

0408

REPORT SECTION

04018



REPORT

0408



GOVERNMENT OF KERALA

REPORT OF THE COMPTROLLER AND  
AUDITOR GENERAL OF INDIA  
FOR THE YEAR 1974-75

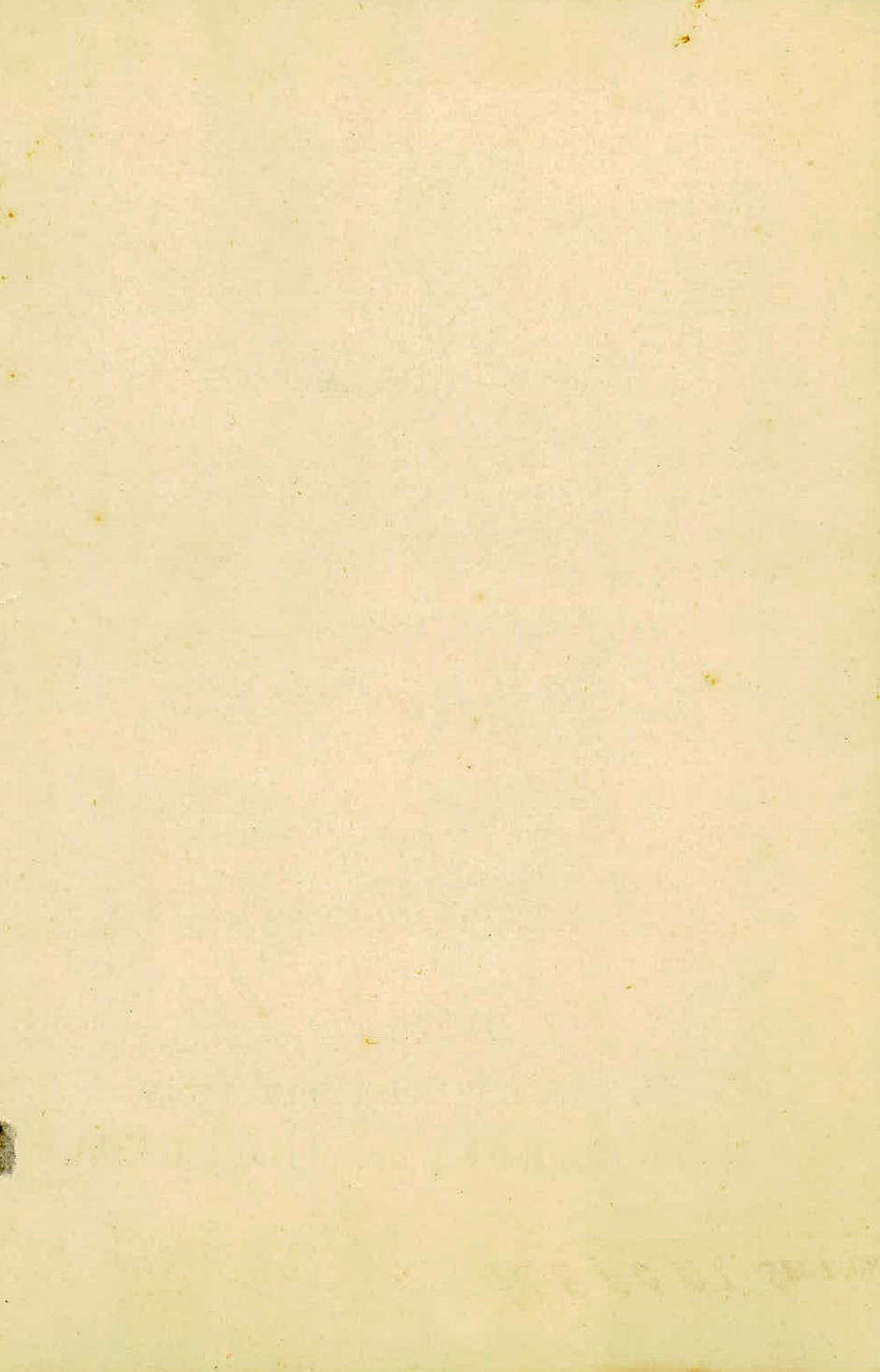
( CIVIL )

REPORT SECTION

REPORT OF THE COMPTROLLER  
AND AUDITOR GENERAL  
OF INDIA

FOR THE YEAR 1974-75

GOVERNMENT OF KERALA  
(CIVIL)



## TABLE OF CONTENTS

		<i>Reference to</i>	
		<i>Paragraph</i>	<i>Page</i>
Prefatory Remarks			iii
Chapter I	General	1—15	1—34
Chapter II	Appropriation Audit and Control over Expenditure	16—22	35—48
Chapter III	Civil Departments—		
	Agriculture Department	23—27	49—78
	Development Department	28—29	78—81
	Education Department	30	81—82
	Health Department	31—32	82—84
	Home Department	33	84
	Industries Department	34—38	85—97
	Local Administration and Social Welfare Department	39	98—99
	Planning and Economic Affairs Department	40	100—119
	Revenue Department	41	119—122
	Misappropriations, losses, etc.	42	123—124
	Writes off, waivers and ex-gratia payments	43	124
Chapter IV	Works Expenditure	44—54	125—161
Chapter V	Stores and Stock	55—58	162—194
Chapter VI	Commercial Activities	59—60	195—204
	Annexure— Summarised financial results of Government commercial undertakings	..	205
Chapter VII	Financial Assistance to Local Bodies and Others	61—62	206—210
Chapter VIII	Outstanding Audit Observations and Inspection Reports	63—64	211—214

		<i>Reference to</i>	
		<i>Paragraph</i>	<i>Page</i>
Appendix I	Major cases of defaults in recovery of loans and advances as on the 31st March 1975	..	217—220
Appendix II	Grants and charged appropriations where the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision	..	221
Appendix III	Major Schemes where provision remained substantially or wholly unutilised	..	222—224
Appendix IV	Writes off, waivers and ex-gratia payments	..	225
Appendix V	Equipment remaining unused in hospitals	..	226—227

## 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 1974-75 together with other points arising from audit of financial transactions of the Government of Kerala. It also includes:—

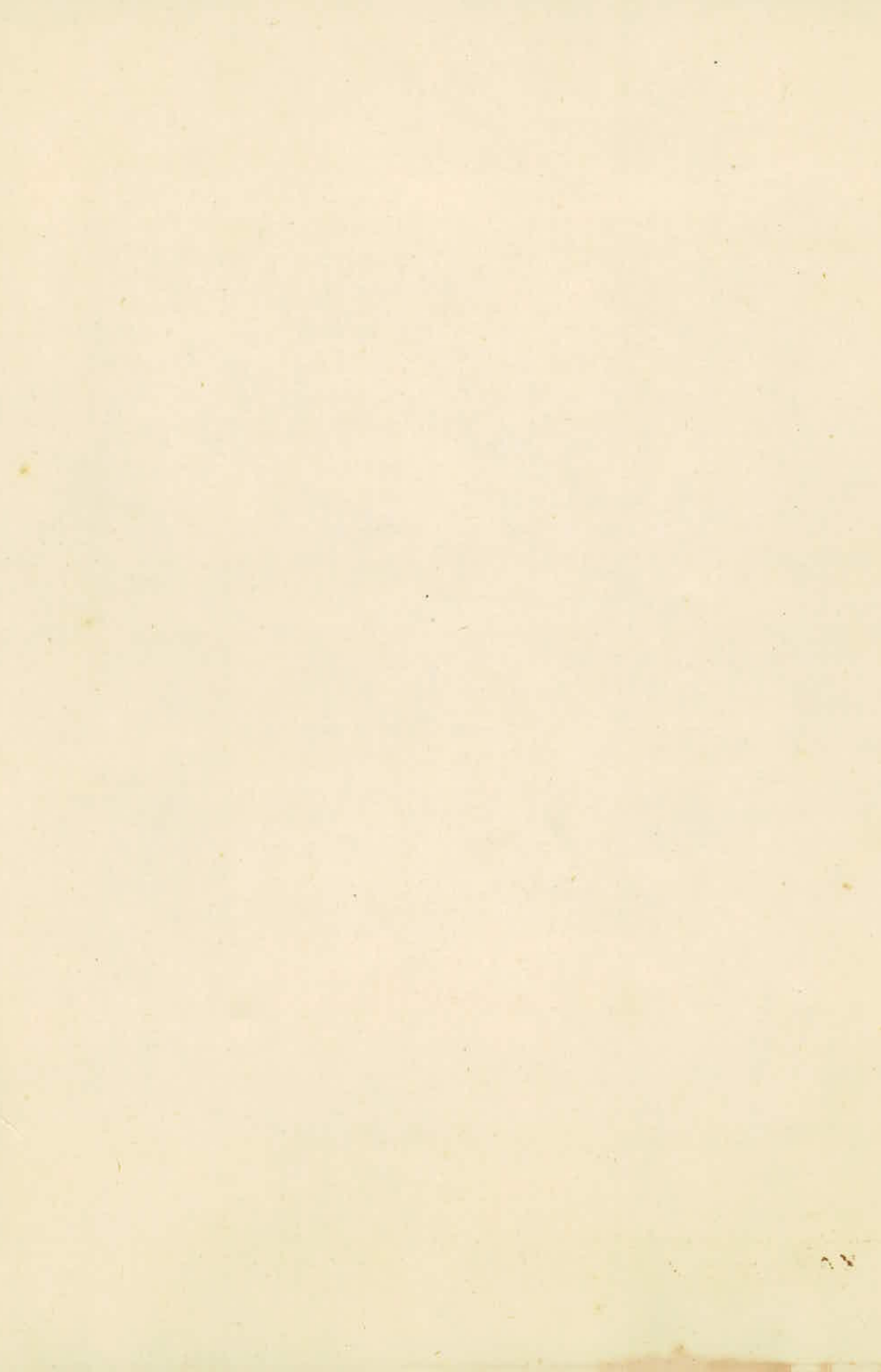
- (i) certain points of interest arising from the Finance Accounts for the year 1974-75;
- (ii) comments on Half a Million Jobs Programme and Flood Control Works.

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

3. The cases mentioned in the present Report are those which came to notice in the course of test audit of accounts during the year 1974-75 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 1974-75 have also been included wherever considered necessary.

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





CHAPTER I

**GENERAL**

**1. Financial Review**

The receipts and expenditure of the Government for 1974-75 and the preceding year as also the surplus/deficit for those years are given below:—

	<i>1973-74*</i>	<i>1974-75</i>
	<i>(In crores of rupees)</i>	
(1) Revenue		
Revenue receipts	2,17.72	2,87.97
Revenue expenditure	2,37.37	2,87.66
<u>Revenue surplus (+)</u>		
	(—) 19.65	(+) 0.31
Revenue deficit (—)		
(2) Public Debt		
Internal Debt of the State Government (net)—		
Increase (+)		
<u>Decrease (—)</u>	(+) 30.18	(—) 11.56
Loans and Advances from the Central Government (net)—		
Increase (+)		
<u>Decrease (—)</u>	(+) 22.36	(+) 28.91
Total Public debt (net)—		
Increase (+)		
<u>Decrease (—)</u>	(+) 52.54	(+) 17.35

\*Figures for 1973-74 revised in the light of revised accounting classification introduced with effect from 1st April 1974.

1973-74      1974-75

(In crores of rupees)

(3) Loans and Advances by the State Government		
(Net)—		
<u>Increase (—)</u>	(—)4.70	(—)18.89
Decrease (+)		
(4) Contingency Fund (net)		
<u>Increase (+)</u>	(—)0.57	(+)0.61
Decrease(—)		
(5) Public Account (net)—		
<u>Increase (+)</u>	(+)13.63	(+)31.23
Decrease (—)		
(6) Capital Account (net)—		
<u>Increase (—)</u>	(—)39.45	(—)32.11
Decrease (+)		
<u>Net surplus (+)</u>	(+)1.80	(—)1.50
Net deficit (—)		
Opening Cash Balance *	(—)4.29	(—)2.49
<u>Net surplus (+)</u>	(+)1.80	(—)1.50
Net deficit (—)		
Closing cash balance *	(—)2.49	(—)3.99

\*There are differences between the figures reflected in the accounts and those intimated by the Reserve Bank regarding 'Deposits with the Reserve Bank' (included in the Cash Balances). The discrepancies are under reconciliation.

## 2. Budget and actuals

### (a) Revenue Receipts:

The actuals of revenue receipts for 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the year along with the corresponding figures for 1972-73 and 1973-74 are shown below:—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1972-73	1,91.38	1,96.88	1,96.49	(—)0.39	0.20
1973-74	2,10.92	2,10.92	2,17.72*	(+)6.80	3.22
1974-75	2,53.40	2,60.15	2,87.97	(+)27.82	10.69

### (b) Expenditure on revenue account:

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

Year	Budget	Budget plus supplementary grants/ appropriation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1972-73	2,09.97	2,20.63	2,03.38	(—)17.25	7.82
1973-74	2,45.42	2,58.85	2,37.37*	(—)21.48	8.29
1974-75	2,58.97	2,92.89	2,87.66	(—)5.23	1.78

\*Based on the revised accounting classification introduced with effect from 1st April 1974.

### 3. Revenue receipts

The revenue receipts during 1974-75 (Rs. 2,87.97 crores) increased by Rs. 70.25 crores over those in 1973-74 (Rs. 2,17.72 crores). The increase of Rs. 43.72 crores was due to increase in revenue raised by the State Government. The balance of Rs. 26.53 crores was due to increase in receipts from the Government of India as shown below:—

*Amount of  
increase(+)/  
decrease(-)*

1973-74 1974-75

*(In crores of rupees)*

#### Receipts from the Government of India —

(a) State's share of proceeds of the divisible Union Taxes			
(i) Taxes on Income other than Corporation Tax	19.99	20.08	(+ )0.09
(ii) Union Excise Duties	26.88	26.59	(- )0.29
(iii) Estate Duty	0.51	0.46	(- )0.05
(b) Grants			
(i) Grants under the Constitution (Distribution of Revenues) Order and proviso to Article 275 (1) of the Constitution	10.06	44.25	(+ )34.19
(ii) Other grants Grants and subventions for different purposes and schemes	25.00	17.59	(- )7.41
(c) Grants in lieu of tax on railway passenger fare	0.29	0.26	(- )0.03
(d) Receipts for the administration of Central Acts and Regulations	0.02	0.05	(+ )0.03
Total	82.75	1,09.28	(+ )26.53

Increase of Rs. 43.72 crores in the revenue raised by the State Government during 1974-75 was mainly under the following heads:—

Major head of account	Actuals		Increase during 1974-75	Reasons for increase
	1973-74*	1974-75		
<i>(In crores of rupees)</i>				
040. Sales Tax	53.80	75.32	21.52	Due to normal growth in trade and commerce, more collection of arrears, enhancement of rates of tax, etc.
049. Interest Receipts	3.90	13.54	9.64	Mainly due to adjustment of the interest payable by the Kerala State Electricity Board partly as loan to the Board (Rs. 5.38 crores) and partly set off against subsidies payable to the Board (Rs. 3.26 crores).
113. Forest	14.57	18.17	3.60	Mainly due to increase in the sale proceeds of timber and other forest produces.
039. State Excise	12.06	15.55	3.49	Mainly due to increase in the rental of arrack shops, change in the excise policy of the neighbouring State of Tamil Nadu and more collection of arrears.
030. Stamps and Registration Fees	10.06	11.93	1.87	Mainly due to increase in the sale of non-judicial stamps and registration fees.
022. Taxes on Agricultural Income	2.87	4.02	1.15	Mainly due to better collection of arrears.

\*Figures for 1973-74 revised in the light of revised accounting classification introduced with effect from 1st April 1974.

#### 4. Taxation measures

Government anticipated at the budget stage additional revenue of Rs. 6.75 crores from the following measures. The approximate yield from each of those measures is also indicated below:-

	<i>Anticipated yield</i>	<i>Actual yield</i>
	<i>(In crores of rupees)</i>	
(i) Increasing the multi-point rate of sales tax from 3.5 per cent to 4 per cent	4.00	} 7.00
(ii) Restructuring the rate of single point sales tax	Not specified.	
(iii) Levy of irrigation cess at Rs. 25 per acre	2.50	0.30
(iv) Tax on buildings	0.25	..

Government stated (March 1976) that the additional revenue from irrigation cess was assumed at Rs. 1 crore in December 1974 as the cess was levied at the rate of Rs. 15 per acre (instead of Rs. 25 per acre envisaged at the budget stage) and the actual levy commenced only from 1st July 1974. Reasons for the shortfall in the actual realisation have not been intimated (March 1976). Assessment and collection of tax on buildings are reported to have been stayed by the High Court of Kerala in several cases.

#### 5. Arrears in collection of revenue

According to information furnished by the departments, the arrears in the collection of revenue as on 31st March 1975 were Rs. 43.46 crores (15.9 per cent of annual revenue). The departments with heavy arrears are indicated below:—

<i>Department</i>	<i>Arrears on the 31st March</i>		
	1973	1974	1975
	<i>(In crores of rupees)</i>		
Taxes			
Sales Tax	10.00	12.71	18.41
Agricultural Income Tax	3.06	3.88	4.65
State Excise	3.47	3.31	2.64
Revenue			
Land Revenue	3.43	3.66	4.13

Department	Arrears on the 31st March		
	1973	1974	1975

(In crores of rupees)

Agriculture			
Forest	2.06	4.00	4.61
Public Works			
Taxes on goods and passengers	..	3.53	2.53

Further details are given in the separate Report of the Comptroller and Auditor General of India for the year 1974-75, Government of Kerala- Revenue Receipts.

## 6. Expenditure on revenue account

In 1974-75 the expenditure on revenue account (Rs. 2,87.66 crores) increased by Rs. 50.29 crores over that in 1973-74 (Rs. 2,37.37 \* crores). The increase was mainly under:-

Major head of account	Actuals		Increase during 1974-75	Reasons for increase
	1973-74*	1974-75		
(In crores of rupees)				
277. Education	82.35	1,03.18	20.83	Mainly due to retrospective revision of pay and allowances of the staff both of the department and private schools and increase in expenditure on paper, etc., purchased for the text books branch of the department.
282. Public Health, Sanitation and Water Supply	3.41	8.24	4.83	Mainly due to increased transactions under "Suspense-Stock" and retrospective revision of pay and allowances of the employees.

\* Figures for 1973-74 revised in the light of revised accounting classification introduced with effect from 1st April 1974.



Major head of account	Actuals		Increase during 1974-75	Reasons for increase
	1973-74*	1974-75		
	(In crores of rupees)			
280. Medical	16.69	21.33	4.64	Mainly due to retrospective revision of pay and allowances of employees, increased expenditure on purchase of medicines and diet for hospitals and expenditure on Thirumala Devaswom Medical College and Collegiate Hospital, Alleppey.
337. Roads and Bridges	7.10	10.84	3.74	Mainly due to increased expenditure on repairs and renewals of communications.
334. Power Projects	..	3.26	3.26	Due to payment of subsidies to Kerala State Electricity Board towards loss on rural electrification (Rs.2.90 crores) and power tariff concessions (Rs.0.36 crore).
255. Police	11.39	13.91	2.52	Mainly due to retrospective revision of pay and allowances of the employees and expansion of the Criminal Investigation and Vigilance branches of the Department.
288. Social Security and Welfare	7.64	9.65	2.01	Mainly due to increase in expenditure on destitute pension (Rs. 0.85 crore) and welfare activities for the Scheduled Castes, Scheduled Tribes and other Backward Classes (Rs. 0.78 crore).
333. Irrigation, Navigation, Drainage and Flood Control Projects	3.03	4.08	1.05	Mainly due to retrospective revision of pay and allowances of the employees.

\*Figures for 1973-74 revised in the light of revised accounting classification introduced with effect from 1st April 1974.

## 7. Capital expenditure

The capital expenditure during the three years ending 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants/appropriation is shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
<i>(In crores of rupees)</i>					
1972-73	30.18	36.70	35.80	(—)0.90	2.45
1973-74	39.90	47.54	39.45 *	(—)8.09	17.02
1974-75	38.47	45.24	32.11	(—)13.13	29.02

The progressive capital expenditure to the end of March 1975 was Rs. 3,51.08 crores. Further details are given in statement nos. 2 and 13 of the Finance Accounts 1974-75.

An analysis of the capital expenditure is given below:—

	During 1974-75	Progressive total to end of 1974-75
<i>(In crores of rupees)</i>		
(i) Capital expenditure on Water and Power development	10.51	1,14.78
(ii) Capital expenditure on Social and Community Services including public health, sanitation and water supply, housing, etc.	10.19	69.06
(iii) Capital expenditure on Transport and Communications including ports, roads and bridges, water transport services, etc.	5.90	58.20

\* Figures for 1973-74 revised in the light of revised accounting classification introduced with effect from 1st April 1974.

	<i>During</i> 1974-75	<i>Progressive</i> <i>total to end of</i> 1974-75
	<i>(In crores of rupees)</i>	
(iv) Capital expenditure on general services including public works	0.63	39.21
(v) Capital expenditure on industry and minerals including investments in industrial financial institutions	2.62	39.14
(vi) Capital expenditure on agriculture and allied services including minor irrigation, soil conservation, animal husbandry, dairy development, fisheries and forests	0.88	16.13
(vii) Capital expenditure on general economic services including co-operation	1.38	14.56
Total	32.11	3,51.08

### 8. Loans and advances by Government

(a) The actuals of disbursement of loans and advances by the Government for 1974-75 as compared with (i) budget estimates and (ii) the budget estimates plus supplementary grants along with the corresponding figures for 1972-73 and 1973-74 are shown below:—

<i>Year</i>	<i>Budget</i>	<i>Budget plus</i> <i>supplementary</i>	<i>Actuals</i>	<i>Variation between columns</i> <i>(4) and (3)</i>	
				<i>Amount</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)	(5)	(6)
	<i>(In crores of rupees)</i>				
1972-73	19.30	23.72	23.13	(—) 0.59	2.49
1973-74	15.60	17.00	12.16	(—) 4.84	28.47
1974-75	15.85	35.75	30.69	(—) 5.06	14.15

(b) The budget and actuals of recoveries of loans and advances for the three years ending 1974-75 are given below:—

Year	Budget	Actuals	Variation		
			Amount	Percentage	
(In crores of rupees)					
1972-73	6.98	6.79	(—) 0.19	3	
1973-74	8.40	7.38	(—) 1.02	12	
1974-75	14.58	11.80	(—) 2.78	19	

(c) The balance of loans and advances by the Government outstanding on the 31st March 1975 was Rs. 2,33.03 crores as shown below:—

Classes of loans and advances	Balance outstanding on the 31st March 1975 (in crores of rupees)
(1) Loans for Social and Community Services including education, housing, urban development, etc.	13.61
(2) Loans for Economic Services—	
(i) Loans for General Economic Services including those to Co-operative societies and general financial and trading institutions	13.35
(ii) Loans for Agricultural and Allied Services	16.06
(iii) Loans for Industry and Minerals	17.74
(iv) Loans for Water and Power Development	1,68.78
(v) Loans for Transport and Communications	0.16
(3) Loans to Government servants	3.12
(4) Miscellaneous Loans	0.21
Total	2,33.03

Further details are given in statement nos. 5 and 18 of the Finance Accounts 1974-75.

(d) The departmental officers who maintain the detailed accounts of loans are required to intimate to Audit by the 15th July each year the arrears (as on the 31st March) in recovery of principal and interest on loans. The information about arrears in recovery of loans and advances on the 31st March 1975 has not been furnished (January 1976) by the following:—

*Main category of loans*

- |  |   |
|--|---|
| 1. Director of Agriculture             | Agricultural loans.   |
| 2. Director of Industries and Commerce | Handloom and Power loom loans under small scale industries schemes and loans under State Aid to Industries Act. |
| 3. Director of Coir Development        | Loans for coir development, Loans to State Coir Corporation and loans to Coir Co-operative Societies.           |

According to the information furnished by the remaining departments, the recovery of Rs. 4,54.41 lakhs (principal: Rs. 3,26.68 lakhs; interest including penal interest: Rs. 1,27.73 lakhs) was overdue on the 31st March 1975, the earliest year from which the recovery is overdue being 1955-56. Major cases of defaults are given in Appendix I.

Rupees 11.98 lakhs were due from the Central Banking Corporation (Travancore) Limited (Rs. 6.94 lakhs), and Kerala Water Transport Corporation Limited (Rs. 5.04 lakhs) which are under liquidation. The amounts are outstanding from 1962-63. Further, out of the loan of Rs. 1.47 lakhs paid to the Travancore Enamel Industries Limited in 1949, Rs. 0.83 lakh are outstanding for recovery. The company went into liquidation in 1964 and after completion of the liquidation proceedings, the order of dissolution of the company was passed by the court. The Government stated in January 1975 that as there was no possibility of realisation, it was proposed to write off the balance dues. Further developments are awaited (January 1976).

In the case of loans given to bodies like municipalities, panchayats, etc., the detailed accounts of which are maintained by Audit, the amount overdue for recovery at the end of March 1975 was Rs. 0.95 lakh (principal: Rs. 0.27 lakh; interest including penal interest: Rs. 0.68 lakh) in 189 cases.

After considering paragraph 7 of the Report for 1970-71, the Public Accounts Committee (1974-75) had observed in paragraph 2.25 of its twenty-first Report (March 1975) that its repeated recommendations for the observance of due dates (for furnishing particulars of loans, arrears in recovery, etc.) by departmental officers had not brought out any perceptible improvement. The Committee, therefore, strongly recommended that the existing instructions for the proper maintenance of the loan records and furnishing loan particulars to Audit on due dates should be strictly enforced, if need be by appropriate administrative action against officers/officials who failed to comply with the instructions.

Government stated (December 1975) that the District Loan Reconciliation Squads and the Finance Inspection (Works) Wing had been instructed to review the loan records maintained in the field offices and bring the reported deficiencies to the notice of the Heads of Departments and Government.

(c) *Interest due from the Kerala State Electricity Board:*

The amount of interest due as on the 31st March 1975 from the Kerala State Electricity Board on loans paid by the Government was Rs. 28.54 crores, after effecting the adjustment, in accounts for 1974-75 for Rs. 5.38 crores treated as fresh loan and Rs. 3.26 crores towards subsidies sanctioned to the Board (Rs. 2.90 crores as advance subsidy towards loss on rural electrification for 1971-72 and 1972-73 and Rs. 0.36 crore as subsidy for power tariff concession given by the Board). Recovery of a sum of Rs. 16.07 crores had earlier been waived in May 1972.

(f) *Loans paid to local bodies, etc., kept unspent:*

According to information received (November 1975) from the Examiner, Local Fund Accounts, one City Corporation, 19 Municipal Councils, 944 Panchayats and 30 other institutions were retaining even after the expiry of the stipulated date of utilisation, unspent balances

amounting to Rs. 53.31 lakhs from out of loans received from Government till the end of 1973-74. The details are as follows:—

<i>Institutions</i>	<i>Balance of loan (in lakhs of rupees)</i>	<i>Loans to which unspent balances pertain</i>
Corporation of Calicut	0.16	Out of loans received upto 1970-71
Municipal Councils	14.67	Out of loans received till 1972-73
Panchayats	15.75	Out of loans received upto 1972-73
Others	22.73	Out of loans received upto 1973-74
<b>Total</b>	<b>53.31</b>	

The periods for which the unspent amounts have been kept by the local bodies and other institutions are shown below\* :—

	<i>Loans kept unspent</i>		
	<i>For 1 to 5 years</i>	<i>For 5 to 10 years</i>	<i>For more than 10 years</i>
	<i>(in lakhs of rupees)</i>		
City Corporations	..	..	0.16
Municipal Councils	11.60	3.04	0.03
Panchayats	15.36	0.06	0.33
Other institutions	22.73	..	..
<b>Total</b>	<b>49.69</b>	<b>3.10</b>	<b>0.52</b>

(g) The rules require that departmental officers who administer loans should furnish to Audit by 15th July every year a certificate that the aggregate balances shown as recoverable at the end of the preceding March in the

\* Details furnished by the Examiner of Local Fund Accounts.

registers maintained by them agree with those communicated to them by the Accountant General. In 322 cases the certificates of acceptance of balances have not been received from the departmental officers (January 1976) as shown below:—

<i>Department</i>	<i>Number</i>	<i>Balance of loans on the 31st March 1975 (in crores of rupees)</i>
Agriculture	112	15.71
Industries	111	22.61
Development	35	5.23
Revenue	36	8.27
Education	8	2.56
Others	20	1.84
Total	322	56.22

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

<i>Year from which certificate is due</i>	<i>Number of cases</i>
Prior to 1958-59	7
1958-59	11
1959-60	1
1960-61	8
1961-62	6
1962-63	13
1963-64	9
1964-65	22
1965-66	10
1966-67	16
1967-68	27
1968-69	18
1969-70	6
1970-71	22
1971-72	23
1972-73	31
1973-74	35
1974-75	57
Total	322



The delay in submission of certificates of balances is mainly due to failure of departments to reconcile the monthly transactions recorded in their books with those appearing in the books of the Accountant General regularly as required under the rules. Special squads appointed in November 1967 in each district to clear the arrears in reconciliation work have achieved little progress. As against 284 certificates for a total of Rs. 50.05 crores which were due in January 1975 (*vide* paragraph 7 (f) of 1973-74 Report) the outstanding certificates due (January 1976) were 322 involving Rs. 56.22 crores. The Public Accounts Committee (1974-75) in paragraph 2.79 of its twenty-first Report (March 1975) had stressed the importance of reconciliation of loan balances and recommended that a target date should be fixed by Government to overtake the arrears in this respect. The Finance (Inspection Works Wing) Department requested (October 1975) the departmental heads to forward all the closing balance certificates, relating to the period ended 31st March 1967, within a month to the Accountant General. Till the end of January 1976 no certificate relating to this period was received in Audit. No target date has been fixed by Government for furnishing the closing balance certificates for the period from April 1967.

One of the reasons for the failure/delay on the part of the departments to furnish to Audit the closing balance certificates and the figures of arrears is the non-maintenance/defective maintenance of loan accounts. An instance in point is given below:—

A scheme of short-term loan assistance to agriculturists was implemented in the State during 1974-75. Rupees 4.62 crores were disbursed under the scheme to end of March 1975. According to the rules, loan registers showing monthwise figures of loans disbursed by each officer in the district and figures of repayments made were to be maintained by the District Officers. During a review of the scheme in four selected districts (Trivandrum, Alleppey, Trichur and Palghat) and the Directorate of Agriculture, it was, however, seen that (i) no accounts/registers were maintained at the District Offices or the Directorate and (ii) the District Officers were not reconciling the monthly district totals of payments and receipts as intimated by the various loan disbursing officers of the districts with those booked in the District Treasuries.

The Director of Agriculture stated (October 1975) that detailed accounts of the loans issued were not maintained at the State level by the Directorate for want of necessary staff.

(h) In respect of loans the detailed accounts of which are maintained by the Accountant General, the arrears in respect of certificates of balances at the end of January 1976 were as follows:—

	Number of certificates	Balance of loans on the 31st March 1975	The earliest year to which the outstanding certificates pertain
		Amount (in lakhs of rupees)	
Municipalities	9	8.58	1973-74
Corporations and Boards	9	18.95	1973-74
Panchayats	253	22.94	1973-74
Kerala State Electricity Board	6	1,68,74.16	1974-75
Total	277	1,69,24.63	

### 9. Sources of funds for capital expenditure and for net outgo under Loans and Advances

The sources from which capital expenditure (Rs. 32.11 crores) and the net expenditure under 'Loans and Advances' by the State Government (Rs. 18.89 crores) during 1974-75 were met are shown below:—

	(in crores of rupees)
I. Net additions to—	
(i) Internal Debt of the State Government	(—) 11.55
(ii) Loans from the Central Government	28.91
(iii) Small Savings, Provident Funds, etc.	21.25
II. Miscellaneous (mainly deposits, etc., received by Government less the amounts refunded)	10.60
III. Investments and drawing down of cash balances	1.48
IV. Revenue surplus	0.31
Net amount available for expenditure	51.00

## 10. Debt position of Government

At the end of 1974-75, the outstanding public debt and other obligations of the Government were Rs. 6,24.42 crores. An analysis of the same compared with the corresponding figures at the end of each of the three preceding years is given below:—

	1971-72	1972-73	1973-74	1974-75
	<i>(in crores of rupees)</i>			
Public Debt.	3,80.07	4,17.79	4,70.33	4,87.69
Small Savings, Provident Funds, etc.	31.88	41.90	55.28	76.53
Other obligations	35.80	47.63	57.21	60.20
Total	4,47.75	5,07.32	5,82.82	6,24.42

The increase in the last three years was Rs. 1,76.67 crores; Rs. 1,07.62 crores under debt, Rs. 44.65 crores under Small Savings, Provident Funds, etc., and Rs. 24.40 crores under other obligations.

### A. Public Debt:

The public debt comprises loans from the Government of India, market loans and other loans from the Life Insurance Corporation of India, Reserve Bank of India, State Bank of India and other institutions. The Public debt increased during 1974-75 by Rs. 17.36 crores; the details are given below:—

	<i>Raised during 1974-75</i>	<i>Discharged during 1974-75</i>	<i>Increase+ / decrease— during 1974-75</i>	<i>Balance on the 31st March 1975</i>
	<i>(in crores of rupees)</i>			
Internal debt of the State Government	1,29.68	1,41.23	(—) 11.55	92.00
Loans and Advances from the Central Government	48.82	19.91	(+) 28.91	3,95.69
Total	1,78.50	1,61.14	(+) 17.36	4,87.69

(i) *Internal debt of the State Government:*

The transactions relating to loans raised from the open market to finance certain projects, schemes, etc., and the loans received from the Reserve Bank of India, the Life Insurance Corporation of India, the National Agricultural Credit Fund of the Reserve Bank of India, the National Co-operative Development Corporation, etc., are recorded under this head.

