



**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED

31 MARCH 1989

NO.4

(CIVIL)

GOVERNMENT OF TAMIL NADU



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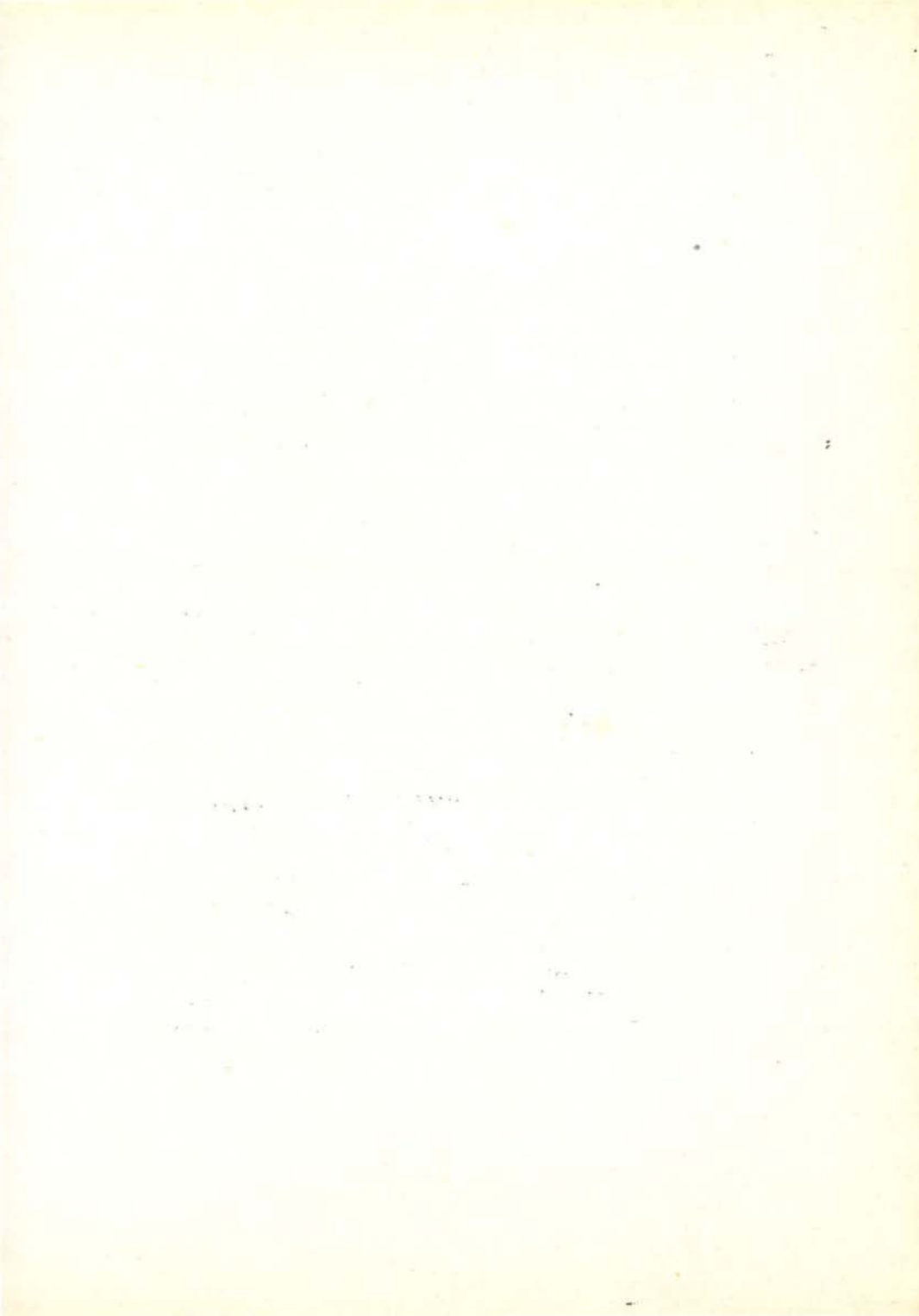
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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1988-89 together with other points arising from audit of financial transactions of the Government of Tamil Nadu. It also includes certain points of interest arising from the Finance Accounts for 1988-89.

2. Observations of Audit for the year 1988-89 on Revenue Receipts and on Statutory Corporations, Boards and Government Companies are presented in separate Reports.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts, during the year 1988-89, of Departments as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1988-89 have also been included, wherever considered necessary.



OVERVIEW

This Report includes, besides a review of the financial position of the Government for the year 1988-89 and results of Appropriation Audit and Control over Expenditure, reviews on Tribal Sub-Plan, Rural Landless Employment Guarantee Programme, Free supply of uniforms to students and Litigation activities of Government and 55 paragraphs. The important audit points contained in these are presented in this Overview.

1. Financial position of the Government

The transactions on Revenue Account ended with a deficit of Rs.274.16 crores. The net available funds on account of net addition to Public Debt, etc. and net effect of adjustments under Contingency Fund, Reserve Funds, Remittances, etc. were Rs.582.59 crores which were utilised to meet part (Rs.201.50 crores) of the revenue deficit of Rs.274.16 crores, net additional loans and advances disbursed for development and other programmes (Rs.192.65 crores) and the capital expenditure (Rs.188.44 crores).

(paragraph 1.2.5)

Ways and Means advances and overdraft taken from the Reserve Bank of India during the year amounted to Rs.879.26 crores and Rs.67.40 crores respectively. Interest paid thereon was Rs.2.11 crores.

(paragraph 1.2.4)

The Plan expenditure of Rs.1020.40 crores under Revenue and Capital fell short of the provision of Rs.1157.64 crores by 12 per cent.

(paragraph 1.2.13)

The non-Plan expenditure of Rs.2932.07 crores constituted 74.2 per cent of the total expenditure of Rs.3952.46 crores under Capital and Revenue the increase over that of the previous year being 20.4 per cent.

(paragraph 1.2.19)

The return on investment of Rs.461.18 crores in various Corporations, Co-operative Institutions, etc., was only Rs.1.04 crores representing 0.23 per cent of the investment.

(paragraph 1.2.15)

Guarantee commission of Rs.0.47 crore was pending recovery from 11 Government companies.

(paragraph 1.2.17)

2. **Appropriation Audit and Control over Expenditure**

During the year, Rs.5745.07 crores were spent against total grants and appropriations of Rs.5934.58 crores, with a marginal saving of Rs.189.51 crores (3 per cent).

(paragraph 2.1)

Supplementary grant of Rs.7.76 crores obtained in March 1989 in 8 grants proved unnecessary.

(paragraph 2.2.2)

The excess of Rs.15.30 crores in 6 grants and 4 appropriations requires regularisation by the Legislature under Article 205 of the Constitution of India.

(paragraph 2.2.3)

In 9 grants, expenditure fell short by more than Rs.1 crore each and also by more than 10 per cent of the total provision, resulting in an aggregate saving of Rs.84.30 crores.

(paragraph 2.2.4)

Non-implementation of 8 schemes resulted in surrender of entire provision totalling Rs.284.94 lakhs.

(paragraph 2.2.5)

In 10 grants, wherein supplementary grants of Rs.18.26 crores were obtained, the expenditure did not come up even to the original provision of Rs.480.25 crores.

(paragraph 2.2.6)

Persistent savings of 5 per cent and above were noticed in 7 grants during 1986-87, 1987-88 and 1988-89; total savings were Rs.83.28 crores, Rs.71.16 crores and Rs.75.69 crores respectively.

(paragraph 2.2.7)

Detailed review of Budgetary procedure and control over expenditure in respect of 10 grants revealed the following :

Persistent saving occurred during the last five years in 4 grants.

Supplementary grants obtained in March 1989 were excessive in 3 grants and inadequate in 2 grants by more than 10 per cent each.

Final expenditure exceeded the final modified appropriation in 4 grants and was less in 4 grants.

In one grant, the final expenditure was only 42 per cent of the provision.

In 2 grants, no expenditure was incurred on 16 services/schemes for which Rs.106.65 lakhs were provided and the provision was diverted to other purposes.

Substantially large amounts were provided through reappropriation in 22 cases to meet additional requirement of Rs.10.14 crores over and above the budget provision of Rs.14.29 crores without specific approval of the Legislature.

(paragraph 2.2.10)

Rupees 208.85 lakhs were spent on 5 New Service schemes without following the prescribed procedure or obtaining the approval of the Legislature.

(paragraph 2.3)

The Corpus of the Contingency Fund placed at the disposal of Government to meet unforeseen expenditure, pending authorisation by the Legislature, was enhanced temporarily from Rs.50 crores to Rs.150 crores from 7th October 1988 to 31st March 1989. Out of 191 advances totalling Rs.107.62 crores sanctioned from the Fund during the year, 8 advances (Rs.0.71 crore) were not utilised at all and out

of Rs.10.71 crores advanced (23 cases), only Rs.3.42 crores were utilised, the utilisation being less than 50 per cent each. In 7 cases, Rs.1.45 crores were spent from the Contingency Fund against the sanctioned advance of only Rs.1.32 crores.

(paragraph 2.4)

Reconciliation of Rs.619.04 crores upto 1988-89 booked in the Accounts had not been done by 154 Controlling Officers.

(paragraph 2.7)

3. Tribal Sub-Plan

The Tribal Sub-Plan was evolved during the Fifth Five Year Plan period to accelerate the development of the Tribal people. During the Seventh Plan period, 46979 families were to be helped. By March 1989, 42315 families were helped for which the State Government spent Rs.3952 lakhs. Against this, the Union Government had provided Special Central Assistance of Rs.486 lakhs by March 1988. Since the funds were not allocated project-wise, which were nine in number, it was not possible to evaluate the efficacy of the project. Similarly, it was not possible to evaluate the financial assistance given to each family in the absence of Family Cards. The test check revealed that schemes had been sanctioned without ensuring availability of infrastructural facilities resulting in non-implementation and delayed implementation of schemes. Inordinate delays in issue of sanctions resulted in surrender of funds, belated distribution of agricultural inputs and milch animals, escalation in cost of construction and loss of

employment opportunities. The Animal Husbandry Department had either supplied two heads of milch animals in less than 6 months or supplied only one head whereas the programme envisaged spaced supply of two animals so that tribals can earn regular income through continuous yield of milk. Also work bullocks and sheep were supplied without providing adequate health cover and cattle feed. Civil works for the establishment of a poultry estate at Kalrayan Hills were yet to be commenced though a sum of Rs.7.49 lakhs was deposited for this scheme in March 1987 with Tamil Nadu Poultry Development Corporation. The Forest Department planned for plantation of 8770 hectares and avenue trees for 105 kms. The programme suffered from high mortality of plants due to off-season planting and premature planting of seedlings. Records regarding identity of beneficiaries and number of seedlings distributed were not maintained. Similarly, the plantations were not maintained for two years as envisaged in the programme.

Rupees 105.32 lakhs were spent on five Sandal Estate Schemes to generate employment of 2.85 lakh mandays. Most of the work was got done through the contractors which defeated the objective of providing direct employment to tribals. Co-operation Department deposited Rs.124.40 lakhs for executing 126 works in two districts. Rupees 74.99 lakhs thereof remained unutilised. Eight hostels constructed in Jawadhi Hills at a cost of Rs.5.53 lakhs remained unoccupied for more than 4 years. There was substantial shortage of teachers and heavy short supply of books in forest schools. Unrelated specifications for road construction resulted in avoidable expenditure of Rs.12.39 lakhs.

Expenditure of Rs.3.20 lakhs on construction of a stretch of road in a forest area proved infructuous since Government of India refused permission to release the land. A ten-bedded ward constructed in Jawadhi Hills in December 1985 at a cost of Rs.3.35 lakhs could not be put to use for want of supporting staff.

(paragraph 3.1)

4. Rural Landless Employment Guarantee Programme

This programme was introduced in August 1983 to tackle rural poverty due to unemployment and under-employment of landless agricultural labourers during lean agricultural seasons. In all Rs.275.82 crores were provided by Union Government out of which State Government spent Rs.273.87 crores including staff cost of Rs.11.30 crores. 1538.67 lakh mandays of employment were generated against the target of 1446.21 lakh mandays. 17.06 lakh mandays were found to be incorrect in test check. In the implementation several other failures were noticed. Some of these are:

Beneficiaries were not identified; non-wage component of expenditure were in excess of the prescribed limit amounting to Rs.46.03 lakhs, which meant lesser generation of employment; there were delays in payment of wages to labourers ranging from 1 to 13 months; wages paid were lower than the minimum wages; food grains were not issued and where issued, it was at higher rates than the subsidised rate; 1711.04 tonnes of food grains valued at Rs.29.20 lakhs were found short. Contractors and middlemen were employed instead of providing direct

employment to landless labour; contrary to guidelines, road works originally included under State Rural Roads Scheme were executed under this programme at a cost of Rs.201.50 lakhs, resulting in non-creation of additional rural employment; funds provided for infrastructural facilities were diverted to other housing complex works to the extent of Rs.141.66 lakhs; expenditure under Group Housing Programme and Rural Sanitary Latrines exceeded the ceilings fixed by Rs.3.43 lakhs and Rs.10.35 lakhs respectively; expenditure of Rs.32.68 lakhs, incurred on raising 96.92 lakh seedlings, proved infructuous; irrigation tank formed at a cost of Rs.32.41 lakhs was not put to use; various unapproved minor irrigation works were executed at a cost of Rs.19.52 lakhs. Similarly, unapproved percolation tanks were executed at a cost of Rs.10.58 lakhs. Entire plantations raised by 14 Panchayat Unions at a cost of Rs.20.73 lakhs withered away; Social Forestry Funds amounting to Rs.43.15 lakhs were diverted to other purposes.

(paragraph 3.23)

5. Free supply of uniforms to students

Under the scheme introduced in July 1985, one set of uniform was to be supplied every year to all students of standards I to VIII in all the Government, local bodies and aided schools in the State who were beneficiaries under the Chief Minister's Nutritious Meal Programme. An expenditure of Rs.62.84 crores was incurred on the scheme including Rs.46.69 crores on cloth. Acceptance of varying higher rates of supply resulted in additional expenditure of Rs.111.87 lakhs. Acceptance of rate higher than the quoted rate for dhavani cloth led to

extra expenditure of Rs.4.26 lakhs. Tamil Nadu Textile Corporation functioned as intermediary for supply of dhavani cloth and made a profit of Rs.22.08 lakhs. 11.89 lakh metres of cloth, valued at Rs.108.50 lakhs issued in excess was not returned by tailoring units. Cloth valued at Rs.3.02 lakhs were not returned by tailoring units. Short accountal of cloth valued at Rs.1.56 lakhs was also noticed. Unutilised cloth remaining in stock was valued at Rs.98.69 lakhs. In test checked districts alone 11.51 lakh students were not supplied with uniforms for a variety of reasons.

(paragraph 3.24)

6. Litigation activities of Government Departments

Avoidance of litigation and speedy conclusion of cases was not achieved resulting in outflow of public funds. It was seen in test check that 1792 cases out of 3212 appeals filed by Government remained unnumbered due to non-production of judgement copies or delays in filing petitions for condonation of delays. 32 cases of awards of enhanced compensation for land acquired, involving Rs.43.80 lakhs, could not be contested due to delay in filing appeal petitions. The percentage of belated filing of appeals increased from 13 in 1984 to 49 in 1988. Delays ranging from 1 to 68 months in 151 cases in furnishing para-wise remarks by departments and from 1 to 42 months in execution of counter affidavits in 95 cases in Revenue Department were noticed. Further, decision to create and abolish the Directorate of Government Litigation in quick succession resulted in unfruitful expenditure of Rs.2.16 lakhs.

Non-observance of prescribed procedure for compulsorily retiring Government servants resulted in unproductive expenditure of Rs.20.61 lakhs. Compulsory retirement of Government servants under defunct rules led to unproductive expenditure of Rs.18.02 lakhs. Government had to meet additional commitment of Rs.7.85 lakhs per annum on account of allowing junior teachers to draw higher scale of pay of Headmasters. Failure to present appeal documents in complete shape resulted in allowing for examination ineligible students belonging to Teachers Training Institutes. Also hasty termination of works contracts resulted in avoidable extra expenditure of Rs.5.83 lakhs.

(paragraph 3.25)

7. Small savings revolving fund

A Revolving Fund with a corpus of Rs.2 crores was created for sale of Indira Vikas Patras (IVPs). Out of Rs.143.55 crores worth of sale of IVPs, only Rs.7.92 crores worth of IVPs were sold by financing out of the Fund. The delayed resale of Patras purchased out of the Fund entailed a loss of Rs.12.60 lakhs in some districts. Since the Fund was not effective in improving the sale of Patras, it was foreclosed in May 1990.

(paragraph 3.11)

8. Peripheral Hospital at Perambur, Madras

A 100-bedded hospital was constructed in December 1986 at a cost of Rs.159.91 lakhs at Perambur, Madras. The proposal for staff and equipment for starting the various departments, submitted in 1984 have not yet been approved. Only

an out-patient department has been functioning since December 1986. Twenty beds are being utilised as general ward since October 1988. Various facilities like X-ray room, mortuary block, air-conditioned operation theatres, steam laundry, lifts, modern kitchen, staff quarters etc., were lying idle.

(paragraph 3.18)

9. Uneconomic outlay on a reservoir

Non-development of ayacut resulted in uneconomic outlay of Rs.36.24 lakhs on a reservoir across Malattar. The scheme envisaged conversion of 442.93 hectares of dry lands into wet lands and additional food production of 758.56 tonnes. But an ayacut of only 154.73 hectares had been benefited over the past eleven years. The revenue authorities and Public Works Department have different perceptions about the under-utilisation.

(paragraph 4.2)

10. Misutilisation of funds on building, equipments and staff

(i) Delays in deciding upon the type of engine, in ordering for the engine, in installing the engine etc. contributed to the non-utilisation of a boat constructed at a cost of Rs.13.04 lakhs, and engines acquired at a cost of Rs.1.30 lakhs.

(paragraph 3.4)

(ii) A hostel building of a Government college is not in use for the last 4 years since the admission of students to the College have been suspended from 1985-86 and no alternative use had been found for the building.

(paragraph 3.7)

(iii) The mortuary block of a hospital in Madras, on which an expenditure of Rs.2.46 lakhs was incurred, had remained unused for over 12 years since medico-legal cases were not being referred to it and specialist-oriented departments have not been created.

(paragraph 3.12)

(iv) Ten Tubectomy operation theatres constructed during 1985 to 1988 at a cost of Rs.27.63 lakhs at Primary Health Centres were not put to use for want of qualified staff, necessary kits and proper water supply arrangements.

(paragraph 3.13)

(v) An imported equipment, acquired in April 1988 for a hospital in Madras at a cost of Rs.3.84 lakhs, has not been commissioned so far due to non-provision of related facilities.

(paragraph 3.14)

(vi) Colour processing machine and Automatic Additive Colour Printer, purchased in March 1983/February 1984 at a cost of Rs.21.17 lakhs for use by the Film and Television Institute had remained unused. Proposals for purchasing additional equipments and for repair, at a cost of Rs.2.48 lakhs had been submitted in November 1988. These remain to be approved.

(paragraph 3.22)

(vii) Delay in according approval by Government for closure of 14 vocational schools in view of poor demand for admission in the schools led to

unproductive expenditure of Rs.69.37 lakhs on salary of staff besides rendering assets worth Rs.81.64 lakhs idle.

(paragraph 3.8)

(viii) Fixation of higher rent for private plots required for raising nurseries by Forest Department resulted in extra expenditure of Rs.4.11 lakhs during 1985-88.

(paragraph 3.9)

(ix) An expenditure of Rs.20 lakhs incurred on building and equipments for setting up a steam laundry in Tirunelveli Medical College had not achieved its purpose in the last two years due to delay in sanctioning additional funds for purchase of other essential equipments, construction of borewell and overhead tank. The Director of Medical Education had been demanding adequate funds since December 1984.

(paragraph 3.17)

(x) Successive wrong rejection of tenders for a dam work resulted in extra financial commitment of Rs.7.37 lakhs.

(paragraph 4.3)

(xi) Inadequacy of design and defective fabrication resulted in additional expenditure of Rs.26.20 lakhs in replacing a broken gate of the barrage and strengthening other gates with structural members in Lower Mettur Hydro Electric Project.

(paragraph 4.4)

(xii) There was extra expenditure of Rs.16.56 lakhs in the purchase of PVC pipes due to omission

to take into account the element of Central Sales Tax payable.

(paragraph 6.18)

11. Other interesting points

(i) A sum of Rs.9.36 lakhs was misutilised out of the subsidy of Rs.15.40 lakhs paid towards purchase of fibre reinforced plastic boats, engines and gillnets to Fishermen Co-operative Societies under Integrated Rural Development Programme.

(paragraph 6.7)

(ii) Release of matching subsidy of Rs.6 lakhs to a Fishermen Co-operative Society for purchase of boats and nets without assessing the ability of the society to avail of loan from banks proved infructuous.

(paragraph 6.8.)

(iii) A grant of Rs.11.68 lakhs was released in February 1982 for setting up of Palm Products Complex for providing regular employment to 195 Adi Dravidars. Due to failure to ensure reasonable wages, the training was not popular amongst the community members and the objective was not achieved. Rupees 7.64 lakhs spent on infrastructure remained grossly under-utilised.

(paragraph 6.9)

(iv) Wrong assessment regarding uninterrupted availability of cotton for ginning resulted in unproductive investment of Rs.4.98 lakhs on a Cotton Ginning Factory.

(paragraph 6.11)

(v) Grant of Rs.10 lakhs to a private institution for setting up a Cobalt Therapy Unit was misutilised and the amount remained to be recovered.
(paragraph 6.12)

(vi) Due to delay in completion of construction of pumphouses in a water supply scheme at Red Hills, machinery procured in July 1984 at a cost of Rs.25.11 lakhs continued to remain idle.
(paragraph 6.16)

(vii) Execution of work without identifying a reliable source of water supply resulted in Rs.59.24 lakhs being blocked from 1983.
(paragraph 6.17)

(viii) Failure to select suitable sites for pumping station and disposal work resulted in a sewerage scheme remaining incomplete since 1979 and Rs.10.18 lakhs spent on the scheme continued to be unproductive.
(paragraph 6.20)

CHAPTER I

CHAP

GENE

1.1. The summarised position of the Accounts Finance Accounts for the year 1988-89 is indicated in

I. STATEMENT OF FINANCIAL POSITION OF THE

Amount as on 31.03.1988	Liabilities	Amount as on 31.03.1989
868.88	Internal Debt including Ways and Means Advances (Market loans, loans from LIC and others)	1035.18
2252.43	Loans and Advances from Central Government -	
	Pre 1984-85 Loans	917.83
	Non-Plan Loans	574.77
	Loans for State Plan Schemes	948.44
	Loans for Central Plan Schemes	17.79
	Loans from Centrally Sponsored Plan Schemes	21.76
		2480.59
323.02	Small Savings, Provident Funds, etc.	418.23
596.12	Deposits	596.72
370.87	Reserve Funds	429.48
85.01	Contingency Fund	150.00
3.30	Advances	4.05
20.60	Remittance Balances	21.93
754.24	Surplus on Government Account	450.95
<u>5274.47</u>		<u>5587.13</u>

TER I

RAL

of the Government of Tamil Nadu emerging from the the statements following:-

GOVERNMENT OF TAMIL NADU AS ON 31.03.1989

(in crores of rupees)

Amount as on 31.03.1988	Assets	Amount as on 31.03.1989
2019.09	Gross Capital Outlay on fixed assets - Investment in shares of Companies, Corporations, etc. 461.18	
	Other Capital Outlay 1746.26	2207.44
3139.21	Loans and Advances - Loans for Power Projects 1981.69 Other Development Loans 1200.92	
	Loans to Government Servants and Miscellaneous Loans 149.25	3331.86
33.84	Reserve Fund Investments	33.79
19.66	Suspense and Miscellaneous Balances	24.03
62.67	Cash - Cash in Treasuries and Local Remittances (-) 12.04 Departmental cash balance 1.29 Permanent Advance 0.76 Cash Balance Investment ..	(-)9.99
<u>5274.47</u>		<u>5587.13</u>

ABSTRACT OF RECEIPTS AND

SECTION A - REVENUE

Receipts

I. Revenue Receipts -

Tax Revenue	1994.23	
Non-Tax Revenue	335.57	
State's share of Union Taxes	722.92	
Non-Plan grants	74.57	
Grants for State Plan Schemes	126.91	
Grants for Central and Centrally Spon- sored Plan Schemes	<u>235.66</u>	3489.86

DISBURSEMENTS FOR THE YEAR 1988-89

(in crores of rupees)

Disbursements**I. Revenue Expenditure -**

Sector	Non-Plan	Plan	Total
General Services	949.74	2.93	952.67
Social Services - Education, Sports, Art and Culture	678.04	99.33	777.37
Health and Family Welfare	185.92	69.90	255.82
Water Supply, Sani- tation, Housing and Urban Development	20.38	126.52	146.90
Information and Broadcasting	4.07	0.06	4.13
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	43.47	44.09	87.56
Labour and Labour Welfare	23.04	3.12	26.16
Social Welfare and Nutrition	172.39	94.06	266.45
Others	6.00	0.08	6.08

ABSTRACT OF RECEIPTS AND

Receipts

II. Revenue Deficit carried over to Section B

274.16

3764.02

DISBURSEMENTS FOR THE YEAR 1988-89 - contd.

(in crores of rupees)

Sector	Disbursements			Total
	Non-Plan	Plan		
Economic Services -				
Agriculture and Allied Activities	139.51	112.62		252.13
Rural Development	32.27	161.03		193.30
Special Areas Programmes	0.32	6.18		6.50
Irrigation and Flood Control	69.48	26.93		96.41
Energy	292.25	7.93		300.18
Industry and Minerals	23.53	55.41		78.94
Transport	76.99	8.59		85.58
Science Technology and Environment	..	3.31		3.31
General Economic Services	117.66	0.59		118.25
Grants-in-aid and Contributions	<u>106.28</u>	<u>..</u>		<u>106.28</u>
Total	<u>2941.34</u>	<u>822.68</u>		<u>3764.02</u>
II. Revenue Surplus carried over				..
				<u>3764.02</u>

ABSTRACT OF RECEIPTS AND

SECTION B - OTHERS

Receipts

III.	Opening Cash balance including Permanent Advance and Cash Balance Investment	62.67
IV.	Miscellaneous Capital Receipts	..

DISBURSEMENTS FOR THE YEAR 1988-89 - contd.

(in crores of rupees)

Disbursements

III. Opening overdraft from
Reserve Bank of India

3.03

IV. Capital Outlay -

Sector

General Services

10.46

Social Services -

Education, Sports, Art
and Culture

7.23

Health and Family Welfare

8.35

Water Supply, Sanitation,
Housing and Urban Development

8.40

Information and Broadcasting

0.20

Welfare of Scheduled Castes,
Scheduled Tribes and Other
Backward Classes

6.90

Social Welfare and Nutrition

0.30

Others

0.26

Economic Services -

Agriculture and Allied
Activities

36.18

Rural Development

0.07

ABSTRACT OF RECEIPTS AND

Receipts

V.	Recoveries of Loans and Advances		263.51
VI.	Revenue Surplus brought down		..
VII.	Public Debt Receipts -		
	Internal Debt other than		
	Ways and Means Advances	205.45	
	Ways and Means Advances	879.26	
	Loans and Advances from		
	Central Government	<u>402.76</u>	1487.47

DISBURSEMENTS FOR THE YEAR 1988-89 - contd.

(in crores of rupees)

Disbursements

Special Areas Programmes	5.78	
Irrigation and Flood Control	46.23	
Energy	..	
Industry and Minerals	16.82	
Transport	38.87	
Science Technology and Environment	..	
General Economic Services	<u>2.39</u>	188.44

V. Loans and Advances disbursed -

For Power Projects	210.00	
To Government Servants	38.01	
To Others	<u>208.15</u>	456.16

VI. Revenue Deficit brought down 274.16

VII. Repayment of Public Debt -

Internal Debt other than Ways and Means Advances	35.24	
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Ways and Means Advances	880.14	
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Repayment of loans to Central Government	<u>174.60</u>	1089.98
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ABSTRACT OF RECEIPTS AND

Receipts

VIII.	Appropriation to Contingency Fund	..
IX.	Amount transferred to Contingency Fund	114.99
X.	Public Account Receipts -	
	Small Savings and Provident Funds	236.22
	Reserve Funds	104.04
	Suspense and Miscellaneous	1512.39
	Remittances	856.64
	Deposits and Advances	<u>1501.33</u> 4210.62
XI.	Closing Overdraft from Reserve Bank of India	..

Total

6139.26

DISBURSEMENTS FOR THE YEAR 1988-89 - conclud.

(in crores of rupees)

Disbursements

VIII. Appropriation to Contingency Fund		100.00
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IX. Expenditure from Contingency Fund
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X. Public Account Disbursements -		
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Small Savings and Provident Funds	141.01	
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Reserve Funds	45.38	
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Suspense and Miscellaneous	1495.80	
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Remittances	855.31	
-------------	--------	--

Deposits and Advances	<u>1499.98</u>	4037.48
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XI. Cash Balance at end-		
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Cash in Treasuries, Local Remittances and Deposits with Reserve Bank of India	(-) 12.04	
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Departmental Cash Balance including Permanent Advance	2.05	
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Cash Balance Investment	<u>..</u>	(-) 9.99
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	<u>6139.26</u>
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STATEMENT II

SOURCES AND APPLICATION OF FUNDS FOR 1988-89

(in crores of rupees)

I. Sources -

Revenue Receipts	3489.86
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Increase in Public Debt, Small Savings, Deposits and Advances	491.02
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Adjustments -

Net effect of Contingency Fund transactions	(+) 14.99
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Net effect of Suspense and Miscellaneous transactions	(+) 16.59
--	-----------

Increase in Reserve Funds	(+) 58.66
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Net effect of Remittance transactions	(+) <u>1.33</u>	91.57
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Decrease in cash Balance	<u>72.66</u>
	<u>4145.11</u>

II. Application -

Revenue Expenditure	3764.02
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Capital Outlay	188.44
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Net lending for development and other programmes	<u>192.65</u>
	<u>4145.11</u>

1.2. Audit comments

1.2.1. Government Accounts being on cash basis, the surplus on Government Account, as shown in Statement-I, indicates the position on cash basis, as opposed to accrual basis of commercial accounting.

1.2.2. The abridged accounts in the foregoing statements have to be read with the comments and explanations in the Finance Accounts. A revised classification structure of Government accounts was introduced from 1st April 1987. However, grants for meeting the expenditure during 1988-89 on certain services and schemes were obtained by Government under heads of account which do not conform to the revised classification structure. The matter is under correspondence with Government and pending a decision in this regard, expenditure on these items stand classified under the budgeted heads.

1.2.3. There was an unreconciled difference of Rs.140.67 lakhs between the figures (Rs.212.75 lakhs) as shown in the Accounts and that (Rs.353.42 lakhs) intimated by the Reserve Bank of India under "Deposits with Reserve Bank". Difference to the extent of Rs.98.79 lakhs had been reconciled (March 1990) leaving a balance of Rs.41.88 lakhs, still to be reconciled.

1.2.4. During the year, the balance of the State Government with the Reserve Bank of India fell short of the agreed minimum of Rs.110 lakhs on 111 days. The deficiency was made good by taking Ways and Means Advances totalling Rs.879.26 crores, of which Rs.796.54 crores were repaid during the year leaving a balance of Rs.82.72 crores. On 17 days, there was

minus balance even after taking Ways and Means Advances and Government had to obtain overdraft of Rs.67.40 crores, which was repaid during the year. The interest paid on the advances and overdrafts during the year was Rs.2.11 crores.

1.2.5. The net available funds on account of net addition to Public Debt, etc. and net effect of adjustments under Contingency Fund, Reserve Funds, Remittances, etc. were Rs.582.59 crores. Of this, Rs.381.09 crores were utilised for meeting net additional loans and advances disbursed for development and other programmes (Rs.192.65 crores) and capital expenditure (Rs.188.44 crores). The balance of Rs.201.50 crores was utilised to meet part of the revenue deficit of Rs.274.16 crores.

1.2.6. The revenue raised by the State Government (Rs.2329.80 crores) accounted for 67 per cent of the total revenue receipts (Rs.3489.86 crores) during the year.

1.2.7. As against the net decrease in revenue of Rs.12.48 crores anticipated from taxation changes proposed during the year, the actual decrease was Rs.12.49 crores. There was a net increase of Rs.232.27 crores in the Tax Revenue raised by the State Government from Rs.1761.96 crores in 1987-88 to Rs.1994.23 crores in 1988-89, increase being mainly under 'Sales Tax' (Rs.171.91 crores) due to increase in collection and upward revision of tax on certain commodities, 'State Excise' (Rs.27.87 crores) due to increase in receipts from sale of foreign liquors and denatured spirits, 'Stamps and Registration Fees' (Rs.23.13 crores) due to increased sale of stamp, 'Taxes on Vehicles' (Rs.9.9 crores) due to better

collection and 'Other Taxes and Duties on Commodities and Services' (Rs.3.62 crores) due to increased collection under Entertainment and Betting Taxes.

1.2.8. The Non-Tax Revenue raised by the State Government increased by Rs.39.26 crores from Rs.296.31 crores in 1987-88 to Rs.335.57 crores in 1988-89. The increase was mainly under 'Social Security and Welfare' (Rs.46.36 crores) due to more receipts from Social Welfare Department, 'Crop Husbandry' (Rs.2.79 crores) due to more receipts from sale of seeds. The increase was partly off-set by decrease under interest receipts from local bodies and Co-operative societies (Rs.3.81 crores), 'Other Social Services' (Rs.3.53 crores) due to less receipts from Civil Supplies Department and 'Miscellaneous General Services' (Rs.3.30 crores) due to less receipts from State lotteries.

1.2.9. The arrears of revenue at the end of the year, reported by 17 departments, were Rs.442.96 crores, of which Rs.95.41 crores were over five years old.

1.2.10. The total amount overdue for recovery as on 31st March 1989, against loans advanced, the detailed accounts of which are maintained in Accounts Office, was Rs.15.98 crores including Rs.6.32 crores on account of interest. The arrears position in regard to the recovery of loans, the detailed accounts of which are maintained by the Departmental Officers, could not be indicated as necessary information had not been furnished by them.

1.2.11. The interest paid on Debt and other obligations was Rs.305.04 crores. The interest received was Rs.78.69 crores, including that from Departmental Undertakings and others. The net interest burden was, thus, Rs.226.35 crores.

1.2.12. The assistance received from Central Government as grant for State, Central and Centrally Sponsored Schemes was Rs.362.57 crores. The expenditure on such Plan Schemes was Rs.1020.40 crores including State's share.

1.2.13. Against Plan provision of Rs.919.48 crores under Revenue and Rs.238.16 crores under Capital, the actual expenditure on Plan Schemes was Rs.822.68 crores under Revenue and Rs.197.72 crores under Capital, resulting in a shortfall of Rs.96.80 crores under Revenue and Rs.40.44 crores under Capital. The shortfall under Revenue was mainly under "Water Supply, Sanitation, Housing and Urban Development" (Rs.55.37 crores), "Social Welfare and Nutrition" (Rs.39.65 crores), "Agricultural and Allied Activities" (Rs.14.12 crores), "Rural Development" (Rs.10.58 crores), "General Economic Services" (Rs.4.45 crores), and "Transport" (Rs.2.70 crores). The shortfall under Capital was mainly under "General Services" (Rs.4.45 crores), "Health and Family Welfare" (Rs.7.22 crores), "Agricultural and Allied Activities" (Rs.9.92 crores), "Irrigation and Flood Control" (Rs.12.13 crores) and "Transport" (Rs.6.82 crores).

1.2.14. Plan expenditure decreased from Rs.1119.15 crores in 1987-88 to Rs.1020.40 crores during 1988-89.

1.2.15. With fresh investment of Rs.40.10 crores during the year in the various Corporations and Co-operative Institutions the total investment of the Government in shares on 31st March 1989 was Rs.461.18 crores. Dividend received on such investments during the year was Rs.1.04 crores, representing roughly 0.23 per cent of the investment.

1.2.16. Government had given guarantees for discharge of liabilities like loans, etc., by Statutory Corporations, Companies, Co-operatives, etc., upto a maximum of Rs.3020.70 crores. Against this sum, Rs.1525.08 crores were outstanding on 31st March 1989, constituting contingent liabilities of Government.

1.2.17. In 11 cases, guarantee commission of Rs.46.97 lakhs was due for recovery as on 31st March 1989, the main defaulters being the Southern Structurals Limited (Rs.26.61 lakhs), Tamil Nadu Small Industries Corporation (Rs.6.41 lakhs), Tamil Nadu Civil Supplies Corporation Limited (Rs.3.69 lakhs), Tamil Nadu Magnesite Limited (Rs.3.63 lakhs) and the Tamil Nadu Minerals Limited (Rs.3.36 lakhs).

1.2.18. No Law under Article 293 of the Constitution has been passed by the State Legislature, laying down the limit within which the Government may give guarantees on the security of the Consolidated Fund of the State.

1.2.19. During the year, the non-plan expenditure of Rs.2932.06 crores constituted 74.2 per cent of the total expenditure of Rs.3952.46 crores under Revenue and Capital. The increase of Rs.496.85 crores over that (Rs.2435.21 crores) in 1987-88 was the net effect of increase of Rs.508.19 crores under Revenue and decrease of Rs.11.34 crores under Capital.

1.3. Budget and financial control over Receipts and Expenditure

There has been consistent under-estimation of Revenue Receipts during the five years from 1984-85 to 1988-89 as indicated in the table below :

Year	Budget plus additional taxation	Actuals	Variation between (3) and (2)	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
1984-85	2094.83	2227.51	(+)132.68	6
1985-86	2418.46	2638.32	(+)219.86	9
1986-87	2680.60	2879.31	(+)198.71	7
1987-88	2813.23	3091.89	(+)278.66	10
1988-89	3187.72	3489.86	(+)302.14	9

The actual revenue and overall surplus/deficit during these years as against the budgeted surplus/deficit are indicated below :

Year	Revenue surplus (+)/ deficit (-)		Overall surplus (+)/ deficit (-)	
	Budget	Actuals	Budget	Actuals
(1)	(2)	(3)	(4)	(5)

(in crores of rupees)

1984-85	(+)119.05	(+) 17.17	(-) 72.09	(+) 4.06
1985-86	(+) 53.60	(+)188.58	(-)228.33	(+)13.78
1986-87	(+)223.25	(+)103.61	(-) 4.79	(-) 4.16
1987-88	(-) 94.85	(-)282.92	(-)180.58	(+)47.84
1988-89	(-)217.56	(-)274.16	(-)123.74	(-)72.78

Government resorted to Supplementary Grants and Appropriations ranging from 15 to 52 per cent of the Original Grants and Appropriations during these 5 years. However, the provisions surrendered during these years ranged from 14 to 65 per cent of the Supplementary Grants and Appropriations obtained while the actual expenditure resulted in ultimate saving ranging from 13 to 67 per cent of the Supplementary Grants and Appropriations as indicated below:

Year	Supplementary Grants and Appropriations	Surrenders		Savings	
		Amount	Percentage of Supple- mentary Grants and Appropriations	Amount	Percentage of Supplementary Grants and Appropriations
(1)	(2)	(3)	(4)	(5)	(6)
(amount in crores of rupees)					
1984-85	1043.42	352.75	34	367.34	32
1985-86	512.63	331.07	65	341.46	67
1986-87	507.17	207.15	41	204.02	40
1987-88	919.32	161.21	18	162.64	18
1988-89	1449.82	197.28	14	189.51	13

Thus, the Supplementary demands, major part of which was presented to the Legislature in March every year, were grossly over-estimated indicating lack of adequate control over expenditure.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. General

The summarised position of actual expenditure during 1988-89 against Grants/Appropriations is as follows:

	Original Grant/ Appropriation	Supple- mentary Grant/ Appro- priation	Total Grant/ Appro- priation	Expenditure	Variation Saving(-) Excess(+)
	(in crores of rupees)				
I. Revenue -					
Voted	3202.03	406.15	3608.18	3469.44	(-) 138.74
Charged	<u>305.67</u>	<u>51.66</u>	<u>357.33</u>	<u>351.51</u>	(-) <u>5.82</u>
II. Capital -					
Voted	204.36	40.75	245.11	207.53	(-) 37.58
Charged	<u>0.04</u>	<u>0.01</u>	<u>0.05</u>	<u>0.02</u>	(-) <u>0.03</u>
III. Public Debt -					
Charged	<u>308.89</u>	<u>855.89</u>	<u>1164.78</u>	<u>1160.42</u>	(-) <u>4.36</u>
IV. Loans and Advances -					
Voted	363.77	95.36	459.13	456.15	(-) 2.98
V. Contingency Fund -	..	..	100.00	100.00	..
Grand Total	<u>4384.76</u>	<u>1449.82</u>	<u>5934.58</u>	<u>5745.07</u>	<u>(-) 189.51</u>

2.2. The following results emerge broadly from the Appropriation Audit.

2.2.1. Supplementary provision obtained during the year constituted 33 per cent of the original provision as against 24 per cent in the year preceding and 15 per cent during 1986-87.

2.2.2. Supplementary provision of Rs.7.76 crores obtained in 8 grants (Appendix I) during March 1989 proved unnecessary in view of the final saving in each grant being more than the supplementary provision; it could, therefore, have been restricted to token provision for New Service items wherever necessary. In 6 grants (Appendix II), supplementary provision obtained during the year proved insufficient by more than Rs.50 lakhs each (ranging from Rs.71.78 lakhs to Rs.549.91 lakhs) leaving an aggregate of uncovered excess expenditure of Rs.12.33 crores.

2.2.3. The overall saving was Rs.204.81 crores in 53 grants (Rs.191.62 crores) and 21 appropriations (Rs.13.19 crores). The overall excess (Appendix III) on the other hand, was Rs.15.30 crores in 6 grants (Rs.12.33 crores) and 4 appropriations (Rs.2.97 crores) requiring regularisation under Article 205 of the Constitution.

Excess, totalling Rs.131.92 crores, over grants/appropriations relating to the years 1983-84 to 1987-88 (Appendix IV) also remains to be regularised.

2.2.4. In the following grants/appropriations the expenditure fell short by more than Rs.1 crore each and also by more than 10 per cent of the total provision.

