and the audited Statements of Accounts carried material mis-statements. Internal control systems were weak. Inspection Reports of Accountant General for the period dating back to 2008-09 were pending settlement.

CHAPTER IV
SOCIAL JUSTICE DEPARTMENT

Functioning of Kerala Social Security Mission

Executive Summary

The Kerala Social Security Mission (KSSM), a registered society under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, was set up to formulate and implement social security schemes in the State. A Performance Audit was conducted on the functioning of KSSM covering the period 2012-17. The Performance Audit focused on assessing the effectiveness of various programmes/schemes implemented by KSSM, the efficiency of financial management and the status of internal control mechanism, and brought out the following audit findings.

The accounts of KSSM were audited only upto the financial year 2014-15. Accounts for the years 2015-17 were yet to be finalised. The systemic deficiencies pointed out by the auditors during the years 2012-13 to 2014-15 were persisting.

(Paragraph 4.8)

Order of Government of Kerala to transfer ₹20 crore from the Corpus fund of KSSM to Kudumbashree Mission led to premature closure of a Fixed Deposit and resultant loss of interest income of ₹0.59 crore to KSSM.

(Paragraph 4.8.3.1)

Under the scheme 'Sruthitharangam', 134 children in the Government Medical College, Kozhikode were awaiting (August 2017) mandatory testing and evaluation of hearing threshold, for assessing suitability for cochlear implantation.

(Paragraph 4.9)

Around 10,000 applications received by KSSM for obtaining assistance under Aswasakiranam, a scheme for rendering financial assistance to Caregivers of bed-ridden patients were found bundled and stacked at the office of the Mission, without registration and processing.

(Paragraph 4.10.2)

Failure of KSSM to follow-up and ensure receipt of duly signed and stamped computer generated lists of online applications from the Heads of Institutions resulted in denial of assistance to 57,831 beneficiaries under Snehapoorvam, a scheme for providing financial assistance to children who lost either or both of their parents.

(Paragraph 4.11)

Failure of Vayomithram Coordinators/Child Development Project Officers (CDPOs) to identify tribal unwed mothers resulted in inability to render financial assistance to all potential beneficiaries, as envisaged under Snehasparsham scheme.

(Paragraph 4.12.1)

4.1 Introduction

Kerala Social Security Mission (KSSM) was registered in 2008, under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, to formulate and implement social security programmes/schemes in the State. KSSM was responsible for extending services and support to the destitute, poor, aged, children, women, the chronically ill cancer patients and other sections of the society who were in need of care and protection. The objectives of the KSSM included conduct of research on various social issues, besides acting as an information hub for the social welfare programmes in the State.

4.2 Organisational set up

A Governing Body consisting of 15 members including the Minister for Health and Social Justice as Chairman, Secretary, Social Justice Department as Vice-Chairman and Executive Director (ED), KSSM as Member Secretary was constituted to oversee the control, administration and management of the Mission while an Executive Committee headed by the Secretary to Government consisting of five members was responsible for the day-to-day administration and implementation of the programmes/schemes. There were three Regional Directors, two at Thiruvananthapuram and one at Kozhikode. Only 12 District Co-ordinators were in place against the sanctioned 14, for the implementation of State Initiative on Disabilities (SID) schemes. While Care Providers were posted in institutions like Old age homes, Children's Homes etc., 40 Junior Public Health Nurses (JPHN) were posted at 38 hospitals across the State. The organisational setup is shown in the organogram given in **Appendix 4.1.**

4.3 Audit Objectives

The Performance Audit was conducted to assess whether:

- the objectives behind setting up the Mission of extending services and support to the destitute, poor, aged, children, women and others were met and programmes/schemes were implemented efficiently and effectively;
- the system of financial management was efficient and effective;
- an internal control mechanism was in place and effective; and
- the programmes/schemes implemented by the Mission could achieve the Sustainable Development Goals of ensuring healthy lives and promoting well-being for all at all ages and achieving gender equality by empowering all women and girls.

4.4 Audit Criteria

The Audit criteria for evaluation of performance of KSSM were derived from the following:

- Memorandum of Association;

- Decisions of the Governing Body and Executive Committee;
- Policy documents of GOI and State including National Policy on Senior Citizens, 2011 and National Policy for Persons with Disabilities, 2006;
- Operational Guidelines of related social security schemes issued by the Central/State Governments and concerned Directorates;
- Rights of persons with Disabilities Act, 2016;
- Persons with Disabilities (Equal Opportunities, Protection of Rights and Full participation) Rules, 1996 and amended Rules for Persons with Disabilities; and
- Kerala Service Rules (KSR), Kerala Financial Code (KFC), Kerala Treasury Code (KTC), Kerala Budget Manual, etc.

4.5 Scope of Audit

The Performance Audit was conducted between May and August 2017 covering the period 2012-17. For test-check, out of the 14 districts in the State, Audit selected five districts *viz.*, Thiruvananthapuram, Palakkad, Malappuram, Kozhikode and Kasaragod by two-tier stratification sampling method using Probability Proportional to Size without Replacement (PPSWOR). The Performance Audit examined the implementation of all the 14 schemes[73] by KSSM. Significant audit findings on nine schemes are included in this Report.

4.6 Audit Methodology

An Entry Conference was held with the Special Secretary, Social Justice Department on 17 May 2017 wherein the scope, objectives and methodology were discussed. Relevant records of Social Justice Department, KSSM office at Thiruvananthapuram and Regional Office at Kozhikode were scrutinised during the course of audit. The programme implementation offices in the Corporation/ Municipal areas including block level Integrated Child Development Service offices of the Social Justice Department and empanelled hospitals that run the KSSM schemes in the selected districts were also covered during the course of audit. Audit methodology included joint inspection to assess whether the beneficiaries of various schemes for development of education and skill development actually derived the intended benefits. An Exit Conference was conducted on 08 December 2017 with the Special Secretary to Government, Social Justice Department wherein the findings of the Performance Audit were discussed and response of Government obtained. Government replies were obtained and incorporated while finalising the report.

[73] Aswasakiranam, Cancer Suraksha, Caregivers, Hunger Free City, Karunya Deposit Scheme, Samaswasam, Snehapoorvam, Snehasparsham, Snehasanthwanam, Sruthitharangam, State Initiative on Disabilities, Thalolam, Vayomithram and We Care.

Audit Findings

4.7 Financial Management

Government of Kerala (GOK) released ₹65 crore[74] to the Director, Social Welfare for setting up a Social Security Fund as a mechanism to help the poor in times of hardship. As the amount could not be utilised in the absence of specific proposals, GOK proposed (October 2008) setting up of KSSM and transferring the amount of ₹65 crore to KSSM as its Corpus Fund. KSSM deposited (March 2009) the corpus fund of ₹65 crore granted by the GOK in three separate Fixed Deposit (FD) accounts *viz.* ₹25 crore, ₹25 crore and ₹ eight crore and the balance amount of ₹ seven crore was credited into the Treasury Savings Bank (TSB) account. Besides Government grants, KSSM could raise funds through grants/contributions from national and international agencies, corporate bodies, institutions and individuals in India and abroad.

Details of funds provided in the budget, contributions received from the Local Self Government Institutions (LSGI), other receipts including donations, bank interest, etc., and expenditure on the Social Security Schemes including administrative charges, during the period from 2012-13 to 2016-17, are given in **Table 4.1**.

Table 4.1: Details of receipts and expenditure for period 2012-13 to 2016-17

(₹in crore)

Year	OB	Budget Allocation	GOK release	Contribution from LSGIs	Other receipts	Total Fund Available	Expenditure	CB
1	2	3	4	5	6	7 = 2+4+5+6	8	9 = 8-7
2012-13	39.74	95.25	66.28	13.74	2.19	121.95	77.16	44.79
2013-14	44.79	110.65	141.06	22.76	0.35	208.96	120.10	88.86
2014-15	88.86	116.45	120.90	14.93	0.55	225.24	117.06	108.18
2015-16	108.18	139.35	130.73	16.24	7.04	262.19	137.78	124.41
2016-17	124.41	136.07	132.66	14.00	16.52	287.59	181.13	106.46
TOTAL		**597.77**	**591.63**	**81.67**	**26.65**		**633.23**	

(Source: Data collected from KSSM)

Audit examined the scheme wise receipts and expenditure of GOK funds for the years 2012-17 (**Appendix 4.2**) and observed that while ₹107.37 crore was expended in excess under eight schemes, expenditure fell short of receipts by ₹82.53 crore in five schemes. KSSM stated (December 2017) that the excess expenditure over budget release was met from the Corpus Fund, receipts from LSGI contributions, interest, fund raised from sale of stamps, etc.

Audit also analysed the large quantum of cash balance held by KSSM. It was seen that the unutilised balance of ₹106.46 crore as at the end of March 2017 included ₹45 crore of corpus funds kept as FDs[75]. Besides, ₹36.20 crore received from GOK during 2012-17 for SID out of total receipt of ₹96.21 crore, remained unspent. The unspent amount included ₹11.61 crore received during 2013-16 and ₹24.59 crore received in 2016-17. Having accounted for ₹81.20

[74] ₹25 crore in March 2003 and ₹40 crore in March 2005.

[75] ₹25 crore from the original corpus of ₹65 crore and a further ₹20 crore of funds set aside for the State Initiative on Disabilities to provide Special Initiative to Persons with Disabilities.

crore of unutilised balance, the remaining ₹25.26 crore could be accounted by unspent LSGI contribution and other income by way of Interest, etc. Audit observed that the retention in Fixed Deposits (FD) of funds meant for implementation of schemes, was irregular.

The audit findings are given below.

4.8 Non-adherence to financial standards/persistent irregularities

The Memorandum of Association of KSSM stipulated that the Chartered Accountants, appointed for the purpose by the Governing Body, audit the accounts of the Mission every year. Audit noticed that the accounts of the Mission were audited only upto the financial year 2014-15. Thus, audit from the year 2015-16 onwards was due (status as on October 2017). Scrutiny of the accounts for the years 2012-13 to 2014-15 revealed that the Chartered Accountants had qualified their opinion on the financial statements by pointing out significant deficiencies *viz.*, booking of expenditure on the basis of self-certified and unaudited statements given by hospitals, agencies, etc., non-confirmation of closing balances, inability to correctly account the sale of stamps by the KSSM, etc. It was seen that the concerns expressed by the Chartered Accountants as early as in 2012-13, were persisting (October 2017).

Guidelines for implementation of ‘Thalolam’ and ‘Cancer Suraksha’ schemes required empanelled hospitals to furnish to KSSM, monthly statements on utilisation of funds signed by Nodal Officer and yearly Receipts and Payments statements certified by a Chartered Accountant. Of the two Government Medical Colleges[76] test-checked, records at the Government Medical College Hospital, Thiruvananthapuram revealed that during 2015-16, there was a difference of ₹0.83 lakh between the monthly and yearly statements of expenditure on ‘Thalolam’ scheme. The Hospital admitted that it failed to appoint Chartered Accountants for the Scheme and therefore did not furnish certified Receipt and Payment Statements to KSSM. The Hospital also admitted (June 2017) that the monthly statements of expenditure furnished to KSSM on utilisation of funds were not correct and that the mistakes occurred due to oversight. In the Regional Cancer Centre, Thiruvananthapuram, an empanelled hospital under the Cancer Suraksha Scheme, it was seen that no separate accounts were maintained for the funds released under the scheme.

During the Exit Conference (December 2017), GOK admitted the audit observations and replied that measures were being taken to rectify the systemic deficiencies in the accounts for the years 2012-15.

4.8.1 Non-maintenance of cash book

Rule 92 (a) of Kerala Treasury Code (KTC) laid down the procedure for the maintenance of cash book and the duties of the Head of Office in that regard. It required all Government officers receiving and handling cash to maintain a cash book in Form TR 7A. All monetary transactions should be entered in the cash book as soon as they occur and attested by the Head of Office in token of check. The Head of Office was also required to verify the cash book at the end of each

[76] Government Medical Colleges Thiruvananthapuram and Kozhikode.

month and record a signed and dated certificate to that effect. Article 102 of the Kerala Financial Code (KFC) also referred to the provisions of the KTC.

It was observed that though KSSM maintained two TSB accounts[77] and nine Savings Bank (SB) accounts with nationalised banks (status as of March 2017), cash book was maintained only in respect of transactions pertaining to TSB Account No. 134. All transactions relating to budgetary receipts, LSGI contributions, scheme and administrative expenditures were entered in TSB Account No. 134 maintained by KSSM in the District Treasury, Thiruvananthapuram. Amounts for expenditure were transferred in lumpsum by issuing cheques from this TSB Account into the SB Accounts of nationalised banks for booking of final expenditure. None of the other transactions dealt with through the other TSB and bank accounts were recorded in the cash book. In the absence of cash book, KSSM was not aware of the funds available on any particular day and instead had to depend on bank statements to reckon the status of balance available with the banks. KSSM could not also follow-up on remittances[78] due from LSGIs since the bank statements did not contain the names of LSGIs that remitted money into its TSB account. The failure to maintain cash book led to failure to record transactions as and when they occurred and their resultant inability to verify the correctness of transactions and accuracy of accounts.

The records maintained in KSSM revealed that the closing balance as on 31 March 2017 was ₹106.46 crore whereas the actual cash balance lying in nine bank accounts, two TSB Accounts and two FDs was ₹205.96 crore. The difference in amount of ₹99.50 crore was yet to be reconciled (December 2017) by KSSM. In the absence of cash book, Audit examined Cheque Issue Register, Bank statements and statements generated from SULEKHA software maintained by LSGIs. It was observed from the year-wise statement of expenditure on ‘Aswasakiranam’ scheme furnished by KSSM that against the financial assistance of ₹196.02 crore provided under ‘Aswasakiranam’ to the beneficiaries during 2012-17, the expenditure booked by KSSM was inflated by ₹10.69 crore. Similarly, against receipts of ₹23.95 crore from LSGIs into bank during 2016-17, KSSM accounted for only ₹14 crore. It was also observed that 125 cheques, valued at ₹57.74 crores, drawn during 29 March 2017 to 31 March 2017 were encashed only in 2017-18. These three items together accounted for ₹78.38 crore of the unreconciled balance of ₹99.50 crore. Violation of provisions contained in KTC/KFC on maintenance of cash book and resultant inability to verify the correctness of transactions was indicative of poor financial management. The inflating of scheme expenditure on Aswasakiranam scheme by ₹10.69 crore was not justifiable and required investigation.

KSSM admitted (October 2017) that there was practical difficulty in maintaining cash book and subsidiary cash books incorporating all transactions of nine SB accounts and two TSB accounts maintained by it. KSSM further stated that it did not have sufficient staff to monitor the bank statements on a daily basis. The reply of KSSM was not acceptable as large volume of transactions should not be a bar for making entries in the cash book, either in

[77] TSB Account No.103 for operating the accounts of SID office and TSB Account No.134.

[78] Contributions of ₹10 lakh by Corporations and District Panchayats, ₹5 lakh by Municipalities and Block Panchayats and ₹1 lakh by Grama Panchayats.

physical or in electronic form and there was laxity on the part of KSSM in not complying with the norms prescribed in the KTC. During the Exit Conference (December 2017), GOK assured that measures would be taken to reconcile the difference while finalising the accounts.

4.8.2 Avoidable tax deduction of ₹40.27 lakh

Kerala Social Security Mission is a trust registered under Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 and filed (December 2009) an application as a charitable institution under the Income Tax Act, 1961 for registration under Section 12 A of the Income Tax Act so as to obtain exemption from payment of income tax. Under Section 139 (4A) of Income Tax (IT) Act, KSSM, being a charitable trust, was mandatorily required to file a return of income if its income exceeded the maximum amount not chargeable to income tax. As per Section 237 of IT Act, if any person satisfies the Assessing Officer that the amount of tax paid by him or on his behalf or treated as paid by him or on his behalf for any year exceeds the amount of tax payable by him, he shall be entitled to a refund of the excess tax paid by him. Further, as per Section 239 of IT Act, no such claim shall be allowed, unless it is made within one year from the last day of the assessment year. It was seen that an amount of ₹40.27 lakh[79] was deducted by the District Treasury as Tax Deducted at Source (TDS) on interest accrued on FD during the period 2009-10 to 2011-12. Audit observed that KSSM did not claim refund of the TDS by filing income tax returns for the relevant years resulting in loss of ₹40.27 lakh to KSSM.

KSSM while admitting (October 2017) that it did not file returns for the period from 2008-09 to 2016-17, stated that it would file income tax returns for those years to get refund of the same. The reply of KSSM was not correct since any claim for refund of TDS made during 2009-10 to 2011-12 would be rejected by the Income Tax Department as KSSM failed to submit income tax returns within one year from the last day of the assessment year. During the Exit Conference (December 2017), Special Secretary to Government admitted that failure of KSSM to submit refund claim within the time limit could lead to rejection of such claim by the IT Department.

4.8.3 Diversion of funds

As mentioned in paragraph 4.7 of this Report, KSSM deposited the corpus fund of ₹65 crore granted by the GOK in three separate FD accounts *viz.* ₹25 crore, ₹25 crore and ₹ eight crore and the balance amount of ₹ seven crore was credited into the TSB account. Audit noticed instances wherein funds were transferred to other institutions from the corpus fund even when the cash balance of KSSM was very low as discussed below.

4.8.3.1 Loss due to premature closure of Fixed Deposit

GOK ordered KSSM (02 November 2010) to transfer ₹20 crore from its corpus to Kudumbashree Mission for the implementation of 'Asraya[80]' scheme, which

79 2009-10: ₹13.41 lakh, 2010-11: ₹13.43 lakh, 2011-12: ₹13.43 lakh.

80 A community based initiative by Kudumbashree to identify, rehabilitate and accord social security to the poorest of the poor.

was announced in the Budget Speech 2008-09. The Government Order (GO) also required the Kudumbashree Mission to produce Utilisation Certificate as on 31 March 2011. Consequent to the GO, ED, KSSM informed GOK (November 2010) that ₹58 crore of its Corpus Fund was kept in three separate FDs of ₹25 crore, ₹25 crore and ₹ eight crore with dates of maturity of 23 April 2011, 23 April 2011 and 18 March 2011 respectively. The ED, KSSM further informed that immediate withdrawal of ₹25 crore would cause a loss of interest to the extent of ₹1.07 crore and suggested that it would be judicious to wait for withdrawal of FD at maturity. However, GOK turned down the request of the ED, KSSM and ordered (November 2010) closure of the FD and transfer of the amount to Kudumbashree Mission. Audit observed that in order to comply with the order, KSSM made a premature closure of one of its FDs of ₹25 crore on 16 March 2011 (maturity date 23 April 2011). It transferred ₹20 crore to Kudumbashree Mission (31 March 2011) and credited the balance amount of ₹ five crore into its TSB account.

Audit observed that the direction of GOK to use the Corpus fund of KSSM for the 'Asraya' scheme implemented by Kudumbashree Mission was against its own direction issued in October 2008, which required utilisation of Corpus fund for implementation of schemes only with the approval of Governing Body/Executive Committee of KSSM. Audit further noticed that the insistence of GOK to release the amount immediately (22 November 2010) to Kudumbashree forced KSSM to prematurely close its FD account by 39 days, resulting in avoidable loss of interest of ₹0.59 crore to KSSM. It was further observed that the orders of GOK to transfer ₹20 crore immediately to Kudumbashree was injudicious since Kudumbashree had a balance of ₹130 crore in its accounts on the day of transfer and as such was not in any urgent need of money. A scrutiny of the records of the Kudumbashree Mission also revealed that expenditure on 'Asraya' scheme during the years 2011-15 was only ₹7.79 crore, ₹1.41 crore, ₹6.40 crore and ₹1.12 crore respectively. Thus, the injudicious decision of GOK to transfer ₹20 crore to Kudumbashree led to premature closing of the FD account by 39 days and consequent avoidable loss of interest of ₹0.59 crore to the KSSM. KSSM confirmed (October 2017) the loss of interest due to premature closure of FD.

Kudumbashree stated (September 2017) that since KSSM released ₹20 crore only on the last day of March 2011, the expenditure of ₹19.77 crore on 'Asraya' scheme for the year 2009-10 was met from its plan funds. Kudumbashree also stated that the amount received from KSSM was actually the committed expenditure and that the balance of plan fund of Kudumbashree on the day of receipt of ₹20 crore was only ₹13 crore and not ₹130 crore as stated by Audit.

The reply of Kudumbashree was not correct in view of the fact that the balance of ₹130 crore cited by Audit as available with Kudumbashree was as per the audited statement of accounts of Kudumbashree for the year 2010-11 and its expenditure on 'Asraya' scheme during these years was meagre.

4.8.3.2 Diversion of KSSM funds for extending insurance coverage to representatives of LSGIs

GOK instructed KSSM (March 2012), to extend coverage of medical insurance to elected representatives of Local Self Government Institutions (LSGI). GOK extended (November 2014) the benefits of the scheme to include former elected representatives of LSGIs. KSSM spent ₹82.84 lakh during 2013-16 for providing insurance coverage to 10,955 such LSGI representatives who did not fall under the category of destitute, poor and other weaker sections of population whom KSSM was meant to help. Besides, KSSM had to incur recurring expenditure of ₹29 lakh for annual renewal of the insurance for an average number of 3,904 LSGI representatives.

The ED, KSSM admitted (August 2017) that the representatives of LSGIs did not fall under the category of destitute, poor and other weaker sections and that the issue would be taken up with Government. During the Exit Conference (December 2017), the Special Secretary to Government agreed with the audit observation and informed that the matter was being looked into.

4.8.4 Fund generation through printing of stamps and sales thereof

GOK ordered KSSM (October 2011) to mobilise ₹1,100 lakh through sale of 25 lakh stamps of various denominations[81] for implementation of schemes like Cancer Suraksha, Cochlear Implantation, Heart surgeries, etc. The initial target date set for sale of stamps was 31 December 2011, which was extended three times with the last date fixed as 31 December 2012. The ED, KSSM entrusted the overall responsibility of conducting the sale of stamps to the Administrative cum Accounts Officer of KSSM. The stamps were sold through Vayomithram Coordinators who held road shows targeting school and college students and through Kudumbashree Units.

It was observed that no accounts were maintained by the KSSM on the printing, distribution and collection of proceeds on sale of stamps. Minutes of 38th Executive Committee meeting (May 2016) revealed that ₹263.53 lakh was received through sale of stamps. Joint verification conducted by Audit, at KSSM Headquarters (October 2017) revealed unsold stock of stamps worth ₹828.46 lakh. KSSM, therefore, accounted for stamps worth ₹1091.99 lakh only out of stamps worth ₹1,100 lakh printed. There was thus short receipt on sale of stamps amounting to ₹8.01 lakh.

KSSM admitted (October 2017) that since persons dealing with stamps changed frequently, proper accounts on printing, distribution and collection of net proceeds on sale of stamps could not be maintained. The reply was not acceptable and responsibility for the loss of funds to the extent of ₹8.01 lakh needs to be fixed and recoveries effected. GOK, while accepting the short receipt of ₹8.01 lakh on sale of stamps, agreed (December 2017) to the suggestion of Audit to fix responsibility and effect recovery of loss incurred by KSSM.

Recommendation 4.1: KSSM may ensure that financial discipline is maintained, diversion of funds avoided and internal control mechanism strengthened in order to effectively implement its social security schemes.

[81] Ten lakh stamps each of denominations ₹10 and ₹50; five lakh stamps of denomination of ₹100 each.

4.9 Sruthitharangam

GOK designated KSSM (December, 2011) as the nodal agency to implement "Sruthitharangam", a scheme conceived to provide cochlear implants free of cost to children below three years and also to provide financial support for Auditory Verbal Habilitation (AVH) to operated children through 11 empanelled hospitals[82] where the annual family income of the applicant was below ₹ two lakh. The Screening Committee would be empowered to make exception to children beyond 3 years upto 5 years of age on a case-to-case basis. The revised guidelines of GOK (May 2014) required KSSM to provide cochlear implants for surgeries for children above five years of age in empanelled hospitals if the cost of the implant was met by a sponsor/organisation/individual/family.

The guidelines of the scheme required parents/guardians of the child detected by the Audiological Centre with hearing impairment, with a high chance of success after implantation, to apply to KSSM for cochlear implantation in the prescribed format. KSSM would then forward such applications to the respective Regional Technical Screening Committee for sanction of surgery after adequate scrutiny on the basis of preoperative assessments and the protocol laid down by the State Level Technical Committee.

The Health and Family Welfare Department constituted (December 2011) three Regional Technical Committees[83] (South, Central and North) to scrutinise the applications for Cochlear implantation. Further, a State Level Monitoring Committee[84] was to monitor and conduct review of implementation and to function as a grievance redressal forum.

During 2012-13 to 2016-17, an amount of ₹34.18 crore was spent for 733 children out of ₹46 crore received. The year-wise details of total number of applications received for screening, sanctioned, rejected and withheld during the period 2012-13 to 2016-17 were as given in **Table 4.2**.

[82] Government Medical College Hospital Thiruvananthapuram, Santhwanam Hospital Thiruvananthapuram, KIMS Hospital, Thiruvananthapuram, Government Medical College Hospital Kottayam, Dr. Noushad ENT Hospital, Ernakulam, Medical Trust Hospital, Ernakulam, West Fort Hospital, Thrissur, Ascent ENT Hospital, Perinthalmanna, Government Medical College Hospital, Kozhikode, Dr. Manoj ENT Super Speciality Institute and Research Centre, Kozhikode and Malabar Institute of Medical Sciences Ltd. Hospital, Kozhikode.

[83] The District Medical Officers of Thiruvananthapuram, Ernakulam and Kozhikode were the convenors of the Committees.

[84] Comprising of eight members including four Government Secretaries, Director of Health Services, Director of Medical Education, the Executive Director, NISH and Executive Director, KSSM.

Table 4.2: Details of applications received, sanctioned, rejected and withheld for the period 2012-13 to 2016-17

Year	Number of applications received and scrutinised by screening committee	Total number of applications sanctioned/ selected	Number of implantation surgeries conducted	Number of children not undergone implantation	Total number of applications rejected	Number of withheld applications (Balance)
2012-13	295	180	180	0	85	30
2013-14	253	210	210	0	35	8
2014-15	147	128	125	3	13	6
2015-16	113	105	101	4	3	5
2016-17	121	117	117	0	4	0
Total	**929**	**740**	**733**	**7**	**140**	**49**

(Source: Data collected from KSSM)

Audit noticed that 49 applications were withheld due to reasons such as failure to conduct various mandatory tests like Auditory Study State Response (ASSR), Intelligence Quotient assessment and Speech and Language Evaluation by empanelled hospitals. It was further seen that 134 children in the Government Medical College Kozhikode were awaiting (August 2017) testing and evaluation of their hearing threshold and diagnosis of retro cochlear lesions through ASSR and Brainstem Evoked Responsive Audiometry (BERA) tests, which were mandatory for patients for assessing suitability for cochlear implant. Audit observed that the number of applications for cochlear implantation to be approved by Technical Committees could have been much higher had the tests on these 183 applicants been completed for assessing their suitability for cochlear implantation.

The Government Medical College, Kozhikode cited (August 2017) the fact that the sole BERA/ASSR instrument available at the Hospital was being utilised for multiple purposes apart from cochlear implantation candidacy evaluation, as the reason for delay in candidacy evaluation. The Hospital, further suggested that supply of an additional BERA/ASSR instrument by KSSM for the sole purpose of candidacy evaluation under the Scheme would speed up the process. The ED, KSSM stated during the Exit Conference (December 2017) that supply order would be placed with the Kerala Medical Supplies Corporation Ltd. and the issue would be resolved by the end of this financial year.

4.10 Aswasakiranam

GOK accorded sanction (August 2010) for implementation of the scheme 'Aswasakiranam', which envisages assistance @ ₹250 per month to full time Caregivers of all bed-ridden patients who either belonged to BPL category or whose annual family income was below ₹20,000 in Panchayat areas and below ₹22,375 in cities. The rates of financial assistance were enhanced periodically and the current financial assistance is ₹600 per month (from October 2016). The financial assistance was given to the Caregivers of bedridden patients as compensation for their inability to work and earn their livelihood. The scope of the scheme was further enlarged (October 2012) to include Physically/Mentally challenged (due to Autism, Cerebral Palsy, Mental retardation, Mental illness), 100 *per cent* blind and patients bed-ridden due to old age, cancer and other diseases and in need of support for day to day activities. There were 3,23,616 beneficiaries under the Scheme during the period 2012-17.

4.10.1 Payments made through Money Orders

As per the guidelines, the Anganwadi worker concerned was to forward the applications along with the copies of Ration Card/Income Certificate and Disability Certificate/Identity Card issued by KSSM to the concerned Integrated Child Development Services (ICDS) Supervisor. A savings bank account in the name of the Caregiver of the patient was to be opened in the nearest Post Office and the details of the account were to be mentioned in the application. Duly recommended applications were to be forwarded to KSSM through the concerned Child Development Project Officer (CDPO) along with a certificate stating that the said Caregiver was taking care of the bed-ridden patient. The financial assistance was to be credited by the KSSM to the Post Office Savings Bank accounts of the Caregivers.

Scrutiny of the audited financial statements of accounts of KSSM for the years 2012-15 revealed that contrary to the provisions contained in the guidelines requiring the KSSM to remit the financial assistance due to Caregivers in their Post Office Savings Bank accounts, benefits were disbursed to all 3,23,616 beneficiaries through Money Orders. It was further noticed that ₹2.46 crore out of the total amount of ₹105.51 crore disbursed during the period 2012-15[85] were returned due to various reasons such as ‘mis-sent’, ‘addressee not found’, etc., resulting in non-receipt of eligible financial assistance by the beneficiaries. Details of the number of Caregivers who did not receive the Money Orders and steps taken to ensure payment to such Caregivers was awaited from KSSM (December 2017). Audit observed that disbursement of financial assistance by KSSM through money orders instead of through Post Office Saving Bank accounts as proposed in the scheme guidelines, resulted in an avoidable expenditure of ₹5.10 crore on money order commission during the period 2012-15. Besides, proper and timely delivery of the financial assistance to the eligible Caregivers was not ensured. During the Exit Conference (December 2017), Audit requested GOK to explore the possibility of direct transfer of money to beneficiary accounts. GOK informed that the 41st Executive Committee decided (November 2017) to change the mode of disbursement of payment from Money Order to Direct Benefit Transfer (DBT) via Banks.

4.10.2 Non-processing of applications under Aswasakiranam and resultant denial of benefits to Caregivers

Audit observed, consequent to a joint verification conducted (March 2017) along with the Regional Director, KSSM in the data entry room of KSSM Headquarters that, around 10,000 applications from Caregivers for financial assistance under Aswasakiranam scheme received from the year 2013, were bundled together and stacked in shelves without registering and verification. Audit observed that there was no system in place at KSSM to watch the number of applications received/objected/rejected/disposed under the scheme and hence the total number of applications pending as on date was not available. Audit selected, at random, 50 applications pertaining to five selected districts from the bundles and conducted a survey (August/September 2017) to verify the current status of the applicants.

85 Figures obtained from the certified financial accounts of KSSM for the years 2012-15. Accounts for later years still not finalised.

Verification of 50 applications of Caregivers revealed that in respect of seven Caregivers, the bed-ridden patients being looked after by them expired within one to nine months of submission of application for receipt of financial assistance under the scheme as shown in **Table 4.3**.