(a) *Market loans:* A sum of Rs. 9.79 crores carrying 6 per cent interest was raised during 1974-75 at 1 per cent discount. It is repayable in 1984.

Further, transactions relating to 4 per cent Jenmikaram Payment (Abolition) Bonds and 4.25 per cent and 4.50 per cent Kerala House Sites and Houses for families of landless workers (compensation for the value of lands) Bonds are also included under this head. The Government has constituted a depreciation fund for purchasing securities of the loans for cancellation and a general sinking fund for amortisation of loans. Upto 1966-67, only nominal amounts (2 per cent of the loans) were being contributed to these funds. During 1967-68, the rate of contribution was increased to 8 per cent of the outstanding balance of the loans. On a suggestion from the Government of India, the rate of contribution to these funds was changed in 1968-69 to range between 6.2 per cent and 9.2 per cent (depending upon the number of years in which the loans are to be repaid). In 1974-75, Rs. 92.73 lakhs were contributed to the Loan Depreciation Fund and Rs. 2,97.01 lakhs to the General Sinking Fund. The balance in these two funds at the end of 1974-75 was Rs. 4,39.36 lakhs and Rs. 13,63.77 lakhs respectively. Out of the total balance of Rs. 18,03.13 lakhs in these funds, Rs. 87.34 lakhs were invested in the securities of the Government of India and Rs. 13 lakhs in the Industrial Finance Corporation Bonds. The balance of Rs. 17,02.79 lakhs was not invested and was utilised to augment the general cash balance of the State. Rupees 5.19 lakhs were received during the year as interest on the investments.

(b) *Ways and Means advances and overdraft accommodation from the Reserve Bank of India:*

Under an agreement with the Reserve Bank of India, the Government has to maintain a minimum cash balance of Rs. 30 lakhs on all days. If the balance falls below the agreed minimum, the deficiency is made good either by taking a ways and means advance from the Reserve Bank, limited to a maximum of Rs. 3.60 crores or by rediscounting of the treasury bills.

Besides this, special accommodation not exceeding Rs. 3.75 crores is also made available against the securities held by the State Government. On days when the cash balance falls short of the stipulated minimum balance even after availing these facilities upto the maximum limit, the Government takes overdrafts from the Bank. Whenever the Government is running a debit balance with the Bank continuously for a period of more than seven days, the Bank is at liberty to suspend, without any prior notice, payments pertaining to the Government at its offices and agencies and stop withdrawals from the currency chests at the non-banking treasuries for purposes of meeting payments on behalf of Government (except payments to be made outside India).

Details of extent to which the Government was able to maintain the minimum balance with the Bank in 1974-75 as compared to the position in 1973-74 are given below:—

	1973-74	1974-75
Number of days on which the minimum balance was maintained without obtaining any advance	7	59
Number of days on which the minimum balance was maintained by taking ordinary ways and means advance	74	115
Number of days on which the minimum balance was maintained by taking also special ways and means advance	82	102
Number of days on which there was shortfall from the agreed minimum balance, even after availing the ordinary and special ways and means advances to the full extent but no overdraft was taken	21	nil
Number of days on which overdrafts were taken	181	89

No treasury bills were purchased or sold during the year. There were overdrafts continuously for more than seven days in March 1975 (from the 21st to 31st). The maximum amount of overdraft during 1974-75 was on the 24th April 1974 (Rs. 18.88 crores).

The balance of overdraft outstanding on 1st April 1974 was Rs. 18.98 crores. The Government took a total overdraft of Rs. 40.01 crores from the

Bank during 1974-75. Rupees 58.34 crores were repaid during the year, leaving a balance of Rs. 0.65 crore on the 31st March 1975. Further details are given in statement No. 7 of the Finance Accounts 1974-75.

(c) *Other loans:*

The balance of loans taken from other sources outstanding at the end of March 1975 was Rs. 15.15 crores. Its break-up is given below:—

<i>Source of loan</i>	<i>Balance outstanding on 31st March 1975</i> (in lakhs of rupees)	<i>Details of loans obtained during 1974-75</i>
The National Agricultural Credit Fund of the Reserve Bank of India	4,46.67	Rupees 25.69 lakhs mainly for subscribing to the share capital of 3 Central Co-operative Banks, 95 Primary Agricultural Credit Societies and Primary Urban Co-operative Banks.
The Life Insurance Corporation of India	8,88.81	Rupees 2,20.00 lakhs for financing One Lakh Houses Scheme (Rs. 1,50.00 lakhs) and various other social housing schemes (Rs. 70.00 lakhs)
The National Co-operative Development Corporation	1,77.60	Rupees 43.24 lakhs mainly for various co-operative ventures sponsored by the Corporation.
The Central Warehousing Corporation	1.23	
The Khadi and Village Industries Commission	0.26	
<b>Total</b>	<b>15,14.57</b>	

(ii) *Loans and Advances from the Central Government:*

The loans and advances received from the Government of India and outstanding at the end of 1974-75 (Rs. 3,95.69 crores) formed 81 per cent of the total public debt.

No amortisation arrangement has been made by the State Government for the repayment of these loans.

Out of Rs. 4.24 crores received from the Government of India as ways and means advances during 1974-75 for 'Plan' schemes, Rs. 1.79 crores were adjusted as loans and Rs. 2.45 crores as grants.

*B. Balances under Small Savings, Provident Funds, etc., and Other Obligations:*

In addition to public debt, the balances under small savings, provident funds, deposits, etc., to the extent they have not been separately invested but are merged with the general cash balance of the State Government also constitute the liability of State Government. Such liability on 31st March 1975 was Rs. 1,36.73 crores comprising un-invested balances of (i) interest-bearing obligations such as depreciation reserve funds of commercial undertakings, etc., (Rs. 0.90 crore), (ii) non-interest bearing obligations such as deposits of local funds, civil deposits, other earmarked funds, etc., (Rs. 59.30 crores) and (iii) provident fund balances and deposits under Small Savings, etc., (Rs. 76.53 crores).

*Interest on debt and other obligations:*

The gross interest paid by the Government during the year was Rs. 24.63 crores on public debt (including expenditure on management), small savings, provident funds, etc., and Rs. 0.05 crore on other obligations. Against this, the Government received Rs. 11.49 crores towards interest on loans and advances and capital contribution given by it and Rs. 0.38 crore on investment of cash balances. The net burden of interest charges on debt and other obligations during the year was Rs. 12.81 crores (4.45 per cent of the total revenue receipts) as compared to Rs. 22.58 crores (10.46 per cent of the total revenue receipts) in 1973-74 and Rs. 13.12 crores (6.68 per cent of the total revenue receipts) in 1972-73.

The increase in interest receipts and consequent decrease in the net amount of interest charges during 1974-75, as compared to 1973-74 was mainly due to (i) adjustment of Rs. 8.64 crores in the accounts as interest received from the Kerala State Electricity Board and (ii) adjustment of Rs. 0.61 crore as interest received from the Kerala State Road Transport Corporation by treating the amount as share capital investment in the Corporation.

There were, in addition, certain other receipts and adjustments (Rs. 1.67 crores) such as interest received from Departmental Commercial Undertakings, etc. If these are also taken into account, the net burden of interest during 1974-75 would be Rs. 11.14 crores (3.87 per cent of the revenue).

The Government also received during the year Rs. 30.95 lakhs as dividend on investments in commercial undertakings.

## 11. Guarantees

(a) Under section 6 of the State Financial Corporations Act 1951, the shares of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend. Again, under section 7 of the above Act, the bonds and debentures of the State Financial Corporations are to be guaranteed as to the repayment of principal and payment of interest. Further, under section 8 of the Act *ibid*, fixed deposits accepted by the State Financial Corporation are also to be guaranteed by the State Government as to the repayment of principal and payment of interest. The actual amounts guaranteed on behalf of the Kerala Financial Corporation by the State Government as on 31st March 1975 under sections 6, 7 and 8 *ibid* were Rs. 1,00 lakhs, Rs. 10,04.50 lakhs and Rs. 34.47 lakhs respectively. Upto end of 1974-75, the Government paid Rs. 17.45 lakhs towards the guaranteed minimum dividend on the share capital of the Corporation. Of this, Rs. 0.20 lakh only have so far been recovered (January 1976). The Government stated (January 1976) that steps to be taken for the recovery of the balance amount were being finalised in consultation with the Law Department.

(b) Under section 66 of the Electricity (Supply) Act 1948, the State Government may guarantee in such manner as it thinks fit the payment of the principal and interest of any loans proposed to be raised by the State Electricity Board or of either the principal or the interest. The actual amount covered on 31st March 1975 by the guarantee given on behalf of the Kerala State Electricity Board by the State Government under this section was Rs. 54,58.37 lakhs.

(c) Under section 26 of the Road Transport Corporations Act 1950, a State Road Transport Corporation may with the previous approval of the Central/State Governments borrow money in the open market or otherwise for the purpose of raising its working capital or for meeting expenditure of a capital nature. The State Government has guaranteed on behalf of the Kerala State Road Transport Corporation the repayment of principal and payment of interest in respect of debentures/bonds issued and overdraft from the Syndicate Bank availed by it. As on 31st March 1975 the actual amount covered by the guarantee was Rs. 3,18.24 lakhs (debentures/bonds: Rs. 2,47.50 lakhs; overdraft: Rs. 70.74 lakhs) under principal and Rs. 4.15 lakhs under interest.



(d) Under section 93 of the Kerala State Housing Board Act 1971, the State Government may guarantee, in such manner as it thinks fit, the payment of the principal and interest of any loan proposed to be raised by the Kerala State Housing Board on debentures or of either the principal or the interest. The amount guaranteed by State Government in regard to the loans raised by the Board and outstanding on 31st March 1975 was Rs. 5,52.50 lakhs.

(e) Under section 11 of the Kerala State Rural Development Board Act 1971, the State Government may guarantee the repayment of principal and payment of interest of any loan proposed to be raised by the Kerala State Rural Development Board. As on 31st March 1975, the amount thus guaranteed and outstanding was Rs. 3,07.50 lakhs.

(f) Apart from the above, the State Government had guaranteed (to third parties) to the end of 1974-75, the repayment of loans/bonds/debentures/overdrafts/cash credit etc., on behalf of 17 Government Companies, 16 Co-operative banks and societies, 30 local bodies (26 municipalities, 3 corporations and Guruvayoor township) and 5 private firms. The maximum amount guaranteed on their behalf to the end of 1974-75 was Rs. 1,01,65.63 lakhs against which the loans, etc., actually outstanding were Rs. 71,68.30 lakhs (principal Rs. 70,45.61 lakhs; interest: Rs. 1,22.69 lakhs).

Further details of the guarantees are given in statement No. 6 of Finance Accounts 1974-75.

(g) No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State.

(h) According to guidelines issued by the Government in July 1971 the departments of Government have to review each case of guarantee periodically by scrutinising published accounts, periodical reports, etc., and take action to withdraw the guarantee wherever necessary. At the instance of Audit, the Government ordered (July 1975) that the administrative departments should complete the annual review of the operation of the guarantees before the end of September of the succeeding year and communicate the results to the Finance Department and to the Accountant General. The results of the review due to be received before the end of September 1975 have been received only in respect of guarantees aggregating Rs. 6.11 crores; the results of the review in the remaining cases (amount guaranteed: Rs. 1,42.10 crores) are awaited from the departments (February 1976).

(i) In paragraph 9 of the Report for 1973-74 mention was made of action taken by Government under Revenue Recovery Act against a private firm (Messrs. V. O. Vakkan and Sons, Alleppey) which had failed to repay a Government-guaranteed loan of Rs. 20 lakhs drawn from the Syndicate Bank in October 1968. The entire properties of the firm were attached by Government between April 1973 and January 1975. Efforts made by Government to dispose of the properties of the firm in Ernakulam District (estimated value : Rs. 7 lakhs) and Alleppey District (estimated value: Rs. 13.59 lakhs) through public auction between January 1974 and August 1975 did not succeed for want of response from bidders. The properties of the firm in Ernakulam and Alleppey Districts were finally bid by Government in January 1974 and August 1975 respectively for a total amount of 20 paise. In September 1975, the Government stated that necessary steps for disposing of the properties were in progress. The total amount due to the Bank, including interest, as on the 31st March 1976 was Rs. 53.09 lakhs. After negotiations with the Bank the dues on this account were fully and finally settled by the Government by payment of Rs. 42 lakhs on 31st March 1976.

(j) Rupees 2.69 lakhs were outstanding for recovery at the end of March 1975 as commission on guarantees given by Government to seven Government and private Companies.

## 12. Investments

During 1974-75, the Government invested Rs. 1,18.50 lakhs in statutory corporations, Rs. 4,01.13 lakhs in Government Companies, Rs. 7.45 lakhs in other joint-stock companies and Rs. 1,37.48 lakhs in co-operative banks and societies. In addition, loans paid (Rs. 24.27 lakhs) in earlier years in the case of three bodies (Kerala Financial Corporation: Rs. 10 lakhs; the Traco Cable Company Limited: Rs. 10 lakhs; the Cannanore Co-operative Spinning Mills Limited: Rs. 4.27 lakhs) were converted as share capital. One company (the Travancore Sugars and Chemicals Limited) hitherto included under other joint-stock companies became a Government Company during 1974-75.

The following table shows the extent of Government's investments at the end of 1974-75 in the shares of Statutory Corporations, Government Companies, other joint-stock companies and co-operative societies and debentures and bonds of banks and other concerns and the returns therefrom, with the corresponding figures for 1973-74:

Year	Number of concerns at the end of the year	Investments to end of the year  (in lakhs of rupees)	Dividend/interest received		
			Amount	Percentage	
<b>A. Shares of:—</b>					
Statutory Corporations	1973-74	3	11,89.86	2.11	0.18
	1974-75	3	13,18.36†	63.11‡	4.79
Government Companies	1973-74	41	33,35.62§	13.38	0.40
	1974-75	48	37,67.01§	1.59	0.04
Other Joint-Stock Companies	1973-74	42	2,78.07	15.06	5.42
	1974-75	41	2,72.78	13.47	4.94
Co-operative Societies and Banks	1973-74	*	12,83.31	16.01	1.25
	1974-75	*	14,17.05	11.07	0.78
<b>B. Debentures and bonds</b>					
	1973-74	3	33.91	1.58	4.66
	1974-75	3	35.71	1.59	4.45
Total	1973-74		61,20.77	48.14	0.78
	1974-75		68,10.91	90.83	1.33

Further details of investments of Government are given in statement no. 14 of the Finance Accounts 1974-75 and in the Report of the Comptroller and Auditor General of India for the year 1974-75 (Commercial) brought out separately.

†Includes Rs. 22.50 lakhs invested in Kerala Financial Corporation for which shares have not been issued (April 1975).

‡Includes Rs. 61 lakhs adjusted as interest on capital contribution to the Kerala State Road Transport Corporation.

§This includes (i) investment of Rs. 2,73.79 lakhs in five Central Government Companies and (ii) expenditure of Rs. 4.25 lakhs incurred during 1972-73 in respect of the auction sale of Sitaram Spinning and Weaving Mills (in liquidation).

\*Details not available.

Seven institutions in which Government had invested Rs. 35.19 lakhs are under liquidation.

During 1974-75 there was a sharp decline in the dividends received from Government Companies which amounted to only Rs. 1.59 lakhs as compared to Rs. 13.38 lakhs in 1973-74 while investments rose to Rs. 37,67.01 lakhs from Rs. 33,35.62 lakhs in 1973-74. The Public Accounts Committee (1974-75) in paragraph 2.15 of its twenty-first Report had expressed concern at the continued uneconomic working of almost all the Government Companies despite the heavy investments made. The Committee urged the Government to ensure that the public undertakings were run efficiently and without losses.

The Committee also found the position of Government investments in co-operative sector not encouraging and urged the Government to review the working of those sick units which had not gone into liquidation so far and take appropriate remedial steps to improve their performance. The action taken by Government in the matter has not been intimated (February 1976).

Of the three State Trading Schemes (Scheme for processing of paddy seeds, Manure Supply Scheme and Grain Supply Scheme), the *pro forma* accounts for 1974-75 have been received only in the case of the last scheme. The *pro forma* accounts for 1974-75 of the other two schemes have not been received from the Director of Agriculture (January 1976) although Government stated (August 1975) that strict instructions had been issued to the concerned authorities to furnish the accounts immediately.

The Public Accounts Committee (1974-75) in paragraph 2.18 of its twenty-first Report had desired to be informed of the action taken against the departmental officers for their failure to prepare *pro forma* accounts. Particulars of action taken by Government in this regard are awaited (February 1976).

*Pro forma* accounts for 1974-75 of only one (State Water Transport Department) out of the five departmental undertakings were received in Audit till January 1976. The loss suffered by the State Water Transport Department during 1974-75 was Rs. 0.71 lakh. Further details are given in paragraph 60 of this Report.

### 13. Financial results of irrigation works

The irrigation works are broadly classified into two categories, viz., 'Commercial' and 'Non-Commercial'. The *pro forma* accounts are

at present prepared only in respect of 'Commercial' irrigation works. The Government has not so far laid down any norms for classifying irrigation works as 'Commercial' or 'Non-Commercial' (February 1976).

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

The revenue assessed from these works during 1974-75 was Rs. 38.55 lakhs, while the working expenses were Rs. 48.02 lakhs. Taking into account the interest (Rs. 1,55.14 lakhs) on capital, the loss during the year was Rs. 1,64.61 lakhs which was 7 per cent of the capital outlay.

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

	1972-73	1973-74	1974-75
	<i>(amount in lakhs of rupees)</i>		
Capital outlay to end of the year	23,68.31	24,11.86	24,75.63
Total revenue assessed during the year	16.14	15.35	38.55
Working expenses	46.07	47.94	48.02
Net loss excluding interest	29.93	32.59	9.47
Interest on capital	1,43.23	1,45.84	1,55.14
Loss after meeting interest	1,73.16	1,78.43	1,64.61
Percentage of loss	7.31	7.40	6.65

Some particulars about two of the projects are given below:—

(i) *Chalakydy River Diversion Scheme:*

This scheme was designed to exploit the tailrace and surplus waters of the Sholayar and Peringalkuthu Hydro-Electric Projects and the drainage from the catchment area, between the Peringalkuthu scheme and the Chalakydy weir of Chalakydy river. It has no independent storage system.

The scheme was taken up in two stages. The first stage, completed in 1957, included a masonry weir (185 metres long and 3.66 metres high) across Chalakydy river at Thumburmuzhi 16 kilometres east of Chalakydy town.

two main canals on the two banks (total length: 56 kilometres), a network of distributaries (total length: 161.6 kilometres) and field bothies. The second stage, completed in 1966 comprised extension of the main canals by 27.2 kilometres and the distributaries by 96.6 kilometres. The total length of main canals, branches and distributaries constructed under both stages is 341.4 kilometres. The main crop raised in the ayacut, lying mostly in the Mukundapuram taluk of Trichur District, is paddy. Further particulars regarding the scheme are given in the table below:—

	<i>Estimated</i> (in the project report)	<i>Actuals</i>
Total cost (in lakhs of rupees)	1,99.35	2,06.83 (till 31st March 1975)
Ayacut (in hectares)	19,690	14,353
Discharge of water per annum (in millions of cubic metres)	4,91.76	4,32.37 (1974-75)
Increase in production of paddy per annum (in tons)	41,000	Not assessed by department
Annual revenue (in lakhs of rupees)	3.24	4.50 (1974-75)
Working expenses per annum (in lakhs of rupees)	1.24	11.56 (1974-75)
Surplus of revenue per annum (in lakhs of rupees)	2.00	(—) 7.06 (1974-75)
Betterment levy (in lakhs of rupees)	1,33.69	Nil

Thus, the loss sustained during the year, excluding interest on capital outlay, was Rs. 7.06 lakhs. If interest of Rs. 13.05 lakhs on direct capital outlay is also taken into account, the loss during 1974-75 works out to Rs. 20.11 lakhs.

(ii) *Walayar Project:*

This Project was taken up for execution by the pre-reorganised Madras State in 1953 to irrigate 3,238 hectares of double-crop paddy lands and to

raise a third crop in 403 hectares, in Palghat District. It consists of an earthen dam, with masonry spillway section, across Walayar river (a tributary of Bharathapuzha river) and is located 24 kilometres away from Palghat town. The distributary net work includes a canal on the left bank with two minor branches, a major canal at the tail end (in all, totalling 77.84 kilometres in length) and field bothies numbering 73. The Project was commissioned in September 1956 and was completed in all respects in 1964.

Further particulars regarding the Project are given below:

	<i>Project estimates</i>	<i>Actuals</i>	
1. Total cost as per revised estimate sanctioned in June 1962 (in lakhs of rupees)	1,31.66	1,33.62	(including indirect capital outlay)
2. Storage capacity of reservoir (in millions of cubic metres)	18.40	9.148	(average for 6 years ending 1974-75).
		10.674	in 1974-75
3. Water yield in catchment area (in millions of cubic metres)	22.64	11.32	
4. Double crop lands irrigated (in hectares)	3,238	3,238	
5. Third crop lands irrigable (in hectares)	405	Nil.	
6. Quantum of water released to ayacut (in millions of cubic metres)	19.70	9.707	} For 1974-75
7. Annual revenue (rupees in lakhs)	0.59	1.67	

	<i>Project estimates</i>	<i>Actuals</i>	
8. Working expenses (rupees in lakhs)	0.09	2.35	} For 1974-75 e (approximately)
9. Additional production of paddy (in tonnes)	2,439	600	

Till July 1975 the reservoir had achieved full storage only in three years, the last occasion being in 1964-65. Against the estimated requirement of 50.8 centimetres of wetting of crop in the ayacut, water released from the reservoir between 1967-68 and 1974-75 could provide, on the average, 24.1 centimetres of wetting only.

Four diversion works, reported to have been undertaken in the upper reaches of Walayar river and upstream of the reservoir by the Government of Tamil Nadu (nearly half of the catchment area lies in Coimbatore District of Tamil Nadu), came to the notice of the Government in January 1968 and March 1973. These works would further reduce the average inflow into the reservoir by 2.3 per cent. The matter was taken up by the Government of Kerala with the Government of Tamil Nadu in May 1969 and April 1973 and the results are awaited (March 1976).

Although the Project was completed in all respects in 1964 the rules regulating distribution of water were approved by the Government only in April 1974. No betterment levy is being collected from the ryots in the ayacut as it was not contemplated in the project estimate.

For augmenting the irrigation potential of the Project a link canal connecting the Kunnamkattupathy canal under the Chitturpuzha Project and the Walayar Canal (length: 27.395 kilometres; cost: Rs. 15 lakhs) has been proposed and work on this is in progress (January 1976).

The Project sustained a loss of Rs. 0.68 lakh during 1974-75 excluding interest of Rs. 8.57 lakhs, on the capital outlay. If interest is also taken into account, the loss would be Rs. 9.25 lakhs.

#### 14. Plan Outlay

The following table compares the proposed outlay and actual expenditure under the various sectors of development during the first three Five Year



Plans, the Annual Plans 1966-69, the Fourth Plan and the first year of the Fifth Plan.

<i>Sector of Development</i>	<i>First Plan</i>	<i>Second Plan</i>	<i>Third Plan</i>	<i>Annual Plans</i>	<i>Fourth Plan</i>	<i>First year of Fifth Plan</i>
	(1951-52 to 1955-56)	(1956-57 to 1960-61)	(1961-62 to 1965-66)	(1966-67, 1967-68 and 1968-69)	(1969-70 to 1973-74)	(1974-75)
	<i>Proposed Outlay</i>					
	<i>Actual expenditure</i>					
	<i>(in crores of rupees)</i>					
Agriculture Programme	5.62 2.45	9.10 7.95	31.72 25.86	31.90 32.90	48.89 44.20	15.31 *
Co-operation and Community Development	0.08 0.04	6.69 5.41	11.23 10.98	5.81 6.00	7.24 11.99	Included under agricultural programme
Irrigation and Power	17.63 15.70	33.94 32.74	59.19 76.35	59.54 54.42	109.53 154.69	29.95 *
Industry and Mining	1.12 0.50	6.84 6.04	17.20 14.37	10.14 13.35	22.08 26.02	7.59 *
Transport and Communications	2.58 3.36	5.57 7.18	10.88 11.96	9.15 10.67	19.65 30.75	5.88 *
Social Services	3.00 3.84	23.81 20.19	38.26 41.70	25.43 26.61	50.45 77.66	20.70 *
Miscellaneous	.. ..	1.05 0.71	1.52 1.10	5.50 4.30	0.56 0.44	1.64 *
Total	30.03 25.89	87.00 80.22	170.00 182.32	147.47 148.25	258.40 345.75	81.07 *

\* Information awaited.

### 15. Utilisation certificates

During the year 1974-75 the Government paid Rs. 69.42 crores (approximately) as grants and contributions. The beneficiaries were local bodies, educational and co-operative institutions, other bodies and individuals. The table below shows the broad purposes for which the grants were given.

<i>Purpose</i>	<i>Amount</i> (in crores of rupees)
Education	
Universities	1.53
Non-Government colleges	7.24
Non-Government secondary schools	13.82
Non-Government primary schools	35.24
Non-Government technical colleges and institutes	0.72
Non-Government special schools	0.24
Other bodies, institutions and individuals	1.42
Agriculture including grants to Kerala Agricultural University	1.34
Urban Development	0.61
Medical and Public Health	0.39
Urban Water Supply Scheme	0.82
Co-operation	0.35
Assistance to Panchayats	1.45
Subsidy to Kerala State Electricity Board	3.26
Other purposes	0.99
Total	69.42

The financial rules of the Government require that where grants are given for specific purposes, certificates of proper utilisation of grants should be forwarded to Audit, after verification, by the departmental officers within twelve months from the date of sanction or such time as may be specified in each case. On 1st October 1975, 6,741 certificates (Rs. 3,78.69 lakhs) relating to

grants paid upto March 1974 were awaited. The department-wise details of the certificates due are given below:—

<i>Department</i>	<i>Number of utilisation certificates due</i>	<i>Amount involved (in lakhs of rupees)</i>	<i>Oldest period to which the due certificate relates</i>
<b>Agriculture Department</b>			
Animal Husbandry	51	0.67	1962-63
Co-operation	271	45.68	1966-67
<b>Development Department</b>			
Fisheries	55	1.25	1973-74
Development	5	0.21	1968-69
Harijan Welfare	5,671	87.17	1962-63
<b>Education Department</b>			
Art and Culture	83	15.59	1968-69
Technical Education	38	32.57	1965-66
<b>Health Department</b>			
Medical	31	19.60	1968-69
<b>Home Department</b>			
Police	144	3.02	1963-64
<b>Industries Department</b>			
Industries	52	5.35	1971-72
Small Scale Industries	173	53.85	1972-73
<b>Local Administration and Social Welfare/Revenue Department</b>			
Urban Development	135	93.50	1968-69
Housing	24	19.21	1963-64
Planning Department	2	0.20	1973-74
Public Department	6	0.82	1973-74
<b>Total</b>	<b>6,741</b>	<b>3,78.69</b>	

The utilisation certificates have not been received, although considerable time has passed after the grants were paid. In the absence of certificates, it is not possible to state whether and to what extent, the recipients spent the grants for the purpose or purposes for which these were given and that no misappropriation, fraud, etc., took place.

**CHAPTER II**  
**APPROPRIATION AUDIT AND CONTROL OVER**  
**EXPENDITURE**

**Summary**

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

		<i>Grants/Charged appropriations</i>	<i>Expendi- ture</i>	<i>Saving</i>	<i>Percent- age</i>
		(in crores of rupees)			
VOTED	Original	3,04.85	3,65.05	3,36.39	28.66
	Supplementary	60.20			
CHARGED	Original	1,94.76	1,95.15	1,91.40	3.75
	Supplementary	0.39			
Total		5,60.20	5,27.79	32.41	6

The overall saving of Rs. 32.41 crores was the result of the savings of Rs. 35.82 crores in 28 grants (Rs. 32.06 crores) and 29 charged appropriations (Rs. 3.76 crores) partly offset by the excess of Rs. 3.41 crores in 15 grants (Rs. 3.40 crores) and 3 charged appropriations (Rs. 0.01 crore).

(b) Further details are given below:—

	<i>Revenue</i>	<i>Capital</i>	<i>Loans and advances</i>	<i>Public Debt</i>	<i>Total</i>
	(in crores of rupees)				
Authorised to be spent (grants and charged appropriations)					
Original	2,73.65	46.97	15.85	1,63.14	4,99.61
Supplementary	33.92	6.77	19.90	..	60.59
Total	3,07.57	53.74	35.75	1,63.14	5,60.20
Actual expenditure (Grants and charged appropriations)	2,93.86	42.09	30.69	1,61.15	5,27.79
Shortfall	(—) 13.71	11.65	5.06	1.99	32.41

**Excess over grants/charged appropriations requiring regularisation**

17. (a) Grants: The excess of Rs. 3.40 crores in the following fifteen grants requires regularisation under Article 205 of the Constitution:—

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Expenditure</i>	<i>Excess</i>
		Rs.	Rs.	Rs.
1.	II. Heads of States, Ministers and Headquarters Staff	2,38,80,800	2,47,39,155	8,58,355

The excess occurred mainly under five group heads (amount: Rs. 32.01 lakhs). This was partly offset by savings mainly under two other group heads (amount: Rs. 22.50 lakhs).

The excess was due mainly to the revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973 and enhancement of dearness allowance.

2.	IV. Elections	30,42,500	38,59,746	8,17,246
----	---------------	-----------	-----------	----------

The excess occurred mainly under one group head and was due mainly to increased expenditure on remuneration paid to scribes for preparing electoral rolls (Rs. 5.36 lakhs) and to enumerators and supervisors (Rs. 3.21 lakhs).

3.	V. Agricultural Income Tax and Sales Tax	1,82,11,100	1,86,90,273	4,79,173
----	--	-------------	-------------	----------

The excess occurred mainly under one group head (amount : Rs. 5.79 lakhs ) and was partly offset by savings under other heads.

The excess was due mainly to the revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973 and enhancement of rates of dearness allowance.

4.	VI. Land Revenue	5,50,39,700	5,66,26,013	15,86,313
----	------------------	-------------	-------------	-----------

The excess occurred mainly under five group heads (amount: Rs. 23.93 lakhs). This was partly offset by saving under two other group heads (amount: Rs. 7.39 lakhs).

The excess was mainly due to revision of pay scales in April 1974 with retrospective effect from 1st July 1973 and grant of additional dearness allowance.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Expenditure</i>	<i>Excess</i>
		Rs.	Rs.	Rs.
5.	VII. Stamps and Registration Fees	1,64,79,300	1,67,22,067	2,42,767

The excess occurred mainly under three group heads (amount: Rs. 9.36 lakhs). This was partly offset by saving under another group head (amount: Rs. 6.50 lakhs).

The excess was due mainly to increase in commission to vendors due to increase in sale of stamp papers and enhancement of the rate of commission to vendors ordered in February 1974 and also revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973 and enhancement of the rates of dearness allowance.

6.	VIII. Excise	1,07,52,200	1,08,97,398	1,45,198
----	--------------	-------------	-------------	----------

The excess occurred mainly under two group heads (amount: Rs. 2.98 lakhs). This was partly offset by saving under other heads of accounts.

The excess was due mainly to revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973 and enhancement in the rates of dearness allowance, etc.

7.	IX. Taxes on Vehicles	30,26,000	35,54,339	5,28,339
----	-----------------------	-----------	-----------	----------

The excess occurred under two group heads and was due mainly to revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973.

8.	X. Treasury and Accounts	1,15,27,700	1,30,87,179	15,59,479
----	--------------------------	-------------	-------------	-----------

The excess occurred mainly under four group heads (amount : Rs. 15.57 lakhs) and was due mainly to revision of pay scales ordered in April 1974 with retrospective effect from the 1st July 1973 (Rs. 10.15 lakhs) and enhancement of the rates of dearness allowance (Rs. 4.19 lakhs).

9.	XI. District Administration and Miscellaneous	2,02,51,400	2,14,39,484	11,88,084
----	---	-------------	-------------	-----------

The excess occurred mainly under two group heads (amount: Rs. 11.57 lakhs) and was due mainly to revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973.

Sl. no.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
10.	XII. Police	14,05,20,200	14,37,63,851	32,43,651

The excess occurred mainly under five group heads (amount: Rs. 44.14 lakhs). This was partly offset by saving of Rs. 11.78 lakhs under another group head.

The excess was due mainly to revision of pay scales ordered in April 1974 with retrospective effect from the 1st July 1973, enhancement of the rates of dearness allowance, payment of salary of certain employees for March 1975 in that month itself for which there was no budget provision and also adjustment of debit advices for machinery and equipment purchased for which adequate budget provision was not made.

11.	XIV. Stationery and Printing and other Administrative Services.	2,16,01,700	2,49,15,133	33,13,433
-----	---	-------------	-------------	-----------

The excess occurred mainly under three group heads (amount: Rs. 39.06 lakhs). This was partly offset by the saving of Rs. 3.67 lakhs under another group head.

The excess was mainly due to additional expenditure on answer books (Rs. 32.75 lakhs) and increase in payment of overtime allowance and salary for surrender of earned leave, payment of salary of certain employees for March 1975 in that month itself for which there was no budget provision (Rs. 5.09 lakhs).

12.	XVIII. Medical	20,69,45,200	22,07,96,731	1,38,51,531
-----	----------------	--------------	--------------	-------------

The excess occurred mainly under fifteen group heads (amount: Rs. 2,13.85 lakhs). This was partly offset by savings (amount: Rs. 75.02 lakhs) mainly under eleven group heads.