Description of the Grant/ Appropriation	Amount of saving (in crores of rupees) (percentage of provision)	Main reasons for saving
(1)	(2)	(3)
1.Land Revenue Department	3.11 (13)	Lumpsum provisions made under these grants for payment of additional Dearness allowance and for making Ex-gratia payment have been redistributed under respective sub heads by reappropriation. But the redistribution has not covered the entire lumpsum provision, thus contributing to the overall saving under each of these grants, as indicated below:
16.Fire Services	1.22 (11)	
25.Cinchona	1.24 (29)	

Grant number	Lumpsum original provision	Amount not reappro- priated under respective sub heads (in lakhs of rupees)
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1	537.34	344.85
16	129.16	114.56
25	15.50	9.53

Saving under Grant 25 was also due to post-budget decision not to charge interest on capital.

7.State Legislature	1.00 (48)	Saving was attributed mainly to constitution of Ninth Assembly at the fag end of the year.
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(1) 49. Water Supply	(2) 43.84 (33)	(3) Saving under this grant was mainly due to non-payment of Capital grant to Andhra Pradesh Government for Tamil Nadu Krishna Water Supply Project (Rs.30 crores), revision made in the programme of work in respect of a scheme (Rs.4.86 crores), reduced allotment of assistance by GOI in respect of Accelerated Rural Water Supply Scheme (Rs.3.56 crores) and non-approval of certain schemes (Rs.2.11 crores).
52. Capital Outlay on Irrigation	8.54 (14)	Saving was mainly due to over-provision under "percentage charges for establishment" (Rs.6.09 crores).
53. Capital Outlay on Public Works - Buildings	14.61 (32)	Saving under this grant was mainly due to non-receipt of administrative sanction and due to non-availability of site.
54. Capital Outlay on Roads and Bridges	6.54 (15)	Withdrawal of provision in this grant was attributed to non-settlement of tenders, delayed receipt of Railway proposals, and non-finalisation of land acquisition proceedings.

(1)	(2)	(3)
58. Miscellaneous	4.20	Saving was mainly due to non-receipt of sanction and non-purchase of machinery and equipments, slow progress of work (Rs.0.52 crore), non-receipt of approval for construction of Youth Hostel (Rs.0.15 crore) and classifying the expenditure on floatation of debentures by Tamil Nadu Co-operative Central Land Development Bank and Tamil Nadu State Co-operative Land Development Bank under "Loans and Advances" (Rs.1.85 crores).
Capital	(11)	
Outlay		

2.2.5. In addition, the entire provision was surrendered in the following cases due to non-implementation of schemes.

Serial number	Grant	Name of the Scheme (Head of account)	Amount of surrender (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	9. Head of State, Ministers and Headquarters staff	3451.101.II.JB District Planning Scheme	30.00
2.	10. Milk Supply Schemes	2404.102.II.JF Integrated Dairy Development Project in the erstwhile composite Tirunelveli District	50.00

(1)	(2)	(3)	(4)
3.	21.Fisheries	2711.02.800.I.AB Anti-Sea Erosion Works	43.94
4.	28.Community Development Projects and Municipal Administration	2515.102.II.JN Assistance to Panchayat Unions for upgradation of Roads	40.00
5.	34.Urban Development	2217.01.191.II.JD Assistance for implementing the World Bank Project	45.00
6.	51.Capital Outlay on Industrial Development	4853.01.190.II.JF Share Capital assistance to Tamil Nadu Mineral Development Corporation. Limited	55.00
7.	56.Capital Outlay on Forests	(i) 4406.01.796.II.JE Provision of Foot-path with steps from Arappalleswarar Temple to Akhasa Gangai in Kolli Hills (ii) 4551.60.106.II.JG Establishment of Gene Pool	11.00 10.00

2.2.6. Overprovisioning

In 10 grants, original provision of Rs.480.25 crores was augmented by supplementary provision of Rs.18.26 crores, but the expenditure did not come up even to the original provision, resulting in a saving of Rs.65.75 crores (14 per cent) as detailed below.

Description of Grant	Supplementary provision (in crores of rupees)	Amount of saving (in crores of rupees) (percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
4.General Sales Tax and other Duties - Administration	1.63	2.05 (8)	Reduction in expenditure was due to excess provision made under lumpsum provision made for payment of additional instalments of Dearness Allowance and for ex-gratia payment.
6.Registration	0.24	0.59 (6)	Reduction in expenditure was due to excess provision made under lumpsum provision made for payment of additional instalments of Dearness Allowance and for ex-gratia payment.

(1)	(2)	(3)	(4)
9.Head of State, Ministers and Headquarters staff	1.58	3.27 (7)	(i)Due to excess provi- sion made under lumpsum provision for payment of additional Dearness Allo- wance and for ex-gratia payment and (ii)due to less expenditure towards purchase of furnishing materials and new vehi- cles.
13.Administration of Justice	0.03	1.24 (5)	Due to excess provision under lumpsum provision for payment of additional Dearness Allowance and for ex-gratia payment.
23.Co-operation	0.61	0.89 (2)	
36.Irrigation	1.45	3.29 (4)	Saving was partly due to adjustment of pro-rata charges for interest and Establishment under the respective minor heads.
38.Public Works- Establishment and Tools and Plant	0.02	1.08 (3)	Due to excess provision made under lumpsum provi- sion for payment of addi- tional Dearness Allowance and for ex-gratia pay- ment.

(1)	(2)	(3)	(4)
48. Rural Industries	0.78	0.96 (4)	Due to re-organisation of Sericulture Department.
49. Water Supply	6.22	43.84 (33)	(i) Due to non-payment of capital grant to Andhra Pradesh Government (for Tamil Nadu Krishna Water Supply Project), (ii) due to revision made in programme of work finalised for 1988-89, (iii) reduced sanction by GOI and (iv) non-approval of certain schemes.
52. Capital Outlay on Irrigation	5.70	8.54 (14)	Due to over-provision under "Percentage charges for establishment"

2.2.7. Persistent savings of 5 per cent and above were noticed in the following grants:

Serial number and Grant	1986-87		1987-88		1988-89	
	Amount (in crores of rupees)	Percen- tage	Amount (in crores of rupees)	Percen- tage	Amount (in crores of rupees)	Percen- tage
1.General Sales Tax and Other Taxes and Duties - Administration	1.03	6	1.56	7	2.05	8
2.Administration of Justice	0.28	10	0.29	10	1.23	5
3.Fire Services	1.31	15	1.21	13	1.22	11
4.Water Supply	54.65	43	33.41	24	43.84	33
5.Miscellaneous Capital Outlay	2.60	15	2.63	12	4.20	11
6.Capital Outlay on Irrigation	11.63	17	13.41	20	8.54	14
7.Capital Outlay on Public Works - Buildings	11.78	25	18.65	32	14.61	32
	<u>83.28</u>		<u>71.16</u>		<u>75.69</u>	

2.2.8. In the following grants, the expenditure exceeded the provision by more than Rs.1 crore each and also by more than 2 per cent of the total provision :

Description of grant	Amount of excess (in crores of rupees) (percentage of provision)	Main reasons for excess
19.Public Health	5.50 (6)	Excess was due to increase in expenditure towards additional instalments of Dearness Allowance, ex-gratia payment, payment of arrears of salary, purchase of motor vehicles and certain equipments.
42.Pensions and other Retirement Benefits(Charged)	2.97 (345)	Excess was due to payment of enhanced rate of Dearness Allowance and pension arrears and belated receipt of the requirements of funds from other participating State Accountants General under the States Reorganisation Act, 1956.

2.2.9. Provision by reappropriation in March 1989 proved inadequate by Rs.50 lakhs and above in the following cases:

Serial number (1)	Grant (2)		Head of account (3)	Reappro- priation (4) (in lakhs of rupees)	Final excess (5)
1.	20		2401.108.VI.UI Installation of Drip Irrigation System and Manually operated pumps of farmer holdings	8.40	51.89
2.	11		2053.094.I.AC Ryotwari Village Services	83.27	76.54
3.	17	(i)	2202.02.101.I.AA Inspection of General Schools	279.25	57.16
		(ii)	2202.02.110.I.AA General	73.60	134.95
4.	18	(i)	2210.01.110.I.AA Hospitals and Dispensaries	462.04	104.33
		(ii)	2210.01.110.I.AJ Government General Hospital, Madras	170.01	97.02
5.	19	(i)	2210.06.101.VI.UA Malaria Control - Headquarters	6.86	52.65
		(ii)	2211.103.III.SA Immunisation Programmes	27.26	104.59

(1)	(2)	(3)	(4)	(5)
6.	30	2235.60.102.I.AA Old Age Pensions	4.02	67.52
7.	31	(i) 2225.01.277.I.AB Educational concessions	15.89	87.06
		(ii) 2225.01.283.II.JA House sites for Adi Dravidars	19.19	55.01
8.	43	(i) 2075.800.I.AC Charges in connection with the visit of High Personages	144.99	130.08
		(ii) 2075.800.I.FR Payment of Premium to the Life Insurance Corporation of India under Group Insurance Scheme	4.07	148.41
9.	52	4701.80.001.I.AC Public Works	27.71	54.61

2.2.10. Budgetary procedure and control over expenditure

(a) The Appropriation Acts specify the sum authorised by the Legislature under each grant for meeting expenditure during a financial year; the final modified grants authorised by Government are the sums to be spent upto 31st March, with reference to proposals of Chief Controlling Officers(CCOs) based on actuals and anticipated expenditure and the balance, which is resumed to the Consolidated Fund, is not available to CCOs for meeting any further expenditure. Such resumptions of funds under the grants were persistent and significant not only during 1988-89 but also in earlier years. Further, there had also been significant variations (excess or savings) between the final modified grant and actual expenditure. Overall position for the 5 years, 1984-85 to 1988-89, is indicated below:

Year	Sums autho- rised by the Legis- lature	Amount resumed (Sur- render)	Final Modified Grant	Actual expen- diture	Variation between (4) and (5) Excess(+)/ Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)
		(in crores of rupees)			
1984-85	4025.48	352.75	3672.73	3658.14	(-) 14.59
1985-86	3929.00	331.07	3597.93	3587.54	(-) 10.39
1986-87	3926.28	207.15	3719.13	3722.26	(+) 3.13
1987-88	4760.83	161.21	4599.62	4598.19	(-) 1.43
1988-89	5834.58	197.28	5637.30	5645.07	(+) 7.77

Resumption of more than Rs.100 crores every year indicates over-estimation of expenditure and persistent significant variations between the final modified grant and actual expenditure shows that estimates of expenditure prepared even in March, the last month of the financial year, were defective and the control over expenditure was inadequate.

(b) Lumpsum provision for Dearness allowance was made under each grant to meet additional dearness allowance, ex-gratia payments, etc., to the employees during the year. Funds were to be provided by reappropriation from this lumpsum under the relevant sub-heads under which these items of expenditure were to be incurred. The amounts so reappropriated were, however, far less than the lumpsum provision in the following grants indicating that the lumpsum provision was far in excess of requirements:

Number and name of grant	Lumpsum provi- sion	Amount reappro- priated to relevant sub-heads	Excess provision
(1)	(2)	(3)	(4)
(in lakhs of rupees)			
1.Land Revenue Department	537.34	192.49	344.85
2.State Excise Department	93.00	57.63	35.37
3.Motor Vehicles Act - Administration	51.66	37.24	14.42

(1)	(2)	(3)	(4)
4.General Sales Tax and Other Taxes and Duties - Administration	449.50	332.89	116.61
6.Registration	150.14	126.16	23.98
9.Head of State, Ministers and Headquarters Staff	590.09	167.26	422.83
11.District Administration	680.13	168.26	511.87
12.Administration of Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959	67.16	54.54	12.62
13.Administration of Justice	384.06	139.55	244.51
16.Fire Services	129.16	14.60	114.56
25.Cinchona	15.50	5.97	9.53
28.Community Development Projects and Municipal Administration	723.34	444.24	279.10
38.Public Works - Establish- ment and Tools and Plant	500.98	412.16	88.82
45.Forest Department	260.16	178.31	81.85
47.Information, Tourism and Film Technology	31.00	7.46	23.54

(c) (i) A review of the budgetary procedures and control over expenditure was conducted by Audit in respect of the grants mentioned below :

11. District Administration
16. Fire Services
20. Agriculture
35. Civil Supplies
37. Public Works - Buildings
52. Capital Outlay on Irrigation
53. Capital Outlay on Public Works - Buildings
54. Capital Outlay on Roads and Bridges
57. Capital Outlay on Rural Industries
58. Miscellaneous Capital Outlay

Important points noticed are mentioned in the succeeding paragraphs.

(ii) In four grants, persistent savings were noticed during the last five years as under :

Year	Saving (percentage)			
	<u>Grant 16</u>	<u>Grant 52</u>	<u>Grant 53</u>	<u>Grant 57</u>
(amount in crores of rupees)				
1984-85	0.56 (8)	6.61 (11)	14.83 (30)	0.66 (26)
1985-86	0.85 (11)	9.37 (14)	10.48 (30)	0.19 (11)
1986-87	1.31 (15)	11.63 (17)	11.78 (25)	0.15 (3)
1987-88	1.21 (13)	13.41 (20)	18.65 (32)	0.11 (4)
1988-89	1.22 (11)	8.54 (14)	14.61 (32)	0.93 (58)

(iii) Persistent excess was noticed in Grant 37 during the last three years as under :

Year	Excess (in crores of rupees)	Percentage
1986-87	1.72	31
1987-88	0.43	8
1988-89	0.72	16

(iv) Supplementary grants obtained in March 1989 were excessive in 3 grants and inadequate in 2 grants by more than 10 per cent as indicated below :

Grant number	Supplementary grant	<u>Saving (-)</u> <u>Excess (+)</u>	Percentage to Supplementary grant
	(in crores of rupees)		
11	8.34	(-) 1.57	19
35	19.49	(-) 2.32	12
58	22.36	(-) 4.19	19
20	4.51	(+) 1.53	34
37	0.78	(+) 0.72	92

In Grant 52, the supplementary grant of Rs.5.70 crores obtained in November 1988 and March 1989 was totally unnecessary since the final expenditure of Rs.54.32 crores was less than the original provision of Rs.57.16 crores.

(v) The final expenditure exceeded the final modified appropriation in 4 grants and was less in 4 grants as indicated below :

Grant	Final modified Grant	Final expenditure
-------	-------------------------	----------------------

(in crores of rupees)

11	64.95	65.06
35	184.69	184.82
37	4.59	5.32
54	33.90	36.60
16	10.06	9.97
53	36.33	31.38
57	0.70	0.67
58	37.96	35.59

Final expenditure under Grant 57 (Rs.0.67 crore) was only 42 per cent of the provision of Rs.1.60 crores. Saving of Rs.0.89 crore was stated to be due to non-sanction of expenditure towards participation in share capital of Co-operative institutions. Reasons for the non-sanction were not communicated by Government.

(vi) Defective budgeting

Grant 11 - 2053.094.I.AK. Open Railway
Line Patrol by Village Officer

According to instructions regarding preparation of Budget estimates, every care should be taken to see that the estimates are neither inflated nor under-pitched, but are as accurate as possible. In this case, though expenditure of Rs.21.05 lakhs and Rs.48.48 lakhs were incurred during 1986-87 and 1987-88 on this service, only Rs.1.20 lakhs were provided in the Budget estimates for 1988-89. Due to such under-estimation, the department had to resort

to reappropriation for additional funds to meet the final expenditure of Rs.19.85 lakhs.

(vii) **Defective control over expenditure**

(a) In the following cases, reappropriation of funds was either unnecessary or excessive in view of the final savings.

Grant	Head of account	Provision	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)
		(in lakhs of rupees)		
11	2053.094.I.BP.	O 2.11		
		S ..		
		R 64.03		
		T 66.14	2.12	64.02
	2070.112.I.AA.	O 8.54		
		R 1.05		
		T 9.59	8.42	1.17
16	2070.108.I.AA.	O.112.32		
		R. 5.00		
		T.117.32	104.92	12.40

(1)	(2)	(3)	(4)	(5)
37	2059.01.101.I.AD.	O. 4.05 S. 17.93 R. 2.01 T. 23.99	16.87	7.12
	2059.01.101.I.AK.	O. 0.35 R. 1.28 T. 1.63	0.27	1.36
	2202.02.109.II.JU.	O. 29.52 R. 13.67 T. 43.19	33.56	9.63
53	4059.01.101.I.AX.	O. 1.40 R. 13.84 T. 15.24	4.76	10.48

(b) Though the controlling officers were required to ensure that the final expenditure did not exceed the Final Modified Appropriation (FMA) approved by the Finance Department by exercising effective control over expenditure, in the following cases, the expenditure substantially exceeded FMA indicating that the control over expenditure was not adequate.

Grant	Head of account	FMA	Expen- diture	Excess
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
11	2053.094.I.BT.	1.23	10.16	8.93
		The withdrawal of Rs.8.56 lakhs in March 1989 was injudicious.		
	2059.01.053.I.AL.	50.00	63.61	13.61
20	2401.001.I.AA.	100.28	114.96	14.68
	2401.107.I.AA.	1.67	19.65	17.98
	2501.02.001.VI.UA.	22.12	121.01	98.89
	2551.60.102.III.SL.	27.24	47.31	20.07
		Withdrawal of Rs.12.76 lakhs in March 1989 was injudicious.		
	2702.02.103.II.JA.	15.16	36.60	21.44
37	2059.01.053.I.AC.	78.20	102.12	23.92
52	4215.01.101.II.JC.	91.34	108.71	17.37
	4701.01.209.II.JF.	15.54	29.13	13.59
	4701.01.239.II.JF.	5.10	35.06	29.96
53	4059.01.101.II.JC.	416.99	466.54	49.55
	4551.60.110.II.JD.	6.00	31.64	25.64
		Withdrawal of Rs.44.97 lakhs in March 1989 was injudicious.		
54	5054.01.101.II.JA.	0.03	2.81	2.78
	5054.80.800.II.JD.	0.03	2.22	2.19

(viii) In Grants 20 and 37, Rs.106.65 lakhs were provided in the Budget Estimate for the year 1988-89 towards implementation of 16 services/schemes as indicated hereunder. However, no expenditure was incurred on any of these items, for the purpose authorised by Legislature. The consequent savings were diverted and utilised for other services/schemes resulting in diversion of destination of the funds voted by the Legislature.

Grant	Number of Schemes/ Services	Amount (in lakhs of rupees)
20	13	98.64
37	3	8.01
	<u>16</u>	<u>106.65</u>

(ix) As the provisions made in the Budget Estimate were inadequate in the following 22 cases, substantially large amounts were obtained through reappropriation to meet the additional requirements. The additional expenditure of Rs.1013.97 lakhs over and above Rs.1429.08 lakhs authorised by the Legislature was thus incurred without specific approval of the Legislature. The procedure, though technically in order, defeats the principles of Legislative control over Government expenditure enshrined in the Constitution. The abnormal reappropriations were due to absence of any specific limit (quantum or percentage) for augmenting the funds by reappropriation.

Grant	Head of account	Provision	Expendi- ture	Additional require- ments met by reappro- priation
(1)	(2)	(in lakhs of rupees) (3)	(4)	(5)
11	2053.094.I.AE.	O. 7.75 R. 7.07	14.20	6.45
	2053.094.I.AT.	O. 0.10 R. 11.57	11.89	11.79
	2053.094.I.BM.	O. 0.23 R. 4.91	5.04	4.81
	2053.094.I.BS.	O. 0.06 R. 2.21	2.22	2.16
	2053.094.I.BV.	S. 1.12 R. 61.24	62.83	61.71
	2070.115.I.AB.	O. 40.53 R. 30.95	63.83	23.30
	2401.103.I.AN.	O. 456.65 R. 111.02	582.78	126.13
	2402.101.II.JF.	O. 8.74 R. 15.75	24.22	15.48
	2415.01.120.II.JA.	O. 293.66 R. 66.34	353.39	59.73
	2551.01.102.III.SH.	O. 106.00 R. 48.98	154.45	48.45

(1)	(2)	(3)	(4)	(5)
52	4215.01.101.II.JA.	O. 64.18 R. 294.84	327.19	263.01
	4215.01.101.II.JB.	O. 20.21 R. 21.45	32.77	12.56
	4701.01.203.II.JK.	O. 16.89 R. 22.13	39.59	22.70
	4701.01.207.II.JC.	O. 234.63 R. 95.40	360.09	125.46
	4701.01.207.II.JD.	O. 173.09 R. 155.67	333.94	160.85
53	4202.01.202.I.AA.	O. 3.92 R. 44.31	30.23	26.31
58	4058.103.I.AB.	O. 0.02 R. 5.17	4.89	4.87
	4058.103.II.JC.	O. 0.01 R. 5.36	5.37	5.36
	4405.105.II.JE.	O. 0.53 R. 2.47	2.96	2.43
	4405.800.I.AD.	O. 0.01 R. 1.47	1.48	1.47
	4551.60.403.II.JF.	O. .. R. 21.44	21.44	21.44
	5475.202.I.AB.	O. 0.75 R. 7.51	8.25	7.50

(x) Expenditure without provision

No expenditure should be incurred on a scheme/service without specific provision therefor. However, it was noticed that expenditure was incurred in the following cases though no provision had been made either in the budget or in the supplementary demand/reappropriation.

Grant	Head of account	Expenditure (in lakhs of rupees)
37	2202.02.109.II.JV.	7.26
53	4059.01.101.VI.UA.	0.66
	4216.80.800.I.AC.	1.44
58	4216.01.107.I.AC.	0.22
	4405.101.II.JC.	0.91

(xi) The Public Accounts Committee, while prescribing (October 1986) the criteria for treating expenditure as 'New Service/New Instrument of Service' stipulated that, in respect of schemes receiving assistance from Central Government, autonomous bodies, etc. and in respect of expenditure relating to natural calamities, if a token provision had been made in the Budget, the expenditure need not be treated as "New Service"; but such cases should be brought to the notice of the Legislature by specific inclusion in the supplementary estimates.

It was noticed that such expenditure incurred in the following 18 cases had, however, not been brought to the notice of the Legislature through specific inclusion in the Demands for supplementary grants.

Grant	Head of account	Provision (in lakhs of rupees)		Expenditure
(1)	(2)	(3)		(4)
20	2435.01.101.III.SC.	O.	0.01	
		R.	1.99	2.00
	2435.01.101.VI.UA.	O.	0.01	
		R.	1.99	2.00
52	5056.104.III.SA.	O.	..	
		R.	15.00	15.14
53	4210.01.110.VI.UA.	O.	0.01	
		R.	0.49	4.59
	4211.106.III.SA.	O.	0.02	
		R.	1.29	4.13
57	4851.102.VI.UA.	O.	0.01	
		R.	1.73	1.76
58	4425.108.III.SN.	O.	0.01	
		R.	3.14	3.15
	4425.108.V.ZA.	O.	0.01	
		R.	6.20	6.20
	4425.108.V.ZE.	O.	0.01	
		R.	9.99	10.00
	4425.796.V.ZA.	O.	0.01	
		R.	3.24	3.25
	5452.01.101.III.SG.	O.	0.01	
		R.	4.61	4.62

(1)	(2)	(3)	(4)
	5452.01.101.III.SH.	O. 0.01 R. 12.23	7.62
	5452.01.101.III.SJ.	O. 0.01 R. 2.49	2.77
	5452.01.101.III.SK.	O. 0.01 R. 1.41	0.65
	5452.01.101.III.SL.	O. 0.01 R. 2.64	2.65
	5452.01.101.III.SM.	O. 0.01 R. 9.99	3.65
	5452.01.101.III.SR.	O. 0.01 R. 4.49	4.50
	5452.01.101.III.SS.	O. 0.01 R. 1.99	2.00

2.3. Expenditure on New Service

According to rules, expenditure on a scheme/service not contemplated in the Budget Estimate or in excess of the provision thereof in the Budget Estimate constitutes New Service or New Instrument of Service, when the expenditure exceeds the limits prescribed in the rules. In such cases, expenditure can be incurred only after obtaining either an advance from the Contingency Fund pending authorisation of the funds by the Legislature or provision of funds through the Supplementary

Estimates. Expenditure on the schemes mentioned in the succeeding paragraphs which constituted New Service/New Instrument of Service, was incurred without the approval of the Legislature.

(i) Grants totalling Rs.109.20 lakhs were paid during the year to Tamil Nadu Water Supply and Drainage Board against the Budget provision of Rs.42 lakhs by reappropriating Rs.67.20 lakhs, for 'Maintenance of Water Supply Schemes for Defence Project at Avadi' (Grant 49 - 2215.01.101.I.AA) and 'Tuticorin Harbour Project 20 mg. Water Supply Scheme' (Grant 49 - 2215.01.101.I.AC).

(ii) Rupees 56.28 lakhs were spent towards 3 newly formed Wasteland Development Divisions under Social Forestry (Grant 45 - 2406.01.102.II.JF). There was no provision for the purpose in either the Budget or Supplementary Estimates.

(iii) Expenditure of Rs.9.67 lakhs was incurred on establishment attached to the City Level Co-ordination Committee, formed under Tamil Nadu Urban Development Project for which there was no provision in the Budget (Grant 34 - 2217.05.001.II.JA).

(iv) Grant of Rs.75.70 lakhs was paid to Madras Metropolitan Development Authority towards Technical Assistance to Tamil Nadu Urban Development Project under World Bank Project (Grant 34 - 2217.01.191.II.JE). Though expenditure was incurred during 1987-88 under this head of account for the same purpose, no provision had been made in the current year but the entire expenditure on the grant was met only by reappropriation.

2.4. Advances from Contingency Fund

The Corpus of the Contingency Fund placed at the disposal of Government to meet unforeseen expenditure, pending authorisation by the State Legislature, was Rs.50 crores; it was temporarily enhanced to Rs.150 crores from 7th October 1988 to 31st March 1989.

Advances from the Fund can be made to meet only unforeseen expenditure not provided for in the Budget and of such emergent character that postponement thereof till the vote of the Legislature is taken would be undesirable.

The Supplementary Estimates for all expenditure so sanctioned and withdrawn from the Contingency Fund are required to be presented to the Legislature at the first or second session of the Legislature, as may be practicable, immediately after the advance is sanctioned.

One hundred and ninety one sanctions were issued during 1988-89 advancing Rs.107.62 crores from the Contingency Fund. It was noticed that -

(i) Eight sanctions for Rs.71.05 lakhs were neither operated nor cancelled,

(ii) The actual expenditure (Rs.342.14 lakhs) against 23 sanctions was less than 50 per cent of the amount sanctioned (Rs.1071.38 lakhs),

(iii) In 7 cases, the amount drawn from the Contingency Fund (Rs.145.47 lakhs) exceeded the amount sanctioned (Rs.131.98 lakhs).

2.5. Non-receipt of explanations for savings/excesses

After the close of each financial year, the detailed appropriation accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the Controlling Officers requiring them to explain significant variations under the heads. Out of 399 heads, the explanations for variations were not received (September 1990) in 184 cases (46 per cent).

2.6. Shortfall/excess in recoveries

Under the system of gross budgeting followed by the Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the Budget Estimates. During 1988-89, such recoveries were anticipated at Rs.107.75 crores; actual recoveries during the year were, however, Rs.76.03 crores. Some of the important cases of shortfall/excess as compared to estimates are detailed in Appendix V.

2.7. Reconciliation of departmental figures

Rules require that departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts and Entitlements) every month. The reconciliation has remained in arrears in several departments.

The number of Controlling Officers, who did not reconcile their figures and the amounts involved are indicated below:

Year	Number of Controlling Officers who did not reconcile their figures	Amount not reconciled (in crores of rupees)
1984-85	5	18.90
1985-86	14	49.63
1986-87	17	55.21
1987-88	43	64.65
1988-89	75	430.65
	<u>154</u>	<u>619.04</u>

Amounts remaining unreconciled during 1987-88 by the following Controlling Officers exceeded Rs.10 crores each.

Controlling Officer	Amount not reconciled
(1)	(2)
	(in crores of rupees)
The Director of Adi Dravidar and Tribal Welfare	66.72
The Registrar of Co-operative Societies, Madras-5	44.82
The Registrar of High Court	24.39
Director of Municipal Administration, Madras-5	12.40

(1)

(2)

Deputy Chief Electoral Officer and Deputy Secretary to Government, Madras-9	12.99
Chief Electrical Inspector to Government, Madras-2	95.25
Special Commissioner and Commissioner of Revenue Administration, Madras	39.06
Joint Commissioner of Revenue Administration, Madras-5	51.87

CHAPTER III

CIVIL DEPARTMENTS

ADI DRAVIDAR AND TRIBAL WELFARE DEPARTMENT

3.1. Tribal Sub-Plan

3.1.1. Introduction

3.1.1.1. In order to accelerate the development of the tribal people, the Tribal Sub-Plan (TSP) was evolved during the Fifth Five Year Plan period. This covers areas having more than 50 per cent tribal population. In Tamil Nadu, nine such areas covering about 2.10 lakhs out of the total tribal population of 5.20 lakhs in the State were brought under nine Integrated Tribal Development Projects (ITDP). The projects were in the Districts of Salem (five), North Arcot, South Arcot, Dharmapuri and Tiruchirapalli (one each). The remaining 3.10 lakh tribals live outside the ITDP areas and are scattered throughout the State.

3.1.1.2. The objectives of the TSP were

(i) to assist 46,979 Scheduled Tribe (ST) families by the end of Seventh Five Year Plan (1985-90) by implementing economic development programmes under Horticulture, Animal Husbandry, Soil Conservation, Minor Irrigation, Sericulture, Small Industries, etc. and

(ii) to provide basic needs, such as provision of drinking water, roads, electrification, schooling, health facilities and social services for alround development of the tribal population.

The TSP also contemplated supply of essential commodities at reasonable prices to the STs, creation of facilities for marketing minor forest produce collected by them through Large-sized Multi-purpose Co-operative Societies (LAMPS), provision of institutional finance for development of agricultural and allied sectors, development of vulnerable tribal areas like forest villages and groups like those practising shifting cultivation, displaced and migrant tribals including tribal women and upgradation of tribal areas.

3.1.1.3. The achievements against the target of 9000 ST families per year for their economic development during the Seventh Five Year Plan period were as under:

Year	Number of families
1985-86	10,059
1986-87	11,845
1987-88	9,854
1988-89	10,557
	<u>42,315</u>

The reported achievement was not susceptible of verification for lack of documentation.

3.1.2. Organisational set up

Tamil Nadu Tribal Development Authority, with the Chief Minister as chairman, was responsible for framing the policies, guiding the authorities and reviewing the implementation of the projects. The Director, Department of Adi Dravidar and Tribal

Welfare (DADTW) was in overall charge of implementation of the schemes. At the district level, the schemes were implemented by the respective administrative departments under the overall supervision of the District Collectors.

3.1.3. Audit coverage

A test check of records covering the period 1985-86 to 1988-89 was conducted between January and June 1989 in the Adi Dravidar and Tribal Welfare Department of the State Secretariat, offices of the 21 Heads of Departments, Collectorates of North Arcot and Salem Districts and in 3 out of the 9 ITDP areas, viz., Kalrayan Hills and Yercaud Hills of Salem District and Jawadhi Hills of North Arcot District. Besides, the schemes implemented in Kolli Hills, Aranoothumalai and Pachamalai Hills of Salem District were reviewed.

3.1.4. Highlights

- Schemes had been sanctioned as a matter of routine without ensuring availability of infrastructural facilities. Consequently, some of the schemes could not be implemented and others were delayed, denying the tribals of the benefits of the scheme.

(paragraph 3.1.8)

Inordinate delays in the issue of sanctions resulted in surrender of funds, premature drawal of funds, belated distribution of agricultural inputs and milch animals, escalation in cost of construction and loss of employment opportunities.

(paragraph 3.1.9)

- Under the Horticultural Schemes, orchard plants were supplied to tribals who did not own the requisite area of land. The agricultural inputs were supplied after the season was over. Rupees 70.75 lakhs had been spent on Giant Orchard programme; but this could not be evaluated for want of basic records.

(paragraph 3.1.10)

- Under the Scheme of Supply of milch animals, two heads of animals were supplied within 6 months, defeating the objective of providing regular income to the tribals through continuous milk production.

(paragraph 3.1.11.1)

- In all, 1095 families were supplied with milch animals, work bullocks and sheep without adequate health cover and cattle feed. Milk Co-operatives had not been formed to enable sale of milk.

(paragraph 3.1.11.3)

- Though a sum of Rs.7.49 lakhs was deposited with Tamil Nadu Poultry Development Corporation (TAPCO) in March 1987 for the establishment of a poultry estate at Kalrayan Hills, the civil works were yet to be commenced (August 1989).

(paragraph 3.1.11.4)

- Under 'Agro Forestry' programme, trees were to be planted by the tribals at their own cost. However, Rs.2.56 lakhs were spent on raising seedlings supplied to the tribals.

(paragraph 3.1.12.4)

- Percentage of shortage of teachers in Forest Schools ranged between 24 and 65. The short supply of books ranged from 62 to 90 per cent.

(paragraph 3.1.12.5)

- Eight hostels constructed in Jawadhi Hills at a cost of Rs.5.53 lakhs continued to remain unoccupied for more than 4 years.

(paragraph 3.1.12.7)

- Rupees 105.32 lakhs were spent on five Sandal Estate Schemes to generate employment of 2.85 lakh mandays. Most of the work was got done through contractors, which defeated the objective of providing direct employment to tribals.

(paragraph 3.1.12.8)

- Co-operation Department deposited Rs.124.40 lakhs for executing 126 works in two districts; Rupees 74.19 lakhs thereof remained unutilised.

(paragraph 3.1.13)

- Unrelated specifications for road construction resulted in avoidable expenditure of Rs.12.39 lakhs.

(paragraph 3.1.15.5)

- A sum of Rs.2.15 lakhs was recovered less from the contractors towards hire charges for departmental road rollers.

(paragraph 3.1.15.4)

- Expenditure of Rs.3.20 lakhs on construction of a stretch of road proved infructuous, since Government of India refused permission

for construction of further stretch of road passing through forest area.

(paragraph 3.1.15.6)

- A ten-bedded ward constructed in Jawadhi Hills in December 1985 at a cost of Rs.3.35 lakhs could not be put to use for want of supporting staff.

(paragraph 3.1.17.6)

The envisaged benefit of provision of power for domestic lighting and irrigation was not extended to 29 villages and 139 hamlets due to limited utility of photo voltaic power system. Many of the street lights provided in these places also were not functional for want of spares.

(paragraph 3.1.21.2)

3.1.5. Funding pattern

3.1.5.1. The TSP received funds from four sources viz. (a) State Plan outlays (b) Special Central Assistance (SCA) of the Ministry of Welfare (c) Sectoral Programmes of Central Ministries/Departments and (d) institutional finance. The Ministry of Home Affairs, the nodal ministry for tribal development, operated SCA. This assistance had been conceived to be in the nature of an addition to the State Plan efforts for tribal development. In areas where State Plan provisions were not forthcoming, for any reason, the SCA was provided as a gap filler.

3.1.5.2. A total outlay of Rs.6900.99 lakhs (State Plan : Rs.5034.84 lakhs; SCA : Rs.1848.40 lakhs; Other Central Programmes : Rs.17.75 lakhs) was envisaged during Seventh Five Year Plan period

for the various development schemes and provision of basic needs. Besides, Rs.889.20 lakhs were to be provided through institutional finance. However, specific information as to the institutional finance provided was not available with DADTW. Details of funding were as follows:

Year	Outlay (in lakhs of rupees)	Expenditure
1985-86	851.57	684.00*
1986-87	1269.88	897.69*
1987-88	1347.15	902.80*
1988-89	1534.64	1467.08

* - Does not include expenditure incurred under other Central and State sector programmes, as the information was not made available.

Sector-wise details are given in Appendix VI.

3.1.5.3. The SCA funds were to be utilised in addition to State Plan provisions in areas where such provisions were considered inadequate. The SCA was sanctioned to meet the expenditure in excess of the outlay proposed under State Plan. However, during 1985-86 to 1987-88, Rs.486.02 lakhs were received as against the requirement of Rs.309.50 lakhs as indicated below:

Year	Expenditure under TSP	Outlay to be met from State Plan	SCA required	SCA received
(in lakhs of rupees)				
1985-86	684.00	612.57	71.43	145.39
1986-87	897.69	765.77	131.92	162.09
1987-88	902.80	796.65	106.15	178.54
Total	<u>2484.49</u>	<u>2174.99</u>	<u>309.50</u>	<u>486.02</u>

(Expenditure details for 1988-89 were not available)

Though SCA allocations were to be exhibited distinctly in the budgetary proposals, these instructions were not adhered to by the State Government.

3.1.5.4. In order to check imbalances in the development of tribal areas, Government of India (GOI) allocated the SCA among the 9 ITDPs. The State Government, however, did not allocate the SCA, as well as the State Plan provision project-wise and, consequently, project-wise expenditure was also not available. As a result, it could not be verified whether the balanced development of all the tribal areas was achieved by the implementation of various programmes.

3.1.6. Grants-in-aid utilisation

Under Article 275(1) of the Constitution of India, grants are released for taking up specific

schemes communicated by the Ministry of Home Affairs. Though Rs.70.58 lakhs were received as grants by State Government during 1985-86 to 1988-89, State Government had not formulated and implemented any scheme during these years in accordance with the guidelines of the GOI. Instead, the State Government sanctioned general schemes like supply of milch animals (Rs.20.27 lakhs), construction of houses (Rs.16.68 lakhs) and formation of a Co-operative Society for bamboo marketing (Rs.1.47 lakhs) accounting for Rs.38.42 lakhs. Expenditure details for balance grant of Rs.0.32 lakh received during 1987-89 and for grant of Rs.31.84 lakhs received during 1985-86 and 1986-87 were not made available by Government.

3.1.7. Grants released for girls' hostel

For the promotion of girls' education in tribal areas, the GOI released Rs.2.26 lakhs during 1985-86 towards construction of girls' hostel. The expenditure on the scheme was to be shared equally between the State and the Centre. As the construction work had not been commenced (July 1989), the grant had remained unutilised. The DADTW stated in October 1989 that the site selected for the location of the hostel and the estimate for the construction were yet to be approved by Government.

3.1.8. Planning

The TSP is intended to take care of the specific needs of the tribal population in a particular area while leading them to social, educational and economic development. The Working Group on Development of ST had emphasised the need for

closer and extensive consultation with project administrators of ITDPs, tribal people representatives in the Legislature, state departments and heads of departments while formulating TSP. The Tribal Development Department was required to scrutinise all schemes of tribal development prepared by sectoral departments. Basic statistical information as collected in the tribal bench mark survey was also required to be incorporated in the TSPs. The points noticed in audit on the planning process made by the State Government are given below:

(a) Though a bench mark survey was done with reference to 1971 census for the preparation of the Sixth Five Year Tribal Sub-Plan, no such survey was ordered for the preparation of the Seventh Plan.

(b) Before sanction was accorded to the Seventh Plan, the Tribal Research Institute in the State was expected to complete the work of compilation of traditional tribal functionaries and institutions which were active, with a view to enlisting their involvement in the tribal area administration. This exercise was not carried out in the State.

Sanction of the following schemes as a matter of routine without ensuring availability of infrastructural facilities like land, building and raw materials indicated defective planning, resulting in non-extension of the benefits of the schemes to the tribals.

(i) Establishment of Horticultural Farm at Pachamalai (sanctioned in May 1984),

(ii) Setting up of Orchard at Padasolai in Kolli Hills (sanctioned in September 1987),

(iii) Establishment of seven Siddha dispensaries and one mobile Siddha Unit (sanctioned in November 1987) and

(iv) Pungan Oil Factory at Sitheri Hills, in Dharmapuri District (sanctioned in September 1987).

3.1.9. Delay in issue of sanctions

Mention was made in paragraph 3.9.24 of the State Civil Audit Report 1981-82 under 'Tribal Sub-Plan' about the delay in the issue of sanctions by Government. In its fifty eighth report, the Committee on Public Accounts urged the Department to scrupulously follow the instructions contained in paragraph 106 of the Tamil Nadu Budget Manual Volume-I, which required communication of sanctions with least possible delay and issue of sanctions early in April each year in respect of the schemes included in the annual budget estimates.

To avoid delay in issue of sanctions, the Working Group on the 'Development of Scheduled Tribes during the Seventh Five Year Plan' also suggested the adoption of a system of pre-budget scrutiny by a small committee of officers representing Finance, Planning and concerned Administrative Departments, so that sanctions could be issued soon after the budget was passed. The Group also felt that no sanction should be issued beyond the first quarter of the financial year.

Test check disclosed that, in respect of 22 schemes, sanctions were accorded between the months of July and March of the relevant year. The delay in issue of sanctions had resulted in surrender of

funds, premature drawal of funds, belated distribution of agricultural inputs and milch animals, escalation of construction cost and loss of employment opportunities for the tribals. Instances of such cases noticed during audit are discussed in paragraphs 3.1.10.4, 3.1.11.1, 3.1.11.4, 3.1.12.8 (ii) and 3.1.19.

3.1.10. Horticulture

3.1.10.1. To increase the productivity of the tribal holdings and improve the employment opportunities of tribal population, the Horticulture Department implemented several schemes such as

(i) distribution of seeds, seedlings, chemicals and fertilisers at subsidised cost,

(ii) development of orchards in individual tribal holdings,

(iii) establishment of giant orchards and horticultural farms to increase the production of fruits which could also serve as a model orchard, etc.

3.1.10.2. The required inputs were purchased by the concerned Assistant Directors of Horticulture and handed over to the LAMP societies in the hill areas, for being sold to the identified tribals at subsidised price. The societies were required to remit the subsidised cost collected from the beneficiaries into Government accounts.

The Director of Horticulture prescribed (January 1986) a monthly return to watch the recovery of the amounts due from the various LAMP

societies. However, no follow up action was taken to watch the receipt of returns, assess the total amounts due from various societies and to recover them. In North Arcot District, Rs.2.19 lakhs relating to 1985-86 to 1987-88 were due from three LAMP Co-operative Societies.

3.1.10.3. Under the Scheme, every year about 3200 families with a holding of land upto 2 hectares each were to be provided with a package of services which included supply of agricultural and horticultural inputs and modern extension service to cover an area of about 1295 hectares of short term crops like paddy, groundnut and pulses and an equal area of perennial plants like mango, coffee, cardamom, etc. This was sought to be achieved by assisting 200 families in each of the 16 units in the 9 ITDPs.