Table 4.3: Details of delay in processing Aswasakiranam applications

Sl. No.	Name of District	Name of Patient	Date of application	Date of death of the patient	Delay (in months)
1.	Palakkad	Devu	10.03.2016	13.04.2016	1
2.	Thiruvananthapuram	Alies	Not recorded	26.06.2016	-
3.	Kozhikode	Kalmabi	30.09.2016	24.06.2017	9
4.	Kozhikode	Sarojini M	10.03.2016	04.09.2016	6
5.	Kasaragod	Kaveri	04.08.2016	26.12.2016	4
6.	Palakkad	Ramakrishnan V	31.08.2016	13.02.2017	6
7.	Palakkad	Nabeesa	Not recorded	04.04.2014	-

(Source: Data collected from KSSM)

The failure of KSSM to monitor the applications received and ensure prompt processing and payment of benefits under the Scheme resulted in denial of benefits to the Caregivers of intended patients. As failure to make payment to Caregivers could result in laxity in delivery of care and attention to the needy, the unjustified delay in the processing of applications by KSSM is a cause of concern and merits serious attention.

4.10.3 Non-compliance to scheme guidelines resulted in disbursement of financial assistance even after death

Audit noticed instances of disbursement of financial assistance to Caregivers even after the death of patients. Records verified at the office of the Regional Director, Kozhikode revealed that, of the 66 death cases, financial assistance of ₹53,700 continued to be disbursed upto December 2015/March 2017 to the Caregivers of 15 deceased patients (**Appendix 4.3**). Survey conducted in five selected districts (August/September 2017) confirmed that financial assistance amounting to ₹5,325 continued to be paid to two Caregivers even after the demise of the patients cared for.

The disbursement of financial assistance even after the demise of the patients indicated failure of internal control in KSSM, which needed to be urgently addressed, to avoid recurrence of such instances in future.

4.11 Snehapoorvam

GOK accorded sanction (June 2012) for the implementation of the scheme to provide financial assistance to those children who lost either or both of their parents, or in such cases where the surviving parent or guardians belonged to the Below Poverty Line (BPL) category. The scheme provided for grant of monthly financial assistance of ₹300 to the children in the age group of 0-5 years and children from classes I to V, ₹500 to children from classes VI to X, ₹750 to children from classes XI and XII. The scope of rendering assistance under the Scheme was revised by GOK (January 2013) to enable children studying for degree and professional degree courses to obtain financial assistance of ₹1,000. The financial assistance was to be credited to the joint savings bank account opened in the names of the child and the guardian.

As per the revised (October 2014) guidelines of GOK, the Head of the Educational Institution in which the child was studying was to submit application online to KSSM. The Guidelines also required the Head of the Institution to submit a signed, duly stamped computer generated list of such online applications to the KSSM. A Unique Identification Number was to be allotted by KSSM before 31 October every year. KSSM was to forward the same with the details of financial assistance sanctioned to the Heads of institutions, who in turn, were required to inform the students in time. Financial assistance of ₹76.91 crore was given to 1,26,039 beneficiaries under the scheme during 2014-17.

The details of applications received and action taken on the same is given in **Table 4.4**.

Table 4.4: Details of applications received/passed for payment/rejected/pending during 2014-17

Year	Number of applications received	Number of applications passed for payment	Number of applications rejected	Number of cases pending	Amount expended (*₹ in crore)*
2014-15	58737	41274	1841	15622	8.41
2015-16	70588	45233	1847	23508	40.03
2016-17	63397	39532	5164	18701	28.47
Total	**192722**	**126039**	**8852**	**57831**	**76.91**

(Source: Details collected from KSSM)

Scrutiny of the records by Audit revealed that 1,26,039 applications were passed for payment during 2014-17. However, 57,831 applications were pending for payment because after submitting applications online, the educational institution concerned did not submit signed and duly stamped computer generated lists to KSSM, as required in the guidelines. The fact was confirmed by Audit through test-check of records in 21 educational institutions which revealed that of the 1,057 applications submitted online during 2014-17, 677 applications were passed for payment and 380 applications were pending due to non-submission of computer generated lists. Thus, the failure of educational institutions to submit duly signed and stamped computer generated lists coupled with failure of the KSSM to ensure follow-up after receipt of online applications resulted in denial of financial assistance to 57,831 eligible children.

The Heads of educational institutions who did not submit duly signed and stamped computer generated lists in selected districts stated that they did not receive any Circulars/Guidelines/directions in this regard from KSSM. The replies offered by the Heads of Institutions were factually wrong as the same instructions requiring application to be submitted online also contained instructions for submitting signed, duly stamped computer generated lists to KSSM. This goes to prove that the Heads of Institutions did not act in a responsible manner in complying with GOK Guidelines.

GOK stated (December 2017) that specific instructions were given via email and registered mobile numbers, to each school whose printouts were pending. The reply was not acceptable in view of the fact that there were 57,831 pending applications, which led to deprival of financial assistance to orphaned/needy children.

4.11.1 Exclusion of students of Industrial Training Institutes from benefits of the scheme

As students of Class XI and XII were also eligible for assistance under the scheme, KSSM requested (January 2015) GOK to include students who joined Industrial Training Institutes (ITI) after Class X for receiving assistance under the scheme. Consequently, ITI was also included in the list of institutions in the application form to be submitted online by the Heads of Institutions. Audit observed that 409 applications were received from students of ITIs during 2014-16, claiming assistance under the scheme. However, KSSM later excluded (April 2016) ITIs from the list of courses. On being asked, KSSM stated (December 2017) that as favourable decision on the inclusion of ITIs was not received from GOK, the 409 applications from students of ITIs could not be considered for disbursement of financial assistance.

GOK stated (December 2017) that proposal for inclusion of ITIs was under active consideration of the Government. The fact, however remains that the action of KSSM in inviting applications from students of ITIs for financial assistance and subsequently rejecting financial assistance to these children was not in order. KSSM and GOK may initiate steps to bring ITIs also under the purview of the scheme, since ITIs are institutions offering vocational and apprenticeship training to the youths who have passed Class X, as is being done in other cases.

4.12 Snehasparsham

GOK accorded sanction (June 2010) for providing financial assistance to unwed mothers from Scheduled Tribe Communities @ ₹300 per month which was further enhanced (June 2011) to ₹1,000 per month. The beneficiaries were to be under 65 years of age. The scheme was later extended (August 2011) to all destitute unwed mothers irrespective of the category. GOK ordered (December 2014) Vayomithram[86] offices to work as referral centres for providing all services. They were to co-ordinate all other schemes implemented by KSSM within their jurisdiction by functioning as the lower level office of KSSM.

4.12.1 Financial assistance to unwed mothers

As per the guidelines approved (March 2011) by the Governing Body, Child Development Project Officers (CDPO) were to identify and obtain applications from the unwed mothers in their areas of jurisdiction and forward the same to KSSM for providing financial assistance under the scheme. It was seen that GOK ordered (December 2014) the Vayomithram project office under the KSSM to coordinate the various activities of the KSSM within their jurisdiction. Thus, Vayomithram Coordinators who were to administer Vayomithram camps, conduct of health camps for the aged, etc., were also required to coordinate the activities of this scheme. Audit observed that as of March 2017, KSSM identified 2,044 unwed mothers and provided them with financial assistance under the scheme.

Audit obtained data on tribal unwed mothers in the selected districts as of December 2017, from the Scheduled Tribes Development Department (STDD).

[86] A scheme to ascertain the health conditions of people above 65 years of age.

It was observed that only 120 tribal unwed mothers were provided with financial assistance under the scheme by KSSM as against 521 tribal unwed mothers identified by STDD as shown in **Table 4.5**.

Table 4.5: Details of shortfall in coverage of tribal unwed mothers

Sl. No.	District	Number of tribal unwed mothers identified by the STDD	Number of tribal unwed mothers provided with financial assistance by KSSM
1.	Thiruvananthapuram	75	20
2.	Palakkad	129	31
3.	Malappuram	44	9
4.	Kozhikode	60	15
5.	Kasaragod	213	45
	TOTAL	**521**	**120**

(Source: Details obtained from Director of STDD and KSSM)

Although the records of KSSM revealed that 2,044 unwed mothers were identified and provided with assistance under the scheme, Audit noticed that more beneficiaries could have been assisted under the scheme, if the data available with the STDD was used. Audit observed that the Vayomithram Coordinators and CDPOs who were entrusted with the responsibility of identifying the beneficiaries of the scheme failed in identifying all unwed mothers in their localities, which resulted in denial of assistance to the women from vulnerable sections of society who became unwed mothers. Further, failure of KSSM in obtaining and making use of data on unwed mothers available with various Departments/agencies[87] adversely affected the implementation of the scheme.

GOK stated (December 2017) that even though KSSM had given proper directions to collect the applications from eligible beneficiaries, there was delay in identifying beneficiaries by the field staff due to competing priorities. The reply was not acceptable since after having launched the scheme, it was the responsibility of GOK/KSSM to ensure that all eligible beneficiaries were identified and provided with assistance under the scheme.

4.12.2 Release of financial assistance without ensuring compliance to guidelines

As per the guidelines, financial assistance was to be released based on the life certificate[88] of the beneficiaries furnished by CDPOs to KSSM on 01 January and 01 June, every year. It was also stipulated that in cases where the beneficiary married or expired, it was the responsibility of the CDPO to report the fact promptly to the KSSM. Audit observed that the life certificates were obtained by KSSM only twice (October 2014 and November 2015) since inception of the scheme in 2010. Audit analysed the quantum of certificates received in November 2015 and noticed large discrepancy in the number of beneficiaries assisted under the scheme and the number of life certificates obtained as shown in **Table 4.6**.

[87] STDD, Police, NGOs, etc.

[88] Certificate furnished by CDPOs after inspection stating whether the beneficiary is alive or not, marital status, age and whether the child is alive or not.

Table 4.6: Details of number of life certificates obtained and assistance provided

Sl. No.	District	No. of beneficiaries during October 2015	No. of beneficiaries for whom life certificates were received	No. of beneficiaries for whom life certificates were not obtained	No. of beneficiaries who were provided with assistance in November 2015
1.	Thiruvananthapuram	110	46	64	100
2.	Kollam	50	29	21	47
3.	Alappuzha	410	152	258	407
4.	Pathanamthitta	48	30	18	45
5.	Kottayam	276	123	153	262
6.	Idukki	85	74	11	81
7.	Ernakulam	142	90	52	142
8.	Thrissur	33	29	4	31
9.	Palakkad	171	68	103	168
10.	Malappuram	101	65	36	97
11.	Kozhikode	218	74	144	213
12.	Kannur	132	72	60	130
13.	Kasaragod	144	55	89	143
14.	Wayanad	93	38	55	90
	Total	**2013**	**945**	**1068**	**1956**
	Per cent		***46.94***	***53.05***	***97.17***

(Source: Records of KSSM)

As revealed by the table, the CDPOs did not furnish life certificates in respect of 53.05 *per cent* of beneficiaries. Financial assistance was provided to these beneficiaries without ensuring whether they were eligible or not.

It was noticed that the life certificates submitted by the CDPOs were not subjected to scrutiny by the KSSM. Out of 2,013 beneficiaries in the State during October 2015, KSSM received life certificates for 945 beneficiaries. Scrutiny of these life certificates revealed that while one of them passed away on 23 July 2015, another beneficiary was married, resulting in change of status. Thus, a beneficiary in Pramadam Panchayat, Pathanamthitta district continued to receive financial assistance for at least 20 months (upto June 2017) even though the CDPO recorded a change in her marital status from 'unmarried' to 'married' in the life certificate furnished for November 2015.

It was also observed that CDPOs did not report the death of beneficiaries promptly to KSSM resulting in failure to stop payment of financial assistance. Financial assistance was released to a beneficiary from Aikkaranadu Panchayat of Ernakulam district for five months from August 2015 to December 2015 even after the demise of the beneficiary in July 2015.

The KSSM stated (September 2017) that since the number of beneficiaries was huge, it was not practical to obtain life certificates from the beneficiaries every six months. The reply was not acceptable since the number of beneficiaries under this scheme was only 2,044 in 2016-17 and KSSM was bound to ensure that the beneficiaries were eligible before making payment of any financial assistance under the scheme.

Recommendation 4.2: KSSM may evolve a mechanism to ensure that payments are made only after ensuring receipt of life certificates from beneficiaries.

4.12.3 Double payments

Audit observed that registers were not maintained at KSSM for recording the details of receipt of applications. There was no system in place to avoid making multiple payments to the same beneficiary based on duplicate copies of applications furnished by the beneficiary. This resulted in KSSM making double payment of financial assistance to beneficiaries. For e.g. a beneficiary of Kadalundi panchayat, Kozhikode was provided assistance @ ₹1,000 per month from September 2013 onwards on the basis of an application furnished by her in August 2013. Subsequently, based on an additional application (January 2014) of the beneficiary forwarded by the CDPO to the KSSM, financial assistance of ₹17,000 was again provided to the same beneficiary for the period from February 2014 to June 2015. It was observed that since no records were maintained on the receipt/disposal/rejection of applications by CDPOs and KSSM, the possibility of more such instances of duplicate payments could not be ruled out.

GOK stated (December 2017) that since manual verification to identify duplication was tedious, KSSM was in the process of developing software for the same. The reply of GOK citing tediousness in conducting manual verification of applications was not justifiable since there were only 2,044 beneficiary applications as on 31 March 2017, which could have been easily verified even without developing software for the same.

Recommendation 4.3: KSSM may put in place a system/mechanism to guard against double payments.

4.13 State Initiative on Disabilities (SID)

The State Initiative on Disabilities (SID) is a scheme launched (December 2014) to provide Special initiatives for persons with disabilities in the area of prevention, early screening/detection, early intervention, education, employment and rehabilitation, etc. The scheme was launched recognising that the initiatives of the State in the past did not have a significant impact either in prevention of disabilities or in early intervention and rehabilitation. A report of an Empowered Committee with the Chief Secretary as Chairman made recommendations on each of the initiatives. SID also undertakes MMR and Rubella vaccination, Hearing screening of newborn babies through hospitals and conduct of De-centralised Disability Certification Camps with the objective of reducing hardship in availing Disability Medical Certificates through hospitals.

4.13.1 Non-conduct of disability camps for clearance of large number of pending applications

GOK issued orders (July 2009) declaring KSSM as the implementing agency for conducting disability certification camps and for issue of disability certificates. KSSM organised Disability Certification Camps throughout the State for issue of Medical Certificates/Disability Certificates/Identity Cards. As per stipulated procedure, Disability Certification Camps were held on receipt of 250 to 300 applications in each ICDS project wherein the disabled persons were issued with medical certificates on the spot as a proof of their disability after examination by a medical board. People with disability above 40 *per cent* were also issued with disability certificates and identity cards.

Records available with KSSM revealed that 28,311 applications were pending with KSSM (status as of June 2017). These applicants were to be examined at Disability Certification Camps and issued with Medical Certificates/Disability Certificates/Identity Cards. Audit observed that of the 28,311 pending applications (June 2017), 818, 231, 750 and 5,000 number of applications were pending in Idukki, Ernakulam, Kozhikode and Kannur districts respectively, where no camps were conducted during 2017-18 (upto July 2017).

KSSM confirmed (July 2017) that the post of District Coordinator remained vacant in Kannur district and that the less number of camps conducted in the other districts was due to District Coordinators being engaged in other works. The reply was not acceptable since the KSSM should have recognised the large number of pending applications, especially in Kannur district and made alternate arrangements for early clearance of the pendency. Non-conduct of Disability Certification Camps even when large number of applications were pending indicated laxity of the KSSM in monitoring the implementation of the scheme.

GOK stated (December 2017) that based on the observations of Audit, special efforts were being made to organise Disability Certification Camps in all districts in a campaign mode under the leadership of the District Collectors for issuing maximum number of certificates and identity cards by March 2018. It was also stated that where District Coordinators were not in position, alternate arrangements would be made to organise the campaign.

4.13.2 Non-recovery of advance given for conduct of Disability certification camps

Orders of GOK (October 2011) on drawal of temporary advance to SID Coordinators for conduct of Disability Certification Camps stipulated that advances not settled within three months were to be recovered in full with 18 *per cent* interest. In cases where temporary advance was not utilised fully but the adjustment bill submitted on time, interest at the rate of 18 *per cent* per annum was to be charged on the unutilised portion of the advance from the date of drawal to the date of refund of advance. Further, a Circular issued (August 2016) by KSSM stipulated that advances paid to SID Coordinators for conduct of camps should be settled in full, ten days after the conduct of each camp.

Audit observed on a scrutiny of the accounts pertaining to 263 Disability Certification Camps conducted during 2012-17 that advances given to 12 SID Coordinators and 41 Vayomithram Coordinators amounting to ₹70.66 lakh were yet to be finally settled. It was further observed that 24 Coordinators (four SID Coordinators and 20 Vayomithram Coordinators) had quit their jobs, minimising the scope of recovery of ₹15.05 lakh advanced to them.

GOK stated (December 2017) that consequent to audit observations, 202 of the 263 unsettled advances were scrutinised and adjusted and the remaining cases were being followed up. Details of settlement of advances including interest on delayed refund of unspent advances were not produced to audit for verification. KSSM should ensure that advances made are adjusted/recovered in a timely manner so that there is no loss to the Government exchequer.

4.13.3 Delay in supply of vaccines

The Empowered Committee decided (November 2012) to administer Rubella/ MMR vaccines across the State through the existing network of Department of Health and Family Welfare. Accordingly, GOK accorded sanction (May 2013) to administer MMR vaccines to all babies in the age group of 15-18 months and Rubella vaccines to female children studying in the VIII, IX and X standards in Government/Aided schools. As per the Empowered Committee decision (December 2012), the Director of Health Services (DHS) was to forward to the Kerala Medical Supplies Corporation Ltd. (KMSCL), detailed estimate of vaccines to be procured after collecting details from the Government hospitals and Director of Public Instruction (DPI) and to forward a copy to KSSM for making payments. Details of funds routed to KMSCL for supply of vaccines during the period from 2012-13 to 2016-17 are as shown in **Table 4.7**.

Table 4.7: Details of funds obtained for supply of vaccines

(₹in crore)

Year	Funds obtained from GOK	Funds released to KMSCL	Balance with KSSM
2012-13	7.00	7.00	0
2013-14	1.03	1.03	0
2014-15	5.77	5.52	0.25
2015-16	0	0	0
2016-17	7.00	0	7.00
Total	**20.80**	**13.55**	**7.25**

(Source: Details collected from KSSM)

Audit observed that the DHS intimated (March 2015) KSSM about the non-availability of MMR Vaccines for more than six months in many hospitals and requested immediate intervention. It was seen that the KSSM failed to furnish proposals for implementing the scheme during 2015-16 resulting in lapse of ₹7.64 crore allocated in the budget. Further, ₹ seven crore received from GOK during 2016-17 remained unutilised (October 2017) and parked in the TSB Account of KSSM.

GOK stated (December 2017) that supply order was placed in March 2015 for administering vaccines during 2015-16 and the same was supplied only in July/August 2016. It was further stated that these were enough for administering vaccines during 2016-17 and hence no proposals were made for drawal of funds in 2015-16. The reply was not acceptable since KSSM was aware of the stock-out of vaccines from September 2014 onwards and hence purchase orders should have been placed with KMSCL much earlier than March 2015. Thus, laxity of the KSSM resulted in non-availability of vaccines for almost two years. During Exit Conference (December 2017) ED, KSSM admitted the lapse on the part of KSSM. Further GOK stated in the Exit Conference that monitoring system for supply and utilisation of vaccines would be strengthened.

4.14 Thalolam Scheme

Government accorded (February 2010) sanction to implement the scheme ‘Thalolam’ to provide free treatment to the children below 18 years of age with life threatening diseases such as Kidney diseases, Cardiovascular diseases, Cerebral Palsy, Brittle Bone disease, Haemophilia, Thalassemia, Sickle Cell Anaemia, Orthopaedic deformities and other Neuro-Developmental Disabilities, Congenital anomalies (Endosulfan victims) as well as treatment and surgeries in emergency cases. The scheme was to be implemented through 18 Empanelled Hospitals. Audit observed than an amount of ₹38.39 crore was spent under the scheme during the period 2012-17.

4.14.1 Inadmissible payment of investigation charges

As per guidelines of the scheme issued (March 2010) by KSSM, whenever a beneficiary under the scheme was required to undergo investigation outside the hospital in the private sector due to non-availability of facility in the empanelled hospital, such charges were also to be reimbursed under the scheme. The Superintendent of each hospital along with the Head of the Department of a speciality concerned, was to prepare a panel of diagnostic centres and fix the rates of investigation charges through negotiation. The beneficiary was to be sent only to such centres where the rates for tests/investigations were pre-fixed. The payment for such tests was to be thereafter reimbursed to the diagnostic centres.

Contrary to the above instructions, Audit noticed that panel of investigation centres and negotiated rates for investigations outside the hospitals were not prepared and furnished to KSSM by the empanelled hospitals. Audit further observed that the expenditure incurred under Thalolam scheme during 2012-17 included the reimbursement of charges for various investigative tests of patients conducted outside the hospital. KSSM provided funds in advance for implementation of Thalolam scheme and the hospitals furnished Utilisation Certificates (UC) for the funds received. Audit observed that the claims of charges for investigations conducted outside the hospitals were admitted in full by the hospitals. It was, however, noticed that Statements of Expenditure with details of patients and investigation charges incurred from outside agencies were not forwarded to KSSM along with the UCs. The failure of the KSSM to insist upon panel of investigation centres and negotiated rates for investigations outside the hospitals resulted in reimbursement of entire amount claimed by the investigation centres outside the hospital. In the absence of negotiated rates, Audit could not verify the correctness of amount reimbursed to investigation centres.

GOK stated (December 2017) that similar empanelment was mandated under other schemes. Thus, it was taken as granted that such empanelment and renewal would have been happening regularly at hospitals and admitted that no cross verification was done to ascertain this. Reply of the Government indicated that the scheme was implemented in a casual manner without following the prescribed guidelines issued by GOK.

4.14.2 Internal Control

As per the guidelines of the scheme Thalolam, a yearly Receipt and Payments statement as on 31 March should be furnished by the Hospital, duly certified by a Chartered Accountant to KSSM. Audit noticed that the certified accounts of Thalolam scheme were not obtained from two out of seven empanelled hospitals in three selected districts *viz.*, Government Medical College Hospital, Thiruvananthapuram and Regional Cancer Centre (RCC), Thiruvananthapuram. During 2012-17, an amount of ₹30 lakh and ₹10 lakh was allotted to

Government Medical College Hospital, Thiruvananthapuram and RCC, Thiruvananthapuram, respectively. The scheme was not even implemented in Government Medical College Hospital, Manjeri till date (August 2017), which was in the list of empanelled hospitals. As a result, KSSM failed to monitor the proper utilisation of fund for the intended beneficiaries.

GOK replied (December 2017) that directions were given to the authorities concerned at Government Medical College Hospital, Thiruvananthapuram and RCC, Thiruvananthapuram to submit yearly statements without delay. In the case of Government Medical College Hospital, Manjeri a detailed report on number of proposed beneficiaries and expected expenditure, called for by KSSM was awaited.

4.14.3 KSSM failed to provide funds thereby affecting treatment

Audit noticed that the SAT Hospital, Thiruvananthapuram did not offer treatment under the scheme between 04 May 2016 and 14 November 2016 (more than six months), even though an average number of 27 new registrations and 39 review cases had benefitted per month during the preceding period from May 2015 to April 2016 under the scheme. The Hospital admitted (July 2017) that it lacked funds for taking care of patients under the Scheme. KSSM stated (September 2017) that the final instalment of ₹15 lakh out of ₹40 lakh due for 2015-16 was released to SAT Hospital in February 2016 and that ₹70 lakh was paid to the Hospital in 2016-17 in two instalments of ₹20 lakh and ₹50 lakh in October 2016 and March 2017 respectively. Audit observed that KSSM did not make any payments between February 2016 and October 2016, thereby affecting the implementation of the scheme during the period.

GOK stated (December 2017) that KSSM did not have sufficient funds to implement the scheme during 2016-17. The reply was not factually correct as the accounts of KSSM revealed a closing balance of ₹124.41 crore during 2015-16. Thus, despite availability of large cash balance, KSSM failed to provide sufficient funds to one of the major empanelled hospitals implementing the scheme.

4.15 Vayomithram

GOK guidelines (September 2011) required Vayomithram scheme to be implemented in all Corporations/Municipalities in the State to ensure good health of elderly persons above 65 years of age. Audit noticed that against the requirement of a Vayomithram unit[89] for each of the 93 Corporations/ Municipalities[90] in the State, there were only 74 Vayomithram units (in six Corporations and 68 Municipalities) as of August 2017.

Revised Guidelines of the scheme (December 2014) required the appointment of Vayomithram Coordinators in each of the Vayomithram units. The Vayomithram Coordinators were tasked with the administration of Vayomithram camps, conduct of health camps for the aged, detection of dropouts from registrants in mobile camps, conduct of at least two review meetings in a month, etc.

[89] A Vayomithram Unit comprises of a Coordinator, Doctor, Staff Nurse and Junior Public Health Nurse.
[90] Six Corporations and 87 Municipalities.

Audit noticed that out of the 74 Vayomithram units, 37 units were functioning without regular Vayomithram Coordinators. It was seen that 19 Vayomithram Coordinators and seven SID Coordinators were given additional responsibility of 25 and 12 units respectively. Six Vayomithram Coordinators were allotted additional charge of two clinics. It was also seen that while one SID Coordinator was allotted additional charge of three Vayomithram units, three SID Coordinators were allotted additional charge of two Vayomithram units.

As mentioned in paragraph 4.12, the Vayomithram Coordinators who were also responsible for overseeing the Snehasparsham scheme, failed to obtain the details of unwed mothers in their locality, which adversely affected the implementation of that scheme. Similarly, a mention was made in paragraph 4.13.1 of this report about the poor performance of SID Coordinators in the conduct of camps and clearance of pending applications for disability certificates. The overburdening of the SID Coordinators resulted in lesser number of camps conducted under the Scheme. The pendency of applications was 818, 1,433 and 7,610 applications respectively in Idukki, Kasaragod and Thrissur districts. Audit noticed that only four, 12 and 19 camps were conducted between 01 August 2016 and 30 June 2017 in the three districts respectively. Thus, these districts should have conducted at least 38[91] more camps for clearance of 9861 pending applications. Audit observed that failure of KSSM to set up stipulated number of Vayomithram Units and shortfall in the number of Coordinators also led to failure to obtain details of unwed mothers in their locality under Snehasparsham, failure to conduct health camps for the aged, delay in issue of disability certificates and resultant hardships to the disabled, failure to detect dropouts from registrants in mobile camps, etc.

KSSM stated (October 2017) that steps were initiated to implement the project in all 93 Municipalities/Corporations in the State. GOK stated (December 2017) that steps were already taken to appoint required number of coordinators on contract basis. This was also reiterated by the ED, KSSM during the Exit Conference.

4.16 Karunya Deposit Scheme

GOK accorded administrative sanction (March 2008) for implementing Karunya Deposit Scheme with the objective to raise resources for medical and educational support of mentally challenged children between the age of five and 18, attending special schools or who were inmates of orphanages/institutions. The scheme was subsequently extended (February 2009) to physically challenged children. GOK also proposed (March 2008) to release ₹ five crore to the Director of Social Welfare Department for the purpose. The scheme provided for willing depositors to deposit in any treasury, multiples of ₹ one lakh. No interest was payable on these deposits. The money, thus, raised would be deposited in the State treasury for one year and was renewable on annual basis. An incentive of ₹15,000 per deposit of ₹ one lakh, would be paid to the beneficiary by the KSSM which would be released to the beneficiary institution for meeting the special requirements of these children in the areas of medical

[91] One camp for 250 applicants. Thus, Idukki, Kasaragod and Thrissur had to conduct three, five and 30 more camps respectively to clear the pendency in applications.

care including surgery and special equipment, Tuition Fees including special tuition, nutritional supplement, clothes and computer.

Considering that the scheme was not being run effectively by the Social Welfare Department and to attract more contributions by way of providing income tax exemption on donations made to KSSM, GOK entrusted (January 2012) the implementation of the scheme to KSSM and released ₹10 lakh. Audit observed that the performance of the KSSM in implementation of the scheme was also very poor as shown below.

- Only ₹25 lakh was received as deposits during 2010-15 and ₹6.09 lakh as interest accrued on the deposits.
- There were 51,011 children in 1,164 orphanages run by the Government and in the private sector. There were also 33 mentally challenged and seven physically disabled children in institutions under the Social Justice Department who were eligible to obtain benefits under the scheme. However, it was seen that only ₹0.78 lakh was distributed as assistance to five beneficiaries during the period from February 2012 to June 2015.
- The assistance distributed to three of the five beneficiaries was in violation of GOK guidelines since the assistance was released directly to parents of children who were neither students of special schools nor residents of any orphanage. These children could have been assisted through other schemes such as 'We Care[92]' run by KSSM.
- As per the scheme guidelines, KSSM was to design and implement the scheme as joint venture with the Corporates, PSUs, and Foundations, NGOs, individuals and LSGIs. However, only one PSU contributed ₹20 lakh in 2014 for implementation of the scheme.

Laxity of the KSSM in implementation resulted in the scheme failing to realise its intended objectives. KSSM, by not releasing assistance to the beneficiary institution, failed in ensuring the utilisation of assistance for the purpose envisaged, i.e., heath care, nutrition, education of mentally and physically challenged children.

4.17 Conclusion

KSSM was conceived to formulate and implement social security schemes in the State. While accounts for the years 2015-17 were yet to be finalised, the systemic deficiencies pointed out by auditors during the years 2012-15 were still persisting. Diversion of scheme funds was noticed. Applications received from potential beneficiaries were not efficiently processed in time, resulting in many of them being denied the benefits of the schemes. Internal control was weak leading to poor financial management and deficiencies in implementation of schemes. The performance of KSSM needed to be improved upon.

[92] A payment gateway of the Social Justice Department to mobilise funds for the KSSM to collect contributions to support/assist such individuals/groups who are in dire need of social security.

CHAPTER V
WATER RESOURCES DEPARTMENT

Information System Audit on 'Enhanced Advanced Billing, Accounting and Collection Utility System' (eABACUS) in Kerala Water Authority

Executive Summary

Kerala Water Authority is entrusted with the task of providing quality drinking water and sewerage services in an eco-friendly and sustainable manner to the people of the State. Enhanced Advanced Billing, Accounting and Collection Utility System (eABACUS), is a billing, accounting and collection system developed by NIC[93] *and put to use in Kerala Water Authority. The deficiencies observed in planning, system design, IT controls and security of eABACUS are given below:*

Deficiencies in system design led to inaccurate mapping of business rules that resulted in non-collection of fees and fine amounting to ₹76.50 lakh.

(Paragraph 5.12.1.2)

Improper designing of database deprived the system from exercising online monitoring controls, which resulted in cash embezzlement of ₹6.42 lakh.

(Paragraph 5.12.2)

Bypassing segregation of duties exposed the system to the risk of irregularity and adversely affected accountability of transactions.

(Paragraph 5.13.1)

Failures in access controls exposed the system to the risk of exclusion of consumers from billing cycle.