The excess was due mainly to revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973 and enhancement of dearness

allowance, enhancement of stipend to House Surgeons from August 1974, creation of additional posts and increase in the quantity and cost of dietary articles and medicines, etc.

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Expenditure</i>	<i>Excess</i>
		Rs.	Rs.	Rs.
13.	<b>XXIII. Information and Publicity</b>	19,34,500	21,41,876	2,07,376

The excess occurred mainly under three group heads (amount: Rs.4.79 lakhs) and was partly offset by savings under other heads.

The excess was due mainly to revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973.

14.	<b>XXXVI. Industries</b>	6,12,88,500	6,71,50,998	58,62,498
-----	--------------------------	-------------	-------------	-----------

The excess occurred mainly under twenty group heads (amount: Rs. 2,90.82 lakhs). This was partly offset by the saving of Rs. 2,22.44 lakhs in twenty-nine group heads.

The excess was due mainly to (i) more amount disbursed as interest-free loans to Small Scale Industrial units in the State based on the increased collection of sales tax from the industrial units (Rs. 1,23.16 lakhs), (ii) additional share capital contribution to Messrs. Travancore-Cochin Chemicals Limited towards the fourth stage of its expansion programme (Rs.30 lakhs), (iii) more amount required for adjustment of the value of the net assets of 'F.X.P. Minerals, Chavara' (a private concern taken over by Government) as share capital (Rs. 20 lakhs) and loan assistance to the newly formed company viz., the Kerala Minerals and Metals Limited (Rs. 13.30 lakhs), (iv) sanctioning of additional share capital contribution to Kerala State Electronics Development Corporation for which adequate provision was not made (Rs. 20 lakhs) and (v) additional funds required to settle pending claims of rebate on sale of handloom cloth and payment of rebate to clear the accumulated stocks of handloom cloth (Rs. 16.33 lakhs), etc.

15.	<b>XLI. Tourism</b>	56,94,000	58,31,098	1,37,098
-----	---------------------	-----------	-----------	----------

The excess occurred mainly under one group head (amount:Rs. 2.67 lakhs). This was partly offset by savings under other group heads.

The excess was due to revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973 and enhancement of rates of dearness allowance.



(b) *Charged appropriations*:- The excess of Rs. 0.48 lakh over charged appropriations in the following three cases also requires regularisation:—

<i>Sl. no.</i>	<i>Number and name of charged appropriation</i>	<i>Total appropriation</i> Rs.	<i>Expenditure</i> Rs.	<i>Excess</i> Rs.
1.	I. State Legislature	66,800	66,934	134
2.	II. Heads of States, Ministers and Headquarters Staff	54,69,300	54,72,690	3,390

The excess occurred mainly under two group heads (amount: Rs. 0.30 lakh) and was partly offset by saving under other heads.

The excess was mainly due to enhancement of the rates of dearness allowance with effect from 1st January 1975, payment of arrear claims and payment of leave salary for the earned leave surrendered.

3.	III. Administration of Justice	31,67,900	32,12,027	44,127
----	--------------------------------	-----------	-----------	--------

The excess was due to revision of pay scales ordered in April 1974 with retrospective effect from 1st July 1973.

### **Supplementary grants/charged appropriations**

**18.** Supplementary provision of Rs. 60.59 crores (12.13 per cent of the original provision) was obtained under 39 grants (Rs. 60.20 crores) and 19 appropriations (Rs. 0.39 crore).

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

#### (i) *Unnecessary supplementary grants*:

In the following cases supplementary grants (exceeding Rs. 5 lakhs each) of Rs. 3.56 crores remained wholly unutilised as the expenditure did not come even upto the original provision:—

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expenditure</i>	<i>Saving</i>
<i>(in lakhs of rupees)</i>					
1.	XXVII. Co-operation	11,20.70	1,38.55	6,68.68	5,90.57

The shortfall was due mainly to (i) less loans to co-operative central banks for procurement of paddy due to shortfall in procurement of paddy on abolition of agency system for procurement, etc. (Rs.3,98.55 lakhs), (ii) non-payment of financial assistance to Service Co-operative Societies (Rs. 34.11 lakhs), (iii) non-payment of loan to the Kerala State Handloom Weavers' Co-operative Society Limited (Apex Society) consequent on the lifting of yarn control (Rs. 25 lakhs), (iv) non-construction of boats to be issued on hire-purchase under fishery development (Rs. 23.06 lakhs), (v) less loans under Coir Development due to reduction in Plan outlay (Rs. 20.80 lakhs), (vi) non-implementation of two development schemes at Anjengo and Parappanangadi as they had to be rephased in view of the escalation in prices and suggestions made by the Agricultural Refinance Corporation (Rs. 19.77 lakhs), (vii) non-payment of short-term credit to cultivators as there was no requisition from the Kerala State Co-operative Bank Limited for allotment of funds (Rs. 15 lakhs) and (viii) non-payment of contribution to the Agricultural Credit Stabilisation Fund as assistance from Government of India was not received (Rs. 13.25 lakhs).

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

2.	XXXI. Animal Husbandry	4,30.06	25.55	3,69.66	85.95
----	------------------------	---------	-------	---------	-------

The shortfall was due mainly to (i) shortfall in the receipts of the revolving fund due to non-payment of cost of feed supplied to various departmental institutions and non-starting of second shift in the Livestock and Poultry Feed Compounding Factory, Malampuzha (Rs.44.67 lakhs), (ii) non-creation of the Revolving Fund for Bacon Factory due to non-finalisation of the rules for operating the Fund (Rs. 19.65 lakhs), (iii) non-utilisation of the provision for constitution of a Reserve Fund to account for transactions relating to maize received as gift from the World Food Programme (Rs. 15 lakhs), (iv) non-implementation of schemes (Rs. 6 lakhs) and (v) non-execution of works (Rs. 5 lakhs).

The saving was partly offset by excess under other group heads.

3.	XXXIII. Fisheries	2,57.31	70.77	2,36.54	91.54
----	-------------------	---------	-------	---------	-------

The shortfall was mainly due to (i) reduction in Plan outlay for the scheme 'Mechanised fishing' after reappraisal of the resources (Rs. 28.17 lakhs),

(ii) post-budget decision to issue loans to the Kerala Fisheries Corporation Limited for the purchase of trawlers instead of effecting the purchase departmentally (Rs. 25 lakhs) and (iii) non-receipt of sanction of Government for adjustment of share capital contribution to Kerala Fisheries Corporation Limited (Rs.19.75 lakhs) and payment of loan (Rs. 19.75 lakhs).

Sl. no.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
			<i>(in lakhs of rupees)</i>		
4.	XXXIV. Forest	5,69.67	29.91	5,18.60	80.98

The shortfall was mainly due to reduction in Plan outlay after reappraisal of the resources and delay in authorising certain Divisional officers to draw cheques.

5.	XXXVII. Irrigation	17,94.21	56.69	17,70.16	80.74
----	--------------------	----------	-------	----------	-------

The shortfall was due mainly to (i) infra-structure works envisaged under Kuttanad Development Scheme not taken up by Kerala Land Development Corporation Limited pending further detailed investigation by the Irrigation Department (Rs. 46.50 lakhs), (ii) slow progress in execution of Anti-sea Erosion works (Rs. 40.59 lakhs) and (iii) saving in payment of scholarships and stipends to unemployed engineers due to abolition of the scheme for investigation of Flood Control works from the 15th October 1974 (Rs. 17.13 lakhs).

The saving was partly offset by excess under other group heads.

6.	XXXIX. Ports	93.90	34.84	93.02	35.72
----	--------------	-------	-------	-------	-------

The shortfall was due mainly to (i) curtailment of expenditure on development of Beypore Port (Centrally sponsored scheme) as a result of less assistance received from the Government of India (Rs. 17.48 lakhs), (ii) non-payment of a bill (for purchase of sea-going dredger) in March 1975 due to procedural delay (Rs. 7.89 lakhs) and (iii) reduction in Plan outlay for development of Minor Ports (Rs. 3 lakhs).

(ii) *Supplementary grants which proved excessive:*

In the following cases the supplementary grants (exceeding Rs. 5 lakhs each) proved excessive; against the supplementary provision of Rs. 20.25 crores, only Rs. 16.19 crores were actually utilised:—

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

(in lakhs of rupees)

1.	III. Administration of Justice	2,37.29	75.23	3,02.94	9.58
----	--------------------------------	---------	-------	---------	------

The shortfall was due mainly to non-implementation of the Village Courts Scheme (Rs. 5 lakhs). During the previous six years also, almost the entire provision remained unutilised.

2.	XVI. Pensions and Miscellaneous	10,58.48	1,22.28	11,68.50	12.26
----	---------------------------------	----------	---------	----------	-------

The shortfall was due mainly to non-acquisition of land for Parambikulam Aliyar Project in view of the enactment vesting private forests with the Government (Rs. 5.04 lakhs) and inclusion of budget provision (Rs. 5 lakhs) for payment of awards passed by Government Arbitrator on National Highway works under 'Voted' portion instead of under 'Charged'.

3.	XX. Public Health	14,81.38	2,83.35	15,94.57	1,70.16
----	-------------------	----------	---------	----------	---------

The shortfall was mainly due to (i) post-budget decision to account for the value of materials transferred from 'Stock' to works falling under the same grant as minus expenditure instead of credit to 'Stock' and non-payment of claims and non-adjustment of debit advices (Rs. 1,43.71 lakhs) and (ii) curtailment of the outlay for drainage scheme as a result of less assistance received from the Life Insurance Corporation of India (Rs. 30.98 lakhs).

4.	XXI. Housing	2,57.41	1,50.17	3,65.57	42.01
----	--------------	---------	---------	---------	-------

The shortfall was due mainly to shortfall in the adjustment in the Divisional accounts of the value of timber supplied by the Forest Department (Rs. 27.52 lakhs). Reasons for the balance saving have not been intimated (February 1976).

5.	XXII. Urban Development	98.60	25.09	99.66	24.03
----	-------------------------	-------	-------	-------	-------

The shortfall was due mainly to non-receipt of any proposal from the City Corporations for the payment of loans to them for urban development (Rs. 20 lakhs) and non-implementation of the scheme 'Financial assistance to Planning and Development authorities for implementation of Development

Schemes' (Rs. 7.26 lakhs), due to reduction in Plan outlay (Rs. 5.39 lakhs) and non-sanctioning of assistance to the Trivandrum Town Planning Trust as the proposal was not received in time (Rs. 1.87 lakhs).

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

*(in lakhs of rupees)*

6.	XXIV. Labour and Employment	1,68.07	35.82	1,87.93	15.96
----	-----------------------------	---------	-------	---------	-------

The shortfall was mainly due to non-payment of salary to the staff of the Directorate and District Offices for the period of strike and posts kept vacant as a measure of economy (Rs. 9.44 lakhs) and less investment in Kerala Employment Promotion Corporation due to reduction in Plan outlay after reappraisal of the resources (Rs. 5.00 lakhs).

7.	XXIX. Agriculture	10,52.03	12,10.31	21,72.98	89.36
----	-------------------	----------	----------	----------	-------

The shortfall was mainly under (i) Scheme for purchase and sale of plant protection chemicals under Agricultural production programme (Rs. 1,50 lakhs), (ii) Scheme for purchase and sale of paddy seeds under Agricultural production programme (Rs. 97.42 lakhs), (iii) Loans to cultivators for short term credit (Rs. 86.50 lakhs) and (iv) the Kerala Land Development Corporation Limited—Investments (Rs. 36 lakhs), the reasons for which have not been intimated (February 1976).

The saving was offset by excess under other heads.

8.	XXXII. Dairy	1,63.70	29.74	1,79.99	13.45
----	--------------	---------	-------	---------	-------

The shortfall was due mainly to (i) payment of stipend only till June 1974 to the staff appointed for the scheme 'Dairy Advisory Service' (Rs. 4.69 lakhs), (ii) non-utilisation of the lump sum provision for new works under 'Quilon Milk Supply Scheme' due to non-receipt of the details of works from the administrative department (Rs. 4.11 lakhs), (iii) slow progress of work under 'Cannanore Milk Supply Scheme' due to shortage of steel materials (Rs. 3.92 lakhs), (iv) economy measures and non-execution of works under 'Trichur Milk Supply Scheme' pending finalisation of designs, etc. (Rs. 3.02 lakhs) and (v) non-payment of 'Subsidy to low income group of farmers for the rearing of cross-bred female calves', due to non-finalisation by the Government of the rules received from the department in October 1974 (Rs. 2 lakhs).

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

9.	XL. Transport	1,75.91	93.03	2,40.16	28.78
----	---------------	---------	-------	---------	-------

The shortfall was mainly due to less investments under Kerala State Road Transport Corporation (Rs. 24 lakhs) due to reduction in Plan outlay after reappraisal of the resources and non-adjustment of interest pending finalisation of *pro forma* accounts for 1974-75 of State Water Transport Department (Rs. 2.11 lakhs).

(iii) *Inadequate supplementary grants:*

In the following cases the supplementary grants (exceeding Rs. 5 lakhs each) of Rs. 6.81 crores proved inadequate by more than Rs. 5 lakhs in each case; the final uncovered excess was Rs. 3.23 crores:—

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expenditure</i>	<i>Excess</i>
			<i>(in lakhs of rupees)</i>		
1	II. Heads of States, Ministers and Headquarters staff	2,20.36	18.45	2,47.39	8.58
2	IV. Elections	5.94	24.49	38.60	8.17
3	VI. Land Revenue	4,37.94	1,12.46	5,66.26	15.86
4	X. Treasury and Accounts	95.31	19.97	1,30.87	15.59
5	XI. District Administration and Miscellaneous	1,62.68	39.83	2,14.39	11.88
6	XII. Police	11,57.19	2,48.01	14,37.64	32.44
7	XIV. Stationery and Printing and other Administrative Services	1,92.86	23.16	2,49.15	33.13
8	XVIII. Medical	19,84.45	85.00	22,07.97	1,38.52
9	XXXVI. Industries	5,02.87	1,10.01	6,71.51	58.63

Reasons for the excess have been mentioned in paragraph 17 (a).

### **Unutilised provision**

19. (i) Rupees 35.82 crores remained unutilised in 28 grants (Rs. 32.06 crores) and 29 charged appropriations (Rs. 3.76 crores).

(ii) In 11 grants and 6 charged appropriations, the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix II.

(iii) Some of the major schemes where the provision remained substantially/wholly unutilised other than those mentioned in paragraph 18 are given in Appendix III.

### **Advances from Contingency Fund**

20. A Contingency Fund of Rs. 3,00 lakhs has been placed at the disposal of Government to enable it to meet unforeseen expenditure pending authorisation by the State Legislature.

The advances from the Fund can be made only to meet unforeseen expenditure, not provided in the budget, which is of such an emergent character that postponement of it, till vote of the Legislature is taken, would be undesirable.

Eighty-nine sanctions were issued by Government during 1974-75 advancing Rs. 3,01.94 lakhs from the Contingency Fund.

Rupees 61.36 lakhs advanced from the Contingency Fund in March 1975 remained to be recouped to the Fund at the close of the year 1974-75 (these advances were later recouped to the Fund in August 1975).

### **Non-receipt of explanations for savings/excesses**

21. After the close of each financial year, the detailed appropriation accounts showing the final grant/appropriation, the actual expenditure and the resultant variation are sent to the controlling officers, requiring them to explain the variations in general and those in important group heads in particular. The provision in the Budget Manual of the State Government requires the controlling officers to furnish promptly to the Accountant General all information required by him in connection with the preparation of Appropriation Accounts. It is, however, seen that in regard to many important group heads every year, the reasons for variations are not furnished in time to Audit by the controlling officers.

For the Appropriation Accounts 1974-75, the explanations for variations were not received (February 1976) in the case of 44 out of 371 important group heads despite repeated reminders.

### Premature withdrawal of funds

22. The financial rules of Government prohibit drawal of money from treasury until it is required for immediate payment. Five cases of premature withdrawal of funds are detailed below:—

<i>Sl. no.</i>	<i>Name of Office</i>	<i>Amount Date of drawal from treasury</i>	<i>Purpose</i>	<i>Date of completion (and mode) of payment</i>	<i>Explanation of Government/department for delayed payment</i>
1.	District Industries Office, Trivandrum	Rs. 1,50,000 30th March 1974	For payment of stipend to trainees under the scheme- Half a Million Jobs programme- subsidised employment programme- payable for different months from October 1973 to March 1974.	Rs. 1,23,747 by 16th November 1974. (Rs.26,165 was remitted back into the treasury on 7th June 1974 and Rs. 88 on 10th January 1975).	Non-receipt of attendance statements from the employers.
2.	Assistant District Industries Office (Coir), Quilon	Rs. 23,53,700 30th March 1974	For payment of working capital loan, share capital contribution and managerial subsidy to 42 Coir co-operative societies.	The demand drafts were sent to the societies between May 1974 and fourth week of August 1974 and got credited in Bank Accounts in the names of the societies. Out of the working capital loan (Rs. 19.18 lakhs) only Rs. 3.90 lakhs had been withdrawn till the end of December 1974. Rupees 13.46 lakhs were withdrawn during January 1975 - March 1975 and the balance Rs. 1.82 lakhs during 1975-76.	Societies took time to obtain the registered mortgage deeds from the Sub-Registrars. Delay in utilisation was due to reorganisation of societies into production-cum-sale units and reorganisation of business practices, etc.



Sl. no.	Name of Office	<u>Amount</u> Date of drawal from treasury	Purpose	Date of completion (and mode) of payment	Explanation of Government/department for delayed payment
3.	District Industries Office, Trichur	Rs. 72,000 31st March 1973	For payment towards cost of machinery to be supplied to a beneficiary under scheme of assistance to unemployed engineers.	27th August 1973 (Demand Draft)	The machinery ordered for was received only on the 11th August 1973.
4.	District Industries Office, Trichur	Rs. 9,916 29th March 1974	Loan assistance to a beneficiary under the scheme for providing facilities to young technicians and engineers to start Small Scale Industrial units (last instalment) for construction of factory building.	27th May 1974 (Demand Draft)	Delayed completion of factory building.
5.	Directorate of Water Transport	Rs. 3,05,706 28th March 1974	For purchasing five engines	24th July 1974 (Demand Draft)	The amount was drawn on the basis of <i>pro forma</i> invoice received on 22nd March 1974. The engines (for which orders were placed on 8th March 1974 stipulating the delivery time as three to four months) were received only on 24th July 1974.

## CHAPTER III

### CIVIL DEPARTMENTS

#### **Agriculture Department**

(Agriculture)

#### **23. Kayamkulam Kayal Reclamation Scheme**

The Kayamkulam Kayal covering an area of about 18 sq. kilometres in Alleppey District is a stretch of water-logged area, about 15 kilometres long and 1 to 2.5 kilometres wide, connected to the sea at one end. The only flow of fresh water into the Kayal is from the river Pamba through the Danapadical canal and this dwindles down after the South-West Monsoon. Owing to the small flow of fresh water into the Kayal and its proximity to the sea, water in the area becomes saline by tidal action. The Kayal remains free from salinity only during the South-West Monsoon from July to September/October.

A scheme (estimated cost: Rs. 5.99 lakhs) for reclaiming the Kayal area was sanctioned by Government in March 1959 with the object of cultivating paddy in about 800 acres (of reclaimed Kayal) to produce 800 tonnes of rice (1,238 tonnes of paddy) annually in two crops. A part of the reclamation work (construction of an outer bund) was commenced in March 1959 by the Public Works Department and completed in March 1967 at a cost of Rs. 3.97 lakhs. In September 1967 the reclaimed area was taken over by the Agriculture Department and cultivation commenced in November 1967.

Additional civil works like construction of bunds, drainage channels, threshing yards, engine 'tharas' and sluices were executed by the Agriculture Department incurring an expenditure of Rs. 24.46 lakhs. Rupees 79.74 lakhs were spent upto end of March 1975 on farming operations, maintenance of bunds and establishment. Total receipts from the farming operations between 1967-68 and 1974-75 were Rs. 23.95 lakhs.

Mention was made in paragraph 24 of the Report of the Comptroller and Auditor General of India for the year 1970-71 about lack of technical scrutiny of the designs and estimates in respect of civil works undertaken by the Agriculture Department, frequent revision of the estimates during

execution and the failure of the first cultivation started in November 1967. The Public Accounts Committee 1973-74 in its Nineteenth Report (March 1974) expressed concern over the manner in which the scheme was implemented and recommended that a detailed enquiry should be conducted into the irregularities committed. Government stated (December 1975) that no decision on the Committee's recommendation had been taken so far.

In reply to an enquiry by Audit, it was stated by the Special Officer in charge of the Scheme in May 1975 that a detailed project report was not prepared in 1967 as the cultivation was an experimental one and the feasibility of reclaiming the area and cultivating it was not known then. Government stated (December 1975) that a draft project report prepared in 1973 was being revised by the Director of Agriculture and that it would be finalised soon.

On a further review (April-May 1975) of the farming operations the following points were noticed:—

(1) Cultivation of paddy was started in the reclaimed area in November 1967. The area was cultivated only for one crop (July/August-November/December) except during 1971-72 to 1973-74 when a second crop (January to April) was cultivated in a limited area. As against the production of 800 tonnes of rice or 1,238 tonnes of paddy annually envisaged by Government while sanctioning the scheme in March 1959, the actual production during the eight years ended March 1975 was 2,742 tonnes of paddy. The paddy cultivation operation resulted in an accumulated loss of Rs. 36.92 lakhs (without taking into account the interest on capital outlay). The details are given below:—

<i>Particulars</i>	<i>Expenditure</i>		<i>Income</i>	
	(1967-68 to 1974-75)			
	<i>Rupees in lakhs</i>	<i>Particulars</i>	<i>Rupees in lakhs</i>	
<i>Paddy cultivation</i>				
Direct cultivation expenses	31.08	Yield from paddy cultivation	22.74	
Operation and maintenance of bunds, pumpsets, etc.	7.55	Miscellaneous (Fishing, duck feeding, grass etc.)	1.18	

<i>Particulars</i>	<i>Expenditure</i> (1967-68 to 1974-75)		<i>Income</i>	
	<i>Rupees in lakhs</i>		<i>Particulars</i>	<i>Rupees in lakhs</i>
Amenities to labour (apportioned cost)	7.81			
Cost of establishment (apportioned cost)	14.40		Loss on account of paddy cultivation	36.92
Total	60.84			60.84

(2) *First crop*

(2.1) Forecast estimates for paddy cultivation (first crop) submitted by the Special Officer in charge of the Scheme for the years 1970-71, 1971-72, 1972-73 and 1973-74 were sanctioned by Government *post facto* more than four months to twenty-eight months after the commencement of cultivation. The forecast in respect of the cultivation undertaken in 1974-75 forwarded by the Special Officer in April 1974 is still awaiting sanction of Government (December 1975).

The following table compares the estimates with actuals of production of paddy for the years 1969-70 to 1974-75:—

<i>Year</i>	<i>Area cultivated</i>		<i>Production</i>		<i>Yield of paddy per acre</i>	
	<i>Estimate</i>	<i>Actuals</i>	<i>Estimate</i>	<i>Actuals</i>	<i>Estimate</i>	<i>Actuals</i>
		<i>(acres)</i>		<i>(tonnes)</i>		<i>(kilogrammes)</i>
1969-70	731	719	619	285	847	396
1970-71	730	719	730	508	1,000	706
1971-72	709	640	698	541	984	845
1972-73	630	604	630	575	1,000	952
1973-74	600	577	750	310	1,250	537
1974-75	573	573	501	385	875	672

The following points emerge from the table above:—

(a) The area under paddy cultivation declined by 146 acres from 719 acres in 1969-70 to 573 acres in 1974-75. This was due to the construction of more and more bunds and canals (the area occupied by these increased from 198.28 acres in 1969-70 to 285.51 acres in 1974-75) and exclusion of certain areas (59.34 acres) found to be unsuitable for paddy cultivation.

(b) The production in all the years was less than the estimates. According to the Department, salinity and excessive weed growth were the two main factors which had affected the production in all the years.

(c) The per acre yield declined from 952 kilogrammes in 1972-73 to 537 kilogrammes in 1973-74. The reasons attributed by the Department for this sharp decline were:

- (i) Delay in dewatering operations due to strike by the employees of the Kerala State Electricity Board (from 17th July 1973 to 31st July 1973) immediately after sowing in an area of 150 acres. This led to the loss of the sprouted seedlings in an area of 60 acres,
- (ii) Brown hopper attack and consequent damage to crop, and
- (iii) Delayed rains causing increase in salinity.

(d) The reasons for the poor yield during 1974-75 have not been intimated by the Department (December 1975).

#### (2.2) *Measures to control salinity*

With a view to control salinity, two seepage canals were constructed in the area by April 1971. On the advice of an agronomist attached to the All India Co-ordinated Rice Improvement Project, Hyderabad, two additional seepage canals were constructed in July 1972 at a cost of Rs. 1.14 lakhs. Despite this, crop failure due to salinity occurred during 1972-73 and 1973-74. According to the Special Officer, this was due to high total soluble salts in the soil and salt effervescence. Government stated (December 1975) that salinity caused by capillary action could be removed only by washing the entire area with sweet water, but that attempts made in this direction did not yield satisfactory results because of level differences in the field and that levelling of the area involved heavy expenditure and would be possible only over a period of years.

(2.3) *Measures to control weed growth*

The expenditure on weeding operations during the five years from 1970-71 was as follows:-

<i>Year</i>	<i>Labour charge on weeding (Rupees in lakhs)</i>
1970-71	0.46
1971-72	1.38
1972-73	2.27
1973-74	3.23
1974-75	1.57

Prior to 1973-74 control of weeds by regular application of weedicides was not resorted to. Trials made during 1973-74 showed that weedicides were effective in controlling weed growth but the economics of these measures was not worked out. Government stated (December 1975) that though large scale application of weedicide was planned in 1974-75, no weedicide could be used because of strong protest and threat of strike by Labour Unions, on the plea that it would reduce employment opportunities. A further trial with weedicides during 1975-76 showed that it was effective and economical and could result in saving of Rs. 126 per hectare when compared to manual weeding.

(2.4) *Study of problems by an Expert Committee*

Six years after the commencement of cultivation, on a request made by the Director of Agriculture in October 1973, an Expert Committee constituted by the Kerala Agricultural University conducted in February and March 1974 a study of the problems faced in the cultivation of paddy in the reclaimed area. The report of the Committee was forwarded by the Special Officer to the Director of Agriculture (September 1974). According to the Committee's report, 31.6 hectares (78.03 acres) out of 371.42 hectares (gross area) were unsuitable for paddy cultivation. Government stated (December 1975) that out of the 31.6 hectares, 13.89 hectares had been converted for coconut planting and that the remaining area was being converted. The Committee recommended several measures to improve the soil condition and to reduce salinity and weed growth. It was stated by the Special Officer of the Scheme in September 1975 that thirteen of the fifteen recommendations of the Committee were being implemented and that two

recommendations were under consideration. As per the recommendations of the Committee, an area of 150 acres of land was flooded with saline water during December 1974 in order to control weed growth. The Special Officer stated (September 1975) that the results noticed were encouraging.

(2.5) *Analysis of cost of cultivation*

An analysis of the cost of cultivation and receipts from sale of paddy during 1969-70 to 1974-75 is given in the following table:-

Year	Per acre cost of cultivation		Net cost* of production per quintal of paddy	Receipts from disposal of paddy/seeds per quintal	Loss per rupee spent
	Estimated	Actuals			
	Rs.	Rs.	Rs.	Rs.	Rs.
1969-70	500	326	186	65	0.65
1970-71	464	413	174	82	0.53
1971-72	621	671	184	114	0.38
1972-73	779	928	257	98	0.62
1973-74	1,025	1,350	701	130	0.81
1974-75	1,150	1,046	474	200	0.58

The following observations are made in this connection:—

- (i) The per acre cost of cultivation (both estimated and actuals) is generally on the increase. According to the Department, this was mainly due to increase in the cost of inputs and wages. It was seen that the cost of labour per acre under paddy increased from Rs. 193 in 1968-69 to Rs. 812 in 1973-74 and then declined to Rs. 375 in 1974-75.
- (ii) There was an abnormal increase in the cost of cultivation during 1973-74. The reasons ascribed by the Department for the increase in cost were:—

(a) Heavy expenditure on weeding (Rs. 3.23 lakhs against Rs.2.57 lakhs estimated) as summer ploughing could not be done owing to a

\* Gross cost (excluding interest on capital) less miscellaneous receipts.

strike by farm labour from December 1972 to February 1973 and this resulted in excessive weed growth. The per acre cost of weeding during 1973-74 was Rs. 560 against Rs. 376 during 1972-73 and Rs. 274 during 1974-75. Weeding during 1973-74 could be done only one month prior to harvest and this affected the crop and resulted in poor yield.

(b) Expenditure had to be incurred twice on preparation of the soil in 130 acres which could not be sown after the first preparation of the field (as dewatering operations could not be done for want of electricity due to a strike by the employees of the Kerala State Electricity Board).

(c) The expenditure estimated on 'seeds and sowing' in the forecast for 1973-74 was Rs. 0.29 lakh, against which the actual expenditure was Rs. 0.52 lakh. It was noticed in audit that against the approved seed rate of 50 kilogrammes per acre, the Department had used 63 kilogrammes per acre in 1973-74. The Department attributed this to poor quality of seeds and resowing in areas affected by salt ingress and floods. Further, during 1973-74, the seeds procured from the Kuttanad Kayal Cultivation Scheme were found to be of poor quality and were exchanged with seeds purchased from private cultivators incurring an extra expenditure of Rs. 0.10 lakh.

Apart from the utilisation of seeds in excess of the approved seed rate, it was observed that uniform application of fertilizers for the entire cultivated area had been done at the level of 80:40:40 (Nitrogen, Phosphorus and Potash). This was not considered necessary in a meeting of Technical Officers convened by the Directorate of Agriculture in April 1974. Instructions were then issued to the Special Officer that the level of manuring at 80:40:40 per acre need be adopted only for about one third of the cultivated area based on soil test data and for the remaining area, the level of manuring should be reduced to 40:30:30. The extra expenditure incurred as a result of application of fertilisers in excess of the level prescribed in April 1974 could not be readily assessed. With regard to the labour engaged in the farm for operations like removal of stubble and weeding, it was observed in the meeting that 20 to 25 women labourers per acre were being engaged in excess of requirements. The Special Officer was instructed (April 1974) to reduce labour employed accordingly.

### (3) *Second crop*

The Scheme envisaged raising of a second crop in the reclaimed area from January to April. The additional food production from this was



expected to be 400 tons of rice (619 tonnes of paddy) annually. As the water of the Kayal becomes saline after October, the provision of fresh water for irrigation is essential for raising a second crop. The only source of fresh water in the area is the Danapadical canal. As the flow of the canal dwindles after October, saline water from the Kayal can enter the canal due to tidal action. To prevent the entry of salt water into the canal there is a temporary salt water exclusion lock at Poothodu across the canal. An estimate for Rs. 9.14 lakhs for constructing a permanent lock in the canal was prepared by Minor Irrigation Division, Chengannur and sent to the Superintending Engineer in May 1967. The estimate also included provision for shifting the existing temporary lock to the confluence of the canal and the outer Kayal so as to store fresh water in the upstream side of the lock and in the eastern reservoir of the farm. However, after the take over of the reclaimed area by the Agriculture Department in September 1967, the estimate was not further processed by the Irrigation Department. At the instance of the Director of Agriculture, in August 1970 Government accorded sanction for the work and directed the Superintending Engineer, Irrigation Department to execute the work urgently. No further action was, however, taken by the Department. Government stated in December 1975 that clarification about the reasons for not arranging the work was awaited from the Chief Engineer.

In March 1971, it was decided to raise a second crop in an area of 50 acres on a trial basis by drawing water from the upstream side of the existing temporary lock in the Danapadical canal controlled by the Irrigation Department. As the operation of this lock by the Irrigation Department reportedly resulted in letting in of salt water during periods of cultivation which in turn adversely affected the crop, the Director of Agriculture proposed to Government in March 1971 that the control of the lock be transferred to the Agriculture Department. The proposal is still pending sanction of Government (December 1975). In spite of the absence of an assured supply of fresh water, a second crop was raised in an area of 14.50 acres during 1971-72 incurring expenditure of Rs. 0.08 lakh. The crop was a failure (receipts: Rs. 1,640). During 1972-73, under instructions from the Director of Agriculture the second crop was attempted in 30 acres incurring an expenditure of Rs. 0.10 lakh. The crop was again a failure (receipts: Rs. 495). During 1973-74 even though the Joint Director of Agriculture had suggested (October 1973) discontinuance of the second crop, the Director of Agriculture sanctioned (November 1973) the proposals of the Special Officer for raising a second crop in 50 acres on the ground that the trade union leaders of the

area had pressed him and assured him of their co-operation. Accordingly, a second crop was raised in 49.30 acres during 1973-74; expenditure incurred was Rs. 0.25 lakh (receipts: Rs. 2,954). The Department discontinued cultivation of the second crop from 1974-75.

The failure of the second crop was attributed by the Department (May 1975) to salinity and absence of irrigation facilities. According to the Special Officer of the Scheme (September 1975) raising of a second crop during summer months would be a risk unless necessary steps were taken to ensure sufficient flow of fresh water from Danapadical canal.

(4) *Special pay to staff*

In November 1968, Government sanctioned special pay at the rate of 20 per cent of basic pay to the staff employed in the scheme who had to "work on the spot" for the reason that they had to be on duty from 7 a. m. to 9 p. m. The special pay was, however, paid to the entire staff including the office staff with effect from November 1968.