Although the target of 200 beneficiaries per year was stated to have been achieved during the years 1985-86 to 1987-88 in Periakalrayan Hills and Chinnakalrayan Hills, all the inputs were not supplied to all the beneficiaries. Out of 1031 cases test checked, in 61 cases only one of the three inputs was supplied and two were supplied in 219 cases. The inputs were also supplied after the season was over in 372 cases. There was no evidence to show whether the recipients of the inputs actually utilised them and were benefited by way of increased production.

3.1.10.4. Orchard programme

Under this Programme, willing tribals with a viable holding of not less than 5 hectares of land

were to be identified and motivated to raise orchards by giving them necessary inputs at subsidised price. About 324 hectares per year were expected to be brought under this programme. The beneficiaries were to be provided with the inputs at reduced scales during the second and third years of operation to fill up the gaps caused due to non-survival of the plants raised during the previous years.

(a) In the Periakalrayan Hill Unit, each of the 50 tribals was supplied uniformly with various plants, seeds, etc., towards original planting and also for gap filling as brought out below:

Year	Inputs	I year planta- tion (Number)	I follow up (Number)	II follow up (Number)
1985-86	Mango	30	20	13
	Pineapple	100	..	..
	Jack	10	..	..
	Gooseberry	10	..	..
	Acid lime	19	25	9
1986-87	Mango	40	20	4
	Acid lime	8	29	..
	Banana	..	..	5
	Coconut	..	..	15
	Silver oak	..	..	10
1987-88	Mango	40	4	..
	Guava	20	..	..
	Acid lime	5	60	..
	Coconut	..	20	..
	Silver oak	..	15	..

(b) The plants were supplied to the tribals, without assessing the water resources, suitability of soil, mortality of plants raised, etc. The much-needed inputs such as fertilisers and plant protection chemicals were not supplied along with the plants. The entire distribution of plants during 1988-89 was made at the end of March 1989. In 99 out of 100 cases covered, during 1985-86 and 1987-88, the holdings were less than the viable limit of 5 hectares prescribed in the Scheme. The details of individual holding of the lands covered during 1986-87 were not on record.

(c) In Chinnakalrayan Hills unit, the plants were supplied after planting seasons were over. The other inputs viz., fertiliser and plant protection chemicals were also not properly supplied.

(d) In both these units, no monitoring was done by the Department to ensure that the inputs were utilised by the beneficiaries.

3.1.10.5. Government sanctioned establishment of giant orchards at Karumanthurai (May 1981) and Thagarakuppam (March 1984) covering 500.71 hectares. Even though the objectives of this scheme were (i) educating the tribals about improved methods of horticulture, (ii) enhancing employment opportunities to local tribals and (iii) ultimate ownership of the orchards by the tribals, no scheme or procedure for achieving these objectives was prepared.

Out of an expenditure of Rs.232.74 lakhs incurred on horticulture under the TSP, Rs.70.75 lakhs (30 per cent) was spent on establishing the giant orchards. The department was unable to produce records showing the

(i) training imparted to tribals in the improved methods of horticulture,

(ii) number of tribal beneficiaries in terms of employment opportunities and

(iii) number of tribal beneficiaries in terms of ownership or profits from the orchards.

Thus, benefits accrued to the tribal people of the area could not be verified.

3.1.11. Animal Husbandry

3.1.11.1. In order to improve the income level of the tribals, the Animal Husbandry Department implemented the scheme of distribution of milch animals, work bullocks and sheep units and rearing of calves. Under the scheme, each of the beneficiaries was to be supplied with two milch animals, initially one and other after an interval of six months, so that the beneficiary could have the advantage of continuous yield of milk throughout the year. Marketing of the milk was to be arranged through the Milk Co-operative Societies.

In Yercaud Hills, 120 milch animals were distributed during 1985-86 to 1987-88, without forming any milk co-operative societies for marketing the milk. The scheme was not implemented in Yercaud Hills during 1988-89 and the allotment of Rs.2.53 lakhs for that year was transferred to Kalrayan Hills.

In Jawadhi Hills, only one milch animal was given to each of the 29 tribals during 1985-86

and the second animal was not supplied thereafter. Thirteen of them sold the animals and no action was taken by the Department to recover the subsidy.

In Salem (153 cases) and North Arcot (25 cases) Districts, the second animal was supplied within six months, the interval ranging from 1 day to 6 months contrary to the guidelines. As a result, the benefit of continuous milk production and accrual of regular income to the beneficiaries throughout the year was not ensured. The supply of the second animal in shorter interval was attributed to belated receipt of the orders of government, delay in sanction of loan by LAMP Societies and avoidance of surrender of funds.

3.1.11.2. The scheme also provided for free supply of 4 kgs. of cattle feed per animal per day for 240 days from the date of supply of the animal. In 3 ITDP areas, in 69 out of 85 cases, there was short supply of cattle feed to the extent of 12.26 tonnes, during the years 1986-87 and 1987-88. The short supply per beneficiary ranged from 88 to 470 kgs. The short supply was attributed to delay in supply of the feed by Tamil Nadu Co-operative Milk Producers' Federation and the increase in the cost of feed and the need to keep the expenditure within the budget provision.

3.1.11.3. One thousand and ninety-five tribals were supplied with milch animals (330), work bullocks (480) and sheep units (285). In order to provide health care to the animals and to conduct periodical verification, mobile veterinary dispensaries were established. Test check of records disclosed the following points:

(a) In 501 cases (46 per cent), verification-cum-health check up was done only during the first year after purchase and in 167 cases (15 per cent) it was not done at all. Reproductive cycle was not observed in the case of 207 milch animals. De-worming was not at all done in the case of 32 calves and 52 sheep units and, in the case of 65 calves and 46 sheep units, de-worming was not done beyond one year.

(b) Even during the course of limited verification conducted as above, the department noticed that 29 milch animals and 279 sheep were dead and no action was taken by the department to claim the insurance amount and to replace the dead animals except in one case. Insurance amount receivable in respect of dead animals could not be assessed for want of full information in the records. The Tribal Research Institute, Udhagamandalam, which conducted an evaluation study in Jawadhi Hills area in 1984, had reported in 1988 that the large mortality rate among the sheep was due to consumption of poisonous plants by the animals and recommended the discontinuance of the distribution of sheep. Information regarding action taken by Government on the recommendation was awaited.

3.1.11.4. Tamil Nadu Poultry Development Corporation (TAPCO) sent proposals in April 1984 for establishment of a poultry estate at Kalrayan Hills at a cost of Rs.10.93 lakhs. Under this scheme, 30 tribals were expected to be benefited, each by rearing 500 birds. The anticipated income of each tribal was around Rs.7860 per annum.

The scheme was cleared by Government in September 1986, after a delay of more than 2 years, for implementation at a cost of Rs.7.49 lakhs. As the cost of various components of the scheme had gone up meanwhile, Government, at the instance of TAPCO, reduced (March 1987) the targeted number of units to 25 and also the number of birds per unit to 250. The amount of Rs.7.49 lakhs was drawn and remitted to TAPCO in March 1987.

Execution of civil works for the above scheme (cost : Rs.3.48 lakhs) was finally entrusted to the Buildings Division, Salem, in November 1987. The revised administrative sanction for Rs.5.60 lakhs necessitated on account of revision of schedule of rates, was accorded by Government in March 1989 and the construction work was yet to be commenced (August 1989).

3.1.12. Forest

3.1.12.1. Forest Department implemented several income-generating and welfare schemes, which could provide the tribals with employment, education, housing and other amenities such as water, road, etc. Results of the review of the schemes implemented by Vellore, Tiruppathur, Salem and Attur Divisions are indicated in the succeeding paragraphs.

3.1.12.2. The programme for the Seventh Five Year Plan envisaged raising of plantations over an area of 8770 hectares and planting of avenue trees over a length of 105 kms. besides maintenance of plantations of earlier years.

(a) During 1985-86 to 1987-88, these divisions

incurred an expenditure of Rs.25.85 lakhs on planting of seedlings on 1053.58 hectares and on stretches of 90 kms.

The works were not executed departmentally by engaging the tribals directly, but were entrusted to petty contractors. The department had no system to ensure that only tribals were employed by the contractors nor did it have information on employment generated. However, employment generated was computed by dividing the total wages paid by the average rate of wage. In January 1987, one of the District Forest Officers had recommended the discontinuance of the practice of entrusting the work to the contractors in order to prevent the contractors from bringing outside labourers which denied employment opportunities to tribals but no action was taken.

(b) The entire plantations raised in a particular year were required to be maintained for two successive years; but these were maintained only partially as shown below :

Year	<u>To be</u>		<u>Actually</u>		Percentage of area/ length maintained
	<u>maintained</u>		<u>maintained</u>		
	Area (in ha)	Length (in km)	Area (in ha)	Length (in km)	
1986-87	326.50	29	274.00	18	84/62
1987-88	662.00	54	389.50	18	59/52
1988-89	734.33	61	275.68	12	38/20

Partial maintenance had reduced the employment opportunity of the tribals, besides affecting the survival of the plants raised.

(c) According to the working plan, planting stock (container plants) should atleast be one year old, and the planting should be done during June-July. In Tiruppathur Division, seedlings of 3 to 5 months old were planted at a cost of Rs.1.34 lakhs between August and January leading to high mortality rates ranging from 30 to 59 per cent.

3.1.12.3. In order to improve the survival rate of the plants, Intensive Cultural Operation (ICO) was undertaken in several areas in Attur Division. The Programme involved strip clearance, soil works, forming of bunds, application of fertilisers and guarding the plantations against damage by cattle. The Programme provided for replacement of only 10 per cent of the plantations. However, in several areas where ICO was undertaken, the gap filling was heavy due to poor survival rate as indicated below.

In 10 areas where ICO was undertaken during 1986-87 and 1987-88 over an area of 352.2 hectares at a cost of Rs.3.57 lakhs, the percentage of survival was between 10 and 55.

Four plots of plantations (Rokkadu, Eachankadu Bit I, Kalakkadu Bit II and Bit III) raised in 1980-81 were brought under ICO during 1985-86 and 1986-87 at a cost of Rs.2.26 lakhs; but the survival rates in two (Rokkadu and Eachankadu Bit I) were 50 and 10 per cent only.

3.1.12.4. Under the programme of 'Adoption Forestry' implemented from 1984, seedlings were to be supplied at 50 per cent cost to tribal land owners for planting in their lands. Government renamed the programme as 'Agro-Forestry' in 1987 and ordered that seedlings

be distributed free of cost. The trees were to be planted and protected by the tribals at their cost. As a further incentive from 1988-89, a sum of Rs.2.50 per surviving seedling was to be paid to the land owners, two years after the supply of seedlings.

(a) Test check revealed that, contrary to the guidelines, three Divisions spent Rs.2.56 lakhs on planting of 2.98 lakhs seedlings. In addition, Salem Division spent Rs.0.10 lakh towards maintenance charges.

(b) In Salem Division, out of 45,185 and 7,160 seedlings planted in 8 villages in 1987-88 and 1988-89 respectively, only 6,396 and 4,342 plants survived. This was attributed to reasons such as want of enclosure or tree guard, browsing by cattle and the tendency of land owners to remove the plants to avoid reduction of cultivable area of the land. This indicated that the tribals willing to grow trees were not properly identified before issuing seedlings to them and educating them about the benefits of the scheme.

(c) In Vellore Division, Rs.0.75 lakh was paid during 1988-89 as cash incentive to the tribals for maintenance of already living sandal trees which belonged to Government, even though no free or subsidised seedlings were distributed to the tribals in earlier years under the Scheme. The diversion of the cash incentive was irregular.

(d) Distribution of seedlings under this programme was not properly accounted for. Details of beneficiaries, their land holdings, etc. were not maintained in respect of 60,000 seedlings (value: Rs.1.20 lakhs) reported to have been distributed

in Tiruppathur Division during 1986-87 (10,000 seedlings) and in Attur Division during 1986-87 (20,000) and 1987-88 (30,000). In 795 cases, only the names of the beneficiaries were noted, without taking their acknowledgements as proof of distribution of seedlings. No norms as to the number of seedlings to be issued per beneficiary was fixed. The seedlings distributed ranged from 5 to 1500 per beneficiary.

3.1.12.5. The Forest Department managed 2 High Schools and 16 Elementary Schools in North Arcot District for the benefit of tribals and others in forest area and the teachers for these schools were appointed by this department. It was noticed that the teacher pupil quotient fixed by the Education Department had not been followed in 11 schools and the schools were largely under-staffed as indicated below:

Year	Number of teachers required	Number of teachers actually employed	Shortfall	
			number	percen- tage
1985-86	64	23	41	64
1986-87	68	24	44	65
1987-88	72	55	17	24
1988-89	79	53	26	33

The Education Department supplied text books free of cost to children studying upto fifth class. In two schools (Melpet and Puliur), however, no books were supplied in all the four years while in 5 other schools, there was short supply of books as indicated below :

Year	Number of books required	Number of books supplied	Shortage	Percentage of short supply
1985-86	724	76	648	90
1986-87	778	151	627	81
1987-88	876	295	581	66
1988-89	1044	398	646	62

Details of books supplied in the remaining 11 schools were not made available to Audit.

3.1.12.6. In March 1984, the Forest Department constructed a tribal residential school at Panamkatteri in Madhanur Panchayat Union at a cost of Rs.0.56 lakh. Meanwhile, the Panchayat Union had also constructed their own building in the same place and a school had been functioning in the building. Due to lack of co-ordination between Panchayat Union and Forest Department, building constructed by Forest Department became superfluous and alternative use therefor was yet to be found (July 1990).

3.1.12.7. Forest Department constructed 8 hostels in Jawadhi Hills at a cost of Rs.3.89 lakhs during 1981-83 and provided kitchen-cum-store rooms therefor (cost : Rs.1.64 lakhs) during 1984-85. Owing to delay in deciding the agency for running the hostel, the staff were sanctioned only in December 1988. The staff had, however, not been recruited (February 1989). Thus, buildings constructed at a cost of Rs.5.53 lakhs had remained without any use to the tribal students for more than 4 years.

3.1.12.8. In September- 1986, Government sanctioned five Sandal Estate Schemes (later redesignated as Tribal Village Forestry Scheme) in the districts of North Arcot (2), Salem, Dharmapuri and Tiruchirappalli (one each). The Department incurred an expenditure of Rs.105.32 lakhs against an approved outlay of Rs.133.05 lakhs. The scheme envisaged employment generation of 2.85 lakh mandays per year. The following points were noticed in audit in execution of the above scheme:

(i) The Chief Conservator of Forests (CCF) reported to Government that 1.63 lakh mandays per annum were generated during 1986-87 to 1988-89. This figure was arrived at by the CCF notionally on the assumption that 80 per cent of the expenditure constituted labour component of the works executed and that each tribal was paid a wage of Rs.8 per day. A test check of the records at Salem, Vellore and Tiruppathur Divisions, however, disclosed that the labour component in the estimates ranged from 65 to 75 per cent. Further, in all the 3 divisions, except the tending operations, other works, such as soil and moisture conservation, creation of nucleus sandal wood plants, extraction and rough cleaning of sandal wood and petty constructions, were got executed through contractors and the divisions had no system to ensure that only tribals were employed on the works. The report regarding generation of employment was, therefore, incorrect.

(ii) Though the Scheme contemplated provision of employment for 250 days in a year, sanction orders in respect of North Arcot District were issued by Government 4 or 5 months, after the commencement of the financial years, i.e. in September 1986,

September 1987 and August 1988. As a result, employment was provided for periods ranging from 165 to 205 days only during these years.

(iii) Though the Annual Tribal Sub-Plan did not contemplate raising of any other plantations within the sandal estates, Government ordered the planting of species like pungam, neem, neermurthy, wood apple, bamboo, etc. in the sandal estate of Vellore Division which were not conducive to the growth of sandal wood. Accordingly, the above division raised other species on 480 ha. at a cost of Rs.2.31 lakhs. This resulted in reduction of area under sandal wood cultivation.

(iv) The tribals who were employed on enumeration and climber cutting operation were expected to attend to 5 trees per day. In Salem Division, where the tribals were paid Rs.10 per day for these operations, the prescribed outturn was not enforced. During 1986-88, only 26,318 trees were enumerated by spending 41,965 mandays. Non-enforcement of the prescribed norms for outturn would entail an additional expenditure of Rs.3.67 lakhs. Details of actual number of mandays for enumerating 11,028 trees during 1988-89 were not made available to audit.

(v) One of the objectives of the Scheme was creation of artisan skill among tribals in rough and final cleaning of sandal wood so that the tribals could be provided with employment. Two cleaning sheds and one godown were also constructed at a cost of Rs.2.69 lakhs on the hills in Salem and Tiruppathur Divisions. But the tribals, having not been trained in these trades, could not avail

themselves of employment opportunity. The buildings had also remained unutilised (June 1989).

(vi) It was noticed that some of the facilities provided under this programme were not put to the intended use as discussed below :

(a) In Tiruppathur Division, a labourer's rest house was constructed at a cost of Rs.0.50 lakh in 1986-87 at Melpet and was used as Forest Rest House without any benefit to the tribals.

(b) In Salem Division, two work sheds were constructed during 1986-87 to 1988-89 at a cost of Rs.2.13 lakhs, one to be used as class room for educating the workers and another as tool shed. But, the sheds were used as community hall and as Forest Rest House.

3.1.13. Co-operation

3.1.13.1. In order to protect the tribals from exploitation by middlemen and enable them to market their farm and forest produces at fair and reasonable prices, 16 LAMP societies were organised by Government in tribal areas. These societies were required to provide interest-free loans to the tribals for their agricultural operations, distribute agricultural inputs like seeds, fertilisers, pesticides, implements, etc., collect Minor Forest Produce through the tribals by paying reasonable wages, help in the disposal of their surplus agricultural produce at remunerative prices and distribute essential commodities like rice, dhal, kerosene, cloth, etc., to the tribals.

For achieving these objectives, Government provided several types of financial assistance such as

(i) Share Capital assistance to the societies and subsidy to the individual members for Share Capital Contribution,

(ii) loans and subsidies for construction of office-cum-godowns, staff quarters, wells, overhead tanks, village shops, vehicle sheds, processing yards, etc.,

(iii) subsidy for purchase of assets like vehicle and furniture,

(iv) subsidy towards running expenses like staff salary, maintenance of vehicle including the salary of the driver,

(v) subsidy towards loss of interest arising out of granting of interest-free loans to the tribal members, non-refund of the principal (Risk Fund Subsidy), fluctuations in prices, etc. and

(vi) subsidy towards transportation of agricultural produce by head loads in cases where roads were not available.

3.1.13.2. Review of the records relating to release of subsidies to the societies in North Arcot and Salem Districts disclosed the following :

(a) The societies were required to retire the Share Capital Contribution, sanctioned to them, in 10 annual equal instalments from the sixth anniversary of the grant of contribution. Of the 7 societies set up

during 1976-77 and 1977-78 with share capital assistance of Rs.3.50 lakhs, only one society (Yercaud) had retired Rs.0.20 lakh out of Rs.0.50 lakh (July 1989). None of the societies earned any profit during this entire period.

(b) Share Capital Subsidy at Rs.200 per member was sanctioned by government to enable them to avail of the loan facilities provided by the societies. It was noticed that the subsidy aggregating Rs.6.05 lakhs paid during 1984-85 to 1988-89 to 3 societies (2 in North Arcot and 1 in Salem Districts) was not adjusted to the share capital accounts of individual members (May 1989), thereby curtailing borrowing powers of the members; nor was the unutilised subsidy refunded to Government.

(c) A subsidy of Rs.0.30 lakh, released in March 1987, to the LAMP Co-operative Society at Jamnamarathur towards purchase of furniture remained unutilised (July 1989) owing to non-completion of construction of building.

3.1.13.3. With a view to protecting the tribals from exploitation by private traders and ensure remunerative prices to them, the LAMP societies were required to purchase directly from the tribals their surplus farm products and minor forest produce collected by them. The societies were also to take the forest lands on lease for collection of the produce by engaging tribals on reasonable wages.

Six out of 7 LAMP societies in Salem District did not achieve the target fixed for procurement of the produce during the years 1985-86

to 1988-89. The shortfall ranged from 8 to 100 per cent (vide details in Appendix VII). Three societies in South Arcot District did not take the lease of forest land to engage the tribals in collection of the produce. Three societies in Salem District also did not take the lease.

Abnormal increase in lease amount fixed by Forest Department, procedural delay in getting lease agreements executed, vastness of forest areas and inability of the societies to prevent theft and poor harvest during 1988-89 on account of drought condition were given as the reasons for failure to take the forest lands on lease.

3.1.13.4. Construction of godowns, staff quarters, village shops, etc. for the LAMP societies was entrusted to the construction wing of the Co-operation Department and the loans and subsidies sanctioned by the Government therefor were placed at the disposal of the Co-operation Department for utilisation. Out of Rs.124.40 lakhs deposited for executing 126 works in North Arcot and Salem Districts, Rs.74.19 lakhs remained unutilised at the end of March 1989.

Only 33 out of these 126 works were completed and handed over by March 1989 and 64 were reported to be at different stages of construction; 5 works were stopped at the stage of earth excavation owing to court stay orders and in respect of the remaining works, either the tenders were to be finalised or the sites were to be identified. The slow progress in the construction work was generally attributed to delay in identifying sites free from encumbrances.

Interest of Rs.7.28 lakhs accrued on the unutilised balance standing in the accounts of the construction wing with the District Central Co-operative Bank, Vellore, was not remitted to Government.

The construction wing refunded Rs.0.60 lakh being the unutilised amount (Rs.0.47 lakh) and interest earned (Rs.0.13 lakh) to two societies in respect of 8 completed works between 1981 and 1989. Out of this, the societies did not remit Rs.0.55 lakh to Government.

3.1.14. Development of village industries

In order to diversify the occupational pattern of the tribals and to wean them away from agriculture, Government placed emphasis on the development of family-oriented village industries and training therefor. The schemes were implemented by the State Khadi and Village Industries Board (KVIB) and the funds required for the training were released by Government as grants-in-aid. A review of the records of the Board and implementation of the schemes in the districts of North Arcot and Salem disclosed the following :

3.1.14.1. Upto January 1989, Government had released Rs.130.43 lakhs as grants-in-aid to the Board out of which it utilised Rs.84.56 lakhs only on the programme. The short utilisation was mainly due to non-establishment of new industries as approved by Government under TSP. Of the 24 new industries included under the TSP during that period, the KVIB had started only 12 industries.

3.1.14.2. The Board had reported that 2885, out of the target of 3413 personnel, were benefited during the above period. A scrutiny of the records, however, showed that the regular employees of the KVIB, who were not tribals, were treated as beneficiaries and the achievement was overstated to the extent of 336 personnel on this account.

3.1.14.3. With a view to utilising the locally available materials and creating employment opportunity to the tribals in Jawadhi Hill area, Government sanctioned in September 1986 establishment of a Tamarind Powder Unit (cost : Rs.2.08 lakhs), a Ragi Powder Unit (cost : Rs.1.70 lakhs) and a Baby Oil Expeller Unit (cost : Rs.3.00 lakhs) in that area. The Panchayat Union, Jawadhi Hills, to which the construction of the buildings (cost : Rs.1.10 lakhs) for the Tamarind Unit was entrusted in April 1987, had commenced construction only in June 1988 and since the construction was in progress, the machinery and equipment purchased at a cost of Rs.0.48 lakh were not installed. In respect of the other two units, though the construction of the buildings (Rs.1.95 lakhs), purchase of machinery, etc. (Rs.0.75 lakh) were completed by December 1988, the two units were not commissioned (March 1989) owing to non-posting of staff required for running the units. The two units which were expected to provide employment for 100 tribals did not provide any employment.

3.1.14.4. Two industrial co-operatives viz. (i) Bamboo Basket Makers Industrial Co-operative Society Limited, Chinthalur and (ii) Jawadhi Hills Carpentry Workers Industrial Co-operative Society, Jamnamarathur, were started in November

1984/November 1983, to provide regular employment to 60/40 tribals, who were trained in these trades under the scheme of "Training of Rural Youth for Self Employment". As these societies were housed in huts without adequate space for working and storing raw materials, finished goods, etc., they were not able to fully develop the activities and provide regular employment to the trained personnel.

Government approved the scheme for provision of additional facilities to the two societies and sanctioned (September 1987) Rs.3.47 lakhs for construction of buildings, purchase of machinery, employment of staff, etc. The construction of the buildings, taken up by the KVIB in January 1988, had not been completed (July 1989). It was reported that the contractors had abandoned the works after executing part of the works and tenders were reinvited in February 1989. Thus, on account of delay in providing infrastructural facilities, about 100 trained personnel had not been provided with gainful employment for a period of about 5 years.

3.1.14.5. To provide employment to the tribals and ensure fair price for the galnuts collected by them from the forest, Government sanctioned in July 1983 the establishment of a galnut powder unit at Karumanthurai in Kalrayan Hills. The unit commenced production in April 1985 in a rented building. Regular production of galnut powder was, however, stopped from March 1987 on the ground that the demand for the powder was on the decline. The unit produced 11.9 tonnes (cost : Rs.0.28 lakh) of galnut powder during 1985-86 and 1986-87 and incurred an expenditure of Rs.2.35 lakhs upto 1988-89 on machinery, furniture and staff salary out of the

grant-in-aid of Rs.2.86 lakhs provided by Government. The unit was yet to be handed over to an industrial co-operative society started therefor (July 1989).

3.1.15. Communications

3.1.15.1. With a view to improving the communication facilities in tribal areas, Government sanctioned 23 road works at a cost of Rs.1462.55 lakhs. Out of these 23 works, only 8 works were completed by March 1989 and 11 works were reported to be in progress. Three road works were dropped as their alignments passed through forest area and the Forest Department declined to give permission. In respect of the remaining one work sanctioned in October 1987, the Highways Department had proposed in June 1988, a revised alignment at an enhanced cost of Rs.120 lakhs against Rs.100 lakhs originally approved by Government. The slow progress in execution of road works was attributed to dearth of skilled labour, adverse climatic conditions and limited working season. Inability to execute three sanctioned works indicated defective investigation and planning and lack of co-ordination between Highways and Forest Departments before the proposals were got approved by Government.

3.1.15.2. Where roads are formed for the first time and the traffic intensity cannot be foreseen, stage construction technique should be adopted. This technique was not followed in the case of 9 road works (7 in Yercaud and 2 in Kolli Hills) which were constructed adopting higher specifications resulting in extra expenditure. Thus, while the sanctioned estimate for the work "Forming and improving the

road from Valappur Pirivu to Kulivalavu km.0/0-20-4" in Kolli Hills (sanctioned in 1982-83, completed in 1988-89) assumed a traffic of 9 vehicles per day, thickness corresponding to a traffic potential of 150 to 450 vehicles per day was provided resulting in an extra expenditure of Rs.8.13 lakhs.

3.1.15.3. The estimate prepared for the work "Forming and improving the road from Pulithikuttai to Kilakadu via Pungamadu in Yercaud Hills" (sanctioned in 1982-83; work in progress) provided pavement thickness ranging from 31 to 61.5 cms., but as per the technical data, the required pavement thickness was only between 27 to 59 cms. During actual execution, pavements with thickness between 40 and 70 cms. were provided without obtaining approval for increased specifications. These changes resulted in escalation of the cost by Rs.0.80 lakh. The reasons for the changes were not on record.

3.1.15.4. The estimates for road works in the Kolli Hills included 60 per cent extra over the schedule of rates applicable for works in plains. When departmental road rollers are let on hire to the contractors for such works, hire charges recoverable should also be increased by 60 per cent and a condition to this effect is also included in the agreements. However, in the case of the work "Forming and improving road from Valappur Pirivu to Kulivalavu" executed during 1984-85, hire charges at only the normal rate of Rs.388 per day was recovered from the contractors, even though the relevant agreements included the condition relating to the recovery of hire charges at the enhanced rate. Non-enforcement of this condition resulted in the short recovery of hire charges of Rs.2.15 lakhs.

3.1.15.5. Based on the soil tests conducted in September 1986 and taking into account the existing thickness of the road, the Divisional Engineer (Investigation) recommended laying of WBM with a thickness of 7.5 to 15 cms. on certain reaches of the work "Improvement of Kottapatti - Sithilingi road from KM 0/0 - 11/580" in Sitheri Hills. However, during actual execution WBM with thickness ranging from 15 to 30 cms. were laid in these reaches resulting in an extra expenditure of Rs.1.31 lakhs. The reasons for the deviation were not on record.

Thus, adoption of unrelated specifications mentioned in paragraphs 3.1.15.2 and 3.1.15.5 resulted in the overcharging the TSP to the tune of Rs.12.39 lakhs.

3.1.15.6. Government sanctioned in October 1984, execution of work "Improvements to road from Arappaleeswarar temple to Agasagangai in Kolli Hills" at a cost of Rs.40 lakhs which was also technically sanctioned by the Chief Engineer (NH) in April 1985. The work was intended to benefit the tribal people in transporting their agricultural produce, besides promoting tourism. Out of the total length of 4.11 km. of the proposed road, a stretch of 3.81 km. was in Puliyancholai reserve forest. The State Government sought in October 1985 the approval of the GOI for improving the road in the reserve forest area. But without waiting for the reaction of the GOI, the department started the work in November 1985 and laid the road for a length of 0.28 km. just outside the reserve forest area at a cost of Rs.3.20 lakhs. In October 1986, GOI refused permission sought for by the State Government and the work had to be abandoned at that stage, rendering the expenditure already incurred infructuous.

3.1.16. Building works

3.1.16.1. In May 1982, Government sanctioned the construction of 5 staff quarters and an office-cum-godown at Karumanthurai at a cost of Rs.8 lakhs. Though the rules require that for all Government works entrusted to Public Works Department (PWD) for execution, the PWD should draw the funds as and when required, in this case, the amount was drawn by the Horticulture Department in advance in November 1983 and credited to PWD as deposit, apparently to avoid the lapse of grant. The PWD incurred an expenditure of Rs.7.34 lakhs during 1983-86 and debited it against the specific budget provision sought for by the PWD.

The deposit of Rs.8 lakhs received from Horticulture Department had remained unutilised in the accounts of PWD (July 1989). Further, as against an actual expenditure of Rs.7.34 lakhs, financial progress was shown as achieved to the extent of Rs.15.34 lakhs.

3.1.16.2. In September 1986, Government sanctioned Rs.9 lakhs for construction of another 12 staff quarters at the Giant Orchard at Karumanthurai. As the estimated cost of these buildings was assessed at Rs.20.70 lakhs by the PWD, the Horticulture Department sought revised administrative sanction for Rs.20.70 lakhs in July 1987 which was accorded by Government in September 1988. But even before the receipt of revised administrative sanction, the Collector, Salem and DADTW diverted Rs.5 lakhs and Rs.7.50 lakhs respectively out of the savings in the funds allotted for other items of work under TSP and the aggregate amount of Rs.21.70 lakhs was withdrawn

in March 1987 and deposited with PWD which was irregular and contrary to the rules. The work was commenced only in May 1989. In this case also, financial progress was shown as achieved without corresponding physical progress.

3.1.17. Public Health and Medical

3.1.17.1. Government sanctioned in September 1977, a scheme for delivery of health services at the door steps of the rural population, in tribal areas through the mobile team attached to the Primary Health Centre (PHC). As per the guidelines issued by the Director of Health Services and Family Welfare, the medical team was to visit each village once a week. The mobile medical unit at Karumanthurai, which started functioning from May 1977, had only one Medical Officer till May 1989, against two officers sanctioned. The team visited only 55 out of 93 villages/hamlets in Chinna and Peria Kalrayan Hills regularly and the remaining 38 villages/hamlets were not visited even once during the period from April 1985 to March 1989 owing to non-availability of serviceable road.

3.1.17.2. Government sanctioned in November 1987, establishment of 7 siddha dispensaries and 1 mobile Siddha Medical Unit in 7 ITDP areas at a cost of Rs.45.54 lakhs. Out of 7 dispensaries sanctioned, one at Pachamalai was not established (January 1989) for want of accommodation. In Nagalur and Powerkadu dispensaries in Salem District, no medicines were available during the periods from January to March 1989 and October 1988 to April 1989 respectively.

3.1.17.3. Though the staff for the Siddha mobile medical unit at Powerkadu in Kolli Hills were appointed between March and August 1988, the van was supplied only in June 1989 on account of delay in getting the permission of the State High Level Committee for lifting the ban for the purchase of vehicle.

3.1.17.4. Government had approved in September 1986 the establishment of 3 new dispensaries, two in Kalrayan Hills and one in Pachamalai Hills (cost : Rs.27 lakhs) and conversion of 2 existing dispensaries into 10 bedded hospitals (cost : Rs.24.25 lakhs). Though the government sanctioned the scheme in September 1986, orders approving the location of the 2 new dispensaries in Kalrayan Hills (Kariakoil and Melnilavur) and identifying the 2 existing dispensaries (Karumanthurai and Sitheri) for conversion into hospitals were issued only in October 1987.

The agency for the construction of the 2 new dispensaries were yet to be decided (June 1989). The dispensary at Kariakoil, started functioning in a rented building with minimum facilities, while the other 2 dispensaries were yet to start. The location of the new dispensary in Pachamalai was yet to be decided (June 1989).

The construction of the 10 bedded ward at Karumanthurai was taken up in March 1988 and completed in March 1989 at a cost of Rs.9.01 lakhs but the building was yet to be taken over by the Department and put to use (June 1989).

3.1.17.5. Government sanctioned in October 1983 the establishment of a dispensary at Thongumalai in Jawadhi Hills and ordered in April 1984 the change of location of the dispensary to Matnathur, a hamlet of Nammiampattu on the ground that the former place lacked basic facilities. Even in the new place, the dispensary could not be started because of non-availability of a suitable building. A Government building was, therefore, constructed (cost : Rs.0.80 lakh) through PWD in June 1987 (commenced in July 1985), but it was taken over by the Medical Department and the dispensary commenced functioning only in March 1988. The delay in taking over the building was due to delay in taking a decision as to which department (whether Medical or Public Health) should take possession of the building.

3.1.17.6. With a view to providing inpatient treatment facilities to the tribals living in 43 villages/hamlets in Jawadhi Hills, construction of labour-cum-operation theatre with a 10 bedded ward at the Government dispensary in Jamnamarathur was sanctioned in November 1982. The building completed at a cost of Rs.3.35 lakhs in December 1985 and handed over to the Directorate in January 1986, was transferred to the Directorate of Primary Health Centres in June 1987 for conversion into a PHC. Proposals for additional staff required for providing surgical and post-operative treatment were sent in February 1986. These were not sanctioned by Government till July 1989, with the result that the envisaged inpatient facilities were yet to be extended to the tribals and the buildings were being used as office-cum-laboratory of the Leprosy Control Unit (July 1989).

3.1.18. Social Welfare

Four tailoring centres were run by SWD to impart training to tribal women. The trainees were paid a monthly stipend of Rs.50 in one centre (North Arcot District) and Rs.30 in the remaining 3 centres (Salem District). During 1985-89, 224 tribal women were trained at a cost of Rs.4.35 lakhs. The trainees, on completion of training, were not provided any financial assistance to purchase sewing machines as it was not contemplated under the Programme. The Department also did not indicate as to how they ensured that the trained tribal women set up their trade and earned a regular income in the absence of any financial assistance to them. In some other schemes like IRDP, implemented by the same Social Welfare Department, supply of sewing machine to women who had completed training had been contemplated and the supply was also being made.

3.1.19. Community Development

With the object of keeping the tribal people in touch with developmental activities and educational programmes, Government sanctioned, during 1985-86 to 1987-88, the purchase of 92 TV sets at a cost of Rs.5.56 lakhs, for installation in tribal areas. The TV sets were, however, not purchased for want of clarification on purchase procedure to be followed and owing to receipt of the sanction orders at the fag end of the financial year.

Six, out of 32 TV sets, purchased during 1988-89, at a cost of Rs.0.48 lakh for installation in Kalrayan Hills were not of any use to the tribal people, as the Hills were reported to be outside the TV telecast range.

3.1.20. Housing

The Scheme of providing housing to tribals was implemented by Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO). Under this Scheme, the tribals were provided with an assistance of Rs.6000 or Rs.9000 for construction of houses in the plains or in the hill areas as the case may be. Till 1985-86, the beneficiaries themselves were permitted to construct the houses and TAHDCO released the funds to them through the banks.

As the progress of construction was considered poor, Government (April 1986) entrusted the construction work to TAHDCO itself from 1986-87 onwards. TAHDCO requested the Government in September 1986 for the payment of administrative charges at 12½ per cent of the cost of construction and Government approved it in September 1987. Pending decision by Government, TAHDCO did not take up the construction of 55 houses sanctioned in September 1986 and another 60 houses sanctioned in July 1987.

TAHDCO took up the construction of 115 houses in November 1987 and reported that all the houses had been completed by March 1988. However, a test check of the position in Tiruchirappalli Division revealed that only 33 out of the 80 houses in Tiruchirappalli and Salem Districts had been completed by March 1988 and 41 houses completed between April 1988 and November 1988. TAHDCO stated in May 1990 that all the 115 houses had been completed by August 1989.

Out of 115 completed houses, 48 houses

were handed over to the beneficiaries and 67 were handed over to the Panchayat Unions/Adi Dravidar Welfare Offices between March 1988 to April 1989. No information regarding the ultimate allotment of 67 houses to the beneficiaries was available either with TAHDCO or with DADTW.

Information regarding the construction/ completion/allotment of 50 houses sanctioned in 1988-89 and ordered to be constructed by Collectors through Panchayat Unions was not furnished by DADTW (July 1990).

3.1.21. Electrification of Tribal villages/hamlets

3.1.21.1. The programme of electrification of tribal colonies envisaged provision of street lights, house connections and energy for irrigation which, in turn, would increase employment opportunity. The annual Plan allocation was received by the SWD and placed at the disposal of Tamil Nadu Energy Development Agency (TEDA) which acted as a nodal agency and identified the villages/hamlets in consultation with Tamil Nadu Electricity Board (TNEB). TEDA was responsible for procuring the photovoltaic street lighting systems from Bharat Heavy Electricals Limited (BHEL). The erection work was entrusted to TNEB. At the beginning of the Seventh Five Year Plan, 31 tribal villages and 329 hamlets were to be electrified in the districts of South Arcot, Tiruchirappalli, Dharmapuri and Salem. All the 31 villages were electrified during the period 1985-86 to 1986-87, two using conventional source and 29 using solar photovoltaic modules. Out of 194 hamlets targeted for electrification by 1988-89, only 142 hamlets had been covered. The shortfall of 52 hamlets was due to non-execution of works during

1988-89 in view of the reported failure of photovoltaic system and objection of tribals on account of non-availability of power for domestic purposes.

3.1.21.2. Against 565 street lights proposed to be installed under solar photovoltaic system (SPV) in 125 hamlets, only 459 were installed. The shortfall was attributed to objection from local tribals about SPV being limited to street lighting. The 106 photovoltaic cells costing Rs.12.50 lakhs procured during 1986-87 and 1987-88 remained unused. Assessment made by TNEB in December 1988 disclosed that many street lights were not burning due to want of spares and non-maintenance by Panchayat Unions to whom these were handed over. The proposal submitted by the TNEB in September 1987 for making local bodies responsible for maintenance was yet to be approved by Government (May 1989).

3.1.21.3. Out of Rs.75.57 lakhs released by the Government to TEDA during 1985-86 to 1987-88, the unspent balance of Rs.11.94 lakhs had not been remitted to Government.

3.1.21.4. In 168 villages/hamlets electrified under photovoltaic system, energy could be provided only for street lights for a shorter duration of two and half hours per day, dependent upon sunlight being available during day time. Thus, the object of providing energy for domestic and agricultural purposes for tribals of these areas was not achieved.

3.1.22. Non-distribution of Family Cards

Despite Government of India and the Working Group on Tribal Development (1985-90)

reiterating the need for issuing family cards in the tribal tracts, as it was considered not only desirable but also essential to record information on economic assistance given to each tribal family by all the sectoral departments, the family cards had not been issued and a proposal for issue of the cards was under consideration of Government (May 1989).

3.1.23. Tribes Advisory Council

Paragraph 4 of the fifth Schedule to the Constitution of India enjoins establishment of a 'Tribes Advisory Council' consisting of not more than 20 members of whom about three-fourths should be representatives of STs in the Legislative Assembly of the State.

The establishment of the Tribes Advisory Council was not only to advise on matters pertaining to the welfare and advancement of the STs but also to take an overview of the efficacy of the administration in tribal areas by substantially contributing constructive criticism and suggestions for the toning up of the administration.

In Tamil Nadu, the term of the Tribes Advisory Council expired in October 1983. The Council was yet to be reconstituted. The non-functioning of the Council since October 1983 had defeated the very purpose for which the Council was required to be constituted.

3.1.24. Tribal Development Authority

The Tamil Nadu Tribal Development Authority, with the Chief Minister as its Chairman,

is the policy framing and guiding authority with a review function as well. The Authority was reconstituted in April 1986 and was to meet once in six months. No meeting of the Authority was convened during the years 1985-86 to 1987-88 and there was no popular Government during January 1988 to January 1989. Government stated in February 1989 that fresh proposals had been called for from the DADTW for the reconstitution of the Authority. The Authority was yet to be reconstituted (June 1989).

3.1.25. High Level Committee

At the instance of the Ministry of Home Affairs, the Government constituted, in August 1984, a High Level Committee on Tribal Development with the Chief Secretary to Government as the Chairman, to review and monitor the TSP Schemes. Though the Committee was to meet once in three months, only two meetings were held till March 1987. No meeting was held thereafter because of 'administrative' reasons indicating that the review of TSP was not effective.

3.1.26. Impact of the Programme

The "Working Group" recommended that planning should be oriented towards family beneficiary programme with stress on infrastructure development so that the objective of assisting 50 per cent of ST families to cross the poverty line including those of the spill over from the Sixth Plan target could be achieved. The TSP for Seventh Five Year Plan was projected to help atleast about 23,240 tribal families to cross the poverty line. No data was available either in the Annual Tribal Sub-Plan documents or with Government regarding the actual

number of families who had crossed the poverty line despite the implementation of the TSP and assistance having been extended to 42,315 families.

3.1.27. Monitoring

The Committee on Public Accounts (1986-87) in its 58th Report observed that sufficient attention had not been paid towards monitoring and evaluation of the several schemes implemented under TSP, with a view to assessing their impact. The Committee desired to have a report on how far the implementation of the various schemes had contributed to the upliftment of the tribal people.