(Paragraph 5.13.2)

Inadequate monitoring of service contract led to non-reversal of the amount of failed transactions and non-refunding of the service charges levied from consumers involving ₹8.50 lakh.

(Paragraph 5.14)

Inaccuracies and delay in mapping of business rules exposed the system to wrong processing of transactions involving short collection of sewerage and water charges of ₹450.66 lakh and excess collection of water charges of ₹1.35 lakh.

(Paragraphs 5.17.1 to 5.17.3)

Weak process controls and mistakes in software led to generation of inaccurate water bills resulting in loss of ₹17.38 lakh.

(Paragraph 5.17.4)

---

[93] National Informatics Centre (NIC) has been instrumental in steering e-Government/e-Governance applications in government ministries/departments at the Centre, States, Districts and Blocks.

Failure in subjecting to standardisation testing exposed the system to major information security flaws.

(Paragraph 5.19.3.1)

5.1 Introduction

State of Kerala with a geographical area of 38,863 square kilometre has a total population of 3.34 crore as per Census of India 2011. There are 77.16 lakh households in Kerala, 23.40 *per cent* of which are using tap water from treated water sources. While 62 *per cent* of households rely on well as their source of drinking water, the remaining 14.60 *per cent* of households use water from other sources like spring, river, canal, lakes, ponds, etc.

Kerala Water Authority (KWA)[94] is entrusted with the task of providing quality drinking water and sewerage services in an eco-friendly and sustainable manner to the people of the State using tap water. KWA is responsible for the design, construction, execution, operation and maintenance of water supply schemes and for the collection and disposal of wastewater in the State of Kerala.

KWA has 1,078 water supply schemes (March 2016) with a total installed capacity of 3,367.13 million litres per day. Being a State owned Autonomous Body, KWA obtains water from various sources free of cost for supply to its consumers.

Enhanced Advanced Billing, Accounting and Collection Utility System (eABACUS), is a web based billing, accounting and collection system developed by NIC and put to use in KWA. It covers all the business processes of water charge receipts in Kerala Water Authority such as addition of consumers, management of consumer services, billing and collection of water charges. It handles the billing, collection and monitoring of 16 lakh KWA consumers across Kerala. The system was implemented in nearly 90 *per cent* of offices that are responsible for collection of water charges.

The project was originally conceived based on a decision taken in 1994 and a billing system was developed by NIC and put to use since 1995. The project was extended as a part of Rajiv Gandhi National Rural Water Mission in 2004. The modified web-based system named as ABACUS was completed by 2007 and put to use in pilot phase in Thiruvananthapuram. It was enhanced and renamed as eABACUS in 2010 and the rolling out in other Circles commenced in 2012. Currently, the system maintenance and modifications are done by the in-house team of KWA with the support of National Informatics Centre Services Inc[95].

5.2 Organisational Setup

The KWA is governed by a Board chaired by the Principal Secretary/Secretary to Government, Water Resources Department, Government of Kerala. The

94 The Kerala Water Authority was constituted by the Government of Kerala on 01 April 1984 under the Kerala Water Supply and Waste Water Ordinance 1984 as a successor to the erstwhile Public Health Engineering Department of the Government of Kerala. The ordinance was replaced by the Kerala Water Supply and Sewerage Act, 1986.

95 National Informatics Centre Services Inc. (NICSI) was established in 1995 as a section-25 company under National Informatics Centre.

board also includes the Principal Secretaries/Secretaries of the departments of finance, Local Self-Government, Managing Director, Accounts Member, Technical Member, two Members representing Local Self Government Institutions and one Member belonging to Scheduled Caste or Scheduled Tribe appointed by the Government of Kerala. Managing Director is the Chief Executive of Kerala Water Authority. The headquarters of the KWA is at Thiruvananthapuram. It has three regional offices at Thiruvananthapuram, Kochi and Kozhikode, each headed by a Chief Engineer. IT Unit, which is responsible for the implementation and maintenance of eABACUS, is headed by Chief Engineer (HRD&GL), who reports to the Managing Director. Executive Engineer (IT) and Database Administrator (DBA) coordinates the activities of the IT Unit of KWA.

5.3 The objectives of eABACUS

The main objectives of eABACUS were to

- generate timely and accurate bills;
- prepare reports on billing and collection;
- enable defaulter identification and analysis of collection pattern;
- reduce queuing time at counters through prompt display of accounts and automatic printing of receipts;
- facilitate on-line updation of Consumer Ledger Account;
- enable enforcement of collection by preparation of disconnection notice; and
- to provide the consumers the facility to make payment through any of the KWA counters in the network, payment kiosks, bank transfers and through online mode.

5.4 Hardware and software

eABACUS was developed in Oracle 11g. The web-based application is hosted in the State Data Centre-2 at Thiruvananthapuram and connectivity to KWA offices is established through KSWAN[96] along with BSNL[97] leased line as last mile connectivity[98]. eABACUS has 10 main modules[99] and 60 sub modules.

---

[96] Kerala State Wide Area Network (KSWAN) was setup as a backbone of the State Information Infrastructure (SII).

[97] Bharat Sanchar Nigam Ltd. is one of the largest and leading public sector units providing comprehensive range of telecom services in India.

[98] KSWAN connectivity is provided only up to Block level. Last level connectivity, the connectivity from Block offices to KWA offices, is provided through leased lines.

[99] Ledger, New connections, Consumer services, Receipts, Billing, Supervisory functions, Miscellaneous collection, Administrator, Code master, Query and Reports.

5.5 eABACUS data and cash flow

In Thiruvananthapuram Corporation, where handheld[100] device is used, billing and route information[101] is ported directly from eABACUS application system. In respect of other offices, reports on billing and route information generated through eABACUS are handed over to the meter readers. The meter readers take the reading and issue water charge bills. Automated bills are generated by the handheld device, where they are used. Wherever handheld device is not used, system generated pre-printed bills are filled in with meter reading and water charges calculated with the help of ready reckoners. Within two days, the meter readings are updated to eABACUS, porting data in the case of handheld devices and entering data in the case of manual readings.

The consumers have the option to make payments from the third working day of receipt of bills up to 30 days without any fine. They can make payments through online mode, through ECS[102], FRIENDS Centres[103], Akshaya Centres[104], post offices or through KWA cash counters. In payments (cash/cheque) made through the above modes except online mode, the money is deposited/transferred to non-operative bank accounts[105] in respect of all the Sub-division offices of KWA. The balances from all the non-operative accounts are transferred daily to the account operated by Finance Manager and Chief Account Officer (FM&CAO) at KWA Headquarters. Payments made through Akshaya Centres are routed through FRIENDS Centres and post offices through the General Post Office, Thiruvananthapuram. Online payments are routed through BillDesk[106], a payment gateway service provider, and the amount is transferred directly to the account of FM&CAO. In respect of online payments and payments through KWA cash counters, the payment details are automatically updated in the eABACUS (online process). Whereas in respect of other modes of payments, text (CSV[107]) files are transmitted to database wing of KWA, where the eABACUS is updated through manual process. A graphic representation of data and cash flow is shown in **Appendix 5.1**.

[100] A handheld device is any computing or electronic device that is compact and portable enough to be held and used in one or both hands.

[101] Billing and route information is sequentially numbered consumers based on their geographical habitation/location.

[102] Electronic Clearing Service (ECS) is an electronic mode of payment/receipt for transactions that are repetitive and periodic in nature. Essentially, ECS facilitates bulk transfer of money from one bank account to many bank accounts or vice versa.

[103] FRIENDS (Fast Reliable Instant Efficient Network for Disbursement of Services) Jan Sevana Kendram is a single-window facility where citizens can make government related transactions.

[104] Akshaya, an innovative project implemented in the State of Kerala, aims at bridging the digital divide, addresses the issues of information and communication technology access and provides basic skill sets. Akshaya centres function as common service centres too.

[105] Non-operative accounts, operated by all Sub-division offices of KWA, can only be credited by Sub-divisions and no amount can be debited by them.

[106] BillDesk, a property of IndiaIdeas.com Ltd. facilitates online bill payment services.

[107] Comma-separated values (CSV) file stores tabular data (numbers and text) in plain text.

5.6 Audit objectives

The audit objectives were to assess

- the extent to which the implementation of eABACUS benefited KWA in improving the system of billing, collection and accounting of water charges and in improving consumer satisfaction;
- the Project and Contract Management; and
- whether IT, general and application, controls and information system security controls in place were adequate.

5.7 Audit criteria

- Kerala Water Supply and Sewerage Act 1986,
- Kerala Water Authority (Water Supply) Regulations 1991,
- IT Act, 2000 and IT (Amendment) Act, 2008,
- Information Technology (IT) Policy, 2012 of Government of Kerala,
- State Government Orders,
- Water Tariff Order,
- Circulars issued by KWA Board, and
- Citizen Charter

5.8 Scope of audit

IT Audit of Computerised Billing and Revenue Collection System in Kerala Water Authority was included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006[108]. However, the report was discussed by the Committee on Public Undertakings of the State only on 02 August 2017. The recommendations of the Committee are awaited. The system underwent several modifications and was converted to a web-based application with a new name eABACUS. Audit assessed the performance of eABACUS for the period from 2012-13 to 2016-17.

5.9 Audit methodology

Audit was conducted during July to November 2017 in all the three regions, namely Thiruvananthapuram, Kochi and Kozhikode. An entry conference was held (24 July 2017) with the Secretary to Government, Water Resources Department, Government of Kerala. In addition to KWA Headquarters, the

[108] Chapter II of Audit Report – Government of Kerala (Civil) – for the year ended 31 March 2006 – Volume II.

audit team visited 48 selected offices[109] and scrutinised daily transaction records and Demand Collection Balance Statements. Audit checked the system controls for ensuring the accurate processing and integrity of data, front-end tool, online system and interviewed end-users. eABACUS backup data, obtained from KWA, was restored in an audit server and the entire data for the period from 2012-13 to 2016-17 was analysed in audit using CAATs[110]. Substantive testing of the results of data analysis was done in the above stated field offices with the available records. Depending on the number of billing cases relating to each office, the number of items tested ranged from five *per cent* to 20 *per cent*, chosen at random and written confirmation of the respective heads of offices on the accuracy of the results of data analysis obtained.

Draft report was furnished (December 2017) to the Government. An exit conference was held (15 December 2017) with Additional Secretary, Water Resources Department, Government of Kerala, wherein the audit findings were discussed. Views of the Government and their replies are suitably incorporated in the report.

5.10 Acknowledgement

Audit acknowledges the co-operation extended by the Secretary to Government, Water Resources Department, Government of Kerala, the Managing Director of KWA, Heads of Offices and staff members of the offices visited by Audit.

Audit Findings

IT General Controls

5.11 IT Governance

5.11.1 Absence of IT Strategy and Planning

Information Technology Strategy represents the mutual alignment between IT strategy and business strategic objectives. The strategy should consider the existing IT infrastructure and architecture, investments, delivery model, resourcing including staffing, and lay out a strategy that integrates these into a common approach to support the business objectives.

Budget allocation and expenditure under information technology head of KWA during the period from 2012-13 to 2016-17 is as shown in **Table 5.1**.

[109] Ten Divisions (Kochi (PH), Aluva, Kozhikode, Vatakara, Thodupuzha, Muvattupuzha, Pathanamthitta, Thiruvalla, Thiruvananthapuram North and Attingal); eighteen Sub Divisions (Kaloor, Pallimukku, Angamali, Aluva, Malaparamba, Kozhikode (Distribution), Vatakara, Painav, Thodupuzha, Kothamangalam, Muvattupuzha, Pathanamthitta, Mallappally, Thiruvalla, Kowdiar, Pongummoodu, Varkala and Attingal); and twenty Revenue Collection Centres (Kaloor, Pallimukku, Angamali, Aluva, Koduvally, Kozhikode (Distribution), Purameri, Vatakara, Painav, Thodupuzha, Kothamangalam, Muvattupuzha, Konni, Pathanamthitta, Mallappally, Thiruvalla, Kowdiar, Pongummoodu, Varkala and Attingal) from five (Thiruvananthapuram, Thiruvalla, Kochi, Muvattupuzha and Kozhikode) out of twelve Circles (Alappuzha, Kannur, Kochi, Kollam, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad, Thiruvalla, Thiruvananthapuram and Thrissur) were chosen using probability proportional to size sampling without replacement method for conducting substantive testing of results of data analysis, operations and application of general IT controls.

[110] Computer-assisted audit techniques. The tools used were KNIME, IDEA, Tableau and MS Access/ Excel.

Table 5.1: Budget allocation and expenditure under IT head during the period from 2012-13 to 2016-17

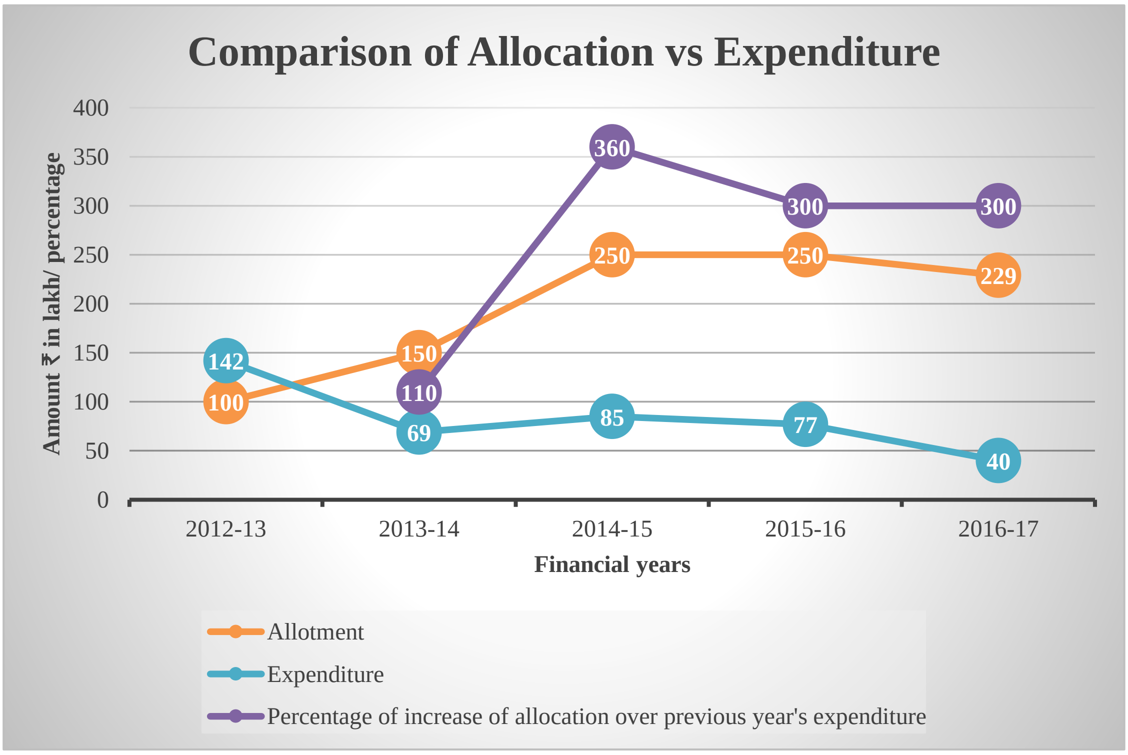
(₹in lakh)

Financial year	Budget Allocation	Expenditure
2012-13	100	142.34
2013-14	150	68.50
2014-15	250	84.67
2015-16	250	76.96
2016-17	229	39.93
Total	**979**	**412.40**

(Source: Information obtained from KWA Headquarters.)

- Audit observed that there was no clear-cut strategic planning. The absence of strategic planning was evident from the fact that during the period covered under audit, the expenditure under IT head was only 42.13 *per cent* of the budget allocated by KWA. Except for the financial year 2012-13, the expenditures were below the allocations. Only 46 *per cent* of budget allotment was spent in 2013-14, 34 *per cent* in 2014-15, 30.80 *per cent* in 2015-16 and 17.47 *per cent* in the financial year 2016-17. Interestingly, while the expenditure was decreasing over the years since 2013-14, the allocation for the subsequent years continued to be three times or more of the expenditure relevant to the previous years as depicted in **Chart 5.1**.

Chart 5.1: Comparison of allocation versus expenditure for the period from 2012-13 to 2016-17



(Source: Audit analysis of data obtained from KWA Headquarters)

- As per the roll out plan, the rolling out was to be completed in December 2013. However, only 70 *per cent* of the then consumers were brought under eABACUS by December 2013. Audit also observed that out of 297 offices, eABACUS was yet to be installed in 15 offices (December

2017). Out of 18 offices test-checked, where eABACUS was used, in two Sub-division Offices, due to the delay in capturing basic legacy data, like name, address and other details of consumers, details of the last billing information, etc., manual system was used simultaneously.

The Government stated (December 2017) that the budget allocation was as per plan, but as many of the software applications were developed in-house, there was considerable savings. The reply was not correct on two counts. Firstly, the gap between the allocation and expenditure was widening continuously for the last four years. Secondly, the budget proposals for the succeeding years continued to be three times or more than the expenditure during the current years. Both of these establish absence of proper planning. The Government also stated that the delay of roll out was attributed to non-availability of last mile connectivity. Thus, absence of a predetermined IT strategy resulted in non-achievement of optimum benefits of eABACUS like providing facility for real time updation of the system at the time of taking water meter reading, developing web interface for system updation, when payments were made through NEFT, RTGS and IMPS, considering more online payment service providers so as to take advantage of competition, revamping the system for fixing bugs in the software, etc.

5.11.2 Documentation Deficiencies

User Requirement Specifications (URS) document obtained from users and System Requirement Specifications (SRS) document developed by the software development team ensure that the needs of the users of the system are taken care of and the software developed meets the business requirements.

Audit observed that URS document was not prepared. Though System Requirement Specifications were prepared by the developer, the same were not formally accepted by the department. In addition, there was no signing-off[111] of the project. Absence of well documented URS deprived a benchmark both for the developer and KWA. This led to ad-hoc system development and design deficiencies as detailed in subsequent paragraphs (Paragraph 5.12). In the absence of URS, Audit could not assess precisely whether full functionality of the software and the intended benefits of computerisation were achieved.

The Government stated (December 2017) that the system was developed based on group discussions with NIC, who assessed the user requirements. The reply was not correct as documentation of User Requirement Specification was essential in the system development process and was required for both business and regulatory reasons.

5.11.3 Absence of IT Security policy

Any good IT system should have specifically laid down IT security policy indicating minimum standards and compliance requirements for specific areas like assets classification, data security, personal security, physical, logical and environmental security, communications security, legal, regulatory and contractual requirements, business continuity planning, security awareness and

[111] Project sign-off is referred to mean that the developed application software is delivered and the project is closed after successful trial run of the software.

training, security breach detection and reporting requirements, violation of enforcement provisions, etc.

Audit observed that KWA did not have a specifically laid down IT security policy. The Government stated (December 2017) that a security policy would be formulated as part of the revised IT master plan.

5.11.4 Lack of adequate training

For effective operation of an IT system, 100 *per cent* of the employees involved in the operation of the system are required to be trained. However, in 18 sub-divisions test-checked, Audit observed that only 55 employees were trained in eABACUS out of 303 employees assigned with the operation of eABACUS.

The Government stated (December 2017) that training was provided to staff at the time of roll out. Consequent on transfers, new incumbents were trained by experienced persons. Periodic trainings have since been conducted. However, the fact remains that only 18.15 *per cent* of employees operating eABACUS in the test-checked offices were trained.

5.12 System Development and Design Deficiencies

5.12.1 System design deficiency

System design is concerned with how the functional requirements will actually be provided and provides the definition how the programmers will go on to build the system. Audit observed the following deficiencies in the system design.

5.12.1.1 Avoidable fine on consumers

In the case of unavailability of eABACUS due to disruption in network, payments are received by issuing manual receipts and entered in the system on resumption of eABACUS services. Audit observed that the system did not have a provision to operate offline by storing the values in the local grid[112] and transmit the same to the central server, when the connectivity is established. Absence of the provision resulted in levying of fine in the case of consumers, who paid their dues within the stipulated date. Due to non-availability of network connectivity, the payment details were entered in the system only after the due date of payment. Thus, such consumers were penalised for no fault of theirs.

Audit observed that Vadakara Sub-division office started maintaining a manual register to record the cases of remittances, while the system was offline. It was observed that in three cases, fines were levied from consumers though they remitted water charges before the due date. Through interaction with consumers and KWA office staff, Audit observed that there were similar cases in all the Sub-divisions test-checked.

While admitting the lapse, the Government stated (December 2017) that action would be initiated to rectify the design deficiency.

[112] Local grid is referred to mean that, when the online server connectivity is not temporarily available, the updation information is stored in the local system and subsequently synced with the server as and when the server connectivity is established.

5.12.1.2 Absence of provision for calculating renewal fees for casual connection

According to the extant regulations[113], when a casual connection is provided on account of commercial consumption of water like that of house construction, repair, etc., applicants should deposit an amount equal to the cost of 2.50 kilolitres of water for each square meter of plinth area of the building proposed to be constructed at the prevailing non-domestic rates, subject to a maximum of ₹20,000. According to Regulation 10 *ibid*, if the casual connection is continued as such after completion of one year, a renewal fee of ₹250 is to be charged from the consumer.

Audit observed that the system did not have a provision to calculate the annual renewal fees on completion of every year and raise the demand through subsequent bills as an automated process. In all the test-checked offices, there were omissions in collection of renewal fees. As per the data analysis, the amount that escaped collection was ₹76.50 lakh in respect of 5,686 cases.

The Government replied (December 2017) that provision would be made in the system to include renewal fees annually, in the subsequent bills.

The Government also stated that there was no revenue loss as renewal fees were collected at the time of conversion or disconnection. The reply was not correct as the fees were required to be collected annually as per the rules thereon and not at the time of conversion/disconnection.

5.12.2 Improper designing of database

Audit observed the following deficiencies in database designing.

- The practice followed in KWA is that collection of cash towards water charges in the Revenue Collection Sections is closed each day at 3.00 PM and remitted to the respective Sub-division on the same day. The Sub-division consolidates the collection received from all the Sections under them and remits the amount to the non-operative account maintained for the purpose. Audit observed that at the Sub-division level, eABACUS did not contain any table/column to capture the remittances into bank. In the absence of proper online monitoring mechanism, the system was exposed to misappropriation of money. Audit observed instances of embezzlement of cash[114] amounting to ₹6.42 lakh in three out of 18 Sub-divisions test-checked. Embezzlement of cash included delayed remittances and partial remittance to bank. The deficiencies in the database design deprived the system of the facility of monitoring at various levels.

- There was a provision for levy of penalty of ₹250 in the case of dishonoured cheques. However, there was no column to store the penalty levied and hence, it was included among other items in the column for storing other adjustments. It lacked audit trail adversely affecting exercise of internal controls and execution of audit.

---

[113] Regulation 5 of KWA (Water Supply) Regulations, 1991.

[114] Delayed remittance of cash was ₹5.79 lakh in Aluva and Angamaly Sub-divisions. There were short remittances of cash amounting to ₹0.63 lakh in Aluva, Angamaly and Varkala Sub-divisions.

- Number of occupied dwelling units in an apartment complex varies from time to time. As narrated in the succeeding paragraph 5.17.4, the total number of dwelling units is required for calculation of water charges in the case of apartment complexes. Audit observed that the system did not have a provision for storing the number of dwelling units for every billing period. The system replaced the previous value with the latest number of dwelling units, instead of storing the respective value for every bill. This lacuna leaves the system without audit trail.
- Revenue recovery (RR) proceedings are initiated on disconnected consumers because of long pending dues. Once RR proceedings are initiated, the consumers concerned are permitted to make arrear payment only after remitting RR proceeding charges[115]. However, Audit observed that the system did not have a provision to capture initiation of RR proceedings. Hence, the counter staff members, unaware of the RR proceedings, accepted remittance of arrears by consumers, where RR proceedings were initiated without remitting the RR proceeding charges. During the course of and finalisation of RR proceedings by Revenue Officers, while approaching the consumers for attachment of movable or immovable properties, disputes arose between Revenue Officers and consumers as the payments were already made by the consumers through the cash counters.

The Government stated (December 2017) that action would be initiated to rectify the deficiencies.

5.12.3 Non-capturing of electronic fund transfers through banks

The consumers can make payment of their water bills in any of the modes like, cash, cheques, demand draft, online transactions using net banking, credit cards, debit cards and bank transfers through NEFT[116], RTGS[117] and IMPS[118]. However, the system did not provide any interface for consumers to make bank transfers through NEFT, RTGS and IMPS. Audit observed that consumers obtained the non-operative account number of the Sub-division concerned and made electronic funds transfer. However, in the absence of any web interface, in respect of bank transfers through NEFT etc., the Sub-division could credit consumers’ ledgers only in respect of those consumers, who made subsequent representations. In the test-check of records for the period from May 2016 to October 2017 in Sub-division, Painavu, Audit observed 51 NEFT transactions. Of these, the Sub-division could not identify the remitters and credit the respective ledgers in five instances amounting to ₹6,180 even after 205 days (November 2017).

The Government stated (December 2017) that an interface would be provided in eABACUS.

[115] As per Rule 5 of the Kerala Revenue Recovery Rules, 1968, the charges include 5 *per cent* of arrears to be collected, when the amount does not exceed ₹5 lakh and 7.5 *per cent* when it exceeds ₹5 lakh and ₹75 per every notice issued.

[116] National Electronic Funds Transfer (NEFT) is an electronic funds transfer system maintained by the Reserve Bank of India.

[117] In Real-Time Gross Settlement (RTGS) transfer of money takes place from one bank to another, where transactions are settled as soon as they are processed and payments are final and irrevocable.

[118] Immediate Payment Service (IMPS) is an instant interbank electronic fund transfer service.

5.12.4 Deficiencies in software

Billing and route information are ported to handheld devices, where they are used or reports generated and handed over to meter readers for taking meter reading as narrated in paragraph 5.5. The system is configured in such a way that once the route information is ported/generated, payments cannot be accepted until the meter reading is ported back to the system, due to locking of consumers' ledgers. Through interaction with consumers and KWA office staff, Audit observed that in such circumstances, if a consumer intended to remit water charges relating to any previous bill issued, the reading of which had been uploaded earlier, the system could not accept payments, unless the latest meter reading was uploaded to the system and thereby unlocking of consumers' ledgers.

The Government replied (December 2017) that a mobile application was planned to be introduced that would settle the issue.

Recommendation 5.1: Design deficiencies may be remedied by comprehensive mapping of business rules.

5.13 IT operations

5.13.1 Bypassing segregation of duties

Segregation of duty at various levels of officers is the basic requirement for any good system. Every user is given certain privileges and rights according to the role they perform, data confidentiality and the related risks. The details entered in the system, if required to be modified or deleted later, should be done by a competent authority with adequate documentation.

Audit observed in 17 out of 18 test-checked offices that the Assistant Executive Engineers (AEE) shared their login credentials to subordinate counter staff members, who cancelled the receipts, adversely affecting the accountability of transactions made. This exposed the system to the risk of irregularity. The accountability could also not be fixed for the transactions made. Audit also observed in the above offices that counter staff members were cancelling receipts, bypassing the segregation of duties.

The Government stated (December 2017) that action would be initiated to rectify the deficiency.

5.13.2 Access control failure

Access controls are measures and procedures, aimed at protecting the IT resources against unauthorized access attempts. Audit test-checked the access controls in eABACUS and found that an employee logging in with his user credentials was able to alter the route information of any consumer falling under any other Sub-division exposing the system to the risk of excluding consumers from billing cycle either inadvertently or deliberately. For example, an employee working in Sub-division office Vadakara in the northern district of Kozhikode was able to modify the route information in respect of a consumer belonging to Sub-division Pongummodu in the southernmost district of Thiruvananthapuram.

The Government stated (December 2017) that action would be initiated to rectify the anomalies.

Recommendation 5.2: Access controls may be ensured by defining and enforcing access rights.

5.13.3 Irrelevant data of unidentified consumers

Previous IT Audit Report[119] contained an observation that there were 2,198 unidentified consumers[120] in Kowdiar and Pongummoodu Sub-divisions and that the Government agreed to remove those consumers from the billing cycle, if they could not be identified even after a special drive. However, Audit observed that the number of unidentified consumers in Kowdiar and Pongummoodu sub divisions increased to 3,019. Analysis of the entire data showed that there were a total of 69,321 unidentified consumers, all over Kerala. The amount of arrears from these consumers was ₹15,489.94 lakh. The ageing analysis of arrears in respect of unidentified consumers is shown in **Table 5.2**.

Table 5.2: Ageing analysis of arrears in respect of unidentified consumers

Ageing	No. of unidentified consumers	Arrear amount (*₹ in lakh*)	Percentage of arrear amount
Above one year but below five years	41,972	7,333.26	47.34
Five years and above but below ten years	9,087	5,650.17	36.48
Ten years and above	18,262	2,506.51	16.18
Total	**69,321**	**15,489.94**	**100**

(Source: Analysis of eABACUS data.)

The above ageing analysis shows that 52.66 *per cent* of the arrear amount in respect of unidentified consumers remained untraceable for five years or more. Hence, the possibility of collecting the arrears from these consumers is remote. Maintenance of non-existing consumers in the database adversely affects data integrity and leads to generation of Management Information System Reports. Sundry debtors shown in the accounts include ₹155 crores as arrears receivable from the above unidentified consumers, which is a non-performing asset. As such, the balance sheet does not reflect a true and fair view of the accounts.

The Government stated (December 2017) that action would be initiated to remove unidentified consumers from the billing cycle.

5.13.4 Change management

Change management ensures that all changes to system configurations are authorised, tested, documented and controlled so that the systems continue to support business operations in the manner planned, and that there is an adequate trail of changes.

[119] Paragraph 2.6.2 of Report of the Comptroller and Auditor General of India – Government of Kerala (Civil) – for the year ended 31 March 2006 – Volume II.

[120] Normal billing period is bimonthly. Monthly billing is done in the case of consumers, who consume bulk quantity of water. Billing is done once in six months in remote villages. Even in the case of households kept locked for years, meter reading would be taken and the status stored as 'door locked'. Audit, therefore, quantified the number of consumers, in whose cases there were no activities (meter reading/bill generation/payment) for more than one year.

Before making any modification and alteration of business rules, in the live environment, they should be tested, put to trial run, documented and reviewed in the testing environment. However, Audit observed that no version numbers were marked in the application. There was no formal/documented system for complaint reporting. Whenever, any bugs were observed, users were lodging complaints through telephone calls to database administration (DBA) wing. The DBA wing made changes in the system based on the complaints. These changes were neither recorded nor was there any evidence of conducting trial run. The system, thus modified, was put to use even without approval of competent authorities. The consequences of improper change management are pointed out in paragraphs 5.17.1 to 5.17.4.

The Government stated (December 2017) that major changes were made with the concurrence of High Level Committee and minor changes were made by database administrator maintaining logs. The reply was not correct as any changes made in the system should be after proper testing, trial run and approval of competent authority. The deficiencies in processing controls were the consequences of lapses in change management.

Recommendation 5.3: Change management procedures may be as per the best practices in the industry and properly documented.