In November 1972, the Government called for the views of the Director of Agriculture regarding the question of discontinuance of the special pay sanctioned to the staff in the context of his proposal to declare the scheme as a departmental farm after the reclamation work was completed. The reclamation and main civil works were completed by 1972-73. The Director of Agriculture reported in July 1974 that the special pay might be discontinued on declaring the scheme as a departmental farm. In reply to a further enquiry (March 1975) from Government, the Director of Agriculture stated in July 1975 that the circumstances under which special pay was sanctioned to the staff employed in the scheme in 1968 had ceased to exist. The special pay was discontinued under Government orders issued in November 1975. The special pay paid to the staff between April 1973 and September 1975 amounted to Rs. 1.60 lakhs.

Though the scheme has not been declared a departmental farm so far, the concessions and amenities admissible to the labourers in agricultural farms have been extended, without specific sanction of Government, to the workers of the reclamation scheme. The amenities thus extended included increases in wages based on increases in the cost of living index, leave with wages, holiday wages, etc. The expenditure on amenities to labour which was Rs. 0.47 lakh during 1969-70 rose to Rs. 3.88 lakhs during 1974-75 even though the strength of labour force has decreased from 2,500 during 1969

to 1,300 in 1971 and thereafter. Government stated (December 1975) that the steep rise in the expenditure on labour amenities was due to the abnormal increase in the cost of living index.

(5) *Work remaining unfinished*

The construction of a cross-bund-cum-road in the North Block (estimated cost: Rs. 3.88 lakhs) commenced in September 1968 still remains incomplete. The work was under departmental execution till November 1972 when it was stopped pending a final decision on whether or not civil works should be executed departmentally. The matter is stated to be under consideration of Government (December 1975). Consequently, Rs. 2.04 lakhs already expended remain locked up. This includes Rs. 0.61 lakh being cost of unused material like rubble, broken stones and river sand reportedly lying at the work site.

(6) *Pumpsets lying idle*

Five 15 HP pumpsets purchased for irrigation during 1968-69 at a cost of Rs. 0.12 lakh became surplus on completion of the construction of irrigation sluices in the eastern bund in August 1971. Based on a proposal submitted by Special Officer in July 1974, the Joint Director of Agriculture ordered (November 1974) to transfer the pumpsets for being used in Kayal cultivation in Kuttanad. Government stated (December 1975) that steps were being taken to transfer the pumpsets.

(7) *General appraisal*

Although it is more than 16 years since work on the scheme was commenced, a project report has not yet been finalised (December 1975). The paddy cultivation undertaken under the scheme resulted in a loss of Rs. 36.92 lakhs upto the end of March 1975. According to Government (December 1975), the farm could be improved only by repeated cultivation, permanent development works and planting of perennial crops which could not be achieved in a short time. The social benefits accruing from the scheme, according to Government, included generation of 4.28 lakh mandays of work in the farm from 1971 to 1974 and the creation of capital asset, valued at Rs. 1,22.50 lakhs approximately (550 acres of paddy lands; estimated value: Rs. 82.50 lakhs and 200 acres of coconut lands; estimated value: Rs. 40.00 lakhs).

## 24. Integrated Seed Farm, Eruthempathy

### (1) *Introduction*

In December 1962 Government sanctioned the establishment of an integrated seed farm (130.97 acres) at Eruthempathy (Palghat District) at an estimated cost of Rs. 5.93 lakhs, with the object of producing quality seeds of improved varieties of ground-nut, sugar-cane and cotton in an area of 25 acres each. In the remaining area (55.97 acres) it was proposed to cultivate glyricidia (a perennial green manure plant) to provide seeds for distribution to cultivators to enable them to raise sufficient quantity of green manure in paddy and coconut fields in the State. It was expected that 5 tonnes of glyricidia seeds would be required annually as, according to the Department, a campaign organised during the Second Plan had aroused considerable enthusiasm among the ryots and had become a "People's programme". As the area earmarked was not enough to meet the expected demand for glyricidia seeds, it was also proposed to cultivate it on the periphery of the Farm and in places where other crops could not be raised.

The ground-nut and sugar-cane seeds produced in the Farm were to be distributed among the registered growers who were expected to multiply them and distribute them to cultivators. Payment of incentive to the registered growers (quantum not specified) was also envisaged. Cotton seed was to be distributed by the Department direct to the cultivators.

A private farm land (130.97 acres) was acquired in April 1964 at a cost of Rs. 10.46 lakhs (Government sanction for increase in cost was not obtained) and cultivation started in 1964-65. The Farm was not a compact area. A portion of the Farm situated 1.2 kilometres away from the rest of the area was not connected by road. There were also pockets of private land in the remaining area. Although Government approved (June 1968) acquisition of 6.02 acres of these pockets of land to make the Farm compact, the land is yet to be acquired (January 1976). Government attributed (February 1976) the delay to financial stringency during 1969-71 and to delay in processing the land acquisition proposals thereafter. 8.78 acres of land (valued at Rs. 0.24 lakh) were added in March 1968, when the Oil-Seed Research Scheme (sponsored by the Indian Council of Agricultural Research) was discontinued.

The total capital expenditure incurred on the Farm till the end of March 1975 amounted to Rs. 11.82 lakhs (land: Rs. 10.70 lakhs; administrative building and staff quarters: Rs. 0.62 lakh; equipment, implements and cattle: Rs. 0.50 lakh).

(2) *Review of implementation*

The implementation of the Scheme was reviewed by Audit in September 1975 with reference to the records maintained by the Superintendent of the Farm and office of the Joint Director of Agriculture, Palghat. The following points were noticed:—

(i) *Area cultivated*

Out of 139.75 acres, the cultivable area was 116.50 acres (excluding 23.25 acres occupied by building, tanks, etc.). Ground-nut, sugar-cane and cotton were cultivated in about 75 acres except in 1974-75 when the total area under these crops was reduced to 52.04 acres reportedly due to the failure of the north-east monsoon. Glyricidia was planted in 12 acres only in addition to plantation along the bunds, etc. According to the Department, glyricidia plantation was not extended as there was little demand for glyricidia seeds/cuttings. The remaining land was utilised for raising other agricultural crops such as paddy, vegetables, green gram, etc.

(ii) *Working results*

The year-wise details of expenditure and receipts of the Farm are given below:—

Year	<i>Establishment</i>	<i>Working</i>	<i>Total</i>	<i>Total</i>	<i>Deficit</i>
	<i>charges</i> <i>including</i> <i>Office con-</i> <i>tingencies</i>				
	Rs.	Rs.	Rs.	Rs.	Rs.
1964-65	16,403	47,404	63,807	60,177	3,630
1965-66	25,649	63,705	89,354	75,154	14,200
1966-67	27,065	47,080	74,155	74,635	(+)480
1967-68	33,384	60,019	93,403	70,690	22,713
1968-69	38,895	63,900	1,02,795	74,082	28,713
1969-70	51,153	70,438	1,21,591	57,200	64,391
1970-71	52,738	67,374	1,20,112	55,873	64,239
1971-72	60,969	89,389	1,50,358	56,122	94,236
1972-73	60,477	1,20,172	1,80,649	1,07,668	72,981
1973-74	53,542	1,24,997	1,78,539	62,820	1,15,719
1974-75	79,941	1,33,917	2,13,858	46,874	1,66,984

The Farm has been working at a loss ever since its inception (except in 1966-67) and the accumulated loss to end of 1974-75 amounted to Rs. 6.47 lakhs (without taking into account interest on capital). The Department attributed the loss to failure of monsoon, insufficient irrigation facilities, increased wage rate of labourers, and poor out-turn of work from farm labourers for want of supervisory staff.

(iii) *Irrigation facilities*

At the time of acquisition of the land there were 4 irrigation wells/tanks which were expected to irrigate 40—50 acres of land; but the Superintendent of the Farm reported that the wells could not even irrigate 10 acres. Proposals for deepening and desilting the existing wells/tanks (estimated cost: Rs. 0.10 lakh) and sinking of a new well and installing a pumpset (estimated cost: Rs. 0.20 lakh) were submitted by the Farm Superintendent in 1967. The work of deepening and desilting the wells/tanks was sanctioned by the Director of Agriculture in February 1973 and the work awarded in March 1974 was completed in March-April 1975 (actual expenditure: Rs. 0.19 lakh). The Joint Director of Agriculture, Palghat, stated (September 1975) that the delay of over 6 years in the execution of the work was mainly due to procedural formalities. Government stated (February 1976) that the work of sinking a new well and installation of pumpset had been sanctioned and was expected to be completed shortly. In January 1973 the Farm Superintendent reported that as a result of the indiscriminate planting of glyricidia, the underground cement pipes in the Farm had been damaged by the roots of the plant, hindering irrigation. An estimate (Rs. 1.03 lakhs) for replacement of the existing cement pipes by galvanised iron pipes submitted by the Department to Government in September 1974, is awaiting sanction of Government (February 1976). Government stated (February 1976) that consequent on the revision of the schedule of rates and increase in cost of the pipes, the Department had been directed to revise the estimate. Pending replacement of the pipes, the Farm Superintendent sought (February 1975) approval for removing the glyricidia and tree growth along the pipes in order to prevent further damage. Government stated (March 1976) that the proposal of the Farm Superintendent had been approved. Further developments are awaited (March 1976).

(iv) *Production and distribution of seeds*

(a) The main idea of the scheme was production and distribution of quality seeds of improved varieties, for further multiplication. The Farm

Superintendent stated (August 1974) that the Farm was unable to obtain improved varieties of seeds as there was no research station for producing improved strains in the State. Efforts made by the Department in November 1973 to get quality seeds of cotton and ground-nut from outside the State (Tamil Nadu) were not successful. The Farm, therefore, continued to produce the older strains of seeds for which there was little demand.

(b) According to the Seed Rules 1968 framed by the Government of India under the Seeds Act 1966, a fresh supply of nucleus seeds is essential after 3 cycles of reproduction in order to maintain the genetic purity of the seed produced. But in the absence of fresh supply of nucleus seeds, the Department has been utilising the seeds produced at the Farm for further multiplication. There was also no arrangement for testing the genetic purity of the seed produced in the Farm.

(c) The scheme envisaged distribution of high-yielding seeds of sugar-cane and ground-nut to registered growers for further multiplication and distribution to cultivators. But as there were no registered growers in the State, the seeds were distributed by the Farm directly to the cultivators. The object of multiplication of seeds could not, therefore, be fully achieved.

(v) The details of area cultivated and crop yield in respect of sugarcane, cotton, ground-nut and glyricidia during the period from 1970-71 to 1974-75 were as indicated below:—

(a) *Sugar-cane*

<i>Year</i>	<i>Area cultivated (acres)</i>	<i>Estimated yield (tonnes)</i>	<i>Sugar-cane setts produced (in numbers)</i>	<i>Sugar-cane setts distributed to farmers</i>	<i>Sugar-cane produced in the Farm (tonnes)</i>
1970-71	18.00	396.00	6,36,610	5,15,000	186.72
1971-72	26.36	579.92	12,66,650	8,51,850	88.4
1972-73	24.48	538.56	9,86,500	7,38,000	368.1
1973-74	29.56	640.32	5,39,500	1,90,000	216.7
1974-75	10.69	235.18	3,18,000	Nil	51.4

The number of setts planted in an acre was 17,000 during 1972-73, 29,018 during 1973-74 and 36,000 during 1974-75 against the norm of 14,000 to 16,000 per acre recommended (1973) for adoption by the Kerala Agricultural University and the Department of Agriculture. Government stated

(February 1976) that the higher seed rate was adopted due to the poor viability of the setts. The production and distribution of setts declined sharply in 1973-74 and 1974-75 reportedly due to inadequate irrigation, high cost of cultivation and preference of farmers for cotton, a short duration crop.

Government also stated (February 1976) that the Sugar-cane Breeding Institute, Coimbatore was requested (October 1975) to supply nucleus seed material to the Farm and the supply was awaited.

(b) Cotton

Year	Area cultivated (acres)	Estimated yield of seeds per acre	Total yield of seeds	Yield per acre	Seeds distributed	Seeds used in the Farm
(in kilogrammes)						
1970-71	27.45	150	1,063	39	1,063	142
1971-72	25.32	150	1,967	78	1,063	163
1972-73	12.79	150	1,293	101	877	79
1973-74	19.50	150	1,293	66	901	116
1974-75	25.90	150	968	37	350	185

The per acre yield of cotton seeds varied from 37 kg. to 101 kg. as against the estimated yield of 150 kg. per acre. Only one variety (MCU. I) was being cultivated in the Farm since its inception as improved varieties (like MCU. 5) which were in demand were stated to be not available within the State. Government stated (February 1976) that an indent for the latest improved variety of cotton seeds placed on the Director of Agriculture, Tamil Nadu in November 1973 was not complied with and the seeds had now been obtained (October 1975) from the Rice Research Station, Pattambi.

(c) Ground-nut

Year	Area (acres)	Estimated production per acre	Actual production	Quantity of seed produced	Yield per acre	Seed used in the Farm	Seed distributed to farmers
(in kilogrammes)							
1970-71	30.25	500	4,646	3,348	153	1,343	1,091
1971-72	33.18	500	17,386	10,953	527	2,681	3,551
1972-73	36.94	500	11,369	5,402	307	1,389	4,646
1973-74	35.16	500	6,650	3,597	190	1,516	635
1974-75	15.45	500	2,927	1,939	190	627	1,867



Ground-nut was cultivated as a rain-fed crop. TMV 2 and TMV 7 were the varieties cultivated. The yield per acre in all the years except 1971-72 was below the estimated yield of 500 kg. per acre. It was stated by the Farm Superintendent (December 1973) that the poor harvest in 1973-74 was due to delay in sowing of seeds for want of a seed drill. Though the Farm Superintendent had reported in August 1973 that a seed drill would, besides reducing labour cost, facilitate the timely sowing of seeds and ensure better crops, no further action was taken in the matter. The poor harvest during 1974-75 was attributed to the fact that the entire pods produced could not be lifted from the soil owing to the lack of rains immediately before harvesting.

The percentage of seeds produced to total harvest varied from 72 in 1970-71 to 66 in 1974-75. The Superintendent of the Farm stated (September 1975) that absence of roofing in the threshing yard and want of drying facilities and processing equipment, affected production of seeds. Proposals for processing facilities submitted by the Farm Superintendent (September 1969) are awaiting sanction (January 1976).

The shortfall in the area cultivated in 1974-75 was stated (February 1976) by Government to be due to failure of rains.

(d) *Glyricidia*

<i>Year</i>	<i>Estimated production of seeds</i>	<i>Actual production</i>	<i>Distribution of seeds</i>
		<i>(in kilogrammes)</i>	
1970-71	600	67	72
1971-72	600	27	32
1972-73	600	27	24
1973-74	600	55	57
1974-75	600	141	142

Against the estimated production of 600 kg. of seeds per annum (51 kg. per acre) the total quantity sold to the cultivators during the five years 1970-71 to 1974-75 was only 327 kg. The Department stated that the collection of seed was restricted due to want of demand. It was, however, seen that 29.1 tonnes and 56.4 tonnes of other green manure seeds (Kolingi, Daincha, etc.) were purchased and distributed to cultivators in 1971-72 and 1972-73 as the farmers preferred these to glyricidia seeds.

*(vi) Diversified crop—Paddy*

Only one crop of paddy was raised as a rain-fed crop in an area ranging from 8 to 20 acres during 1964-65 to 1974-75. Government stated (February 1976) that the area cultivated each year depended upon the area that could be covered by the bullocks of the farm.

The Superintendent of the Farm had reported to the Director of Agriculture in November 1971 that out of 12.26 acres of paddy area situated 1.2 kms. away from the main Farm, 6.58 acres were not being cultivated due to scarcity of water and that even in the cultivated area the yield was not satisfactory owing to the alkalinity of the soil and difficulty in taking the departmental tractor to the area in the absence of a connecting road. A proposal for construction of a road at an estimated cost of Rs. 0.29 lakh submitted by the Assistant Agricultural Engineer, Malampuzha, in April 1973, was not sanctioned due to paucity of funds. Although the Rice Specialist had recommended (November 1971) application of gypsum and red earth over the entire area to overcome the problem of alkalinity of the soil, no action appears to have been taken; Government stated (February 1976) that application of red earth was very expensive. Facilities for irrigation in the area were also not available pending construction of a well and installation of a pumpset, mentioned in sub paragraph (2) (iii).

*(vii) Evaluation of the working of the Farm*

Though the Farm has been running at a loss ever since its inception, no technical evaluation of the working of the Farm has been done by the department so far (January 1976). The Director of Agriculture had observed as early as in September 1971 that the work on the Farm was being done in a very routine manner and that the problems encountered should be investigated and remedial measures found. In April 1974 (after nearly three years) the Joint Director of Agriculture, Palghat, ordered a detailed technical inspection of the Farm by the Farm Management Specialist attached to his office with a view to improve the working of the Farm. Government stated (February 1976) that the detailed technical inspection of the Farm would be completed shortly.

**25. Vegetable Farm, Vandiperiyar**

Government sanctioned in March 1966 a scheme for cultivation of vegetables in an area of 500 acres (200 hectares) in the High Ranges (Munnar in Idukki District) as part of a programme for increasing production of vegetables during the Fourth Plan. The object of the scheme was to

maintain a steady supply of fresh vegetables to urban areas at a reasonable cost and to increase the per capita consumption of vegetables in the State which was below the minimum requirement of 10 oz. per day. The cultivation of vegetables was also expected to yield higher income than other seasonal crops. It was decided to locate the farm at Vandiperiyar (elevation: 2,700 feet above M. S. L.) and an area of 40.5 hectares of Government land was transferred from the Revenue Department in March 1967.

The agricultural operations in the farm commenced in October 1967. An expenditure of Rs. 15.03 lakhs (recurring: Rs. 13.58 lakhs; non-recurring: Rs. 1.45 lakhs) was incurred on the scheme during the period 1967-68 to 1974-75. The receipts from the farm during the same period amounted to Rs. 2.38 lakhs only. An evaluation of the working of the farm has not so far (November 1975) been done by the department.

A review by Audit in October 1975 of the working of the farm disclosed the following:—

(i) As at the end of May 1975, cultivation of vegetables was being done in an area of 8.5 hectares and other crops were being grown in 18.5 hectares. The remaining 13.5 hectares were not cultivated due to lack of irrigation facilities (7.5 hectares) and other reasons (6 hectares).

(ii) *Working results*

The farm has been working at loss since its inception. The accumulated loss to the end of March 1975 was Rs. 11.20 lakhs. The following table gives the year-wise details of expenditure and receipts of the farm.

<i>Year</i>	<i>Expenditure</i>	<i>Receipts</i> (in lakhs of rupees)	<i>Loss</i>
1967-68	0.89	0.01	0.88
1968-69	1.36	0.30	1.06
1969-70	1.40	0.22	1.18
1970-71	1.66	0.40	1.26
1971-72	1.61	0.20	1.41
1972-73	1.84	0.28	1.56
1973-74	2.13	0.34	1.79
1974-75	2.69	0.63	2.06
<b>Total</b>	<b>13.58</b>	<b>2.38</b>	<b>11.20</b>

The bulk of the cultivation expenses were on labour charges which increased from 51 per cent in 1968-69 to 91 per cent in 1974-75. This was

attributed by Government (March 1976) to increase in wage rates of labourers. Government also stated that cost of fertilizers and other inputs increased considerably and as a result cost of production of vegetables was much higher than the local market price. It was, however, seen that the Joint Director of Agriculture had observed in September 1975 that till December 1974 the Office of Farm Superintendent was located 25 kilometres away from the farm site and consequently supervision was not effective.

(iii) *Production of vegetables*

The yearly production of vegetables (cabbage, tomato, cauliflower, beetroot, radish, brinjal, bittergourd, snakegourd, etc.) was far below the target fixed in the annual forecasts of the Superintendent of the Farm in all the years as shown below:—

Year	Production		Cost of cultivation per acre	
	Estimated	Actuals	Estimated	Actuals
	Kg.	Kg.	Rs.	Rs.
1967-68	55,913	3,029	714	3,661
1968-69	39,546	29,769	406	3,735
1969-70	*	20,592	*	3,397
1970-71	84,145	62,399	676	2,523
1971-72	1,43,757	48,838	813	1,758
1972-73	2,72,415	73,607	782	2,103
1973-74	1,71,205	78,509	691	1,964
1974-75	2,12,482	84,778	766	2,235

The reasons for the wide variation between the estimated and actual production were stated to be lack of irrigation facilities.

(iv) *Irrigation facilities in the Farm*

The only source for irrigation available in the farm was a fresh water spring and a nearby stream. In December 1967, the Director of Agriculture sanctioned the construction (departmentally) of an earthen dam across the stream (estimated cost : Rs. 3,500) to provide irrigation facility to the farm. The work, started in January 1968, was completed in March 1968 at a cost of Rs. 7,357. The dam was, however, washed away in floods in June 1968. The collapse of the dam was attributed by the Director of Agriculture

\* Not available.

(January 1970) to increase of the height of the dam during construction under instructions from the Assistant Agricultural Engineer who was in charge of the construction work. Government decided in December 1975 that the collapse of the dam was due to defective designing and faulty construction and ordered that the loss of Rs. 3.342 caused to Government be recovered from the Assistant Agricultural Engineer in charge of the construction of the dam.

In August 1968, the Director of Agriculture sanctioned the construction of another dam across the stream at an estimated cost of Rs. 0.25 lakh. Tenders for the work were invited in December 1968. But, as the department did not take a decision in time regarding the award of the work, the lowest tenderer who had quoted Rs. 0.22 lakh for the work expressed (April 1969) his inability to carry out the work at his quoted rates. However, a 25 H.P. pumpset which was required for pumping water from the dam was purchased in 1969-70 (cost: Rs. 0.17 lakh). Subsequently (July 1972) as irrigation from the proposed dam was not considered feasible the department decided to utilise water from a spring and sanctioned construction of a tank, a high level reservoir and pumphouse (estimated cost: Rs. 0.77 lakh) to irrigate the entire area. The work was completed in November 1973 at a cost of Rs. 0.73 lakh. The State Agricultural Engineer after inspection of the site in July 1974 found that water available from the spring would be sufficient to irrigate only 10-12 hectares and also the 25 H.P. pumpset already purchased would not lift water to the high level reservoir. He therefore suggested that two distribution tanks at a lower level might be constructed. The work on the distribution tanks awarded to a contractor in September 1975 for Rs. 0.17 lakh is in progress (February 1976). Meanwhile, the high level reservoir (expenditure: Rs. 0.31 lakh) and the pumpset remain unutilised.

(v) *Payment of electricity charges*

For energising the pumpset the Farm Superintendent executed (March 1969) a minimum guarantee bond for Rs. 2,241 per annum with the Kerala State Electricity Board. The electric line extension to the farm was completed by the Board in July 1971 but connection is yet to be obtained (October 1975). In the meantime, Rs. 0.10 lakh had become due till January 1976 for payment to the Electricity Board towards the minimum guarantee, of which Rs. 0.04 lakh has been paid.

(vi) *Idle outlay*

— In May 1969 Government sanctioned the purchase of a tractor for removal of excessive weed growth in order to reduce the expenditure on

weeding which was hitherto done by manual labour. A tractor with trailer was purchased by the department (March 1972) at a cost of Rs. 0.30 lakh. According to the State Agricultural Engineer (July 1974), "the topography and lay out of the farm including the position of soil conservation structures do not permit the use of a tractor for cultural operation" and the machinery was being utilised only for carriage of produce to the market.

(vii) *Cocoa Plantation*

Under a scheme to raise cocoa plantation in 10,000 acres in the State sanctioned by Government in November 1972, 300 kilogrammes (1,50,350 Nos.) cocoa seeds obtained from the Cocoa Development Officer, Malampuzha in January 1973 were sown (February 1973) in the farm of which 1,12,415 seeds germinated but only 37,538 quality seedlings were obtained. The shortfall in the production of quality seedlings was attributed (March 1973) by the department to "Fursarium" (a plant disease). Against a total expenditure of Rs. 0.42 lakh on cost of seeds, cultivation expenses, etc., the proceeds from the sale of seedlings amounted to Rs. 0.10 lakh resulting in a loss of Rs. 0.32 lakh. Government stated (March 1976) that disciplinary action had been initiated against three officers for lapses on their part.

(SOIL CONSERVATION)

**26. Trend of works and establishment expenditure-Soil Conservation Units**

Mention was made in paragraph 23 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) of some aspects noticed in implementation of Soil Conservation Schemes. The trend of works and establishment expenditure in the department of Soil Conservation during the period from 1972-73 to 1974-75 is given in the following table:—

Year	Budget provision for works	Expenditure incurred on		
		Works	Establishment (excluding staff engaged on research, survey, etc.)	Percentage of establishment expenditure to works expenditure
	(in lakhs of rupees)			
1972-73	72.65	78.32	23.43	30
1973-74	51.43	50.21	29.01	58
1974-75	23.68	22.94	33.87	148

While the works expenditure decreased by 36 per cent in 1973-74 and 54 per cent in 1974-75 the establishment expenditure increased by 24 per cent in 1973-74 and 17 per cent in 1974-75. Expenditure on establishment which constituted 30 per cent of the works expenditure in 1972-73 increased to 58 per cent in 1973-74 and to 148 per cent in 1974-75. As regards the increase in the rate of establishment expenditure relative to works expenditure, the Deputy Director of Soil Conservation stated (November 1975) that with the existing staff strength, the expenditure on works could be increased by five times if sufficient funds were made available for soil conservation works.

Government stated (February 1976) that the decline in works expenditure during 1973-74 and 1974-75 was due to paucity of funds and that the services of the staff were being utilised for accelerating the collection of soil conservation loans and maintenance of loan accounts besides investigation and preparation of draft soil conservation schemes for covering fresh areas. In spite of the utilisation of soil conservation staff for accelerating collection of dues, it was seen that the arrears outstanding were on the increase as indicated in the following table:-

<i>As on 31st March</i>	<i>Outstanding balance under principal</i>	<i>Overdues under principal</i>	<i>Interest outstanding</i>
	<i>(in lakhs of rupees)</i>		
1973	2,44.94	20.59	24.38
1974	2,53.29	22.82	31.28
1975	2,49.97	24.66	32.11

Government further stated that the services of part of the staff were being utilised from September 1974 in investigation, preparation and execution of soil conservation schemes under the Small Farmers Development Agency Programme. The expenditure on pay and allowances of the staff so diverted was Rs. 0.50 lakh per month.

(ANIMAL HUSBANDRY)

## 27. Intensive Piggery Development Programme and Bacon Factory

A scheme for Piggery Development was taken up by the Government in July 1961 with a view to providing a cheap source of protein rich food and augmenting the income of the farmers. The scheme envisaged the establishment of a pig breeding unit with seven sub-units (extension centres) for rearing

pure-bred pigs of known pedigree and distributing the breeding stock to private breeders for propagation and upgrading the local breeds. The target was to distribute free of cost about 1,600 pigs within a period of five years. The pig breeding unit was started in December 1961 and the seven sub-units between January 1963 and March 1966. Three sub-units had to be closed down by March 1967 due to lack of active participation by the local people or resistance from a section of the population (one sub-unit was revived in 1973-74). Under this scheme, 316 pigs were distributed from 1963-64 to 1967-68.

In October 1964, the Government took up a Centrally sponsored scheme for establishing a Bacon Factory-cum-Pig Breeding Farm along with 10 intensive piggery development blocks to be established within a range of 30 miles of the Factory. The object of the scheme was to promote piggery development in compact areas and assure a regular supply of pigs for the Bacon Factory which was expected to provide a ready and remunerative market for pigs produced in the villages and to process quality pork and pork products for home consumption and export. According to the scheme, the farm was to maintain 100 breeding sows and 6 boars of pure-bred, large white Yorkshire stock and distribute the progeny in the ratio of 10 sows to 1 boar to selected breeders in the development blocks at subsidised rates. A maintenance subsidy of Rs. 5 per boar (raised to Rs. 10 from 30th September 1965) was to be paid to the breeders who were also to be supplied with pig feed on credit on 'no-profit no-loss basis'. It was expected that the farm would distribute in five years 1,500 sows and 150 boars to the selected breeders who in turn were expected to supply 12,000 pure-bred pigs per year to the Bacon Factory.

The scheme was estimated to cost Rs. 20 lakhs (Farm: Rs. 7 lakhs—Factory: Rs. 13 lakhs). The entire expenditure was to be met from Central assistance (50 per cent as loan, 50 per cent as grant) till the end of 1966-67 and thereafter the scheme was to be run as a State sector scheme. The pig Breeding Farm was established at Mannuthy in January 1965. The Bacon Factory was, however, established in February 1969 at Edayar (100 kilometres from the Farm) as the land was donated free of cost by the Panchayat and also reportedly in view of availability of water, power, communication facilities and proximity to consumer markets. The Piggery Development Blocks envisaged in the scheme were not established due to lack of response from the public, but pigs were distributed to breeders within a radius of 30 miles from the Factory.

Mention was made in paragraph 27 of the Report of the Comptroller and Auditor General of India for the year 1969-70 about the shortfall in the



distribution of piglets and the delay in commencement of regular production and under-utilisation of the Bacon Factory. During examination of this paragraph by the Public Accounts Committee 1971-72, the department informed the Committee that the shortfall in the distribution of piglets was due to the un-attractive terms of distribution to the breeders, and the question of making the scheme more attractive by relaxing the terms and conditions and subsidising the supply of feed to the breeders was under consideration of Government. The Committee recommended that Government should take effective steps to see that the capacity of the factory was utilised to the maximum extent and the farm was run on profitable lines to serve the purpose for which it was intended. Action taken on the recommendations of the Committee has not yet (January 1976) been intimated by Government.

The total expenditure incurred on the scheme till March 1975 was Rs. 74.61 lakhs. Central assistance received was Rs. 11.60 lakhs (loan: Rs. 5.80 lakhs; grant: Rs. 5.80 lakhs).

On a further review of the scheme during April-May 1975, the following points were noticed:—

#### A. Pig breeding farm

(1) The farm was transferred to the Agricultural University in February 1972.

The following table gives a synopsis of the operations in the farm from January 1965 to January 1972:—

Year	Number of pigs raised	Mortality	Number of pigs supplied to breeders	Number of pigs supplied to Factory	Number of pigs sold to public	Expendi- ture	Receipts
							(in lakhs of rupees)
1964-65	...	...	...	...	...	0.72	...
1965-66	425	89	58	...	68	2.42	0.37
1966-67	389	110	161	...	228	1.08	0.30
1967-68	315	49	109	...	185	1.24	0.51
1968-69	1,179	63	344	30	433	2.36	0.80
1969-70	1,349	69	227	251	564	2.62	1.13
1970-71	1,234	107	104	665	453	3.66	1.64
1971-72	552	206	30	333	195	3.00	1.06

As against the target of 1,500 sows and 150 boars to be distributed to private breeders within 5 years, only 1,033 pigs (456 boars and 577 sows) were distributed till February 1972. Although the scheme envisaged supply of boars and sows in the ratio of 1:10, in most cases almost an equal number of boars and sows were distributed reportedly due to the limited financial resources of farmers and their inability to maintain a herd of 1 boar and 10 sows. This resulted in maintenance of larger number of boars which could not be usefully and economically maintained due to the basic imbalance in the ratio of boars to sows. Even by the end of March 1975, only 1,437 pigs (855 sows and 582 boars) were distributed to the breeders which was far below the target fixed for the first 5 years of the scheme.

(2) The other factors which contributed to the lack of success of the scheme were:—

(i) While formulating the scheme in 1964 the department did not work out the economics of pig breeding. According to a case study undertaken by the State Planning Board in October 1972, the maintenance cost of one sow and one boar for a period of 2 1/2 years was estimated at Rs. 1,000 against a return of Rs. 600 from sale of pigs and piglings at prices fixed by the department. Pig rearing thus proved to be unremunerative.

(ii) The various incentives to breeders as envisaged under the scheme were not extended by the department. The boar maintenance subsidy was not paid. After protracted correspondence, the Pig Development Officer informed the Director of Animal Husbandry in January 1975 that the payment of subsidy was not an absolute necessity. Credit facilities for the purchase of pig feed were not provided to the breeders. Only 129 tonnes of pig feed (sufficient for 176 pigs for one year) were supplied to breeders (on no-loss no-profit basis) from March 1969 to May 1971. The feed mixing unit at the Bacon Factory was closed down in May 1971 as the supply of damaged food-grains was discontinued by the Food Corporation of India. In August 1971, the Director of Animal Husbandry reported to Government that most of the pig breeders were not interested in continuing pig breeding due to high cost of pig feed.

(iii) The unhygienic conditions and the low standard of nutrition prevailing in the villages resulted in higher mortality among pigs.

(iv) Procedural formalities required to be observed in the disposal of dead pigs, in getting replacements and maintenance of records dissuaded breeders from continuing pig breeding.

(v) Adequate follow-up action was not taken by the department in guiding and educating the farmers in swine husbandry and providing veterinary services.

During the period 1965-66 to 1974-75, 502 out of 555 breeders selected by the department gave up pig breeding.

To attract farmers to pig breeding, Government sanctioned in September 1975 an Intensive Pig Development Project, providing for sale of piglings at subsidised rates, payment of boar maintenance subsidy, grant for construction of pig sties and purchase of piglings from farmers at the rate of Rs. 10 per kilogramme.

In order to augment the supply of pigs to the Factory, the department decided in July 1971 to start a pig breeding farm attached to the Bacon Factory itself. A draft scheme drawn up in August 1971 at an estimated cost of Rs. 8.16 lakhs (non-recurring) was revised to Rs. 4.14 lakhs in June 1972 and again to Rs. 5.62 lakhs in October 1972. In October 1973, the Government sanctioned the establishment of a Farm-cum-Fattening Station attached to the Bacon Factory at an estimated cost of Rs. 1.50 lakhs. The estimate was revised to Rs. 2.50 lakhs in February 1974 and to Rs. 3.64 lakhs in February 1975. Government sanction to the revised estimate was accorded in November 1975. The work is yet to be started (January 1976).