Precise and comprehensive information on impact of the schemes so far implemented and also on the progress made in the implementation of schemes under various sectors called for (January 1989) from the Directorate was not forthcoming.

3.1.28. Evaluation

The Working Group on 'Development of Scheduled Tribes during Seventh Five Year Plan' stressed the importance of systematising, monitoring and evaluation of tribal development programmes, in its report submitted as early as in July 1979 to the GOI and circulated to all the State Governments. Only in May 1988, Government, in the Planning and Development Department, ordered the Director of Evaluation and Applied Research (DEAR) to conduct an evaluation of the TSP Schemes during 1988-89 in the districts of South Arcot, North Arcot, Salem and Dharmapuri. DEAR informed (July 1989) that the evaluation report was under finalisation for

submission to the State Evaluation Committee. No other evaluation of the Programme was conducted by the administrative department of the Government.

3.2. Delay in implementation of a Housing Scheme

In March 1984, Government sanctioned the construction of 100 houses costing Rs.5000 each for allotment to Paniyas, a semi-nomadic tribe of Nilgiris District. The Scheme was fully financed by the Government of India through Special Central Assistance. Houses were to be constructed by the Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO). Though Government had issued general orders in September 1984 refixing the cost at Rs.9000 per house for construction of houses in hilly areas, revised sanction for the construction of these 100 houses was not sought for but the amount of Rs.5 lakhs was deposited with TAHDCO in February 1985 towards construction. TAHDCO, however, did not take up the construction seeking (August 1985) revision of the cost of each house to Rs.9000 and also payment of 15 per cent of the cost of construction towards administrative charges. Though, for a similar housing scheme for tribals, Government approved in September 1987 payment of 12.5 per cent of the cost of construction as administrative charges to TAHDCO, Government did not accept the request of TAHDCO in this case but ordered in September 1988 that the houses be constructed by the District Collector through Panchayat Unions at the revised cost of Rs.9000 per house. The number of houses to

be constructed was simultaneously reduced to 55 from 100 so as to restrict the expenditure on the Scheme to Rs.5 lakhs. TAHDCO refunded the amount of Rs.5 lakhs in January 1989, which was paid to Gudalur Panchayat Union in March 1989 for taking up the construction. The Department stated in October 1990 that construction had been taken up and the work was in progress.

Thus, implementation of the Scheme, for which Central assistance of Rs.5 lakhs was released in March 1984, had been delayed for more than five years and the benefit of the Scheme to the Tribe was yet to accrue.

ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

3.3. Failure of piggery production programme

With the object of inducing the small and marginal farmers and agricultural labourers to rear pigs in hygienic conditions and replace local breed by cross-bred and pure-bred exotic stock, Government sanctioned 25 piggery production units each during 1982-83 and 1983-84 for North Arcot District as part of the Special Livestock Production Programme. 48 units were established by 1983-84. Each unit consisted of 3 sows, involving a capital investment of Rs.4500/Rs.5000. The Animal Husbandry Department which implemented the Programme provided health cover and breeding facilities for the animals free of cost. Agreements setting out the terms and conditions under which government subsidy was paid were got executed by the beneficiaries. Subsidy of Rs.0.73 lakh was paid to the beneficiaries in respect of the 48 units. Besides, the Department incurred an

expenditure of Rs.2.39 lakhs on project administration, health care and breeding during 1982-83 to 1986-87. The Programme was discontinued in North Arcot District from 1984-85 due to lack of marketing support.

It was seen in Audit that though the units were established for multiplication and breeding under scientific guidance, they were disposed off by the beneficiaries subsequently, as indicated below:

Date of supply	Number of units	Units disposed of by the beneficiaries during			
		1984-85	1985-86	1986-87	April- Sep- tember 1987
30.03.1983	23	3	11	9	..
31.03.1984	25	..	4	19	2

Government stated in March 1988 that the beneficiaries disposed off the units because of financial constraints in maintaining them, inadequate feed availability and drought conditions.

Thus, the object of the Programme on which Government had spent Rs.3.12 lakhs was not achieved.

3.4. Unprofitable outlay on marine boats and engines

(i) In August 1971, Government sanctioned establishment of an Inshore Fishing-cum-Survey Station at Kanyakumari for providing basic data regarding

fishing ground to fishermen operating mechanised boats. Government approved, inter alia, construction of a 50' boat at an estimated cost of Rs.2.60 lakhs. The construction of the 50' boat at the departmental Boat Building Yard, taken up in June 1972, was suspended in November 1973 for want of engine to be fitted therein. With the transfer of the Boat Building Yard to the Tamil Nadu Fisheries Development Corporation (TNFDC), formed in July 1974, the work was also transferred to it.

The Department, which was responsible for procurement of an engine for the boat, decided only in March 1974 the type of engine required. Revised sanction of Government for Rs.7.83 lakhs was obtained in March 1976 to accommodate cost of the engine and the escalation in cost of labour and materials. For the purchase of the engine, tenders were invited in December 1976 and supply orders placed with a firm in February 1978. The engine received in Boat Building Yard in May 1978 was installed in the boat only in September 1980 owing to some defects noticed in the engine. The boat completed in all respects at a cost of Rs.13.04 lakhs was handed over by TNFDC to the Department in May 1985.

The boat was out of operation due to technical snags even on its maiden voyage in May 1985. Though an expenditure of Rs.0.30 lakh was incurred on repairs upto December 1987, the boat had been used only for trial runs. A further expenditure of Rs.0.40 lakh was considered necessary to float the boat. The boat had not been put on survey work till date (October 1990).

Thus, there had been considerable delays in the construction of the boat, in deciding on the type of engine required (delay of 21 months), in placing orders for the engines (24 months) and in installation of the engine (27 months). These delays and consequent development of defects resulted in the asset created at a cost of Rs.13.04 lakhs still remaining unused.

The matter was reported to Government in October 1989. Government stated (May 1990) that taking into consideration the time taken for construction of the boats, the escalation in cost was reasonable and the proposals of the Director of Fisheries for sanction of expenditure for the purchase of a new propeller in place of the old one was under the consideration of Government. The Government did not explain the delay in construction and the defective construction of the boat.

(ii) It was pointed out during the audit of the TNFDC for the year 1980-81 that two marine engines (cost : Rs.1.30 lakhs) belonging to the Fisheries Department had been lying idle from January 1974 and 1977 respectively. Subsequently, in January 1986, one engine purchased at a cost of Rs.0.92 lakh was handed over by TNFDC to the Department and was installed in an old boat (February 1988). The boat could not, however, be operated since the engine, cylinder and hull of the boat required major repairs and the proposal sent to Government (February 1989) for the sanction of Rs.1.20 lakhs for repairs was pending with Government (June 1989).

Similarly, when the Department took action in April 1989 to get back the second engine (cost: Rs.0.38 lakh), it was found that the engine was unfit for use and had to be condemned.

Thus, owing to undue delay in getting back the engines from TNFDC, one engine purchased during 1977 at a cost of Rs.0.92 lakh had not been utilised for the past 12 years and the other engine purchased in 1974 at a cost of Rs.0.38 lakh had to be condemned after it had been lying idle for 15 years.

The matter was reported to Government in June 1990; their reply had not been received (July 1990).

3.5. Mobilisation Advances

Under the Centrally Sponsored Scheme for provision of landing and berthing facilities for fishing crafts at the minor ports at Thondi and Valinokkam, the works of construction of RCC jetty at Thondi (Rs.35.35 lakhs), construction of quay wall at Valinokkam (Rs.16.95 lakhs) and construction of RCC jetty at Valinokkam (Rs.33.26 lakhs) were entrusted to a contractor. The contractor was paid mobilisation advances of Rs.2 lakhs each for the three works in October 1984 and May 1985. In November 1986 a second mobilisation advance of Rs.1.50 lakhs was paid for the work of construction of RCC jetty at Thondi. Because of slow progress, the contracts for all the three works were terminated in April 1989.

The following points were noticed in audit:

(i) Out of the total mobilisation advance of Rs.7.50 lakhs, only Rs.1.91 lakhs were recovered against Rs.5.57 lakhs that should have been recovered from the bills of the contractor on pro rata basis. Besides, only Rs.0.57 lakh was recovered towards interest on the advances, though interest should have been recovered from each bill. The balance of advances amounting to Rs.5.59 lakhs and interest (upto March 1990) amounting to Rs.4.37 lakhs were yet to be recovered.

(ii) Though the advance together with interest was to be recovered from each of the part payments, no recovery was made from eleven bills amounting to Rs.13.64 lakhs paid to the contractor between July 1985 and March 1988.

(iii) The contractor had hypothecated his machinery against the mobilisation advances amounting to Rs.6 lakhs. After termination of the contracts, it was found that machinery items worth Rs.1.60 lakhs only were available at the work sites which indicated that the entire advance had not been covered by adequate security.

(iv) The contractor was to have completed the three works by September 1984, July 1984 and January 1986 respectively. Despite the inability of the contractor to show sufficient progress even after grant of extensions of time during 1985 and 1986, the department did not go in for termination of the contracts and execution of the works through other agencies. This resulted in delay in completion of the works, locking up of over Rs.40 lakhs spent on the works so far, escalation in cost of the works and also postponement of recovery of the amounts due from the contractor.

Government stated (May 1990) that action had been initiated to recover under the Revenue Recovery Act the balance of advance together with interest and the extra cost in completing the work through another agency from the contractor.

3.6. Sinking of a dredger

Comment was made in paragraph 3.11.1 of the Report of the Comptroller and Auditor General of India for the year 1981-82 (Civil) on poor utilisation of the dredger purchased for Fisheries Department. After having worked for a total of 561 hours from April 1982, the dredger was lying idle at Pazhayar (Thanjavur District) since May 1985 due to major repairs. In order to utilise it after carrying out necessary repairs, the Superintending Engineer, Fishing Harbour Project Circle, Nagercoil, directed (July 1985) the dredger to be taken to Valinokkam (Ramanathapuram District). On its voyage, the dredger sank near Pamban on 30th October 1985. There was no loss of life. The Department proposed salvaging the dredger, initially estimated by Tuticorin Port Trust authorities to cost Rs.4.05 lakhs. Government approved the proposal in April 1986. An underwater survey was conducted at a cost of Rs.0.20 lakh. In the meantime, the Port Trust reported (July 1986) that the estimated cost of salvaging would be around Rs.20 lakhs. The Department submitted to Government a proposal for Rs.16 lakhs in August 1986 to salvage and make the vessel sea-worthy. Government, however, decided in July 1988 that the balance of advantage lay in not refloating and carrying out the repairs and ordered in June 1988 write-off of the loss of Rs.9.15 lakhs, being its book value.

It was noticed in audit that -

(i) though the Department was aware that the dredger was not fit for sea voyage, it was moved in October 1985 during monsoon. The Department did not obtain the certificate of sea-worthiness from the Mercantile Marine Department. By taking the dredger to sea without obtaining the sea-worthiness certificate, the department endangered the lives of the crew.

(ii) Government took nearly two years to take a decision on the proposal of the Director of Fisheries submitted in August 1986. As a result, Government had to write-off the book value of the dredger taking into consideration the escalation in the cost of salvaging and repairing the dredger.

When the matter was reported to Government (July 1989) Government stated in May 1990 that the delay in taking decision on salvaging the dredger was mainly administrative.

EDUCATION DEPARTMENT

3.7. Hostel building lying idle

In July 1976, Government sanctioned the construction of a hostel at a cost of Rs.8.50 lakhs to accommodate 150 students of the Chikkanna Government Arts College, Tiruppur. The building was completed by the Public Works Department at a cost of Rs.9.52 lakhs and handed over to the College in August 1977. While 65 students were admitted in the hostel during 1977-78, the occupancy during the period 1978-79 to 1984-85 ranged between 65 and 13. There was no

admission from 1985-86 onwards and the building was lying vacant ever since. Options like housing the Backward Classes (BC)/Adi Dravidar (AD) students and conducting classes in the building were considered but dropped as the BC/AD Welfare hostels were already functioning in Government buildings and this building was not suitable for conducting classes. A proposal, initiated in 1986, to hand over the building to a private educational trust for use as hostel was still under consideration of Government (October 1989).

Thus, the building constructed at a cost of Rs.9.52 lakhs had been lying vacant for more than 4 years. According to the Principal of the College, the building was in a state of disrepair, the doors and windows of the building were being eaten away by termites and that avoidable expenditure on minimum electricity charges for three service connections was continued to be incurred from 1985-86.

Government stated in November 1990 that no final decision on utilising the building had so far been taken. Further report in the matter was awaited.

3.8. Unproductive expenditure on staff

In August 1984, the Director of Technical Education (DTE) proposed to Government, abolition of the 14 Higher Secondary Vocational Schools in view of the poor demand for admission in these schools. In May 1987, Government advised the DTE to come up with proposals for absorption of the staff of these schools elsewhere. In October 1987, the DTE proposed closure of the schools from 1987-88 and

transfer of technical staff to his Directorate and non-technical staff to the Directorate of School Education. Government accepted these proposals in July 1990. Action was yet to be taken (October 1990) to implement the orders.

In the meantime, during 1984-85 to 1987-88 admission of students was stopped in nine of these schools. Though students were not admitted in these schools, an expenditure of Rs.69.37 lakhs on account of salary to staff was incurred during 1985-86 to 1988-89.

Thus, delay in according approval to the closure of the schools by Government had resulted in an unproductive expenditure of Rs.69.37 lakhs on salary, besides rendering assets worth Rs.81.64 lakhs idle.

The matter was reported to Government (August 1989); reply had not been received (July 1990).

ENVIRONMENT AND FORESTS DEPARTMENT

3.9. Incorrect rent for land

The Conservator of Forests, Salem Circle, fixed (May 1985) the land rent for the private plots required for raising nurseries at Rs.60 per 100 square metre per month. While computing the space required for raising seedling in polythene bags or pots, 100 per cent extra space for pathways and water storage pits was allowed.

The rates of rent fixed in other circles, for similar purposes, however, ranged from Rs.22.50

to Rs.30 per 100 square metre without any provision of additional space. The Conservator of Forests, Salem Circle, stated (January 1988) that the land rent was high in Salem District due to drought conditions but deleted the provision for extra space for pathways and water pits. When it was pointed out in audit that, during periods of drought, the value of land would not soar but would remain depressed, the Conservator reduced the land rent to Rs.30 per 100 square metre for adoption during 1988-89. The excess expenditure during 1985-88 in four divisions in Salem Circle on account of extra space and higher land rent worked out to Rs.4.11 lakhs.

The matter was reported to Government in December 1989; reply had not been received (July 1990).

3.10. Inadmissible rates for lifting earth

In Ramanathapuram-cum-Pasumpon Muthu-ramalingam Forest Division, Sivaganga, 152 works were executed in 1987-88 for deepening and formation of tanks and ponds. The rate for earthwork included one rate for an initial lift of 2 metres and provided extra rates for additional lifts of 1 metre each. It was noticed in audit that, in 147 cases, payment for additional lifts was made though the average height of the bund and the depth of borrow pit in each of these cases was less than the initial lift of two metres and, in the 5 remaining cases, payment for two additional lifts was made against one additional lift admissible. The excess payment towards these inadmissible lifts worked out to Rs.0.96 lakh.

The matter was reported to Government in November 1989; reply had not been received (July 1990).

FINANCE DEPARTMENT

3.11. Small Savings Revolving Fund

With a view to encouraging the public to purchase Indira Vikas Patras (IVP), introduced by Government of India, for boosting collections under Small Savings Schemes, Government of Tamil Nadu created in February 1987 a Revolving Fund with a corpus of Rs.2 crores in the Public Account of the State. All the District Collectors were authorised to rotate the amounts allocated to them from the Fund for the purchase of IVPs from post offices for sale to the public. Amounts realised on sale of IVPs were to be credited to the Fund and, on no account, the value of IVPs sold should be utilised directly for purchase of IVPs from post offices.

A scrutiny of the transactions of the Fund revealed the following :

(i) While recommending creation of the Revolving Fund, the Director of Small Savings reported to Government in January 1987 that, due to non-availability of IVPs in all the post offices in rural areas, enthusiasm to purchase these Patras by the rural folk had dampened. But no assessment of the extent of possible mobilisation of additional savings was made.

(ii) The total amount of small savings collections by sale of IVPs accounted for Rs.30.16, 36.42 and 96.97 crores during 1986-87, 1987-88 and 1988-89 respectively. Out of this, the amounts of sale utilising the Revolving Fund were only Rs.0.93, 4.09 and 2.90 crores respectively during the three

years indicating only insignificant rise in mobilisation of additional savings which could have been achieved even in the normal course. Additional resources which accrued to Government of Tamil Nadu by way of Small Savings Central loan assistance at 75 per cent of the additional collections was also not significant.

(iii) According to Indira Vikas Patra Rules, 1986, the Patras could be purchased at half the face value and may be encashed at par by the bearer at any time after the expiry of a period of 5/5½ years from the date of issue by the post office. These Patras carried a simple interest of 20 and 18.24 per cent from the date of sale by post offices and the benefit of such interest would accrue on maturity to the bearer of such Patras. Any delay in the resale of IVPs so purchased would result in passing on by Government of the interest accrued on the amount invested in these Patras till the date of resale as the Patras are to be sold at half the face value. Audit scrutiny disclosed that the amount of interest so accrued on belated sale of IVPs of total value of Rs.3.90 crores, purchased between March 1987 and January 1989 in seven districts, worked out to Rs.12.60 lakhs.

(iv) During 1987-88, the cash balance of Tamil Nadu with Reserve Bank of India fell short of the agreed minimum of Rs.110 lakhs for 106 days. The State Government obtained Ways and Means advances to cover the shortfall and paid interest of Rs.96.09 lakhs on these advances. It was noticed that, during 1987-88, a sum of Rs.29.32 lakhs on an average, being the value of unsold Patras and unremitted sale proceeds, was kept outside Government account. Had the Fund not been created,

Government's liability towards interest on Ways and Means advances would have been reduced by Rs.0.76 lakh approximately for the year.

(v) In five of the districts test checked, cash book was not maintained in 311 offices and stock of IVPs was not verified physically even once during March 1987 to December 1988 in 301 offices. As a result, the Department could notice only in January 1989 that Patras valued at Rs.0.13 lakh issued to subordinate officers had remained unsold.

(vi) The Commissioner of Valliyoor Panchayat Union misutilised the sale proceeds of Rs.0.49 lakh for direct purchase of IVPs contrary to Government instructions. Out of the sale proceeds of Rs.0.68 lakh initially credited to the funds of 3 Panchayat Unions, Rs.0.20 lakh were yet to be remitted to the Revolving Fund by the Commissioner, Uthamapalayam Panchayat Union. In Tirunelveli District, Rs.2.80 lakhs, realised on sale of IVPs, were credited to the Revolving Fund after a delay of 1 to 2 months.

Government stated (May 1990) that it had been decided to withdraw the Scheme and that the District Collectors had been instructed not to operate the Scheme from May 1990 pending issue of detailed orders for winding up of the Fund.

HEALTH, INDIAN MEDICINE AND HOMOEOPATHY AND FAMILY WELFARE DEPARTMENT

3.12. Infructuous expenditure

In Government Peripheral Hospital, K.K. Nagar, Madras, mortuary block was constructed

in March 1977 at a cost of Rs.1.00 lakh as a necessary adjunct to the hospital. The cold storage plant was installed in January 1984 at a cost of Rs.1.46 lakhs. The mortuary block was never put to use. No facilities were provided for performing post mortem nor was necessary staff sanctioned for the mortuary. Government stated in August 1988 that the necessity for the mortuary had not arisen so far, since all the medico-legal and other critical cases were being referred to teaching hospitals. According to the Government, it would be put to use when the hospital would be developed with more specialist-oriented departments and sanction of necessary staff for the mortuary would be considered then. Meanwhile, the cold storage plant room developed several cracks from the ground level to the ceiling on all sides and the cold storage plant had also gone out of order (November 1987). The Civil Surgeon of the hospital stated in January 1989 that action was being taken by the Public Works Department to strengthen the walls of the plant room. Thus, even after 12 years, the mortuary block on which expenditure of Rs.2.46 lakhs had been incurred remained unutilised.

The matter was reported to Government (July 1989); reply had not been received (July 1990).

3.13. Operation theatres kept idle

Government sanctioned in January 1984 Tubectomy operation theatres for 12 Primary Health Centres (PHCs) at an estimated cost of Rs.38.40 lakhs and purchase of 12 tubectomy kits at a cost of Rs.0.21 lakh after the theatres were ready to function. Operation theatres in 11 of the PHCs were

constructed by Public Works Department at a cost of Rs.30.40 lakhs and handed over between September 1985 and February 1988. The work on the remaining one was in progress (October 1990). In 10 of the operation theatres constructed, for which details were available, no tubectomy operation had been conducted till March 1989 owing to non-supply of tubectomy kits and non-availability of qualified and trained staff. Water supply arrangements were yet to be provided to six of these, which precluded the use of the rooms for other operations too. Thus, due to failure of the Department to take co-ordinated action to supply the tubectomy kits, to post qualified and trained staff and to provide water supply arrangements, the 10 operation theatres constructed at a cost of Rs.27.63 lakhs could not be utilised for the intended objective of providing tubectomy operation facilities at the PHCs.

The matter was reported to Government (August 1989); reply had not been received (July 1990).

3.14. Imported equipment not put to use

Public Accounts Committee (1980-82), in its 15th Report, had reiterated its earlier recommendation, contained in the 11th Report presented to the Assembly in 1974, that simultaneous co-ordinated action should be taken from the time of ordering the purchase of an equipment, so that equipment supplied could be put to beneficial use from the earliest possible date. However, this recommendation of the Committee was not followed by the Department while importing one LKB Clinigamma Counter with 2" single crystal for Radio Immune Assay (RIA) in the Institute of Obstetrics and Gynaecology,

Government Hospital for Women and Children, Madras.

The Director of Medical Education (DME) sanctioned the purchase of the imported equipment in February 1987 and Rs.3.84 lakhs were paid in March 1987. The equipment was received in April 1988 but it could not be commissioned because no trained medical officer had been posted till January 1989 when a Medical Officer joined duty. The hospital authorities were also not aware of the facilities to be provided in the hospital for its being recognised as a laboratory for RIA. They addressed the Bhaba Atomic Research Centre (BARC) only in April 1988 for the details of facilities to be provided and the necessary RIA kit was ordered from BARC in April 1989.

The hospital authorities addressed Public Works Department in February 1989 for providing necessary structural changes in the room where the machine was to be installed. The estimate for the work was under the consideration of DME (April 1989).

A research centrifuge required for functioning of the equipment was ordered in March 1989. Sanction for the purchase of a deep freezer, which was also required, was yet to be accorded by the DME (April 1989).

Thus, the failure of the Department to plan and take co-ordinated action for providing related requirements and facilities while placing the order for the equipment resulted in the imported equipment costing Rs.3.84 lakhs remaining unutilised for more than two years (July 1990).

The matter was reported to Government (August 1989); their reply had not been received (July 1990).

3.15. Avoidable expenditure on surplus staff

Pending issue of formal orders for the transfer of staff, assets and liabilities of the Medicinal Farm attached to Arignar Anna Government Hospital of Indian Medicine, Madras, were transferred to the control of Tamil Nadu Medicinal Farms and Herbal Medicine Corporation Limited (TAMPCOL) in July 1985. Nine members of staff attached to the farm (one farm maistry, one garden maistry, 5 gardeners and 2 pumpmen) were also transferred in November 1985 to TAMPCOL but they were retransferred to the control of the Hospital in May 1986, on the ground that they lacked training and qualification and their wages were high. Thereupon the Director, Indian Medicine and Homoeopathy, instructed the Superintendent of the Hospital to utilise their services for beautifying the hospital premises and putting up gardens in the hospital campus. The Superintendent of the Hospital, however, ruled out this course of action stating that water supply was inadequate even to meet existing requirements and also on the ground that nine persons were not required for the purpose.

In June 1987, the Director sought orders of Government for utilising the services of 3 gardeners in the Hospital by creating 3 posts and absorbing the remaining 5 persons (one died in December 1986) in any category in basic service in other departments. In the meantime, the staff were continued on

the establishment of the Hospital. Two of the eight remaining staff members had been ousted in October 1987 and November 1988. The staff had been paid pay and allowances amounting to Rs.2.12 lakhs till February 1989.

Thus, the transfer of the farm to TAMPCOL without settling the issue of transfer of staff and delay in taking a decision on their redeployment after TAMPCOL refused to absorb them led to avoidable expenditure of Rs.2.12 lakhs on their salary. The Department was yet to take a decision (March 1989) on utilising the services of the remaining 6 persons.

The matter was reported to Government (August 1989); Government issued orders (March 1990) to absorb the six idle gardeners as 'Hospital Servants'.

3.16. Non-functioning of dental clinic

Government approved (May 1983) the establishment of a Dental Clinic in Government Hospital, Colachel, under a programme of starting dental clinics in all the taluk and non-taluk hospitals in the State in a phased manner and sanctioned, inter alia, the posts of one Assistant Dental Surgeon, one Nurse and one Hospital Servant.

One Dental unit and one Dental chair (cost : Rs.0.18 lakh) were installed in the hospital in March 1984. The posts of Nurse, Assistant Dental Surgeon and Hospital Servant were filled up in November 1984, November 1985 and March 1986 respectively. The Assistant Dental Surgeon left the Hospital for higher studies in June 1986 and the post

remained vacant thereafter. The Dental Clinic did not function except for a short period of 7 months from November 1985 to May 1986. Thus, though an expenditure of Rs.0.87 lakh (Rs.0.18 lakh on equipment and Rs.0.69 lakh on payment of salary to staff from November 1984 to October 1985 and June 1986 to February 1989) was incurred on the Dental Clinic, the objective of providing specialised dental care to the rural public was not achieved.

Government stated (August 1990) that efforts were being made to make the unit function weekly once or twice.

3.17. Non-commissioning of Steam laundry

The Director of Medical Education (DME) sent proposals to Government in December 1984 for the provision of a steam laundry with sterilisation facilities, at a cost of Rs.40 lakhs, in the Tirunelveli Medical College Hospital, Tirunelveli. Government approved the scheme at a total cost of Rs.20 lakhs only. The DME again approached Government in June 1985 and requested sanction of the scheme at a total cost of Rs.29.85 lakhs (building : Rs.7.85 lakhs; equipments : Rs.22 lakhs). Government, however, issued orders again in August 1985 restricting the total cost of the scheme to Rs.20 lakhs, without assessing and approving the overall cost of the scheme and without indicating the breakup of the amount for the implementation of the scheme. Based on the administrative sanction, the Public Works Department commenced (June 1988) the civil works at the originally estimated cost of Rs.7.85 lakhs and required the Dean of the Hospital to purchase the equipment for the steam laundry out of

the remaining amount of Rs.12.15 lakhs. The construction was completed in October 1988.

Equipment consisting of a boiler, a washing machine, a hydroextractor and a bulk steriliser were procured at a cost of Rs.12.15 lakhs between May-November 1987. The work of erection of machinery was completed in April 1989 but not taken over by the hospital for want of qualified staff to operate the boiler and provision of power mains. Meanwhile, the DME sent fresh proposals to Government in April 1988 for the purchase of certain essential additional equipment for washing and squeezing the linen at a total of Rs.17.30 lakhs. The Government, however, questioned the DME in August 1988 on the need for additional/optional equipment at that stage and enquired as to why the original estimates did not provide for those additional equipment. The DME clarified to Government in November 1988 that all the additional equipment proposed in April 1988 were already included in the original estimates sent to Government in June 1985 and, owing to restriction of funds to Rs.20 lakhs by Government, certain equipment could not be purchased to make the steam laundry functional. The DME renewed these proposals in December 1988 for construction of Overhead Tank, borewell and for additional electrical works, apart from the purchase of equipment, at a total cost of Rs.29 lakhs. The DME also approached Government in February 1989 for sanction of technical staff for running the steam laundry.

When it was pointed out (January 1989) in audit that restriction of funds to Rs.20 lakhs had resulted in the non-purchase of certain essential equipment and non-commissioning of the steam laundry, Government replied in July 1989 that the

scheme was being implemented in a phased manner. Final orders of Government sanctioning the proposals sent in December 1985 and February 1989 were yet to be issued and the steam laundry was yet to be commissioned in the Hospital (December 1989).

Thus, the expenditure of Rs.20 lakhs incurred on the steam laundry had not served the objective of hygienic washing of soiled linen in the Hospital.

3.18. Peripheral Hospital at Perambur, Madras

With a view to relieving congestion in the existing hospitals and affording medical facilities to the residents of North Madras, Government sanctioned in May 1981 establishment of a 100 bedded Peripheral Hospital at Perambur, at an estimated cost of Rs.170.91 lakhs.

The work was commenced by Public Works Department in July 1981 and the Hospital was inaugurated in December 1986. The total expenditure was Rs.159.91 lakhs (civil : Rs.134.23 lakhs; electrical : Rs.25.68 lakhs). The Dean, Government General Hospital, submitted in July 1984 proposals for provision of staff and equipment for starting various departments at a cost of Rs.373.50 lakhs. This was not approved and Government sanctioned only the opening of the out-patient departments in respect of seven wings in the Hospital at a cost of Rs.1.00 lakh. The DME sent revised proposal in January 1987 for staff and equipment for Rs.281 lakhs. As Government viewed this estimate also to be on the high side, DME submitted revised proposals in June 1987 for Rs.80.48 lakhs. Government issued orders

in February 1988 only for Rs.15.10 lakhs (staff : Rs.9.10 lakhs; equipment : Rs.3.00 lakhs; furniture : Rs.1.00 lakh; ambulance : Rs.1.00 lakh and linen : Rs.1.00 lakh). The Hospital bought an ambulance at a cost of Rs.1.02 lakhs.

The out-patient department had started functioning from December 1986. The in-patient department for general wing started functioning with 20 beds from October 1988.

Out of 5 floors constructed, only a part of the ground floor was under use. Other floors, which were to accommodate 100 beds, were vacant. The four operation theatres with air-conditioning facility were lying idle for want of staff and equipment. As the top floors were not being used, the two lifts provided at a cost of Rs.5.29 lakhs were lying idle. In the absence of X-ray plant, the room constructed for X-ray plant was lying unused. It was also reported by the Dean (February 1989) that certain modifications were to be made in the room as it was not found suitable for proper utilisation and functioning of the X-ray plant.

The mortuary block with cold storage facility (estimated cost : Rs.5.00 lakhs) had not so far been handed over and commissioned as there were some defects in the building.

The steam laundry constructed at a cost of Rs.7.68 lakhs and handed over to the Hospital in March 1989 was lying idle for want of work and staff.

The centralised air-condition plant, erected

at a cost of Rs.5.47 lakhs also remained idle as the operation theatres had not been put to use.

The modern kitchen was yet to be provided with equipment and handed over to the Hospital.

The quarters for RMO, two out of the four nurses' quarters and three out of the four servants' quarters had not so far been occupied.

The ambulance van purchased in December 1988 was being used for bringing stationery items, bread, etc., from the Government General Hospital, Madras.

The Hospital was provided with two 250 KVA transformers for HT supply with a contracted load of 430 KVA. Even though most of the equipment were not installed and only one floor was functioning, the Hospital had to pay for 75 per cent of the contracted load, at Rs.12,900 per month. Rupees 1.68 lakhs had been paid for the period January 1988 to February 1989. In addition, charges for compensation for low power factor amounting to Rs.0.62 lakh had also been paid during August 1988 to June 1990.

The delay and the reduction in the Government sanction for staff and equipment, had resulted in the non-utilisation of the buildings and facilities created indicating that a co-ordinated proposal for meeting the initial capital cost on buildings and equipment and the recurring expenditure on staff, etc., was not thought of at the project approval stage resulting in idle investment and avoidable payments.

Government stated in September 1989 that the Hospital was being equipped gradually according to availability of funds and that there was no lack of co-ordination. Government had, however, not offered any remarks in regard to non-utilisation of the facilities created or the postponement of accrual of benefits to the people from the huge capital outlay.

3.19. Purchase of Franking machine

Government sanctioned (April, August 1982) an expenditure of Rs.1.04 lakhs for purchase of 45 Postal franking machines for use in the various offices of Director of Public Health and Preventive Medicine (DPH&PM). Fortyfour machines were procured between December 1982 and April 1983. An expenditure of Rs.0.04 lakh was incurred towards postal licence fee during June 1982 to November 1983. Fourteen machines alone were installed between May 1983 and January 1987 and 30 machines were not installed. Postal authorities stipulated in July 1985 that certain modifications were required to be carried out in all the machines including those already installed. DPH&PM approached the company for carrying out the modifications and the company agreed (September 1985) to do it at an additional cost of Rs.450 per machine. Government sanctioned in July 1990 Rs.0.20 lakh towards expenditure for carrying out the modifications based on the belated proposal of the department made in March 1987.

The machines had not been installed for more than 2 years since the subordinate officers concerned had delayed in obtaining the necessary licence. Since machines had been supplied according

to the specification of the Postal Department applicable at the time of supply, the modifications prescribed by the postal authorities was a subsequent development and existing users had been required to carry out the modifications within 30 days. The extra charge demanded by the company was, therefore, an inevitable expenditure which should have been incurred by the department for putting the machines into operation.

On account of the initial delay by the subordinate officers for more than 2 years and delay and failure on the part of the Head of the Department in correctly presenting the inevitable expenditure towards the modifications required and the delay of the Government in sanctioning the extra expenditure, 44 machines purchased at a cost of Rs.1.04 lakhs were remaining idle for more than 7 years (June 1990).

Government stated in July 1990 that action would be taken against those responsible.

HOME DEPARTMENT

3.20. Surplus unused cotton uniforms and cloth

Till 1984-85 cotton uniforms were issued to the Police personnel of the State. Based on the proposals of the Director General of Police (DGP), Government issued orders in June 1984 for the supply of terry cotton uniforms from 1984-85. As a result, 53,205.57 metres of cotton cloth and 31,404 numbers of cotton uniforms held in stock and procured at a cost of Rs.14.29 lakhs were rendered surplus. The cotton cloth and cotton uniforms available in stock

were not taken into account while taking the decision to issue terry cotton uniforms. Orders of Government on the proposals submitted (October 1989) by the DGP for disposing of the unused cotton uniforms by transfer to Home Guards for current and future requirements were issued only in August 1990. The DGP ordered the transfer of 10,562.75 metres of cloth and 6,593 uniforms for issue to Home Guard units.

Still 35,114.62 metres of cloth and 18,116 uniforms, valued at Rs.8.26 lakhs, remained with the Department without any use (October 1990).

INDUSTRIES DEPARTMENT

3.21. Rural Artisan Programme

Government sanctioned (February 1982) purchase of machinery, tools and equipment at a total cost of Rs.5.36 lakhs for improving the training infrastructure in two existing training centres at Guindy and Dindigul and another one proposed to be started at Ambathur for implementing Rural Artisan Programme (RAP).

Thirteen items of machinery costing Rs.3.55 lakhs were received in the Technical Training Centre (TTC), Guindy, between August 1982 and September 1984. Eleven items were installed between December 1983 and January 1987 and two (cost : Rs.0.55 lakh) were found to be defective and could not be installed. The defects were yet to be rectified (February 1989). No training programme was conducted under RAP at this centre.

As the proposal for starting a training centre at Ambathur did not materialise, four items of machinery (cost : Rs.0.15 lakh), intended for the Centre were received in TTC, Guindy, during 1982-83 and were utilised there.

Out of five items (cost : Rs.2.02 lakhs) intended for the Training Centre, Dindigul, two (cost : Rs.1.15 lakhs) were received inadvertently in the TTC, Guindy, due to incorrect despatch instructions. No action was taken to transfer these to Dindigul.

Since no training was imparted in TTC, Guindy, under the RAP and since the RAP Training Centre at Dindigul had been functioning without any need for two machines meant for that centre, the need for purchase and supply of 19 items of machinery (cost : Rs.4.85 lakhs) to TTC, Guindy, under the RAP was not apparent.

Government stated (September 1990) that one of the two defective machines, received in TTC, Guindy, had since been got rectified and installed.

INFORMATION AND TOURISM DEPARTMENT

3.22. Non-utilisation of sophisticated equipment

In May 1982, Government sanctioned Rs.5.20 lakhs for the purchase of one 35 mm. colour processing machine and Rs.12.42 lakhs in May 1982 and March 1983 for import of one 35 mm. Automatic Additive Colour Printer for use by the Film and Television Institute of Tamil Nadu, in training students and processing films for Tamil Nadu Films

Division. The processing machine was purchased at a cost of Rs.5.77 lakhs in March 1983. The printer, imported from USA, at a cost of Rs.15.07 lakhs, arrived at the Madras port in April 1983 and was cleared from the port in February 1984 after paying demurrage charges of Rs.0.33 lakh. Sanction for Rs.0.40 lakh for providing three phase power was accorded by Government only in August 1984 and the power line was got energised only in January 1986. The colour printer was out of order from the very date of installation because of some major fault in the computer system. Colour analyser, another equipment required for colour processing, was omitted to be purchased along with the printer. The tape punching machine (a part of the colour printer) and the colour processing machine were also under repair. Proposals were sent (November 1988) by the Institute for according sanction of Rs.2.48 lakhs for repairing the printer and the colour processing machine. Sanction from Government was awaited (September 1990). No action had, however, been taken to procure the colour analyser required for the printer.

The Department stated in May 1990 that, with the available colour printer and colour processing plants, students were given theoretical demonstration of the equipment. The students were taken to commercial film laboratories to observe the work done so that they could acquire practical knowledge. No processing of colour films of Tamil Nadu Films Division was carried out at the Institute.

Thus, owing to lack of comprehensive planning and considerable delay at every stage, sophisticated equipment costing Rs.21.17 lakhs

(processing machine : Rs.5.77 lakhs; printer : Rs.15.07 lakhs; demurrage charges : Rs.0.33 lakh) were not being used for the intended purpose in the last 7 years.

Government stated in July 1990 that disciplinary action was being initiated against the persons responsible for the lapses. Further report in the matter was awaited (July 1990).

RURAL DEVELOPMENT DEPARTMENT

3.23. Rural Landless Employment Guarantee Programme

3.23.1. Introduction

Government of India (GOI) launched in August 1983 the 'Rural Landless Employment Guarantee Programme' (RLEGP) to tackle rural poverty due to unemployment and underemployment of landless agricultural labourers during the lean agricultural season. The Programme was implemented by the State Government. The Programme had been merged with the Jawahar Rozgar Yojana from 1989-90 onwards.

The Programme had three basic objectives, namely :

(a) to improve and expand employment opportunities particularly for the rural landless labour with a view to providing guarantee of employment to atleast one member of every rural landless labour household upto 100 days in a year,

(b) to create productive and durable assets for

direct and continuing benefits to the poverty stricken people and for strengthening rural economic and social infrastructure which would lead to rapid growth of rural economy and steady rise in the employment opportunities and income levels of the rural poor and

(c) to improve the overall quality of life in the rural areas.

The works relevant to 20-Point Programme and Minimum Needs Programme (MNP) such as minor irrigation, soil and water conservation, flood protection and drainage, drinking water supply, land shaping and field channel works, rural link roads, group housing and other works benefiting Scheduled Castes and Scheduled Tribes and freed bonded labourers, social forestry, etc., were to be taken up under RLEGP.

3.23.2. Organisational set up

The Central Committee set up by the GOI for National Rural Employment Programme (NREP) was entrusted with the responsibility of approving the projects and monitoring implementation. A State Level Project Approval Board (Empowered Committee upto April 1985) was in charge of allocation of funds, initiating action for project formulation and preparation, clearance of projects for their approval by the Central Committee and monitoring their implementation. The Commissioner of Rural Development (CRD) was the budgeting and controlling authority. Funds were released by the CRD to District Rural Development Agencies (DRDAs)/Dharmapuri District Development Corporation (DDDC), Dharmapuri, for implementation of

the RLEGP through the Highways and Rural Works (H&RW), Public Works (Minor Irrigation) (PW), Agricultural Engineering (AE) and Rural Development (RD) Departments.

3.23.3. Audit coverage

Implementation of the Programme from 1983-84 to 1988-89 was reviewed by audit between December 1986 and June 1989 at the State Secretariat (Rural Development Department), offices of 4 Heads of Department, 7 DRDAs, 31 PW, H&RW and AE divisions and 122 Panchayat Unions (PUs). Besides, the accounts of RLEGP works executed by some implementing agencies in other districts were also reviewed during the course of audit.

3.23.4. Highlights

- Beneficiaries to be covered under the Programme were not identified.

(paragraph 3.23.7)

- Generation of mandays was not correctly computed leading to overstatement of figures of achievement.

(paragraph 3.23.8)

- Rupees 46.03 lakhs, being non-wage component of expenditure in excess of the prescribed limit chargeable to State funds or other sources, were met from RLEGP funds.

(paragraph 3.23.9)

- Transport subsidy was adjusted on the basis of maximum rates admissible and was not limited to actuals and the unspent balance of subsidy lying with DRDAs/implementing agencies was not assessed and refunded to Government.

(paragraph 3.23.11 (i) and (ii))

- Shortage of 1711.041 tonnes of food grains, valued at Rs.29.20 lakhs, noticed during physical verification, was yet to be regularised.

(paragraph 3.23.11 (vii))

- There was delay in payment of wages to labourers ranging from 1 to 13 months; there were instances of payment of wages at rates lower than the minimum wages fixed by Government, non-issue of food grains and issue of foodgrains at higher than the subsidised prices.

(paragraph 3.23.12)

- Contrary to guidelines issued by GOI, contractors and other middlemen were employed for executing works instead of employing labourers directly.

(paragraph 3.23.13)

- Unapproved Minor Irrigation Works were executed at a cost of Rs.19.52 lakhs. Irrigation tank formed at a cost of Rs.32.41 lakhs was not put to use.

(paragraph 3.23.14)

- Contrary to guidelines of GOI, road works originally included under State Rural Roads Scheme were executed under RLEGP at a cost of Rs.201.50 lakhs. Consequently, anticipated additional rural

employment was not created.

(paragraph 3.23.15)

- Percolation ponds not approved by GOI were constructed under RLEGP at a cost of Rs.10.58 lakhs.

(paragraph 3.23.16)

- Under Group Housing Programme, expenditure of Rs.3.43 lakhs was incurred in excess of the costs prescribed.

(paragraph 3.23.17)

- Funds provided for infrastructural facilities were not utilised fully and unutilised funds were not returned to RLEGP account; Rs.141.66 lakhs meant for infrastructural works were also diverted for other purposes.