5.14 Contract management: Inadequate monitoring of service providers

KWA entered into an agreement (February 2011) with BillDesk, a payment service provider, for facilitation of online payment, as per which consumers had to pay service charges to BillDesk for each transaction. It requires at least a five-way communication[121] in an online transaction. First, a consumer's computer has to communicate to KWA server. KWA server has to communicate to BillDesk server to provide online payment service. BillDesk server, in turn, communicates to consumer's bank server to fetch the money. Once the money is credited to BillDesk by debiting consumer's bank account, the fact is to be communicated to KWA server for generating and issue of receipts to the consumer. If communication in all the above four channels are successful, the consumer can view his receipt and take the printout by the final communication from KWA server to the consumer. Once a receipt is generated, the system does not permit any more transaction of that particular bill. If the receipt is not generated, the option to make payments in the KWA interface will be active and the consumer gets to know that the transaction is not successful, even though the money was debited from the bank account.

The consumers, therefore, resort to repeating the bill remittance process with the expectation that the amount of failed transactions would be credited back to their accounts as per the industry best practices. However, Audit observed that in respect of unsuccessful transactions, instead of paying back the amounts

[121] For simplicity, only the vital channels of communications relevant for the above narration are discussed. A Payment Service Provider can connect to multiple acquiring banks, card, and payment networks. An acquiring bank is a bank or financial institution that processes credit or debit card payments on behalf of a merchant by allowing merchants to accept credit card payments from the card-issuing banks within an association like, Visa, MasterCard, Discover, Indian Rupay, American Express, Diners Club, etc.

debited from consumers' bank accounts along with the debited service charges, BillDesk credited the multiple remittances to KWA accounts. The duplicate amounts were given credit to the consumers' ledgers as advances by KWA. KWA did not direct BillDesk to rectify their application for reversing the money debited from the consumers' bank accounts on account of the failed transactions. Though the duplicate amounts were given credit to the consumers in eABACUS as advances, no interest was paid or discount given to consumers for advance remittances.

There were 2,272 multiple transactions credited to KWA account by BillDesk involving an amount of ₹8.50 lakh excluding service charges as observed in data analysis. Data analysis also revealed that in eleven transactions made on 28 January 2016, the money (₹859) debited from consumers' accounts was not transferred to KWA by BillDesk. Audit observed that the settlement details in respect of these cases were demanded from BillDesk (10 February 2016). However, there was no follow up action to effect the payment from BillDesk and the money was not transferred to KWA (December 2017).

Audit also observed that KWA did not initiate any action to take advantage of competition among payment service providers and consider the ones that provide services free of cost like eTreasury, etc.

While accepting the observation, the Government stated (December 2017) that action would be initiated to avoid the drawbacks in future.

5.15 Business continuity planning

5.15.1 Lapses in business continuity planning and disaster recovery planning

Business continuity planning is the process an organisation uses to plan and test the recovery of its business processes after a disruption and how an organisation will continue to function under adverse conditions like natural or other disasters. Disaster recovery planning is a subset of business continuity planning. It is the process of planning and testing for recovery of information technology infrastructure after a natural or other disaster.

Audit observed that adequate measures were adopted for backup of data and its offsite storage. However, there was no prescribed procedure for regular disaster recovery testing. Audit observed that the lone data recovery conducted (28 January 2016) was consequent on corruption of database.

For proper maintenance of any good IT system, a log register is required to be maintained for recording the duration of network failures. Log registers of availability of network connectivity were not maintained in 17 out of 18 offices test-checked. In the absence of log registers, Sub-division offices could not ascertain the up/downtime and initiate action for ensuring undisrupted business. However, during discussion with eABACUS users, Audit observed average network downtime of five hours per week. Absence of log registers brought to light the lapses in exercising monitoring controls.

The Government accepted the observation and stated (December 2017) that immediate action would be initiated for maintenance of logs.

Recommendation 5.4: Immediate action may be initiated to maintain log registers for recording the duration of network failures.

5.15.2 Preventive and Environmental Controls

Environmental controls prevent or mitigate potential damage to facilities and interruptions in service. It was observed that none of the offices visited by Audit were equipped with fire alarms, smoke detectors, fire extinguishers and fire-suppression systems.

The Government stated (December 2017) that action would be initiated to provide fire alarms, smoke detectors, fire extinguishers and fire suppression systems.

IT Application controls

5.16 Input controls: Delay in updating meter reading

As narrated in paragraph 5.5, after taking the reading, the meter reader issues bills to the consumers, which are payable from the third working day. Once billing and route information is generated/ported to handheld devices, the system locks the consumers' ledger from accepting payments. The system will further enable payment only after uploading the latest reading. Audit observed that, when a consumer approached a KWA cash counter to pay water charges, if there was delay in uploading of reading information, the system could not accept payment and prompted: "Reading not posted". In such circumstances, the counter staff made telephone calls to the meter reader and uploaded the meter reading information for enabling the system to accept payments. However, for consumers resorting to other modes of payments like ECS, FRIENDS Centres, Akshaya Centres etc., there was no option other than to wait until the system is updated for making payments. Malfunctioning of handheld devices is one of the reasons for delay in updation of the system. Another reason for the delay is lapses in exercising of management controls. Data analysis revealed that in 3,59,857 billing instances, there was delay of more than two weeks in uploading of route information in the system causing hassles to consumers.

While accepting the observation, the Government replied (December 2017) that they were planning to introduce a mobile application to capture reading and synchronise it with server immediately.

Recommendation 5.5: Meter reading procedure may be automated and it should be in sync with the billing procedures.

5.17 Processing controls

5.17.1 Non-collection of sewerage charges on account of delay and mistake in mapping of business rules

Along with revision of water tariff with effect from 01 October 2014, KWA introduced collection of sewerage charges for consumers having sewerage connections. The revised rates are shown in **Appendix 5.2**. The rates of sewerage charges are 10 percentage of water charges payable by all categories of consumers.

Data analysis revealed that sewerage charges were included in the water bill only from June 2015 owing to delay in mapping of business rules. In addition to that, there was delay in capturing data since June 2015. On account of the above delays, the sewerage charges that escaped collection amounted to ₹311.50 lakh.

Moreover, in Kochi Division, even capturing of data in respect of consumers with sewerage connections began only in January 2017. Details of only 41 out of 1,184 consumers were entered into the system in Kochi (November 2017). Owing to this non-inclusion of 1,143 consumers in the system, sewerage charges were not collected from 1,143 consumers in Kochi Division for the period from October 2014 to March 2017. The sewerage charges that escaped collection in Kochi Division due to non-inclusion alone was estimated to be ₹17.47 lakh[122].

Data analysis further revealed that there was error in calculating the sewerage charges. Based on meter reading, the monthly average consumption was first calculated, which was multiplied with the applicable rates and the number of months in the billing period. However, while 10 *per cent* of the monthly water charges were rightly worked out, multiplying the same with the number of months in the billing period was omitted. Consequent short collection of sewerage charges was ₹107.52 lakh. Thus, total sewerage charges that escaped collection on account of delay and error in mapping of business rules was ₹436.49 lakh.

The Government stated (December 2017) that action would be initiated to collect arrears.

Regarding the error in calculating sewerage charges, the Government stated that the anomaly was rectified in 2016. The reply was not correct as data analysis revealed errors for the period up to April 2017.

5.17.2 Short collection of water charges on account of delay in mapping of business rules

Government of Kerala revised (September 2014) water tariff with effect from 01 October 2014. The revised rates are shown in **Appendix 5.2**. As the billing of water charges up to 31 October is generally done with effect from 01 November, the revised rates were mapped to the system effective from the billings made since 01 November. However, Audit observed that in 2,581 cases billings done in October 2014 (on account of consumer services[123]) contained water consumption for the months of September and October 2014. In those

[122] Audit quantified the sewerage charges which escaped collection in the following method. During the quarter January to March 2017, sewerage charges (₹2,089) were seen levied on 41 consumers. The average monthly amount per consumer was calculated (₹50.95). The average amount was multiplied with 30 months (period from October 2014 to March 2017). That amount was further multiplied with the number of consumers, whose details have not been captured (1,143).

[123] Consumer service is the term used in KWA to denote honouring of service request from consumers like, change of consumer category, replacement of water meter, etc. A prerequisite for performing a consumer service is that the consumers are required to clear all the arrears. Under such circumstances, the system generates a bill in advance for the current bimonthly billing period based on up-to-date meter reading.

cases, the consumption since 01 October 2014 should have been charged at the revised rates. As there was delay in mapping of business rules in the system, adjustment bills could have been issued in these cases. However, the system was not enabled to revise bills based on the revised tariff for issue of adjustment bills. The consequent loss incurred by KWA was ₹14.17 lakh.

The Government accepted (December 2017) that there was a delay in making changes in the software. However, the reply was silent about the intended course of action on short collection.

Recommendation 5.6: KWA may initiate action to settle the outstanding dues from the consumers.

5.17.3 Excess collection due to inaccurate mapping of business rules

While mapping the water tariff revised with effect from 01 October 2014 mistakes crept in the program in respect of calculation of water charges consequent on consumer service. The tariff contained several slabs *viz.*, consumption of water up to 5 kilolitres (KL), above 5 KL and up to 10 KL, above 10 KL and up to 15 KL, etc. However, while writing the program, the upper limit of each slab was wrongly applied with the rates of the subsequent slab. For example, domestic rate for consumers falling in the slab 'above 10 KL and up to 15 KL' was '₹40 plus ₹5 per KL in excess of 10 KL'; rate for slab 'above 15 KL and up to 20 KL' was ₹6 per KL for the entire consumption'; etc. Thus, a domestic consumer, whose meter reading is 15 KL had to pay ₹65 {40 + (5 x 5)}. However, due to the inclusion in the subsequent higher slab, he was required to pay ₹90 {15 x 6}. Similarly, consumers, with consumption of 20, 25, 30 and 40 kilolitres, were incorrectly required to pay excess amounts. Data analysis revealed that during this period, the excess amount of water charges collected from consumers was ₹1.35 lakh in 1,805 cases.

The Government stated (December 2017) that the anomaly was rectified. However, the reply was silent about the intended course of action on the excess amounts collected from consumers.

Recommendation 5.7: KWA may adjust the future bills to be issued to the affected consumers by giving credit for the excess amount collected from them.

5.17.4 Mistakes in billing

The objectives of processing controls are to ensure that processing of transactions is accurate and complete. Audit observed weak process controls and mistakes in software that led to generation of inaccurate water bills.

Data analysis revealed variation in the water charges collected with that of the right calculation as per the tariff in some cases. Detailed substantive testing brought to light various types of mistakes in system calculated figures due to non-uniformity in processing, some of which are narrated below.

- There is only one water meter in an apartment complex. Meter reading is normally taken bimonthly or with a higher interval. The total consumption of water has to be apportioned to various distinct units for applying the respective slab. Hence, the course of action followed is dividing the total consumption in respect of an apartment complex by the number of months pertaining to the billing period to arrive at the monthly consumption. The monthly consumption is then divided by the number of distinct units and is stored in the system as the monthly consumption of a unit. The monthly water charge is then calculated by applying the relevant rate. The monthly charge is then multiplied with the number of units and the number of months pertaining to the billing period for generating bill for the respective flat. However, Audit observed mistakes in bill generation in the cases, where current reading was not captured. In such cases, system adopted the latest available consumption stored (a figure that was arrived at by dividing the total monthly consumption by the number of occupying units) and wrongly divided it again by the number of units and generated the bill. This resulted in short billing and short collection of water charges amounting to ₹17.38 lakh.

- As various procedures or modules are prepared by different programmers and as per changes in business rules, proper processing controls should ensure that there should be integration of all the modules in an application system so that the results of the processing should be uniform. Rounding off of values is required to be done only at the final stage of generation of bills for easy facilitation of collection of money and is not to be followed in between the processing stages. However, Audit observed that rounding off to the nearest Rupee was followed in some of the intermediary procedures. The aggregate difference in the water charges on account of wrong application of rounding off was ₹21,029.
- There is a table for storing water meter reading details and another for storing provisional invoice card details. The former table stores the reading taken and the date of taking the reading. The latter table, a system generated table based on the values in the former table, is used for calculating provisional invoice. Obviously, both the tables should have the same date of reading in respect of every consumer, for a particular billing period. While the former table stores meter reading, the latter generates the quantity and cost of monthly water consumption. However, Audit observed that in certain instances, the system stored multiple dates, quantity and amount of monthly consumption in the latter table in respect of the same consumer for the same billing period. Consequently, the invoice was seen generated with inaccurate consumption. The aggregate difference in the water charges on account of the above was ₹6,257.

While agreeing to audit comment, the Government stated (December 2017) that immediate action would be initiated to rectify the anomalies.

Recommendation 5.8: The system may be revamped to ensure that all the business rules are accurately mapped in the system.

5.18 Output controls: Inaccurate generation of Management Information System (MIS) reports

Management Information System reports[124] are effective tools for managing any system. eABACUS has provision to generate status reports on 'Reading Monitoring' and 'Amount Monitoring' that provide information on the details of water meter reading captured in the system and the relevant money collected in a particular Revenue Collection Section respectively, during a particular period. However, Audit observed that whatever be the parameters pertaining to a particular Revenue Collection Section selected from the list box[125], the system generated the status for the entire State. Further, Audit observed inaccuracies in generation and unavailability of the required MIS reports.

The reliability of MIS reports is vital for management decisions. In the absence of reliable MIS reports, the revenue monitoring such as dues and arrears by each Sub-division will not be possible.

The Government stated (December 2017) that action would be initiated to rectify the deficiencies.

5.19 Application security controls

5.19.1 Non-deactivation of users

Application security controls require that on transfer or termination of services of employees because of retirement or otherwise, the login-ids provided to them should be deactivated. However, in nine out of 18 offices test-checked, the number of active login-ids were 374 as against 203 employees assigned with operation of eABACUS. Non-deactivation of past users is a clear indicator of risk of intrusion into the system by unauthorised persons. It would also cause serious IT security risks and adversely affect accountability.

The Government stated (December 2017) that action would be initiated to deactivate such login-ids.

5.19.2 Master file and standing data protection

5.19.2.1 Presence of junk data in master file

Master tables contain data of a permanent nature that seldom changes like, consumer ID, name, address, etc., the accuracy of which is of vital importance. Standing data errors have a far-reaching effect on the application, since this data might be used for a very large extent of the application's transactions. The previous IT Audit Report[126] contained an observation on storage of junk data in master tables. Data analysis revealed continuance of the presence of junk data. The column relating to consumer name contained junk characters in 889 rows. There were test data in the consumer ID column in respect of eight rows and the key ID column contained junk character in one row. Storage of junk data in the

[124] Management Information System reports provide a concise view on the various parameters that are vital to the business and are effective tools for managing any system.

[125] A list box is a graphical control element that allows a user to select one or more items from a list contained within a static, multiple line text box.

[126] Paragraph 2.6.1 of Report of the Comptroller and Auditor General of India – Government of Kerala (Civil) – for the year ended 31 March 2006 – Volume II.

system had adverse effect in processing and consequent non-integrity of the MIS reports generated.

The Government stated (December 2017) that action would be initiated to correct errors.

5.19.2.2 Absence of storage of vital data in master file

Status of water meters is stored in master file. However, a vital piece of information of meter status – 'No meter', in the case of absence of water meter owing to theft or otherwise, is not available in the master file. For categorisation of consumers, certain inputs like office, labour camp, bachelor, etc., are required as these are the decisive factors in categorising a consumer into domestic or non-domestic. Audit noticed that these values were not stored in Master files.

The Government stated (December 2017) that action would be initiated to rectify the deficiencies.

5.19.3 Information security issues

5.19.3.1 Flaws in web security

- Audit observed that eABACUS did not undergo STQC[127] audit. In its absence, several lapses in access controls, data security and web security of eABACUS pointed out elsewhere in the audit observations remained unnoticed. But, an STQC testing process of the KWA website was initiated by KWA. As per the report (February 2013), there were 35 vulnerabilities with high severity[128]. However, no follow up actions were initiated to rectify the vulnerabilities pointed out in the report and complete the testing process. The Government stated (December 2017) that action would be initiated to complete certification process and to rectify the flaws.

- Audit observed major flaws in information security. It was observed that when a user, say Assistant Executive Engineer (AEE) assigned with the highest privileges in a Sub-division, exited the application by clicking the close button without logging off the system, anybody else could login to the system by keying in any characters, say 'abcd' as user-id and the same or any other characters as password. It indicated that there was no automatic session log-off, when a user exits the application by clicking the close button. The flaws are serious, which are prone to misuse as AEEs are assigned with the role of cancellation of paid bills.

- The risk of interception of passwords sent over the Internet can be reduced by using cryptographic protection and all passwords stored in the system should be encrypted. Audit observed that KWA did not have laid down password policy. Data analysis revealed that the passwords used for online transactions were stored in the database tables in unencrypted format. Minimum length was not ensured. Easily guessable

[127] Standardisation Testing and Quality Certification is an organization under the Ministry of Electronics and Information Technology, Government of India, which provides quality assurance services in the area of Electronics and IT through countrywide network of laboratories and centres.

[128] In the case of vulnerabilities with high severity, any failure would cause impairment of critical system functions, for which no workaround solution exists.

text like, names, mobile phone numbers, email ids, etc., were seen stored as passwords, which was a serious security flaw.

- Use of USB[129] storage devices is one of the main reasons for virus infiltration. Industry best practices demand disabling of USB drives from organisational networks. Audit observed that USB drives were not disabled and antivirus applications were not installed in any of the systems in the offices visited. Thus, the system was exposed to the risk of loss of vital data due to virus infiltration, adversely affecting the business continuity.

The Government stated (December 2017) that action would be initiated to rectify the flaws.

Recommendation 5.9: The flaw in the system login may be addressed immediately to prevent unauthorised login and the system subjected to STQC audit. Data security may be ensured by defining and enforcing password policy and a robust system of backup and recovery.

5.20 Conclusion

Audit observed that the designing and implementation of eABACUS benefitted both KWA and consumers. The introduction of a web based application, facilitating more payment options like online mode, bank transfers and payments through common service centres benefitted KWA by enhanced collection of dues and benefitted the consumers with the comfort of making payments from home rather than visiting KWA counters. However, Audit noticed the following deficiencies in the process of billing, collection and accounting of water charges, in improving consumer satisfaction, in project and contract management and in IT controls, which stood in the way of eABACUS becoming a robust IT system.

- Design deficiencies and lapses in monitoring controls led to cash embezzlement.
- Lapses in change management resulted in deficiencies in processing controls.
- Inadequate accessories, coupled with lack of password policies led to unauthorized access rights provisioning in the system.
- Non-automated meter reading hindered timely collection of dues from consumers.
- Insufficient providing of facilities of various online modes of payments caused difficulties to consumers in timely remittance of their dues.

[129] Universal Serial Bus (USB) is a plug-and-play interface that allows a computer to communicate with peripheral and other devices.

COMPLIANCE AUDIT

CHAPTER VI
COMPLIANCE AUDIT

AUDIT OF SELECTED TOPICS

LABOUR AND SKILLS DEPARTMENT

6.1 Role of Factories and Boilers Department in the safety of factory workers

6.1.1 Introduction

The Department of Factories and Boilers (Department) was formed in 1961 by bifurcating the Labour Department so as to focus more on the health, safety and welfare of factory workers in the State and to facilitate the pace of industrialisation. While the Secretary to Government, Labour and Skills Department is having the administrative control over the Department, the Director of Factories and Boilers (Director) is the Head of the Department. The main functions of the Department are to administer/implement various provisions of the Factories Act, 1948, the Indian Boilers Act, 1923 and other enactments for ensuring the safety, health and welfare of factory workers and the safety of the people living in the neighbourhood. The departmental functions are regulatory as well as service oriented. The Director is assisted by an Enforcement wing consisting of Joint Director of Factories and Boilers (HQ) and three Regional Joint Directors. There are 22 factory divisions, each headed by an Inspector of Factories and Boilers in respect of hazardous factories and 25 Additional Inspectors of Factories in charge of non-hazardous factories.

6.1.2 Objective, Scope and Methodology of Audit

The audit was conducted from April 2017 to August 2017 covering the period 2012-13 to 2016-17 to assess the enforcement by the Department, of the provisions relating to the safety of factory workers as stipulated in the Factories Act, 1948 and other relevant enactments.

Prior to the commencement of Audit, an Entry Conference was conducted on 20 April 2017 with the Joint Secretary, Labour and Skills Department, Additional Labour Commissioner and Director of Factories and Boilers to discuss the scope and methodology of audit. Audit scrutinised the records in the Department, Offices of the Director/Joint Director of Factories and Boilers and the Inspectors of Factories and Boilers (Factory Divisions)[130], Employees' State Insurance (ESI) regional offices and the offices of the Kerala State Pollution Control Board. Audit coverage included all the three Regional Offices at Kollam, Ernakulam and Kozhikode and two divisions under each of the Regional Offices. The Divisions under the Regional Offices were selected by stratified random sampling through IDEA[131] software. Fifteen factories in each division were also selected for test-check through random sampling. An Exit

[130] Thiruvananthapuram, Kundara, Kozhikode (North), Ottappalam, Kochi and Palakkad.
[131] Interactive Data Extraction and Analysis.

Conference was conducted on 26 October 2017 with the Joint Secretary, Labour and Skills Department and Director of Factories and Boilers, where the major audit findings were discussed. Reply of the Government was considered while finalising the paragraph.

Audit findings

6.1.3 Registration and Renewal

6.1.3.1 Factories operating without obtaining registration under the Act.

Section 2 (m) of the Factories Act, 1948, defines a 'factory' as any premises including the precincts wherein 10 or more workers are/were working on any day of the preceding 12 months and where a manufacturing process is carried out with the aid of power. In cases where the manufacturing process was carried out without the aid of power, the Act provided for reckoning any premises as a factory where 20 or more workers were engaged in the manufacturing process. Government of Kerala (GOK), in exercise of powers conferred under Section 85 (1) of the Act, enlarged (August 2008) the scope of definition of 'factory' to include factories engaged in hazardous manufacturing process employing three or more persons[132] whether using power or not. Also, factories engaged in non-hazardous manufacturing process employing three or more persons[133] but less than 10 when power was used and less than 20 when power was not used were to be reckoned as 'factories' for the purpose of the Act. Thus, 96 manufacturing processes, both 'hazardous' and 'non-hazardous' were brought under the definition of 'factories' for the purpose of implementation of the Act.

Rule 5 (3) of Kerala Factories Rules, 1957, stipulates that no manufacturing process shall be carried out in any factory without a licence granted by the Chief Inspector or the Deputy Chief Inspector of the Regional Office concerned. Rule 4 under Kerala Factory Rules, 1957, stipulated that the occupier of every factory shall submit to Chief Inspector or Deputy Chief Inspector an application for registration and grant of licence.

In the test-checked divisions, Audit observed that though 185 factories were identified by the Department during 2012-17, these were not registered[134] (March 2017). Audit conducted joint field visits with the Inspectors of Factories and Boilers of the test-checked six factory divisions and detected an additional six unregistered factories (two in Kozhikode, two in Kundara, one in Ottappalam and one in Thiruvananthapuram) in four divisions. The existence of more such unregistered factories cannot be ruled out.

Records available with the Labour Department revealed that only 22,545 factories were registered with the Labour Department (as of February 2017) under the provisions of the Factories Act. Audit obtained information from the

[132] Except for manufacturing of asbestos or its ancillary products wherein employing any number of persons not exceeding nine persons where power is used or persons not exceeding 19 workers when power is not used would be considered as factories.

[133] In the case of certain non-hazardous manufacturing processes like manufacture of watches, jewellery, umbrellas, packed drinking water, etc., the minimum number of persons required to be engaged for reckoning the Unit as a 'factory' was enhanced to five or more persons against three, in respect of other units.

[134] Of the above 185 unregistered factories, prosecution cases were filed against 38 factories. The remaining 147 applications are pending with the department for want of required documents.

Director of Industries and Commerce which confirmed to Audit (August 2017) that out of 1,19,924 Micro, Small and Medium Enterprises (MSMEs) operating in the State, there were 79,010 Manufacturing Units with three or more employees as on 18 September 2015. Audit observed that these MSMEs could qualify as 'Factories' either under Section 2 (m) of the Factories Act or under the enlarged definition of 'factory' as ordered by GOK. The registered factories were bound to comply with all the norms specified in the Act and Rules including provisions relating to safety of the workers. Non-registration would lead to non-compliance on the part of the occupier and non-monitoring by the Department.

GOK replied (October 2017) that the figures as furnished to Audit by the Director of Industries and Commerce were not correct and that as per Section 85 of the Factories Act, only 96 manufacturing processes were brought under the purview of the Act. These 79,010 units were stated to be outside the purview of the Act since they do not come under the said 96 processes.

Audit filtered the data on the basis of the manufacturing processes specified under Section 85 of the Factories Act and it was noticed that there would be 70,153 factories liable for registration under the Act. Thus, the Labour Department failed to ensure registration of at least 47,608 factories[135] under the Act.

The audit observation was also discussed in detail during the Exit Conference held on 26 October 2017 wherein it was agreed that the database containing the details of 70,153 factories would be examined by the Factories and Boilers Department for verification at the field level. Audit observed that despite it having submitted (October 2017) soft copy of data relating to the MSME Units to the Director of Factories and Boilers with request to intimate the result of verification, the same is yet to be furnished.

Thus, failure of the Department to identify and ensure registration of factories under the Factories Act resulted in their inability to enforce the safety provisions contained in the Act in respect of at least 47,608 factories, thereby putting the lives of workers working in these factories as well as those staying in the neighbourhood at risk. Further, the State has foregone registration charges of at least ₹1.43 crore[136] due to its failure to register these factories.

6.1.3.2 Non-renewal of factory licences

Rule 7 of Kerala Factories Rules, 1957, stipulated that the occupier of every factory shall submit to the Chief Inspector/Deputy Chief Inspector an application for renewal of licence, not less than two months before the date of expiry of the licence by submitting prescribed documents and remitting the prescribed fee. A scrutiny of the Demand, Collection and Balance (DCB) register revealed that 878 out of 22,545 registered factories were yet to renew their licences (March 2017), resulting in non-collection of revenue[137] amounting to ₹98.41 lakh. Analysis of pendency details revealed instances of non-renewal from as early as 2001.

[135] 70,153 - 22,545 = 47,608.

[136] ₹300 (minimum fee for registration) x 47,608 = ₹1.43 crore.

[137] Fees for renewal of licence, additional 25 *per cent* fees, additional 50 *per cent* fees and back arrear fees and back arrear additional 50 *per cent* fees.

GOK cited (October 2017) shortage of transportation facilities and manpower in the enforcement wing, non-functioning of majority of defaulting factories and disputes regarding ownership, partition, lease, legal-heirship etc., pending before various courts as reasons for non-renewal of licences. In its reply, the Department stated (December 2017) that 369 of these factories were not working and 67 factories did not renew their licences due to pending court cases. Audit observed that as per Rule 12 D of Kerala Factories Rules, 1957, if a factory was lying idle for a period exceeding one calendar year, the Chief Inspector may, after satisfying himself of the bonafides, suspend the licence for one or more licensing periods. Audit also observed that the Director was lax in initiating penal action under Section 92 of the Factories Act against the remaining 442 unlicensed factories, which failed to renew their licences, punishable with imprisonment for a term which may extend to two years or with fine of upto ₹ one lakh or with both.

Audit feels that the Government should provide transport facilities and adequate manpower to the Factories and Boilers Department, enabling it to perform its statutory duty of registration of factories for ensuring safety of workers. Government should review all cases of non-registration of factories and take appropriate action as per provisions of the Act and Rules.

6.1.3.3 Factories carrying out additional manufacturing process without registration/licence

Rule 6 (2) of the Kerala Factories Rules,1957, stipulated that licences granted under Rule 5 were to be amended in the event of change with regard to power utilised or the number of persons employed or changes in the name of the factory. Audit noticed during joint inspection along with departmental officers that 14 factories were carrying out additional manufacturing processes other than those for which licences were issued. The Department did not identify such activities and ensure safety measures to be undertaken for the additional manufacturing process. In the test-checked divisions, 14 out of 90 factories were found to be engaging upto 10 additional workers than permitted in their licences. Licences of such factories were not amended in line with the stipulations contained in Rule 6 (2). The safety of workers in these factories was thus compromised.

GOK stated (October 2017) that the additional manufacturing process in a factory could be included in the licence while submitting the application for power amendment by factory management. The reply was not correct as GOK placed the onus on the factory management to get the licence amended in the event of additional manufacturing process. GOK, however, confirmed that it was the duty of Inspectors to take appropriate action if it was found during inspections that the factories were engaging more number of workers than permitted, as per licence.

Audit observed that GOK was bound to comply with Section 92 of the Factories Act, which required such contraventions of the Act to be punishable with imprisonment for a term, which may extend to two years or with fine of up to ₹ one lakh or with both.

6.1.3.4 Factories operating without addressing Environmental issues

As per Rule 5 (1) of the Kerala Factories Rules, 1957, a licence for a factory may be granted on an application made in the prescribed Form No. 2 after ensuring that the applicant obtained approval of the plans of site and building and disposal of effluents by the concerned authorities including the Kerala State Pollution Control Board (KSPCB). While Rule 7 (1) provided for licences to be renewed by competent authority, Rule 7 (2) specified that every application for the renewal of licence shall also be in the prescribed Form No. 2. Thus, the licensing authority under the Factories Act was bound to obtain assurance that the applicant for registration and renewal of licence had obtained consent of KSPCB before renewing the licence.

Section 12 of the Factories Act, 1948, provides that arrangements should be made in every factory for treatment of wastes and effluents and for its effective disposal. As per Sections 25 and 26 of Water (Prevention and Control of Pollution) Act, 1974 and Rules framed thereunder, every factory should obtain Consent to Operate (CTO) from KSPCB before commencement of operations and the same was to be renewed on expiry of CTO.

Details collected (July 2017) by Audit from the district offices of KSPCB at Thiruvananthapuram, Kollam and Ernakulam, revealed that 449 factories were operating without obtaining CTO as mandated. Joint inspection by Audit along with department authorities revealed that five[138] out of 90 factories were operating without obtaining CTO from KSPCB. The KSPCB also withheld consent (as of July 2017) to 168 factories in Kollam district and three factories in Thiruvananthapuram district either for want of renewal application or non-compliance with previous consent conditions.

Grant of licence by the Factories and Boilers Department was subject to the factory obtaining requisite clearances from KSPCB, Fire and Rescue Department, etc. Laxity of the Department in renewing licences without ensuring compliance to the safety provisions contained in the Factories Act was significant when seen against the fact that of the 28 test-checked factories where the manufacturing process was classified as hazardous, the department renewed licences of 20 factories without ensuring valid CTO for the factories from KPSCB.

Government stated (October 2017) that since Rule 7 (1) did not require No Objection Certificate (NOC)/Consent from KSPCB for renewal of licence, renewing authority was not empowered to ensure or ask for NOC/Consent from KSPCB for renewing the licence. It was also stated that as part of Ease of doing Business, Government decided to avoid the NOC/Consent from KSPCB since it was the duty of these departments to ensure that their statutes were being complied with by the management.