#### B. Bacon Factory—Koothattukulam

(i) The factory estimated to cost Rs. 13 lakhs was completed and commissioned in February 1969 at a cost of Rs. 23.02 lakhs (buildings and allied works: Rs. 7.14 lakhs; machinery and equipment: Rs. 13.57 lakhs; vehicles: Rs. 2.31 lakhs). The factory was designed for a capacity of handling 12,500 standard pigs per year (a standard pig is one with a live body weight of 50 kilogrammes) and producing about one tonne of pork and pork products per day. The following table gives the actual production of the factory to end of March 1975.

Year	Pigs slaughtered		Percentage of Pigs slaughtered to installed capacity	Production in kilogrammes of Pork and Pork products		Production of beef, mutton, chicken etc. *	Total production	Percentage of total production to targeted production (installed capacity)
	Number of pigs	Live weight in kilogrammes		Installed capacity	Actual			
1968-69	127	8,256	1.32	2,50,000	2,075	..	2,075	0.83
1969-70	432	37,250	5.96	2,50,000	22,618	..	22,618	9.00
1970-71	962	63,853	10.22	2,50,000	38,573	14,608	53,181	21.27
1971-72	1,066	79,332	12.79	2,50,000	47,941	38,957	86,898	34.76
1972-73	1,199	77,643	12.42	2,50,000	47,509	32,772	80,281	32.11
1973-74	818	49,828	7.97	2,50,000	30,808	14,858	45,666	18.26
1974-75	416	26,982	4.32	2,50,000	17,833	14,616	32,449	12.98

\* In order to utilise available capacity, the factory started processing beef, mutton and chicken from July 1970.

The main reason for the low utilisation of the capacity of the factory was stated to be non-availability of pigs. As against the requirement of 12,500 pigs per annum, the factory could obtain only 5,020 pigs from the Pig Breeding Farm and private breeders during 1968-69 to 1974-75. With the transfer of the farm to the Agricultural University in February 1972, the supply of pigs from the farm and private breeders, which constituted the main source of supply of pigs to the factory, declined from 1,095 in 1972-73 to 358 in 1974-75. During the three years from 1972-73 to 1974-75 the University sold 1,031 pigs to the public against 947 pigs sold to the factory. Government stated (January 1976) that the University, being an independent body, had no obligation to supply pigs to the factory.

Due to the shortfall in supply of pigs, the factory started processing beef, mutton and chicken from July 1970. However, no studies on the economics of these products were conducted. The production of these items declined from 38,957 kilogrammes in 1971-72 to 14,616 kilogrammes in 1974-75. The department stated (January 1976) that the decline in production was due to difficulties in procuring raw materials from open market and paucity of funds.

(ii) According to the scheme approved by Government, the factory was expected to make a profit of Rs. 1.13 lakhs per annum. As Government had not declared the factory as a commercial undertaking no *pro forma* accounts were compiled by the factory and the working results could not be assessed accurately. However, it was seen that the factory was running at a loss ever since its inception. The following table gives the receipts and expenditure of the factory, (excluding depreciation on plant and machinery and interest on capital) since its inception:—

Year	Total production (in kilogrammes)	Expenses (in lakhs of rupees)	Receipts (in lakhs of rupees)	Loss
1968-69	2,075	1.67	0.18	1.49
1969-70	22,618	2.55	1.64	0.91
1970-71	53,181	3.48	2.56	0.92
1971-72	86,898	4.51	3.63	0.88
1972-73	80,281	5.42	3.79	1.63
1973-74	45,666	3.60	2.37	1.23
1974-75	32,449	3.76	2.07	1.69
			Total loss:	8.75

If interest on capital and depreciation were taken into account, the loss to end of March 1975 would be about Rs. 29.47 lakhs. The average loss per kilogramme of factory product increased from Rs. 4.48 in 1971-72 to Rs. 14.48 in 1974-75. Government stated (January 1976) that the expenses for the period upto July 1973 included pay and allowances of the Pig Development Officer and his staff also (approximately Rs. 0.19 lakh per annum) who were not attached to the factory.

The percentage of establishment and contingent expenditure to the total expenditure for the period of 5 years from 1970-71 to 1974-75 varied from 56 to 86 as against 24 anticipated in the original scheme in 1964, as shown in the table given below:—

<i>Year</i>	<i>Establishment and contingent expenditure</i>	<i>Total expenditure</i>	<i>Percentage of establishment and contingent expenditure to total expenditure</i>
	<i>(in lakhs of rupees)</i>		
1970-71	2.98	3.48	86
1971-72	2.71	4.51	60
1972-73	3.05	5.42	56
1973-74	2.62	3.60	73
1974-75	3.08	3.76	82

The General Manager of the factory stated (June 1975) that the high proportion of establishment and contingent expenditure was due to low production and that the staff working in the factory was the minimum required to run the factory. However, Government stated (January 1976) that in view of the limited scope for increasing the production in the near future 30 per cent of the original staff had been reduced.

(iii) A canning unit with an installed capacity of 1,400 cans per day (3.50 lakhs cans per annum) was set up in the factory in May 1968 at a total cost of Rs. 1.40 lakhs. The total number of tins canned from January 1972 to June 1975 was 5,105 only. The department attributed (June 1975) the under-utilisation to the shortage of tin and raw materials. Canning of lard products only is being done since March 1975. At the time proposals for establishing this plant were under consideration, an expert from Food and Agricultural Organisation had observed (March 1967) that the capacity of

the plant proposed was far in excess of the expected availability of raw materials. Government stated (January 1976) that the unit with a higher capacity was installed keeping in view the possibility of future expansion.

(iv) A carcass utilisation plant with a capacity of 800 kilogrammes of bones per day (200 tonnes per annum) was installed in February 1973 at a total cost of Rs. 3.95 lakhs for economic utilisation of waste products which constitute nearly 55 per cent of the live weight of the animal. The plant could process only 15.44 tonnes of raw materials to the end of March 1975 as shown below:—

<i>Year</i>	<i>Raw materials Kilogrammes</i>	<i>Products (Bonemeal etc.) Kilogrammes</i>
1972-73	870	994
1973-74	6,699	4,320
1974-75	7,869	4,552

The plant is grossly under-utilised since its inception for want of sufficient raw materials, due to the low production of the factory. Government stated (January 1976) that efforts made to procure bones from private agencies through contract were not successful. Separate accounts for the receipts and expenditure of this plant are not maintained by the factory and the extent of loss on the working of this plant could not be ascertained.

(v) A deep freezing room constructed as part of the factory (February 1969) has not yet been insulated. Consequently, ice tanks of maximum capacity of 800 kilogrammes are being used for freezing and storing the raw meat. Even though the proposals for insulating the deep freezing room were submitted by the General Manager in October 1970 (estimated cost: Rs. 1.05 lakhs), this work has not been taken up. The department stated (September 1975) that the proposal had been dropped due to paucity of funds.

(vi) Government issued orders in September 1975 to transfer the Bacon Factory to the Kerala Agro-Industries Corporation. Pending finalisation of the terms and conditions, the factory had not been transferred to the Corporation so far (January 1976).

### *C. General appraisal*

**Pig Breeding Farm:** An expenditure of Rs. 17.10 lakhs was incurred on the farm till 31st January 1972. Receipts from the farm by sale of pigs during the same period amounted to Rs. 5.81 lakhs. The average expenditure per

pig (excluding interest on capital and depreciation) worked out to Rs. 294 against a return of Rs. 126. Government stated (January 1976) that nearly 50 per cent of the pigs produced in the farm were distributed for breeding which increased the availability of pork in the market at a reasonable price and helped to keep the price of other meat items under check. The working of the farm after its transfer to the Kerala Agricultural University is reviewed in paragraph 62 of this Report.

Bacon Factory: Even six years after commissioning, the factory could utilise only 12.98 per cent of its capacity including the processing of beef, mutton and chicken. As against the profit of Rs. 1.13 lakhs envisaged in the scheme, the factory incurred a loss of Rs. 1.69 lakhs during 1974-75. The progressive loss to end of March 1975 was Rs. 8.75 lakhs.

## DEVELOPMENT DEPARTMENT (FISHERIES)

### 28. Ice Plants and Cold Storages

Mention was made in paragraph 35 of the Report of the Comptroller and Auditor General for the year 1969-70 about 5 ice plants-cum-cold storages on which work was in progress. Installation of three of these plants at Attipra, Ponnani and Beypore was completed by December 1974 and the work on the remaining two was in progress at the end of January 1976.

A review by Audit in July 1975 of the position of the plants at Attipra in Trivandrum District and Ponnani in Malappuram District and also another plant (commissioned in September 1969) at Kasaragod in Cannanore District disclosed the following points:—

#### (i) *Ice-cum-cold storage Plants at Attipra and Ponnani*

Government sanctioned the establishment of these two plants each with a capacity of 10 tonnes of ice per day in January 1966. Order for the supply and erection of equipment for both the plants (estimated cost of each: Rs. 1.85 lakhs) was placed with a firm in March 1966 and the equipment was to be delivered within six months.

#### (a) *Attipra*

The firm supplied most of the equipment in 1966 and the last consignment was received in June 1970. Construction of the building for the plant (estimated cost: Rs. 1.45 lakhs) was completed in July 1970. The erection of the equipment was completed by January 1972. But due to insufficient voltage of electric supply (360 volts as against 440 volts required) the trial run of the plant

could not be conducted successfully. In March 1974 the department reported to Government that it would not be possible to run the plant economically due to lack of demand and requested sanction for leasing out the plant to a Co-operative Society for Rs. 0.20 lakh per annum. Government sanctioned the proposal in August 1974. The department took charge of the plant in September 1974 for conducting a trial run with the available voltage of electricity, but the trial run was held up as the ammonia for running the plant could not be obtained from the Fertilizers and Chemicals, Travancore Limited, who declined to supply in the departmental cylinders and insisted on use of Indian Standards Institution type cylinders. In December 1975 Government sanctioned the payment of a deposit of Rs. 7,000 to the Fertilizers and Chemicals, Travancore Limited for supply of ammonia in Indian Standards Institution type cylinders. In the meantime, the plant which was completed in January 1972 at a cost of Rs. 2.77 lakhs is kept idle (January 1976).

(b) *Ponnani*

Building to house the plant was completed in July 1968 at a cost of Rs. 1.29 lakhs. The last consignment of the machinery was received in June 1970 and the erection work completed in September 1971, except for certain rectifications and modifications, which were completed by November 1971. In November 1972 the Refrigeration Engineer reported that the cold storage was capable of maintaining a temperature of about 30 degrees Fahrenheit as against the requirement of 28 degrees Fahrenheit and it was not possible to use it for fish storage. However, payment was made to the firm in October 1973 after deducting Rs. 0.20 lakh being 50 per cent of the cost of the cold storage on the ground that the plant could be used for storing ice. In March 1974 the Refrigeration Engineer reported that the storage of ice was also not possible as the plant was not maintaining the required temperature. The cold storage has not been put to any use so far (February 1976).

In the meantime, even before the plant was formally taken over, the department began to operate the plant from July 1971 for production of ice. As against the installed capacity of 10 tonnes of ice per day, the total quantity of ice produced during the period of 3 years from July 1971 to July 1974 was 1,171 tonnes only. The plant was shut down for want of replacement of condenser during the period from 27th July 1974 to 18th May 1975. The department attributed (September 1974) low production of ice to the following:—

(1) Poor offtake of ice depending upon the fish landings and the leading prawn merchants of the area obtaining supplies of ice from their principals at Cochin; and



(2) Competition from a private ice plant which allowed credit facility to consumers and sold ice at reduced prices during slack seasons whereas the Government plant had to sell at fixed price in all seasons.

The plant was working at a loss ever since its commissioning in July 1971. The total loss (excluding depreciation and interest on capital) for the period upto July 1974 amounted to Rs. 0.93 lakh. The uneconomic working of the plant was attributed by the department (September 1974) to low production, payment of salary of 4 persons not actually employed for the plant but utilised in Beypore ice plant and in the Office of the Assistant Director, Ponnani (Rs. 0.19 lakh) and payment of minimum current charges (Rs. 200 per mensem) during off-seasons and idle periods.

(ii) *Ice-cum-cold Storage-cum-Freezing Plant, Kasaragod*

The ice-cum-cold Storage-cum-Freezing Plant, Kasaragod commissioned in September 1969 at a cost of Rs. 7.13 lakhs was operated departmentally during 1969-70 and 1970-71. Thereafter it was leased out annually to a private company (after inviting open tenders) from 1971-72 to 1973-74, at Rs. 0.25 lakh per annum for the first 2 years and Rs. 0.38 lakh for 1973-74. In January 1974 Government directed the Director of Fisheries to invite tenders for leasing out the plant for a period of three years at a stretch from March 1974. On this basis the lease right for three years from 1st March 1974 was given to the same private company who was the highest bidder for a total amount of Rs. 1.16 lakhs. A sum of Rs. 0.19 lakh was collected from the lessee as the first instalment besides the security deposit of Rs. 0.12 lakh. The lessee informed the Deputy Director of Fisheries, Cannanore, in May 1974 and June 1974, that the plant was not in working condition and replacement of 3 out of 7 condenser coils was required. The Deputy Director of Fisheries, Cannanore after an enquiry into the matter stated (August 1974) that the plant was in working condition before it was handed over to the company. When the company failed to remit the second instalment of the lease amount, the Director of Fisheries terminated the lease in October 1974 and the plant was taken back by the department in November 1974. In August 1975 Government accorded sanction for repair to the plant at a cost of Rs. 0.90 lakh subject to recovery from the lessee in terms of the lease agreement. The loss sustained consequent on breach of contract by the lessee was assessed by the department as Rs. 1.03 lakhs. Government stated (February 1976) that as the lessee had refused to remit the amount due penal action was being taken to recover the dues after adjusting the security deposit.

## 29. Purchase of marine diesel engines

In March 1973, the Director of Fisheries invited tenders for the purchase of 73 marine diesel engines of 3 different types (33 of 30 to 40 BHP, 28 of 45 to 55 BHP and 12 of 60 to 70 BHP) for replacing the old engines in the mechanised boats in use by fishermen. Three tenders were received (March 1973) which were valid upto 23rd June 1973 (the validity of the tenders was extended from time to time till the end of November 1973). The Director of Fisheries recommended (June 1973) purchase of 73 engines from the lowest acceptable tenderers. As certain complaints had been received about the performance of various types of engines, Government referred the matter to the Finance Inspection Wing which submitted its report on 27th October 1973. The Departmental Purchase Committee considered the matter on 12th November 1973 and endorsed the recommendation of the Finance Inspection Wing for purchase of 33 Ruston 3 Y DAM engines of 40.7 BHP and 3 Kirloskar RB6M engines of 69 BHP as proposed earlier by the Director of Fisheries.

As regards the purchase of 28 engines of 45 to 55 BHP (in respect of which the department of Fisheries and the Finance Inspection Wing had recommended two different types, viz., Ruston 3 Y DAM of 47.85 BHP and Kirloskar RV6M respectively) the Committee left the decision to Government in view of the conflicting technical opinions. In the meantime, the tenderers were asked to extend the validity of their offers till 31st December 1973. But they did not agree and increased their rates for all the three types of engines. Government issued orders on 22nd December 1973 for the purchase of 36 Engines as proposed originally by the Director of Fisheries and on 27th December 1973 for the purchase of 28 Ruston 4 Y DAM engines instead of 3 Y DAM engines recommended by the department. Of these 61 engines were supplied between February and October 1974 resulting in an extra expenditure of Rs. 3.02 lakhs.

## EDUCATION DEPARTMENT

### 30. Teaching grant to private Engineering Colleges and Polytechnics

Under a scheme for developing technical education in the State introduced in 1956-57, Private Engineering Colleges and Polytechnics became eligible for grants from the Government of India for meeting their recurring expenditure for a period of five years from the dates of their starting. In October 1964 the State Government decided that institutions which had been in existence for five years and had ceased to be eligible for Central assistance would

be given assistance from State funds. Accordingly, a Grant-in-aid code was framed in October 1964 for regulating the grants payable to them. The Code was given retrospective effect from 1st April 1961. In terms of the provisions in the Code, teaching grant payable to a College/Polytechnic was to be based on the receipts and expenditure of the institution during the previous financial year and was not to exceed  $66 \frac{2}{3}$  per cent (raised to 85 per cent from 1st April 1966) of the excess of the approved recurring expenditure over the income from tuition fees in the previous year. Accordingly, teaching grants were paid to three private Engineering Colleges and five Polytechnics for the period upto 1st September 1972 when a system of direct payment of salaries by Government to the staff of these institutions was introduced.

It was noticed during audit that instead of computing the amount of teaching grant payable for each year on the basis of the accounts of the previous financial year, the department had been calculating and paying the grant on the basis of the accounts of the same year. This had resulted in excess payment of Rs. 24.92 lakhs to three Engineering Colleges (Rs. 13.72 lakhs) and to five Polytechnics (Rs. 11.20 lakhs).

The matter was reported to Government in December 1975; reply is awaited (February 1976).

## HEALTH DEPARTMENT

### 31. Rehabilitation Centre for cured Leprosy Patients

As a part of the Leprosy Control Programme under the State's Third Five Year Plan, Government sanctioned (May 1964) the establishment of a Rehabilitation Centre for cured leprosy patients at Pallickal near Adoor on 299.42 acres of Government land handed over to the department in January 1966. The intention was to rehabilitate in the Centre about 300 to 500 able-bodied and cured male leprosy patients. The inmates of the Centre were to cultivate the land allotted for the Centre and raise necessary food crops and vegetables to support themselves within one year. A monthly subsidy of Rs. 20 (which was raised to Rs. 30 in October 1964) was to be paid to each inmate for one year or till a successful crop was raised, whichever was earlier.

The first batch of forty-eight cured leprosy patients were inducted into the colony in January 1965. Eighteen huts (built in the area between 1961 and 1963 at a cost of about Rs. 0.30 lakh) were allotted to the inmates. One acre of land was given to each inmate for cultivation on a temporary basis.

Even before the cured leprosy patients were settled in the Centre, a major portion of the land had been encroached upon by outsiders and Government decided (July 1963 and November 1964) to allot 21.50 acres of the area earmarked for the Centre to 86 encroachers at the rate of 25 cents each. In June 1969, however, when the number of encroachers rose to 107, in modification of their earlier order of allotment, Government accorded sanction for assigning one acre of land and payment of Rs. 25 towards incidental expenses to each of the 107 encroachers. Though Government had directed that the department should keep the remaining area free of encroachers, the encroachments continued and by July 1973, almost the entire area earmarked for the Centre had been occupied. Following the large scale encroachments, the inmates of the Centre started deserting the colony and by 1st April 1973 all but one inmate had left the Centre.

In May 1974, Government ordered the formal closure of the Centre as it was then found that the area allotted to the Centre (which was spread over three hillocks) was not really suitable for rehabilitating leprosy patients who were physically handicapped. It was, therefore, decided to assign the entire land under the Kerala Land Assignment Rules to the existing encroachers at the rate of one acre each and to other applicants at the rate of 50 cents each. The Centre was, accordingly, closed down in May 1974.

Though the scheme envisaged the grant of monthly subsidy to the inmates of the Centre for a maximum period of one year, the payment of the subsidy was continued till March 1973 (amount paid: Rs. 0.57\*lakh) as they were reported to be not able to support themselves on account of crop failures, poor yield, inadequate rainfall, adverse conditions of the soil, etc.

The expenditure incurred on this abortive scheme from 1961-62 to 1974-75 was approximately Rs. 1.95 lakhs (administrative expenditure: Rs. 1.08 lakhs; buildings: Rs. 0.30 lakh and subsidies to inmates: Rs. 0.57\*lakh).

Government stated (September 1975) that the wrong selection of the site for rehabilitating the patients was the main reason that contributed to the failure of the scheme.

### **32. Payment of current charges in Medical College, Calicut**

There are no separate meters for recording consumption of electric current for domestic purposes in the staff quarters in the College campus. Since the

---

\*This represents subsidy paid during 1967-68 to 1972-73. Details for earlier periods are reported to be not available with the department.

inception of the College in 1968, electricity for staff quarters, laboratories, hostels, office block and street lights within the College campus is being supplied through a common meter and is charged and paid for at the higher rate (38 paise per unit from 1st January 1970) applicable to commercial and non-domestic consumers. But according to the electricity tariff, lower rates are applicable to quarters, laboratories and street lights if separate meters are provided. In the absence of separate meters, consumption of power through a common meter involved higher expenditure which could not be accurately assessed. On this being pointed out by Audit, the matter was taken up with the Government/Kerala State Electricity Board by the College authorities in April 1975. Government stated (February 1976) that a proposal to hand over the distribution lines in the Medical College campus to the Kerala State Electricity Board was under consideration.

## HOME DEPARTMENT

### 33. Avoidable expenditure on fuelling trips

On a test check of log books and Vehicle daily diaries of the Police Department for the period 1974-75, it was noticed that vehicles attached to police stations in Alleppey and Trivandrum (Rural) Districts were shown as having made trips every three to four days to petrol bunks solely for drawing petrol. On their return to the Police station after fuelling, the vehicles were sent to duty points near and beyond the petrol bunks. This resulted in avoidable operation of the vehicles and consequent avoidable expenditure on petrol. The distance run by 58 vehicles in Alleppey District and 33 vehicles in Trivandrum (Rural) District exclusively on such fuelling trips worked out roughly to 72,000 kilometres annually involving an expenditure of Rs. 0.42 lakh on petrol consumed for fuelling trips.

In Idukki District some cases were noticed of fuelling from petrol bunks 20 kilometres away as the department could not obtain credit facilities from the local dealers. The Superintendent of Police, Idukki stated (August 1975) that all the officers had been strictly warned against such unnecessary trips and that arrangements were being made for obtaining petrol from local dealers on advance payment.

Government stated in January 1976 that considering the financial loss on account of fuelling trips pointed out by Audit, the department had taken action to provide additional fuel tanks to police vehicles to double their tank capacity with a view to curtailing fuelling trips and that the Inspector General of Police had instructed all departmental officers to avoid unnecessary trips.

## INDUSTRIES DEPARTMENT

**34. Development Plots in Cities***(1) Introduction*

The Government sanctioned in March 1962 a scheme 'Development plots in cities' for implementation during the Third Five Year Plan. The scheme envisaged provision of amenities like power, water, roads, etc., in the plots developed and their allotment to small entrepreneurs on out-right purchase or on hire-purchase basis. The cost of land to be recovered from the allottees was to be fixed by the Director of Industries and Commerce in accordance with the rules for the scheme. The first instalment towards the cost of land (20 per cent up to December 1970 and 10 per cent thereafter) was to be paid before taking possession of the land and the balance amount in 10 equal annual instalments. The allotment was to be made after taking into account the suitability of the proposed industry and also the capacity of the applicant to start the industry. The allottees were to start the construction of factory sheds within 6 months from the date of allotment of the land and commission the factory within one year of the date of allotment. The allottees were also to execute a bond in the prescribed form agreeing to the conditions of allotment. In case of breach of any of the provisions of the rules or of the bond executed by them, the Director of Industries and Commerce could resume the land and dispose of the plots in any manner. On payment of the full cost of the land to Government and after the industry was established, the land would be assigned in the name of the allottees.

The total expenditure on the scheme including the expenditure on provision of the common amenities, viz., administrative buildings, roads, water supply, etc., till the end of March 1975 was Rs. 75.94 lakhs.

*(2) Review of implementation*

A review of the implementation of the scheme was conducted in June 1975 on the basis of data collected from the Director of Industries and Commerce and the District Industries Officers and also as a result of the test check of the records maintained in the District Industries Offices at Alleppey and Ernakulam.

The following points were noticed:—

(i) *Plots established in the Third Five Year Plan—West Hill (Kozhikode District) and Thrikkakara (Ernakulam District).*

(a) 79.40 acres of land were acquired during 1965-66 and 1966-67 for the two development plots at a cost of Rs. 22.10 lakhs. Rupees 11.51 lakhs were spent till the end of March 1975 on provision of common amenities at the two sites.

All the 122 plots available for distribution were reported to have been allotted by December 1975 (Kozhikode: 31; Thrikkakara: 91). Three allottees in Kozhikode subsequently surrendered their plots and 4 plots in Thrikkakara had not been taken possession of by the allottees till December 1975. Action for reallocation was in progress (January 1976).

(b) Out of 115 plots (Kozhikode: 28; Thrikkakara: 87) taken possession of by the allottees, industrial units had not started functioning in 70 plots (Kozhikode: 18; Thrikkakara: 52). Construction of factory buildings had been completed in 8 of these cases (Kozhikode: 5; Thrikkakara: 3) and construction was in progress in another 11 cases (Kozhikode: 7; Thrikkakara: 4). Government stated (January 1976) that the main reason for the slow progress in establishing the industrial units was delay in getting institutional finance by the allottees.

(c) The construction of an administrative building at Thrikkakara sanctioned by Government in June 1971 estimated to cost Rs. 4.48 lakhs (revised to Rs. 4.81 lakhs in July 1973) to provide common facilities such as bank, library, exhibition, transport agency, quality control and export agency, etc., for the benefit of the industrial units was completed in November 1974 (actual cost: Rs. 4.80 lakhs). The bank began to function from May 1975, but the other institutions/offices have not started functioning. In April 1975 Government directed the Industries Department to reserve the remaining area for the Council of Scientific and Industrial Research. The building has not been taken over by the Council (March 1976).

(d) The work of road formation in the development plot, Thrikkakara was completed in August 1971 at a cost of Rs. 2.51 lakhs. This included Rs.0.20 lakh spent on rectifying damages caused by wheel tracks consequent on opening the road for traffic immediately after first metalling under instruction of the Collector, Ernakulam.

(ii) *Plots established in the Fourth Five Year Plan*

(a) *Development Plot, Angamaly (Ernakulam District)*

Mention about non-allotment of land in the 'Development Areas' meant for allotment to large and medium scale industries was made in Paragraph 32 of the Comptroller and Auditor General's Report for the year 1969-70.

The Public Accounts Committee 1971-72 was informed by Government in January 1972 that in respect of Development Area, Angamaly, orders had been issued in July 1971 for conversion of an area of 31.91 acres (cost:Rs. 3.17 lakhs) into a Development Plot and a number of applicants who could not be given land in Thrikkakara Development Plot had agreed to take plots in the 'Development Plot', Angamaly. The Committee in paragraph 2.95 of its Ninth Report (March 1972) had asked Government to intimate the progress made in the allotment of land. Action taken thereon by Government is yet to be intimated (February 1976).

Out of 50 plots comprising a total area of 26.66 acres earmarked for allotment (excluding 5.25 acres meant for common amenities like road, water supply, etc.), till October 1974 only 8 plots were allotted to three applicants and plots taken possession by allottees by March 1975. The remaining 42 plots could not be allotted; it was stated (December 1975) that there was no demand for them. Government stated (January 1976) that action was being taken to provide infra-structure facilities and entrepreneurs could be attracted only thereafter.

In February 1972 the Director of Industries and Commerce had forwarded to Government a proposal to take up road works estimated to cost Rs. 2 lakhs but the work has not been sanctioned so far (January 1976). No development works have been undertaken in this plot so far (January 1976). The price of land was fixed at Rs. 242 per cent in July 1971. The value of land calculated for this purpose included an outlay of Rs. 1.60 lakhs on administrative building and Rs.0.36 lakh representing 50 per cent of the salary and other expenses of Industries Department personnel for a period of 3 years which were not envisaged in the rules issued by Government. As a result, the price of land fixed was higher by Rs. 43 per cent than the price computed according to the rules.

(b) *Development Plot, Vaikom (Kottayam District)*

The Director of Industries and Commerce had reported in July 1969 to Government that a sufficient number of entrepreneurs were expected to establish small scale industries in case Government set up a development plot in Vaikom. Accordingly, Government sanctioned in December 1970 the acquisition of 3.57 acres of land in Vaikom for establishing a Development Plot. Advance possession of land was taken by the department in January 1971 and Rs. 1.59 lakhs were paid towards land acquisition charges including interest charges of Rs. 0.06 lakh. Thirteen plots covering an area of 2.48 acres were earmarked for allotment, the remaining 1.09 acres being set



apart for common amenities. Construction of roads, fencing and compound wall was completed in November 1972 at a cost of Rs. 0.19 lakh. The price of land recoverable from the entrepreneurs was fixed provisionally at Rs. 570 per cent. Till December 1975, only two plots of 20 cents and 25 cents had been allotted (August 1971) by the department to two entrepreneurs. Even though the plots were taken possession of by the allottees in August 1971 itself, the Taluk Industries Officer reported (January 1973) that they were not interested in starting the Industrial Units. They had not also paid the initial instalment of 10 per cent of the value of the land. From the proceedings of the meeting convened by the District Industries Officer, Kottayam in October 1974 to review the progress of the scheme, it was seen that the Municipal Chairman, Vaikom had ascribed the non-starting of industries in the plot to (i) high cost of land, (ii) lack of water supply and (iii) lack of knowledge about industries and ignorance of people in the locality.

(c) *Punnapra (Alleppey District)*

During 1971-72, 57.28 acres of land in Punnapra village, Alleppey District were acquired at a cost of Rs. 8.56 lakhs for the establishment of a development plot. In July 1971 Government sanctioned one plot (7.35 acres) to the Kerala State Engineering Technicians Industrial Co-operative Society (ENCOS) for setting up of a scooter project and two plots (97.8 cents each) in May 1973 to M/s. Engineers Alleppey Limited, Alleppey (a co-operative society of unemployed engineers) for establishing ancillary units for the scooter factory to be set up by the Kerala State Engineering Technicians Industrial Co-operative Society. Construction of the factory building was stated to be nearing completion (January 1976). The Department stated (December 1975) that the Government's decision regarding allotment of the remaining area to ancillary units connected with the scooter project to other entrepreneurs was awaited.

(d) *Development Plot, Quilon*

(i) 15.90 acres of land were acquired in March 1971 at a cost of Rs. 11.35 lakhs. Out of 46 plots (11.06 acres) earmarked for allotment (2.60 acres being set apart for providing common amenities in the plot and 2.24 acres for a Functional Industrial Estate) 36 plots (9.22 acres) only were allotted to the end of December 1975, of which 10 plots (2.70 acres) were not taken possession of by the allottees after remitting 10 per cent of the dues. Of the plots taken over, industries were started only in 3 cases, while in another 3 cases construction of the factory sheds was reported to be in progress.

The remaining 10 plots (1.84 acres) had not been allotted for want of suitable applicants (December 1975).

(ii) As per the rules issued by Government, cost of land to be recovered from the allottees should include interest at 6 per cent calculated from date of acquisition of land to date of allotment. But in the case of five allottees interest was calculated for one year from the date of acquisition (25th March 1971) irrespective of the dates of allotment (varying from April 1972 to March 1973). This resulted in short recovery of Rs. 0.15 lakh from the allottees. Government stated (January 1976) that the fixation of land value was only provisional and that all factors would be taken into account at the time of final fixation.

### (3) *Arrears in collection of dues*

Out of 244 plots developed in six units, 152 plots had been handed over to the entrepreneurs (December 1975). In respect of 87 plots in Quilon, Thrikkakara, Angamaly and Kozhikode, Rs. 6.38 lakhs were due for recovery, as at the end of December 1975. In Ernakulam District it was seen that demand, collection and balance register had not been prepared for watching the recoveries of the dues. Government stated (January 1976) that the department had been directed to maintain the prescribed registers for watching the progress of recovery of the dues.

## **35. Outright Grant or Subsidy Scheme for Industrial Units**

With a view to promote growth of industries in selected backward districts/areas the Government of India started in August 1971 a scheme for giving grants or subsidies for setting up new industrial units or for undertaking substantial expansion of existing units in such areas. A unit was to be treated as new if 'effective steps' for its establishment had been taken after 1st October 1970. The term 'effective steps' denoted one or more of such steps as paying up of 60 per cent of the capital issued, construction of a substantial part of the factory building and placing firm order for a substantial part of the plant and machinery. Units which existed prior to 1st October 1970 were eligible to the subsidy if their fixed capital investment was increased by more than 25 per cent. The financial assistance payable to each selected unit was at the rate of 10 per cent (raised to 15 per cent from 1st March 1973) of the total fixed capital investment (land, buildings, plant and machinery) in the case of new units and of the additional fixed capital investment in the case of existing units. The maximum amount of subsidy

payable to a unit was Rs. 5 lakhs till March 1973 when it was raised to Rs. 15 lakhs.

The industrial units eligible for getting grant/subsidy were to be selected by a State Level Committee. The grant/subsidy to each selected unit was to be disbursed to it on its going into production and the amount so paid was to be reimbursed later by the Government of India. From 1st March 1973, 50 per cent of the subsidy could be paid in suitable cases after the unit had taken effective steps.