(paragraph 3.23.17)

- Expenditure of Rs.10.35 lakhs was incurred in excess of the ceiling fixed for the construction of Rural Sanitary Latrines.

(paragraph 3.23.18)

- Expenditure of Rs.29.04 lakhs incurred on raising 88.01 lakh seedlings became infructuous owing to withering or overage before planting. Rupees 3.64 lakhs spent on raising 8.91 lakhs seedlings also proved infructuous as the seedlings were not planted for want of land.

(paragraph 3.23.19)

- In fourteen PUs, entire plantations raised during 1986-87 withered away totally rendering an

expenditure of Rs.20.73 lakhs unproductive.

(paragraph 3.23.19)

- Fourteen PUs spent Rs.4.21 lakhs on inadmissible items.

(paragraph 3.23.19)

- Social Forestry Funds amounting to Rs.43.15 lakhs were diverted to other purposes.

(paragraph 3.23.19)

- Expenditure of Rs.112.70 lakhs was incurred on a Special Crash Scheme for drinking water without the approval of GOI.

(paragraph 3.23.21)

- Only percolation pond and RSL projects were evaluated; no other project was evaluated as required by the guidelines issued by the GOI.

(paragraph 3.23.22)

3.23.5. Funding pattern

The Programme was fully funded by GOI. However, in cases where the non-wage component exceeded 50 per cent of the cost of the work (in the case of Group Houses 57.5 per cent from 1985-86), the excess expenditure was required to be met from State funds or other sources. The labourers were to be paid wages partly in cash and partly in food grains at subsidised rates and the food grains required were provided by GOI. The funding of RLEGP, as reported by Government, was as follows :

Year	Funds provided by Government of India			Funds released by Government of Tamil Nadu				Expendi- ture reported	Excess(+) Savings(-)	139
	Cash	Value of food- grains	Total	Cash	Value of food- grains	Staff cost retained	Total			
(in lakhs of rupees)										
1983-84	890.00	..	890.00	765.20	124.80*	..	890.00	5724.32	(+)384.32	
1984-85	4450.00	..	4450.00	3675.77	661.23*	113.00	4450.00			
1985-86	4495.76	672.00	5167.76	3811.06	672.00					
					467.50	217.20	5167.76	4354.34	(-)813.42	
1986-87	3949.40	1339.13	5288.53	3706.39	1339.13	243.01	5288.53	5728.79	(+)440.26	
1987-88	3940.00	1484.80	5424.80	3653.17	1484.80	286.83	5424.80	5391.74	(-) 33.06	
1988-89	6057.81	303.32	6361.13	5787.81	303.32	270.00	6361.13	6187.79	(-)173.34	
	<u>23782.97</u>	<u>3799.25</u>	<u>27582.22</u>	<u>21399.40</u>	<u>5052.78</u>	<u>1130.04</u>	<u>27582.22</u>	<u>27386.98</u>	<u>(-)195.24</u>	

* The State purchased the food grains from Food Corporation of India out of the funds provided by GOI and released to the implementing agencies.

Year-wise expenditure on works taken up under the Programme and administrative expenditure to end of March 1989 are given in Appendix VIII.

3.23.6. Targets and achievements

The physical targets and achievements under the Programme for the period from 1983-84 to 1988-89 are given in Appendix IX. The percentage of shortfall under MI works ranged between 93 and 46 and between 67 and 31 for Road Works during the period.

The targets and achievements of mandays generated were as follows:

Year	Target (mandays in lakhs)	Achievement	Shortfall(-)/ Excess(+) in generation of mandays
1983-84	..	..	..
1984-85	349.10	314.43	(-)34.67
1985-86	304.90	288.45	(-)16.45
1986-87	246.36	320.39	(+)74.03
1987-88	267.72	284.66	(+)16.94
1988-89	278.13	330.74	(+)52.61
	<u>1446.21</u>	<u>1538.67</u>	

3.23.7. Non-identification of beneficiaries

As per the instructions of GOI, the rural landless households in the locality, where RLEGP works were proposed, were required to be identified, listed and identity cards issued for being employed on the works. However, this was not done. Consequently, it was not ensured that only the unemployed and underemployed belonging to rural landless households were employed on works taken up under the Programme.

3.23.8. Incorrect computation of mandays generated

(i) It was noticed that the target for generation of mandays was fixed with reference to funds available and rate of minimum wage payable to labourers without taking into account the higher wages payable to skilled labourers. Skilled workers like masons, carpenters and stonecutters were employed on works involving masonry, concrete, wood work, etc. on daily wages ranging from Rs.18 to Rs.32. The mandays reported to have been generated were not based on the muster rolls but were computed by dividing expenditure on wages by minimum wage. During 1985-86 and 1986-87, 3 PW, H&RW and AE divisions and 20 PUs reported generation of 20.96 lakh mandays, whereas the number of mandays on the basis of the muster rolls worked out to 12.14 lakhs only.

(ii) As per the instructions of GOI, expenditure on transportation of materials to workspots was to form a part of non-wage component. In 2362 works executed during 1984-85 to 1987-88 by 24 PUs, 5 H&RW, 2 PW and 2 AE divisions, Rs.36.34 lakhs

spent on transport of materials by carts drawn by animals were classified as wage component notionally claiming a generation of 1.15 lakh mandays.

(iii) In Tiruvannamalai AE sub-division, there was a difference of 87,087 mandays between the figures as per progress reports and the actual mandays generated during 1984-85 and 1985-86. The difference was attributed to conversion of expenditure on materials and hire charges of bulldozers into mandays as if labourers had been employed for collecting road metal and compacting the road surface manually.

(iv) In 238 works executed during 1984-85 to 1988-89 by 5 PUs and 18 PW, H&RW and AE divisions, the cost of quarry materials purchased from quarry contractors was classified as wages treating the quarry labourers of contractors as local labourers employed directly on the works, thus boosting up number of mandays by 6.22 lakhs.

The field reports of mandays generated from which the total mandays generated were compiled and included in the progress reports were, therefore, overstated and not reliable.

3.23.9. Excess expenditure on non-wage component

According to GOI guidelines, the non-wage component of expenditure on works consisting of cost of materials, handling and transport, equipment and administrative and supervisory expenses should not exceed 50 per cent of the total expenditure (57.5 per cent from 1985-86 in respect of Group Houses) and in

cases where the ceiling was exceeded, the extra cost was to be met from State funds or other sources. In 1870 works executed during 1984-85 to 1986-87 by 40 PUs, 9 PW, 10 H&RW and 6 AE divisions, the non-wage component in each exceeded the ceiling. The excess expenditure amounting to Rs.46.03 lakhs was met from RLEGP funds instead of from other sources.

3.23.10. Employment of SC/ST labourers

Under RLEGP, priority in employment was to be given to landless labourers belonging to Scheduled Castes (SC) and Scheduled Tribes (ST). To ensure this, the guidelines prescribed that the officers in charge of muster rolls should indicate the SC/ST labourers and certify at the time of payment of wages. Muster rolls maintained by the divisions and PUs test checked did not, however, contain information regarding the employment provided to SC/ST labourers. Thus, the report of generation of 868.69 lakh mandays for SC/ST labourers by the end of 1988-89 was not verifiable from muster rolls.

3.23.11. Issue of foodgrains

Part of the wages of the labourers engaged on RLEGP works was payable in foodgrains at subsidised rates fixed by GOI from time to time. GOI released the required foodgrains viz. rice and wheat in half yearly instalments. The quantity of food grains allotted by GOI and the quantity lifted by the State Government and distributed were as follows :

1983-84	1985-86	1986-87	1987-88
and			
1984-85			

(in tonnes)

Rice

Balance b/f	..	5426	2840	7770
Allotted	37101	22000	39974	43670
Lifted	36869	20420	38525	43482
Distributed	31443	23006	33595	38653
Balance	5426	2840	7770	12599

Wheat

Balance b/f	..	..	22123	3565
Allotted	..	44800	39974	43670
Lifted	..	43652	38485	43399
Distributed	..	21529	57043	36785
Balance	..	22123	3565	10179

The following points were noticed during scrutiny by audit.

(i) Government of India paid a subsidy of Rs.150 (Rs.200 from 1st December 1985) per tonne of foodgrains towards their transport, handling and storage. The subsidy was released in advance based on the quantity of foodgrains allotted subject to adjustment on the basis of actual cost of distribution of foodgrains. Out of the subsidy of Rs.491.65 lakhs released to end of 1988-89, the State Government adjusted Rs.456.88 lakhs as expenditure on the basis of maximum permissible rate of Rs.150/Rs.200 per tonne and not on the basis of actuals. The actual expenditure on transport, handling and storage of foodgrains had not been assessed at all.

The subsidy received by the State Government was placed at the disposal of DRDAs for release to the implementing agencies. In 6 districts, out of the amount of Rs.36.65 lakhs received by DRDAs between 1983-84 and 1988-89, only Rs.3.59 lakhs were released to the implementing agencies. The reason attributed for non-release/short release of funds was that the implementing agencies incurred the expenditure on transport from out of the funds provided for execution of works. As a result, the availability of funds for regular works under RLEGP got reduced to the extent of diversion of funds for transport charges.

(ii) In 4 PW, H&RW and AE divisions, expenditure on transport of foodgrains amounting to Rs.3.07 lakhs during 1986-87 to 1988-89 was charged to works. While this resulted in inflating the cost of the works, the subsidy of Rs.6.14 lakhs remained unspent and was not refunded to RLEGP account.

(iii) Six PUs and 2 PW divisions did not maintain the stock account of foodgrains properly. There was no evidence of check of the entries by the officer-in-charge.

(iv) In Uthangarai Panchayat Union in Dharmapuri District, 20 tonnes each of rice and wheat valued at Rs.0.68 lakh were embezzled while in transit from the field godown to work site during March 1987.

(v) In 13 PUs and 5 PW, H&RW and AE divisions, 10763.14 tonnes of foodgrains were lifted during 1986-87 to 1988-89; of which, only 7043.90 tonnes were distributed. The DRDA, Coimbatore,

which was having 1692 tonnes of rice and 1073 tonnes of wheat on 1st April 1988, was allotted 250 tonnes of rice and 400 tonnes of wheat during 1988-89. The DRDA lifted the foodgrains even though the stock on hand was sufficient to meet its requirements for 2 years. The allocation and lifting of foodgrains without reference to actual requirements resulted in their prolonged storage or transfer to other implementing agencies involving avoidable transportation charges. Six PUs and 4 PW, H&RW and AE divisions paid Rs.0.64 lakh on such transportation.

(vi) The foodgrains were not scientifically stored resulting in loss due to infestation by pests. 14.933 tonnes of rice and 2.878 tonnes of wheat thus lost, valued at Rs.0.32 lakh, were deleted from the accounts of 2 PUs in South Arcot District.

In Gudalur Panchayat Union in the Nilgiris District, 99 tonnes of wheat valued at Rs.1.49 lakhs were written off (April 1988) by Government as it was infested by insects and became unfit for human consumption due to improper storage.

(vii) Physical verification of stock was not done in 7 implementing agencies while, in 6 others, it was done only once during 1986-87 to 1988-89. In the course of physical verification in 41 implementing agencies during 1984-85 to 1988-89, shortages of 817.836 tonnes of rice and 893.205 tonnes of wheat valued at Rs.29.20 lakhs were noticed and were yet to be regularised (June 1989).

(viii) 922.5 tonnes of rice and 708.9 tonnes of wheat costing Rs.27.70 lakhs were diverted to NREP in 35 PUs.

(ix) As per instructions of GOI (May 1987), empty gunny bags were to be sold in public auction and the sale proceeds credited to RLEGP account. However, 10 PUs, 4 H&RW, PW and AE divisions and 3 DRDAs retained such proceeds amounting to Rs.2.66 lakhs in their own accounts without remitting them into RLEGP account, while 1,21,409 bags remained to be disposed of in 21 PUs and 9 H&RW, PW and AE divisions.

3.23.12. Payment of wages

(i) The minimum wage prescribed by Government for unskilled workers was Rs.7 upto 11th September 1984, Rs.8 upto 30th June 1986 and Rs.10 from 1st July 1986. After deducting the cost of foodgrains supplied at subsidised rates, the balance was to be paid in cash. In 6 PW, and 4 H&RW divisions, the wages paid during 1984-85 to 1988-89 ranged from Rs.4 to Rs.9 (including cost of foodgrains supplied) resulting in short payment of wages amounting to Rs.2.32 lakhs for 1.91 lakh mandays.

(ii) As per the guidelines of GOI, wages were to be paid weekly or fortnightly at the option of the labourers. In 9 PUs and 13 PW, H&RW and AE divisions, however, there was delay of 1 to 13 months in payment of wages to labourers employed on 101 works.

(iii) Foodgrains were to be supplied to the labourers at subsidised rates fixed by GOI. In 15 divisions and 7 PUs, the labourers were issued 942 tonnes of common and superfine varieties of rice at Rs.2.08 to Rs.2.20 and Rs.2.13 to Rs.2.74 per kg. respectively and 11 tonnes of wheat at Rs.2 per kg.

during 1983-84 to 1986-87 as against the subsidised prices of Rs.1.85/Rs.2.10 per kg. for common/super-fine rice and Rs.1.50 per kg. for wheat. This resulted in reduction of wages paid in cash to the extent of Rs.2.19 lakhs.

(iv) As foodgrains were not in stock, it could not be issued to the labourers employed on 295 works in 12 divisions during 1984-85 and 1988-89 for a total of 5.75 lakh mandays, thus denying the labourers the benefit of subsidised foodgrains.

3.23.13. Ban on contractors, middlemen, etc.

As per the guidelines, the rural landless labourers were to be provided employment directly by implementing agencies. Execution of works through contractors/middlemen/intermediate agencies was specifically prohibited with a view to ensuring that the full benefit of wages reached the labourers and the cost of the works was not increased on account of profit or commission payable to contractors, middlemen or other intermediate agencies. In 2 divisions and 31 PUs, however, 1732 works were got executed at a cost of Rs.127.46 lakhs through registered contractors, unemployed graduates and ayacutdars. Even in cases where the works were claimed to have been executed departmentally by direct employment of labourers, the involvement of middlemen was evident from the following:

(a) The daily labour reports showing the number of labourers employed on works were not received from the field staff of PUs for checking the Nominal Muster Rolls (NMRs) for payment.

(b) NMRs were passed for payment by 22 implementing agencies after a time lag of 1 to 13 months. In Valparai PU, the wages for a work executed during 1986-87 remained unpaid (May 1989).

(c) Skilled labourers like mason, carpenter, etc., were shown to have been paid only minimum wages applicable to unskilled labourers.

(d) Bricks were shown as having been manufactured departmentally but no accounts for the manufacture were maintained.

(e) No explosives were purchased and issued for road works involving blasting of rocks. No accounts were maintained for sand, gravel, metal, etc., stated to have been collected departmentally.

Cases of engagement of contractors for executing works under the Programme, supply of foodgrains to contractors by PUs, cash payment of wages instead of partly in cash and partly in foodgrains and the sale of foodgrains in open market were brought to the notice of Government (October 1987) by the DIG of Police, CID (Intelligence), Madras. Similarly, cases of execution of works through contractors, non-supply of wheat to workers and sale of wheat to Roller Flour Mills by contractors were pointed out (June 1988) to Government by Food and Consumer Protection Department also.

3.23.14. Minor irrigation works

(i) Construction of irrigation works as well as improvements to existing works with 75-80 per cent

dependability of water supply, yield and economic viability were to be taken up under RLEGP. The works were to be executed by the Minor Irrigation Wing of the Public Works Department. The employment potential generated by Minor Irrigation Works was as under:

Year	Employment potential generated (mandays in lakhs)	
	MI	Roads
1984-85	57.61	107.82
1985-86	45.03	71.25
1986-87	36.92	39.25
1987-88	33.25	38.16
1988-89	25.97	40.12
	<u>198.78</u>	<u>296.60</u>

Scrutiny of the expenditure disclosed the following irregularities:

In Salem and Tiruvannamalai Divisions, 71 works not included in the shelf of projects were executed at a cost of Rs.5.09 lakhs.

107 minor repair works, though included in the shelf of projects for 1985-86 by the State Government, were not approved by the GOI. But these works were executed at a cost of Rs.14.43 lakhs.

In Mettur Division, an amount of Rs.4.10 lakhs, deposited with the land acquisition authorities in January 1985 for acquiring land for a work, was charged to RLEGP funds, contrary to the instructions of the GOI.

The Department undertook in 1984 the construction of a tank at Erandalai-Parai village, Dindigul Quaide-Milleth District to benefit a dry ayacut of 250 acres. The Dindigul Municipality objected (February 1985) to its construction as it would block the flow of water into its source of water supply. However, the work was completed in March 1987 at a cost of Rs.32.41 lakhs and, on orders from the State Government, was handed over to the Municipality in October 1987. As no new ayacut was developed, the expenditure under the work proved infructuous.

(ii) In Coimbatore Division, unspent balance of Rs.2.81 lakhs was not refunded to the RLEGP account (July 1989).

(iii) During 1984-85 the Department arranged with Tamil Nadu Cement Corporation Limited (TANCEN), for the supply of 9850 tonnes of cement required for RLEGP works and Rs.122.69 lakhs were paid in advance by various divisions to a private cement factory in Andhra Pradesh. The transport charges were also paid in advance to TANCEN. Even after 5 years, the factory was yet to supply (May 1990) 155.650 tonnes of cement to 9 divisions while it retained an advance of Rs.1.99 lakhs. Proportionate transport charges of Rs.0.25 lakh paid in advance also remained to be adjusted.

(iv) Though 80 to 98 per cent of funds allotted for Minor Irrigation under the Programme had been spent during 1984-85 to 1988-89, the achievement was very low ranging between 7.3 per cent and 54 per cent of the targets.

3.23.15. Rural link roads

As per the norms of the Minimum Needs Programme (MNP), villages with a population of over 1000, hill areas with population of over 200 and desert, coastal or tribal areas with population over 500 as per 1981 census were required to be connected by link roads. Stage construction in parts and in piecemeal was not to be undertaken and the link roads were to be complete in all respects. Execution of road works did not conform to these norms.

Improvements to 271 existing roads with a total length of 913.25 kms. were taken up in 7 districts at a cost of Rs.873.66 lakhs during 1984-85 to 1988-89. Only one layer of WBM was provided, while the second layer of WBM and black topping were proposed to be done under the State Rural Roads Scheme. During the review, in South Arcot and Tirunelveli districts it was noticed that only 39 roads (total length 135.05 kms.) out of 146 roads (total length 472.65 kms.) taken up were improved to all-weather standards. Rupees 308.24 lakhs spent on improvements upto one layer of WBM for the remaining 107 roads covering 337.60 kms. did not result in creation of durable assets.

As per the guidelines, the work projects proposed under RLEGP should be in addition to and not in substitution of the works included under other schemes. However, 44 works originally included under State Rural Roads Scheme were executed under RLEGP at a cost of Rs.201.50 lakhs during 1984-85. As a result, the creation of additional employment in rural areas was not achieved.

The technical guidelines required the village roads constructed under RLEGP to be provided with pavement of appropriate thickness. Test check in 3 divisions disclosed that thickness in excess of the requirement was provided for sub-base for 18 roads involving an avoidable expenditure of Rs.5.77 lakhs

The assets created under RLEGP were to be taken over by the respective departments and maintained from the State funds. Where such a provision and system were not available, DRDAs were to maintain the assets utilising funds upto 10 per cent of the allocations permissible for maintenance of assets under NREP. However, maintenance of the roads completed from 1984-85 was not taken up. In April 1987 Government ordered that roads with black topping as well as bus routes should be maintained by H&RW Department and the rest by the PUs. Even after this, the roads were not taken up for maintenance by the department and the PUs on the plea of paucity of funds.

3.23.16. Land development and reclamation of waste lands - soil and water conservation works

Agricultural Engineering Department was in charge of implementing works relating to land development, reclamation of waste lands, soil and water conservation, etc. In Tirunelveli District these were executed by PUs also.

In the following cases, the percolation ponds did not conform to the technical requirements prescribed in the Manual of Percolation Ponds of the department as shown below :

(i) The location of the pond should be such as to have a large number of wells within 900 metres on the downstream side. While forwarding the shelf of projects for 1984-85, the Chief Engineer (AE) had indicated that each pond was expected to benefit 20-40 wells. However, 81 percolation ponds constructed during 1984-85 to 1988-89 in 4 districts at a cost of Rs.60.89 lakhs had 9 wells or less in their zone of influence while 2 ponds (Salem District - cost : Rs.4.28 lakhs) had no well at all.

(ii) Each pond, to be effective, should have a minimum storage capacity of 0.20 mcft and minimum depth of 1.5 metres in 40 to 50 per cent of the water spread to minimise evaporation loss. Of the percolation ponds constructed in 4 districts during 1984-85 to 1987-88, the storage capacity of 25 ponds (cost : Rs.12.75 lakhs) was less than 0.20 mcft while the minimum depth of water in 117 ponds (cost : Rs.92.89 lakhs) was less than the standard prescribed and ranged between 0.1 and 1.4 metres.

(iii) Construction of 2 percolation ponds estimated to cost Rs.1.51 lakhs was discontinued after incurring an expenditure of Rs.0.44 lakh.

(iv) Twelve percolation ponds which were not approved by GOI were constructed by 4 divisions during 1986-87 at a cost of Rs.10.58 lakhs utilising RLEGP funds.

(v) Expenditure on 101 percolation ponds executed by 3 divisions exceeded the cost approved by GOI by Rs.8.87 lakhs.

(vi) On completion, the ponds were handed over

to the PUs for regular annual maintenance. But their maintenance was not taken up by the PUs.

3.23.17. Group houses for SC/ST

Construction of houses for SC and ST was one of the major activities under RLEGP and 94781 houses were constructed against about 1,00,000 houses proposed by the State Government for SC and ST under the Programme during the Seventh Plan period. Three types of designs and estimates were approved by GOI depending upon the site conditions. The cost per unit was Rs.6000 for ordinary soil in plains and Rs.7800 for black cotton soil in plains and hill areas. Though the Project Report for 1984-85 did not provide for latrines, the type design for houses approved subsequently included provision for low cost leach pit latrines within this prescribed unit cost. In April 1987 GOI enhanced the ceiling cost per house by Rs.1200 to cover the cost of latrines. In addition, provision of Rs.3000 per house was also made from 1985-86 for infrastructural facilities like site development, drainage, water supply and internal roads. The construction was entrusted to PUs. It was noticed in audit that the cluster (habitat) approach, under which not less than 20 houses were to be constructed to achieve economy in construction and provide better sanitation, water supply and other requirements, was not followed in 145 villages under 41 PUs; in 20 PUs, expenditure incurred on 623 houses exceeded the cost per house fixed by GOI by Rs.3.43 lakhs and the excess expenditure was met from RLEGP funds instead of from other sources as required in the guidelines; Rs.12.21 lakhs allotted for provision of infrastructural facilities for 407 houses constructed in 10 PUs in 4 districts remained

unutilised (June 1989) and in 47 other PUs in 6 districts, Rs.39.99 lakhs had not been spent. The unspent balance of Rs.52.20 lakhs had not been refunded to RLEGP account (June 1989). In all, funds provided for infrastructural facilities had been diverted to the extent of Rs.141.66 lakhs for additional houses, community centres, work sheds, TV rooms, parks, shopping complex (Rs.45.68 lakhs), latrines (Rs.30.03 lakhs), sit-outs, cupboard, inner cement plastering, etc. (Rs.65.95 lakhs); 2,900 houses constructed by 22 PUs did not have smokeless chulah though they were required to be provided as per the instructions of GOI; the houses constructed under RLEGP were also required to be insured by the implementing agencies for a period of 3 years; failure to insure the houses, resulted in loss of Rs.2.04 lakhs in respect of 34 houses damaged either due to fire or flood; in 2 districts advances of cash and foodgrains to the extent of Rs.48.47 lakhs towards construction of group houses under Indira Awaas Yojana were outstanding for more than 1 to 24 months with 66 presidents of village panchayats in respect of 1215 works. There was no system to watch the adjustment of foodgrains released in advance to them. In 8 PUs, 867 tonnes of food grains (value : Rs.14.64 lakhs) supplied to panchayat presidents remained unadjusted (June 1989).

3.23.18. Rural Sanitary Latrines (RSLs)

During 1984-85, 19042 houses were constructed for SC/ST under RLEGP without latrines as type design and estimate for the houses did not contain provision for latrines. GOI, therefore, approved (August 1986) the provision of latrines to these houses at Rs.1050 each. The State Government

proposed in May 1988 revision of the cost to Rs.1200 per unit. The proposal was rejected by GOI in March 1989 as certain clarifications were not furnished by the State Government. However, 17128 RSLs were constructed for these houses during 1986-87 and 1987-88 without regard to the cost ceiling prescribed by GOI, involving additional expenditure of Rs.10.35 lakhs.

In 5 PUs, bathrooms instead of RSLs were constructed for 147 houses at a cost of Rs.1.78 lakhs. Rupees 4.36 lakhs were spent, out of RLEGP funds, on construction of RSLs for houses constructed under NREP (186) and Tamil Nadu Adi-Dravidar Housing and Development Corporation Limited (18) schemes.

In Salem District, latrines were not provided for 45 houses constructed during 1984-85 for want of space.

3.23.19. Social Forestry

With a view to improving the forest cover and providing benefits to the rural poor, 20 per cent of RLEGP funds (25 per cent from 1986-87) was to be earmarked for Social Forestry. However, the funds allocated for Social Forestry and the expenditure incurred fell short of the prescribed limits as shown below :

Year	Allocation			Expenditure		
	Total	Social Forestry	Percentage for Social Forestry	Total	Social Forestry	Percentage for Social Forestry

(in lakhs of rupees)

1985-86

and

1986-87	10456.29	1581.19	15	10083.13	1348.66	13
1987-88	5424.80	743.73	14	5391.74	773.02	14
1988-89	6361.13	545.38	9	6078.40	599.29	10

The Social Forestry projects were implemented by PUs. Funds were allotted uniformly to all the PUs in a district without assessing availability of the poramboke lands and water resources for raising the plantations. Consequently, the PUs were not in a position to spend the funds allotted to them fully. As there was difficulty in identifying poramboke lands free of encroachments, Government ordered (May 1986) that plantations could be raised in homesteads of SC and ST and lands belonging to co-operative and educational institutions. In 3 districts test checked, planting was not taken up in educational institutions, co-operative institutions, etc. There was an unspent balance of Rs.149.31 lakhs at the end of 1988-89 for the whole State.

Proper accounts were not maintained by the PUs for the seedlings raised, plantations done and expenditure incurred till July 1987. The figures reported in the periodical returns had no basis.

The accounts maintained by them did not contain the essential data like names of villages, survey numbers of the lands where the plantations were done, etc. The correctness of accounts could not be ensured in the absence of these details. The possibility of the activity figuring under both NREP and RLEGP could not be ruled out.

Tree plantation being a seasonal activity, it is necessary to prepare advance plans for social forestry works and get them approved. It was, however, noticed that, in 3 districts, no action plan was prepared by the PUs/DRDAs for 1985-86 and there was a delay ranging from 6 to 9 months in getting the action plans for the years 1986-87 to 1988-89 approved by Government.

The number of seedlings proposed and actually raised during 1987-88 in the 3 districts was far in excess of the requirements. In 49 PUs, 159.12 lakh seedlings were raised during 1985-86 and 1986-87 at a cost of Rs.52.99 lakhs. Of them, only 50.60 lakh seedlings were planted. 10.83 lakh seedlings (proportionate cost: Rs.4.70 lakhs) were transferred to other schemes while 9.68 lakh seedlings (cost: Rs.4.50 lakhs) were given away to farmers free of cost. The balance of 88.01 lakh seedlings had withered or become overaged for planting, resulting in infructuous expenditure of Rs.29.04 lakhs on their raising.

During 1987-88 and 1988-89, seedlings were continued to be raised far in excess of the requirements to meet financial targets without assessing the availability of lands. This resulted in wasteful expenditure of Rs.3.64 lakhs in 13 PUs on

raising 8.91 lakh seedlings which were not planted.

137.62 lakh seedlings were planted in 83 PUs during 1985-86 and 1986-87. Of them, only 19.11 lakh plants (14 per cent) survived (March 1988). Further, in 14 PUs out of 20 test checked in 3 districts the survival rate was nil as in March 1989, resulting in unproductive expenditure of Rs.20.73 lakhs in respect of the plantations raised during 1986-87. The rate of survival of the plantations raised by the 9 PUs during 1987-88 and 1988-89 with 3.94 lakh seedlings was from Nil to 71 per cent. The low survival rate was attributed to planting during non-rainy season, planting overaged seedlings, improper preparation of pits and non-maintenance of planted seedlings.

In Thiruvannamalai PU, 1.96 lakh seedlings were shown as planted in 48 kms. of road margins during 1986-87 and 1987-88. The survival rate was reported as 2 per cent. Investigation revealed that these were bogus claims inflating the number of seedlings planted. The expenditure of Rs.1.38 lakhs incurred in this connection proved infructuous. The concerned officials were placed under suspension.

Five per cent of the funds earmarked for Social Forestry was to be utilised for raising seedlings through decentralised nurseries of small and marginal farmers satisfying Integrated Rural Development Project norms. The selected farmers were to be supplied with seeds and poly bags and also paid wages for raising seedlings on their own lands and the seedlings thus raised were to be bought back from them at prescribed rates by the Department. In 15 PUs test checked, decentralised

nurseries were not raised during 1986-87. In 13 other PUs, only Rs.1.72 lakhs were spent on decentralised nurseries during 1985-86 and 1986-87 against Rs.4.84 lakhs meant for the purpose. Thus, the benefits contemplated under RLEGP to small and marginal farmers through the social forestry scheme did not reach them to a large extent.

In the action plan for 1985-86, the cost of raising the seedlings was fixed at 50 paise per seedling. In 9 PUs test checked, however, the cost was higher resulting in excess expenditure of Rs.2.90 lakhs on raising 19.70 lakh seedlings during 1985-88.

Government had prescribed different scales of expenditure for raising plantations depending on the area and species planted. In 15 PUs, expenditure of Rs.8.99 lakhs was incurred during 1986-87 to 1988-89 in excess of the scale prescribed for planting 20.82 lakh seedlings in 911.76 ha. of land.

In 14 PUs, expenditure of Rs.4.21 lakhs incurred during 1985-86 to 1987-88 on items like construction of compound wall for PU office, purchase of implements and pumpsets, payment of electricity bills, etc., was met from Social Forestry funds of RLEGP.

Also, expenditure of Rs.8.53 lakhs incurred on Social Forestry under NREP during 1986-87 to 1988-89 was accounted for under RLEGP in 21 PUs. Similarly, Rs.6.50 lakhs, being the cost of seedlings raised in 21 PUs under RLEGP but transferred to NREP projects, were not credited to RLEGP funds.

Rupees 28.12 lakhs were diverted for construction of percolation ponds and group houses for SC/ST and Small Savings Schemes in 53 PUs in three districts.

Sixteen PUs had reported the area of plantation as 1623 ha. during 1985-86 and 1986-87 though the actual area planted was 741 ha. The figures of achievement reported were, therefore, not reliable.

In 5 PUs, as against 17.24 lakh seedlings reported to have been raised during 1985-86 to 1988-89, only 11.64 lakh poly bags were issued from stock, indicating that 5.60 lakh seedlings, on which Rs.2.48 lakhs were spent, were not actually raised. Stock registers of poly bags were also not produced by 4 PUs.

Government directed (September 1987) that the unspent balance under Social Forestry could be utilised for water harvesting schemes for plantations to achieve better survival rate. In 3 PUs, though a sum of Rs.1.37 lakhs was spent on deep borewells/hand pumps, the survival rates of the plantations continued to be very low ranging from Nil to 7 per cent.

A schedule of inspection of the nurseries and plantations by the Plantation Supervisor, Rural Welfare Officer, Extension Officer (Social Forestry), Block Development Officer, Divisional Development Officer, Assistant Project Officer and Project Officer, DRDA had been prescribed by the Government, the periodicity ranging from weekly by the Plantation Supervisor and Rural Welfare Officer to quarterly by

the Divisional Development Officer/Assistant Project Officer, DRDA. The Project Officer was required to inspect the plantations and nurseries as often as possible. Test check of records in 3 DRDAs and 26 PUs disclosed that the prescribed inspections were not carried out by the various functionaries during 1985-86 to 1988-89 except in Coimbatore District.

3.23.20. Non-maintenance of records of assets created

All implementing agencies were required to maintain complete records of assets created under RLEGP. The DRDAs were also to maintain an inventory of all assets with all the required data. The records of assets created were not maintained in 7 DRDAs, 111 PUs and 31 H&RW, PW and AE divisions test checked (March 1988).

3.23.21. Execution of works not permitted under RLEGP

The State Government released (December 1988) Rs.100 lakhs for a Special Crash Scheme for works relating to drinking water and pathways to burial/cremation grounds to be implemented under RLEGP without the approval of Block Level Advisory Committee and GOI. These works were executed at a cost of Rs.112.70 lakhs (March 1989).

3.23.22. Monitoring and Evaluation

(a) A State Level Co-ordination Committee was functioning in the State to review RLEGP (in addition to NREP and IRDP). The Empowered Committee (RLEGP), later redesignated as State Level Project Approval Board (RLEGP), was monitoring and

reviewing the progress and co-ordinating the various activities. In districts, the DRDAs were co-ordinating, supervising and monitoring the implementation of the Programme.

(b) GOI required the States to conduct periodical evaluation studies of the implementation of the Programme. The following evaluation studies were conducted by various agencies at the instance of the State Government.

(i) An evaluation study of 96 percolation ponds constructed by AE Department in 12 districts disclosed that the zone of influence of 23 ponds did not contain the requisite minimum number of wells and the plans and estimates were prepared in Trichirapalli District even without marking the zone of influence of the ponds; funds were allocated without taking into account the size of the district and its drought proneness and heavy to light damages to the bunds of the ponds so constructed had taken place.

(ii) The Institute of Rural Development conducted a study on the Socio-Economic benefits and employment potential for rural women in Social Forestry Programme at villages of Pudukottai District (report not made available to audit). Based on the evaluation report (June 1988), the State Government issued (August 1988) instructions to avoid delay in payment of wages and grant of more tree pattas to women beneficiaries.

(iii) The Additional Director (Public Health), Research-cum-Action Project, conducted in 5 selected PUs in Chengalpattu District an evaluation study on

the utilisation of 140 sanitary latrines provided to houses constructed under NREP/RLEGP during 1986-87. Out of 140 latrines, only 24 were in use and the rest were not put to use because of social factors (8 per cent) and engineering deficiencies (92 per cent) like non-provision of pans, lack of pipe connection, non-construction of pits, etc. The State Government issued (July 1987) instructions to District Collectors for rectification of such deficiencies.

(iv) While the evaluation study of percolation ponds, RSLs and Social Forestry already done was quite insufficient, no evaluation was done in respect of Minor Irrigation, Rural Link Roads and Group Houses, involving a huge expenditure of Rs.19,475 lakhs.

The matter was reported to Government in October, 1989; reply had not been received (September 1990).

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

3.24. Free supply of uniforms to students

3.24.1. Introduction

Government introduced, in July 1985, a scheme for free supply of uniforms to the students of Standards I to VIII in all the Government, local bodies and aided schools in the State. Under the Scheme, one set of uniform was to be supplied every year to all the students who were beneficiaries under the Chief Minister's Nutritious Meal Programme.

The expenditure incurred on the Scheme during 1985-86 to 1988-89 was Rs.6283.86 lakhs.

3.24.2. Organisational set up

The Scheme was implemented by the Social Welfare Department with the assistance of Education and Handlooms and Textiles Departments. The Chief Educational Officers (CEO) were to compute the requirement of cloth based on the scales fixed by Government and intimate the requirement to the Director of Handlooms and Textiles (DHT). The DHT obtained quotations and placed orders. District Social Welfare Officers (DSWO) arranged for stitching the uniforms through selected tailoring units and handed over stitched uniforms to Education Department for eventual distribution to the students.

3.24.3. Audit coverage

A review of the implementation of the Programme during the years 1985-86 to 1988-89 was conducted between December 1988 and June 1989 at the Secretariat Department of Social Welfare, Directorates of Social Welfare, Handlooms and Textiles and School Education and the offices of 5 CEOs and 12 District Education Officers (DEO).

3.24.4. Highlights

- Acceptance of varying higher rates instead of lowest rates in procurement of cloth for uniforms resulted in avoidable additional expenditure of Rs.111.87 lakhs.

(paragraph 3.24.5.2)

- Acceptance of rate higher than the quoted rate for dhavani cloth resulted in extra expenditure of Rs.4.26 lakhs.

(paragraph 3.24.5.3)

- Tamil Nadu Textile Corporation purchased 20.84 lakh metres of white, khaki and casement cloth at cheaper rates from private mills and supplied at higher tendered rates earning a profit of Rs.22.08 lakhs.

(paragraph 3.24.5.4)

- Excess procurement resulted in backlog of cloth and blocking of capital. 9.12 lakh metres of cloth remained in stock at the end of 1988-89 blocking Rs.98.69 lakhs.

(paragraph 3.24.5.6)

- 11.89 lakh metres of cloth valued at Rs.108.50 lakhs and issued in excess was not returned by tailoring units.

(paragraph 3.24.6.2)

- Cut cloth valued at Rs.3.02 lakhs given for stitching were not returned by tailoring units.

(paragraph 3.24.6.3)

- Short accountal of cloth valued at Rs.1.56 lakhs was noticed.

(paragraph 3.24.6.4)

- As against an advance of Rs.3.08 lakhs payable for stitching, entire allotment of Rs.5 lakhs was paid to tailoring units in Madras District.

(paragraph 3.24.6.6)

- 11.51 lakh students were not supplied with uniforms in test checked districts for a variety of reasons.

(paragraph 3.24.7.3)

3.24.5. Procurement of cloth

3.24.5.1. A total quantity of 482.40 lakh metres of cloth costing Rs.4669.16 lakhs was purchased during 1985-86 to 1988-89 for stitching uniforms as given below :

Year	Cloth purchased (in lakhs of metres)	Value (in lakhs of rupees)
1985-86	130.94	1210.68
1986-87	109.26	1005.03
1987-88	119.55	1086.26
1988-89	122.65	1367.19
	<u>482.40</u>	<u>4669.16</u>

3.24.5.2. The cloth was purchased from Weavers' Co-operative Societies and other institutions without calling for open tenders, with a view to encouraging the weaving community, under the Co-operative fold and help the institutions in disposing of their accumulated stock. Instead of accepting lowest rates, or holding negotiations with the institutions quoting higher rates, varying higher rates for the same variety of cloth were accepted and 83.16 lakh metres of cloth was purchased at higher rates resulting in avoidable expenditure of Rs.111.87 lakhs.

3.24.5.3. The rate quoted (March 1986) by the Handloom Intensive Development Project, Kancheepuram, for dhavani cloth was Rs.7.25 per metre. CO-OPTEX, which initially quoted Rs.7.90 per metre, also offered (May 1986) to supply the cloth at Rs.7.25 per metre. However, 6.55 lakh metres of dhavani cloth was purchased from these two institutions in 1986-87 at Rs.7.90 per metre resulting in extra expenditure of Rs.4.26 lakhs.

3.24.5.4. The object of selecting co-operatives and Government companies for supply of cloth without calling for tenders from open market was to utilise the full production capacity of these institutions and also to enable them to clear their accumulated stock. Advance payments to the extent of 75 per cent of the cost of supply were also made for production and supply of the cloth. Orders were placed on the Tamil Nadu Textile Corporation (TNTC) for supply of 66.25 lakh metres of white, khaki and casement blue cloth during 1985-86 to 1988-89 at the rates quoted by it every year. As it did not have adequate stock to fulfil the order, TNTC purchased 20.84 lakh metres of cloth from private mills at lower rates and supplied to Government at the agreed higher rates, earning a profit of Rs.22.08 lakhs (vide Appendix X). The failure of the Department to restrict the quantity of order to the capacity of TNTC resulted in unintended benefit of Rs.22.08 lakhs to TNTC.

3.24.5.5. The technical officers of the Handlooms and Textiles Department were to check the quality of cloth supplied under this scheme and send test reports to DHT. Test reports for the years 1985-86 to 1987-88 were not made available to audit by the Department. The DSWOs reported the following

defects during the review meetings conducted by DHT in the years 1986-87 to 1988-89.

(i) Cloth was supplied in small bits by TNTC and CO-OPTEX.

(ii) Blue cloth supplied by CO-OPTEX in 1986-87 was short in width.

(iii) Certain varieties of cloth supplied by Khadi and Village Industries Board, CO-OPTEX and Co-operative Societies were of poor quality.

No action was taken by DHT against the suppliers for supply of sub-standard and inferior quality of cloth. 6,188 metres of damaged cloth, valued Rs.0.52 lakh, was supplied by TNTC to DSWOs, Chengalpattu and Coimbatore Districts in 1987-88 and 1988-89. The damaged cloth was neither got replaced nor was the cost thereof recovered from the suppliers.

3.24.5.6. The requirement of cloth for each uniform, standard-wise, was fixed by Government in July 1985 and revised twice in November 1986 and October 1987/November 1987, based on the experience gained in previous years. The requirement of total quantity of cloth to be purchased was to be computed after taking into account the balance cloth available in stock with DSWOs at the end of the previous year so as to keep the closing stock of cloth at a minimum level. It was, however, seen that a large quantity of cloth remained in stock with DSWOs, at the end of each year, as shown below, indicating defective computation of requirement.

Year	Closing stock of cloth (in lakhs of metres)	Value (in lakhs of rupees)
1985-86	6.99	64.22
1986-87	4.54	41.13
1987-88	4.01	35.59
1988-89	9.12	98.69

The large closing stock resulted in avoidable locking of funds for periods upto 9 months. The Department did not analyse the reasons for such large closing stock and take any remedial action.

Test check of records disclosed the following defects in computation of requirement of cloth for the year 1988-89.

(i) The closing stock of 19,503 metres of white cloth and 30,057 metres of khaki cloth at the end of 1987-88 in North Arcot District was not taken into account while placing orders for 1988-89, resulting in excess purchase of 49,560 metres of cloth (value: Rs.4.67 lakhs). The excess purchase contributed to 25 per cent and 48 per cent of closing stock of white and khaki cloth respectively, at the end of 1988-89.