The decision of GOK to avoid NOC/Consent from KSPCB as part of Ease of doing Business was not acceptable since it was to comply with the provisions of extant Rules. Rule 7 (2) stipulated submission of Application for renewal of licence in Form No. 2, and as Form No. 2 required the applicant factories to

[138] M/s. Vijayamohini Mills, Thirumala and M/s. Titanium Products Ltd., Kochuveli in Thiruvananthapuram division and M/s. Variety Pharmaceuticals, Kulappully, M/s. Vijaya Locks, Kulappully and M/s. Lakshmi PVC Products, Kulappully in Ottappalam division.

furnish details of KSPCB/environmental clearances, etc., the Department was bound to ensure the same before renewal of licence.

6.1.3.5 Installation of additional equipment in the factories without consent

Rule 3 (1) and 3 (8) (b) of the Kerala Factories Rules, 1957, states that previous permission shall be obtained for the installation of additional machinery or a permanent fixture. Audit noticed during joint inspection alongwith the Inspector of Factories and Boilers that three[139] of the test-checked 90 factories installed new machinery without the consent of the Department. In two of the three cases, new machinery was installed which warranted increase in power consumption and required both amendment of licence and payment of additional fees. In the case of M/s. Variety Pharmaceuticals Pvt. Ltd., Audit noticed that three new machineries were installed. The Department later clarified (December 2017) that one of the newly installed machineries was in replacement of an existing machinery. The fact, however, remains that two additional machineries were installed at M/s. Variety Pharmaceuticals Pvt. Ltd., without the consent of the Department.

GOK replied (October 2017) that most of the Inspectors verified approved plans during routine inspections, identifying such installations and filing prosecution cases. The reply was not acceptable since joint inspection by Audit identified factories, which installed new machinery and the Department failed to detect the same.

6.1.4 Ineffective enforcement of safety norms

The provisions in the Factories Act, 1948, prescribed installation/availability of different equipment/articles for health, safety, etc., of the workers. The Director issued (June 2015) instructions that the Factory Inspectors were to inspect each factory under their jurisdiction at least once in a year to ensure availability and functioning of the prescribed safety equipment/articles. Audit noticed that during 2012-13 to 2015-16, 1,445 accidents had occurred in which 114 workers lost their lives. Records of factories under the jurisdiction of six test-checked factory divisions and joint physical inspections of 90 factories conducted by Inspectors of Factories and Boilers in the presence of Audit, revealed deviations from safety standards stipulated in the Act in 81 out of the 90 factories, as shown in **Table 6.1**.

Table 6.1: Deviations from safety standards at test-checked factories

Division	Non-usage of PPEs	Non-conduct of safety training	Non-display of safety policy	Non-provision of first-aid box	Non-provision of Fire extinguishers and allied items	Non-provision of rubber mat	Non-maintenance of muster roll
Thiruvananthapuram	9	1	4	4	9	1	1
Kundara	7	-	2	3	12	1	3
Kozhikode (N)	8	4	1	3	10	4	5
Ottappalam	6	2	-	1	5	3	-
Kochi	10	6	-	4	7	8	2
Palakkad	6	-	-	-	9	4	-
Total	**46**	**13**	**7**	**15**	**52**	**21**	**11**

(Source: Joint physical inspection reports)

139 1) M/s. Southern Gas Ltd., KINFRA Park, Thumba, 2) M/s. Hycount Plastics and Chemicals, Kilikollur, and 3) M/s. Variety Pharmaceuticals Pvt. Ltd., Kulappully.

Picture 6.1: Poorly maintained fire extinguishers in Brilliant Ice Plant, West Hill, Kozhikode (18 May 2017)

Picture 6.2: Non-usage of PPE while working on rubber moulding machine – Lido Rubber Products, West Hill, Kozhikode (30 May 2017)

Audit found during joint inspection that in 24 of the test-checked 90 factories, firefighting equipment like fire buckets or extinguishers were not provided. While fire extinguisher in 18 factories were not found refilled after their expiry dates, the fire buckets in 10 factories were poorly maintained *i.e.*, the buckets were either not filled with water/sand or the sand had turned hard due to non-replacement. Audit also found during joint inspection that in 26 of the test-checked 90 factories, which were functioning as metal crusher units, saw mills, ice plants, soap manufacturing units, spinning and weaving mills, etc., personal protective equipment (PPE) like face masks, hand gloves, safety shoes and goggles were not provided to the workers. Moreover, workers in 20 other factories were not using the PPE despite these being provided to them.

Other significant irregularities noticed during joint verification of test-checked factories are given below.

6.1.4.1 Defective observation of Inspectors of Factories and Boilers

Audit observed during joint inspection that in two[140] of the test-checked six ice manufacturing plants, the outlet of the safety valve of compressed ammonia tank was not connected to a drum containing water which was accepted as a violation of prescribed safety standards by the Inspectors of Factories and Boilers. However, during the Exit Conference (October 2017), the Director clarified that the suggestion of the Inspectors to the factory owners to immerse the safety valve in water tank was erroneous since it could lead to reverse flow of water and cause explosion.

Audit observed that insistence of the Inspectors for compliance to such defective orders could result in explosions in factories. The Director admitted during the Exit Conference (October 2017) that it was a mistake on the part of the Inspectors and corrective orders would be issued immediately.

6.1.4.2 Non-fencing of machines with dynamic parts

Rule 54 of the Kerala Factories Rules, 1957, specifies that parts of machinery in motion and within reach are to be securely fenced or protected. Out of the test-checked 90 factories, it was found that 36 factories did not fence the machines and conveyer belts in violation of the norms. Failure to adhere to safety regulations led to fatal accidents in certain instances as shown below.

[140] M/s. Mary Ice Plant, Chirayinkeezhu and M/s. United Ice Plant, Kozhikode.

Picture 6.3: Non-fencing/guarding of moving parts of nail cutting machine – Kerala Wires and Nails, Payyoli, Kozhikode (21 May 2017)

- An accident occurred in M/s. Parathode Granites Pvt. Ltd, Mukkam, Kozhikode on 24 December 2012 leading to the death of a worker who got trapped in conveyer belt.
- An accident was reported by M/s. Sree Hari Blue Metal, Ozhalapathy, Palakkad on 24 June 2017 in which a worker died by falling into the unguarded drive of Screw Classifier.

6.1.4.3 Non-fencing or absence of covering for tanks

Section 33 of the Factories Act, 1948, specifies that in every factory, every fixed vessel, sump, tank, pit or opening in the ground or in a floor, if it is a source of danger, shall be either securely covered or fenced. Out of the test-checked 90 factories, it was found during joint physical inspection that slurry tanks or drains were not fenced or covered in seven factories, thus posing risk of fall and injury. Audit also came across a recorded instance of violation of safety provisions at M/s. Karthika Granites, Vayyanam, Kundara where death (May 2016) of a worker occurred by falling into the sand wash concrete tank, which was left open.

6.1.4.4 Non-provision of sufficient equipment to Inspectors

Factories Act and Rules specify minimum level of light intensity, sound pressure level and amount of combustible gases in air to which a factory worker could be exposed. This is applicable to factories where manufacturing process involves high noise levels or produces dust, gas, fume or vapour of such character and to such extent as to be likely to explode on ignition. It was found that against the requirement of at least 22 each of lux meters, decibel meters and explosimeters only 15 lux meters, 15 decibel meters and five explosimeters were available at the Regional Offices. Out of these, five lux meters, five decibel meters and three explosimeters were not functioning. Out of the test-checked six factory divisions, three divisions[141] did not have equipment to measure the level of light intensity, sound pressure level and amount of combustible gases. Hence, the Inspectors were not in a position to identify the hazardous level of light intensity, sound pressure level, etc., during their inspections.

Government replied (October 2017) that these equipment were supplied to inspectors of Regional Safety Cells and Industrial Hygiene Lab (IHL) at Kollam. It was also stated that the local Inspectors could make use of services of the Inspectors of Regional Safety Cell and IHL in suspected cases, where the level of hazard was above the admissible level. The reply was not acceptable as these handheld machines could be carried by the local inspectors themselves during inspections and the Inspectors need not depend on the services of Inspectors of Regional Safety Cell or IHL for detection of violations. Audit recommends that the Department may make available adequate number of lux

[141] Thiruvananthapuram, Kundara and Kochi.

meters, decibel meters and explosimeters and issue strict instructions to local Inspectors to make use of these equipment during inspections.

6.1.5 Monitoring and Inspection

6.1.5.1 Inadequate training on safety to the workers

As per Section 111A of Factories Act, 1948, every worker shall have the right to get trained within the factory wherever possible, or to get sponsored by the occupier for getting trained at a Training Centre or Institute duly approved by the Director of Factories and Boilers, where training is imparted for workers' health and safety at work. Audit observed that only one training centre at Thiruvananthapuram was approved by the Department for this purpose. Audit noticed that the Department had imparted training on safety to only 2,713 out of 6,98,263 workers covering 256 factories during 2012-13 to 2016-17 (0.40 *per cent*).

Ensuring compliance to safety norms by factory workers required adequate training to be imparted to them. During Exit Conference, the Director stated (October 2017) that in many cases, workers were themselves violating safety norms and there was a need to bring about attitudinal change through training. Audit observed that inadequate training to workers would lead to lack of awareness of safety measures to be adopted by them during work.

6.1.5.2 Shortfall in conduct of Medical Surveys and identification of Occupational Health diseases

Administrative sanction was accorded to the Department to conduct 'Industrial Hygiene cum Health survey' for the years 2015-16 and 2016-17 to initiate measures for prevention of occupational diseases, protection of health of workers, compilation of statistics of occupational diseases, etc. Accordingly, seven medical camps each were conducted for workers in Cashew and Stone Crusher Industries during the above two years for detection of occupational diseases.

The survey for the year 2015-16 detected four cases of Silicosis[142] in the State among workers in the Stone Crusher Industry[143] with more number of such cases not being ruled out. Recommendations were also made in the survey report on conducting work environment monitoring to be done in factories employing such persons, etc.

Audit noticed that the Sub Regional Office, Kozhikode of ESI Corporation also identified (April 2017) seven cases of occupational diseases including three cases of Byssinosis[144], one case of Sensory Neural Hearing Loss, etc. The Sub-Regional Office, Kollam also identified an instance of Byssinosis.

Since the List of Notifiable diseases under the Schedule III of the Act contains a list of 29 hazardous diseases and in view of identification of the prevalence of such diseases among the employees of factories, Audit feels that it was

[142] An occupational lung disease caused by inhalation of silica dust.
[143] M/s. Meta Rocks Pvt. Ltd., Cheriyakonni, Thiruvananthapuram.
[144] An occupational lung disease caused by exposure to cotton dust, which commonly occurs in workers who are employed in yarn and fabric manufacturing industries.

imperative for the Department to conduct more such surveys followed by adequate medical treatment of workers for preservation of health of the workers.

6.1.5.3 Unfruitful expenditure of ₹4.15 crore on Occupational Health and Research Centre

Section 41B of the Factories Act stipulated that the occupier of every factory involving a hazardous process shall identify health hazards and the measures to overcome such hazards. Since occupiers were not giving importance to monitoring of the health status of workers and recognising the need to provide individual units with proper occupational health care, the Director of Factories and Boilers submitted (July 2012) a proposal to Government of Kerala (GOK) for establishing Occupational Health and Research Centres (OHRC) at Kollam, Ernakulam and Kozhikode. The OHRCs were proposed to be established to provide pre-employment and periodical medical examination for all workers employed in dangerous operations, investigate cases of suspected occupational diseases, provide health education to management and workers, health training to workers and other staff, conduct occupational health survey, etc.

It was noticed during audit that GOK accorded (March 2014) Administrative Sanction for construction of a building for setting up an OHRC at Kollam at a cost of ₹2.69 crore. The work of construction of OHRC building was entrusted to KESNIK[145] and the construction was completed (July 2014) at a cost of ₹2.45 crore. GOK also issued administrative sanction (August 2014) for the purchase of equipment for the OHRC against which procurement of Office/medical equipment costing ₹1.70 crore was made. Audit observed that the failure of GOK to provide requisite manpower by way of sanction and recruitment of 12 staff members including Medical Officer, Male Nurse, Occupational Health Technician, Field Assistant, Lab Technician, Driver etc., as proposed by the Director (July 2012), resulted in non-commissioning of OHRC leading to blocking up of ₹4.15 crore and inability to render envisaged services.

Government while accepting (October 2017) the audit observation, informed Audit (March 2018) that a proposal for creation of posts for the OHRC at Kollam was since received from the Director of Factories and Boilers and the proposal was under examination.

6.1.5.4 Shortfall in conduct of Inspections

The powers assigned to the Inspector under the Act include authority to enter any place which is used or which, he has reason to believe, is used as a factory. The Inspectors, thus, play a significant role in the identification of factories and detection of violations of the provisions of the Act. A work study report of the Personnel and Administrative Reforms Department (P&ARD) fixed (February 1993) the norm for inspection as 150 factories per year for each Inspector and the same was accepted by GOK in February 1993. In January 2017, GOK stated that since online licensing system was successfully implemented in the department and the nature of work changed since then, the report of the P&ARD had lost relevance. GOK further directed the department to forward a fresh proposal giving details such as schemes proposed to be undertaken, working

[145] Kerala State Nirmithi Kendra.

pattern of the department, sanctioned posts with their nature of work, etc. Submission of the fresh proposal is pending.

Audit observed that against the norm of 150 factories per year per Inspector, the Department would need at least 150 Inspectors to inspect the already registered 22,545 factories. However, if the 47,608 factories registered with the Directorate of Industries and Commerce were also reckoned, the requirement of Inspectors would then be 468. Thus, against the total requirement of 468 Inspectors, the Department was functioning with only 47 Inspectors.

As per Circular issued by the Factories and Boilers Department (June 2015), every factory had to be inspected by the Department of Factories and Boilers at least once in a year. Data obtained from the Department revealed that out of 22,218[146] factories in the State during the years 2013-14 to 2015-16, the percentage of factories inspected ranged between 59 and 65 *per cent*. In the test-checked factory divisions, of the 5,884[147] factories registered with the Factories Department, the percentage of factories inspected during 2013-14 to 2015-16 was 61 *per cent*. Government replied (October 2017) that the proposal for inducting more number of inspectors was not accepted due to financial constraints.

Audit recommends that service of available inspectors be utilised optimally, by providing adequate vehicles for increased mobility and effective inspection. Fresh proposals may be forwarded to GOK by the Department, after working out minimum additional manpower required in the interest of efficient functioning of the Department.

6.1.5.5 Non-submission of annual and half yearly returns

Half-yearly returns in Form No. 22 specified in the Factories Act have to be submitted by the occupiers before 31 July of the current year and annual return in Form No. 21 before 31 January of the next year to the concerned Divisional Inspector of Factories and Boilers/Additional Inspector of Factories and Boilers. These forms indicate, besides other points, details on average number of workers employed daily, medical information on workers medically examined, number of workers employed in hazardous conditions, etc.

Audit noticed that on an average, 66.98 *per cent* and 67.30 *per cent* of factories did not file half-yearly and annual returns respectively as shown in **Table 6.2**.

Table 6.2: Details of half-yearly/annual returns filed by factory owners/occupiers/managers

Year	Number of Factories	Number of annual returns received	Percentage of shortfall	Number of Half yearly returns received	Percentage of shortfall
2012	19511	7546	61.3	7830	59.9
2013	20578	7788	62.2	7908	61.6
2014	21580	7714	64.3	8132	62.3
2015	22104	6213	71.9	5656	74.4
2016	22230	5204	76.6	5246	76.4

(Source: Figures obtained from Department of Factories and Boilers)

[146] Average number of factories during the years 2013-14 to 2015-16 as per database of the Department.
[147] Average number of factories registered with the Department.

The Government replied (October 2017) that most of the factories coming under Section 85 category of the Factories Act were exempted from submitting returns in accordance with the Labour Laws (Exemption from furnishing returns and maintaining registers by certain establishments) Amendment Act, 2014.

The reply of the Government was not correct as Audit noticed that though the 'small and very small establishments' were exempted from submitting returns as per Section 4 (1) of the above Act, they were required to file, in lieu of such returns, annual returns in Form I. The Department failed to monitor these returns and follow-up the cases of defaulters. Such contravention of the provisions of the Act would constitute an offence punishable with imprisonment for a term, which may extend upto two years or with fine upto ₹ one lakh or with both, as per Section 92 of the Factories Act. In the circumstances, the Department would not be in a position to ensure the well-being and safety of factory workers.

6.1.6 Conclusion

The Department of Factories and Boilers which was responsible for enforcing the provisions of Factories Act did not have effective mechanism to ensure compliance of factories to the safety standards stipulated under the Act. The number of factories registered with the Department under the Act was very low. The data on number of factories as per the Department was hugely understated. Inspection of factories was inadequate. Audit noticed shortfall in posts of Inspectors, which adversely affected enforcement measures of various provisions under the Act. Training on safety at work was imparted only to 0.40 *per cent* of the total workers. The implementation of the provisions of the Factories Act with reference to the safety of workers was, thus, not satisfactory.

6.2 Implementation of Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

6.2.1 Introduction

Government of India (GOI) enacted the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 (Act) in June 1979 to regulate the employment of Inter-State Migrant Workmen (ISMW) and to provide for their conditions of service and other matters connected therewith. The Act defined an ISMW as any person who is recruited by or through a contractor in one State under an agreement or other arrangement for employment in an establishment[148] in another State, whether with or without the knowledge of the principal employer[149] in relation to such establishment. The provisions of this Act applied to every establishment in which five or more ISMW whether or not in addition to other workmen, are employed or were employed on any day of the preceding 12 months. Contractors who employ/employed five or more ISMW, whether or not in addition to other

148 Establishment - Any office or department of the Government or a local authority or any place where any industry, trade, business, manufacture or occupation is carried on.

149 Principal employer means in relation to any office or department of the Government or a local authority, the head of that office, department or authority or such other officer as may be specified; in relation to a mine, the owner or agent of the mine or Manager; and in relation to any other establishment, any person who is responsible for the supervision and control of the establishment.

workmen, on any day of the preceding twelve months were also brought under the ambit of the Act.

Government of Kerala (GOK) framed the Kerala Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Rules, 1983 (Rules), which came into force in the State on 02 May 1984. The Labour Commissioner was responsible for the implementation of the provisions of the Act and Rules in the State.

Government of Kerala notified 14 District Labour Officers (Enforcement) and one District Labour Officer (HQ) as the Registering and Licensing Officers for the State. While the Regional Joint Labour Commissioners (RJLC) at Kollam, Ernakulam and Kozhikode were designated as the Appellate Officers under the Act, 122 Officers including Labour Commissioner, Additional Labour Commissioners, District Labour Officers (DLOs) and Assistant Labour Officers (ALOs) were designated as Inspectors under the Act.

6.2.2 Objectives, Scope and Methodology of Audit

Audit was conducted from April 2017 to July 2017 covering the period 2012-13 to 2016-17 to assess the compliance of the Department to the provisions relating to ISMW as stipulated in the Act and the Rules. The audit coverage included all three Regional Offices at Kollam, Ernakulam and Kozhikode and two District Labour Offices under each Regional Office. The District Labour Offices were selected by Stratified Simple Random Sampling using Idea Software. Two Assistant Labour Offices were selected under each selected DLO based on high concentration of ISMW in these regions. Audit assessed whether all establishments and contractors to whom the Act applies in the selected districts of Thiruvananthapuram, Kollam, Ernakulam, Kottayam, Kozhikode and Kannur were registered and issued with licences respectively and whether the amenities mandated by the Act to ISMW were provided to the workers. Audit also examined whether records maintained by the principal employer/ contractor in selected cases were in compliance to the provisions of the Act and whether penal provisions were enforced in the event of contravention of any of the provisions in the Act. Audit methodology included scrutiny of records at the Government Secretariat, Office of the Labour Commissioner, Offices of three Regional Joint Labour Commissioners and Offices of selected DLOs and ALOs. Entry Conference was held on 20 April 2017 with the Joint Secretary, Labour and Skills Department, Additional Labour Commissioner and officials of Labour Department wherein the objectives and methodology of audit were discussed. Exit Conference was held with the Joint Secretary, Labour and Skills Department and the Labour Commissioner in charge on 26 October 2017, in which the audit findings were discussed.

Audit findings

6.2.3 Registration of establishments and licensing of contractors

6.2.3.1 Laxity of the Department in identification and registration of Inter-State Migrant Workmen under the Act

Section 4 of the Act laid down the conditions for the registration of establishments under the Act. It required every principal employer of an establishment to which this Act applied to make an application to the Registering Officer along with payment of prescribed fee for the registration of the establishment under the Act. Section 1 (4) (a) of the Act stipulated that the Act applied to every establishment in which five or more ISMW are employed or were employed on any day of the preceding twelve months. Section 1 (4) (b) also provided for the provisions of the Act to apply to every contractor[150] who employs or employed five or more ISMW on any day of the preceding twelve months. Section 6 also provided that no principal employer of an establishment to which this Act applies shall employ ISMW in the establishment unless a certificate of registration in respect of such establishment issued under this Act was in force.

As per information furnished by the Department (February 2018) there were 783 principal employers registered in the 14 districts of the State who had engaged 45,378 ISMW as of February 2018. However, the total number of ISMW registered with the Department as per the provisions of the Act was only 1.82 *per cent* of the 25 lakh migrant labourers assessed (February 2013) in the State by the Gulati Institute of Finance and Taxation (GIFT).

Audit observed that the Department was not proactive in identifying ISMW and registering principal employers and contractors under the Act so as to ensure that the benefits envisaged under the Act were derived by such workers as discussed in the succeeding paragraphs. In the six test-checked districts, the Department stated that there were at least 97,695 (September 2017) establishments[151], which engaged ISMW and which could have been brought under the purview of the Act. A joint inspection conducted by Audit with the ALO Perumbavoor who was the designated Inspector under the Act, identified eight plywood factories employing ISMW in Kunnathunadu Taluk in Perumbavoor, Ernakulam district, which were not registered under the Act. Audit observed that on the date of joint inspection (13 June 2017), 21 to 75 ISMW (including 16 women) were engaged by each of these factories **(Appendix 6.1)**. In three of these eight factories, the total number of workmen physically present at the time of inspection was 100, while only 46 employees were recorded in the Muster roll. A joint inspection (19 July 2017) of construction site of Dharmashala Auditorium and Convention Centre, Kannur revealed that though there were three joint principal employers, one contractor and 18 ISMW at the site, neither the principal employers applied for registration nor the contractor had applied for licence to employ ISMW. Audit noticed that despite the establishment not maintaining records and flouting provisions of the ISMW Act/Rules, no action was taken against the violators by the Registering Authority (DLO) Kannur in this regard.

In the Exit Conference (October 2017), the Labour Commissioner admitted that the total number of ISMW in the State projected by the Labour Department was presumptive and the figures projected by GIFT too could not be considered upto date. He informed that the Department was capturing biometric details of ISMW and expressed hope that an authentic figure on the quantum of ISMW in the

[150] Contractor in relation to an establishment means a person who undertakes to produce a given result for the establishment, other than a mere supply of goods or articles of manufacture to such establishment, by the employment of workmen or to supply workmen to the establishment, and includes a sub-contractor, Khatedar, sardar, agent or any other person who recruits or employs workmen.

[151] Factories, chappal manufacturing units, shops and establishments, steel industries, etc.

State would be arrived at by December 2017 itself. It was also stated that the Department did not possess any authentic category-wise figures on the quantum of principal employers and ISMW in the State with respect to Government Departments, factories, shops and commercial establishments, construction sites, etc.

The Additional Labour Commissioner and DLOs of six test-checked districts stated (June 2017) that since the migrant workers were directly employed by the employer and not through a contractor, the registration/licence under the Act would not be attracted in these cases. The reply was not acceptable in view of the fact that the Supreme Court of India had observed in Bandhua Mukthi Morcha v/s the Union of India and Others[152] 1983 that whether the ISMW who were employed were ISMW or not would have to be investigated and determined in order to make the provisions of the Inter-State Migrant Workmen Act and Rules meaningful for such workmen who were recruited from other States. The Labour Commissioner assured in the Exit Conference (October 2017) that the applicability of the Supreme Court judgment in respect of ISMW employed in the State would be examined. The reply of the Labour Commissioner was not acceptable as Government was bound to initiate required action in the light of the Supreme Court judgement.

Moreover, Sections 20 (2) (a) and 20 (2) (b) provide for Inspectors under the Department to enter any premises suspected of employing ISMW, to examine any person found in any such premise for the purpose of determining whether such person is an ISMW for ensuring compliance with provisions of the Act. Audit observed that even though the inspectors conducted inspections of 5,95,177 establishments under 28 other Labour Acts during 2012-17, the compliance to provisions of ISMW Act was examined by the inspectors of the Department only in 5,561 establishments. The DLO (Enforcement) who was the Registering Officer appointed under Section 3 of the Act, also did not evolve a mechanism to ensure that all establishments engaging ISMW were registered under the Act. The Inspection wing in the Department was required to be strengthened by enhancing the number of inspectors.

6.2.3.2 Employment of Inter-State Migrant Workmen by contractor without licence under the Act.

Section 8 (1) of the Act stipulated that no contractor, to whom the Act applies, shall recruit any person in a State for the purpose of employing him in any establishment, situated in another State without licence issued under the Act. In Kerala, the DLO (Enforcement) is the authority designated under the Act to monitor the compliance of this provision of the Act. Inspectors under Section 20 of the Act can take penal action under Sections 25 and 26 of the Act for violation of the provisions of the Act. Section 25 specified penal provisions for contravention of provisions regarding employment of ISMW. Section 26 covered other offences for which no penalty was elsewhere provided.

Violation of the said provisions was noticed in two selected districts as detailed below.

[152] On the employment of Inter-State Migrant Workers in the Stone quarries/crusher units in the State of Haryana.

Records verified at DLO Kannur revealed that in four out of eight registered establishments, contractors did not apply and obtain licence during 2016-17. At DLO Kollam, the contractor engaged under the registered principal employer 'Asset Grandios, Kollam', did not take licence for employing additional 20 ISMW. Though the principal employer obtained an amended registration certificate for engaging 25 ISMW instead of the earlier five employees, the contractor who was supplying the workers did not amend his licence to reflect the increased number of workers and did not remit the additional security deposit of ₹40,000 at the rate of ₹2,000 per workman. Audit observed that contractors were required to remit ₹2,000 per workman engaged by them as security deposit for obtaining licence under the Act. Since GIFT study sponsored by GOK had identified 25 lakh ISMW as of 2012-13, Audit reckoned that the State had foregone at least ₹320.92 crore[153] by way of security deposit.

The DLO (Enforcement) who was the Licensing Authority under Section 7 of the Act failed to initiate necessary steps for prosecuting the violators under Section 25 of the Act.

Additional Labour Commissioner stated (October 2017) that the licensing/registering authorities including DLOs of Kannur and Kollam were directed to submit a report with regard to updating/amendment of requisite registration/licence and to initiate legal steps against violation of provisions.

6.2.3.3 Contractors not holding requisite licences

As per Sections 8 (a) (ii) and 8 (b) (ii) of the Act, contractors recruiting an ISMW in one State for employment in another State and contractors employing persons from another State as workmen for the execution of any work in any State should hold valid licences issued by the appropriate authorities of both the home and host States of the ISMW.

In the six districts test-checked, there were 736 contractors holding licences under the Act and employing 35,250 ISMW during 2012-13 to 2016-17 as shown in **Table 6.3**.

Table 6.3: Details of ISMW engaged through contractors

Name of District	Total number of contractors	Total number of ISMW engaged through contractors
Thiruvananthapuram	215	12090
Kollam	40	813
Kozhikode	97	2821
Kottayam	93	1754
Ernakulam	268	16920
Kannur	23	852
Total	**736**	**35250**

(Source: Office of the Labour Commissioner)

As per Rule 21 (1), every contractor shall furnish to the specified authorities the particulars regarding recruitment and employment of migrant workmen in Form X. Also as per Rule 24, every contractor shall furnish returns regarding

[153] As per GIFT report, 66 *per cent* of 25 lakh migrants (16.5 lakh) are employed under contractors. (16.5 lakh - 45,378) x ₹2,000 = ₹320.92 crore.

migrant workmen who have ceased to be employed, in Form XI to the specified authorities concerned, either personally or by registered post so as to reach them not later than 15 days from the date the migrant workman ceased to be employed.

Audit observed that the Department issued licences to the contractors without ensuring whether the contractors possessed valid licence issued by a competent authority of the home State to recruit from that State for employment in Kerala. Submission of returns in Forms X and XI were not ensured in any of the six test-checked districts.

DLOs of all test-checked districts stated that while issuing the licence, it was not being verified whether contractors were holding licences obtained from the State where recruitment was made. DLOs, Kollam and Ernakulam stated that since the ISMW employed in the State were not recruited from their home States through contractors and came to the State on their own, the contractors employing them were not required to ensure licence from recruiting State, as envisaged by the Act.

The reply was not factually correct, as under Section 20 (2) (b), the Inspectors were to investigate and determine whether persons working in any premises were ISMW or not, which was not being complied with. This indicated that due attention was not given to the implementation of the provisions of ISMW Act/Rules.

The Labour Commissioner confirmed the fact of non-issuance of licence from home State in the Exit Conference (October 2017). He further stated that it was not proper to circumvent the provisions of the Act and issue licences without ensuring holding of licence from home State. Failure of the DLOs (Enforcement) to verify such licences issued from the home State resulted in inability of the Department to ensure that the benefits of displacement cum outward journey allowance, wages from date of recruitment, etc.[154], which the ISMW were entitled to, were received by them.

6.2.3.4 Delayed renewal of licence by the contractors

As per Rule 14 (1) of the Kerala Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Rules (Rules), every Contractor may apply to the Licensing Officer for renewal of the licence and every licence renewed shall remain in force for a further period of 12 months from the date of order of renewal. As per Rule 14 (2), the application shall be submitted not less than 30 days before the date on which the licence expires. DLO (Enforcement) is the licensing authority under the Act.

Licences were being renewed to the contractors in delayed cases, on payment of a fee 25 *per cent* in excess of the fee ordinarily payable for the licence as per Proviso to Rule 14 (3) of the Rules. However, there was no system in place to ensure that all active contractors holding licences under the Act were renewing licences on expiry of validity period.

In Kozhikode, delay in renewal of licence ranged from one to two months while in Kannur, delay ranged from one to seven months. No data on period of delay

[154] Sections 14 and 15 of the Act.

in renewal was available with DLOs of Ernakulam, Kollam, Kottayam and Thiruvananthapuram. The DLO, Ernakulam stated (September 2017) that since there was no fixed date for renewal of licence, it was difficult to obtain renewal date in individual cases and that software update was essential for the same. The DLO Kollam stated (September 2017) that they were issuing notices to such contractors who were not renewing the licence after the due date, while the DLOs Thiruvananthapuram and Kottayam stated (September 2017) that the Department did not have any details on the renewal dates of licence, either in registers or in Labour Commissioner Automation System (LCAS). Audit observed that there was no monitoring mechanism in place to ensure timely renewal of licence. No monthly or quarterly returns/reports were prescribed.

The Labour Commissioner stated in the Exit Conference (October 2017) that reasons for not taking action against the contractors for delayed renewal of licences would be obtained from the respective DLOs.

6.2.4 Implementation of welfare provisions and amenities

Sections 13 to 18 of the Act stipulated the obligations of contractors in respect of the wages to be paid and welfare and other facilities to be provided to ISMW by the contractor.