In Kerala, the scheme was implemented in Alleppey District in 1972-73. It was extended to Cannanore and Malappuram Districts in 1973-74 and was applicable only to those units which took "effective steps" on or after 26th August 1971. Till the end of September 1975, Rs. 1,21.20 lakhs were sanctioned as grants/subsidies to 625 industrial units in the three Districts out of which Rs. 72.64 lakhs (Rs. 36.46 lakhs in cash and Rs. 36.18 lakhs by adjustment against the amount due from the units to Government and Government-owned financial institutions) had been disbursed to 419 units so far (December 1975). The reasons for the non-disbursement of the balance are awaited from the Government (February 1976). The Government of India had reimbursed the State Government Rs. 29.84 lakhs till the end of January 1976. In a test check of sanctions accorded, the following points were noticed:—

(i) A subsidy of Rs. 4,69,400 was sanctioned in January 1973 to an industrial unit in Alleppey District which was based on an estimate of a fixed capital investment of Rs. 46.94 lakhs (cost of land including development charges: Rs. 1 lakh; buildings : Rs. 9 lakhs; plant and machinery: Rs. 36.94 lakhs) as indicated in the application of the unit. It was seen from the verification report prepared by the department that (i) the land was purchased in 1963, (ii) the construction of the building was commenced in 1963 and (iii) out of the anticipated cost of Rs. 36.94 lakhs on machinery reckoned for determining the subsidy payable, machinery costing Rs. 19.50 lakhs had been imported in 1965. As a substantial part of the plant and machinery had been purchased prior to 1st October 1970, the unit was to be considered as an existing unit and the subsidy limited to the additional investment on fixed capital. Further, there was also no evidence to show that the value claimed for the land and building had been verified before releasing the subsidy. In reply to enquiries by Audit (August and November 1975) the department stated (December 1975) that (i) the scheme envisaged disbursement of subsidy on the estimated fixed capital investment as assessed by the State Level Committee,

(ii) in the instant case an estimate of cost of machinery was furnished by the industrial unit, (iii) the Kerala Financial Corporation, through whom the subsidy was routed, was advised to disburse the subsidy only after necessary verification and (iv) the verification report of the Corporation had not been received by the department yet.

Though the subsidy was released in March 1973, it was seen from the progress report for 1973-74 furnished by the unit in September 1974 that it started production only in July 1973. The Deputy Commissioner for Small Industries, Alleppey reported (January 1976) that the unit closed down in October 1975 because of financial difficulties and that the question of claiming refund of subsidy was under correspondence with the Kerala Financial Corporation and the Kerala State Industrial Development Corporation.

(ii) A subsidy of Rs. 1,00,725 was granted to an industrial unit in Cannanore District in March 1975, taking the investment on fixed capital as Rs. 10.07 lakhs (land: Rs. 0.16 lakh; buildings: Rs. 3.77 lakhs; plant and machinery: Rs. 6.14 lakhs). It was seen that order for a substantial part of the machinery (Rs. 4.95 lakhs) had been placed before 26th August 1971 and as such this amount should have been excluded from the fixed capital investment for the purpose of calculating subsidy payable. Further, the basis on which the plant and machinery was valued for computing the investment was not available on record.

(iii) *Title to subsidy not fully verified*

A subsidy of Rs. 8,664 was sanctioned in March 1974 to an industrial unit, established in December 1972 in Cannanore District.

In March 1972 the Director of Industries and Commerce had sanctioned a loan of Rs. 0.84 lakh to this unit for purchase of machinery under the Scheme for Unemployed Engineers. On 4th March 1974, the District Industries Officer, Cannanore reported to the Director of Industries and Commerce that there was serious foul play in the affairs of the unit and that some other person was impersonating as the real applicant who was an employee of the Government of Maharashtra. The Deputy Director of Industries and Commerce, Cannanore had accordingly sought instructions from the Director of Industries and Commerce, whether, the subsidy amount might be disbursed to the unit before a decision was taken on the reported impersonation. However, the amount of subsidy was drawn and disbursed by the Deputy Director of Industries and Commerce in March 1974 itself by adjustment against the outstanding dues of the firm as per orders of 22nd March 1974 of the Director of Industries and Commerce.

It was seen from a report dated 29th November 1972 of the Industries Extension Officer, Kasaragod that the value of machinery in possession of the firm was only Rs. 0.38 lakh. However, the value of machinery with the unit was reckoned as Rs. 0.84 lakh for computing the amount of subsidy. Information regarding the circumstances under which the subsidy was reckoned on the enhanced value of the machinery, called for from the Deputy Commissioner, Cannanore in August 1975, is awaited (February 1976).

(iv) *Absence of follow up action*

The scheme provides that if the assisted unit goes out of production within 5 years after commencement or if it was proved that the assistance had been obtained by misrepresentation of facts, the subsidy should be got refunded. It is also laid down that the owner of an industrial unit assisted under the scheme should not without prior approval of the Ministry of Industrial Development/State Government/Financial institution concerned change the location of the unit or dispose of its fixed capital investment within a period of 5 years after its going into production. It was seen (August 1975) that no follow-up action to enforce these conditions had been taken in any of the three districts. The Deputy Commissioners (Small Industries) of Alleppey and Malappuram stated (July 1975 and August 1975) that action would be taken to ensure the continued working of the units. In one case in Malappuram District the owner of a rubber production unit who received a subsidy of Rs. 7,877 in March 1974 transferred the unit in September 1974 to another person without obtaining the prior approval contemplated. This was approved by the Director of Industries and Commerce in February 1975 *ex-post-facto*. In January 1976 the department stated that the officers had been instructed to report cases of violation of subsidy rules.

According to the scheme, each unit receiving subsidy is to submit annual progress reports to the State Government about its working for a period of five years after its going into production. However, the department stated (January 1976) that the *pro forma* prescribed by the Government of India for obtaining progress reports was received by it only in September 1975 and that it had been communicated to the concerned officers for furnishing annual progress reports.

(v) *Defects in documentation*

In the case of units not pledged/mortgaged/hypothecated to Government and Government Financial institutions, the entrepreneurs were to execute a simple agreement on stamped paper undertaking to refund the subsidy in the

event of any breach of the conditions of the scheme. On a test check of these agreements it was noticed that in 4 cases (Alleppey District) involving a subsidy of Rs. 0.51 lakh, the dates of execution shown in the agreement were dates which were earlier than the dates of purchase of the stamp paper on which these had been executed. The dates entered in the agreements appear to have been incorrectly recorded. In three of the cases involving a subsidy of Rs. 0.39 lakh, the date of purchase of the stamp paper was found to be later even than the date of the disbursement of the subsidy. On the defect being pointed out in Audit, the Deputy Commissioner, Alleppey stated (January 1976) that in all the three cases mentioned above fresh undertakings had since been executed.

### **36. Loans under the Kerala State Aid to Industries Act**

Rule 30 (4) of the Rules framed under Kerala State Aid to Industries Act 1963 stipulates that every loan granted under these rules shall be applied to the purposes for which it is granted within six months from date of disbursement of the loan and in case of default, the whole unpaid balance of the loan with interest shall become immediately recoverable as arrears of revenue. Two instances of non-utilisation of the loans for the purpose for which they were granted noticed in Audit during review of the records in the District Industries Offices, Trichur and Trivandrum are mentioned below:—

(i) Government sanctioned (January 1969) a loan of Rs. 78,000 to an individual in Trichur District for manufacture of automobile parts and agricultural implements. The first instalment (Rs. 60,000) of the loan for expenditure on land, building, machinery, furniture, etc., was disbursed in March 1969 and was to be utilised by September 1969. During an inspection in September 1970 the District Industries Officer found that the loanee had not purchased any machinery and had constructed only a small building (valued at Rs. 6,340). Under directions from Government (October 1971) action under Revenue Recovery Act to recover the amounts due was taken. The landed property offered by the loanee as security for the loan, which was valued in January 1968 by the Tahsildar, Mukundapuram at Rs. 1,31,300, fetched only Rs. 17,025 on auction (April 1975). The amount was adjusted towards principal (Rs. 9,105) and interest (Rs. 7,920) against the amount of Rs. 79,800 (principal: Rs. 60,000; interest: Rs. 19,800) due from the loanee. Details of further action taken to recover the balance amount due are awaited (February 1976).

(ii) Government sanctioned (January 1967) a loan of Rs. 34,000 to an individual in Trivandrum District as assistance for starting a new tapioca

starch manufacturing unit (estimated expenditure: Rs. 98,490). The amount was disbursed in May 1967 and was to be utilised by November 1967. Though the loanee was reported (December 1967) to have spent Rs. 28,827 on construction of the factory building and purchase of machinery, the factory did not start production because, according to the loanee, Government had imposed restrictions in the manufacture or processing of tapioca starch and its export. According to the department (September 1972), however, the restrictions imposed by Government during 1966 on manufacture of tapioca starch had been lifted in July 1967 and export of tapioca starch was allowed on permits issued by the Civil Supplies authorities. A portion of the building constructed by the loanee was reported (May 1970) to have been leased to another person for manufacturing splinters for a match factory and another portion for stocking of fish on rental basis.

The loan was repayable in 10 annual instalments of Rs. 3,400 each with interest commencing from 25th May 1968. The loanee defaulted in repayments of all instalments and interest due. Revenue recovery proceedings initiated by the department were stayed by Government on three occasions (June 1970, November 1972 and November 1973) on the basis of petitions submitted by the loanee. The stay order of November 1973 was subject to the condition that the loanee agreed to repay the amount due in monthly instalments of Rs. 1,000 each commencing from 31st December 1973. The loanee, however, remitted only 8 instalments (Rs. 1,000 each) during January 1974 to August 1974 and defaulted in further repayments. The stay order of November 1973 was thereupon vacated by Government in October 1975. Further developments are awaited (February 1976).

### **37. Government Glass Centre, Kasaragod**

Mention was made in paragraph 35 of Audit Report 1969 of (i) the decision taken by Government in March 1959 for the reorganisation of the 'Glass Bangles and Beads Training Centre', Kasaragod into a production-cum-training centre for utility glass articles, (ii) the closure of the 'bangles' and the 'beads' sections of the Centre in May 1963 and March 1967 respectively and (iii) the retention of the staff (11 numbers) of the Centre without adequate work, pending conversion of the unit into a production-cum-training Centre. While giving evidence before the Public Accounts Committee in January 1970, the Secretary to Government in the Industries Department stated that Rs. 3.27 lakhs had been spent upto the end of October 1969 on the reorganisation, and that an additional sum of Rs. 6 lakhs would be required to run it profitably which the Government did not want to spend and that the possibility of

leasing out the unit to private parties was being considered. The Public Accounts Committee observed (March 1970) that the reorganisation of the unit was done without proper planning and forethought, and recommended that urgent steps should be taken to run the unit profitably.

Government approved (July 1970) a proposal submitted by the Director of Industries and Commerce in March 1969 to run the unit without making any additional investment as a production-cum-training Centre on 'no-loss no-profit basis'. The unit on which Rs. 3.42 lakhs had been spent towards the cost of land, buildings and machines, etc., was commissioned and production commenced in June 1971. A sum of Rs. 1.34 lakhs had been incurred on pay and allowances of the staff between April 1967 and May 1971, i.e., the period during which there was neither production nor training in the Centre. The articles manufactured were bed room chimneys, lantern chimneys, tumblers, paper weights, bottles, jars, etc. Production was stopped in January 1972 when the workers (sixteen casual labourers employed on daily wages) in the manufacturing section left the Centre *en bloc*, as they were not satisfied with the wage rates and other facilities offered. The finishing section also was closed on 31st March 1972. Though production started in the unit in June 1971, there were no sales till June 1972. According to the instructions issued (September 1971) by the Director of Industries and Commerce, the price of the articles manufactured at the Centre was to be fixed in such manner as to cover the prime cost (raw materials plus fuel plus direct labour) plus twelve per cent thereof towards overhead charges. The value of the articles manufactured till February 1972 based on the above pricing formula was Rs. 1.46 lakhs. In February 1972, the Additional Director of Industries and Commerce reported to Government that articles of the quality produced at the Centre could not be sold at the market price or even at cost price and sought Government sanction for disposal of the accumulated stock at reduced price upto 50 per cent below the cost of production.

Government accorded sanction (July 1972 and December 1972) for sale of the goods at the highest available price. The articles were accordingly advertised (December 1972) and sold on 'as is where is' condition. The value of articles sold till the end of January 1976 was Rs. 0.79 lakh. Goods worth Rs. 0.06 lakh are remaining unsold (January 1976). The resultant loss (excluding overheads) was Rs. 0.46 lakh. Taking into account the cost of production including twelve per cent overheads also, the loss worked out to Rs. 0.61 lakh.



The Centre also had facilities for imparting training (duration: one year) to ten persons at a time. Between May 1971 and July 1972, eight trainees were trained and they were paid Rs. 2,585 as stipend.

There has been no production in the unit since March 1972. The training scheme had also been discontinued from 1st July 1972. An expenditure of Rs. 1.85 lakhs was incurred to the end of January 1976 on pay and allowances of the staff (9 numbers) who have been retained in the Centre without work from July 1972. The building (cost: Rs. 1.47 lakhs), machines (cost: Rs. 1.17 lakhs) and raw materials purchased prior to January 1972 (cost: Rs. 0.80 lakh) now remain unused (January 1976).

The Government stated (October 1975) that it was not possible to make the unit self-supporting since the original equipment was not intended and suitable for commercial production and the products had to face keen competition from larger units. In the reorganisation of the unit as training-cum-production centre no separate staff was engaged at any time exclusively for the training programme. Because of the simultaneous performance of the production and training functions, neither the full production capacity nor the quality of the products could be achieved and the losses suffered by the unit could be attributed to a great extent to the value of molten glass used by the trainees.

On the basis of a proposal made by the Superintendent of the Centre, in September 1973, the Government decided (October 1975) that the Centre should switch over to production of laboratory wares and scientific equipments and ordered purchase of additional machinery at a cost not exceeding Rs. 1.5 lakhs, disposal of surplus machinery and stores and retrenchment of surplus staff. The revival of the Centre is to be completed within a period of one year from October 1975.

### **38. Infuctuous expenditure**

The demonstration programme unit of Industries department had a carpentry van (registered in 1960) and a smithy van (registered in 1953) intended for the demonstration of various carpentry and smithy machines. As the programme had covered almost all the National Extension Service Blocks in the State, it was decided to discontinue the demonstration programme from June 1972. The department therefore proposed (June 1972) conversion of the demonstration unit (carpentry) into a mobile exhibition unit at a cost of Rs. 5,000 for exhibition of ancillary parts and components required by large industrial units which could be manufactured by small scale units. This was sanctioned by Government in September 1973.

In August 1974, the department informed Government that the expenditure on the conversion of the van would be Rs. 0.26 lakh (Rs. 0.15 lakh for major repairs for the vehicle and Rs. 0.11 lakh for conversion of the van). Accordingly, a further amount of Rs. 0.21 lakh was sanctioned by Government in January 1975. The work of repairing the van was entrusted to a private workshop at Neyyattinkara in February 1975 without inviting quotations (the vehicle was reported to have been sent to the workshop in June 1974). The work of conversion of the van was also entrusted (February 1975) to the same workshop after inviting quotations at a cost of Rs. 0.11 lakh (lowest offer). The work of repairs and conversion was completed in March 1975 at a cost of Rs. 0.29 lakh (repairs: Rs. 0.18 lakh; conversion: Rs. 0.11 lakh) out of which Rs. 0.25 lakh had been paid by the department. The vehicle has not been taken back from the workshop so far (February 1976). The Industries Development Commissioner stated (November 1975) that the van could not be put to use in view of Government orders issued in July 1975, according to which all vehicles registered in 1960 and earlier were to be disposed of and that he had sought Government approval for exempting the vehicle (which was diesel driven) from the purview of these orders. Government decision on the proposal is awaited (February 1976).

The smithy van (which was petrol-driven) remained unutilised from June 1972 till November 1975 when it was sold in public auction for Rs. 7,500.

The entire staff sanctioned for the two vans of the demonstration programme unit (foreman-cum-instructors: 2; driver-cum-mechanics: 2; machine operators: 4; helpers: 2) are still retained on the rolls without any specified work (February 1976). The department stated (November 1975) that the staff of the carpentry van (which was sent to Delhi in October 1972 for participation in the International Trade Fair) was utilised for demonstration of the carpentry machines till February 1973. The expenditure on the pay and allowances of the staff attached to the carpentry van from March 1973 and of the smithy van from June 1972 till January 1976 amountd to Rs. 1.79 lakhs. The Industries Development Commissioner stated (November 1975) that the staff of the carpentry van had been posted to attend to the additional work in the Directorate. The question of giving alternate posting to the staff attached to the smithy van was reportedly engaging the attention of the department (January 1976).

The matter was reported to Government in December 1975; reply is awaited (February 1976).

LOCAL ADMINISTRATION AND SOCIAL WELFARE  
DEPARTMENT

**39. State Social Welfare Advisory Board**

The State Social Welfare Advisory Board was set up in June 1954 with the object of (i) promoting the growth of voluntary social welfare agencies, (ii) administering programmes of social welfare in rural areas, (iii) co-ordinating the activities undertaken by the various departments of the State Government relating to the welfare of women, children and handicapped persons, and (iv) assisting the Central Social Welfare Board and the State Government in the development of welfare services. It was financed by grants from the State Government and the Central Social Welfare Board. Between June 1954 and July 1968 the State Government paid Rs. 19.65 lakhs as grants to it. The Board was abolished by the Government in July 1968 on the advice of the State Planning Board that the schemes/programmes undertaken by the Board were not successful. However, Government in consultation with the Central Social Welfare Board, reconstituted the State Board in December 1970. The new Board started functioning in November 1972. The functions of the new Board are essentially the same as those of the defunct Board. During the period between November 1972 and March 1975, the new Board received Rs. 14.18 lakhs as grant—Rs. 0.66 lakh from the State Government and Rs. 13.52 lakhs from the Central Social Welfare Board.

At the time of abolition of the Board in July 1968, there were 321 employees under it. In August 1968 Government decided to absorb the surplus employees in Government service and created additional posts in the Harijan Welfare Department to accommodate them till their absorption against suitable vacancies elsewhere. Till January 1976, only 273 employees of the defunct Board were absorbed in various departments, twenty employees retired or resigned from service. The remaining 28 persons are attached to the Welfare Centres organised under the Special Nutrition Programme (January 1976). The pay and allowances paid between August 1968 and December 1975 to the staff till their absorption elsewhere amounted to Rs. 16.62 lakhs. The average monthly expenditure on pay and allowances of the staff still awaiting absorption was Rs. 0.14 lakh.

Although the Board was abolished in July 1968, no decision about the valuation and transfer of the assets and liabilities of the Board was taken then.

The Special Officer, Special Nutrition Programme stated (July 1975) that at the time of its abolition the defunct Board owned 5.86 acres of land, 30 buildings, 18 jeeps and one station wagon in addition to other movable assets like furniture, typewriters, sewing machines, etc. The buildings of the defunct Board were being used to keep furniture, equipment, etc., of the defunct Board. Till December 1972, 10 jeeps were allotted to various Government departments and one jeep and the station wagon to the new Board. Six jeeps lying in workshops for repairs (three from 1965, two from 1969 and one from 1971) and another jeep lying in the premises of Welfare Hostel for Boys, Kozhikode, pending repairs, were placed in August 1975 under the control of the concerned District Collectors for arranging their disposal in public auction. Repair charges incurred on three of these jeeps upto June 1975 amounted to Rs. 0.10 lakh. In October 1975 Government issued orders directing the Director of Social Welfare to dispose of, in public auction, the assets (equipment, utensils, furniture, etc.) of the defunct Board which were not required for use by the Department of Social Welfare. Further developments are awaited (January 1976).

Some of the Welfare Extension Project centres under the old Board were working in rented buildings and some of the assets of the defunct Board are kept in them. The arrears of rent had not been paid (January 1976) and the owners of the buildings are reported to have threatened the department with legal action for recovering the arrears of rent. Government stated (January 1976) that arrears of rent could not be paid as the Central Welfare Board had not released their share of contribution of the defunct Board pending settlement of the assets and liabilities and till then rented buildings could not be vacated. It was further stated that information regarding the number of private buildings taken on rent and the monthly rent fixed for each was being collected.

The Board was set up by Executive orders of Government and did not have a separate legal entity. Its financial transactions should, therefore, have formed part of the transactions of Government and accounted for within the Consolidated Fund of the State. The transactions of the Board were, however, kept outside the Consolidated Fund of the State and the estimated expenditure of the Board was not included in any of the demands for grants placed before the Legislature. Payment of grants to the Board was also irregular. Even after revival of the Board, the anomalous position continues as the Board does not have a separate legal entity. Government stated (December 1975) that the above aspect was being examined. Further communication from Government is awaited (February 1976).

## PLANNING AND ECONOMIC AFFAIRS DEPARTMENT

**40. Half a Million Jobs Programme***(1) Introduction*

Unemployment has always been one of the foremost problems of Kerala. The Committee on unemployment in Kerala, set up by Government in November 1970 to undertake a study of the problem of unemployment, estimated (1971) the total unemployment at 9.06 lakhs in 1970.

A programme for educated unemployed was sponsored by the Government of India in 1971-72. Under this programme the State Governments implemented schemes approved by the Planning Commission, such as expansion of elementary education by appointing trained primary school teachers and assistant inspectors, financial assistance to small entrepreneurs, rural engineering surveys, agro-service centres, expansion of consumer co-operative stores, investigation of road, power and flood control projects and rural water supply. The programme was implemented by the State Government during 1971-72 to 1973-74. Against the Central assistance of Rs. 3,94.99 lakhs received to the end of March 1974 (loan: Rs. 1,12.67 lakhs; grant: Rs. 2,82.32 lakhs), the expenditure incurred by the State Government was Rs. 2,39.24 lakhs. The employment generated was 7,165. Information regarding employment target envisaged in the programme, called for from Government in September 1975 is awaited (February 1976).

During 1972-73, another programme, viz., Special Employment Programme was drawn up by the Government of India for educated as well as uneducated persons. The choice of the schemes to be implemented was left to the State Government subject to clearance by the Planning Commission. Under this programme, the State Government implemented certain schemes like soil conservation works, job-oriented schemes, construction of Moolathara right bank canal, setting up of rural dispensaries, translation of standard books into Malayalam by Post-graduates, etc. The State Government was to provide a matching contribution equal to the Central assistance released as grants. The Central assistance received by the State Government and the expenditure incurred to the end of March 1974 were Rs. 1,92.59 lakhs and Rs. 2,53.70 lakhs respectively. These schemes reportedly generated employment for 2,946 persons against the target of 3,000 persons. This programme was discontinued by the Government of India from 1st April 1974.

Mention was made in paragraph 41 and paragraph 64.B of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) about schemes of investigation of road, power and flood control projects by the unemployed engineers (implemented under the programme for educated unemployed) and translation of standard books into Malayalam by Post-graduates (implemented under Special Employment Programme).

(2) *Formulation of the Programme*

On 31st January 1973 the Government of India decided to launch another programme, viz., "Half a Million Jobs Programme" for educated unemployed which was expected to create job opportunities for 45,000 educated unemployed in the State at an estimated outlay of Rs. 7,00 lakhs. The programme was to be completed by 31st March 1974, but the Government of India permitted in March 1974 utilisation of the Central assistance received on spill over schemes in 1974-75. The schemes selected under this programme were to be formulated by the State Government according to the general principles and guidelines issued by the Planning Commission. These envisaged—(i) The schemes should be viable, capable of yielding quick results and should be dovetailed with Plan Schemes, (ii) Priority should be given to engineering degree holders and scientists and technologists so that all of them could be provided employment by the end of March 1974, (iii) At least 20 per cent of the educated unemployed were to be absorbed during 1973-74, (iv) Every effort should be made to absorb all graduates from scheduled castes and scheduled tribes and minorities, (v) The jobs created should be productive leading to the creation of durable assets, (vi) It was necessary to ensure maximum involvement of institutional finance; Government financial assistance was to be minimum, (vii) State Governments were to set up necessary organisations to provide pre and post investment services and assist in arranging institutional finance and (viii) The physical progress and achievements were to be monitored by creating special cells for the purpose.

The schemes to be taken up under the programme were broadly of three categories; self-employment schemes, training schemes and employment incentive schemes. The first priority was to be given to self-employment schemes designed to provide opportunities for self-employment to prospective entrepreneurs who were to be assisted in raising the resources required through financing institutions. Assistance was to be released only after arrangements for institutional finance were made by the applicants. Government's contribution was to be in the form of margin money loan/seed capital limited to

10 per cent of the cost of the scheme in the case of individual entrepreneurs and to equity participation limited to three times the capital raised by members in the case of Co-operative Societies. The prospective entrepreneurs were also to be given training, if need be, in the field selected by them. The schemes selected were to be labour-intensive and were to have a multiplier effect in generating employment. The training schemes were aimed at imparting training for 9 months to educated unemployed persons who were to be absorbed in new jobs expected to arise under plan schemes in 1974-75. Large scale increase in Government/Public Sector jobs was to be avoided. The trainees were to be paid stipends during the period of their training at rates varying from Rs. 100 to Rs. 400 per mensem, depending on their qualifications. Under the employment incentive scheme, private industrialists of the small and medium sector were to give on-the-job training for 9 months to selected persons who were later to be absorbed in the undertakings. Half of the salary of the trainees was to be borne by Government.

Payments of stipends to trainees and incidental expenses (subject to a maximum of 15 per cent of the total stipends) and expenses incurred by the State Government under employment incentive schemes were to be fully met by the Central Government in the form of grant-in-aid. Central assistance to State Government for self-employment schemes was to be 50 per cent in the form of grant, and 50 per cent as loan bearing interest at 6 1/4 per cent per annum and repayable in ten annual equal instalments.

In pursuance of the directions of the Government of India, the State Government issued instructions on 15th February 1973 to the Heads of Departments to formulate (by 22nd February 1973) schemes for implementation under the programme. 54 schemes involving outlay of Rs. 16.72 crores with anticipated employment potential of 43,018 proposed by various departments were forwarded by Government to the Planning Commission on 12th March 1973. But as the proposals of the State Government did not satisfy some of the essential requirements of the guidelines of the Planning Commission, Government of India suggested (April 1973) revision of the schemes. On the basis of revised proposals for 45 schemes submitted by the State Government (outlay: Rs. 5,71.45 lakhs; employment potential: 24,073), the Government of India sanctioned (June 1973) 44 schemes involving an outlay of Rs. 3,38.30 lakhs with an employment potential of 21,462. As the employment potential of schemes approved fell short of the target, at the instance of the Government of India, the State Government again directed (June 1973) the Heads of Departments to submit fresh schemes within one week. Accordingly, 20 additional

schemes for an outlay of Rs. 2,07.99 lakhs and with employment potential of 11,123 were sanctioned by the Planning Commission between September 1973 and March 1974. It would be seen that against a time limit of implementation by March 1974 as originally laid down by the Government of India, a number of schemes were cleared for implementation in the latter part of the year only.

(3) *Agency for implementation*

The programme was implemented through various departments of the State Government and Corporations in the Public sector like the Kerala Employment Promotion Corporation Limited and the Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited. To monitor the implementation of the programmes, Government decided (April 1973) to create special cells at the State and District levels. The cell which was constituted at the State level in April 1973 did not, however, meet at all. No cell was constituted at the district level. Government stated (October 1975) that the progress of the schemes was being monitored by the Planning and Economic Affairs Department.

(4) *Targets and achievements*

Out of 64 schemes sanctioned by the Planning Commission (outlay: Rs. 5,46.29 lakhs; employment potential: 32,585), the State Government implemented only 55 schemes (outlay: Rs. 4,19.86 lakhs; employment potential: 27,006) and spent Rs. 4,15.87 lakhs till the end of March 1975. The Central assistance received amounted to Rs. 3,38.67 lakhs (grant: Rs. 2,31.13 lakhs; loan: Rs. 1,07.54 lakhs).

The targeted outlay, employment potential and the achievements to end of August 1975 were as indicated below:—

	<i>Targets</i>		<i>Achievements</i>			
	<i>Outlay approved</i>	<i>Employment potential</i>	<i>Central assistance</i>	<i>Expenditure incurred</i>	<i>Employment generated</i>	<i>Sustained Employment given</i>
	(amount in lakhs of rupees)					
Self-employment Scheme	3,00.19	12,113	2,15.09	2,09.42	4,974	2,447
Training Schemes	2,13.19	17,307	1,03.94	1,70.65	11,086	4,557
Employment Incentive Scheme	32.91	3,165	19.64	35.80	1,753	*
Total	5,46.29	32,585	3,38.67	4,15.87	17,813	7,004

\* Information not furnished.



While the number of persons provided with sustained employment worked out to only 21.5 per cent of the employment target, the expenditure incurred was 76 per cent of the approved outlay. The average investment by Government per job worked out to Rs. 5,937 against Rs. 1,700 computed with reference to the approved outlay and the employment expected to be generated. Incidentally, it may be mentioned that in another Centrally-sponsored scheme for educated unemployed namely 'Employment Promotion Programme' which was implemented in 1974-75 the maximum Government investment contemplated was Rs. 1,500 per job created.

The shortfall was ascribed by Government to (i) delay in formulation of scheme in 1973-74, (ii) non-implementation of certain schemes, (iii) shortfall in number of trainees and (iv) drop-outs during the course of training.

The implementation of the scheme was reviewed by Audit during May-August 1975. The points noticed are mentioned below:—

(5) *Self-employment Schemes*

Seventeen schemes involving an outlay of Rs. 3,00.19 lakhs with an employment potential of 12,113 were approved by the Government of India between June 1973 and March 1974. Central assistance received by the State Government to the end of March 1974 for these seventeen schemes amounted to Rs. 2,15.09 lakhs (grant: Rs. 1,07.55 lakhs and loan: Rs. 1,07.54 lakhs). Till the end of March 1975, only thirteen schemes were taken up for implementation incurring an expenditure of Rs. 2,09.42 lakhs. Four schemes were dropped. According to the Government, the employment generated to the end of August 1975 was 4,974 out of which only 2,447 persons were reported to have been provided with sustained employment.

Till the end of March 1974 (the target date originally fixed for completion of the programme), only a sum of Rs. 56.72 lakhs was spent on implementation of ten schemes, out of which only one scheme—(setting up of Rural Dispensaries)—was completed before 31st March 1974 (expenditure: Rs. 30.08 lakhs). In December 1973 after discussions with the Planning Commission, Government decided to constitute a corporate body on the lines suggested by the Government of India in June 1973 with a view to assist prospective entrepreneurs in obtaining consultancy services and institutional finance and also to enable utilisation of the balance of Central assistance which otherwise would have lapsed on 31st March 1974. It was also expected that this corporation would be able to raise institutional finance to supplement the funds made available by Government. Accordingly, the Kerala Employment

Promotion Corporation Limited (KEPCO—a fully owned Government Company) was incorporated in January 1974 with an authorised capital of Rs. 3 crores. In March 1974 Government transferred Rs. 1,40.45 lakhs to KEPCO as Government's contribution to the share capital for implementation of thirteen schemes (nine schemes partly completed) with an outlay of Rs. 1,45.04 lakhs. Rupees 10.80 lakhs were similarly paid to the Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes for implementation of the remaining three schemes of which two were subsequently dropped.

*A. Schemes implemented by KEPCO*

Of the thirteen schemes for which funds were transferred to KEPCO, two were subsequently dropped. The Registrar of Co-operative Societies was to process the applications for assistance under the programme for six schemes, the Director of Employment and Training for two schemes and the Special Officer, Employment Programme for one. The remaining two schemes (12 sub schemes with outlay of Rs. 1,07.20 lakhs) relating to Industrial Co-operative Societies [Kerala State Engineering Technicians' (Workshop) Industrial Co-operative Society Limited, Palghat District Engineers' and Technicians' Industrial Co-operative Society Limited, etc.], were to be processed by KEPCO.

The total payments made by KEPCO to the end of March 1975 aggregated Rs. 1,40.44 lakhs, the details of which are given below:—

<i>Estimated capital cost of the projects</i>	<i>Institutional finance expected</i>	<i>Capital expected to be raised by members</i>	<i>Payments made by KEPCO</i>	<i>Gap in resources</i>
---	---------------------------------------	---	-------------------------------	-------------------------

(in lakhs of rupees)

Projects cleared by the Planning Commission	5,06.60	1,29.41	88.71	1,16.29	1,72.19
Projects not cleared by the Planning Commission but sanctioned by State Government	4,69.42	2,65.00	1,87.72	16.47	0.23
Projects approved neither by the Planning Commission nor by State Government	66.98	22.64	26.66	7.68	10.00
Total	10,43.00	4,17.05	3,03.09	1,40.44	1,82.42

Against a total cost of Rs. 10,43 lakhs of the projects for which assistance was released by KEPCO to 70 units, the resources proposed to be raised by the beneficiary units as indicated in the applications submitted by the beneficiaries were only Rs. 8,60.58 lakhs. Further, in respect of resources expected to be raised from the financial institutions, against Rs. 4,17.05 lakhs envisaged, Rs. 1,99.50 lakhs only had been raised so far (September 1975). Information regarding the share capital raised by members was available only in respect of 20 out of 70 units assisted by KEPCO. The share capital raised by the members of these units was only Rs. 59 lakhs against Rs. 1,94 lakhs envisaged. KEPCO had not raised any institutional finance on its own although this was one of the main objectives in forming the Company. Government, however, stated (February 1976) that efforts made by KEPCO to raise institutional finance were not successful.

Five industrial co-operative societies were given assistance of Rs. 66.52 lakhs by KEPCO for projects costing Rs. 2,51.29 lakhs. Although these societies were to raise Rs. 1,97.09 lakhs from financial institutions, they had not raised any institutional finance. The guidelines prepared by the Planning Commission contemplated that the major component of finance was to be raised from financial institutions and that Government funds were to serve only as a catalyst, but it would appear that these projects have been financed mainly by utilising assistance from Government.

The employment potential envisaged in respect of 40 units (out of 70) for which details were made available, was 2,822 against which employment generated was reported to be 1,158. Information regarding the employment generated in the remaining units is awaited (February 1976).