(ii) Balance stock of 11,221 metres of white cloth in 1987-88 in Salem District was not taken into account while placing orders for 1988-89, resulting in excess purchase (value: Rs.0.83 lakh), constituting 67 per cent of the closing stock in that District at the end of 1988-89.

3.24.6. Stitching of uniforms

3.24.6.1. In 1985-86, the first year of implementation of the Scheme, the cloth was directly supplied to the selected tailoring units for cutting and stitching uniforms. From 1986-87, cutting of cloth to the required size was done centrally in each district under the control of the DSWO and the cut cloth was handed over to the tailoring units for stitching. Nineteen cutting machines costing Rs.4.41 lakhs were purchased, one for each district, and one master cutter for each district was also employed.

3.24.6.2. The Social Welfare Department found, based on model cutting, that the cloth of 130.94 lakh metres directly supplied to tailoring units in 1985-86 was in excess of the requirement. The Department did not take action to recover the excess cloth. The cloth supplied in excess of the actual requirement for 1985-86 worked out to 18.88 lakh metres, but only 6.99 lakh metres of unused cloth were received back from the tailoring units. The value of cloth not returned by the tailoring units (11.89 lakh metres) was Rs.108.50 lakhs at the minimum rates.

Test check in audit disclosed that

(a) Salem Ladies Tailoring Industrial Co-operative Society did not return the balance of 33,584 metres of cloth costing Rs.3 lakhs, out of 2,85,109 metres of cloth issued to them for stitching 3,25,919 uniforms.

(b) The Ladies Tailoring Centre, Ramanathapuram functioning under the control of DSWO,

Ramanathapuram, was entrusted, during 1985-86, with the stitching of 1,37,573 sets of uniforms and supplied with 3,31,998 metres of cloth. The centre did not return any balance of cloth. The Department assessed, in January 1987, that the cloth misappropriated by the centre was 37,363 metres, besides 18 dhavanis, valued Rs.3.61 lakhs. Based on a complaint preferred by the Collector, in February 1986, Police seized cloth and uniforms intended for the Scheme from unauthorised persons. Criminal and Departmental actions were pending (June 1989).

(c) Fourteen tailoring societies in Madras, Salem and North Arcot Districts, after completion of stitching of uniforms allotted to them during 1985-86, declared a balance of 34,328 metres of cloth. However, only 22,657 metres of cloth was returned to the Department. The value of cloth not returned by the Societies (11,671 metres) was Rs.0.91 lakh.

(d) 14,730 metres of excess cloth valued Rs.1.38 lakhs supplied to 5 tailoring societies in the Nilgiris, Coimbatore and Salem districts and available with them as stitched uniforms and cut pieces were not taken back by the Department (June 1989).

(e) Ten tailoring units in 3 districts did not deliver the full quota of uniforms allotted to them, for which cut cloth was issued. The cost of cloth issued to these units, in respect of uniforms not delivered by them was Rs.3.02 lakhs as indicated below:

Year	District	Number of tailo- ring units	Number of cut pieces issued	Number of uniforms deli- vered	Short- fall	Value of cloth (in lakhs of rupees)
1986-87	The Nilgiris	1	33,332	31,040	2,292	0.31
1987-88	Salem	7	5,39,208	5,12,975	26,233	1.83
1987-88	Chengal- pattu	1	2,11,782	2,08,773	3,009	0.75
1988-89	Chengal- pattu	1	2,18,138	2,16,258	1,880	0.13
						<u>3.02</u>

(f) During 1985-86, 5,32,313 metres of cloth was delivered to 8 tailoring units in North Arcot District by the suppliers directly. Though receipt of this quantity was acknowledged by the tailoring units and payment was made to the suppliers, the tailoring units accounted for only 5,30,106 metres of cloth which was also reported to the Director of Social Welfare. The Department did not, however, take any action to reconcile the discrepancy. The value of shortage of 2,207 metres of cloth was Rs.0.20 lakh.

(g) In Salem District, out of 4,25,016 pieces of half-pant and blouse cloth cut into required sizes during 1987-88, only 4,12,017 pieces were issued for stitching by the DSWO. The balance of 12,999 pieces, valued Rs.1.14 lakhs, was not available in stock with the DSWO. The shortage was pointed out by audit and Department's reply was awaited (July 1990).

(h) In Madras District, as against the requirement of 28,970 skirts of V and VI standard girls in 1988-89, 30,970 pieces were cut to the required size. The 2,000 pieces cut in excess of requirement, valued Rs.0.22 lakh, were neither issued for stitching nor available in stock with DSWO.

3.24.6.3. Government fixed the requirement of cloth for the uniforms of different sizes to suit the students studying in various classes. The cloth was accordingly cut to these sizes and supplied to the tailoring units. However, in North Arcot District, the pieces cut for a particular size were stitched into uniforms of smaller and bigger sizes resulting in wastage of cloth as indicated below:

Year	Cut cloth supplied			Uniforms stitched			Wastage	
	Size	Number	Quantity (in metres)	Size	Number	Cloth utilised (in metres)	Quantity (in metres)	Value (in lakhs of rupees)
1987-88	III (Skirt)	7675	17652	I IV	4484 3191	11405	6247	0.61
1988-89	III (Half Pant)	12904	10968	I	12904	9032	1936	0.25

0.86

Reasons for changes in the size of uniforms initially intended were not on record. Had the requirement of uniforms in the various sizes been assessed correctly and the cloth accordingly cut, the wastage of cloth valued Rs.0.86 lakh could have been avoided.

3.24.6.4.

(a) In North Arcot District, during 1987-88, cloth for 2,81,667 sets of uniforms for girls was cut and supplied to the tailoring units for stitching. The DSWO, Vellore, however, drew from the Treasury Rs.15.04 lakhs on 31st March 1988 for payment of stitching charges for 3,00,867 sets of uniforms, resulting in excess drawal of Rs.0.96 lakh. The excess amount drawn was remitted back to Government in October 1988. Thus, irregularly drawn funds were kept outside Government account for a period of about 7 months.

(b) Government issued orders in July 1985, permitting payment of 25 per cent of the stitching charges, in advance, to the tailoring units entrusted with stitching of uniforms. In Madras District, stitching of 2,01,332 sets of uniforms for the year 1985-86 was entrusted to 11 tailoring units entailing payment of Rs.12.30 lakhs towards stitching charges. As against the advance of Rs.3.08 lakhs payable to these units, the DSWO, Madras drew in September 1985, the entire allotment of Rs.5 lakhs and paid to the tailoring units. The advances were adjusted in March 1986. The advance paid in excess of the permissible limit in respect of one tailoring unit alone was Rs.1.59 lakhs (the advance paid to this unit was 58 per cent of the total payment). The

reply of the Department to the audit observation on the above irregularity was awaited (July 1990).

3.24.7. Distribution of uniforms

3.24.7.1. One set of uniform was to be supplied every year to the students studying in standards I to VIII. The officers of the Education Department were to assess, at the beginning of each academic year, the number of students who were to be supplied free uniforms, place indent with the Director of Handlooms and Textiles, receive the stitched uniforms from the DSWOs, distribute the uniforms and send a completion report to the Director of School Education (DSE).

3.24.7.2. Uniforms were to be supplied to all the beneficiaries of Chief Minister's Nutritious Meal Programme (CMNMP). Information furnished to audit disclosed that uniforms were not indented and distributed to all the beneficiaries of CMNMP as indicated below:

Educational/ Revenue District	Year	Number of CMNMP benefi- ciaries	Number of students to whom uniforms were supplied	Shortfall in supply
(1)	(2)	(3)	(4)	(5)
1. Madurai	1988-89	4,83,213	3,45,127	1,38,086
2. Tiruvanna- malai	1985-86	1,87,549	1,84,673	2,876
	1986-87	2,08,551	1,91,393	17,158
	1988-89	2,24,633	1,85,586	39,047

(1)	(2)	(3)	(4)	(5)
3.Tiruppur	1986-87	86,130	81,446	4,684
4.Madras East (2 ranges)	1988-89	34,216	30,667	3,549
5.Vellore (5 ranges)	1985-86 1986-87	72,858 75,921	68,808 70,201	4,050 5,720
6.Coimbatore (2 ranges)	1985-86	24,809	21,237	3,572

Reasons for the short indent and distribution were not intimated by the Department.

3.24.7.3. Test check of records disclosed the following instances of non-distribution of uniforms.

(i) In Athur (Salem District) and Chengam (North Arcot District) ranges, uniforms were not supplied to 4307 students during 1985-86 (3307) and 1986-87 (1000) due to short assessment of requirement.

(ii) 26,654 students were not supplied uniforms during 1988-89 in Chengalpattu District as the garments (value: Rs.2.57 lakhs) stitched for them and stored in the tailoring centre at Kancheepuram were destroyed (March 1989) in a fire accident. The insurance claim for the loss was pending settlement (June 1989).

(iii) 11.20 lakh students were not supplied uniforms during 1987-88 because of delay in receipt of cloth from the suppliers.

3.24.7.4. For girls of standards VII and VIII to whom dhavanis were issued, only cholis were to be given. However, in North Arcot District, blouses were issued to 3941 girls who were supplied with dhavanis during 1988-89 resulting in excess consumption of cloth valued Rs.0.19 lakh.

3.24.8. Monitoring

The effective implementation of a scheme depends upon adequate and effective monitoring at every stage. No machinery had been evolved for such monitoring at the Educational District level by the DEOs (with the DIs and Head masters of Schools) and at the Revenue District Level by the CEOs (with the DEOs and DSWOs).

In Vellore Educational District, during 1986-87, against 1,04,141 sets of uniforms indented for 7 out of 8 ranges, only 96,792 sets of uniforms were received and distributed by the range officers. Though uniforms were not supplied to 7349 students, the DEO furnished, in November 1987, completion certificates to DSE for having distributed uniforms as per indent.

The Collectors of all districts were ordered to oversee/supervise and monitor the functioning of the Scheme in their districts and bring to the notice of the Government practical difficulties, if any, noticed in the implementation of the scheme and make suitable suggestions to the Government, where necessary. Government had also constituted (August 1985) a District Level Committee to monitor the work with the Collector as Chairman. Test check disclosed that no such monitoring had been done.

The matter was reported to Government in March 1990; reply had not been received (July 1990).

EDUCATION, HOME AND PUBLIC WORKS DEPARTMENTS

3.25. Litigation activities of Government departments

3.25.1. Introduction

Litigation activities of Government departments are generally related to writs, appeals and suits filed against Government by Government Servants, public, tax payers and institutions including private educational centres. Besides, breach of contracts for supply of stores and execution of works in Public Works and Highways Departments also lead to Litigation in Government Department. In June 1980, Government of Tamil Nadu ordered that Arbitration in contracts in the Public Works Department be dispensed with in respect of claims above Rs.50,000. In such cases, reference to Court of Law was the only remedy available.

3.25.2. Organisation

The Advocate General was the Principal Law Officer and Legal Adviser to Government. He was appointed under Article 165 of the Constitution for rendering advice on legislative matters and on rules and by-laws pending before the Government and conducting and defending the proceedings in Courts of Law under instructions from Government. The Government Pleader (GP) and the Public Prosecutor, High Court, Madras assisted him in his work.

Government Pleaders were assisted by Special Government Pleaders, Additional Government Pleaders and Advocates appointed by Government in discharging the following items of work arising in High Court:

(i) Appearance and preparation of counter affidavits in writ petitions

(ii) Writ appeals

(iii) Civil miscellaneous petitions connected with writ appeals and

(iv) Contempt applications arising from the orders passed on writ appeals and civil miscellaneous petitions.

Government cases in City Civil Courts were conducted by separate Government Pleaders. In the districts, Government Pleaders, Additional Government Pleaders and Pleaders doing Government work attended to Government cases in the District Courts and the Courts of District Munsif and Sub-Judge. Government appointed two standing counsels, in the cadre of Government Pleader/Additional Government Pleader, for dealing with cases arising in State Administrative Tribunal.

The Law Department in the Secretariat had no executive functions or administrative control and its role was purely of advisory nature

As regards works contracts of Highways Department, the Chief Engineer's Office (Highways) had an Arbitration Cell which rendered the required assistance in dealing with these cases at circle level.

3.25.3. Expenditure on litigation

Expenditure on the establishment of the GP and Directorate of Government Litigation (DGL), fees paid to Law Officers and litigation expenses on purchase of court fee stamp paper and labels for conducting cases in High Court is given below:

Year	Staff salary	Fees paid to Law Officers	Court fee stamp paper and labels	Total
(in lakhs of rupees)				
1984-85	7.03	1.47	15.24	23.74
1985-86	8.43	1.49	24.98	34.90
1986-87	9.50	1.24	40.75	51.49
1987-88	10.71	3.41	43.52	57.64
1988-89	13.37	0.62	53.77	67.76
Total	<u>49.04</u>	<u>8.23</u>	<u>178.26</u>	<u>235.53</u>

Details of expenditure on litigation in other courts were not made available.

3.25.4. Audit coverage

Writ petitions (WPs), writ appeals (WAs) and appeal suits (ASs) (first appeals) relating to civil cases barring taxation matters, filed in the High Court, Madras and Arbitration cases decided between 1984-85 and 1988-89 were generally examined during January to July 1989 in the Offices of the GP

(High Court), five Departments in the Secretariat, eleven Heads of Departments and 18 Circles of Public Works and Highways Departments.

3.25.5. Highlights

- 1792 cases out of 3212 appeals filed remained unnumbered owing to non-production of judgement copies or delay in filing petitions for condonation of delays.

(paragraph 3.25.7 (1))

- Government could not contest the awards for enhanced compensation to the extent of Rs.43.80 lakhs in 32 cases of land acquisition because of delay in filing appeal petitions.

(paragraph 3.25.7 (1))

- Percentage of belated filing of appeals increased from 13 in 1984 to 49 in 1988.

(paragraph 3.25.7 (2))

- Delays of 1 to 5 years in filing petitions for condonation of delays were noticed in 8 out of 15 cases.

(paragraph 3.25.7 (3))

- Delays ranging from 1 to 68 months were noticed in 151 cases in furnishing para-wise remarks by the departments.

(paragraph 3.25.9)

- Delays of 1 to 42 months in execution of counter affidavits were noticed in 85 cases in Revenue Department.

(paragraph 3.25.9)

- The decisions for creation and abolition of the Directorate of Government Litigation in quick succession resulted in infructuous expenditure of Rs.2.16 lakhs.

(paragraph 3.25.10 (a))

- Non-observance of prescribed procedure for retiring Government servants compulsorily resulted in unproductive expenditure of Rs.20.61 lakhs on pay and allowances.

(paragraph 3.25.11.(i))

- Compulsory retirement of Government servants under defunct rules, which was held void by the High Court, led to unproductive expenditure of Rs.18.02 lakhs.

(paragraph 3.25.11.(ii))

- Government had to meet additional commitment of Rs.7.85 lakhs per annum on pay and allowances on account of allowing Junior Teachers to draw higher scale of pay of Headmasters.

(paragraph 3.25.12)

- Failure to present appeal documents in complete shape necessitated admission to the examination of ineligible candidates belonging to Teachers Training Institutes which did not satisfy the prescribed norms for recognition.

(paragraph 3.25.14)

- Hasty termination of works contracts resulted in avoidable extra expenditure of Rs.5.83 lakhs to Government.

(paragraph 3.25.15)

- Termination of contract due to issuance of notice by an authority, not legally competent to do so, resulted in non-recovery of Rs.2.07 lakhs due to Government.

(paragraph 3.25.18 (i))

3.25.6. Outcome of Court cases

Total number of writ petitions, appeals and suits filed in the High Court, Madras, against Government, increased from 9850 in 1984 to 11350 in 1988. Out of 9962 cases decided by the Court during these years, the percentage of cases in which Government succeeded was 52.

3.25.7. Delays in filing appeal suits and writ appeals

(1) According to the provision of the Land Acquisition Act, 1984, an interested person, who does not accept the award passed by the Collector, may, by written application to the Collector, require that the matter be referred by the Collector for the determination by Court (Civil Court). An appeal (appeal suit) shall be, in any proceeding under this Act, only to the High Court from the award or from any part of the award of the Civil Court. Writ appeals were filed in High Court against the orders of Single Judge of the High Court in writ petitions/writ miscellaneous petitions. On receipt of sanctions from appropriate authority for preferring appeals, further action was taken in the office of the GP. For getting the appeals numbered, for consideration by the Court, copies of the impugned orders, affidavits and memorandum of WPs, counter affidavits in WPs and grounds of appeal were

required to be filed at the time of filing appeals. In cases of delay in filing the appeals, petitions to condone delays had to be filed. Registers were maintained in the office of the GP to watch the numbering of WAs and appeal suits filed in the High Court. A scrutiny of these registers indicated that, out of 3212 appeals filed on behalf of Government during 1984-88, 1792 cases were not numbered; 1275 cases were got numbered, 96 appeals were withdrawn and 49 were dismissed even before numbering due to non-condonation of delays ranging from 19 to 857 days (22 cases). As a result of the dismissal of the appeals even before numbering, Government could not contest enhanced compensation awarded by lower courts to the extent of Rs.43.80 lakhs in 32 cases of land acquisition. The court fee paid in these cases amounted to Rs.3.27 lakhs. Accumulation of unnumbered appeals was either due to non-production of judgement copies or delay in filing petitions for condonation of delays.

(2) The percentage of belated filing of appeals increased from 13 in 1984 to 49 in 1988. The delay in filing the appeal was attributed to non-receipt of the appeal papers from Government departments in time, despite Government's instructions for submission of the documents well in advance.

(3) Test check of 15 cases of petitions for condonation of delay in respect of cases filed during 1984 indicated delays of 1 to 5 years in 8 cases in filing of civil miscellaneous petitions (CMPs) by GPs even after the receipt of approved copies of the petitions from the departments. The delay in filing these CMPs resulted in further delay in getting these cases numbered leading to prolongation of the

litigation. The number of cases of CMPs for condoning the delay in filing first appeals pending in High Court could not be furnished by the GP.

3.25.8 Return of unnumbered first appeals

The High Court periodically returns the cases of first appeals, filed without required documents, for resubmission within 10 days with the documents. Failure to resubmit would amount to withdrawal of the appeal. A test check of 20 such cases returned by the High Court and produced to audit indicated delays of over 90 days in resubmission as also non-compliance with all the requirements or with requests for extension of time. Non-compliance was mainly due to non-receipt of documents from government departments. No system existed in the office of the GP to ensure timely resubmission of all cases returned by the High Court.

3.25.9. Delay in processing cases for vacation of stay

Government had observed that delays in filing of counter affidavits, petitions for vacation of stay, written statements and petitions to vacate injunctions in the High Court had affected the interest of Government adversely. With a view to avoiding such delays, Government issued instructions in January 1984 fixing time limit of one week from the date of receipt of notice for furnishing para-wise remarks by the departmental officers, 3 days from the date of receipt of para-wise remarks for preparing counter affidavits by Law Officers and 3 days from the date of receipt of the draft documents for execution of counter affidavits by the Departments

of Secretariat and Heads of Departments.

A test check of the records of the 3 Departments of Secretariat, seven Heads of Departments and GP's Office indicated delay ranging from 1 to 68 months in 151 cases in furnishing the para-wise remarks by the Heads of Departments to the Law Officers. Draft counter affidavits (DCA) were not even prepared in 221 cases of WPs filed in 1985 as case bundles were reported to be not available. Delays ranging from 12 to 27 months were also noticed in respect of cases filed during 1986 due to inadequate para-wise remarks sent by the Departmental Officers, non-receipt of affidavit and brief history of the case from the Departmental Officers and inadequate staff.

Delays of 1 to 42 months in execution of counter affidavits were noticed in 85 cases in Revenue Department.

Further, though Government had instructed the Departments of Secretariat and Heads of Departments to take expeditious steps for vacation of stay, not even in a single case out of 463 interim stay and injunctions granted during 1988, petition for vacating the stay was filed. Interim stay in 24 of these cases was made absolute.

3.25.10. Control over Court cases

(a) Based on the recommendations of the Advocate General, a separate Directorate of Government Litigation was formed in March 1988 with a view to having effective administrative control over staff assisting the Law Officers in day to day work.

However, orders for vesting such responsibility with the Directorate were issued by Government only in December 1988 and the Director was empowered as Head of Department in April 1989. Because of the delay, the Directorate could not make any headway even after a lapse of one year in achieving the objective. The Advocate General, contrary to his earlier recommendation, pleaded in April 1989 for restoration of the control over staff to the Law Officers themselves. The Directorate was eventually abolished in May 1989.

The decisions for creation and abolition of the Directorate in quick succession indicated defective decision-making process and resulted in unfruitful expenditure of Rs.2.16 lakhs on pay and allowances of the officers and staff of the Directorate.

(b) With a view to having effective control over Court cases, various registers for writ petitions, writ appeals and appeal suits were prescribed for the Offices of the GP, Departments of Secretariat and Heads of Departments. Audit scrutiny disclosed non-maintenance of suit/writ petition register, improper maintenance of other registers and inadequate supervision in the Departments of Secretariat and Heads of Department, indicating lack of control over pursuance of Court cases.

3.25.11. Compulsory retirements set aside

(i) According to Rule 56 (d) of the Fundamental Rules (FR), the appropriate authority shall, if it is of the opinion that it is in the public interest so to do, have absolute right to retire any Government servant by giving him notice of not less

than 3 months in writing or 3 months pay and allowances, in lieu of such notice, after he had attained 50 years of age or completed 25 years of qualifying service. In March 1973, the Government constituted a Review Committee for the State and Subordinate Services and directed that cases of persons who would be attaining the age of 50 years during the first half of any year shall be sent up for review before 1st July of the previous year and the cases of persons due for review in the second half of any year shall be sent up before 1st January of the year. In November 1979, Government ordered that there should be two reviews of cases of officers for purpose of compulsory retirement under FR 56 (d). The first review should be done approximately 6 months prior to their attaining the age of 50 years or six months prior to completing 30 years of qualifying service whichever event occurred first. The second review should be done approximately six months prior to attaining the age of 55 years. Government also reserved the right to review the case of any Government servant at any time after first and second review, if circumstances warranted.

Compulsory retirement of a Deputy Superintendent of Police (DSP) who had completed 25 years of service in February 1975 and attained the age of 50 in November 1975, was ordered by Government with effect from October 1977. The order was set aside by the High Court on the ground that his case was not considered by the Review Committee before 1st July 1974 or 1st January 1975 and the review was done only some time prior to 1st July 1976. He was deemed to have been in service till his normal date of retirement and was awarded full monetary benefit. Even though special leave

petition (SLP) was admitted by the Supreme Court, the monetary benefit already granted to the DSP was confirmed by the Supreme Court irrespective of the results of SLP. On the analogy of this High Court Judgement, compulsory retirement of 20 other persons was also set aside with monetary benefits. Arrears of pay amounting to Rs.19.20 lakhs were paid to these officers for periods ranging from 2 to 11 years. Out of 19 SLPs filed by Government in the Supreme Court, one case was dismissed and judgement was awaited in 18 cases. No appeal was preferred in the dismissed case.

Thus, issue of instructions by Government without providing for later consideration of cases which could not be considered at appropriate time and failure to observe the procedure prescribed by Government for compulsory retirement under FR 56 (d) had resulted in unfruitful expenditure of Rs.20.61 lakhs on account of pay and allowances to these officials without performance of any duty.

(ii) Under Rule 3 (2) of Madras Liberalised Pension Rules 1960 (MLPR), Government may retire a Government servant any time after he had completed 50 years of age provided the appropriate authority gives in this behalf a notice in writing to the Government servant atleast 3 months before the date on which he was required to retire or he be paid 3 months pay and allowances in lieu of such notice.

The above rule of the MLPR stood repealed by virtue of Rule 89 of Tamil Nadu Pension Rules (TNPR), which came into force on 18th July 1976. A specific provision similar to Rule 3 (2) of the MLPR was included under 48(1) of TNPR.

In December 1981, the High Court ruled on two writ petitions filed earlier that orders of compulsory retirement issued under Rule 3 (2) of MLPR after the repeal of this rule by TNPR were void. No appeal against this decision was preferred by Government.

On the analogy of the above-mentioned decision, compulsory retirement of 69 police personnel ordered between July 1976 and September 1976 under the defunct Rule 3 (2) was also set aside by the High Court. Consequently, all police personnel became entitled to arrears of wages. No appeal could be preferred against these decisions as the decision of the High Court in December 1981 was accepted by Government without appeal. Thus, the retirement order issued under a rule which was not in existence on the date of the order resulted in unproductive expenditure of Rs.18.02 lakhs paid as wages to the policemen for the period during which they did not perform any duty.

3.25.12. Avoidable additional commitment on Pay and allowances

Under the Tamil Nadu Panchayat Union Council Establishment Rules (TNPUR), prior to implementation of the recommendations of the Second Pay Commission, the post of Secondary Grade Teacher (SGT) and the post of Headmaster carried the same scale of pay and appointment to the post of Headmaster did not involve promotion. Second Pay Commission recommended higher scale of pay for the post of Headmaster and Government issued necessary orders in February 1971. While issuing this order,

Government failed to take into account that juniors were working as Headmasters in many schools, and these junior teachers were allowed to draw higher scale of pay. In October 1971, Government ordered that promotion to the post of Headmaster should be made on the basis of seniority only. It was too late by then and the junior teachers already working as Headmasters were successful in November 1973 in staying the orders of Government by filing a writ petition before the High Court. On the writ petition filed by the seniors, the High Court ruled in 1977 that promotion should be given in accordance with seniority. Based on the ruling, revised orders were issued by Government in July 1977. On a reference to High Court by the juniors, the Court directed examination of the circumstances under which the juniors were promoted as Headmasters though the Act contemplated only seniority as the basis of promotion. As Government was unable to ascertain these details, Government ordered in 1979 reversion with effect from 1st June 1979 of the SGTs who had acted as Headmasters as on 1st October 1970 but were not senior enough to be promoted as Headmasters on that date. However, they were allowed to draw permanently the higher scale of pay admissible to Headmasters.

Thus, approximately 850 Junior SGTs were reverted from the post of Headmasters and were allowed the higher scale even though they were not working as Headmasters. Annual additional commitment was of the order of Rs.7.85 lakhs approximately from 1979-80 onwards.

3.25.13. Exparte Judgement

A departmental vehicle was involved in an accident resulting in death of an individual. On a suit filed by the wife of the deceased in July 1984, the Motor Accident Tribunal awarded a compensation of Rs.0.72 lakh with interest. The case was decided in March 1986 exparte as the GP attached to the Court did not participate in the proceedings of the case nor had he submitted any memo on behalf of Government. The petition of Government for staying execution of the exparte decree was also dismissed in July 1989. The compensation amount, along with interest of Rs.0.20 lakh, was deposited with the Court in August 1989.

3.25.14. Admission of ineligible candidates for examination

Students trained by recognised Teachers Training Institutes alone were permitted by the Director of Government Examinations to take up the examination for "Diploma in Teachers' Education". On writ petitions filed during October 1987 and January 1988 by 40 Teachers Training Institutes, whose cases for recognition were pending with the Department, the High Court directed the Government, between October 1987 and January 1988, to permit the students of the petitioner institutions to appear for the Diploma examination and declare their results thereafter. While admitting these petitions, no opportunity was given by the High Court to the Government to put forth their view. In deference to the directions of the Court, the students of these

institutions were allowed to take up the examinations in April 1988 and Government issued orders in January 1989 on the modalities of declaration of the results.

Audit scrutiny of the files indicated that though permission for filing writ appeals against the orders of the High Court was accorded by Government in December 1987, writ appeals were filed in 24 cases only in the last week of March 1988, shortly before commencement of examinations. As the appeal documents were incomplete, these appeals were yet to be numbered. No appeal was preferred in other cases. Perusal of the files disclosed that 17 of these institutions were non-existent and 11 institutions did not satisfy the requirements of recognition, in respect of provision of basic amenities such as floor space, drinking water, lavatory, laboratory, library, furniture, etc. Hence, the students of these institutions were not eligible for admission to the examination. However, failure to present appeal documents in complete shape necessitated admission of the ineligible candidates for the examination.

3.25.15 Improper termination of contract

Contracts of the undermentioned works were terminated for delay in execution. However, Appellate authorities held those terminations as improper as the Department had failed either to acquire the land or obtain consent letters from land owners to enable the contractors to commence the works in time. The Department could not produce evidence for handing over of site in one case. The injudicious action of the

Department led to infructuous litigation, besides extra expenditure of Rs.5.83 lakhs in completing two of these works through other agencies.

(i) Improvements to the road from KM 0/6 to Peruvalanallur to Keelamarimangalam.

(ii) Construction of piped cause way at KM 0/ on the road from NH 7 to Balpaki Kammandapatti.

(iii) Construction of a new bridge at KM 53/8 to Nagapattinam - Gudalur-Mysore Road.

(iv) Laying the road from KM 0/0 - 2/ Perandavalli Athimugam road to Muthali.

3.25.16. Avoidable litigations

(i) The final bill of the contractor for the works of lining the bed and sides of 12th branch channel LS 2927 M - 3514 M and 3514 M - 4104 M was paid in February 1980. In March 1980, the Department noticed unauthenticated corrections in pre level measurements recorded in LF Book, which led to the detection of an overpayment of Rs.0.1 lakh. The Department proposed to recover the amount from the deposits of the contractor. On reference for Arbitration, an award was passed in favour of Government. However, this award was appealed against by the contractor. The matter was pending with the High Court (July 1990). The failure of the Department in admitting the final bill without ensuring correctness of the level measurements had led to avoidable litigation.

(ii) Additional claims of the contractor for special ceiling finishing and extra thickness for floor relating to the work of "construction of additional Block of Buildings and Godown for City Civil Court" Agreement No.CER 37/74-75) were rejected by the Department in July 1977 on the ground that these items were in the nature of rectification of constructional defects. However, on a reference by the contractor, the Arbitrator held the claims admissible relying on departmental records which indicated that these works were carried out as additional items at the instance of the Department only. This position was also confirmed by the Department in its reply to an audit enquiry (August 1988). The untenable stand of the Department had led to unnecessary litigation.

25.17. Delay in initiating legal proceedings

Two contracts for the work of 'Improvements to the road from Valavanur to Thanasingapalayam via Naraiyar' were determined during February 1974 under the terms of agreement for slow progress of work. The balance of the work was got executed by different agencies at an extra cost of Rs.0.33 lakh and in March 1976 the contractors were called upon to pay the extra cost.

As the contractors failed to pay the amount, permission for instituting legal suits against them was sought for from the Superintending Engineer (SE) in February 1984 after a delay of over 8 years. On a reference from SE in April 1984, the Chief Engineer (CE) accorded sanction in December 1986 for filing civil suits,

after a delay of over 31 months.

The civil suits were filed in the District Munsif Court, after a further delay of about 2 years, during December 1988. The suits were pending disposal.

3.25.18. Other points of interest

(i) Termination of contract for the work 'Improvements to the Road from E.Velayuthapuram - Periyasamipuram KM 0/0 - 3/0 - 150' was held invalid by the Arbitrator on the ground that the show cause notice had been issued by authority who was not legally competent to do so. This resulted in non-recovery of extra cost of Rs.2.07 lakhs from the contractor on executing the balance of work through another agency.

(ii) Vague and non-comprehensive description of specifications for certain items (such as depth of wells, wings, approach slabs, backfilling, etc.) in the agreement for the work 'Construction of high level bridge across Coleroon at Thirumanur at mile 109/1-4 of Perambalur - Manamadurai Road' led to disputes over the contractor's claims in respect of these items. The Arbitrator, however, upheld all such claims totalling Rs.2.26 lakhs.

(iii) On grounds of defective preparation of plaints in the name of a firm instead of the proprietor or Managing Director or Attorney, departmental suits instituted in 1984 for recovery of extra cost of Rs.0.85 lakh from

the contractor for the work 'Improvements to the road branching from KM 36/8 Sadras Surappan Road to Sasthrambakkam (via) Villiambakkam' were returned by the Sub-Court in October 1988. Revised suits were yet to be presented (June 1990).

(iv) In December 1962, Government informed the CE (H&RW) that specific prior approval of Government should be obtained for making extra payment not covered by the terms of agreement, whatever be the equities of a case. Reiterating the Government orders, CE (H&RW) instructed in March 1976 that payments arising out of Arbitration Awards could be decided only after exploring the possibilities of contesting the award within the time limit prescribed.

Two works were entrusted to two contractors in December 1974. While these works were in progress, the two contractors referred to Arbitration their claims for increased rates for earth work. Upholding the claim, awards were passed by the Arbitrator in March/April 1977 enhancing the rates for earth work. Supplemental agreements for higher rate were executed by the SE on 7th April 1977 and 18th April 1977 without exploring the possibilities for contesting the award.

On 29th April 1977, the CE (H&RW) directed the SE to follow the instructions issued in March 1976 before actually making payments. The DE who had already made the payments as per supplemental agreements admitted the subsequent bill, restricting the rates to original agreement and ordered in October 1983 recovery of excess payment, amounting to Rs.9.95 lakhs. The contractors resorted to legal remedy.

3.25.19. Evaluation

In January 1984, Government issued detailed instructions for avoidance of delays in the preparation and filing of counter affidavits, petitions, etc., (comments vide para 3.25.9 supra). In May 1988, Government ordered that the work of the Law Officers in the Office of the GP may be reviewed periodically once in two months by the Public Department. Information was required to be furnished by all the Departments in the Secretariat and Law Officers in two formats. One of the formats was to indicate the number of DCA prepared, filed, appearances made, cases finally disposed of for and against Government and the other format to indicate the various dates for the preparation and filing of counter affidavits in the High Court. Only 5 departments had furnished these formats and particulars from other departments and GP were awaited (July 1989). Such a review had not been conducted even once.

Government stated in December 1989 that the matters relating to delays in preparation and filing of counter affidavits and reduction of pendency of cases in the High Court were reviewed periodically by the Chief Secretary. Such reviews did not cover the working of the Law Officers of High Court as ordered by Government in May 1988.

Regarding works contracts relating to PWD and Highways, there was no system to undertake a study of the adverse awards/judgements with a view to identifying the departmental lapses and taking remedial measures.

FINANCE, HEALTH, INDIAN MEDICINE AND
HOMOEOPATHY AND FAMILY WELFARE, HOME,
INFORMATION AND TOURISM, LABOUR AND
EMPLOYMENT, LEGISLATIVE ASSEMBLY AND
PUBLIC WORKS DEPARTMENTS

**3.26. Avoidable expenditure on Electricity
 charges**

According to Tamil Nadu Electricity Board Tariff Rules, HT consumers were required to pay, besides consumption charges, demand charges at Rs.35 per KVA upto December 1986 and at Rs.40 per KVA thereafter on the maximum demand recorded in a month or 75 per cent of the contracted demand whichever was higher.

As per the terms and conditions of power supply, compensation charges were payable if the power factor in any installation utilising HT power supply fell below 0.85. Low power factor could be corrected and raised to the required level of 0.85 by installing suitable capacitors in the circuit.

The power supply in Arignar Anna Government Hospital of Indian Medicine was converted to HT in February 1986 with a contracted demand of 170 KVA. However, though all the equipment had been installed and commissioned in the Hospital, the maximum power drawn from the beginning ranged from 40 KVA to 60 KVA only. The Hospital had been paying demand charges on 127.5 KVA (75 per cent of the contracted load of 170 KVA). The position was not reviewed subsequently to suitably reduce the contracted load. Had this been done and a lower demand of around 90 KVA fixed in keeping with the

Hospital's requirements, expenditure amounting to Rs.0.58 lakh on higher demand charges from February 1987 to January 1989 could have been avoided. Similarly, no action was taken to correct the power factor which fell below 0.85 from the beginning except for 6 months during 1986 and 1987 and the Hospital paid compensation charges of Rs.0.19 lakh for low power factor during February 1986 to January 1989.

Similar payments of avoidable extra expenditure due to failure to take timely action in this regard were noticed in some other offices also as indicated below

Serial number	Name of the office	Period during which power factor was below 0.85	Compensation charges paid on account of low power factor	Period	Avoidable excess payment of demand charges
(1)	(2)	(3)	(4) (in lakhs of rupees)	(5)	(6) (in lakhs of rupees)
1.	Government Central Press, Madras	January 1985 and October 1988	2.88	..	..

(1)	(2)	(3)	(4)	(5)	(6)
2.	Thanjavur Medical College, Thanjavur	April 1987 to March 1989	2.52	April 1988 to March 1989	0.19
3.	Office of the Deputy Inspector General of Police (Technical services)	February 1986 to January 1989	2.03	..	..
4.	Tamil Nadu Arasu Press, Madras	March 1985 to February 1989	0.64	September 1985 to February 1989	1.28
5.	New MLA Hostel	-do-	0.39	-do-	2.77
6.	Government Branch Press, Anaikarai	-do-	1.41	-do-	0.62
7.	Children's Hospital, Madras-8	-do-	0.94	June 1987 to February 1989	0.34
8.	E.S.I.Hospital, Madras-78	March 1985 to February 1989	0.74	September 1985 to February 1989	2.11

(1)	(2)	(3)	(4)	(5)	(6)
9.	Government Data Centre, Madras	March 1985 to February 1989	0.70	September 1985 to February 1989	1.21
10.	I.T.I., North Madras	-do-	0.21	-do-	0.40
11.	King Institute, Guindy	-do-	0.28	-do-	2.43
12.	I.T.I., Guindy	-do-	0.39	..	..
13.	P.W.Workshop, Madras	-do-	1.06	..	..
14.	E.S.I.Hospital, Aynavaram	..	..	September 1985 to February 1989	1.16
			<u>14.19</u>		<u>12.51</u>

Grand Total Rs.26.70 lakhs

It was noticed that, in all these cases, action was initiated in this connection only after the matter was pointed out by audit and, even thereafter, there had been delays in writing to the Public Works Department (PWD), getting administrative sanctions from Government, getting the work of rectification entrusted to PWD and TNEB and further attendant

delays. Though similar cases of avoidable excess payments of electricity charges were included in earlier Audit Reports, Government had not taken any concrete action to streamline the procedure in this regard.

The matter was reported to Government in July-October 1989; reply had not been received (July 1990).

GENERAL

3.27. Misappropriations, losses, etc.

Cases of misappropriation of Government money reported to audit to end of March 1989 and on which final action was pending at the end of June 1989 were as follows :

	Number of cases	Amount (in lakhs of rupees)
Cases reported to end of March 1988 and outstanding at the end of June 1988	483	92.36
Cases reported during April 1988 to March 1989	49	5.90
	<u>532</u>	<u>98.26</u>
Cases cleared during July 1988 to June 1989	39	2.99
Cases outstanding at the end of June 1989	<u>493</u>	<u>95.27</u>

Department-wise and year-wise analyses of the pending cases are given in Appendix XI. These cases were awaiting departmental action, criminal prosecution, recovery, etc.

In addition, 672 cases (Rs.103.13 lakhs) of shortages and theft, loss of stores, damages to vehicles, properties, etc., reported to Audit upto March 1989 by departments other than the Public Works and Highways and Rural Works Departments and 107 cases (Rs.24.49 lakhs) either reported by or noticed during audit of Public Works and Highways and Rural Works Departments during 1988-89 were pending finalisation as on 30th June 1989. Department-wise and year-wise analyses of these cases are given in Appendix XII .

3.28. Other miscellaneous irregularities, writes-off of losses, etc.

Rupees 13.59 lakhs, representing mainly losses due to theft, fire, irrecoverable advances, etc., were either written off or waived during 1988-89 by competent authorities. The details are given in Appendix XIII.

CHAPTER IV

WORKS EXPENDITURE

PLANNING AND DEVELOPMENT DEPARTMENT

4.1. Wrong specifications for a road work

According to technical specifications, a sub-base should be provided for all road works where the California Bearing Ratio value of the sub-grade is less than 20 per cent. Usually, natural sand, moorum, gravel, laterite, kankar, brick metal, crushed stone, etc., or combinations thereof are used to form the sub-base. In the work of "Improvements to Ullar-Thalayanai road" in Sivagiri Taluk in Tirunelveli District, executed during 1986 to 1989, the sub-base was formed with water bound macadam (WBM) for a thickness of 10 cm. in reaches KM 0/0 to 2/0 and KM 4/0 to 7/0 at a cost of Rs.2.06 lakhs instead of with gravel which was used for forming sub-base in the other reaches of the work. As a result, the department had incurred an excess expenditure of Rs.1.43 lakhs.

When this was pointed out, Government stated that Government of India allowed use of WBM as sub-base in national highways and ghat roads. But, it was noticed in audit that the above State road upto KM 7/0 was in the plains and not in ghat section.

PUBLIC WORKS DEPARTMENT

4.2. Unprofitable outlay on Special Minor Irrigation Work

A reservoir across Malattar in Eppodumvendran village in Ottapidaram Taluk in Chidambaranar District was constructed under Special Minor Irrigation Programme (SMIP) in June 1976 at a cost of Rs.36.24 lakhs. The scheme envisaged provision of irrigation facilities to convert an ayacut of 442.93 hectares of dry lands into wet lands and to achieve additional food production of 758.56 tonnes. But, on an average, an ayacut of only 154.73 hectares had so far been benefited under the scheme during the past eleven years and the cost per tonne of additional food production worked out to Rs.8000 (approximately, with reference to maximum ayacut benefited) against the ceiling of Rs.3000 fixed for taking up the work under SMIP in that area.

Revenue authorities reported (August 1986) that the reasons for non-cultivation of ayacut lands in the reservoir were saline nature of water in the reservoir, saline nature of the major portion of the ayacut, inadequate storage in the reservoir which was rainfed and higher level of a portion of the ayacut compared to the level of the channel bed. It was also noticed in audit that tests and studies conducted in April 1977 and June 1979 revealed that the ayacut area was saline/alkaline in nature which mostly ranged from critical to injurious level and that the level of the channel was lower than the adjacent ayacut area. The Chief Engineer (Minor Irrigation) stated in June 1989 that non-development of ayacut was due to negligence on the part of the ryots to

develop the ayacut as wet lands, insufficient funds with the ryots for levelling the land and insufficient interaction between ryots and Agricultural, Co-operative and Revenue Departments resulting in lack of technical and financial assistance to improve the lands.

Thus, the non-development of the ayacut due to the various reasons stated had resulted in uneconomical outlay of Rs.36.24 lakhs on the work for over 11 years, besides loss of revenue of Rs.4.59 lakhs towards water cess, local cess, local cess surcharge and additional water cess for the period 1977 to 1988.