In the six districts test-checked, there were 736 contractors holding licence and 420 principal employers registered under the Act employing 35,250 ISMW. Violations of some of these provisions, noticed in the course of audit are brought out below.

6.2.4.1 Displacement allowance not paid

As per Section 14 (1) of Act and Rule 50 of the Rules, a displacement allowance should be paid by the contractor to every ISMW at the time of recruitment, which would be equal to 50 *per cent* of the monthly wages payable to him or ₹75 whichever was higher. Each contractor was required to maintain a sheet for payment of displacement-cum-outward journey allowances in Form XV.

The DLOs (Enforcement) in the six districts test-checked admitted that Displacement allowance was not paid in any of the districts either by the contractor under Section 14 (1) or by the principal employer under Section 18, which dealt with the liability of the principal employer when the contractor failed to fulfil his obligations under Section 14(1). Joint inspection also revealed that contractors were not maintaining Form XV as required by the Act (**Appendix 6.2**).

Thus, it was clear that the Department was not performing its duty as prescribed in the Act, as the records checked during joint inspection did not reveal sufficient details in the matter.

6.2.4.2 Journey allowance not paid

As per Section 15, a journey allowance of a sum not less than the fare from the place of residence of the ISMW in his State to the place of work in the other State shall be payable by the contractor to the ISMW, both for the outward and return journeys and such ISMW shall be entitled to payment of wages during the period of such journeys as if they were on duty. Also, as per Rule 50 of the

Rules, every contractor shall maintain a register for return journey allowance in Form XVI.

In the six districts test-checked, there were 736 contractors holding licences under the Act and employing 35,250 ISMW during 2012-17. Audit observed that Journey allowance was not paid in any of the selected districts. Form XVI was not being maintained by the contractors in any of the six districts. No penalty was imposed by the Department under Sections 25 and 26 of the Act for contravention of Sections 15 and 18 (1) of the Act.

Government replied (October 2017) to paragraphs 6.2.4.1 and 6.2.4.2 that the ISMW Act will apply only if recruitment was made in the home State. Since majority of ISMW were recruited only after reaching the destination State, the provisions of the Act could not be made applicable in such cases. The above justification was not acceptable as the Labour Department failed to ensure that provision under section 20 (2) (b) of the Act requiring Inspectors to inspect premises and determine whether workers employed in such premises were ISMW or not, was complied with.

The Labour Commissioner admitted in the Exit Conference (October 2017) that the Department was not in a position to ensure payment of displacement allowance and journey allowance to ISMW, as licences from both home State and employing State as required under the Act were not being ensured. Audit observed that mere acceptance of inability to ensure payment of Displacement and Journey Allowances was inadequate justification for failure to discharge its duties of correctly identifying ISMW and ensuring payment of benefits to them.

No penalty was imposed by the Department under Section 25 of the Act for contravention of Sections 14 (1) and 18 (1) of the Act.

The Department may ensure that contractors maintained the required details regarding displacement/journey allowances in the prescribed forms so that payment of allowances entitled to the ISMW by the contractors, could be enforced and monitored effectively.

6.2.4.3 Provision of medical facilities not ensured

As per Section 16 (e) of the Act and Rule 36 (1) of the Rules, medical facilities for outdoor treatment to ISMW were to be provided free of cost without fail as prescribed. As per Rule 36 (2), the contractor had to ensure that suitable arrangements existed to provide medical facilities for in-patient treatment.

As per Rule 36 (3) every contractor shall provide and maintain so as to be readily accessible during all working hours, first-aid boxes at the rate of not less than one box for 150 ISMW or part thereof. As per sub-section (4), the first-aid box was to be distinctly marked with a Red Cross on a white background and contain equipment[155] specified as per Rules.

On a joint inspection of Lulu International Mall Project site, Thiruvananthapuram, the first-aid kit was found in an unmarked box dumped on the ground. In Dharmashala Auditorium and Convention Centre, Kannur, Audit found that only three sterilised dressings were available, which were

[155] Sterilized cotton and dressings, iodine solution, potassium permanganate crystals, adhesive plaster, scissors, burn ointment, snake-bite lancet, aspirin, antiseptic solution bottle.

stacked between the roof tiles. No other prescribed equipment/medicines as per Rules were maintained.

Audit collected data on diseases prevalent among ISMW in the State. It was seen that the Directorate of Health Services, Thiruvananthapuram recorded 2,336 cases of malaria, 931 cases of filariasis, 5,202 cases of fever and 1,562 cases of Acute Diarrheal Diseases during 2012-17 among ISMW in the 14 districts**.** Kerala State AIDS Control Society's (KSACS) Migrant Targeted Intervention Projects under National AIDS Control Programme (NACP) recorded a total of 151 HIV positive cases and 6,352 cases of Sexually Transmitted Infections (STI) during the period 2012-17 among migrant workers.

Scrutiny of inspection files in six test-checked districts and replies to audit enquiries revealed that no records on medical facilities provided under the Act were being maintained by the establishments. Government replied (October 2017) that the inspectors were gathering details regarding medical facilities provided by employers and that no complaints had been received from workers in this regard. The reply was not acceptable because Government did not provide any records for scrutiny. In the absence of such records, Audit was not in a position to ascertain whether outdoor treatment was provided free of cost and medical facilities extended to in-patient ISMW.

6.2.4.4 Canteen facilities not provided

As per Rule 40 (1), canteen shall be provided by contractor in every establishment where work was likely to continue for six months and where there were more than 100 ISMW. As per Rule 40 (2), if the contractor failed to provide canteen as per Rules, the same shall be provided by the principal employer, within 60 days of the expiry of the time allowed to the contractor.

Audit noticed during joint inspection that in Feroke, Kozhikode district, three footwear manufacturing units employing 105-240 ISMW did not provide canteen facility to the workers. In Thiruvananthapuram district, inspections conducted in three out of 12 construction sites employing 100 to 500 ISMW revealed that food was provided under hygienic conditions only in one site. In Ernakulam district, of the 44 establishments engaging 100 to 2,500 ISMW, canteen facility was offered only in certain cases, the exact number of which was not available.

No action was taken by the DLOs/ALOs who were the inspecting officers under Section 20 of the Act, for violation of provisions contained in Rule 40 (1) and (2) by the principal employers/contractors.

6.2.4.5 Issue of pass book to Inter-State Migrant Workmen - non-compliance of provisions

As per Section 12 (1) (b), it shall be the duty of every contractor to issue to the ISMW, a pass book affixed with a passport size photograph of the workman. The Act specified that the pass book should indicate in Hindi and English and where the language of the workman was not Hindi or English, in the language of the workman, all particulars including benefits specified under the Act. Section 12 (2) required the contractor to maintain the pass book up-to-date and cause it to be retained with the ISMW concerned.

Audit conducted joint inspection with the officials of the Labour department in the establishments at Thiruvananthapuram, Ernakulam, Kozhikode and Kannur and noted that pass books as required under the Act were not being issued. Replies furnished by DLOs of six test-checked districts confirmed that none of the 35,250 ISMW engaged by the principal employers were issued with Pass Books indicating that Government/Department failed in complying with the provisions of the Act. In the absence of maintenance of pass books, an assurance on benefits provided to ISMW could not be obtained in audit.

The Department needs to ensure that Pass books containing details of all benefits due to ISMW, are maintained and kept up-to-date by the contractors.

6.2.5 Quality of Inspections conducted

As per Section 21 of the Act, ISMW were entitled to benefits of provisions contained in Workmen's Compensation Act, 1923, Payment of Wages Act, 1936, Employees State Insurance Act, 1948, Employees Provident Fund and Miscellaneous Provisions Act, 1952, Industrial Disputes Act and Maternity Benefit Act, 1961.

Audit noticed that the Inspectors did not check whether benefits of all the above Acts were extended to the ISMW employed in the establishments, as stipulated in the ISMW Act. While the Inspectors in Kollam and Kottayam did not exercise checks on provision of benefits stipulated by any of the Acts, the inspectors in Kozhikode conducted checks under the Payment of Wages Act only.

Government replied (October 2017) that the present staff strength of inspectors was too low to handle the huge influx of migrant workers and that measures to revamp the enforcement machinery of the Department to ensure safe and conducive work atmosphere and other welfare amenities to the migrant workers would be adopted. Reply of the Government that staff strength was inadequate was not acceptable, as it was incumbent on the Government to implement various provisions of the Act by exploring various ways and means to address the shortfall and enhance capacity building of the Inspectors.

6.2.5.1 Shortfall in inspections conducted under ISMW Act

As per Circular issued by Labour Commissioner (May 2015), a minimum of 50 establishments were to be subject to inspection per month to oversee the compliance of all 29 Labour Acts including ISMW Act. Scrutiny of records of inspections for the period 2012-17, revealed that inspections were not carried out regularly to verify compliance to provisions of the Act and Rules.

A comparative study of inspections conducted under the ISMW Act and other Acts in the Labour Department revealed meagre inspections under the ISMW Act. Scrutiny of records at the office of the Labour Commissioner revealed that departmental officers conducted inspections of 5,95,177 establishments under 28 other Labour Acts during 2012-17. In the absence of any specific norms on the number of inspections to be conducted under each Act, Audit worked out an average of 21,256[156] inspections per Act, under 28 other Labour Acts. Against this, the total number of inspections carried out under ISMW Act during 2012-

[156] 5,95,177 / 28 = 21,256.

17 was 5,561 only. It was also seen that the number of Inspections conducted annually under ISMW Act showed a declining trend during 2014-17.

Government (October 2017) cited heavy work load due to multiplicity of Acts and Rules to be enforced by the department, shortage of staff and vehicles as reasons for shortfall in inspections. Non-compliance of provisions of Act/Rules citing shortage of staff/vehicles was not acceptable, as Government was required to provide requisite infrastructure to facilitate timely conduct of inspections.

6.2.5.2 Non- Maintenance of records and registers

As per Section 23 (1), every principal employer and every contractor shall maintain such registers and records giving such particulars of ISMW who were employed, the nature of work performed by such workmen, the rates of wages paid to the workmen and such other particulars in such form as may be prescribed. Registers were also to be maintained under Rules 47 to 51.

Audit noticed that as per provisions contained in the Rules, units registered under the Act had to maintain 14 records/registers in stipulated forms. Joint inspection conducted by Audit along with DLOs/ALOs in 20 establishments revealed that no registers/returns were maintained in 18 establishments. Seven registers/returns were seen maintained in two establishments in Ernakulam. The details of registers and records to be maintained, persons responsible for the maintenance of records and the form in which registers were to be maintained in six test-checked districts are detailed in **Appendix 6.3**. The DLOs who were the Inspecting Authorities failed to ensure compliance of provisions envisaged in the Act and Rules.

6.2.5.3 Notices of conditions of work and abstract of Act and Rules not displayed

As per Section 23 (2) of the Act and Rules 53 and 54 of the Rules, every principal employer and every contractor shall keep exhibited in such manner as may be prescribed within the premises of the establishment where the ISMW are employed, notices in the prescribed form containing particulars about the hours of work, nature of duty and such other information as may be prescribed and also display abstract of Act and Rules. Joint inspection of 20 sites/factories with the departmental officers in Thiruvananthapuram, Ernakulam, Kannur and Kozhikode revealed that such notices were not being displayed in any of the sites. DLO was to initiate penal action under Sections 25 and 26 of the Act against the contractor and employer for non-compliance of provisions stipulated in the Act. Audit observed that no such action was initiated in this regard.

6.2.5.4 Penal provisions not imposed

Sections 24 to 27 of the Act stipulated the penal provisions for contravention of the provisions of the Act.

Audit noticed laxity on the part of the DLOs/ALOs in enforcing penal provisions for violation of the provisions of the Act. There were very few convictions and prosecutions under the Act.

Section 29 of the Act stipulated that no Court shall take cognizance of an offence punishable under this Act unless the complaint thereof is made within three months from the date on which the alleged commission of the offence came to the knowledge of the inspector or authorised person concerned. Examination of 67 inspection files in the test-checked districts revealed that in 14 cases, the inspecting officers closed the files citing reasons such as expiry of time limit, migrant workmen leaving establishment following inspection, etc. It was observed that the offences became time barred since the inspecting officers were lax in pursuing the cases and did not file cases in Court within three months from the date on which the commission of the offence came to their knowledge, as required by Section 29 of the Act.

Government replied (October 2017) that the present pattern of inspectors and staff of Labour Department was fixed without considering the large flow of migrant workers into the State and that the enforcement machinery of the Department would be revamped. The laxity of the inspectors in diligently pursuing cases and ensuring prosecution of offenders is a matter of concern and needed to be addressed, so as to ensure proper implementation of the Act.

6.2.6 Conclusion

Audit observed that the Department was lax in identifying ISMW and ensuring that the benefits under the Act were derived by these workers. The DLO (Enforcement) who was the Registering Officer appointed under Section 3 of the Act failed to evolve a mechanism to ensure that all establishments engaging ISMW were registered under the Act. The Department issued licences to the contractors without ensuring whether the contractors possessed valid licences issued by a competent authority of the home State, to recruit from that State for employment in Kerala. Audit observed laxity on the part of Inspectors in diligently pursuing cases and ensuring prosecution of offenders under the Act. The implementation of the Inter-State Migrant Workmen Act in the State was, thus, not effective.

FAILURE OF OVERSIGHT/ADMINISTRATIVE CONTROLS

HOME AND VIGILANCE DEPARTMENT

6.3 Misappropriation of Government money in Vilappilsala Police Station, Thiruvananthapuram

Non-adherence to codal provisions and laxity in discharge of mandated responsibilities resulted in misappropriation of ₹4.86 lakh.

Provisions of the Kerala Treasury Code (KTC) required all Government officers who handle cash to enter all monetary transactions in the Cash Book as soon as they occur and to be attested by the Head of Office in token of check. The Head of Office should verify the totalling of the Cash Book or have this done by some responsible subordinate other than the writer of the cash book and initial them as correct. At the end of each month, the Head of Office should verify the cash balance in the cash book and record

a signed and dated certificate to that effect. The KTC also required that when Government moneys in the custody of a Government Officer were paid into the treasury or the bank, the Head of the Office making such payments should compare the Treasury Officer's receipt or the bank's receipt on the challan or compare his pass book with the entry in the cash book before attesting it, and satisfy himself that the amounts have been actually credited into the treasury or the bank. The Kerala Police Manual, 1969, (Police Manual) entrusted the responsibility of maintenance of Cash Book in police stations with the Station House Officers (SHO) and in his absence, the Station Writer. The Police Manual also required the Circle Inspectors to verify cash book and cash balance in hand in Police Stations whenever they visit them for other purposes. Audit noticed failure to adhere to the codal/manual provisions and resultant misappropriation of ₹4.86 lakh in the Vilappilsala Police Station, during audit of Office of the District Police Chief, Thiruvananthapuram Rural for the period August 2015 to June 2016, as detailed below.

Upto September 2015, the fines levied and collected under the Motor Vehicles Act, 1988 (MVA) and the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) by the SHO of each Police Station and Circle Offices under the Office of the District Police Chief, Thiruvananthapuram Rural were directly deposited at the cash section of the District Police Office. The remittances were made through Money Memo[157] in Kerala Police Form No. 105 (KPF 105). The District Police Chief, Thiruvananthapuram Rural (DPC), citing reasons such as wastage of time and money due to policemen having to travel to the Office of the DPC for making remittances and to make use of the online banking facilities, modified the procedure and ordered (September 2015) that fines collected under the MVA and COTPA be deposited into the designated current accounts in the State Bank of Travancore (SBT), jointly opened and operated by the DPC and Accounts Officer of Office of the DPC, from October 2015. All fines, thus collected, were to be deposited in the nearest branch of the SBT with the counterfoil of the pay-in-slip to be retained as expenditure voucher and forwarded to the Cashier, Office of the DPC along with the daily remittance statement on the first day of the next week. The Cashier, Office of the DPC was to collect details of daily remittance from the bank's site and use it as receipt voucher for recording in the cash book. The money, thus deposited, was to be remitted into treasury the next day. A detailed monthly statement of the fines collected and remitted into the bank should reach the Office of the DPC before the fifth of next month.

Audit conducted a test-check of records for the month of January 2016 at the Vilappilsala Police Station under Malayinkeezhu Circle which revealed that fines collected under MVA and COTPA of ₹51,200 and ₹3,600 respectively and shown in the Cash Book as having been remitted to the Office of the DPC through Money Memo had not been actually remitted. Further, an amount of ₹400 collected as fine under MVA was not recorded in the Cash Book. As the Money Memo acknowledgements/bank receipts

157 Form to send money from the Units to the Head Office.

in proof of deposits were not available in the Police Station, Audit detected the misappropriation by cross verifying the payments purported to have been made to the Office of the DPC with the records of the Office of the DPC and Bank statements. It was found that the amounts entered in the cash book as remitted through Money Memo were not deposited, either with the Office of the DPC or in the Bank.

Audit then conducted a detailed scrutiny of cash books and related records at the Vilappilsala Police Station and the Office of the DPC for the period 01 October 2015[158] to 22 July 2016[159], which revealed that the MVA and COTPA fines of ₹4.86 lakh collected during the period was misappropriated using the same modus operandi. Consequent to Audit pointing out the misappropriation, the Writer of Vilappilsala Police Station remitted (July 2016) ₹5.19 lakh into the bank account opened for remittance of fines collected on account of violations under the MVA. Since an amount of ₹0.33 lakh was remitted in excess of the amount in question (₹5.19 lakh - ₹4.86 lakh = ₹0.33 lakh) by the Writer, the same needs to be set right after following the prescribed procedure.

Audit observed systemic deficiencies, which led to the misappropriation of cash. The assigned duty as per the stipulation in the KTC that all entries in the cash book were to be attested by the head of the office, in this case, the SHO, was not done. The SHO did not compare the entries in the Cash Book with the counterfoil of the Pay-in-slip and thus failed to confirm that the payments were actually made into the Bank account. The laxity of the Circle Inspector of Malayinkeezhu Circle (CI) who inspected the Police Station on 04 December 2015, is evident from the fact that he failed to detect the misappropriation. Audit observed that there was no internal audit system in place in connection with the verification of fines collected under the MVA and COTPA at District Police Office level.

Thus, multiple failures at various levels facilitated misappropriation of Government money at Vilappilsala Police Station. Consequent to the matter being referred to the State Police Chief, the Station Writer was placed under suspension, a crime case registered against him and the case transferred to Crime Branch, Crime Investigation Department. While one SHO was awarded a punishment of 'increment bar for one year without cumulative effect', an oral inquiry was ordered against the other SHO. At the instance of Audit, the Government also issued (November 2017) strict direction to the State Police Chief to adhere to the relevant rules in KFC and KTC while handling Government money. Government may take steps to strengthen the internal control mechanism, so as to avoid recurrence of such instances in future.

[158] Date from which orders of DPC on remittance of fines into bank accounts came into effect.
[159] Date of taking possession of cash book by SHO from Station Writer.

AYUSH DEPARTMENT

6.4 Irregular construction of a pharmaceutical factory costing ₹3.76 crore in a residential zone violating Zonal Regulations

Government of Kerala irregularly assigned land falling under 'residential zone' for construction of a pharmaceutical factory resulting in denial of mandatory clearances from local body and consequent idle investment and locking up of funds to the tune of ₹3.76 crore.

Under the Town Planning Act, 1933, the General Town Planning Scheme for Thiruvananthapuram as amended in 2007 lays down Zoning Regulations, which stipulate that all future developments in Thiruvananthapuram would be in conformity with the provisions of the Development plan for the district. Accordingly, areas have been zoned under various uses such as residential, commercial, industrial, public and semi-public, etc. Details regarding the nature of uses 'permitted', uses 'restricted' and uses 'prohibited' in each zone are also enlisted under the Zoning Regulations. The 'Uses permitted'[160] in a Zone cover the uses that could be normally accommodated in the relevant zone. Cases could be categorised as 'Uses Restricted'[161] where it might be possible for the executive authority with the concurrence of the Chief Town Planner to Government (CTP), to permit some other uses also, which were not likely to affect the quality and environment in a zone specified for a particular use. 'Uses prohibited'[162] enlist the various objectionable uses in each zone which are not specified under the other two uses and which shall not be permitted under normal circumstances. The Zoning Regulations permitted operation of only such non-obnoxious, non-nuisance type of service or Light industries engaging not more than three workers, with power limited to 3 HP or six workers without power, in residential zones. The Zoning Regulations also stipulated that large scale development proposals in an area not less than two Hectares[163], exceeding an investment of ₹50 crore, which provide direct employment to not less than 500 may be permitted in all zones subject to recommendation of a committee[164] constituted by the Government for this purpose.

Audit of the Pharmaceutical Corporation (Indian Medicines) Kerala Ltd., Thrissur (Oushadhi)[165] for the period 2015-16 conducted during January-February 2017 revealed violation of the above Zoning Regulations leading to idle investment of ₹3.76 crore, as detailed below.

160 'Uses Permitted' category under Residential Zones – All residences, retail shops, professional/ commercial offices/establishments upto 200 sq.m, nursery, kindergarten, primary schools, clinics (out-patient) diagnostic centres, small service industries of a non-nuisance nature, etc.

161 'Uses Restricted' category under Residential Zones -Hostels, boarding houses, commercial offices/shops/restaurants upto 500 sq.m, Markets, Gymnasium, Automobile showrooms/workshops, Research and Development Institute, Hospitals and Healthcare upto 20 beds, Service Industries upto 20 workers without power or 10 workers with 10 HP, Local/State/Central/Public sector offices, schools, etc.

162 'Uses Prohibited' category under Residential Zones – Any use other than those specified in 'Uses Permitted' and 'Uses Restricted'.

163 One hectare = 100 ares.

164 Committee consisting of Secretary LSGD, CTP, District Town Planner, Secretary, Thiruvananthapuram Development Authority and Secretary, Thiruvananthapuram Corporation.

165 A fully owned Government of Kerala undertaking engaged in the business of Ayurvedic Medicines.

The Managing Director (MD) of Oushadhi requested GOK (November 2012) to provide approximately one acre of land for constructing a Panchakarma Institute at Thiruvananthapuram. Accordingly, Government of Kerala (GOK) informed Oushadhi (June 2014) of its intention to transfer on lease, 40.47 ares[166] of land situated in Survey No. 2615 of Muttathara village in Thiruvananthapuram district for the purpose. However, Oushadhi informed GOK (July 2014) its decision to construct a pharmaceutical factory on the site and requested to levy only a nominal rate as lease charges. GOK issued orders (May 2015) transferring 40.47 ares of land to Oushadhi at a nominal lease rent of ₹100 per are for 30 years. Audit observed that the proposed factory did not figure in the list of services/light industries permissible in residential zones.

The work of preparing a Project Report to set up a unit for the production of proprietary Ayurvedic medicines was entrusted (May 2015) to M/s. KITCO Ltd. (KITCO)[167] by Oushadhi. Agreement was later executed (September 2015) with KITCO for obtaining consultancy services within the scope of work including preparation of project report, engineering[168], procurement[169] and construction management for the project as well as providing technical expertise during construction and commissioning of the project. The agreement also provided for KITCO to provide technical assistance to Oushadhi in seeking approval from Government and statutory bodies like Pollution Control Board, Electricity Board, Water Authority, Factory Inspectorate, Electrical Inspectorate, etc.

KITCO submitted (July 2015) the final Project Report for setting up a state of the art production facility at Muttathara in Thiruvananthapuram at an estimated cost of ₹6.56 crore. Agreement was executed (October 2015) by Oushadhi with M/s. Crescent Construction Company, Thiruvananthapuram (Contractor) for taking up Civil Works at a contract price of ₹3.44 crore. The time of completion of the work was fixed as four months from the date of the agreement. The work of construction of the factory building was completed at an expense of ₹3.76 crore and the building inaugurated in February 2016. The machinery for the first phase was supplied by March 2017 for which an expenditure of ₹1.14 crore was incurred. Despite completion of factory building and procurement of necessary equipment, the factory is yet to commence its operation (February 2018).

Audit noticed that the land leased out by GOK to Oushadhi at Muttathara was situated in a residential zone wherein construction of factory was not permissible. It is evident that Oushadhi with its envisaged state-of-the-art production facility, targeting to engage 33 persons directly and 150 persons indirectly, was not eligible to set up and run the factory in a residential area. The project report prepared by KITCO for the factory also recognised the fact that the land for the factory was situated in a green zone which necessitated prior approval of CTP to be obtained before commencement of any construction

---

[166] 40.47 Ares = One Acre.

[167] A Public Ltd. Company and an Accredited Agency for execution of public works.

[168] Engineering services included providing technical assistance to Oushadhi for identification, negotiation and finalisation of all plant, equipment, parts etc., required for the project and negotiation with contractors for civil, structural, mechanical, electrical instrumentation, erection, etc.

[169] Procurement services included identification of project packages, preparation of tenders (Both technical and commercial), preparation of Tender Notices, techno-commercial discussions with the bidders, techno- commercial evaluation of offers and recommendation thereof, drafting and forwarding letter of award of contract to the client to issue to the contractor, operation of contract, processing of bills for payment, etc.

activity. Initial clearances for the project from the Fire and Safety Department, Local Body, Factories and Boilers Department, Pollution Control Board, Ground Water Department and Ministry of Civil Aviation were also to be obtained.

Audit further noticed that Oushadhi sought permission (September 2015) for conversion of land situated in a residential zone into industrial zone from CTP. Without waiting for any formal approval, Oushadhi commenced the construction of the factory devoid of statutory clearances, which was a serious violation of extant rules, on its part. Audit later observed (January 2016) that even the CTP, from whom formal approval was sought for by Oushadhi, was not competent to accord the same and the matter was taken up with GOK.

Though the proposed factory of Oushadhi did not satisfy any of the aforesaid criteria laid down in the Zoning Regulations, it was decided (July 2017) in a meeting of Ministers of Health and Local Self Government Departments, Government Secretaries of Local Self Government and Ayush Departments, CTP, the Secretary, Corporation of Thiruvananthapuram and the Chairman/MD Oushadhi that in view of the likely delay in obtaining building permit, the Corporation was to grant temporary UA number[170] to Oushadhi within one week from the date of receipt of application from Oushadhi. This was clearly indicative of a move towards regularising the Zonal violation and consequent irregular construction. Temporary UA number was allotted to the building in October 2017.

After the matter was referred (September 2017) to GOK, Audit was informed (October 2017) that Government proceeded with construction of the factory with the bonafide belief that zone regularisation would take place in due course. It was also stated that as the Government had since taken a positive decision on the subject, the factory could be operationalized within a short period.

The reply of the Government was not acceptable because Government cannot proceed with serious issues such as construction of factories in residential zones on the basis of assumptions and belief that regularisation would occur in due course. Government has to function within the parameters prescribed by Acts and Regulations. The matter assumes seriousness when Government violates the Rules and Regulations formulated by itself, which calls for fixation of responsibility on the Officers at fault.

HIGHER EDUCATION DEPARTMENT

6.5 Violation of AICTE norms in placement to posts of Associate Professors

Director of Technical Education violated AICTE norms/GOK orders while making placement to posts of Associate Professors resulting in inadmissible payment of at least ₹1.46 crore in 24 cases test-checked.

The All India Council for Technical Education (AICTE) notified (March 2010) Regulations prescribing the Pay scales, Service conditions and Qualifications

[170] Permit number given to Unauthorised Constructions.

for the teachers and other academic staff in degree level Technical Institutions. The Regulations stipulated that teachers in Universities and Colleges would be designated only as Assistant Professors, Associate Professors and Professors with retrospective effect from 01 January 2006.

As per the provisions contained in the Regulations, persons entering the teaching profession in Technical Institutions shall be designated as Assistant Professors and placed in the Pay Band of ₹15,600-39,100 with Academic Grade Pay (AGP) of ₹6,000. Also, such incumbent Assistant Professors and incumbent Lecturers (Selection Grade) who have completed three years in the pre-revised pay scale of ₹12,000-18,300 on 01 January 2006 shall be placed in the Pay Band of ₹37,400-67,000 with AGP of ₹9,000 and shall be re-designated as Associate Professors. The Hon'ble High Court of Kerala had also observed (November 2015) in 'National Institute of Technology *vs* Dr. Arun C and others' that Pay Band 4 in the scale of pay of ₹37,400-67,000 with AGP of ₹9,000 was admissible only to those Assistant Professors with Ph.D who have completed three years' service and that the revised scale of pay admissible to incumbent Assistant Professors was Pay Band 3 of ₹15,600-39,100 with AGP of ₹8,000.

The Regulations also provided that such incumbent Assistant Professors and incumbent Lecturers (Selection Grade) who did not complete three years in the pay scale of ₹12,000-18,300 on 01 January 2006 shall be placed at the appropriate stage in the Pay Band of ₹15,600-39,100 with AGP of ₹8,000 till they complete three years of service in the grade of Lecturer (Selection Grade) and thereafter in the higher Pay Band of ₹37,400-67,000 and accordingly re-designated as Associate Professor. Such incumbent Lecturers (Selection Grade) in service as on the date of issue of the Notification (March 2010) would continue to be designated as Lecturer (Selection Grade) until they are placed in the Pay Band of ₹37,400-67,000 and re-designated as Associate Professor as stipulated in the Regulations.

Government of Kerala (GOK) accepted the revised AICTE scheme for revision of pay scales in degree level Technical Institutions and issued orders (December 2010) for implementing the Regulations with retrospective effect from 01 January 2006. Provisions, similar to those contained in the AICTE Regulations were incorporated under Paragraphs 6.1.9 and 6.1.10 of the GOK order.

During audit of the Directorate of Technical Education (DTE)[171], it was observed that the DTE, in violation of the AICTE Regulations and similar directions of GOK, issued orders (April/June 2012) placing all Assistant Professors as on 01 January 2006 as Associate Professors in the Pay Band ₹37,400-67,000 with AGP ₹9,000 irrespective of their service in the cadre of Assistant Professor. Thus, all the Assistant Professors in the Department were designated as Associate Professors and placed in Pay Band ₹37,400-67,000 with AGP ₹9,000 without considering whether they had three years' service in the cadre, as required by AICTE/GOK.

[171] Compliance Audit of DTE under the Higher Education Department.

The irregular placement of Assistant Professors as Associate Professors consequent to the erroneous orders of DTE resulted in inadmissible payment of at least ₹1.46 crore in 24 cases (**Appendix 6.4**) test-checked during audit.

On being asked, the DTE replied (December 2017) that Higher Education Department issued a letter (March 2012) clarifying the GOK orders which stated that as per clauses 5.3 and 5.5 all incumbent Assistant Professors in sanctioned posts shall be redesignated as Associate Professors and shall be placed in the Pay Band ₹37,400-67,000 with AGP of ₹9,000 as on 01 January 2006 or on the date of promotion after that, as the case maybe. It was further stated that clauses 6.1.9 and 6.1.10 were applicable only for Career Advancement Scheme and not for promotions to the sanctioned posts. A reply on similar lines was also received from GOK (March 2018).

The reply is not factually correct as clause 5.5 clearly states that appointment to the cadre posts of Associate Professors shall be by way of promotion from among the eligible candidates on the basis of seniority subject to conditions specified in clause 6. Further, neither the AICTE Regulation nor the GOK order makes any distinction between placement by promotion or through Career Advancement Scheme and the requirement of three years' service was an unambiguous provision in the AICTE Regulation and GOK orders.