A review of some of the schemes assisted by KEPCO disclosed the following points:

- (a) The Kerala State Engineering Technicians' (Workshop) Industrial Co-operative Society Limited, Trivandrum

Eight projects (estimated cost :Rs. 7,79 lakhs) with an employment potential of 3,636 were approved by the Government of India for implementation through the Kerala State Engineering Technicians' (Workshop) Industrial Co-operative Society Limited (ENCOS—a Co-operative Society registered on 12th September 1968). The society, however, applied for assistance only in respect of two projects—A Scooter Project (estimated cost: Rs. 1,84 lakhs) and Pre-fabricated Housing Scheme (estimated cost: Rs. 72 lakhs). The

total outlay approved by the Government of India for these two projects was Rs. 33 lakhs (Scooter Project: Rs. 6 lakhs and Pre-fabricated Housing Scheme: Rs. 27 lakhs). The society did not raise any institutional finance for either project even though the society indicated in their application that they expected bank finance to the extent of Rs. 1.45 lakhs. However, based on a letter from the State Bank of India agreeing in principle to finance one of the two projects, (Pre-fabricated Housing Scheme) the Government directed (July 1974) KEPCO to release the amount earmarked for equity participation, to the society. Although Government had directed KEPCO, as early as July 1974 to follow up on the release of bank finance to the society, it was observed that formal application to the bank for an assistance of Rs. 36 lakhs in respect of Pre-fabricated Housing Scheme was made by the society only in March 1975. Information regarding assistance sanctioned by the bank is awaited (February 1976).

In July 1974 KEPCO also pointed out to Government that ENCOS had taken up a number of schemes, apart from those approved by the Planning Commission, and it was not possible to identify the share capital raised for each scheme and to ensure compliance with the Planning Commission's guidelines regarding equity participation by members of the society. Government, however, instructed (September 1974) KEPCO to release assistance to ENCOS without tying it to any specific schemes, provided the society had created adequate assets. Accordingly, Rs. 41.37 lakhs were released by KEPCO by December 1974 as share capital contribution to the society (Rs. 6 lakhs for the Scooter Project and Rs. 35.37 lakhs for the Pre-fabricated Housing Scheme). It was, however, observed from a report (July 1974) of the Regional Joint Director of Industries and Commerce that the equity raised from members for the Pre-fabricated Housing Scheme was Rs. 7.485 lakhs, and on that basis the maximum assistance admissible for this Project under the programme was Rs. 22.455 lakhs.

Out of Rs. 1.40.45 lakhs transferred to KEPCO in March 1974, by January 1975 KEPCO had made payments aggregating Rs. 47.21 lakhs (ENCOS: Rs. 41.37 lakhs; other units: Rs. 5.84 lakhs). As the State Government was anxious to utilise the full assistance received under the Half a Million Jobs Programme before the end of March 1975, to become eligible for the release of assistance under Employment Promotion Programme implemented in 1974-75, a further sum of Rs. 30 lakhs was paid on 31st March 1975 to ENCOS towards Government's equity participation. The society had not fulfilled its eligibility even for the assistance already received. It was stipulated by

Government that in case the society did not raise the equity capital to satisfy its eligibility by 31st March 1976, the amount would be recovered in ten annual instalments with five per cent interest. Further developments are awaited.

From the utilisation certificates furnished by ENCOS in May 1975 and August 1975, it was seen that out of the total of Rs. 71.37 lakhs paid to ENCOS, Rs. 24.37 lakhs were utilised on the approved projects and the remaining amount had been diverted to other projects being implemented by ENCOS. The target date for the commissioning of the Alleppey Scooter Project was July 1975 (for Pre-fabricated Industrial Housing Project, no target date was fixed). Neither of these schemes was commissioned upto October 1975. Government stated (October 1975) that employment generated in respect of these two projects was 510 against 560 envisaged.

(b) A project for manufacture of silver mica capacitors (cost: Rs. 26.07 lakhs; employment potential: 108) by the Kerala Capacitors Engineering Technicians Industrial Co-operative Society, Adoor, Quilon (registered on 1st October 1973) was approved by Government of India (Central assistance: Rs. 7.20 lakhs). The society applied in May 1974 for share participation of Rs. 7.27 lakhs. The society raised Rs. 2.80 lakhs as share capital from members but had not made any arrangements for raising institutional finance. However, Rs. 7.20 lakhs were paid to the society as share capital contribution (Rs. 2.50 lakhs on 8th January 1975 and Rs. 4.70 lakhs on 9th April 1975). Rupees 1.47 lakhs out of the first instalment had not been utilised by the society till 9th April 1975, the date on which the second instalment was disbursed.

In September 1975 the society reported to the Company that the original project report prepared by National Industrial Development Corporation was based on technical know-how developed 16 years ago and as such it was seeking collaboration with a West German Firm which would result in increase in the project cost to Rs. 58.61 lakhs. No details were available with the Company regarding the employment potential expected, arrangements made with the German Firm for purchase of technical know-how, etc. As regards the source of funds for financing the increase in project cost, Government stated (February 1976) that the society proposed to raise Rs. 2.20 lakhs additionally as share capital from members, Rs. 7.80 lakhs as equity participation from Government and the balance was proposed to be raised as loan capital from financial institutions. Further developments are awaited (February 1976).

(c) A project for manufacture of sewing machine components (estimated cost: Rs. 64.72 lakhs; employment potential: 300) by the Palghat District Engineers' and Technicians' Industrial Co-operative Society Limited (PENCOS) (registered in May 1971) was approved by Government of India in June 1973 (Central assistance: Rs. 24 lakhs). The society was to raise share capital of Rs. 8 lakhs from its members and the balance of Rs. 32.72 lakhs was to be raised from financial institutions. The society raised Rs. 7.40 lakhs as share capital from members, but no arrangements for institutional finance had been made by the society so far (September 1975). Nevertheless share contribution amounting to Rs. 17.75 lakhs was paid to the society (Rs. 2.50 lakhs in December 1974 and Rs. 15.25 lakhs in April 1975).

Government stated (February 1976) that as a preliminary to the manufacture of sewing machines, the society had commenced assembly of the machines procuring parts from other manufacturing units and about 500 sewing machines so assembled were sold out. Additional employment was stated to have been provided to 139 persons.

(d) The Planning Commission had approved (March 1974) a scheme for the manufacture of mechanised toys at an outlay of Rs. 51.69 lakhs. But the scheme was not implemented as the ENCOS could not raise the necessary institutional finance. On the 22nd March 1975 the Toys Industrial Co-operative Society Limited (registered on 21st March 1975) applied to KEPCO for share participation assistance of Rs. 3 lakhs for another scheme for manufacture of toys (estimated cost: Rs. 15 lakhs) expected to provide employment for 70 persons. The application of the society did not indicate the source of funds from which the balance requirements of Rs. 12 lakhs was to be met. No institutional finance was arranged by the society. A feasibility report on the project submitted in October 1975 is stated to be under consideration of the society. Notwithstanding these deficiencies, the Company paid in March 1975, Rs. 3 lakhs, towards equity participation applied for by the society. The Company stated (October 1975) that the cost of the Project was being revised to Rs. 12 lakhs and that the society had not started production.

(e) A scheme for organising 'Taxi Drivers' Co-operative Societies with an employment potential of 320 was approved by the Planning Commission in June 1973 and March 1974 (Central assistance: Rs. 13 lakhs). Government assistance was to be in the form of share capital contribution limited to Rs. 1.00 lakh for each society.

Nine societies were organised between October 1973 and March 1974 and Rs. 3.60 lakhs were paid by Government as share capital to six societies in March 1974. While the amount paid to a society at Ernakulam was fully utilised, only Rs. 0.38 lakh (out of Rs. 0.60 lakh) was utilised by a society at Quilon. The remaining societies informed the department (May 1974) that there was no likelihood of their functioning owing to the increase in the cost of cars and petrol. Government stated (February 1976) that action was being taken to recover the amount paid to three Societies (at Trivandrum, Kottayam and Kozhikode) and the fourth society (at Trichur) was considering amendment to its bye-laws to convert it as an Autorikshaw Drivers' Co-operative Society. Further developments are awaited (February 1976). The employment generated was stated to be 69 as against the target of 320.

(f) Other deviations from the instructions/sanctions issued by Government noticed in the implementation of the schemes by KEPCO are mentioned below:—

(i) in the case of two co-operative societies engaged in the manufacture of plastic goods and domestic electrical appliances which were not approved for Central assistance, equity participation of Rs. 2.79 lakhs was sanctioned by the State Government. However, Rs. 3.18 lakhs were paid as share capital contribution to these societies. In addition, margin money loan of Rs. 4.08 lakhs was also paid by the Company. The Company stated (November 1975) that the State Government had been addressed to obtain approval of the Government of India.

(ii) Share capital/margin money loan amounting to Rs. 13.89 lakhs was paid by KEPCO to seventeen units engaged mainly in the manufacturing of engineering goods, automobile spare parts, etc., for implementation of schemes not approved by the Planning Commission. KEPCO reported to Government (April 1975) that the share capital contribution/margin money loan paid for seventeen unapproved projects was to be got approved by the Planning Commission. The approval of the Planning Commission has not been obtained so far (February 1976).

(iii) The rate of interest charged by the Company on margin money loans disbursed (Rs. 15.55 lakhs) was seven per cent per annum against four per cent fixed by Government of India for such loans.

(iv) Although the units assisted were required to submit quarterly statements of expenditure to the Company, of the 70 units assisted under the programme only 22 units had furnished such statements. The Company

had not verified (October 1975) in 19 cases whether the expenditure was actually incurred for the purpose approved. Apart from calling for statements of expenditure, the Company did not monitor the progress made in implementation of the projects by the beneficiary institutions on the ground that this was being done by financing institutions (banks, Kerala Financial Corporation, etc.).

*B. Schemes implemented by the Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes*

The Harijan Welfare Department drew Rs. 10.80 lakhs on 31st March 1974 and the amount was paid to the Corporation in May 1974 for implementing three self-employment schemes. The schemes were expected to generate employment for 360 persons.

Only one scheme—Self-employment in Autorikshaw driving—was implemented. According to the scheme, the Corporation was to train 200 candidates in autorikshaw driving for three months on payment of a monthly stipend of Rs. 100 per trainee and arrange for supply of autorikshaws to the trained persons on hire-purchase basis. Central assistance of Rs. 2.60 lakhs (Rs. 2.00 lakhs margin money loan and Rs. 0.60 lakh stipend) was approved for the scheme. Out of 184 candidates selected for training, 164 persons (of whom 140 were non-matriculantes) joined and were reported to have completed the training course between December 1974 and June 1975. Only 14 persons had been provided with autorikshaws (October 1975). The Corporation stated (October 1975) that 200 autorikshaws already allotted had been earmarked for distribution under the scheme and 65 trainees had already executed the agreements. The trainees were paid a consolidated stipend of Rs. 100 (against Rs. 300 sanctioned by Government of India) incurring an expenditure of Rs. 15,083. Central assistance received on this account but not utilised amounted to Rs. 42,655 after taking into account incidental expenditure admissible (15 per cent of stipend paid). Out of Rs. 2.00 lakhs paid as margin money loan, Rs. 1.35 lakhs were utilised by the Corporation for purchasing 14 autorikshaws.

Of the two schemes not implemented, the "Scheme for self-employment in taxi driving" (Central assistance: Rs. 2.80 lakhs) was dropped as it was not considered viable due to increase in cost of petrol and cars. The other scheme, viz., "Establishment of production centre for manufacture of standardised construction of wooden materials" (approved outlay: Rs. 5.40 lakhs) has not been implemented so far (October 1975) because of non-availability



of accommodation and of experienced persons for establishing production centres. The Corporation stated (October 1975) that no pre-investment survey was conducted before formulating this scheme. Rupees 8.20 lakhs were thus remaining unutilised with the Corporation.

#### *C. Scheme implemented by Government*

A scheme for setting up of 250 Rural Dispensaries (100 allopathic, 100 ayurvedic and 50 homoeopathic) in the Panchayats (approved outlay: Rs. 42.25 lakhs) was intended to provide employment to about 1,200 persons. Two hundred and forty-seven dispensaries were reported to have been opened by March 1974 (allopathic: 100, ayurvedic: 98 and homoeopathic: 49) incurring an expenditure of Rs. 30.08 lakhs.

The scheme was approved by the Government of India on the understanding that each Panchayat would make available suitable land (one acre for allopathic dispensaries and 25 cents for others) and construct the building for housing the dispensary within six months. One hundred and sixty-one Panchayats have not made available any land while twenty-nine Panchayats which had done so have not started construction of buildings to house the dispensaries so far (December 1975). In October 1975 Government directed the Panchayats concerned to fulfil their commitments early, failing which the dispensaries would be discontinued. Meanwhile, these dispensaries are reported to be functioning in buildings taken on rent by the Panchayats.

#### *D. Utilisation of Central Assistance*

Even though the scheme was to be fully implemented and the assistance fully utilised by the end of March 1975 it was noticed that by the third week of March 1975 KEPCO had an unutilised balance of Rs. 38.104 lakhs which was disbursed to various institutions between the 22nd and 31st March 1975. Cheques written up between 22nd March 1975 and 31st March 1975 for payment of margin money loans to 11 parties (Rs. 3.54 lakhs) and payment towards share capital to 27 parties (Rs. 11.66 lakhs) were actually made over to them between 20th April 1975 and 27th June 1975. One cheque for Rs. 0.14 lakh drawn on 31st March 1975 was cancelled in October 1975 as the party reported that it had already received financial assistance from other sources. Rupees 55 lakhs were paid in March 1975 to the beneficiary societies in the form of fixed deposit receipts with due dates of maturity in April 1975 and May 1975.

Similarly out of Rs. 10.80 lakhs transferred to Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited, Rs. 0.02 lakh only were utilised to end of March 1975 on the approved schemes.

(6) *Training schemes*

(a) Forty-four training schemes involving an outlay of Rs. 2,13.19 lakhs intended to create employment for 17,307 educated persons were approved by the Government of India between June 1973 and December 1973 and Rs. 1,03.94 lakhs were paid as grant to the State Government between July 1973 and March 1974 based on the progress of expenditure reported to Government of India. While approving the schemes, the Government of India had stipulated that the persons trained under this programme were to be assured employment in 1974-75 in jobs expected to arise in the first year of the Fifth Plan. Forty-one schemes (expenditure: Rs. 1,70.65 lakhs) with reported employment potential of 17,162 persons were implemented by Government. Although 11,086 persons were given training, sustained employment was provided to 4,557 persons only (August 1975).—

Twenty-three schemes were intended to train candidates for Government departments and the remaining 18 schemes for employment in private sector. The selection of candidates in respect of 17 schemes relating to Government departments was to be done by the Public Service Commission and in the remaining 6 schemes by the implementing departments. The department-wise details of number of persons trained under the 17 schemes and absorbed in Government jobs to end of August 1975 are given below:—

<i>Department</i>	<i>Requirement assessed by the department</i>	<i>Selected by the Commission</i>	<i>Joined training</i>	<i>Successfully completed training</i>	<i>Offered appointment</i>	<i>Absorbed in Government service</i>
1. Revenue (Land Board)	7,120	7,118	4,031	3,407	Nil	Nil
2. Survey and land records	1,000	1,604	584	286	286	69
3. Public Works/ Irrigation Department	999	977	959	765	765	467
4. Education	2,622	2,044	2,044	1,751	1,751	1,746
5. Dairy Development	515	310	291	250	250	250
6. Others	1,917	1,874	1,494	1,838	1,758	1,149
Total	14,173	13,927	9,403	8,297	4,810	3,681

In respect of the remaining 24 schemes (Government: 6; non-Government: 18) 3,040 persons were selected by the implementing officers of the schemes concerned and only 2,571 underwent training. 876 of these persons were reported to have been provided with employment on a regular basis (August 1975). Thus against the anticipated employment of 17,307 persons, 4,557 persons had been employed (August 1975).

In June 1974 Government decided to stop recruitment from the open market in respect of future vacancies in posts which could be filled up by persons trained under the programme.

(b) A review of four of these training schemes disclosed the following points:—

(i) The Scheme for Land Occupation Survey approved by the Government of India in June 1973 (outlay: Rs. 73.69 lakhs) envisaged training and employment of 7,120 land verification volunteers in collection of basic data necessary for implementing land reforms in the State. The persons selected (through Public Service Commission) were to be paid a stipend of Rs. 100 per mensem for 9 months and were thereafter to be absorbed in regular posts under Government during 1974-75. However, the sanction issued in November 1973 for the implementation of the scheme stipulated that the volunteers would be discharged on the expiry of the prescribed period of 9 months. It was also observed that no provision was made in the budget for 1974-75 for creating posts against which the volunteers were to be absorbed. The scheme was implemented from 1st December 1973. Although the Public Service Commission had issued selection memos to 7,118 candidates, 4,031 only joined (December 1973) out of whom 624 volunteers left between December 1973 and August 1974 (stipend paid to them being Rs. 3.84 lakhs approximately). The remaining 3,407 persons were retrenched on 31st August 1974. The total expenditure incurred on the scheme till August 1974 was Rs. 43.23 lakhs. It was expected by Government that verification of 73.83 lakh holdings in the State and collection of the basic data would be completed by the end of March 1974. According to the department only 44.4 per cent of the work was completed by 31st August 1974. The reasons for the shortfall are not known to Audit (February 1976).

The Land Board had observed in October 1974 that the work done by the land verification volunteers would become useless unless follow-up action was taken by the District Collectors and the Land Tribunals. The land occupation registers completed by the volunteers were to be handed over to the

respective Land Tribunals for taking *suo moto* action in respect of tenanted holdings and kudikidappu cases (6.98 lakhs) brought out by them. Information regarding the number of cases in which action had been finalised is awaited (February 1976).

(ii) In order to speed up the re-survey of land records and provide employment to 1,000 educated unemployed, another scheme for creating four additional re-survey parties was approved by the Government of India in June 1973. Each party was to consist of 170 surveyors and 80 draftsmen. The period of training was to be 7 months in respect of surveyor trainees and 6 months in respect of draftsman trainees. The trainees were to be paid a monthly stipend of Rs. 100. As per the orders of Government (November 1974) only those who successfully completed higher survey training and computer draftsman training courses could be absorbed in Government service.

Out of 1,604 candidates selected, 584 candidates joined the training course from 1st December 1973 (421 surveyors and 163 draftsmen). 270 out of 504 trainees (80 dropped out) passed the chain survey examination in February 1974. After further training from 15th April 1974 to 14th August 1974 only 67 passed the higher survey examination (4 in August 1974 and 63 in January 1975) and 40 passed the computer draftsmen test (January 1975). However, no additional re-survey parties were formed for want of funds. An expenditure of Rs. 6.20 lakhs was incurred on the scheme (stipend: Rs. 2.22 lakhs; furniture and equipment: Rs. 2.63 lakhs; miscellaneous: Rs. 1.35 lakhs).

In January 1975 in modification of its earlier orders Government decided that even trainees who had passed chain survey test could be considered for employment in Government services. On this basis, 69 draftsmen were absorbed in Government service against existing vacancies. Government stated (February 1976) that steps were under way to appoint 167 surveyor trainees as draftsmen in the existing vacancies.

(iii) A scheme of training 200 secretaries for employment in Co-operative Milk Supply Societies (outlay: Rs. 2.07 lakhs) was approved by the Planning Commission in June 1973. The scheme envisaged training of 200 matriculates for a period of 9 months on a monthly stipend of Rs. 100. The trainees were to be selected by the primary milk co-operative societies concerned who were to give an undertaking that the persons would be appointed

as paid secretaries/managers after successful completion of the training. Training commenced in three centres at Trivandrum, Trichur and Calicut in July 1973. An expenditure of Rs. 2.47 lakhs was incurred on the scheme till March 1974 (stipend: Rs. 1.68 lakhs; incidentals: Rs. 0.79 lakh).

Of the 191 trainees who successfully completed the training (9 trainees dropped out) only 108 trainees were appointed in Milk Supply Co-operative Societies to end of October 1975. The Department stated (October 1975) that six societies which had earlier sponsored the candidates had become dormant and that 12 other societies were reported to be in poor financial position.

(iv) A job-oriented scheme for training educated unemployed in selected workshops and trades to enable them to set up small scale enterprises was first implemented in the State under Special Employment Programme during 1972-73. 608 persons were trained, incurring an expenditure of Rs. 1.49 lakhs. Information regarding the number of persons to whom employment was provided is awaited (February 1976). No assessment about the utility of the scheme was conducted by Government on the ground that it was too early to take up such a study. Nevertheless, the scheme was taken up again under the Half a Million Jobs Programme for providing employment to 400 diploma holders of the Industrial Training Institute. A scheme with an outlay of Rs. 4.14 lakhs was approved by the Government of India on the understanding that the State Government would ensure that the persons trained would be self-employed during 1974-75. Each trainee was to be paid a stipend of Rs. 100 per mensem during the training period ranging from 6 months to 1 year. In addition, a fee of Rs. 50 per mensem for each trainee was payable to the units where the training was to be imparted. After successful completion of training, the trainees were to be given loan assistance for purchase of machinery and for construction of workshops subject to a maximum of Rs. 25,000 in each case. Central assistance for the scheme was limited to the payment of stipend to trainees. At the request of the State Government in January 1975 the Government of India agreed to extend the scope of the scheme to provide employment to 1,050 persons at an outlay of Rs. 8.78 lakhs.

Out of 804 persons selected in nine districts (information from two districts awaited) 749 persons successfully completed the training between 1973-75. Out of them only 27 persons were reported to have started self-employment ventures (October 1975). It was stated by the department (September 1975) that recovery of a sum of Rs. 0.21 lakh spent on 55 persons who discontinued the training has been ordered in terms of the bonds executed by them.

An expenditure of Rs. 10.84 lakhs was incurred on the scheme to end of March 1975. Out of this, Rs. 8.42 lakhs on account of stipend paid to trainees and incidental expenses were reimbursable by the Government of India. Against this, the Central assistance received was Rs. 10.10 lakhs. Central assistance received in excess was Rs. 1.68 lakhs.

(v) Three schemes—Training in Printing Technology, Training in Agricultural Income Tax and Sales Tax and Training of scheduled caste girls—to provide jobs for 145 persons (total outlay: Rs. 1.84 lakhs) were not implemented. Government stated (February 1976) that the approval of Government of India for these schemes was received during the close of the year 1973-74 and as such it was not possible to recruit candidates through the Public Service Commission and put them in position before 31st March 1974.

(vi) In respect of training schemes Central assistance was admissible for incidental expenditure limited to 15 per cent of the stipend paid. In the absence of information called for from some of the departments regarding the stipend content of the expenditure, Central assistance admissible to the State towards incidental expenditure could not be assessed.

#### (7) *Employment Incentive Scheme*

(a) A scheme for imparting training to engineers, diploma holders and science graduates etc., in small and medium scale private industrial units and co-operatives with a view to their eventual employment in these units was approved by the Government of India in June 1973. The scheme was expected to create employment for 3,165 persons (outlay: Rs. 32.91 lakhs). During the training period (9 months) 50 per cent of the salary of the trainees was to be paid by Government subject to a ceiling ranging from Rs. 75 to Rs. 200 per mensem according to the qualification of the trainees. 5,828 persons were selected for the training which commenced in July 1973. In March 1974 the period of training was extended by Government to one year. According to information furnished by the department, 5,194 trainees completed the training; 634 trainees (stipend paid: Rs. 2.98 lakhs) having dropped out during the course of training. The expenditure incurred on the scheme to the end of March 1975 was Rs. 35.80 lakhs.

In October 1974 Government directed the Special Officer (Employment Programme) to conduct a sample survey to find out how many of the candidates appointed under the scheme were absorbed by the employers. The survey is yet (February 1976) to be finalised. Although the department had

issued instructions in October 1973 that preference should be given to units which undertook to absorb the trainees permanently on completion of the training, the department stated (October 1975) that none of the 3,093 units had furnished such an undertaking.

The following deviations from the scheme as approved by the Government of India were noticed:—

(i) The categories of trainees approved by the Planning Commission did not include graduates and matriculates other than scheduled castes/tribes. But training was imparted to 1,881 graduates and matriculates not belonging to scheduled castes/tribes incurring an expenditure of Rs. 10.05 lakhs. It was stated by the department (October 1975) that trainees under the unapproved categories were selected in view of the serious unemployment problem in the State and for want of adequate number of applications from the persons belonging to scheduled castes/tribes.

(ii) Certain categories of trainees were paid salary by the department at a rate higher than the rates approved by the Planning Commission as shown below:—

<i>Description</i>	<i>Ceiling salary fixed by Planning Com- mission</i>	<i>Rate at which salary was actually paid</i>
	<i>Rs.</i>	<i>Rs.</i>
(a) Post Graduates in Science	125	200
(b) Post Graduates in Arts	Not covered by the scheme	200
(c) Graduates of Scheduled Castes/ Tribes	100	125
(d) Engineering Diploma holders	125	150
(e) Matriculates (Scavenger Community/Scheduled Castes/Tribes)	75	100
(f) I.T.I. Certificate holders	75	100

It was observed that the enhanced rates were paid on the basis of the rates mistakenly communicated in September 1973 by the Special Officer (Employment Programme) to the District Industries Officers. The subsidy paid in excess of the prescribed rates was Rs. 6.10 lakhs.

(iii) Although the scheme envisaged training by private employers and co-operatives, 203 persons were trained in Government owned institutions incurring an expenditure of Rs. 0.97 lakh. Information regarding their absorption called for from the department is awaited (February 1976).

(b) Two other schemes—"Subsidised Employment of Harijans" and "Training of Educated Unemployed (Chartered Accountants)" intended to create employment for 598 persons (outlay: Rs. 2.80 lakhs) were not implemented as the approval of the Government of India for the schemes was received towards the close of the year 1973-74.

### (8) *General appraisal*

The Government of India had allocated Rs. 7,00 lakhs for creating employment opportunities for 45,000 persons under this programme. The State Government, however, obtained approval of schemes with an outlay of Rs. 5,46.29 lakhs only, anticipated to generate employment for 32,585 persons. Out of these, nine schemes (outlay: Rs. 1,26.43 lakhs; employment potential: 5,579) were not implemented. As at the end of August 1975 employment was provided to 7,004 persons only (3,681 under Government) incurring an expenditure of Rs. 4,15.87 lakhs. Although all the unemployed engineers were to be provided with regular jobs, only 386 out of 1,497 engineering graduates reported to be unemployed in March 1973 could be absorbed (August 1975). Government stated (October 1975) that shortfall was due to the fact that funds earmarked by the Centre were not adequate.

One of the important guidelines issued by the Planning Commission was that Governmental assistance for self-employment schemes was to serve as a catalyst only and the bulk of the funds was to be raised from banks or members' equity participation. In actual implementation it was seen that the projects were financed mostly out of the Government assistance under the programme. Though the schemes to be selected under the programme were to be labour intensive and capable of yielding quick results, Rs. 96.32 lakhs were invested on capital intensive schemes with long gestation period.

## REVENUE DEPARTMENT

### **41. Settlement of agricultural labourers**

A centrally sponsored scheme for settling landless agricultural labourers on Government poramboke lands was introduced by the State Government in October 1963. The scheme was transferred to the State sector with effect from 1st April 1969. Under the scheme each family was to be given maximum



of 4 acres of dry land or 2 acres of wet land which was to be brought under cultivation within one year from the date of assignment. Financial assistance in the form of loan and grant (subject to a maximum of Rs. 1,000 per family till April 1969 and Rs. 1,500 thereafter) was to be paid to the settlers for meeting expenses on reclamation, cultivation and settlement. The amount of assistance was to be deposited in banks in the name of the settlers and was to be withdrawn only on cheques countersigned by the Tahsildar concerned who was also to watch the proper utilisation of the assistance. In January 1974, Government extended the scope of the scheme and ordered that any agricultural labourer, who in his own or his wife's name held any land not exceeding 2 acres in extent would also be eligible for financial assistance.

The State's Fourth Five Year Plan envisaged an outlay of Rs. 30 lakhs on the scheme against which the actual expenditure was Rs. 12.59 lakhs only. The Board of Revenue stated (October 1975) that the scheme could not be implemented from 1971 onwards due to scarcity of unencumbered poramboke land for assignment and consequently the scheme was revised in January 1974. During 1974-75, the first year of the Fifth Plan, Rs. 5.85 lakhs were spent against the budget provision of Rs. 10.44 lakhs.

Mention was made in paragraph 125 of the Audit Report 1969 about some aspects of the implementation of the scheme such as non-utilisation/mis-utilisation of assistance, non-reclamation of land assigned, etc. During subsequent audit in September 1975 the following points were noticed:—

(i) Upto the end of March 1975, Rs. 77.54 lakhs (grant: Rs. 61.93 lakhs; loan: Rs. 15.61 lakhs) were drawn towards assistance to 8,080 families. Out of this, Rs. 62.84 lakhs were deposited in banks prior to April 1974 in favour of assignees and Rs. 14.32 lakhs disbursed direct to beneficiaries. The balance of Rs. 0.38 lakh was refunded as the beneficiaries did not turn up to receive the assistance.

(ii) The total area assigned under the scheme upto the end of March 1975 was 16,541 acres of which 3,972 acres have not been brought under cultivation so far (January 1976). In Cannanore district alone the scheme envisaged assignment of 36,236 acres; but only 15,385 acres had been assigned so far (January 1976). The Board of Revenue stated (November 1975) that the shortfall in area assigned was due to encroachment in the remaining area by ineligible persons.

(iii) The assignment of land in 754 cases (area: 2,530 acres) was cancelled by the department (between 1967 and 1975) on grounds such as

(a) non-fulfilment of conditions of assignment by the settlers, (b) failure of the beneficiaries to turn up for receiving the assistance, (c) mis-utilisation of assistance by settlers and (d) unsuitability of the assigned land for habitation and cultivation, etc. The Secretary, Board of Revenue stated (October 1975) that out of Rs. 6.73 lakhs given as assistance in these cases, Rs. 3 lakhs remained to be recovered from the assignees and that action was under way to recover the amount by initiating revenue recovery proceedings. However, no amount has been recovered so far (February 1976).

(iv) In Cannanore district, 375 beneficiaries who received assistance aggregating Rs. 2.38 lakhs have deserted the land assigned to them. The Board of Revenue stated (September 1975) that action had been taken to cancel the assignment and to recover the assistance given in such cases.

(v) Out of Rs. 62.84 lakhs deposited in banks in the names of the settlers, Rs. 12.66 lakhs (including interest of Rs. 1.55 lakhs) remained undrawn as on 31st March 1975. Of this, Rs. 10.99 lakhs deposited prior to 1970-71 pertained to two districts—Kottayam (Rs. 7.27 lakhs) and Cannanore (Rs. 3.72 lakhs).

Particulars of two cases in which Rs. 8.24 lakhs remain unutilised (January 1976) are given below:—

(a) In response to local representations, 420 acres of Kayal lands in Thiruvappu village (Kottayam district), were assigned to 742 families of landless labourers in April 1970. The Tahsildar, Kottayam drew Rs. 7.42 lakhs from the treasury on 31st March 1970 towards assistance payable to them and deposited the amount in the bank. Out of this, Rs. 0.15 lakh were so far (January 1976) withdrawn and adjusted towards land value, survey and demarcation charges, etc., due from the assignees. The balance of Rs. 7.27 lakhs (grant: Rs. 5.97 lakhs; loan: Rs. 1.30 lakhs), is still lying unutilised. In a report sent to Government the Board of Revenue recommended (March 1975) cancellation of assignment already made as the land assigned was a fairly deep backwater (8 to 10 feet deep in most places), reclamation works could not be done for want of dredgers, and the estimated cost of settling 742 families in the area would be Rs. 14.69 lakhs against Rs. 7.27 lakhs available. Government stated (February 1976) that the 'workability' of the scheme was being examined.

(b) In Hosdurg taluk (Cannanore district) 459 acres of land were assigned to 112 families during 1965-66 and 1966-67 and Rs. 1.09 lakhs were drawn in March 1966 and March 1967 by Tahsildar, Hosdurg and deposited

in the bank. Out of this, Rs. 0.12 lakh were so far (January 1976) adjusted towards land value, survey and demarcation charges. The balance of Rs. 0.97 lakh is still (January 1976) lying unutilised. The land has not been handed over to the settlers so far (January 1976), as the thick tree growth on the land had not been removed. The Tahsildar, Hosdurg, reported (August 1975), to the District Collector, Cannanore, that the Forest Department had not been able to arrange the work departmentally due to absence of approach roads. There was also no response to tenders invited (July, August and December 1971) by the Forest Department for removing the tree growth on contract basis. Sanction sought (July 1972 and March 1974) by the Chief Conservator of Forests to dispose of the trees by outright sale was accorded by Government in November 1975. The extraction of the trees has not been arranged so far (January 1976).

(vi) Ten acres of Kayal (backwater) poramboke land in Kadamakudy village (Kanayannur taluk: Ernakulam district) were assigned to 20 settlers in March 1968 and Rs. 0.14 lakh were paid as loan and grant to them in April-May 1968. The settlers neither utilised the assistance nor reclaimed the Kayal area. The Tahsildar, Kanayannur reported (September 1968) that the entire area was a sheet of water, 4 to 8 feet deep. In January 1969, the District Collector, Ernakulam directed the Tahsildar to take action against the departmental officers, responsible "for squandering of public funds". But no action could be taken as the officers concerned had retired/died in the meantime. The assignment was cancelled and land resumed by the Department in October 1972. Action to recover the amount due from the settlers was found impossible as the assignees had no properties capable of attachment. A proposal (April 1975) to write off the amount was awaiting Government sanction (February 1976).

(vii) In the case of 181 settlers (land assigned: 593.54 acres) in Kasaragod and North Wynad taluks of Cannanore district to whom Rs. 1.67 lakhs were paid as loan and grant between February 1966 and March 1969, Government extended (April 1974) the period of utilisation of the financial assistance to March 1976. Of these, 25 settlers have so far (January 1976) utilised the loans and grants paid to them. As regards the remaining cases, the Secretary, Board of Revenue stated (September 1975), that the lands assigned in most of these cases being slopes and hill tops, reclamation was difficult and expensive, and the settlers could not improve the land within the limited time and amount of financial assistance sanctioned.