The matter was reported to Government in October 1989; reply had not been received (July 1990).

4.3. Wrong rejection of tenders

Tenders for the work of 'Strengthening the existing Periyar Dam by providing RCC backing - Stage II', called for in March 1985, were deferred in the same month by Chief Engineer (CE) (Irrigation), since the design and working estimate for the work were not technically finalised at that time. Tenders, invited again in November 1985, were also cancelled by CE because of technical defects in the tenders. Tenders were invited for the third time in June 1986. The lowest tender received from Contractor 'A' for Rs.212.54 lakhs, recommended to Government by the CE in October 1986, was rejected in March 1987 without assigning any reasons. Tenders were invited for the fourth time in March 1987. The lowest tender for Rs.216.83 lakhs, received from Contractor 'A',

was also rejected by Government in August 1987 on the ground that the tenderer had not registered himself afresh as class I contractor, with reference to the revised classification of the contractors introduced in November 1986. The fifth set of tenders called for in August 1987 was also cancelled by Government in March 1988 as the lowest tender received was Rs.41 lakhs over the lowest tender in the fourth call. The work was finally entrusted to Contractor 'B' in March 1989 for Rs.218.85 lakhs in the sixth call.

It was noticed in audit that Contractor 'A' had earlier satisfactorily completed Stage I of RCC backing in Periyar Dam for Rs.279.63 lakhs in July 1986. The Tender Committee had also recommended his lowest tenders in both the calls. This tenderer was registered as class I contractor under the previous classification and, by virtue of having executed major works in the Department, he was qualified for class I status under the revised classification also. Thus, the rejection of his tender received against the third call by Government without any recorded reasons resulted in extra financial commitment of Rs.6.31 lakhs besides additional expenditure of Rs.1.06 lakhs on advertisement charges for the subsequent three tender calls and delay of two years in completion of the work.

The matter was reported to Government in November 1989; reply had not been received (July 1990).

4.4. Defective design and fabrication of barrage gates

The work of design, manufacture, supply and erection of electrically operated lift type steel gates (36 numbers) for barrages for I and II of Lower Mettur Hydro Electric Project below Mettur Dam was entrusted to the defunct Tamil Nadu Public Works Engineering Corporation Limited (TAPWEC), Madras, by Tamil Nadu Electricity Board (TNEB) for Rs.316.80 lakhs in February 1981. After getting the designs and drawings approved by TNEB in April 1981, the work was commenced in May 1981 by TAPWEC and continued by the Public Works Workshop (PWW) from April 1982 consequent on the takeover of TAPWEC by Government of Tamil Nadu. The work, slated for completion in October 1982 according to the terms of contract, was completed in November 1987.

When water was impounded in December 1987 in barrage II to a height of 6.25 metres against the design height of 9.6 metres for testing the turbines, gate No.13 failed completely and five other gates (Nos.11, 12, 14, 15 and 16) were also damaged. While reporting the damage in December 1987, the General Superintendent of PWW attributed the damage to design inadequacy in relation to jointing of the cleats.

The Director of Structural Engineering Research Centre (SERC), Madras, who was requested to undertake a complete analysis to find out the adequacy of the design and suggest remedial measures to be taken, reported in March 1988 that the main causes of the failure were (i) cleats were not properly and uniformly connected to the web and to

the roller girder, (ii) the connections between main horizontal girder and the roller girder were not adequate to transfer the shear force at the ends and (iii) the PWW adopted combination of welding connections and bolt connections which was not a standard and admissible practice. He also recommended replacement of gate No.13 by a new one without using any part of the damaged gate and strengthening all gates by using additional structural members. Accordingly, these works were taken up and completed at a total cost of Rs.28.77 lakhs in April 1988.

The TNEB declined to bear the extra cost on the ground that the contractor had the ultimate responsibility for correctness of the design and for execution of work in accordance with the terms of specifications irrespective of any approval of TNEB for detailed drawings.

Thus, the inadequacy of the design adopted and defective fabrication resulted in an infructuous expenditure of Rs.2.97 lakhs in the replacement of gate No.13 in barrage II and an extra avoidable expenditure of Rs.23.23 lakhs on strengthening of all the gates.

The matter was reported to Government in December 1989; reply had not been received (July 1990).

4.5 Avoidable expenditure on repairs of a sand pump

The Public Works Department purchased and erected a sand pump at a cost of Rs.13.50 lakhs at

the mouth of the River Cooum in October 1972 for desilting work. After having worked for a total period of 3977 hours, the pump went out of order in June 1983. An expenditure of Rs.6.93 lakhs was incurred by the Department towards repair and maintenance charges from July 1983 to February 1989 (Rs.1.34 lakhs on payment of wages to workers, Rs.3.38 lakhs on electricity charges and Rs.2.21 lakhs on purchase of spares and special repairs). However, the pump could not be used. Proposals for condemnation of the pump at an assessed value of Rs.0.50 lakh were sent to Government in May 1988. Approval of Government was awaited (December 1989). Failure of the Department to properly evaluate the prospects of utilising the pump which had already served for over 10 years after repairs resulted in avoidable expenditure on repairs.

The matter was reported to Government in February 1990; reply had not been received (July 1990).

4.6. Irregularities in purchase

The Financial Rules provided that only heads of departments were competent to conclude annual rate contracts for purchase of stores in the absence of rate contracts concluded by DGS&D. The Chief Engineer (H&RW) also issued instructions in October 1982 requiring the Divisional Engineers to follow the financial rules in the purchase of RCC pipes and collars. However, a test check of purchase of 900 mm. RCC pipes and collars in eight Highways divisions during 1986-87 revealed the following:

(i) The Divisional Engineer themselves concluded annual rate contracts though they were not competent to do so.

(ii) The divisions resorted to limited tenders instead of open tenders, although the value of purchases exceeded the monetary limit fixed for limited tenders.

(iii) Even in inviting limited tenders, tender notices were not sent to all contractors/suppliers on the approved list.

(iv) The rates accepted during April 1986 to October 1986 in four divisions varied very widely as indicated below :

Division	Month of acceptance	Rate for pipes Rs.	Rate for collars Rs.
Tirunelveli	June 1986	560	40
Sivaganga	October 1986	850	60
Coimbatore	August 1986	1150 to 1280	94.72
Krishnagiri	April 1986	1345 to 1465	111.56

(v) In the cases of Tirunelveli, Coimbatore and Krishnagiri Divisions cited above, the contracts were given to the same firm at widely differing rates.

Thus, due to non-adherence to the codal provisions and instructions of CE in the purchase of RCC pipes and collars by the Divisions, the benefit of purchasing stores at competitive rates was not achieved.

The matter was reported to Government in November 1989; reply had not been received (July 1990).

CHAPTER V

STORES AND STOCK

5.1. Stores and Stock Accounts

5.1.1. Non-receipt of consolidated Stores and Stock Accounts

Government issued instructions in October 1963/August 1967 that the consolidated Stores and Stock Accounts for all consumable articles and such of the non-consumable articles as are purchased centrally for distribution to subordinate offices shall be prepared annually by the Heads of Departments and rendered to audit before 30th June (revised as 31st May from 1981-82) of the following year. However, during test check, it was seen that the accounts were not rendered to audit by the following Heads of Departments as indicated against each.

Serial number	Heads of Department	Year of accounts from which due
1.	Director of Public Health and Preventive Medicine	1981-82
2.	Chief Engineer (Agricultural Engineering)	1981-82
3.	Director of Medical Education	1985-86
4.	Director of Agricultural Marketing	1985-86
5.	Director of Indian Medicine	1987-88
6.	Director of Agriculture	1987-88
7.	Director of Seed Certification	1987-88
8.	Director of Medical Services and Family Welfare	1988-89
9.	Director of Oil Seeds	1988-89

5.1.2. Results of test check

A test check by Audit of the stores and stock accounts in the field offices of the departments concerned revealed the following :

(a) Under the Financial Rules, physical verification of all stores had to be carried out periodically atleast once in a year by the Head of the office or by an officer nominated by him for the purpose and the discrepancies noticed during such verification had to be regularised by adjustment/recovery of cost from persons held responsible. It was noticed that the annual physical verification of stores had not at all been conducted in one office (Agriculture) and in nine other offices it was not done during the years 1976-77 to 1987-88 (Agriculture : 1; Medical Education : 4; Medical Services : 3 and Family Welfare : 1).

(b) Shortages of stores valued at Rs.7.72 lakhs in 53 offices (Horticulture : 4 : Rs.1.09 lakhs; Agricultural Engineering : 7 : Rs.0.60 lakh; Seed Centres : 27 : Rs.5.42 lakhs; Oil seeds : 3 : Rs.0.19 lakh; Hospitals : 12 : Rs.0.42 lakh), noticed during the physical verification conducted between 1965-66 and 1987-88, were pending regularisation (June 1990).

(c) It was noticed that acknowledgements in respect of the transfers of stores, free of cost, were not obtained in 1757 cases (Horticulture : 67; Agricultural Engineering : 298; Oil Seeds : 419; Agriculture : 973) for a value of Rs.142.35 lakhs during the period 1974-75 to 1987-88.

(d) Time expired drugs and chemicals and seeds that had lost germination potential valued at Rs.21.59 lakhs, were being held in stock in 26 offices (Agriculture : 21; Horticulture : 4; Oil Seeds : 1) and 8 hospitals (Medical Services : 6; Medical Education : 2).

(e) Machinery and equipment (value : Rs.13.34 lakhs) and surgical stores (value : Rs.0.08 lakh) purchased between 1978 and 1987 were lying idle in 4 offices (Agriculture : 3; Agricultural Marketing : 1) and 2 hospitals for periods ranging from 3 to 13 years.

5.2. **Avoidable expenditure on purchase of stores through SIDCO**

To encourage the use of products manufactured by small scale sector and units owned or controlled by Government, Government had issued orders in December 1984 that products supplied through Tamil Nadu Small Industries Development Corporation Limited (SIDCO) could be ordered directly without calling for tenders, provided these articles were manufactured by them.

Five heads of Departments placed orders on SIDCO during 1986-87 to 1987-88 and purchased stores for an amount of Rs.54.10 lakhs and paid service charges of Rs.2.35 lakhs to SIDCO. It was seen in audit that the stores purchased by these departments were not manufactured by SIDCO. These were supplied by dealers who were neither manufacturers nor small scale industrial units. Purchase of these stores through SIDCO in violation of the directions of Government for institutional priority resulted in

avoidable expenditure of Rs.2.35 lakhs towards payment of service charges to SIDCO.

Government, though ratified the action of one of the Heads of Departments in July 1989, issued orders in November 1989 permitting him, as a special case, to procure and supply stores through SIDCO in respect of certain schemes since SIDCO possessed necessary manpower and expertise for dealing with such transactions.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1. General

This Chapter deals with (i) results of audit of bodies and authorities substantially financed by grants and/or loans, (ii) scrutiny of procedure for watching fulfilment of conditions governing grants or loans paid for specific purposes, (iii) results of audit of accounts of statutory boards, (iv) financial assistance to Co-operative Societies and (v) other important points noticed in connection with the sanction of grants/loans.

6.2. Financial assistance

In 1988-89, Rs.796.38 crores were paid as assistance (grant : Rs.704.18 crores; loan : Rs.92.20 crores) by Government to various bodies and institutions other than Government Companies and Tamil Nadu Electricity Board, the broad category-wise details of which are given below :

Serial number	Category of Bodies/ Institutions	Amount of assistance paid		
		Grant	Loan	Total
(1)	(2)	(3)	(4)	(5)
		(in crores of rupees)		
1.	Statutory Boards/ Authorities	74.13	32.99	107.12
2.	Municipal Corporations/ Municipalities	45.84	14.95	60.79

(1)	(2)	(3)	(4)	(5)
3.	Other Local Bodies	140.76	11.02	151.78
4.	Co-operative Institutions	131.36	32.25	163.61
5.	Private Educational Institutions	270.09	..	270.09
6.	Other Institutions/ Individuals	42.00	0.99	42.99
	Total	<u>704.18</u>	<u>92.20</u>	<u>796.38</u>

6.3. Utilisation Certificates

Under the Financial Rules, in all cases in which conditions were attached to grants, utilisation certificates that the grants had been utilised for the purpose for which they were paid were required to be furnished by the departmental officers to the Accountant General within a reasonable time.

At the end of June 1989, 2845 certificates for Rs.68,17.90 lakhs were awaited for grants paid upto 30th September 1987. Department-wise and year-wise details of certificates outstanding as on 30th June 1989 are given in Appendix XIV.

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

According to the provision of Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, receipts and expenditure of bodies and authorities which

received from the Consolidated Fund aggregate of grants and loans of not less than Rs.25 lakhs in a financial year (Rs.5 lakhs prior to 1983-84) and also not less than 75 per cent of the total expenditure of the body/authority were to be audited by the Comptroller and Auditor General of India. The table below indicates the number of bodies/authorities which had, accordingly, to be audited and from which accounts were not received (June 1989) to determine the applicability of Section 14(1).

Year	Number of bodies/ authorities to be audited	Number of bodies/ authorities from which accounts were due
1980-81	818*	1
1981-82	909*	1
1982-83	987*	16
1983-84	987*	27
1984-85	987*	150
1985-86	987*	220
1986-87	994*	291
1987-88	994*	699
1988-89	494	492

Non-receipt of annual accounts was reported to concerned departments of Government between January 1989 and December 1989.

* - Latest figures adopted

RURAL DEVELOPMENT DEPARTMENT

6.5. Assistance to Panchayat Unions

There were 385 Panchayat Unions of which 137 Panchayat Unions attracted Audit under Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Audit of 45 Panchayat Unions conducted during 1988-89 covered the accounts of the following years :

Year of account	Number of Panchayat Unions audited
1981-82	5
1982-83	7
1983-84	15
1984-85	27
1985-86	37
1986-87	33
1987-88	18

Important points noticed by audit during test check are mentioned below :

A. REVENUE

(i) Quarry Receipts

Under the Tamil Nadu Minor Mineral Concession Rules, 1959, as amended in 1963, proceeds

from the issue of permits and sale of lease rights for quarrying ordinary sand, ordinary clay, building stone and gravel from government lands are to be paid to the Panchayat Unions in whose jurisdiction the lands are situated. The leasing is done and permits are issued by the Revenue Department and the proceeds are initially credited to government account and transferred to the accounts of the Panchayat Union concerned at the end of each year.

In respect of quarries lying within the jurisdiction of 4 Panchayat Unions, lease amounts totalling Rs.6.13 lakhs for the faslis 1371 to 1397 (July 1961 to June 1988) collected and credited to government account were not transferred to the funds of the Panchayat Unions concerned (June 1989).

(ii) Market rent/lease amounts

In 4 Panchayat Unions, rent/lease amounts due in respect of stalls, shops, buildings, etc., leased or let out to individuals and government departments relating to the period 1980-81 to 1988-89, aggregating to Rs.0.74 lakh, remained unrealised (January 1990).

(iii) Non-recovery of contribution from temples towards provision of sanitary arrangements

Under the Tamil Nadu Panchayat Act, 1958 during festivals in temples notified by Government, the Panchayat Union concerned has to provide facilities for prevention of epidemics and food adulteration, protected water supply, lighting, accommodation and public convenience. conservancy, etc. The temple authorities have to pay contribution

at rates to be fixed by the District Collector, which could be upto a maximum of 50 per cent of the net expenditure after deducting the income derived by the Panchayat Unions as attributable to the festival. In 3 Panchayat Unions, contributions amounting to Rs.1.88 lakhs were pending realisation from the temple authorities for the period indicated below against each.

Serial number and Name of the Panchayat Union	Temple from which due	Period	Amount (in rupees)
1. Mailam	Mailam temple	1961-62 to 1985-86	1 36,615
2. Tiruchendur	Sri Subramaniya Swamy Temple, Tiruchendur	1983-84 to 1986-87	38,457
3. Ambasamudram	Sri Papanasam Swamy Temple, Papanasam	1981-82 to 1987-88	12,858

- (iv) Non-adjustment of excess payment of Local Cess, Local Cess Surcharge and Local Cess Surcharge Matching Grant

Under the Tamil Nadu Panchayat Act, 1958, each Panchayat Union Council is empowered to levy a Local Cess (LC) at the rate of 45 paise on every rupee of land revenue payable to government in respect of any land and also a Local Cess Surcharge (LCS) at such rate as may be considered suitable but

not exceeding 250 paise per rupee of land revenue for every fasli. The LC and LCS due to each Panchayat Union are collected by the Revenue Department along with the Land Revenue. Government pays such collections to the Panchayat Unions along with a Local Cess Surcharge Matching Grant (LCSMG) computed as a certain percentage fixed by the government on the basis of classification of the Panchayat Union and the rate of LCS levied by it. Each Collectorate makes payment as monthly advances towards LC and LCS and quarterly towards LCSMG to the Panchayat Unions under its jurisdiction, subject to final adjustments based on actual collections.

A scrutiny of the accounts of Thiruppanandal, Mayiladuthurai, Muthupettai, Palladam and Kariapatty Panchayat Unions and the connected records at the Collectorates concerned disclosed that such advance payments received in excess towards LC, LCS and LCSMG relating to the years 1977 to 1988, amounting to Rs.69.18 lakhs, remained unadjusted (January 1990).

B. GRANTS AND SUBSIDIES

(i) In Madhanur Panchayat Union, Rs.0.35 lakh out of local irrigation grant of Rs.0.89 lakh sanctioned for the years 1982-83 to 1986-87, remained unspent.

(ii) Government grants for various works such as construction of School Buildings, Maternity and Child Welfare Centres, Roads, etc., are admissible at

varying percentages on actual expenditure on each work subject to cost ceiling fixed by Government. Besides, Government pays local road grants for all Panchayat Unions for maintenance of roads based on population and length of roads.

(a) In Rishivandiyam and Nangavalli Panchayat Unions, grants aggregating Rs.0.35 lakh was released during 1983-84 in excess of the eligible amounts. The Panchayat Unions were yet to refund the excess amounts.

(b) In Koliyanur Panchayat Union, unutilised balance of grant of Rs.1.16 lakhs received for Self Sufficiency Scheme in 1982-83 was credited to the general fund of the Union in June 1987 instead of being refunded to Government.

(c) In Thirupanandal Panchayat Union, out of an advance subsidy of Rs.0.79 lakh released by Government in April 1986 towards construction of bio-gas plants, Rs.0.52 lakh remained unutilised.

C. LOANS AND ADVANCES

(i) Rupees 111.11 lakhs were due from 7 Panchayat Unions towards overdue instalments (Principal : Rs.70.04 lakhs; Interest : Rs.16.19 lakhs and Penal Interest : Rs.24.88 lakhs) of Ways and Means Advances granted to them by Government during 1981-82 and 1982-83 for meeting their share of expenditure on works taken up under Self Sufficiency Scheme.

(ii) Rupees 31.20 lakhs advanced by 14 Panchayat Unions during the period from 1981-82 to

1987-88 to Panchayat Presidents and departmental officers/suppliers for various works (Rs.27.61 lakhs)/purchase of materials (Rs.3.59 lakhs) were pending adjustment.

D. MISCELLANEOUS

(i) In 5 Panchayat Unions, Rs.7.17 lakhs, being the value of the articles manufactured in Village Industries units and sold on credit to Government offices, local bodies and others, were pending recovery for periods ranging from 1 to 21 years. In Thirukkkoilur Panchayat Union alone, the amount pending recovery was Rs.4.26 lakhs.

(ii) Finished articles of furniture valued at Rs.0.33 lakh manufactured between 1980-81 and 1987-88 in Village Industries units of 2 Panchayat Unions remained unsold mainly due to lack of demand.

E. SHORTAGES, LOSSES, AVOIDABLE EXPENDITURE, ETC.

(i) In Mailam Panchayat Union, irregularities such as non-accountal of receipts of spare parts for pumps, electrical goods, etc. (Rs.1.12 lakhs), shortages of articles (Rs.3.05 lakhs), non-availability of proof for issue of materials from stock (Rs.0.80 lakh) were noticed by departmental officers during physical verification in February 1988, indicating laxity of control over stock. In Rishivandiyam Panchayat Union, 22 tonnes of cement valued at Rs.0.24 lakh was found short during physical verification in 1984-85. The shortages were yet to be regularised.

(ii) In 2 Panchayat Unions, cost of 14.65 tonnes of cement amounting to Rs.0.16 lakh issued to contractors and officials for the execution of various construction works between 1982-83 and 1987-88 was yet to be recovered. In Sedapatti Panchayat Union, 776 tonnes of cement, valued at Rs.9.31 lakhs, were issued to other Panchayat Unions on loan basis during the period from 1983-84 to 1986-87. The Panchayat Union had neither got back the cement nor realised the cost thereof from the loanees.

(iii) In Chellampatti and Mayiladuthurai Panchayat Unions, Rs.0.67 lakh being the hire charges for road rollers hired out between 1981-82 and 1988-89 to local bodies and Highways Department remained uncollected.

(iv) In Muthupettai Panchayat Union, a carpentry instructor was employed for 29 months between April 1986 and December 1988 and was paid pay and allowances amounting to Rs.0.46 lakh even though there was no production or training programme during these months.

6.6. Grants or loans for specific purposes

Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 prescribes that where a grant or loan is given from the Consolidated Fund for any specific purpose, the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grant or loan was given. Important points noticed as a result of scrutiny conducted under Section 15(1) of the Act are given in the succeeding paragraphs.

RURAL DEVELOPMENT DEPARTMENT

6.7. Misutilisation of IRDP subsidy

Government approved in March 1982 a scheme under Integrated Rural Development Programme (IRDP) for revitalising the Fishermen Co-operative Societies in Ramanathapuram District. The Scheme envisaged supply of 25 Fibre Reinforced Plastic boats to 7 Fishermen Co-operative Societies and 2 vans, one each to Valinokkam Fishermen Co-operative Society and Ramanathapuram Fishermen's Co-operative Federation, at 50 per cent subsidy and 360 gillnets to fishermen of 13 Fishermen Co-operative Societies at $33\frac{1}{3}$ per cent subsidy. Besides, the 7 societies, to which supply of boats were proposed, were to be paid a managerial subsidy of Rs.0.15 lakh each for one year. The total cost of the Scheme was worked out at Rs.38.85 lakhs, of which Rs.17.25 lakhs were to be met from IRDP funds as subsidy and the balance by way of loans to the societies and individual fishermen from banks. The subsidy was to be deposited with the participating banks for release to the societies and fishermen beneficiaries along with the related credit.

The District Rural Development Agency (DRDA) deposited Rs.16.20 lakhs towards subsidy for boats, vans and gillnets with the State Bank of India, Ramanathapuram (SBI) which had agreed to participate in the Scheme in March 1982. Since the SBI later backed out of its commitment, the amount was withdrawn and deposited in February 1983 with Ramanathapuram District Central Co-operative (RDCC) Bank which agreed to participate in the Scheme. However, the guarantee for the repayment of the

loans by the Societies and their fishermen members, required by the RDCC Bank, was furnished by Government only in April 1986. The Department had, in the meantime, utilised the subsidy of Rs.16.20 lakhs for purchase of twenty-five diesel engines for the boats, construction of 7 boats and distribution of gillnets during 1983 to 1985 to individual fishermen.

As per the IRDP guidelines, the subsidy is to be released to the beneficiaries along with related bank credit. However, in this case, it was released during 1983 and 1984 even before bank credit was available. The bank credit for boats and gillnets was extended in December 1986 and January 1987 only for Rs.8.20 lakhs. Government stated in January 1990 that the subsidy amount was allowed to be utilised in anticipation of release of loan to achieve physical targets and to avoid escalation of cost and delay in the implementation of the scheme.

Out of 25 boats for which a subsidy of Rs.10 lakhs was released, only 7 boats involving a subsidy of Rs.2.80 lakhs were constructed and supplied to 3 societies during 1983 and 1984. These boats were found to be uneconomical and hence could not be put to use. The remaining 18 boats were not constructed as the boats already supplied were found uneconomical to operate and as the firm to which the construction was entrusted demanded higher rate. Of the 18 engines (cost : Rs.6.12 lakhs) purchased for these boats, 8 engines (Rs.2.72 lakhs) were kept idle and 6 engines were transferred to other co-operative societies not covered by the scheme. Remaining 4 engines were sold and the proceeds of Rs.1.36 lakhs were refunded to Government in April 1988. Thus, the expenditure of Rs.8.64 lakhs (inclusive of unutilised subsidy of Rs.1.08 lakhs) incurred for supply of boats proved infructuous.

The two vans for which a subsidy of Rs.0.80 lakh had been released were not purchased and the amount was refunded in February 1988.

The subsidy admissible for the gillnets supplied to fishermen was $\frac{1}{3}$ of the cost as per the IRDP guidelines. The cost of gillnets being Rs.3000 each, the subsidy payable was Rs.1000. The subsidy actually paid was Rs.1500 per gillnet which resulted in an excess payment of subsidy of Rs.1.80 lakhs for 360 gillnets.

6.8. Defective implementation of Fisheries Scheme

Government sanctioned in September 1982 a sum of Rs.6 lakhs towards 50 per cent subsidy to the District Rural Development Agency (DRDA), Chengalpattu, for purchase of 30 numbers of IND-21 surf landing boats and fishing net for each boat, for distribution to Enjambakkam Fishermen Co-operative Society for the benefit of its members covered by IRDP. The Scheme envisaged increase in fish food production and the fishermen's earnings. The remaining 50 per cent of the cost was to be met by the Society through bank loans.

The second instalment of assistance of Rs.3 lakhs was to be released only with the concurrence of Government and after full utilisation of Rs.3 lakhs of first instalment. The first and second instalments were drawn in October 1982 and March 1983 and credited to the savings bank account of the Society.

It was observed in Audit that a sum of Rs.5.68 lakhs was paid as advance to the boat

manufacturing company out of the subsidy of Rs.6 lakhs without obtaining the necessary bank loan of Rs.6 lakhs and that the second instalment of subsidy was released to the Society without getting the concurrence of Government or after full utilisation of the first instalment.

It was also seen that a nationalised bank had not considered the application for sanction of the loan on the ground that the economic viability of the project was not established, that repayment of earlier loans sanctioned to the Society was overdue, that the Society was continuously incurring loss and that collateral security for the loan was not forthcoming.

Two boats (cost : Rs.1.05 lakhs) and fifteen engines (cost : Rs.1.28 lakhs) alone were supplied to the Society by August 1987 as against thirty boats with engines to be supplied and the boat building company could not execute the work as it was not paid its dues.

After reviewing the implementation of the Scheme in August 1987, Government ordered that the subsidy be got refunded together with interest. However, only a sum of Rs.1 lakh had been refunded (January 1989) by disposing of 13 engines purchased and the balance amount of Rs.5 lakhs was yet to be repaid to the DRDA.

The partly-constructed boats and hulls were lying idle for years with the boat building company. Action had not been taken so far to cancel the order with the firm and take over the assets of the Society. Release of the subsidy without assessing the ability of the Society to avail of loan from the banks

had resulted in the failure of the Scheme and the outlay had proved infructuous.

The matter was reported to Government in June 1990; reply had not been received (July 1990).

ADI DRAVIDAR AND TRIBAL WELFARE DEPARTMENT

6.9. Establishment of Palm Products Complex

Under Income Generation Scheme, Government sanctioned in February 1982 setting up of a Palm Products Complex at a cost of Rs.11.68 lakhs in Mapudaiyur Village (South Arcot District) for providing regular employment to 195 Adi Dravidars. The employment was to be provided in the production units of 8 trades under Palm Industry after imparting necessary training. A grant of Rs.11.68 lakhs was released in February 1982 to the Tamil Nadu State Palmgur and Fibre Marketing Co-operative Federation Limited, the implementing agency. The entire grant was reported to have been utilised even though an expenditure of only Rs.10.58 lakhs had been incurred upto July 1989 (Buildings : Rs.4.97 lakhs; Machinery : Rs.2.67 lakhs; Training : Rs.0.54 lakh; Working capital : Rs.0.40 lakh; Managerial assistance : Rs.1.80 lakhs and furniture : Rs.0.20 lakh) (June 1989).

It was observed in audit that against the target of 195 persons, training was imparted to 130 persons between July 1982 and July 1989. Out of these, employment was provided (August 1983) for 18 persons for a few months only. Four persons were employed for short spells during 1986-87 and 1987-88. Of the 8 trades for which infrastructure facilities

had been created, brush making and Palm leaf units alone were functioning with the engagement of Federation staff.

Failure to provide training to targeted number of persons and create direct employment potential was attributed to unwillingness on the part of the local Adi Dravidars for this type of work and also to payment of low wages of Rs.5 under the scheme, as compared to higher wages earned by these persons in agricultural operation. It was observed that the Project Report had envisaged daily wages of only Rs.5 which were adopted and no action was taken to review periodically the reasonableness of this wage rate with reference to wages prescribed by the District Collector.

Thus, owing to failure of the Department to ensure reasonable wages, the objective of providing regular direct employment to Adi Dravidars was not achieved and the infrastructure acquired at a cost of Rs.7.64 lakhs remained either unutilised or grossly underutilised.

Tamil Nadu Khadi and Village Industries Board reported (June 1989) that the Adi Dravidar people had been persuaded to take up training and to have confirmed employment. Remarks of Government were awaited (September 1990).

CO-OPERATION, FOOD AND CONSUMER PROTECTION DEPARTMENT

6.10. Unfruitful expenditure on a co-operative society

With the object of uplifting the economic

condition of the hill tribes in Kanikudiyruppu forest settlement in Tirunelveli District by providing employment at reasonable wages, Government approved in July 1981 the formation of a Forest Labour Contract Co-operative Society for collection and supply of minor forest produce from the Mundanthurai Wild Life Sanctuary and sanctioned an assistance of Rs.0.65 lakh (Rs.0.55 lakh as loan and Rs.0.10 lakh as subsidy) for establishment of the Society. The Society was formed in July 1981 and the assistance was disbursed to it in August 1981. The Society incurred losses from inception and accumulated losses amounted to Rs.2.58 lakhs by 1984-85. Also, the Forest Department had stopped leasing of forest produce in the area from 1st July 1984 with a view to protecting the wild life in the sanctuary. Thus, the activities of the Society came to a standstill.

Based on the proposals (August 1983) of Registrar of Co-operative Societies, Government sanctioned in October 1984 a further working capital loan of Rs.2 lakhs repayable in 10 instalments and bearing interest at $10\frac{1}{2}$ per cent per annum to help the Society to tide over its financial difficulties and continue its activities. The Deputy Registrar of Co-operative Societies, Cheranmadevi, though fully aware of the stoppage of lease of forest produce in the sanctuary area and of the remote prospect of revival of the Society, drew the loan in March 1985 and deposited it in a Savings Bank Account with the Tirunelveli Central Co-operative Bank. Out of the loan of Rs.2 lakhs, Rs.1.67 lakhs were utilised (August 1985 and January 1986) to discharge the liabilities of the Society leaving a balance of Rs.0.33 lakh in the Savings Bank Account. Thus, the loan was not utilised for the intended purpose. The Society had not been

revived so far, precluding the recovery of the loan with interest.

Besides, the services of a Senior Inspector of Co-operative Societies sanctioned by Government in October 1984, were also lent to the Society, free of cost, for a period of one year from April 1985 to April 1986, when the Society was practically dormant.

Thus, the failure of the Department to assess the possibility of revival of the Society and resumption of its activities resulted in unfruitful loan investment of Rs.2 lakhs for a period of over 4 years. Besides, an infructuous expenditure of Rs.0.16 lakh was incurred on salary of staff. The objective of providing employment to the hill tribes at reasonable wages was also not achieved.

The matter was reported to Government in September 1989; reply had not been received (July 1990).

6.11 Cotton Ginning Factory, Tiruppathur

In August 1981, the National Co-operative Development Corporation (NCDC) approved the establishment of a Cotton Ginning Factory (Factory) by the Tiruppathur Co-operative Marketing Society (Society) at a block cost of Rs.5.24 lakhs. Government sanctioned in November 1981 a total assistance of Rs.4.98 lakhs (loan : Rs.2.88 lakhs; share capital investment : Rs.1.05 lakhs and subsidy: Rs.1.05 lakhs), which was paid to the Society between February 1982 and March 1983. The

factory was established at a block cost of Rs.6.43 lakhs in July 1983 and commercial production was started from February 1984. The production of lint (ginned cotton) during the entire period of 1983-84 to 1987-88 was only 365 tonnes, against the rated capacity of 432 tonnes per annum. As against the projected profit of Rs.0.78 lakh per annum, the profit in the years 1983-84 and 1984-85 was only Rs.0.03 lakh and Rs.0.20 lakh respectively and the factory incurred losses in the years 1985-86 to 1987-88 amounting to Rs.0.30 lakh. The factory was closed from September 1985 but for a few days of working in 1987-88, for want of cotton for ginning.

The loan of Rs.2.88 lakhs was repayable within 14 years in 11 annual instalments, after a moratorium period of 3 years, with interest at 10.5 per cent per annum and penal interest at 2.5 per cent on defaulted payments. Against Rs.0.78 lakh and Rs.1.62 lakhs due to Government towards principal and interest upto 1987-88, the Society had paid only Rs.0.09 lakh and Rs.0.05 lakh respectively.

The Department attributed (March 1988) the poor performance to lack of interest on the part of the cotton growers in the vicinity in ginning the cotton for sale and absence of demand for ginned cotton in the area and failure to supply cotton by the Tamil Nadu Co-operative Marketing Federation, which had subsequently discontinued its cotton business.

The Department had stated in March 1981 that apart from the farmer members of the Society, the farmers from nearby villages would also bring cotton to the Society's auction yard and about 4000 bales of cotton would be available in a year as

against the requirement of 2400 bales. Further, the Project Report had contemplated 80 per cent production through service to customers and 20 per cent through other casual business. Customers who were considered as sources of supply of cotton for customer service in the unit were indicated as North Arcot Co-operative Spinning Mills, Salem Co-operative Spinning Mills and other private customers of the Society who were regularly purchasing cotton and getting it ginned hitherto at Salem and Tiruppur, in the absence of ginning facilities at Tiruppathur. It is evident that the claims, made in March 1981, of uninterrupted availability of cotton for ginning, were not based on realistic assessment, resulting in the investment of Rs.4.98 lakhs in the Society becoming mostly unproductive. Possibilities of recovery of the loan granted to the Society were also not bright.

Government stated (October 1990) that a programme of utilisation had been drawn up for 1990-91 so that the unit could be utilised to the minimum capacity of 60 per cent and it would ensure clearance of Government dues during the current year.

HEALTH, INDIAN MEDICINE AND HOMOEOPATHY AND FAMILY WELFARE DEPARTMENT

6.12. Non-recovery of misutilised Government assistance

In March 1983, Government of India paid assistance of Rs.10 lakhs to Tamil Nadu Government for release as grant to International Cancer Centre, a private institution at Neyyoor, Kanyakumari District, for setting up a Cobalt Therapy unit. The assistance was towards cost of the Cobalt Therapy unit, Cobalt

source and accessories. The institution was required to meet the cost of the building, expenditure on staff to be posted on the pattern prescribed by the Government of India and replacement of Cobalt source and other recurring expenditure on running the unit. The amount was paid to the institution in October 1984. The institution had spent Rs.7.75 lakhs from out of the grant by May 1989. A scrutiny of the expenditure by audit disclosed the following :

(i) One Cobalt unit was received by the institution as gift in March 1985 and another had been purchased by it much earlier. No Cobalt unit was purchased utilising Government assistance.

(ii) Out of Rs.7.75 lakhs spent by the institution, the expenditure on extensions to building, purchase of generators, X-ray machine, air-conditioners, video camera, furniture, electrical goods and other instruments not connected with the setting up of a Cobalt unit accounted for Rs.7.08 lakhs. Purchase of some accessories to Cobalt unit and expenditure on their repairs accounted for the balance of Rs.0.67 lakh only.

(iii) In June 1986, the institution furnished to the Department utilisation certificate for Rs.5.55 lakhs being the expenditure upto March 1986.

Though the details of the expenditure prima facie indicated misutilisation of the assistance, the Department did not take prompt action to get the assistance refunded. On this being pointed out by audit in February 1989, the Director of Medical Services instituted a Committee (April 1989) to enquire into the matter. The Committee after due

enquiries reported in May 1989 that the grant had not been utilised for the purpose for which it was given. Only in July 1989, the Department addressed the institution for refund of the assistance with interest at 16 per cent per annum. The institution was yet to refund the amount (October 1990).

The matter was reported to Government in September 1989. Government stated (July 1990) that legal action would be taken against the institution after receipt of clearance from the Ministry of Health and Family Welfare, Government of India, to whom the matter had been referred.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

CORPORATION OF MADRAS

6.13. Idle Fish hatcheries

With a view to supplementing the anti-mosquito operations in the city of Madras, 14 fish hatcheries were constructed in 1981-82 at various places in the city by the Corporation of Madras, at a total cost of Rs.1.17 lakhs. The hatcheries developed cracks immediately after construction, reportedly due to defective construction. Moreover, required low-level water supply arrangement was also not provided. Consequently, the hatcheries could not be commissioned. Repairs and improvements to the hatcheries at an estimated cost of Rs.4.13 lakhs, approved by the Special Officer in August 1981, were yet to be carried out by the circle officers under whose jurisdiction the hatcheries were located. The hatcheries constructed at a cost of Rs.1.17 lakhs were lying unutilised even after 7 years of

construction depriving the public of the benefits of supplementing anti-mosquito operations.

The matter was reported to Government. Government in their reply (October 1989) stated that the hatcheries were constructed after consulting the Health Department of the Corporation and instructions had been issued to carry out the repairs immediately. Further report in the matter was awaited (July 1990).

6.14 Statutory Boards

Audit of the accounts of Tamil Nadu Water Supply and Drainage Board has been entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Audit of the accounts of Madras Metropolitan Water Supply and Sewerage Board is conducted under Section 14(1) of the said Act. Important points noticed in audit of these Boards are given in the succeeding paragraphs.

TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD

6.15. Melapalayam Water Supply Improvement Scheme

The Melapalayam Water Supply Improvement Scheme was implemented by the Board from November 1983 with a view to improving the existing water supply to Melapalayam Municipality. A test check of the records by audit disclosed the following points :

- (i) The outline proposals contemplated, inter-alia, two infiltration wells, 5 manhole wells,

infiltration gallery and a collection well for the Head works. Confirmatory borings at the site revealed clay pockets before the bores reached the proposed bottom level of the wells. However, the infiltration wells and manhole wells were constructed at the site at a cost of Rs.1.13 lakhs and Rs.1.38 lakhs respectively. One infiltration well and two other manhole wells could not be sunk to the required depth because of clay pockets. Consequently, the work of infiltration of gallery and connecting pipes was dropped. Instead, the work was completed with two more infiltration wells, individual conveying mains from the 4 infiltration wells to the collection well, pumpsets for each of the 4 infiltration wells and a separate control room for the pumpsets. The 5 manhole wells already constructed were proposed to be used as standby during drought for tapping the limited quantity of water by means of temporary pumpsets. Such a purpose could not be achieved as manhole wells by themselves were not meant to be sources of water, unlike infiltration wells. Thus, defective investigation and injudicious decision to go in for 5 manhole wells at a site where clay pockets were noticed during test borings, resulted in wasteful expenditure of Rs.1.38 lakhs.

Even though the Board had resolved in August 1988 to take disciplinary action against the persons responsible for the defective investigation, no action had been initiated (July 1990).

(ii) Tenders for supply and erection of wet type water lubricated turbine pumpsets and accessories were opened by the Executive Engineer holding charge of the post of Superintending Engineer on 3rd January 1985 and submitted to the Chief

Engineer for approval on 17th April 1985 as it exceeded his powers of acceptance of tenders. The Chief Engineer returned the tenders on 22nd July 1985 since as per clarifications issued by the Board in May 1985, all powers of Superintending Engineer could be exercised by the Superintending Engineer in-charge. Meanwhile, the period of validity for the lowest tender had expired on 30th June 1985. However, the lowest tender for Rs.7.13 lakhs was selected on 31st October 1985 by increasing the tender amount by 10 per cent. The delay of ten months had resulted in an avoidable expenditure of Rs.0.71 lakh.

The matter was reported to Government in October 1989; reply had not been received (July 1990).

6.16. Unfruitful outlay on Water Supply Scheme

Government sanctioned in January 1980 the work of expanding the capacity of the Head works at Surapet for meeting the increased demand of 6.75 mgd. of water from Red Hills Lake at a cost of Rs.59.70 lakhs and technical sanction for Rs.65.60 lakhs was accorded by the Chief Engineer (PF), Tamil Nadu Water Supply and Drainage (TWAD) Board, in August 1981. The work of supply and erection of raw and clear water pump sets was entrusted to a firm for Rs.26.60 lakhs in April 1983. The supply of pumpsets was to be completed in 12 months and erection in 3 months thereafter. The firm completed the supply of pumpsets and other accessories by July 1984 and payments totalling Rs.25.11 lakhs were made to the firm pending completion of the erection work. The civil works of construction of sump-cum-pump houses for clear and raw water were completed in

October 1986 and March 1987 respectively. When the pump house for clear water was made available to the firm for erection of the pumpsets, 28 months after the supply (October 1986), the firm demanded in January 1987 overhauling charges of Rs.0.93 lakh as the machinery had remained idle for more than 30 months. This was not agreed to and the contract was terminated in November 1988. The erection work was entrusted to another agency for a value of Rs.1.07 lakhs and remained to be completed (August 1989).

It was noticed in audit that the detailed working estimates for construction of sump-cum-pump houses for clear and raw water were sanctioned only in November 1985 and April 1985 and the agencies for construction were settled in March 1986 and August 1986 respectively though the sites for locating the pump houses were readily available. The Board stated (August 1989) that the delay in the completion of civil works was due to "some field and other bottlenecks" which could not be anticipated. The factors causing delay were not, however, apparent from the records. Due to delay in completion of construction of pump houses, the machinery procured at a cost of Rs.25.11 lakhs continued to remain idle for the past five years and the social objective of the scheme remained to be achieved. Besides, the Board was also facing an extra contractual liability of Rs.0.28 lakh towards charges for transporting the machinery to Surapet from its present location and its erection.

The matter was reported to Government in November 1989; reply had not been received (July 1990).