During the Exit Conference (December 2017) on the Compliance Audit on Directorate of Technical Education under Higher Education Department, the paragraph was discussed in detail and Secretary to Government of Kerala, Higher Education Department agreed to review the cases.

6.6 Deficiencies identified by AICTE during the inspection of a Polytechnic College resulted in denial of Extension of Approval to the College by AICTE and subsequent inability to admit an entire batch of students to the College

The Principal, Central Polytechnic College, Thiruvananthapuram failed to follow-up and ensure successful submission of application for Extension of Approval to AICTE for 2015-16, resulting in irregularly granting admission to 360 students to its courses in 2015-16 without obtaining approval from the AICTE.

The All India Council for Technical Education (AICTE) was established under an Act of Parliament[172] for the proper planning and coordinated development of the technical education system throughout the country. Section 10.1 (k) of AICTE Act, 1987, empowers AICTE to grant approval to new Technical institutions and for new courses or programmes, while Section 10.1 (q) empowers AICTE to withhold/discontinue grants in respect of courses/ programmes to such institutions which fail to comply with the directions given by the Council within the stipulated period of time and take such other steps as may be necessary for ensuring compliance of the directions of AICTE. The Hon'ble Supreme Court of India also ordered (December 2014) that prior

[172] The All India Council for Technical Education Act, 1987.

approval of AICTE was compulsory and mandatory for conduct of a technical course by an existing affiliated Technical College.

The AICTE, in line with the judgment of the Hon'ble Supreme Court of India, commenced (January 2015) filing of Online Application on its portal for Extension of Approval (EOA)[173] from all technical institutions[174] for conducting technical programmes/courses for the academic year 2015-16. The last date for submitting online application was extended by AICTE from 20 February 2015 to 27 February 2015 and further till 02 March 2015 beyond which applications could be submitted with Late Fee. It was also clearly stipulated that no applications would be accepted beyond 05 March 2015 under any circumstances, even with Late Fee.

While examining the records of the Directorate of Technical Education (DTE), an instance of violation of these provisions by a technical institution was noticed (April 2017) which resulted in non-recognition of its courses during 2015-16. The Institution was also not able to admit 360 students during 2016-17, as detailed below.

The Central Polytechnic College, Vattiyoorkavu, Thiruvananthapuram (CPTC), functioning under the DTE had been conducting regular diploma courses in six branches with AICTE approval upto 2014-15. The Principal, CPTC, submitted online application in the AICTE portal on 23 February 2015, for obtaining EOA for the year 2015-16. However, the status of submission of application was shown as 'In Progress', which remained so till 07 March 2015, when it was displayed as 'Application not submitted'. The Principal CPTC informed Audit (December 2017) that the status of application submitted online was shown as 'In Progress' due to technical issues and that generation of report from AICTE portal was possible only after the last date of submitting the application, which was 02 March 2015. The Principal further stated that the status of application as 'Application not submitted' was known only when the report was generated on 07 March 2015.

Audit observed that AICTE did not include CPTC in its list of approved institutions for the year 2015-16. As such, CPTC was not eligible to admit students to any of its courses during 2015-16. However, contrary to the provisions of AICTE Act, 360[175] students were irregularly admitted to six different courses offered by the College during the year 2015-16, which could invite appropriate penal action against the institution.

As EOA was denied to the CPTC for the year 2015-16, CPTC applied to the AICTE for EOA for the academic year 2016-17 under the category 'Break in EOA'. In accordance with the provisions given in the Approval Process Handbook issued by AICTE, an Expert Visiting Committee (EVC) conducted inspection at CPTC and noted several deficiencies like sanctioning of posts by Government not being in conformity with AICTE norms on faculty strength, minimum medical facilities, inadequate capacity of reading room, non-

[173] The Technical Institutions were to submit the application for Extension of Approval to the concerned Regional office of AICTE each year.

[174] Technical Institutions including affiliated Technical Colleges and also new Technical Colleges which will require affiliation by a University.

[175] 60 Diploma students each under Diploma in Civil/Mechanical/Electronics/Electrical and Electronics/Computer Engineering and Textile Technology.

furnishing of details/submission of records, etc. Consequent to the observations of EVC, AICTE rejected the application of CPTC, thereby denying permission to the institution to admit students to any of the six courses during 2016-17.

The Principal CPTC requested (August 2017) AICTE Approval Bureau to grant EOA for academic year 2015-16, considering the fact that the students admitted to the institution would be completing their courses in March 2018, to which AICTE replied (November 2017) that EOA for 2015-16 and 2016-17 could not be granted.

Government stated (November 2017) that the loss in EOA for the academic years 2015-16 and 2016-17 was primarily due to technical reasons and that there was no wilful delay or negligence on the part of the Principal. It was also assured that all possible measures were adopted to ensure non-occurrence of such incidents in future.

Audit observed that the reply of Government was not factually correct as, though the Principal CPTC was aware that the AICTE portal showed the status as 'In Progress', no correspondence was initiated with the AICTE between 23 February 2015 and 07 March 2015 to seek clarification on the status of its application. The failure of the Principal, CPTC to follow-up and ensure successful submission of application for EOA to AICTE in 2015-16 and admitting students to courses without approval of AICTE put the validity of the diploma acquired by the students at risk, which calls for fixing of responsibility. Further, laxity on the part of the Principal and DTE in ensuring rectification of operational deficiencies, deprived the College of EOA from AICTE in 2016-17 and consequent denial of technical education to an entire batch of 360 students. The Government did not take any steps to guard against recurrence of such instances in future.

PUBLIC WORKS DEPARTMENT

6.7 Non-finalisation of tender within the firm period leading to avoidable expenditure of ₹1.53 crore

Non-finalisation of tender for construction of two buildings within the firm period led to avoidable excess expenditure of ₹1.53 crore to Government of Kerala.

Section 2009.5 of Kerala Public Works Department Manual (PWD) stipulated that the consideration of tenders and decision thereon shall be completed well before the date of expiry of the firm period[176] noted in the tender so that the letter of acceptance is sent to the bidder before the expiry of the firm period. The firm period was fixed as the maximum time required within which a decision can be taken on the tender and order of acceptance issued in writing to the bidder, which shall not exceed two months in the normal course. If delay is anticipated, the officer who invited the tenders shall get the consent of the lowest two bidders for extending the firm period

[176] The firm period of a tender is the period from the date of opening of the tender to the date upto which the offer given in the tender is binding on the bidder.

by one month or more as required. In case any of the two lowest bidders refused to extend the firm period, that tender could not be considered. All officers concerned with the consideration of tenders were, therefore, to deal with them expeditiously and settle the contract before the expiry of the firm period.

Audit noticed[177] that the departmental authorities failed in adhering to the above provisions in the construction of two buildings, which resulted in avoidable excess expenditure of ₹1.53 crore to the Government exchequer as discussed below.

- **Construction of Mini Civil Station at Devikulam, Idukki District - Phase I**

  Government of Kerala (GOK) accorded (July 2013) administrative sanction for construction of Phase I of Mini Civil Station, Devikulam in Idukki District at a cost of ₹ five crore. The Superintending Engineer (Buildings) (SE) Central Circle, Thrissur tendered (December 2013) the work for an estimate cost of ₹4.75 crore, with a firm period of two months (upto 02 March 2014) from the date of opening of the tender (30 December 2013). As per the bid documents, the lowest of three bidders, Shri. Peter Kuriakose, quoted 13 *per cent* above the estimate rate. Audit scrutiny of records at the SE Central Circle, Thrissur revealed that the tender acceptance proposal was forwarded by the SE to the Chief Engineer (Buildings) (CE) only on 17 March 2014, after the expiry of the firm period on 02 March 2014. Due to refusal (April 2014) of the lowest bidder to accept extension of the firm period, the tender could not be finalised.

  Consequently, SE Central Circle, Thrissur retendered (June 2014) and awarded (October 2014) the work to M/s. Kerala State Construction Corporation at 35 *per cent* above the estimate rate and the work was completed (July 2016) at a total cost of ₹6.40 crore.

  Had the tender acceptance proposal been sent to CE well before the expiry of the firm period, the work could have been awarded at 13 *per cent* above the estimated rate and an excess expenditure of ₹1.04 crore[178], being the tender excess variation could have been avoided. The SE Central Circle, Thrissur in his reply (September 2017) admitted the procedural lapses that resulted in the delay and informed that strict instructions were since given to the staff to give priority to tender approval files for completion within the time frame.

  The CE stated in reply that (January 2018) there was no deliberate attempt on the part of the officials concerned in delaying the communication and that the period of two months was insufficient for finalisation of tender, particularly in cases where Local Market Rate (LMR) justification was required.

[177] During audit of Office of the Superintending Engineer (Buildings) Central Circle, Thrissur from 25 May 2017 to 09 June 2017 and Office of Superintending Engineer (Buildings) North Circle, Kozhikode from 17 April 2017 to 03 August 2017 for the period 2014-17.

[178] ₹6.40 crore - ₹5.36 crore = ₹1.04 crore (Difference between the lowest bids accepted).

The reply was not acceptable as the delay was not caused as a result of delay in receipt of LMR from the Assistant Engineer. Audit observed that the LMR was received on 06 February 2014, but the tender acceptance proposal was forwarded to CE only on 17 March 2014 after expiry of the firm period on 02 March 2014. Moreover, the contention that the period of two months was insufficient was not correct as a period of two months was sufficient to complete the process, if executed in a vigilant and responsible manner. In this instance, things were handled in a casual manner which led to loss of ₹1.04 crore which calls for fixing of responsibility.

- **Construction of school building for Government Higher Secondary School, Edappal, Malappuram District**

Government accorded (February 2013) Administrative Sanction for the construction of a school building for the Government Higher Secondary School (GHSS), Edappal, Malappuram District at a cost of ₹1.25 crore. The SE North Circle, Kozhikode tendered (November 2013) the work for an estimated cost of ₹1.18 crore and forwarded (December 2013) a proposal to accept the tender and award the work to the lowest bidder, Shri. Nandakumar U V, who quoted a rate of 12.25 *per cent* above the estimate. The firm period of the tender was two months (upto 29 January 2014) from the date of opening of tender (30 November 2013). However, Audit noticed from the scrutiny of records at the office of the CE that though the CE approved (22 January 2014) tender acceptance proposal within the firm period, the same was despatched (14 February 2014) to the SE only after the expiry of the firm period. Consequently, the SE received the tender approval from the CE only on 03 March 2014 after the expiry of the firm period. As the lowest bidder refused (March 2014) to extend the firm period, the tender could not be finalised.

The SE, therefore, retendered (July 2014) and awarded the work (February 2015) to Manzil Constructions at 54.50 *per cent* above the estimate rate and the work was completed (April 2016) at a total cost of ₹1.81 crore.

Had the CE communicated the tender acceptance in time, the work could have been awarded at 12.25 *per cent* above the estimated rate and the excess expenditure of ₹0.49 crore[179], being the tender excess variation, was avoidable.

The CE while admitting (January 2018) the lapses stated that there was no deliberate attempt on the part of the officials concerned in delaying the communication. However, Audit observed that though the tender acceptance proposal for the work was received at the office of the CE on 31 December 2013, the acceptance of tender was communicated to SE only on 03 March 2014 after the expiry of firm period on 29 January 2014. Thus, it was observed that the negligent attitude exhibited in the processing of tender proposals resulted in avoidable excess expenditure of ₹0.49 crore to the Government exchequer, which needs fixing of accountability.

[179] ₹1.81 crore - ₹1.32 crore = ₹0.49 crore (Difference between the lowest bids accepted).

Thus, failure of the SEs of Central Circle, Thrissur and North Circle, Kozhikode and the CE to ensure completion of the tender formalities within the firm period in the above two cases led to loss amounting ₹1.53 crore. The Department needed to strengthen its internal control mechanism for avoidance of recurrence of similar instances in future.

The paragraph was sent (October 2017) to Principal Secretary to Government, Public Works Department. Despite reminders, reply was not received (February 2018).

(S. SUNIL RAJ)
Accountant General
(General and Social Sector Audit), Kerala

Thiruvananthapuram,
The

Countersigned

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi,
The

APPENDICES

Appendix 1.1

Year-wise break up of outstanding Inspection Reports (IRs) as on 30 June 2017

(Reference: Paragraph 1.7.1; Page: 9)

Year	Upto 2012-13	2013-14	2014-15	2015-16	2016-17	Total
HIGHER EDUCATION DEPARTMENT						
No. of IRs	241	55	34	59	51	**440**
No. of paragraphs	978	208	137	370	352	**2045**
No. of IRs for which initial reply has not been received (no. of paragraphs)	-	-	2 (12)	3 (78)	35 (216)	**40 (306)**
INDIAN SYSTEM OF MEDICINE (ISM), AYURVEDA						
No. of IRs	57	15	30	14	19	**135**
No. of paragraphs	140	63	144	89	125	**561**
No. of IRs for which initial reply has not been received (no. of paragraphs)	-	-	12 (88)	6 (40)	15 (92)	**33 (220)**
LOCAL SELF GOVERNMENT DEPARTMENT						
No. of IRs	16	-	5	10	8	**39**
No. of paragraphs	104	-	58	89	68	**319**
No. of IRs for which initial reply has not been received (no. of paragraphs)	-	-	-	3 (40)	6 (49)	**9 (89)**
PUBLIC WORKS DEPARTMENT (BUILDINGS)						
No. of IRs	79	12	20	23	22	**156**
No. of paragraphs	201	59	113	132	150	**655**
No. of IRs for which initial reply has not been received (no. of paragraphs)	3 (18)	2 (12)	3 (29)	9 (67)	10 (100)	**27 (226)**
GRAND TOTAL						
No. of IRs						**770**
No. of Paragraphs						**3580**
No. of IRs for which initial reply has not been received (no. of paragraphs)						**109 (841)**

Appendix 1.2

Details of Statements of Action Taken Notes pending as of September 2017

(Reference: Paragraph 1.7.3; Page: 9)

Sl. No.	Department	2012-13	2013-14	2014-15	2015-16	Total
1.	General Administration	-	-	-	2	2
2.	Health and Family Welfare	-	-	-	1	1
3.	Higher Education	-	-	1	3	4
4.	Home and Vigilance	1	-	-	2	3
5.	Local Self Government	-	-	1	-	1
6.	Printing and Stationery	-	1	1	-	2
7.	Water Resources	3	1	3	1	8
TOTAL		**4**	**2**	**6**	**9**	**21**

Appendix 1.3

Statement showing the details of paragraphs pending discussion by the Public Accounts Committee as of September 2017

(Reference: Paragraph 1.7.4; Page: 9)

Sl. No.	Department	2012-13	2013-14	2014-15	2015-16	Total
1.	Cultural Affairs	-	1	-	-	1
2.	General Administration	-	-	-	2	2
3.	General Education	-	-	1	-	1
4.	Health and Family Welfare	-	3	-	1	4
5.	Higher Education	-	-	2	3	5
6.	Home and Vigilance	1	-	-	2	3
7.	Housing	-	1	-	-	1
8.	Information Technology	-	1	-	-	1
9.	Labour and Skills	-	1	-	-	1
10.	Local Self Government	-	-	1	-	1
11.	Revenue	4	-	3	-	7
12.	Scheduled Castes Development	-	1	1	-	2
13.	Social Justice	-	-	1	-	1
14.	Sports and Youth Affairs	1	-	-	-	1
15.	Water Resources	3	-	2	1	6
TOTAL		**9**	**8**	**11**	**9**	**37**

Appendix 2.1

Shortage of drugs in post-partum units

(Reference: Paragraph 2.8.6; Page: 23)

Sl. No.	Name of drug/ vaccine	Purpose	Period of stock-out in the test-checked institutions during the period 04/2012 to 05/2017
1.	Iron folic Acid	Essential during ANC, INC and PNC (upto six weeks).	Intermittent shortage ranging from six to 70 months in 44 institutions
2.	IFA small	Required to be administered to children between the age group three to 12	From 2014, ranging from 17 to 74 months in 45 institutions
3.	Vitamin A	Required to be administered to the children between the age of nine months to five years	Intermittent shortage ranging from four to 15 months in five institutions
4.	Oral Rehydration Solution (ORS)	Essential during Diarrhoea infection	Intermittent shortage ranging from two to 21 months in four institutions
5.	Nishchay	Used for pregnancy test which is essential in the ASHA kits for Sub-Centres to be distributed among beneficiaries in the field	From November 2016 ranging from one to 22 months in 21 institutions
6.	Contraceptive pills/condom	Essential for family planning	Intermittent shortage ranging from nine to 60 months in eight institutions
7.	EC Pills	Essential for family planning	Intermittent shortage ranging from nine to 60 months in 11 institutions

Appendix 2.2

Caesarean Sections performed in test-checked delivery points

(Reference: Paragraph 2.8.7; Page: 24)

Sl. No.	Name of institution	2012-13			2013-14			2014-15			2015-16			2016-17		
		Total Delivery	LSCS	Percentage of LSCS	Total Delivery	LSCS	Percentage of LSCS	Total Delivery	LSCS	Percentage of LSCS	Total Delivery	LSCS	Percentage of LSCS	Total Delivery	LSCS	Percentage of LSCS
1.	GH Kalpetta	833	152	18.25	619	102	16.48	774	154	19.90	808	144	17.82	429	86	20.05
2.	GH Manjeri	3935	754	19.16	4553	879	19.31	4138	750	18.12	3763	692	18.39	3969	859	21.64
3.	GH Thrissur	1271	435	34.23	2435	724	29.73	2980	979	32.85	2804	704	25.11	2478	890	35.92
4.	W&C Alappuzha	3168	1536	48.48	2694	1373	50.97	2129	1148	53.92	1798	963	53.56	1251	602	48.12
5.	DH Mananthavady	2766	649	23.46	2544	471	18.51	1966	394	20.04	1757	426	24.25	1489	371	24.92
6.	DH Tirur	1796	836	46.55	2869	1212	42.24	2324	972	41.82	777	261	33.59	458	152	33.19
7.	DH Wadakkancherry	362	119	32.87	427	164	38.41	518	195	37.64	679	241	35.49	570	187	32.81
8.	DH Mavelikkara	492	328	66.67	679	388	57.14	498	200	40.16	341	190	55.72	137	104	75.91
9.	THQH Vythiri	454	104	22.91	801	157	19.60	672	142	21.13	204	44	21.57	2	1	50.00
10.	THQH Sulthan Bathery	1309	360	27.50	1145	266	23.23	808	217	26.86	1296	292	22.53	1074	221	20.58
11.	THQH Tirurangadi	574	150	26.13	461	110	23.86	363	54	14.88	351	53	15.10	284	62	21.83
12.	THQH Ponnani	1925	562	29.19	1373	484	35.25	1594	671	42.10	1780	755	42.42	1824	703	38.54
13.	THQH Kodungallur	908	467	51.43	1138	532	46.75	1221	615	50.37	1188	573	48.23	806	395	49.01
14.	THQH Kayamkulam	75	36	48.00	514	264	51.36	590	323	54.75	470	293	62.34	317	181	57.10
15.	CHC Meenangadi	733	202	27.56	1193	348	29.17	1384	449	32.44	1000	379	37.90	854	317	37.12

** LSCS - Lower Segment Caesarean Section*

Appendix 2.3

Provision for free diet

(Reference: Paragraph 2.8.8.1; Page: 25)

Sl. No.	Name of the hospital	Audit observation
1.	DH Mananthavady	General diet of Raw egg and milk was provided
2.	GH Kalpetta	Only breakfast was provided to the mothers
3.	THQH Sulthan Bathery	Early discharge/three times diet
4.	THQH Vythiri	No Diet
5.	DH Tirur	Early Discharge/Diet provided for only three to four days
6.	TH Ponnani	Early discharge/Diet provided for only three to four days
7.	THQH Tirurangadi	Early Discharge/Diet provided for four to six days
8.	THQH Kayamkulam	No Diet
9.	DH Mavelikkara	Only breakfast and dinner were served to the mothers and there was no food on Sundays

Appendix 2.4

Free drugs and consumables

(Reference: Paragraph 2.8.8.1; Page: 26)

Sl. No.	Name of the hospital	Items on which expenditure incurred	Audit observation
1.	DH Wadakkancherry	Medicines, Lab investigation Blood, etc.	Shortage of drugs and consumables necessitated patients to purchase drugs and consumables from outside agencies. The hospital had a blood storage unit but instance of patients buying blood from outside noticed.
2.	THQH Sulthan Bathery	Caesarean, medicine, etc.	Patient survey report maintained by the hospital revealed instances of expenses incurred by them.
3.	THQH Vythiri	Blood	An ST patient requesting financial assistance to the Superintendent for procuring blood from THQH Sulthan Bathery for Caesarean. Instance of incurring expenditure to purchase medicine and to conduct test was noticed.

Appendix 2.5

Low Birth Weight babies

(Reference: Paragraph 2.9.2; Page: 27)

Sl. No.	Institution	Total cases of delivery during 2012-17	No. of babies with birth weight upto 1.8 kg	No. of babies with birth weight between 1.8 kg and less than 2.5 kg	Total no. of LBW babies	Percentage of LBW babies with birthweight upto 1.8 kg	Percentage of LBW babies out of total deliveries
1	2	3	4	5	6 = 4+5	7 = (4/6)*100	8
1.	GH Kalpetta	3463	68	635	703	9.67	20.30
2.	GH Manjeri	20358	-	2215	2215	-	10.88
3.	GH Thrissur	11968	-	311	311	-	2.60
4.	W&C Alappuzha	11040	166	271	437	37.99	3.96
5.	DH Mananthavady	10522	257	2964	3221	7.98	30.61
6.	DH Tirur	8224	58	447	505	11.49	6.14
7.	DH Wadakkancherry	2556	10	280	290	3.45	11.35
8.	DH Mavelikkara	2147	-	142	142	-	6.61
9.	TH Vythiri	2133	22	332	354	6.21	16.60
10.	TH Sulthan Bathery	5632	255	1284	1539	16.57	27.33
11.	TH Tirurangadi	2033	2	187	189	1.06	9.30
12.	TH Ponnani	8496	-	524	524	-	6.17
13.	TH Kodungallur	5261	-	500	500	-	9.50
14.	TH Kayamkulam	1966	19	253	272	6.99	13.84
15.	CHC Meenangadi	5164	107	1018	1125	9.51	21.79
TOTAL		**100963**	**964**	**11363**	**12327**	**7.82**	**12.21**

Appendix 2.6

Shortage of essential facilities in test-checked institutions

(Reference: Paragraph 2.12.2.2; Page: 33)

Shortage of essential facilities in test-checked CHCs

Infrastructure facility		Test-checked CHCs	ECG	X ray	Generator	USS	IUD kit	Ambulance	Blood storage
No. of CHCs which do not have the facility	Alappuzha	4	3	3	3	4	1	4	4
	Thrissur	4	3	4	3	4	0	3	4
	Malappuram	4	2	4	0	4	1	3	4
	Wayanad	4	4	3	1	4	0	2	4
Total		**16**	**12**	**14**	**7**	**16**	**2**	**12**	**16**

Shortage of essential facilities in test-checked PHCs

Infrastructure facility		Test-checked PHCs	Own building	IP facility	Lab services	Generator	Separate toilet for M/F	IUD kit	Management of RTI/STI
No. of PHCs which do not have the facility	Alappuzha	8	0	8	6	8	6	0	3
	Thrissur	8	0	8	5	7	2	1	1
	Malappuram	8	0	8	4	4	3	2	3
	Wayanad	8	1	7	4	7	5	1	2
Total		**32**	**1**	**31**[180]	**19**	**26**	**16**	**4**	**9**[181]

Sub-Centre data for the selected districts

Infrastructure facility		Total no. of Sub-Centres	Quarters for ANM	Electricity	Drinking water	Road access	Toilet	Telephone	Computer and internet
No. of Sub-Centres which do not have the facility	Alappuzha	366	321	48	220	18	126	366	366
	Thrissur	472	253	23	0	0	0	NA[182]	472
	Malappuram	589	95	18	109	17	44	622	NA[182]
	Wayanad	204	12	12	47	0	4	140	194
Total		**1631**	**681**	**101**	**376**	**35**	**174**	**1128**	**1032**

180 Three PHCs *viz.*, Pothukkal and Thirunavaya in Malappuram and Nattika in Thrissur have the facility but do not provide IP service.
181 PHC Pothukkal in Malappuram provide partial services only.
182 Data not available.

Appendix 2.7

Shortage in blood bank

(Reference: Paragraph 2.12.3; Page: 34)

Sl. No.	Name of the institution	Requirement	Whether available and functioning	Remarks
1.	GH Kalpetta	Blood Bank	No	Blood storage unit was available
2.	GH Alappuzha	Blood Bank	No	-
3.	W&C Alappuzha	Blood Bank	Yes	Functioning without licence
4.	DH Mavelikkara	Blood Bank	No	Delay in construction due to which equipment idling
5.	THQH Tirurangadi	Blood Storage	Yes, not functioning	No licence
6.	THQH Vythiri	Blood Storage	Yes, not functioning	Equipment were out of order and insufficient space
7.	THQH Sultan Bathery	Blood Storage	Yes	Functioning without licence
8.	CHC Meenangadi	Blood Storage	Yes, not functioning	No certificate of approval
9.	THQH Pudukkad	Blood Storage	No	-
10.	THQH Kodungallur	Blood Storage	No	Not started; Equipment were idling due to absence of technician
11.	THQH Thuravoor	Blood Storage	No	-

Appendix 2.8

Idling of equipment

(Reference: Paragraph 2.12.5; Page: 35)

District	Institution	Name of equipment	Numbers	Cost of equipment (in ₹)	Date from which idling	Remarks
Thrissur	GH Thrissur	Automatic film processor	Details not available	Details not available	01.04.2016	A/c not available
	THQH Kunnamkulam	Centrifuge	Details not available	15540.00	21.04.2017	Site not ready
		Vertical Autoclave	Details not available	108150.00	10.07.2017	Site not ready
Malappuram	TH Areacode	Neonatal Resuscitation unit	Details not available	125080.00	02.2016	No Delivery
		Electro Hydraulic OT Table	Details not available	895000.00	02.2016	No operation theatre
	GH Manjeri	Incubator	Details not available	47500.00	Details not available	SNCU was not in paediatric ward
		Generator	Details not available	Details not available	Details not available	Have another one
Wayanad	GH Kalpetta	X Ray Machine	Details not available	1597138.00	18.03.2016	High tension supply not available
	THQH Sulthan Bathery	Deep Freezer (2 nos.)	Details not available	450000.00	02.04.2015	Space for Blood component separation unit not available in the present building
		Plasma Thawing Bath	Details not available	100000.00	18.06.2015	
		Laminar Air Flow cabinet	Details not available	65374.00	07.07.2017	
		Platelet Agitator	Details not available	173949.49	07.07.2017	
		Cryo Centrifuge	Details not available	2900000.00	07.05.2015	
Alappuzha	DH Mavelikkara	Blood collection Monitor	3	271018.00	10.2013	Infrastructure not ready
		Blood donor couch	3	421024.00		
		VDRL Rotator	1	12781.00		
		Hot Air Oven	1	19223.00		
		Incubator	1	30819.00		
		Water Bath	1	141805.00		
	PHC Pathiyoor	Semi Auto Analyser	1	67998.00	08.2015	No lab technician
		Colorimeter	1	9823.30		
		Centrifuge	1	5722.50		
		Binocular Microscope	1	28825.40		
		Hot Air Oven	1	17685.50		
		Water Bath	1	8307.60		
		Needle Destroyer	1	5250.00		
		Micropipette	1	24496.50		
	CHC Muhamma	Generator	1	29500.00	06.03.2017	

Equipment idling for want of repair

Institutions	Equipment	Amount (in ₹)	Date from which Idling
GENERAL HOSPITAL			
GH Manjeri	Vacuum cleaner	4978	01.04.2017
	Nebulizing Machine	2507	01.02.2017
	Dental Lathe	8000	01.02.2017
	Dental Chair	100000	10.04.2014
	Gas stove	3000	18.01.2016

Institutions	Equipment	Amount (in ₹)	Date from which Idling
	ECG Machine (Magic R-2)	43000	20.03.2016
	C ARM	1145000	01.2016
	Pulse Oxymeter (2)	5277	23.05.2017
	Needle Burner	340	
	BP Apparatus	750	
	Phototherapy(4)	27532	05.06.2015
	Warmer	27500	10.10.2015
	C pap Ventilator	84040	
DISTRICT HOSPITALS			
Wadakkancherry	ECG	Details not available	Details not available
	Pulse Oxymeter	Details not available	Details not available
	Generator	Details not available	Details not available
Mananthavady	Foetal Doppler	7500	06.2017
	Steriliser	7000	01.2017
THQH			
Tirurangadi	C Pap	25000	01.01.2017
	Defibrillator	177000	01.01.2017
	Dermatology phototherapy	74500	10.03.2017
	Pulse Oxymeter	37225	01.2017
	BP apparatus	323	02.2017
	Operating Microscope	646000	12.2016
	Stimuplex nerve locator	Details not available	01.2017
	ENT microscope with endoscope	Details not available	01.12.2016
	BP apparatus	1502	05.04.2017
	Foetal Doppler	2500	16.05.2017
	Suction Apparatus	8726	03.04.2017
	Radiant warmer	23256	06.04.2017
Pudukkad	ECG Machine	Details not available	17.12.2016
CHC			
Purunannore, Wayanad	Pulse Oximeter	Details not available	Details not available
	Generator	Details not available	Details not available
Meppadi, Wayanad	ECG Machine	Details not available	03.10.2015
Vettom, Malappuram	Autoclave	Details not available	20.02.2017
	ECG Machine	Details not available	10.01.2017
Vengara, Malappuram	Radiant Heat Warmer 2	15000	01.2010
	Phototherapy	8000	01.2010
	ECG Machine	21814	01.2010
PHC			
Chethalayam, Wayanad	Fogging Machine	15000	30.03.2016

Equipment idling as unserviceable

Institutions	Equipment	Amount (in ₹)	Date from which idling
GENERAL HOSPITAL			
Manjeri	Dental Lathe	8000	06.2015
	ECG Machine Cardiart 108 (3 nos.)	27000	25.05.2012
	Medmarc CG42S	30000	10.11.2011
	Boyles Apparatus (3 nos.)	52990	01.2016
	Electronic Weighing Machine	4750	2016

Institutions	Equipment	Amount (in ₹)	Date from which idling
	Labour cot (2 nos.)	13250	20.04.2017
	Vacuum extractor (2 nos.)	4750	20.12.2014
	500MA X-Ray Machine	787500	20.10.2015
	BP Apparatus	750	15.05.2016
	Steriliser	1500	08.10.2010
	Refrigerator	12000	10.2014
	Deep Freezer	55244	06.2013
DISTRICT HOSPITAL			
Mananthavady	Suction apparatus	10500	Details not available
	O2 flow metre	1300	Details not available
	Stethoscope	700	Details not available
	BP apparatus	1800	Details not available
	Foetal Doppler	15000	Details not available
	Cryo cautery	Details not available	Details not available
	Spot light	30000	Details not available
	Ambu bag (Adult)	2250	Details not available
	Needle Cutter	6500	Details not available
	Weighing machine	1000	Details not available
	Artery forceps	150	Details not available
	Scissors	140	Details not available
	Electric steriliser	7000	Details not available
	Nebuliser	2300	Details not available
	Electronic weighing machine	2000	Details not available
	X Ray viewer	10000	Details not available
	Needle destroyer	6500	Details not available
	Wheel chair	6500	Details not available
	Stretcher trolley	4000	Details not available
	Examination table	4000	Details not available

Equipment idling for want of manpower

Institutions		Equipment	Amount (in ₹)	Date from which Idling
General Hospital	Manjeri	Spot Welder	8000	27.05.2016
		Infusion pump	2700	Details not available
District Hospital	Mananthavady	Foetal Doppler	15000	Details not available
CHC	Pulpally	ECG Machine	2339	05.09.2013
		ECG Machine	21814	23.08.2012
		Anaesthesia Kit	Details not available	29.10.2008
		Vacuum-Extractor	Details not available	23.10.2008
THQH	Pudukkad	Diathermy	Details not available	01.04.2013

Appendix 2.9

Non-availability of laboratory/diagnostic services

(Reference: Paragraph 2.12.6; Page: 35)

(i) PHCs- Number of tests required to be conducted - 11

District	Test-checked number of institutions	Non-availability of lab	Non-availability of tests
Wayanad	8	4	2 – 8
Malappuram	8	4	5 – 8
Thrissur	8	5	6 –8
Alappuzha	8	6	6 – 9

(ii) CHCs- Number of tests required to be conducted - 36

District	Test-checked number of institutions	Non-availability of tests
Wayanad	4	9 – 21
Malappuram	4	18 – 25
Thrissur	4	15 – 27
Alappuzha	4	15 – 25

(iii) TH/THQHs - Number of tests required to be conducted - 51

District	Test-checked number of institutions	Non-availability of tests
Wayanad	2	11 and 15
Malappuram	2	11 and 23
Thrissur	2	22 and 36
Alappuzha	2	20 and 21

(iv) DH - Number of tests required to be conducted-97

District	Test-checked number of institutions	Non-availability of tests
Wayanad	1	51
Malappuram	1	59
Thrissur	1	63
Alappuzha	1	60

(v) GH - Number of tests required to be conducted - 97

District	Test-checked number of institutions	Non-availability of tests
Wayanad	1	60
Malappuram	1	32
Thrissur	1	63
Alappuzha	1	54

Appendix 2.10

Non-availability of radiation equipment

(Reference: Paragraph 2.12.7; Page: 36)

Sl. No.	Name of the institution	Total number of radioactive equipment	No. of radioactive equipment operated without AERB Licence/ Registration	No. of equipment for which QA test not conducted	Whether TLD badge given to workers
1.	DH Mavelikkara	2	2 (X ray and C Arm)	2	No
2.	CHC Muthukulam	1	1 (X ray)	1	No
3.	THQH Kayamkulam	1	1	1	No
4.	GH Alappuzha	8	0	0	Yes
5.	TH Thuravoor	1	0	0	Yes
6.	THQH Sultan Bathery	1	1	1	Yes
7.	THQH Vythiri	1	0	0	Yes
8.	DH Mananthavady	2	1	0	Yes
9.	GH Kalpetta	1	1	0	No (not installed)
10.	DH Tirur	3	2	0	Yes
11.	THQH Ponnani	3	3	0	Yes
12.	THQH Tirurangadi	3	3	3	No
13.	GH Thrissur	1	0	0	Yes
14.	DH Wadakkancherry	1	1	1	Yes
15.	THQH Kodungallur	1	0	1	No
Total		**30**	**16**	**10**	

Appendix 2.11

Advances pending adjustment

(Reference: Paragraph 2.13.4; Page: 41)

Sl. No.	To whom advance released	Date	Amount of advance (₹)
	2010 – 2011		
1.	State Programme Manager (Administration and Training)	06.03.2010	5,000
2.	Dr. Rathan Kelkar, Director	11.2010	39,000
Total			**44,000**
	2012 – 2013		
3.	Integrated Disease Surveillance Programme	11.12.2012	50,00,000
Total			**50,00,000**
	2013 – 2014		
4.	Dr. Sunil	19.03.2014	20,000
	2014 – 2015		
5.	State Health Resource Centre	30.01.2014	7,87,722
Total			**8,07,722**
	2015 – 2016		
6.	State Health Resource Centre	27.08.2015	4,25,000
Total			**4,25,000**
	2016 –2017		
7.	National Mental Health Programme	13.04.2016	10,00,000
8.	Quiz Kerala	15.10.2016	3,20,000
9.	State Health Resource Centre	19.11.2016	7,77,728
Total			**20,97,728**
GRAND TOTAL			**83,74,450**

Appendix 3.1

Inspection Reports/Paragraphs to be settled

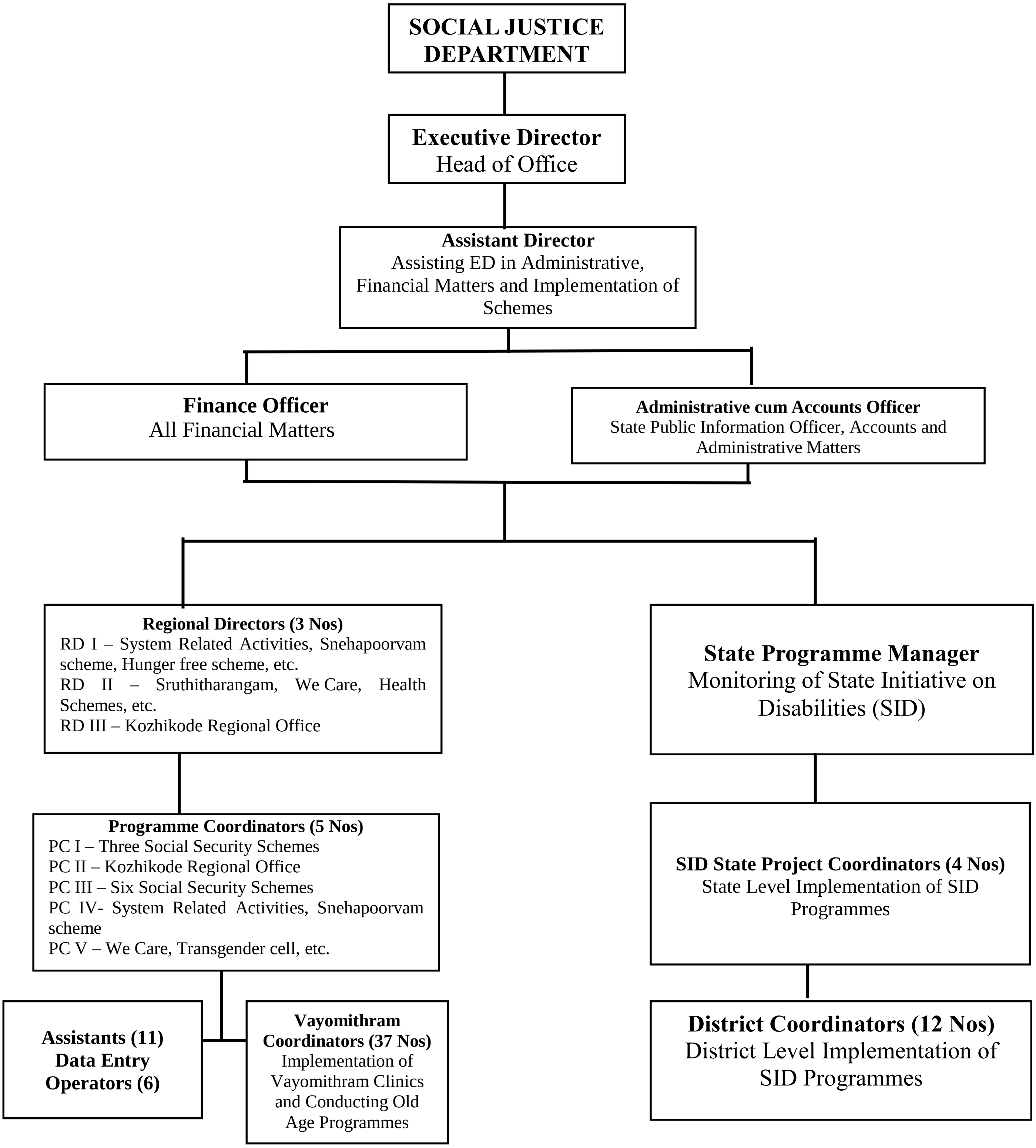
(Reference: Paragraph 3.16; Page: 70)

Year and IR Number	No. of Part II A paragraphs	No. of Part II B paragraphs	No. of paragraphs on which first reply not received
2008-09 IR/8-2805	2	0	0
2009-10 IR/8-2908	0	12	0
2010-11 IR/8-3206	0	11	0
2011-12 and 2012-13 IR/8-3285	0	25	25
2013-14 IR/8-3412	0	23	0
2014-15 and 2015-16 IR/8-3649	0	17	0
Total	**2**	**88**	**25**

Appendix 4.1

Organisational setup of Kerala Social Security Mission

(Reference: Paragraph 4.2; Page: 73)



Appendix 4.2

Scheme-wise receipts and expenditure of GOK funds for the period 2012-17

(Reference: Paragraph 4.7; Page: 75)

(₹in crore)

Sl. No.	Scheme	2012-13		2013-14		2014-15		2015-16		2016-17		TOTAL	
		Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
1.	Aswasakiranam	15.00	24.79	20.00	34.41	23.00	46.31	45.00	35.44	47.00	65.76	150.00	206.71
2.	Snehasparsham	1.00	0.95	1.00	1.88	1.50	2.39	2.30	2.68	2.50	2.16	8.30	10.06
3.	Snehasanthwanam	27.88	26.37	12.85	8.80	9.00	10.04	9.50	10.46	10.00	10.11	69.23	65.78
4.	Snehapoorvam	0.50	0.37	2.25	3.55	17.00	8.41	28.00	40.03	18.00	28.47	65.75	80.83
5.	Vayomithram	4.00	3.50	5.00	4.64	7.00	6.64	4.89	7.30	10.92	9.28	31.81	31.36
6.	Thalolam	5.00	5.64	6.00	7.44	7.00	7.13	7.00	7.65	1.51	10.51	26.51	38.38
7.	Cancer Suraksha	5.00	5.14	6.00	4.82	7.00	5.52	7.50	5.50	1.51	9.49	27.01	30.47
8.	Hunger free	0.60	0.90	1.40	2.29	1.80	2.74	1.90	2.44	2.54	1.91	8.24	10.28
9.	Sruthitharangam	6.00	6.77	10.00	9.99	10.00	6.32	10.00	7.50	10.00	3.60	46.00	34.18
10.	Caregivers	0.30	0.32	1.50	1.06	2.00	1.95	2.00	1.44	2.00	3.28	7.80	8.05
11.	Samaswasam	0.00	0.00	36.57	35.08	0.00	5.46	0.00	6.55	0.00	5.68	36.57	52.77
12.	State Initiative on Disabilities[183]	1.00	0.50	38.49	1.04	33.60	7.63	6.64	8.52	25.68	28.17	105.41	45.86
13.	Karunya Deposit Scheme[184]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14.	We Care	0.00	0.00	0.00	0.00	2.00	0.26	6.00	0.56	1.00	0.92	9.00	1.74
	TOTAL	**66.28**	**75.25**	**141.06**	**115.00**	**120.90**	**110.80**	**130.73**	**136.07**	**132.66**	**179.33**	**591.63**	**616.46**

(₹in crore)

Details	Name of Schemes	No. of schemes	Amount of excess/shortage
Schemes with expenditure more than receipts	Aswasakiranam Snehasparsham Snehapoorvam Thalolam Cancer Suraksha Hunger Free Caregivers Samaswasam	8	107.37
Schemes with expenditure less than receipts	Snehasanthwanam Vayomithram Sruthitharangam State Initiative on Disabilities We Care	5	82.53

[183] Including receipt and expenditure for Disability Certification camp and Disability Survey.

[184] Karunya Deposit Scheme is a scheme funded through donations from public and no Government funds are received for the scheme.

Appendix 4.3

Details of financial assistance irregularly disbursed under Aswasakiranam to Caregivers of deceased patients

(Reference: Paragraph 4.10.3; Page: 84)

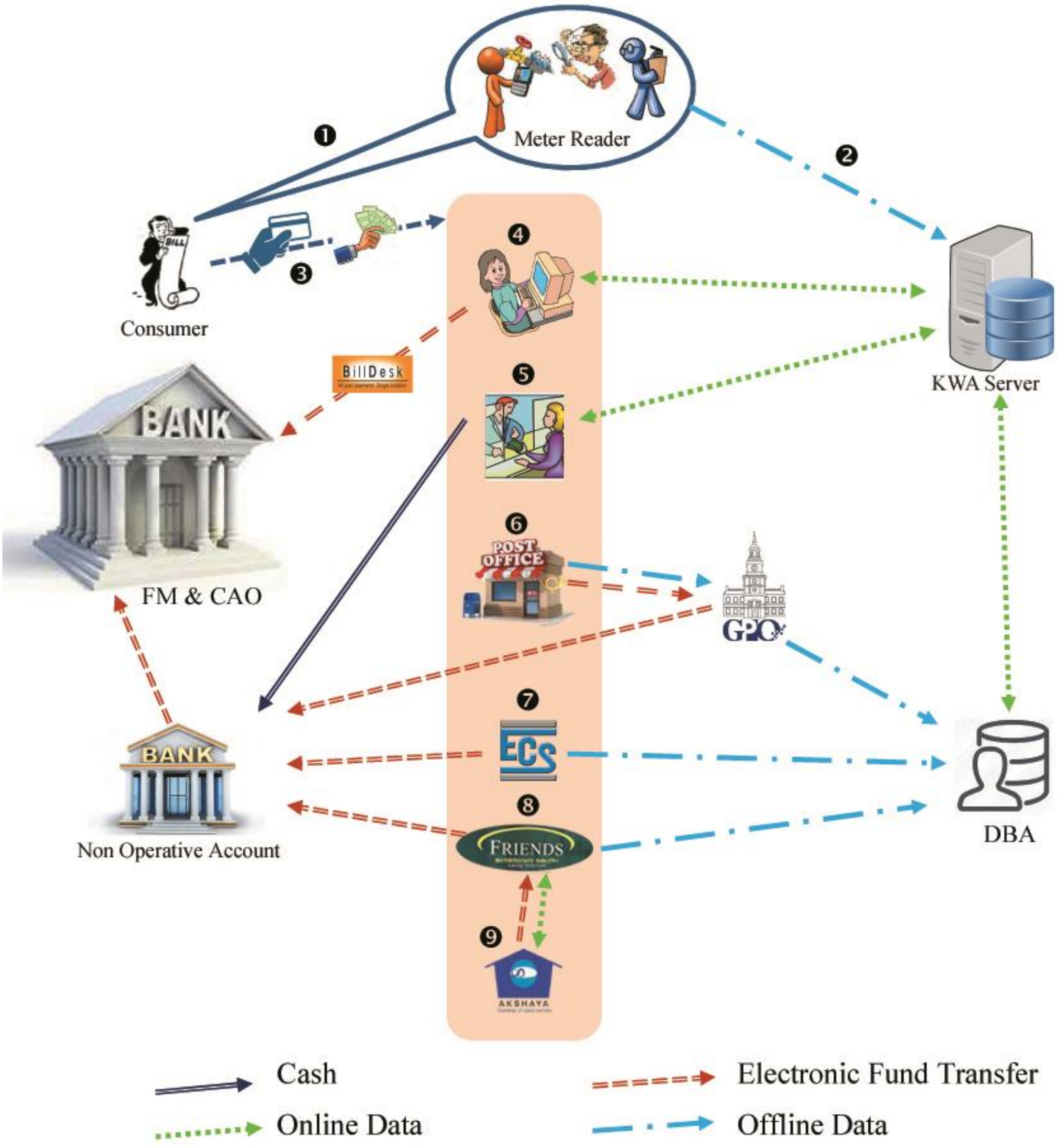
Sl. No.	Name of Patient	Name of Panchayat	Date of Death of the patient	Month upto which payment made	No. of months exceeded	Excess amount[185] paid (₹)
1.	Mohammed AK	Kadalundi	23.03.2015	December 2015	9	4725
2.	Alavi.C	Manjeri	24.01.2015	December 2015	11	5775
3.	Khadeeja BP	Narikkuni	12.09.2015	December 2015	3	1575
4.	Madhavi	Atholi	29.09.2016	March 2017	6	3525
5.	Parvathi Amma	Ulleri	12.08.2016	March 2017	7	4050
6.	Sivanya Biju	Pinarayi	25.08.2016	March 2017	7	4050
7.	Abdulla Koya	Nenmanda	07.09.2015	December 2015	3	1575
8.	Unniata	Kakkur	15.07.2016	March 2017	8	4575
9.	Balan P	Muzhappilangadi	01.04.2016	March 2017	11	6150
10.	Kalyani P	Pariyaram	28.07.2016	March 2017	8	4575
11.	Mariumma	Puthur	05.08.2015	December 2015	4	2100
12.	Ammed	Cheruvannur	06.09.2015	December 2015	3	1575
13.	Kunjiraman	Cheruvannur	30.07.2015	December 2015	5	2625
14.	Narayani	Thiruvallur	07.08.2015	December 2015	4	2100
15.	Soumini	Kadalundi	01.03.2015	December 2015	9	4725
			Total			**53700**

[185] Payment made at the rate of ₹525 per month upto October 2016 and at the rate of ₹600 per month from November 2016.

Appendix 5.1

Chart depicting data and cash flow

(Reference: Paragraph 5.5; Page: 99)



❶ Water meter reader (Handheld/Manual) issues bill to Consumer.

❷ Reading submitted to KWA server.

❸ Consumer pays bill amount (Online, Cash counter, Post Office, ECS, FRIENDS and Akshaya).

❹ Online Payment: Electronic fund transfer (EFT) direct to bank account of FM&CAO; online data transfer to KWA server.

❺ Cash Counter: Cash remittance to non-operative account (Nop A/c); online data transfer to KWA Server

❻ Post office Payment: EFT to Nop A/c through GPO; Offline data transfer to Database Administrator (DBA) through GPO.

❼ ECS Payment: EFT from consumers' bank account to Nop A/c; Offline data transfer to DBA.

❽ Payment at FRIENDS Centre: EFT to Nop A/c; Offline data transfer to DBA.

❾ Payment at Akshaya Centre: EFT to Nop A/c through FRIENDS. Online communication to FRIENDS server, which is transmitted offline to DBA.

Appendix 5.2

Revised rates of water tariff with effect from 01 October 2014

(Reference: Paragraphs 5.17.1 and 5.17.2; Page: 111 and 112)

Category of consumers	Monthly Consumption	Rate with effect from 01 October 2014
Domestic	Upto 5 KL	₹4/KL with minimum of ₹20
	Above 5 KL and upto 10 KL	₹20 plus ₹4/KL in excess of 5 KL
	Above 10 KL and upto 15 KL	₹40 plus ₹5/KL in excess of 10 KL
	Above 15 KL and upto 20 KL	₹6/KL for entire consumption
	Above 20 KL and upto 25 KL	₹7/KL for entire consumption
	Above 25 KL and upto 30 KL	₹9/KL for entire consumption
	Above 30 KL and upto 40 KL	₹12/KL for entire consumption
	Above 40 KL and upto 50 KL	₹14/KL for entire consumption
	Above 50 KL	₹700 plus ₹40/KL in excess of 50 KL
Non-Domestic/ Special	Upto 15 KL	₹15/KL with minimum of ₹150 plus ₹50 as fixed charges
	Above 15 KL and upto 30 KL	₹225 plus ₹21/KL in excess of 15 KL plus ₹50 as fixed charges
	Above 30 KL and upto 50 KL	₹540 plus ₹28/KL in excess of 30 KL plus ₹50 as fixed charges
	Above 50 KL	₹1100 plus ₹40/KL in excess of 50 KL plus ₹50 as fixed charges
Industrial	For consumption in a month	₹40/KL with a minimum of ₹250 plus ₹150 as fixed charges

- No water charges will be collected from BPL families who consume upto 15 KL per month.
- For flats fixed charges will be at the rate of ₹50 per dwelling unit.
- Sewerage charges will be applicable at the rate of 10 *per cent* of water charges payable by those consumers, who have availed of sewerage connections.

Sources (1): G.O. (MS) No.88/2014/WRD dated 25.09.2014
(2): G.O. (MS) No.92/2014/WRD dated 30.09.2014

Appendix 6.1

Number of ISMW in eight plywood factories in Perumbavoor, Ernakulam District as on date of inspection

(Reference: Paragraph 6.2.3.1; Page: 132)

Sl. No.	Name of Factory	No. of ISMW employed as per records maintained by the units	No. of ISMW as on date of Joint Inspection
1.	Nova Plywoods, Kuttipadam	15 (as per Muster Roll)	40 (including 5 women)
2.	Firdouse Plywoods, Kuttipadam	11 (as per Muster Roll)	25
3.	Apollo Plywoods, Kuttipadam	20 (as per Muster Roll)	35
4.	Sumi Industries, Kunnathunad	19*	75 (including 11 women)
5.	Subaida Industries, Kunnathunad	19*	40
6.	New Star Plywoods, Kuttipadam	No records	65
7.	Kamaliya Plywoods, Kuttipadam	No records	50
8.	Royal Veneers, Allapra P.O.	No records	21

*based on oral evidence collected during joint verification of sites along with ALO

Appendix 6.2

Non-maintenance of Form XV in the construction sites/factories where Joint Inspection was conducted

(Reference: Paragraph 6.2.4.1; Page: 136)

Sl. No.	Name of construction site/factory	Name of District
1.	Lulu International Mall Project	Thiruvananthapuram
2.	Tamara Constructions	Thiruvananthapuram
3.	Asset Hill Crest Thames	Thiruvananthapuram
4.	Malabar Grand Cedar Project, Kowdiar	Thiruvananthapuram
5.	Lulu Tech Park, Kakkanad	Ernakulam
6.	Trans Asia Cyber Park at Info Park, Phase II, Kakkanad	Ernakulam
7.	Nova Plywoods, Kuttipadam, Perumbavoor	Ernakulam
8.	Firdouse Plywoods, Kuttipadam, Perumbavoor	Ernakulam
9.	Apollo Plywoods, Kuttipadam, Perumbavoor	Ernakulam
10.	Sumi Industries, Kunnathunad, Perumbavoor	Ernakulam
11.	Subaida Industries, Kunnathunad, Perumbavoor	Ernakulam
12.	New Star Plywoods, Kuttipadam, Perumbavoor	Ernakulam
13.	Kamaliya Plywoods, Kuttipadam, Perumbavoor	Ernakulam
14.	Royal Veneers, Allapra P.O., Perumbavoor	Ernakulam
15.	Nexo Footwear Pvt. Ltd., Feroke	Kozhikode
16.	Fandalia Footwear Pvt. Ltd., Feroke	Kozhikode
17.	Stylo Easy Walk Pvt. Ltd., Feroke	Kozhikode
18.	M/s. Genesis Institute of Medical Science Pvt. Ltd., (GIMS)	Kannur
19.	Aster Mims	Kannur
20.	Dharmashala Auditorium and Convention Centre	Kannur

Appendix 6.3

Status of registers and returns under ISMW Act and Kerala ISMW Rules in test-checked districts

(Reference: Paragraph 6.2.5.2; Page: 140)

Sl. No.	Registers and Returns to be maintained				Whether ensured by DLOs of test-checked six districts					
	Registers/Records to be maintained	Provision as per Rule	Person responsible to maintain record	Form in which Register to be maintained	Thiruvananthapuram	Kollam	Kottayam	Ernakulam	Kozhikode	Kannur
1.	Particulars of Migrant Workmen	Rule 21	Contractor	Form X	Not ensured	Not ensured	Not ensured	Not ensured	Not ensured	Not ensured
2.	Return and Report (Contractors furnish a return to specified authority regarding ISMW ceased to be employed)	Rule 24	Contractor	Form XI	Not ensured	Not ensured	Not ensured	Not ensured	Not ensured	Not ensured
3.	Registers of Contractors	Rule 47	Principal Employer	Form XII	Not ensured	Not ensured	Not ensured	Ensured in most establishments	Not ensured	Not ensured
4.	Register of persons employed	Rule 48	Principal Employer and Contractor	Form XIII	Not ensured	Not ensured	Not ensured	Only under Contract Labour Act and BOC Rule	Not ensured	Not ensured
5.	Service Certificate	Rule 49	Contractor	Form XIV	Not ensured	Not ensured	Not ensured	Certain establishment maintained	Not ensured	Not ensured
6.	Displacement-cum-outward Journey Allowance Sheet and Return Journey Allowances Register	Rule 50	Contractor	Form XV and Form XVI	Not ensured	Not ensured	Not ensured	Not ensured	Not ensured	Not ensured
7.	Muster Roll Register	Rule 51 (2) (a)	Contractor	Form XVII	Ensured	Ensured	Ensured	Ensured	Ensured	Not ensured
8.	Register of Wages	Rule 51 (2) (a)	Contractor	Form XVIII	Ensured	Ensured	Ensured	Ensured	Ensured	Not ensured
9.	Register of Deduction for damage or loss	Rule 51 (2) (c)	Contractor	Form XIX	Not ensured except in Tamara Constructions (Contract Labour Act)	Not ensured	Not ensured	Ensured	Not ensured	Not ensured
10.	Register of Fines	Rule 51 (2) (c)	Contractor	Form XX	Not ensured except in Tamara Constructions (Contract Labour Act)	Not ensured	Not ensured	Ensured	Not ensured	Not ensured
11.	Register of Advances	Rule 51 (2) (d)	Contractor	Form XXI	Not ensured except in Tamara Constructions (Contract Labour Act)	Not ensured	Not ensured	Ensured	Not ensured	Not ensured

Sl. No.	Registers and Returns to be maintained				Whether ensured by DLOs of test-checked six districts					
	Registers/Records to be maintained	Provision as per Rule	Person responsible to maintain record	Form in which Register to be maintained	Thiruvananthapuram	Kollam	Kottayam	Ernakulam	Kozhikode	Kannur
12.	Register of Overtime	Rule 51 (2) (d)	Contractor	Form XXII	Not ensured except in Tamara Constructions (Contract Labour Act)	Not ensured	In a few cases	Ensured	Not ensured	Not ensured
13.	Periodical Return – to Licensing Officer Half yearly - 01 Jan to 01 July	Rule 55 (1)	Contractor	Form XXIII	Ensured	Not ensured	Not ensured	10 to 15 *per cent* only	Not ensured	Not ensured
14.	Annual Return – to Registering Officer – before 15 February for previous year	Rule 55 (2)	Principal Employer	Form XXIV	Ensured	Not ensured	In some cases only	10 to 15 *per cent* only	Not ensured	Not ensured

Appendix 6.4

Calculation of excess pay drawn consequent to violation of AICTE norms

(Reference: Paragraph 6.5; Page: 148)

Sl. No.	Name of the teacher	Designation and Pre-revised scale of pay as on 01.01.2006	Date of promotion as Assistant Professor and pay to be fixed	Date of placement as Associate Professor and pay fixed	Due date of promotion as Associate Professor	Excess drawn *(in ₹)*
1.	A. Ramesh	Sr. Scale Lecturer 10000-325-15200	09.01.2006 18670 + 8000	09.01.2006 37400 + 9000	09.01.2009	724870
2.	Shahin M	Sr. Scale Lecturer 10000-325-15200	23.07.2007 23640 + 8000	23.07.2007 37400 + 9000	23.07.2010	548326
3.	P. Seena	Sr. Scale Lecturer 10000-325-15200	20.08.2009 23430 + 8000	20.08.2009 37400 + 9000	20.08.2012	557466
4.	Reeba Thomas	Sr. Scale Lecturer 10000-325-15200	07.03.2006 20000 + 8000	07.03.2006 37400 + 9000	07.03.2009	678379
5.	Savier J.S	Sr. Scale Lecturer 10000-325-15200	19.08.2009 24290 + 8000	19.08.2009 37400 + 9000	19.08.2012	525646
6.	Salim A No. 2	Sr. Scale Lecturer 10000-325-15200	06.06.2009 23190 + 8000	06.06.2009 37400 +9000	06.06.2012	563465
7.	Priyanjali Prabhakaran	Sr. Scale Lecturer 10000-325-15200	04.06.2009 21560 + 8000	04.06.2009 37400 + 9000	04.06.2012	623793
8.	C. A. Prajith	Lecturer 8000-275-13500	08.06.2009 22510 + 8000	08.06.2009 37400 + 9000	08.06.2012	588696
9.	A. Praveen	Lecturer 8000-275-13500	26.09.2006 22320 + 8000	26.09.2006 37400 + 9000	26.09.2009	600890
10.	Sabitha	Sr. Scale Lecturer 10000-325-15200	06.06.2009 21830 + 8000	06.06.2009 37400 + 9000	06.06.2012	613798
11.	Sumesh Divakaran	Lecturer 8000-275-13500	20.08.2009 19050 + 8000	20.08.2009 37400 + 9000	20.08.2012	720607
12.	Reena Murali	Lecturer 8000-275-13500	05.06.2009 21290 + 8000	05.06.2009 37400 + 9000	05.06.2012	633890
13.	J. Sadasivan	Lecturer 8000-275-13500	02.05.2006 19210 + 8000	02.05.2006 37400 + 9000	02.05.2009	709537
14.	G. Swapna	Sr. Scale Lecturer 10000-325-15200	06.06.2009 23880 + 8000	06.06.2009 37400 + 9000	06.06.2012	537938
15.	E. S. Shajahan	Asst. Professor 12000-420-18300	09.08.2005 22320 + 8000 (Pay as on 01.01.2006)	01.01.2006 37400 + 9000	09.08.2008	522428
16.	R. Sreelakshmi	Sr. Scale Lecturer 10000-325-15200	05.06.2009 23190 + 8000	05.06.2009 37400 +9000	05.06.2012	563434
17.	C. Sreekumar	Sr. Scale Lecturer 10000-325-15200	19.08.2009 23220 + 8000	19.08.2009 37400 + 9000	19.08.2012	565389
18.	P. P. Sajitha	Lecturer 8000-275-13500	07.03.2006 22320 + 8000	07.03.2006 37400 + 9000	07.03.2012	592871
19.	Tara Raveendran	Sr. Scale Lecturer 10000-325-15200	06.06.2009 23880 + 8000	06.06.2009 37400 + 9000	06.06.2012	537938
20.	Liji P I	Lecturer 8000-275-13500	08.06.2009 20400 + 8000	08.06.2009 37400 + 9000	08.06.2012	666836
21.	Jayasree N	Lecturer 8000-275-13500	29.06.2009 21560 +8000	29.06.2009 37400 + 9000	29.06.2012	624651
22.	Sajith K	Sr. Scale Lecturer 10000-325-15200	06.06.2009 20400 + 8000	06.06.2009 37400 + 9000	06.06.2012	666763
23.	Celine Mary Stuart	Sr. Scale Lecturer 10000-325-15200	05.06.2009 22510 + 8000	05.06.2009 37400 + 9000	05.06.2012	588599
24.	Rafeeque P C	Lecturer 8000-275-13500	05.06.2009 19880 + 8000	05.06.2009 37400 + 9000	05.06.2012	686020
	TOTAL					**14642230**

www.agker.cag.gov.in