6.17 Non-utilisation of assets created

Work on the comprehensive water supply scheme to Andur-Killiyur and 11 other habitations in Veppur Panchayat Union of Tiruchirapalli District, (estimated cost : Rs.64.10 lakhs) taken up in April 1981 was stopped in May 1983 after incurring an expenditure of Rs.59.24 lakhs as the source for the water supply created for the scheme totally failed. A new source of water supply was identified as a result of detailed geophysical survey conducted in February 1987. The work, resumed in August 1987, was yet (June 1989) to be completed.

Execution of the work without proper investigation for identifying the source of water supply resulted in infructuous expenditure of Rs.0.42 lakh incurred on the construction of an infiltration well, which failed totally and was abandoned. Assets created at a cost of Rs.59.24 lakhs could not also be put to beneficial use for over six years. Besides, the delay of four years in resuming the work resulted in an extra financial commitment of Rs.7.02 lakhs due to cost escalation.

The matter was reported to Government in August 1989; reply had not been received (July 1990).

6.18. Extra expenditure on purchase of PVC pipes

Based on tenders invited in December 1987 for supply of PVC pipes of various sizes and classes, lowest rates were approved by the Board and 10 purchase orders for a value of Rs.543.20 lakhs, were placed in January 1988 and February

1988 with six firms located outside the State.

It was noticed in audit that the lowest offer was decided with reference to the basic rates quoted by the firms excluding the element of Central Sales Tax payable. But, taking into account the Sales Tax, rates of these six firms were found to be higher than those quoted by other firms which were exempted from payment of Sales Tax. Exclusion of the tax element from consideration resulted in extra expenditure of Rs.16.56 lakhs. In similar cases, decided in December 1986, March 1987 and August 1987, the Board had adopted the basis of rates inclusive of taxes.

On this being pointed out in audit, the Board stated in March 1989 that Sales Tax element was excluded as per guidelines communicated in Government orders issued in April 1962. But it was seen in audit that the orders of Government were applicable only in cases where the rates quoted by local firms were to be compared with those of firms outside the State and that, therefore, application of Government orders in the instant case was not in order. The Board had also not followed the earlier practice of evaluating the tender on all inclusive rate basis. This resulted in avoidable extra expenditure of Rs.16.56 lakhs.

The matter was reported to Government in August 1989; reply had not been received (July 1990).

6.19. Avoidable expenditure on Electricity
 charges

(i) From September 1985, the Tamil Nadu Electricity Board (TNEB) started billing the consumers of high tension Power Supply on the basis of recorded consumption of energy during the month or seventy five per cent of the contracted demand whichever was higher and required the consumers to reduce the contracted demands, if they so chose. It was, however, noticed in audit that in the case of high tension Power Supply for Water Treatment Plant at Adivaram under Coimbatore Water Treatment Scheme, the Division had failed to get the contracted demand of 120 KVA reduced to the required level reckoned on the basis of the anticipated consumption; consequently, electricity charges were being paid for 90 KVA, being seventy five per cent of the contracted demand, while the maximum actual consumption during the period from October 1985 to May 1989 varied from 24 KVA to 76 KVA only. The contracted demand could have been got reduced to 80 KVA and failure to do so resulted in avoidable expenditure of Rs.0.52 lakh from September 1985 to May 1989. When this was pointed out by audit, the Board stated in May 1989 that action had been initiated to reduce the contracted demand to 80 KVA and that instructions had been issued to fix responsibility for the extra expenditure.

The matter was reported to Government in September 1989; reply had not been received (July 1990).

(ii) In the case of high tension power supply to the Head works at Keerapakkam, Nerumbur,

Vengudi, Tambaram and Deveriambakkam, TWAD Board failed to get the contracted demands reduced to the required level reckoned on the basis of maximum recorded consumption i.e., from 500, 250, 275, 130 and 425 KVA to 328, 221, 247, 127 and 341 KVA respectively. Consequently, an avoidable expenditure of Rs.1.92 lakhs was incurred for the period from October 1985 to December 1988.

(iii) The TNEB levied compensation charges from January 1985, if the Power Factor (PF) in any high tension electricity installation fell below 0.85. It also required the customers to install suitable capacitors to correct the PF to 0.85 or above to save electrical energy. The PF recorded in the pumping stations attached to these five Head works was consistently lower than the stipulated limit of 0.85 from April 1985 to December 1988 at three stations and from April 1987 to December 1988 at two stations. The Board failed to install capacitors to improve the PF and had to pay a sum of Rs.5.45 lakhs as compensation charges to the TNEB for the period from April 1985 to December 1986.

The matter was reported to Government in December 1989; reply had not been received (July 1990).

6.20. Unproductive outlay on a Sewerage Scheme

The scheme for conversion of dry latrines into sanitary latrines in Labbaikudikadu Town Panchayat in Tiruchirapalli District, a Centrally Sponsored Scheme, was taken up for execution in March 1978 by Tamil Nadu Water Supply and Drainage (TWAD) Board at an estimated cost of Rs.16.66 lakhs.

Government of India provided an assistance of Rs.10.52 lakhs as grant and suggested (February 1978) that the scheme should be completed and made operational before March 1979. An expenditure of Rs.10.18 lakhs was incurred upto March 1989 and the scheme was yet to become operational (April 1989) as the construction of pumping station, disposal work and laying of sewers and sewer appurtenances could not be completed, owing to objection raised by the people of adjacent villages to the sites selected (May 1978) for the location of pumping station and disposal work.

It was noticed in audit that the people of adjacent villages expressed their objection to the construction of the pumping station and execution of disposal works in their village limits in December 1978 itself. The Board selected alternative sites twice (March and October 1980) and finally acquired in July 1985 lands for pumping station and disposal works in Labbaikudikadu itself. As the villagers continued to object to the location chosen, the balance work was not executed. Failure of the Board to select suitable sites for pumping station and disposal work, when the people had objected to the location of the site in December 1978 itself, resulted in the scheme remaining incomplete even ten years after the commencement of the work and the expenditure of Rs.10.18 lakhs incurred so far had become unproductive.

The matter was reported to Government in July 1989; reply had not been received (July 1990).

6.21. **Avoidable expenditure on purchase of panel boards**

The Board invited tenders (September 1987) for supply of M.S.control panel boards suitable for motors of different horse power ratings. Out of 15 quotations, the offers of six firms only were considered as valid. The rates quoted by two firms, exempted from payment of excise duty, were lowest for supply of boards for three different ratings as compared to the rates quoted by others inclusive of excise duty. These offers were recommended for acceptance by the Superintending Engineer, Mechanical Circle, Tiruchirapalli, who evaluated the tenders technically. The Board, however, excluded the excise duty payable from consideration and compared only the basic rates and approved in December 1987 the rates quoted by a third firm as the lowest and the rate contract was concluded with that firm (January 1988). Thus, the decision of the Board to exclude the excise duty for comparison of tenders and to purchase the panel boards from the firm, whose rates were not actually the lowest when the excise duty payable was taken into account, resulted in an avoidable extra expenditure of Rs.0.83 lakh.

The matter was reported to Government in August 1989; reply had not been received (July 1990).

MADRAS METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

6.22. **Delay in leasing the farms**

The Madras Metropolitan Water Supply and

Sewerage Board issued instructions in December 1984 that auction for the lease of right of cutting paragrass grown in the sewage farms of the Board should be held and confirmed before the expiry of the previous lease period. It was noticed in audit that, in the case of four plots in the sewage farms at Pallikaranai, auction for the year 1986-87 was conducted one to three months after the expiry of the earlier lease periods and delay ranged from three months to six months in entering into agreements from the dates of auction without any valid reasons. As a result, the Board incurred a revenue loss of Rs.0.89 lakh. The Board stated (January 1989) that the delays were due to inundation caused by floods in November 1985 and that the lessees pleaded their inability to avail of the lease as there was no scope for cultivating and cutting the grass during the period the land was inundated. However, no such reasons were on record for the delay in conducting auction and entering into agreements. Similar delay ranging from 32 to 187 days was noticed in the auction of 4 plots in Kodungaiyur and Pallikaranai farms during 1985, 5 plots in Kodungaiyur and Koyambedu farms during 1986 and one plot in Pallikaranai farm during 1987, resulting in a loss of revenue of Rs.0.74 lakh.

The matter was reported to Government in July 1989; reply had not been received (July 1990).

CHAPTER VII

COMMERCIAL ACTIVITIES

7. There were six departmentally managed Commercial and Quasi-Commercial Undertakings in the State as on 31st March 1989. The results of their working are compiled annually by preparing proforma accounts outside the general accounts of Government. The proforma accounts for 1988-89 were yet to be compiled (October 1989). Details of the undertakings whose proforma accounts were in arrears (October 1989) are given in Appendix XV.

The proforma accounts of two undertakings under the Agriculture Department were in arrears, one of them having not compiled accounts from 1981-82 onwards.

The delay in finalising the accounts was brought to the notice of the concerned Department/ Government in October 1989; their replies had not been received (October 1989).

The financial results of these undertakings for the year upto which accounts had been compiled

and audited show that a loss of Rs.174.85 lakhs after charging interest on capital was incurred by them (vide details given in Appendix XVI).

Madras, 4/9/91
The



~~(K. KRISHNAN)~~

Accountant General (Audit)I,
Tamil Nadu and Pondicherry

Countersigned

New Delhi,
The

12 सितम्बर 1991
SEP



(C.G. SOMIAH)

Comptroller and Auditor General
of India

APPENDIX I

(Reference : paragraph 2.2.2 ; page 24)

GRANTS WHERE SUPPLEMENTARY PROVISION
OBTAINED IN MARCH 1989 PROVED UNNECESSARY

Serial number	Number and title of Grant	Supplementary Grant (March 1989) (in lakhs of rupees)	Final saving
(1)	(2)	(3)	(4)
1.	4.General Sales Tax and Other Taxes and Duties - Administration	139.85	205.38
2.	6.Registration	24.48	59.09
3.	9.Head of State, Ministers and Headquarters staff	151.36	327.51
4.	21.Fisheries	31.44	68.34
5.	23.Co-operation	15.76	88.93
6.	29.Labour including Factories	11.44	14.53
7.	31.Welfare of Scheduled Tribes and Castes, etc.	214.14	360.95
8.	52.Capital Outlay on Irrigation	187.25	853.99
		<u>775.72</u>	<u>1978.72</u>

APPENDIX II

(Reference : 2.2.2; page : 24)

GRANTS WHERE SUPPLEMENTARY PROVISION OBTAINED
DURING 1988-89 PROVED INSUFFICIENT
BY MORE THAN Rs.50 LAKHS EACH

Serial number	Number and title of Grant	Total supple- mentary grant	Final excess
(1)	(2)	(3) (in lakhs of rupees)	(4)
1.	17.Education	9943.08	204.46
2.	18.Medical	425.96	180.76
3.	19.Public Health	306.66	549.91
4.	20.Agriculture	1133.31	153.27
5.	37.Public Works - Buildings	84.63	71.78
6.	39.Roads and Bridges	532.32	72.86
		<u>12425.96</u>	<u>1233.04</u>

APPENDIX III

(Reference: paragraph 2.2.3 ; page 24)

GRANTS/APPROPRIATIONS WHERE EXCESS
REQUIRES REGULARISATION

Serial number	Number and title of Grant/ Appropriation	Total grant/ appropriation	Expenditure	Excess
(1)	(2)	(3) Rs.	(4) Rs.	(5) Rs.
1988-89				
Voted Grants -				
1.	17.Education	7,89,14,37,000	7,91,18,82,817	2,04,45,817
2.	18.Medical	1,60,31,08,000	1,62,11,84,394	1,80,76,394
3.	19.Public Health	90,61,91,000	96,11,81,675	5,49,90,675
4.	20.Agriculture	1,58,72,96,000	1,60,26,23,004	1,53,27,004
5.	37.Public Works			
	- Buildings	4,59,90,000	5,31,68,431	71,78,431
6.	39.Roads and Bridges	1,02,05,68,000	1,02,78,53,828	72,85,828
				<u>12,33,04,149</u>
Charged Appropriations -				
1.	23.Co-operation	<u>2,000</u>	<u>14,508</u>	<u>12,508</u>
2.	32.Welfare of the Backward Classes,etc.	<u>6,000</u>	<u>25,318</u>	<u>19,318</u>
3.	42.Pensions and other Retirement Benefits	<u>86,10,000</u>	<u>3,83,22,759</u>	<u>2,97,12,759</u>
4.	45.Forest Department	<u>1,000</u>	<u>1,222</u>	<u>222</u>
				<u>2,97,44,807</u>

APPENDIX IV

(Reference : paragraph 2.2.3 ; page 24)

GRANTS/APPROPRIATIONS WHERE EXCESS RELATING
TO PREVIOUS YEARS REQUIRES REGULARISATION

Serial number	Number and title of Grant/ Appropriation	Total grant/ appropriation	Expenditure	Excess
(1)	(2)	(3) Rs.	(4) Rs.	(5) Rs.
1983-84				
Voted Grants -				
1.	4.General Sales Tax and other Taxes and Duties - Administration	11,65,63,000	11,75,44,348	9,81,348
2.	36.Irrigation	57,69,36,000	60,60,89,461	2,91,53,461
3.	37.Public Works- Buildings	5,21,19,000	7,19,90,869	1,98,71,869
4.	39.Roads and Bridges	84,22,04,000	84,79,66,942	57,62,942
5.	41.Relief on account of Natural Calamities	22,36,70,000	23,23,68,547	86,98,547
6.	42.Pensions and other Retirement Benefits	51,71,84,000	54,49,74,563	2,77,90,563
7.	46.Compensation and Assignments	24,69,96,000	25,55,88,971	85,92,971

APPENDIX IV - contd.

(1)	(2)	(3)	(4)	(5)
Charged Appropriations -				
1.	11.District Administration	<u>5,94,000</u>	<u>6,06,345</u>	<u>12,345</u>
2.	28.Community Development Projects and Municipal Administration	<u>1,000</u>	<u>17,215</u>	<u>16,215</u>
3.	43.Miscellaneous	<u>15,58,000</u>	<u>16,26,116</u>	<u>68,116</u>
4.	50.Capital Outlay on Industrial Development	<u>1,000</u>	<u>11,501</u>	<u>10,501</u>
5.	Public Debt - Repayment	<u>1058,18,36,000</u>	<u>1104,36,92,543</u>	<u>46,18,56,543</u>

1984-85

Voted Grants -

1.	5.Stamps - Administration	1,21,51,000	1,15,29,565	2,78,565
2.	11.District Administration	39,55,90,000	40,44,78,935	88,88,935
3.	13.Administration of Justice	12,99,95,000	13,09,09,762	9,14,762

APPENDIX IV - contd.

(1)	(2)	(3)	(4)	(5)
4.	32.Welfare of the Backward Classes, etc.	11,22,36,000	11,47,97,026	25,61,026
5.	37.Public Works - Buildings	4,78,12,000	6,29,23,910	1,51,11,910
6.	40.Road Transport Services and Shipping	4,57,75,000	4,78,88,763	21,13,763
7.	42.Pensions and other Retirement Benefits	61,81,30,000	66,96,69,789	5,15,39,789
8.	46.Compensation and Assignments	27,40,00,000	28,55,93,240	1,15,93,240
9.	47.Information, Tourism and Film Technology	3,04,96,000	3,22,13,078	17,17,078
10.	50.Capital Outlay on Industrial Development	17,98,58,000	18,08,34,475	9,76,475
11.	55.Capital Outlay on Forests	17,66,15,000	17,76,82,124	10,67,124
	Charged Appropriations -			
1.	13.Administration of Justice	<u>1,69,18,000</u>	<u>1,72,47,096</u>	<u>3,29,096</u>

APPENDIX IV - contd.

(1)	(2)	(3)	(4)	(5)
	1985-86			
	Voted Grants -			
1.	2.State Excise Department	5,33,61,000	5,40,94,191	7,33,191
2.	11.District Administration	46,93,30,000	47,60,03,831	66,73,831
3.	13.Administration of Justice	14,97,44,000	15,68,05,109	70,61,109
4.	20.Agriculture	123,64,43,000	124,28,52,146	64,09,146
5.	22.Animal Husbandry	27,56,15,000	27,74,27,130	18,12,130
6.	31.Welfare of the Scheduled Tribes and Castes, etc.	50,95,48,000	52,53,21,806	1,57,73,806
7.	33.Housing	15,56,81,000	16,15,75,021	58,94,021
8.	34.Urban Development	58,62,86,000	58,67,43,968	4,57,968
9.	39.Roads and Bridges	77,87,12,000	78,35,04,517	47,92,517
10.	40.Road Transport Services and Shipping	5,55,38,000	5,63,08,665	7,70,665

APPENDIX IV - contd.

(1)	(2)	(3)	(4)	(5)
11.	42.Pensions and other Retirement Benefits	79,34,72,000	86,95,44,185	7,60,72,185
12.	46.Compensation and Assignments	27,90,96,000	34,58,52,609	6,67,56,609
13.	54.Capital Outlay on Roads and Bridges	21,77,90,000	21,79,31,876	1,41,876
14.	55.Capital Outlay on Road Transport Services and Shipping	5,53,02,000	6,32,93,273	79,91,273
1986-87				
Voted Grants -				
1.	6.Registration	7,51,62,000	7,57,05,185	5,43,185
2.	11.District Administration	51,68,69,000	52,58,41,218	89,72,218
3.	14.Jails	13,50,85,000	13,81,70,400	30,85,400
4.	18.Medical	134,43,31,000	135,19,74,043	76,43,043
5.	19.Public Health	70,17,26,000	72,28,12,338	2,10,86,338
6.	25.Cinchona	4,08,69,000	4,10,30,615	1,61,615

APPENDIX IV - contd.

(1)	(2)	(3)	(4)	(5)
7.	31.Welfare of the Scheduled Tribes and Castes, etc.	59,09,31,000	60,59,37,815	1,50,06,815
8.	32.Welfare of the Backward Classes, etc.	12,91,04,000	13,28,94,509	37,90,509
9.	33.Housing	37,09,07,000	37,12,33,643	3,26,643
10.	37.Public Works - Buildings	5,49,13,000	7,21,11,422	1,71,98,422
11.	39.Roads and Bridges	97,01,37,000	97,53,61,475	52,24,475
12.	43.Miscellaneous	121,64,91,000	122,23,55,785	58,64,785
13.	46.Compensation and Assignments	37,04,77,000	38,03,81,522	99,04,522
14.	59.Loans and Advances by the State Government	484,39,33,000	497,65,53,415	13,26,20,415
Charged Appropriations -				
1.	44.Stationery and Printing	<u>2,56,000</u>	<u>2,56,408</u>	<u>408</u>
2.	51.Capital Outlay on Industrial Development	<u>27,55,000</u>	<u>28,34,006</u>	<u>79,006</u>

APPENDIX IV - conclud.

(1)	(2)	(3)	(4)	(5)
	1987-88			
	Voted Grants -			
1.	8.Elections	3,39,86,000	3,70,31,860	30,45,860
2.	11.District Administration	57,34,80,000	57,98,50,284	63,70,284
3.	17.Education	684,86,90,000	697,70,96,996	12,84,06,996
4.	18.Medical	145,68,77,000	150,24,19,967	4,55,42,967
5.	21.Fisheries	8,15,19,000	8,38,15,727	22,96,727
6.	31.Welfare of the Scheduled Tribes and Castes, etc.	60,05,23,000	61,31,04,359	1,25,81,359
7.	37.Public Works - Buildings	5,12,95,000	5,55,88,860	42,93,860
8.	59.Loans and Advances by the State Government	446,50,79,000	448,90,08,944	2,39,29,944
	Charged Appropriations -			
1.	7.State Legislature	<u>2,78,000</u>	<u>2,81,991</u>	<u>3,991</u>
2.	45.Forest Department	<u>1,000</u>	<u>11,499</u>	<u>10,499</u>
				<u>131,92,37,797</u>

APPENDIX V

(Reference : paragraph 2.6 ; page 53)

SHORTFALL/EXCESS IN RECOVERIES

Number and title of Grant	Estimated recovery	Amount in excess(+)/ shortfall(-) as compared to estimate	Main reasons for the excess/shortfall
(1)	(2)	(3)	(4)
(in crores of rupees)			
20.Agriculture	7.39	(+) 1.25	Due to larger coverage of farmers' holdings by On Farm Development Works in Parambikulam Aliyar Project Command Area and Mini Water Shed Programme under Western Ghat Development Programme and increased expenditure on works met from Sugarcane Cess Fund.
31.Welfare of the Scheduled Tribes and Castes, etc.	2.75	(-) 2.75	Due to non-transfer of expenditure on acquisition of house-sites for Adi Dravidars to Tamil Nadu Special Welfare Fund.

APPENDIX V - contd.

(1)	(2)	(3)	(4)
34.Urban Development	35.94	(-) 35.94	Due to non-transfer of expenditure to Urban Development Fund.
38.Public Works - Establishment and Tools and Plant	23.18	(-) 9.15	Due to less adjustment under "Establishment charges" transferred on percentage basis to various Major heads.
39.Roads and Bridges	15.61	(+) 2.60	Due to more adjustment of Establishment and Machinery and equipment charges transferred on percentage basis to Capital Major heads.
41.Relief on account of Natural Calamities	8.75	(+) 1.51	Due to Less transfer to the Famine Relief Fund on account of less actual expenditure under Flood and Drought Relief Works than anticipated.
44.Stationery and Printing	0.75	(+) 2.04	Due to more recoveries from other Government Departments towards cost of Stationery and Printing than anticipated.

APPENDIX V - concl'd.

(1)	(2)	(3)	(4)
52.Capital Outlay on Irrigation	1.69	(+) 3.72	Due to more receipts and recoveries on Capital Account than anticipated.
58.Miscellaneous Capital Outlay	2.14	(+) 9.36	Due to more receipts and recoveries on Capital Account than anticipated.

APPEN

(Reference: para

OUTLAY AND EXPENDITURE

Serial number	Name of the sector	1985-86		(in
		Outlay	Expen- diture	
(1)	(2)	(3)	(4)	
1.	Soil Conservation	20.00	19.19	
2.	Minor Irrigation	30.00	26.61	
3.	Horticulture	85.26	34.30	
4.	Animal Husbandry	64.75	37.28	
5.	Forestry	49.40	62.48	
6.	Co-operation	105.86	41.73	
7.	Electrification	25.00	15.00	
8.	Industries	42.13	35.94	
9.	Sericulture	66.14		
10.	Communication	108.56	233.50	
11.	Health	101.16	21.61	
12.	Water Supply	75.00	41.07	
13.	Housing	0.52	2.68	
14.	Social Welfare	13.75	2.27	
15.	Others	64.04	110.34	
	Total	<u>851.57</u>	<u>684.00</u>	

Note:

- (i) Outlay includes provision under State Plan and and flow from General and Central Sectoral
- (ii) Expenditure for the years 1985-86 to 1987-88 General and Central Sectoral Programmes in available by the State Government.

DIX VI

graph 3.1.5.2 ; page 62)

UNDER TRIBAL SUB-PLAN

1986-87		1987-88		1988-89	
Outlay	Expen- diture	Outlay	Expen- diture	Outlay	Expen- diture
(5)	(6)	(7)	(8)	(9)	(10)
lakhs of rupees)					
25.00	25.90	25.61	27.70	31.21	31.87
31.00	28.65	31.00	22.85	21.00	21.00
85.53	71.64	79.53	48.65	81.05	78.15
62.54	56.62	62.54	46.90	60.10	56.44
130.90	82.47	130.90	131.67	135.80	126.95
121.26	116.69	121.28	122.10	111.57	109.29
30.25	31.18	30.25	30.54	30.50	30.50
60.00	74.51	53.75	82.17	49.49	31.02
80.00		65.52		76.64	70.10
120.00	192.42	157.14	134.81	164.30	110.46
99.16	23.53	102.50	21.61	113.19	19.62
27.00	27.00	42.00	42.00	..	44.05
5.40	5.40	4.91	5.01	5.40	5.40
15.51	5.93	15.16	18.30	15.38	12.98
376.33	155.75	425.06	168.49	639.01	719.25
<u>1269.88</u>	<u>897.69</u>	<u>1347.15</u>	<u>902.80</u>	<u>1534.64</u>	<u>1467.08</u>

Special Central Assistance under Tribal Sub-Plan Programmes in Tribal Areas.

does not include the expenditure incurred under Tribal Areas as the information was not made

APPEN

(Reference : para

STATEMENT OF COLLECTION OF MINOR

Name of the LAMP Society	1985-86			1986-87		
	Target	Achievement	Percentage of short-fall	Target	Achievement	Percentage of short-fall
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(in lakhs)					
Yercaud	3.50	0.86	75	3.50	0.49	86
Chinnakalrayan	2.75	1.75	36	2.75	1.69	39
Kolli Hills	4.00	0.01	100	4.00	1.68	58
Aranoothumalai	1.00	0.24	76	1.00	1.00	Nil
Pachamalai	(Started during 1986-87)					
Periakalrayan	(Started during 1986-87)					
Kolli - Powerkadu	(Started during 1986-87)					

DIX VII

graph 3.1.13.3 ; page 85)

FOREST PRODUCE UNDER TRIBAL SUB-PLAN

1987-88			1988-89		
Target	Achievement	Percentage of short-fall	Target	Achievement	Percentage of short-fall
(8)	(9)	(10)	(11)	(12)	(13)
of rupees)					
0.55	0.05	91	0.60	0.43	28
0.90	0.73	19	0.75	0.22	71
0.90	0.26	71	1.00	0.66	34
1.05	1.06	Nil	1.25	0.76	39
0.75	0.69	8	0.85	1.18	Nil
0.90	0.15	83	0.75	0.34	55
0.90	0.01	100	0.99	Nil	100

APPEN

(Reference : para

STATEMENT OF EXPENDITURE

Category	1983-84 and 1984-85	1985-86 (in
Minor Irrigation	1065.740	706.760
Percolation Ponds and Check Dams	999.233	429.455
Roads	1985.160	1099.680
Group Houses	1043.400	1392.260
Social Forestry	..	508.980
Rural Sanitary Latrines	..	..
Multi-purpose Community Centres	..	..
Jeevan Dhara	..	..
Special Crash Programme	..	..
Administrative Expenditure inclu- ding contingencies	124.920	217.200
Total	<u>5218.453@</u>	<u>4354.335</u>

@ Varies from expenditure of Rs.5724.32
Government. Difference to be reconciled

DIX VIII

graph 3.23.5; page 140)

ON WORKS UNDER RLEGP

1986-87	1987-88	1988-89	Total
lakhs of rupees)			
643.710	623.630	559.370	3599.210
318.048	448.570	502.472	2697.778
765.450	666.620	800.900	5317.810
2866.238	2504.540	2972.000	10778.438
839.683	773.023	593.590	2715.276
114.777	75.409	58.511	248.697
29.200	13.113	..	42.313
..	..	378.464	378.464
..	..	112.700	112.700
151.679	286.830	209.780	990.409
<u>5728.785</u>	<u>5391.735</u>	<u>6187.787</u>	<u>26881.095</u>

lakhs reported to GOI by State
by State Government.

APPENDIX IX

(Reference : paragraph 3.23.6. ; page 140)

**PHYSICAL TARGETS AND ACHIEVEMENTS
UNDER RLEG PROGRAMME**

CATEGORY	1983-84 & 1984-85	1985-86	1986-87	1987-88	1988-89
(1)	(2)	(3)	(4)	(5)	(6)

**MINOR
IRRIGATION
WORKS**

Target	2206 nos.	16775 ha.	64087 ha.	85339 ha.	172658 ha.
Achievement	535 nos.	8980 ha.	33459 ha.	6210 ha.	45435 ha.

**PERCOLATION
PONDS**

Target	1619 nos.	1355 nos.	390 nos.	400 nos.	466 nos.
Achievement	926 nos.	939 nos.	390 nos.	402 nos.	466 nos.

CHECK DAMS

Target	128 nos.	..	..	..	..
Achievement	109 nos.	..	..	..	..

ROADS

Target	725 nos.	2894 kms.	1397 kms.	882 kms.	731.09 kms.
Achievement	237 nos.	1718 kms.	953 kms.	322.42 kms.	443.57 kms.

APPENDIX IX - concl'd.

(1)	(2)	(3)	(4)	(5)	(6)
<u>GROUP HOUSES</u>					
Target	20000 nos.	11960 nos.	55795 nos.	25000 nos.	26970 nos.
Achievement	19042 nos.	9291 nos.	34038 nos.	24535 nos.	26917 nos.
<u>SOCIAL FORESTRY</u>					
Target	..	38400 ha.	38565 ha.	11599 ha.	8702 ha.
Achievement	..	6854 ha.	37766 ha.	16195 ha.	7820 ha.
<u>RURAL SANITARY LATRINES</u>					
Target	..	..	13542 nos.	5266 nos.	703 nos.
Achievement	..	..	9547 nos.	7581 nos.	703 nos.
					(including spillover)
<u>JEEVAN DHARA</u>					
Target	..	..	..	..	2000 nos.
Achievement	..	..	..	..	1700 nos.
<u>COMMUNITY CENTRES</u>					
Target	..	..	23 nos.	..	..
Achievement	..	..	17 nos.	..	..
<u>SPECIAL CRASH PROGRAMME</u>					
Target	..	..	..	..	2144 nos.
Achievement	..	..	..	..	2144 nos.

APPEN

(Reference : para

VALUE OF UNIFORM CLOTH SUPPLIED BY TAMIL

Year	Quantity supplied by TNC			Kind of cloth	Quantity of cloth	
	Variety of cloth	Rate per metre	Quantity supplied (in metres)		TNC against	Rate of procu
		Rs.P.			Cost	ED
1985-86	White	7.50	2199623.20	Grey	6.05	0.41
		7.25	400000.00	Processed	6.33	..
1986-87	White	7.20	2727401.25	Grey	5.94	0.37
1987-88	Khaki	10.84	400000.00	Processed	9.05	..
1988-89	Khaki	13.50	452799.30	Processed	11.10	..
	Casement Blue	13.00	445651.30	Processed	11.25	..

ED - Excise Duty

TC - Transport Cost

DIX X

graph : 3.24.5.4; page 169)

NADU TEXTILE CORPORATION, COIMBATORE

<u>procured and supplied by</u> <u>the total quantity</u>			<u>Difference between the rate</u> <u>of procurement and supply</u>	
<u>rement by TNTC</u>		Quantity supplied (in metres)	<u>to Government</u>	
TC	Net cost		Per metre	Total extra cost
Rs.P.	Rs.P.		Rs.P.	Rs.P.
0.07	6.53	882899.80	0.97	8,56,412.80
0.10	6.43	53800.00	0.82	44,116.00
0.05	6.36	801510.30	0.84	6,73,268.65
0.11	9.16	145544.00	1.68	2,44,513.92
0.10	11.20	100000.00	2.30	2,30,000.00
0.15	11.40	100000.00	1.60	1,60,000.00
Total				<u>22,08,311.37</u>

APPENDIX XI

(Reference : paragraph 3.27; page 206)

**CASES OF MISAPPROPRIATION PENDING FINALISATION
AS ON 30TH JUNE 1989****(i) Department-wise analysis**

Serial number	Department	Number of cases	Amount (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Agriculture	25	9.65
2.	Animal Husbandry and Fisheries	3	0.40
3.	Backward Classes Welfare, Chief Minister's Nutritious Meal Programme and Social Welfare	7	2.83
4.	Commercial Taxes, Religious Endowments and Registration	12	0.79
5.	Education	26	17.77
6.	Environment and Forests	5	1.41
7.	Finance	4	4.16
8.	Handlooms, Handicrafts, Textiles and Khadi	5	2.31
9.	Health, Indian Medicine and Homoeopathy and Family Welfare	22	7.93
10.	Home	10	6.43
11.	Industries	1	0.18
12.	Information and Tourism	1	..
13.	Labour and Employment	7	0.41

APPENDIX XI - conclud.

(1)	(2)	(3)	(4)
14.	Prohibition and Excise	2	6.64
15.	Public	3	1.45
16.	Public Works	2	0.42
17.	Revenue	349	29.91
18.	Rural Development	8	2.57
19.	Tamil Development and Culture	1	0.01
Total		<u>493</u>	<u>95.27</u>

(ii) Year-wise analysis

Year	Number of cases	Amount (in lakhs of rupees)
1984-85 and earlier years	360	61.65
1985-86	22	8.36
1986-87	31	8.20
1987-88	34	11.39
1988-89	46	5.67
Total	<u>493</u>	<u>95.27</u>

APPENDIX XII

(Reference : paragraph 3.27 ; page 206)

CASES OF SHORTAGES AND THEFT OF STORES,
DAMAGES TO PROPERTIES, ETC., PENDING
FINALISATION AS ON 30TH JUNE 1989

(i) Department-wise analysis

Serial number	Department	Number of cases	Amount (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Adi Dravidar and Tribal Welfare	1	0.12
2.	Agriculture	540	62.72
3.	Animal Husbandry and Fisheries	21	5.99
4.	Backward Classes, Chief Minister's Nutritious Meal Programme and Social Welfare	3	0.06
5.	Commercial Taxes, Religious Endowments and Registration	1	0.05
6.	Education	12	0.85
7.	Environment and Forests	13	3.24
8.	Finance	1	0.03
9.	Handlooms, Handicrafts, Textiles and Khadi	7	1.33
10.	Health, Indian Medicine and Homoeopathy and Family Welfare	30	6.77
11.	Home	6	2.64

APPENDIX XII - conclud.

(1)	(2)	(3)	(4)
12.	Industries	8	4.94
13.	Information and Tourism	1	0.46
14.	Labour and Employment	14	1.08
15.	Prohibition and Excise	1	..
16.	Public	2	9.87
17.	Public Works	106	24.26
18.	Revenue	3	0.11
19.	Rural Development	8	2.87
20.	Transport	1	0.23
Total		<u>779</u>	<u>127.62</u>

(ii) Year-wise analysis

Year	Number of cases	Amount (in lakhs of rupees)
1984-85 and earlier years	350	54.88
1985-86	48	14.62
1986-87	85	18.47
1987-88	126	10.79
1988-89	170	28.86
Total	<u>779</u>	<u>127.62</u>

APPENDIX XIII

(Reference : paragraph 3.28; page 206)

STATEMENT SHOWING LOSSES, WRITES-OFF, ETC.

Serial number	Department	Writes-off of losses, irre- coverable advances, etc.		Waiver of recovery	
		Number of items	Amount Rs.	Number of items	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)
1.	Agriculture	25	2,23,665	..	..
2.	Animal Husbandry and Fisheries	21	1,19,172	..	..
3.	Co-operation, Food and Consumer Protection	26	1,98,207	..	..
4.	Commercial Taxes, Religious Endowments and Registration	5	1,13,888	..	..
5.	Education	10	33,166	1	2,127
6.	Finance	2	1,14,275	..	..
7.	Home	18	2,52,821	2	30,890
8.	Information and Tourism	1	150	..	..
9.	Labour	..	..	1	4,951
10.	Law	2	3,275	..	..
11.	Legislative Assembly	1	9	..	..
12.	Medical	2	2,521	..	..

APPENDIX XIII - concl'd.

(1)	(2)	(3)	(4)	(5)	(6)
13. Prohibition and					
Excise	3	68,968	..	..
14. Public	.	..	11	1,35,713	
15. Revenue	3	19,504	1	1,714	
16. Social Welfare	3	2,591	..	..
17. Transport	4	31,668	..	..
Total		<u>126</u>	<u>11,83,880</u>	<u>16</u>	<u>1,75,395</u>

APPENDIX XIV

(Reference : paragraph 6.3; page 221)

STATEMENT OF UTILISATION CERTIFICATES DUE
IN RESPECT OF GRANTS-IN-AID PAID UPTO
30TH SEPTEMBER 1987 AND OUTSTANDING AS ON
30TH JUNE 1989

Department	Year of grant	Due		Received		Outstanding	
		No.	Amount	No.	Amount	No.	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(amount in lakhs of rupees)							
Agriculture	1980-81 and earlier years	1	0.09	..	..	1	0.09
	1987-88	68	104.43	..	..	68	104.43
Animal Husbandry and Fisheries	1980-81	6	4.61	2	1.28	4	3.33
	1981-82	3	1.30	1	0.46	2	0.84
Co-operation, Food and Consumer Protection	1980-81 and earlier years	203	84.05	..	..	203	84.05
	1981-82	29	60.94	..	..	29	60.94
	1982-83	1	0.25	..	..	1	0.25
	1985-86	23	22.29	..	..	23	22.29
Education	1984-85	1	4.75	1	4.75	..	..
	1986-87	597	505.12	..	..	597	505.12
Finance*	1979-80 and earlier years	2	0.40	2	0.40	..	..
	1983-84	1	0.25	1	0.25	..	..

APPENDIX XIV - contd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Handlooms, Handicrafts, Textiles and Khadi	1980-81 and earlier years 1982-83 1985-86 1986-87	3 2 119 38	1.30 3.82 589.34 681.87	.. .. .. ..	.. .. .. ..	3 2 119 38	1.30 3.82 589.34 681.87
Health, Indian Medicine and Homoeopathy and Family Welfare	1983-84 1984-85 1985-86 1986-87	22 238 26 14	56.91 39.10 4.63 6.12	.. .. .. ..	.. .. .. ..	22 238 26 14	56.91 39.10 4.63 6.12
Law*	1980-81 and earlier years	1	0.04	1	0.04	..	..
Industries*	1980-81 and earlier years	8	0.04	2	0.04	..	..
Municipal Administration and Water Supply*	1980-81 and earlier years 1981-82 1987-88	32 1 621	195.30 0.67 1149.99	11 1 ..	23.75 0.67 ..	21 .. 621	171.55 .. 1149.99
Personnel and Administrative Reforms	1986-87 1987-88	3 [#] 4 [#]	2.82 1.59	.. ..	.. ..	3 4	2.82 [#] 1.59 [#]
Revenue	1980-81 and earlier years 1982-83	1 1	0.25 0.06	1 ..	0.25 ..	.. 1	.. 0.06

APPENDIX XIV - conclud.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rural Development	1981-82	184	596.34	..	..	184	596.34
	1982-83	21	615.31	..	..	21	615.31
	1983-84	15	161.21	..	..	15	161.21
	1985-86	63	122.40	..	..	63	122.40
	1986-87	138	778.94	..	..	138	778.94
	1987-88	345	1042.75	..	..	345	1042.75
Social Welfare and Nutritious Meal Programme*	1980-81 and earlier years	36	10.06	..	..	36	10.06
	1981-82	3	0.45	..	..	3	0.45
Total		<u>2874</u>	<u>6856.43</u>	<u>29</u>	<u>38.53</u>	<u>2845</u>	<u>6817.90</u>

Opening balance corrected after a review of outstandings.

* Information in respect of grants disbursed in treasuries during 1984-85 to 30.9.1986 is not available.

APPENDIX XV

(Reference : paragraph 7; page 253)

**LIST OF DEPARTMENTALLY MANAGED COMMERCIAL
AND QUASI-COMMERCIAL UNDERTAKINGS WHOSE
PROFORMA ACCOUNTS ARE IN ARREARS**

Serial number	Name of the Department/Undertaking	Period for which accounts are in arrears
------------------	---------------------------------------	--

I. AGRICULTURE DEPARTMENT

- | | | |
|----|--|--------------------|
| 1. | Scheme for purchase and distribution of Chemical Fertilisers, Madras | 1981-82 to 1988-89 |
| 2. | Government Agricultural Engineering Workshop, Madras | 1985-86 to 1988-89 |

**II. ANIMAL HUSBANDRY AND
FISHERIES DEPARTMENT**

- | | | |
|----|---------------------------------|--------------------|
| 3. | Chank Fisheries, Tuticorin | 1988-89 |
| 4. | Chank Fisheries, Ramanathapuram | 1987-88 to 1988-89 |

**III. ENVIRONMENT AND FORESTS
DEPARTMENT**

- | | | |
|----|---|--------------------|
| 5. | Government Cinchona Department, Udthagamandalam | 1987-88 to 1988-89 |
|----|---|--------------------|

IV. INDUSTRIES DEPARTMENT

- | | | |
|----|---|---------|
| 6. | Government Carpentry and Blacksmithy Unit, Arakonam | 1988-89 |
|----|---|---------|

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(Reference : para

SUMMARISED FINANCIAL POSITION OF THE GOVERN

Serial number	Name of the Department/Unit	Year of commen- cement	Period of accounts	Capital at close	Net block of Assets	Cumula- tive depre- ciation
------------------	--------------------------------	------------------------------	--------------------------	------------------------	------------------------------	--------------------------------------

(1)	(2)	(3)	(4)	(5)	(6)	(7)
-----	-----	-----	-----	-----	-----	-----

I. AGRICULTURE DEPARTMENT

1. Government Agricultural Engineering Workshop, Madras	1952	1984-85	82.50	2.00	9.73
2. Scheme for the purchase and distribution of Chemical Fertilisers, Madras	1954	1980-81*	445.96	..	..

II. ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

3. Chank Fisheries, Tuticorin	1909	1987-88*	114.64	4.53	9.75
4. Chank Fisheries, Ramanathapuram	1978	1986-87*	17.91	0.47	0.41

* Provisional figures

DIX XVI

graph 7; page 254)

MENT COMMERCIAL/QUASI-COMMERCIAL UNDERTAKINGS

Turnover	<u>Net profit(+)/Net loss(-)</u>		Mean capital	<u>Percentage of return on mean capital</u>	
	Before charging interest on capital	After charging interest on capital		Before charging interest on capital	After charging interest on capital

(in lakhs of rupees)

(8)	(9)	(10)	(11)	(12)	(13)
25.95	(+) 0.79	(-) 7.52	81.48	0.97	..
7.32	(-) 14.26	(-) 47.92	440.96	..	..
34.44	(+) 5.74	(-) 8.08	115.26	4.98	..
Nil	(-) 2.11	(-) 4.87	33.96	..	..

APPEN

(1)	(2)	(3)	(4)	(5)	(6)	(7)
III. ENVIRONMENT AND FORESTS DEPARTMENT						
5.	Government Cinchona Department, Udhagamandalam	1861	1986-87	1795.57	1068.14	78.60
IV. INDUSTRIES DEPARTMENT						
6.	Government Blacksmithy and Carpentry Unit, Arakonam	1967	1987-88*	9.29	0.74	1.34

* Provisional figures

DIX XVI - conclud.

(8)	(9)	(10)	(11)	(12)	(13)
-----	-----	------	------	------	------

125.27	(-)38.14	(-)103.24	1697.82
--------	----------	-----------	---------	----	----

2.76	(-) 1.60	(-) 3.22	10.90
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