(viii) In respect of grants given prior to April 1971, utilisation certificates were still due in Audit for Rs. 19.21 lakhs (February 1976).

**42. Misappropriations, losses, etc.**

(a) The following table gives department-wise analysis of 213 cases of misappropriation of funds, stores and stock (Rs. 46.42 lakhs) which came to the notice of Audit till the end of 1974-75, awaiting disposal at the end of September 1975:—

<i>Department</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
Revenue	37	4.16
Development	31	1.60
Agriculture	26	2.75
Health	24	0.51
Public Works	22	21.39
Higher Education	16	2.04
Taxes	10	3.67
Industries	8	0.35
General Education	10	5.32
Other Departments	29	4.63
Total	213	46.42

(b) These cases have been outstanding for the periods given below:—

	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
(i) Over 10 years	21	14.42
(ii) Over 5 years but less than 10 years	66	14.88
(iii) Over 2 years but less than 5 years	59	5.72
(iv) Two years or less	67	11.40
Total	213	46.42

The Public Accounts Committee (1974-75), after considering paragraph 35 of the Report of the Comptroller and Auditor General of India for 1970-71,

has, in its twenty-first Report, strongly deplored the inordinate delay in completing departmental proceedings against officials involved in defalcation cases. In order to ensure that departmental action was not barred by limitation of time, the Committee urged the Government to initiate departmental steps against delinquent officials simultaneously with action for prosecution. The action taken by Government is awaited (February 1976).

#### **43. Writes off, waivers and ex-gratia payments**

Certain cases of writes off, waivers and ex-gratia payments are given in Appendix IV.

## CHAPTER IV

### WORKS EXPENDITURE

#### 44. Flood Control Works

##### (1) *Introduction*

Kerala has an average annual rainfall of 300 cm. varying from 162 cm. in the plains to 500 cm. in the high ranges, most of which is precipitated during the monsoon months (June to November). The State is traversed by 41 rivers with numerous branches and tributaries which have their origin in the high ranges and drain into the Arabian Sea or the backwater lagoons along the coast. Due to intensity of the rainfall, the peculiar topography of the State with steep catchments and undulating plains, the comparatively short length of the rivers and the gradual silting up of the river beds caused by indiscriminate cultivation in the catchment and along the river banks, floods have become almost an annual feature in the State. In the lower reaches, floods are aggravated by the formation of sand bars at the outlets of the backwater lagoons and river mouths (Periyar, Kadalundi and Karuvanur) which obstruct the natural flow of water. The two major problems caused by the floods are inundation and submergence of low-lying areas and bank erosion. The area worst affected by inundation is the Kuttanad region (which is one of the two main rice producing areas in the State). Erosion of banks occurs in almost all the rivers and is particularly acute in the Bharathapuzha, Pamba and Periyar rivers which pass through highly fertile and densely populated lands.

##### (2) *Damages caused by floods*

According to statistics collected by the Central Water and Power Commission from the State Government, floods affect on an average an area of 2.6 lakh hectares annually, including 0.17 lakh hectares of cultivated area, besides causing damage to houses and public utilities. The damage caused by floods

during the years 1969-70 to 1974-75 as reported by the Revenue Department is indicated below:—

Year	Damages to Houses and Crops				Other items	Total estimated loss
	Houses		Crops			
	Numbers	Estimated loss (Rupees in lakhs)	Area affected (Hectares)	Loss (Rupees in lakhs)	(Rupees in lakhs)	
1969-70	19,275	21.62	34,575	40.19	42.20	1,04.01
1970-71	5,751	39.75	11,988	36.03	2,03.13	2,78.91
1971-72	22,846	23.38	37,100	1,38.52	7,01.12	8,63.02
1972-73	3,921	11.68	36,000	1,26.30	73.88	2,11.86
1973-74	3,334	8.22	5,192	54.73	3,29.07	3,92.02
1974-75	17,505	1,75.05	39,736	12,57.48	11,64.14	25,96.67
Total for 6 years	72,632	2,79.70	1,64,591	16,53.25	25,13.54	44,46.49
Average	12,105	46.62	27,432	2,75.54	4,18.92	7,41.08

### (3) History of flood control measures

In the past, very few flood control works, mainly in the nature of flood banks, earthen bunds and groynes were attempted to provide immediate relief in areas affected by erosion of river banks. These works, however, were neither systematically planned nor were adequately maintained. Following the disastrous floods of 1954 in the country, the Government of India highlighted the necessity of a planned programme of flood control and the need for setting up suitable machinery at the State and Centre for this purpose. Accordingly, the Government constituted in 1957 the State Flood Control Board and a Flood Control Technical Advisory Committee for assisting the Board. The Board was to approve long range plans and schemes for flood control and watch the progress of implementation of the approved schemes. The Advisory Committee was to give technical advice to the Board regarding specific schemes and their relative priorities and examine and recommend programmes for investigation and collection of data for flood control works and proposals for flood warning system. The High Level Committee on floods appointed by the Government of India in 1957 also stressed the necessity of preparing a basin-wise long range plan for flood control and the importance of collecting detailed hydrological data on systematic and scientific lines.

In July 1961, after the 1961 floods, the State Government sanctioned a special Division for collection of statistics of flood damages and basin-wise hydrological data required for flood control measures. This Division was continued till the end of April 1963. Based on the data collected, a Long Range Outline Plan for flood control in Kerala was prepared by this Division envisaging an investment of Rs. 22.40 crores over a period of 30 years. The main recommendations made in the Long Range Plan were:

(i) Construction of storage reservoirs exclusively for flood control was not economical, but reservoir construction in large irrigation and power schemes should be designed for flood moderation in different basins.

(ii) Training of rivers by means of embankments should be adopted only where wide disparities did not exist between bankful capacity and maximum flood discharge.

(iii) Priority should be given for improving drainage facilities by dredging, widening and straightening of rivers and channels and opening straight and easy cuts to the sea where river mouths were obstructed by sand bars and deltas.

(iv) Measures for preventing bank erosion such as groynes, revetments, etc., should be adopted in conjunction with soil conservation schemes. The type, nature and extent of the measures to be adopted should be determined after detailed studies and model tests.

(v) A separate agency should be established for systematic collection of hydrological and meteorological data. In the absence of adequate and authentic data it would not be safe to design flood control measures.

Though the Technical Advisory Committee was to consider this Plan in July 1964, it appears the Committee did not consider it. The Chief Engineer stated (October 1975) that the Plan was not a comprehensive one and further detailed investigation of the schemes recommended therein was necessary before they could be taken up for execution. Meanwhile, construction of groynes and flood banks was undertaken at random, based on priorities suggested by the Executive Engineers.

On the basis of recommendations of the Central Flood Control Board, the Government of India again urged (1970) the State Governments to prepare a comprehensive plan for flood control with the object of reducing the flood damages by at least 50 per cent by 1980. This was reiterated by State Irrigation and Power Ministers' Conference held in 1972. The department assessed that a financial outlay of Rs. 17.50 crores would be required for



achieving this objective and further action could be taken only after detailed investigations were completed.

In 1972, while preparing the draft proposals for the Fifth Plan, the Department realised that no tangible results could be achieved in preventing floods by construction of devices like flood banks and groynes which had been resorted to till the end of the Fourth Plan and once again stressed the importance of preparing a comprehensive basin-wise master plan after detailed investigation. For this purpose three Investigation Divisions were formed in May-June 1973 and the work was entrusted to graduate engineers recruited under the special employment programme sponsored by the Government of India. The three Divisions functioned till October 1974 and surveyed major portions of practically all the rivers, collected hydrological data for short periods in respect of a few rivers and also investigated a few schemes to be taken up for execution. After the three Divisions were abolished, skeleton staff was sanctioned till February 1975 for compilation of the information collected and a preliminary report was submitted to Government in January 1975. The expenditure incurred on the establishment of the three Divisions and the skeleton staff was Rs.29.39 lakhs. The Chief Engineer stated (October 1975) that the investigations done by the three Divisions were inadequate for preparation of basin-wise master plan which required collection of a large volume of additional hydrological and field data over a long period. Thus, a comprehensive basin-wise master plan is yet to be prepared. Arrangements for systematic collection of the data required for this purpose have not yet been made.

#### (4) *Research and Evaluation*

The Flood Control Technical Advisory Committee had on various occasions observed that the flood problems in the State should be studied in the Research Station, Peechi which should also conduct model studies regarding length, shape, slope, alignment, etc., of the groynes and construction of masonry walls and revetments on eroding banks. The Research Station at Peechi had conducted 7 model studies so far (March 1976) on isolated cases referred to it by the Department. According to the report of the Research Station, the utility of model studies would be limited because the data made available to it by the Department were scanty and details like maximum flood discharge, change in cross section and complete hydrograph with corresponding gauge reading were not furnished. The Research Station has not so far (March 1976) done any studies on the length, shape, slope, etc., of groynes to be adopted as bank protection works. A detailed study of the works in Pamba River basin suggested by the Committee in December 1970 is also yet to be taken up (March 1976).

The representatives of the Central Water and Power Commission in the Technical Advisory Committee had suggested (February 1972) that a detailed evaluation of works undertaken for preventing bank erosion should be done by the Research Station at Peechi. The Superintending Engineer, Peechi, informed the Committee in January 1973 that the evaluation could not be completed for want of necessary staff. He was, thereupon, required (January 1973) to undertake a limited evaluation of the structures built in certain reaches of Pamba river. But even this limited evaluation has not been completed so far (March 1976) as certain details required for the study called for (September 1975) by the Research Station from the Irrigation South Circle were awaited.

(5) *Plan Targets and Achievements*

Even though a comprehensive plan for flood control works had not been prepared, provision for *ad hoc* works to protect the river banks and public properties like roads, buildings, etc., had been included in successive Five Year Plans based on proposals submitted by the executing Divisions. The allotments for these works in the various Plans and achievements were as follows:—

Period	Financial		Physical	
	Target (Outlay on Flood control works) (in lakhs of rupees)	Achievements (Actual expenditure on Flood control works)	Target  (Length of embankments, drainage channels in kilometres and area benefited in hectares)	Achievements
First Plan (1951-56)	Nil.	Nil.	Nil.	Nil.
Second Plan (1956-61)	(Not avail- able)	51.82	} Not available	10.870 kilometres
Third Plan (1961-66)	61.00	64.43		1.780 kilometres
Annual Plans (1966-67 to 1968-69)	58.87	52.97		of drainage chan- nels and 3,238.80 hectares-area bene- fited.
Fourth Plan (1969-74)	1,53.00	1,63.57	18.395 kilometres of embankments, 11.480 kilometres of drainage chan- nels and 5,607.51 hectares-area benefited.	11.663 kilometres of embankments, 1,500 kilometres of drainage channels and 5,186 hectares- area benefited.

Upto the end of Fourth Plan Rs. 3.33 crores were spent on construction of embankments (22.53 kilometres) and drainage channels (3.28 kilometres) and the area benefited was reported to be 8,425 hectares. Though the entire allotment for the Fourth Plan was utilised, physical achievements during the Plan period had fallen short of the target, by 37 per cent and 90 per cent respectively in the case of construction of embankments and drainage channels.

During the Fourth Plan 199 works (estimated cost: Rs. 6,11.08 lakhs) were proposed for execution, of which 109 works (estimated cost: Rs. 3,35.87 lakhs) were taken up for execution; of these 74 works (estimated cost: Rs. 1,59.42 lakhs) were completed during the Fourth Plan. Of the remaining 90 works, estimates in respect of 59 works had not been finalised, technical sanction was awaited in respect of 11 works (estimated cost: Rs. 42.05 lakhs) and 20 works (estimated cost: Rs. 56.96 lakhs) were yet to be arranged (December 1975).

Pending preparation of the basin-wise Master Plan and finalisation of individual schemes to be executed, proposals for the Fifth Plan were once again based on the outlay for works envisaged in the long range plan of 1963 after making allowance for escalation in price of materials and labour. The department proposed a total financial outlay of Rs. 35 crores spread over three Plan periods, viz., Fifth Plan: Rs. 15 crores; Sixth Plan: Rs. 10 crores and Seventh Plan: Rs. 10 crores. The outlay finally approved for the State's Fifth Plan was only Rs. 10 crores. The total expenditure incurred during the first year of Fifth Plan (1974-75) was Rs. 18.59 lakhs against the budget provision of Rs. 25.78 lakhs. The works executed during this period were mostly spillover works of the previous Plan periods. For the year 1975-76, an amount of Rs. 38.74 lakhs (Rs.35.93 lakhs for spillover works and Rs. 2.81 lakhs for new works) has been budgeted.

#### (6) *Financial assistance from the Government of India*

Till the end of 1973-74 the assistance from the Government of India for flood control works was in the form of 100 per cent loans and was being released in lump, both for Flood Control and Anti-sea erosion works. Such assistance received upto the end of 1973-74 was Rs. 10,86.69 lakhs. A sum of Rs. 85.19 lakhs was also received from the Government of India, towards subsidy equal to the amount of interest payable during the first 5 years, in respect of loans received to the end of 1968-69. From 1974-75, only block loans and grants are given by the Centre without tying them to any specific head.

(7) The Public Accounts Committee on various occasions had commented upon the defective planning, incomplete investigations and defects in execution of flood control works and had urged the Government to take steps to overcome these problems.

(8) *Review of implementation*

A review by Audit between January 1975 and September 1975 of flood control works executed in a few river basins brought out the following points:—

(A) *Execution of works*

(a) *Kadalundy and Pooraparamba Basin*

The basin covering an area of 439 square miles in Kozhikode District is drained by three rivers—the Kadalundy, the Keeranallur and the Pooraparamba. Among the various river basins in north Kerala, this basin suffers the worst damage due to the floods. In the lower reaches, where extensive paddy lands exist, the flood waters inundate a vast area. Considering the magnitude of the flood problem in this basin, a comprehensive scheme for diversion of flood waters in the Kadalundy river through the Keeranallur—Pooraparamba rivers was proposed in 1959. The scheme envisaged construction of a bridge-cum-regulator across the Keeranallur stream; deepening and widening Keeranallur stream and cutting open a canal connecting the Keeranallur stream and Pooraparamba river. In addition to the works envisaged in the comprehensive scheme, the long range plan stressed the need for improvements to the numerous drainage channels emptying into the Kadalundy river. The defects noticed in the execution of the comprehensive scheme for diversion of flood waters in this basin are enumerated below:—

(i) The construction of a bridge-cum-regulator across Keeranallur river (estimated cost: Rs. 15.05 lakhs) was sanctioned in May 1959. The estimate was revised in February 1966 to Rs. 26.85 lakhs consequent on change of design of foundation structure, necessitated by defective sub-soil investigation. The work was commenced in June 1959. Mention was made in paragraph 52 of Audit Report 1968 regarding the extra/infructuous expenditure amounting to Rs. 1.18 lakhs on this work as a result of inadequate sub-soil investigation. The Public Accounts Committee 1968-69 had in its second report (March 1969) observed that the inadequate investigation before commencement of the work had resulted in infructuous expenditure and inordinate delay in completion of this work. The bridge-cum-regulator

(civil portion of the work) was completed in March 1970 and the bridge was opened for traffic. Tenders for the electrification of the shutters (estimated cost: Rs. 0.21 lakh) were invited in June 1974 but there was no response. The estimate was revised to Rs. 0.33 lakh in August 1975 based on schedule of rates effective from 1st July 1974. The work is yet to be taken up (December 1975). The total expenditure incurred on the work to the end of November 1975 was Rs. 20.25 lakhs (bridge: Rs. 6.78 lakhs; regulator: Rs. 13.47 lakhs).

(ii) The work of deepening and widening of Keeranallur river (estimated cost: Rs. 3.64 lakhs) was sanctioned in February 1968 by the Superintending Engineer. Out of 1,718 metres of the river bank, the widening work in a length of 64 metres for which fresh acquisition of land was not necessary was awarded to a contractor for Rs. 0.67 lakh in February 1969 and completed by January 1971 at a cost of Rs. 0.51 lakh. Proposals for acquiring the land required for the balance work, were sent (May 1969) to the Revenue authorities; but survey work started in May 1971 has not been completed yet (December 1975).

(iii) The work of a new cut to connect Keeranallur and Pooraparamba rivers including the cost of acquisition of 20.234 hectares of land (estimated cost: Rs. 25.70 lakhs) was sanctioned in November 1971. The work awarded for Rs. 14.68 lakhs and commenced in December 1971 is still (December 1975) in progress. 13.426 hectares of land required for the formation of the cut were acquired between March 1969 and March 1970 at a cost of Rs. 4.52 lakhs. The remaining 6.808 hectares of land were intended for dumping excavated spoil earth. In November 1972, the department re-assessed the area required for this purpose as 9.5 hectares. As the people of the locality protested against the acquisition of land (paddy fields), the department dropped the proposal in March 1973 and directed the contractor to dump the spoil earth 3 to 6 kilometres away at sites to be indicated by the department. By August 1974, the department could indicate to the contractor the survey numbers of lands for dumping 1,10,000 out of 3,50,000 cubic metres of earth. Meanwhile, the contractor had completed excavation upto the bed level by dumping the excavated earth on the banks of the channel. During the floods of July 1974, a breach occurred in the existing flood bank and as a result 30,000 cubic metres of excavated earth dumped at the banks, slipped and fell into the channel. The re-excavation work was done (May 1975) at a cost of Rs. 1.25 lakhs. The total expenditure incurred on the work to the end of November 1975 was Rs. 25.17 lakhs. The remaining ancillary works—construction of a regulator in the new cut, training of Poorapuzha river and formation of an approach road (estimated cost: Rs. 22.10 lakhs)—sanctioned

in November 1971 and commenced on various dates between November 1972 and June 1973 are in different stages of execution. The expenditure incurred on these works to end of November 1975 was Rs. 2.87 lakhs.

Thus even after a decade and a half since the work on the Bridge-cum-Regulator across Keeranallur was taken up, the objective of protecting the lower reaches of Kadalundy river has not been achieved and the expenditure of Rs. 48.80 lakhs on these works to the end of November 1975 remains largely unproductive.

(b) *Ithikkara basin*

In this basin covering 270 square miles of Quilon District, floods occur in the lower reaches of the Ithikkara river due to the saturated condition of the soil and formation of a sand bar at the river mouth which obstructs the natural flow of water. With a view to mitigating the occurrence of floods, the construction of a cut and regulator was taken up in 1958. The long range plan emphasised (1963) the necessity for additional works of the nature of construction of flood banks; deepening and widening of the bifurcating branches of the river in its lower reaches and improvements to the drainage channels at an estimated cost of Rs. 35 lakhs. The points noticed by Audit in the execution of a flood control work in this basin are stated below:—

The work of construction of spillway channels, bunds and a sluice (estimated cost: Rs. 4.15 lakhs) for flood protection and prevention of saline ingress into the Ithikkara and adjoining paddy fields was sanctioned by Government in December 1955. The estimate was revised to Rs. 9.79 lakhs (January 1959) due to provision of a regulator in lieu of a sluice and also additional protective works for the channel. The work was taken up in July 1958 and was completed in 1970 except for removal of hard strata near the river mouth.

The estimate for the work was revised in September 1974 to Rs. 17.08 lakhs, taking into account the escalation in the cost of labour and materials upto 1970. The execution of the work was delayed due to the abandonment of the work by successive contractors from time to time. The reasons for the abandonment of the work were stated to be:—

- (1) inadequate investigation of soil condition at the site of work at the time of preparing the estimates and consequent abnormal variations in the quantities of earth work;

- (2) absence of provision in the estimates for dewatering, supply and erection of winches and construction of an operating room for winches.

As regards the removal of the hard strata at the river mouth this could not be done by manual operation as provided in the estimate and agreement with the contractor. The contractor, therefore, stopped the work in 1970. The expectation of the department that the hard strata would be washed away by the continuous flow of flood waters also did not materialise. Accordingly, another estimate was prepared in 1974 for Rs. 0.49 lakh for under-water blasting of the hard strata. The work awarded for Rs. 0.50 lakh in February 1975 was completed by May 1975 (expenditure: Rs. 0.48 lakh). The total expenditure incurred on the work to the end of August 1975 was Rs. 15.19 lakhs.

(c) *Pamba Basin*

The Pamba river basin in Quilon District (Area 763 square miles) suffers from inundation by flood waters and erosion of river banks. The low-lying fertile paddy fields of Kuttanad fall in this basin. The absence of a natural outlet to the sea, heavy silting of the river bed, drainage channels and the deltaic formation at the river mouth contribute to the intensity of floods in this area. One of the two important works for flood moderation in this basin taken up and completed in 1954 was the Bridge-cum-regulator at Thottappally. In paragraph 40 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil), mention was made that the capacity of Thottappally spillway constructed in 1954 (cost: Rs. 57.93 lakhs) to drain the flood waters in this region was not adequate and as such the purpose of the spillway was not fulfilled. The inadequacy of the spillway was pointed out in the Long Range Plan (1963). Proposals for widening the spillway were stated to be under consideration of Government.

Another work, viz., Pamba-Manimala Cut, to divert the flow in these rivers towards the spillway was commenced in 1956. After incurring an expenditure of Rs. 2.37 lakhs, the work was stopped in July 1957 pending finalisation of the designs of the bridge across the canal. The unfruitful expenditure on this work was commented in paragraph 48 of Audit Report 1970. The work has not been resumed (March 1976).

The Central Water and Power Commission (April 1969) and the State Flood Control Technical Advisory Committee (September 1969) had stressed the importance of preparation of a Master Plan for this basin after conducting detailed investigation and model studies. The department had not prepared a Master Plan for the basin so far (February 1976) and had also not conducted any model studies except in one case in 1965. Flood control works, mainly of the nature of construction of groynes, were executed as *ad hoc* measures. Deficiencies in designing of the groynes, and other aspects noticed in certain works executed in this basin are given below:—

(i) *Defective designs*

Construction of 4 groynes each of 15 metres length and a retaining wall of 25 metres to protect the left bank of Pamba River between Kanjirakat and Kuthiathodu ferries in Pandanad (estimated cost: Rs. 4.91 lakhs) was awarded in November 1968 to a panchayat nominee for Rs. 4.46 lakhs. The work was completed in August 1970 and the total expenditure on the work was Rs. 4.94 lakhs.

While the work was in progress, the Executive Engineer, Minor Irrigation Division, Chengannur reported in September 1969 that the proposed length (15 metres) of the groynes was excessive and this had caused erosion on the right banks during July 1969. The Superintending Engineer accordingly directed (December 1969) the Executive Engineer to reduce the length of the 4th groyne to 12 metres and carry out protective works on the opposite banks also which were executed at a cost of Rs. 0.43 lakh by August 1972. By the time the decision was taken, the groyne had been formed to the extent of 95 per cent. The Assistant Engineer reported (February 1970) that dumping of rubble had already been completed, as per original estimate and to achieve the reduced length of 12 metres, the rubble dumped would have to be pushed down into the river bed at the nose and sides of the groyne. The cost of 518.46 cubic metres of rubble which had been dumped in excess inclusive of conveyance charges was Rs. 0.18 lakh.

Damages to the groynes under construction were reported by the Assistant Engineer in January 1969 and again in July 1969, due to erosion and scouring, which caused the dumped rubble to slip off during the floods in these months. Rectification works costing Rs. 0.48 lakh were got done through the same contractor and the work was completed in August 1970. Earlier at the estimate stage the Chief Engineer had observed that the spacing between the groynes provided in the estimate should be reduced in order to arrest scouring. But the estimate was approved by the Chief Engineer without modification on the



basis of a report of the Executive Engineer that the spacing had been provided to the same extent as in the groynes constructed on the opposite banks of the river which had not presented any problem.

(ii) *Damages during construction.*

1. Protecting the sides of Pamba river from Mayali to Athimood by construction of 5 groynes (estimated cost: Rs. 5.40 lakhs) sanctioned in February 1971 was awarded to a panchayat nominee for Rs. 5.02 lakhs in March 1971. The work scheduled for completion by 30th April 1972, was stopped in January 1972 as there was a dispute between the department and the contractor regarding payment of enhanced rates for the rubble supplied from a private quarry instead of from the Government quarry as contemplated in the agreement. On the matter being referred to arbitration (November 1973) the Arbitrator absolved the contractor of his responsibility to complete the work and directed the department to pay him Rs. 0.40 lakh—Rs. 0.25 lakh as compensation for the additional expenditure due to change in the quarry and Rs. 0.15 lakh towards refund of security deposit. The department paid the amounts in May 1975. The department is yet (December 1975) to make alternate arrangements for completing the work. Rupees 3.59 lakhs were spent on this work till May 1975.

While examining the estimate for this work, the Central Water and Power Commission observed, in December 1970, that the "Spurs are inclined towards upstream; the exact angle of inclination length, etc., should be determined on model experiments; necessary apron will have to be provided along with the spur to make it effective" and suggested that these comments might be considered before the work was taken up for execution. However, the work was executed without conducting any model studies. In November 1971 the Assistant Engineer reported that dumped rubble had slipped off due to deep scouring at the nose portion of groynes No. I and II and additional quantity of 1,168 cu.m. of rubble, was required to be dumped (estimated cost:Rs. 0.21 lakh) to rectify the damages. This rectification work has not been carried out so far (December 1975). The department had also not investigated the cause of damages.

2. The work of construction of 5 groynes on the Right Bank of Pamba River in Edappavoor, estimated to cost Rs. 5.22 lakhs, sanctioned in March 1971 was awarded in August 1971 to the panchayat nominee for Rs. 4.86 lakhs. The work was completed in September 1973, and an expenditure of Rs. 5.57 lakhs was incurred.

While examining the estimate for this work the Chief Engineer, Irrigation, had observed (January 1970), that as the reach of the river where the groyne were proposed was comparatively straight, there was a possibility of the flow of water being deflected to one side, causing meandering and scouring downstream. He added that, for similar works, the Flood Control Technical Advisory Committee had suggested that groyne should be constructed only after a model study. The Superintending Engineer, however, considered (January 1970) that a model study was not necessary because of the width of the river and the small size of the groyne proposed at this site. The work was approved by Chief Engineer and executed as per proposals initially made in the estimate. In April 1973, the Executive Engineer reported that the groyne under construction had caused obstruction to the flow of water in the river, resulting in scouring, at the nose portion of one of the five groyne and slipping off of the dumped rubble. For rectifying this damage an additional quantity (3,634.97 cu.m.) of rubble was dumped (September 1973) at a cost of Rs. 0.68 lakh.

(d) *Achencoil basin*

In this basin covering 446 square miles in Quilon district floods were normally caused due to silting up of the river bed and bank erosion which is aggravated due to the zig-zag course of the river. In the past, works—mainly of the nature of construction of embankments—were taken up in this basin. Besides construction of flood embankments, the flood control works suggested in the Long Range Plan (1963) were improvements to the river section, removal of silt from the water-way, etc., involving a total outlay of Rs. 85 lakhs. Certain aspects noticed in the execution of a work in this basin are mentioned below:—

The work of closing a breach at Valanchuzhy (which had occurred during the 1961 floods) estimated to cost Rs. 1.23 lakhs was awarded to a panchayat nominee for an amount of Rs. 1.08 lakhs in March 1966 for completion by November 1966. But the work on the bund could be commenced in February 1967 only due to revision of alignment and design of the bund.

The estimate for the work was revised in July 1969 to Rs. 1.91 lakhs. The estimate (original as well as revised) envisaged collection and conveyance of rubble by head load from the departmental quarry at the opposite bank which became impossible after forming ring bunds to divert the water by the natural course of the river. The contractor, therefore, obtained rubble from two private quarries situated on the same side of the bank, by forming a road through private lands. He demanded payment of seigniorage charges for rubble

quarried from the private quarries, extra leads for lorry and head load conveyance. As this was not agreed to by the department, the contractor temporarily stopped the work in March 1968. The work was resumed in May 1973. Meanwhile, breaches occurred at the site during 1969 and 1970 necessitating repair works costing Rs. 0.82 lakh. The estimate was again revised to Rs. 2.12 lakhs (April 1971) and the work was got completed in February 1974. The final bill of the contractor is, however, yet (March 1976) to be paid. In December 1974 the contractor resorted to arbitration. According to the arbitration award (May 1975) the department was to pay Rs. 0.44 lakh (Rs. 6,831 towards seigniorage charges, Rs. 7,258 towards extra conveyance by lorry and Rs. 30,376 towards head load conveyance). The amount was paid in March 1976.

(e) *Meenachil basin*

The work of constructing four groynes on the upstream side of the Illickal Bridge in Meenachil river (estimated cost: Rs. 0.77 lakh) was sanctioned in August 1972 and awarded to the lowest tenderer for Rs. 0.75 lakh, in November 1972.

The contractor stopped the work in May 1974 after completing 60 per cent of the work (expenditure incurred: Rs. 0.48 lakh) as he was unwilling to execute the work at his quoted rates. The work has not yet (December 1975) been resumed as sanction of the Superintending Engineer to a revised estimate for Rs. 1.02 lakhs is awaited. In January 1974 one of the groynes (expenditure incurred: Rs. 0.10 lakh) suddenly settled and sank and in the process caused slipping and spreading of stones. The department has not investigated the reasons for the sinking of the groynes, nor made arrangements for rectification of the damages.

(B) *Administrative delays*

(a) *Sanction to estimates*

Inordinate delay in sanctioning estimates was observed in the following cases resulting in increased outlay due to escalation of cost of labour and materials.

1. The department proposed in 1962 to take up the construction of an irrigation "thodu" (Cut) connecting the Chittumala chira and Onambalam Kayal in Mulavana Panchayat, East Kallada. The work was expected to benefit 980 acres of land resulting in additional production of 547 tonnes of paddy. An estimate for Rs. 10.65 lakhs prepared in March 1964 (revised to

Rs. 12.02 lakhs in December 1965) was not approved by the Chief Engineer pending examination of the question of treating the work as a flood control work instead of minor irrigation work as proposed by the department. In January 1969 the Chief Engineer decided that the work might be taken up as a flood control work as it did not satisfy the criteria of cost and benefits prescribed for minor irrigation works. The Flood Control Technical Advisory Committee, however, while reviewing the proposal in September 1969 suggested that due to paucity of funds for flood control works the scheme might be executed as minor irrigation work. The estimated cost of the work was again revised to Rs. 16.00 lakhs in April 1971 but as it exceeded the financial limit of Rs. 15 lakhs and Rs. 1,000 per acre prescribed for Minor Irrigation works, the Chief Engineer decided that the work be taken up under Flood Control. Accordingly the work files were got transferred from Minor Irrigation Division to Irrigation Division in August 1972. The estimate was again revised to Rs. 24.75 lakhs in October 1973, based on the then current schedule of rates and sanctioned by Government in February 1974. The technical sanction for work has not yet been issued by the Chief Engineer (December 1975) for want of finalisation of the design.

2. Flood Control works on Killiar from M. S. Road to Iranimuttom Dam (estimated cost: Rs. 2.89 lakhs) were sanctioned in 1956. A portion of the work was completed (July 1964) incurring an expenditure of Rs. 0.64 lakh. Estimate for the balance portion of the work was required to be recast (November 1964) after conducting model studies. The estimate for the work was revised three times thereafter and the third revised estimate for Rs. 4.92 lakhs prepared by the Executive Engineer in October 1972 has not been approved (March 1976) in the absence of supporting estimate reports, plans, etc.

(b) *Acquisition of land*

In respect of 2 works, delay of 4 to 9 years in the acquisition of lands occurred. The details of the cases are as below:—

(i) *Improvements to East Kallada Flood Bank and other protective works* (estimated cost: Rs. 5.30 lakhs). Requisition for acquiring 25.06 acres of land (estimated cost: Rs. 1.88 lakhs) required for the work sanctioned in March 1966 was forwarded in November 1968 to the Revenue authorities. In September 1973 the extent of land required was reassessed and reduced to about 15 acres (estimated cost: Rs. 4.75 lakhs). Acquisition of land is stated to be in progress (December 1975). In the meantime a revised estimate for

the work for Rs. 11.66 lakhs prepared in September 1973 is awaiting sanction (December 1975).

(ii) For the work of strengthening Flood Bank from Vettikkattumukku to Pallamkadavu (estimated cost : Rs. 4.29 lakhs) sanctioned in December 1965, about 10.27 acres of land required for forming the flood bank and borrow pits were acquired by the Revenue authorities and handed over to the department in June 1968. Even before the work was technically sanctioned, it was awarded in January 1965 to the nominee of the panchayat for Rs. 3.78 lakhs. After completing a portion of the work (cost: Rs. 0.09 lakh) the contractor abandoned the work in June 1966, as the land was not acquired by then. After the land was made available the contractor demanded (July 1968) enhanced rates which were not agreed to by the department and the balance works were awarded in August 1969 for Rs. 4.25 lakhs to another contractor at the risk and cost of the original contractor. But on the basis of an injunction from the court obtained (September 1969) by the latter, the department could not proceed with the execution of the agreement. In January 1971, Government directed the department to entrust the work to the original contractor at the rates demanded by him in 1968. However, the contractor again demanded enhanced rates based on 1970 schedule of rates. Meanwhile, the second contractor offered (September 1972) to take up the work at the rates at which the work was awarded to him in 1969. Decision on award of the work has not been taken by the department so far (December 1975).

The estimate for the work was revised to Rs. 5.30 lakhs (October 1972). The Executive Engineer stated (December 1975) that the estimate for the work was proposed to be revised again on the basis of current schedule of rates.

### (C) *Recording of Measurements*

As it was not feasible to record measurements of groynes, etc., constructed in the river, the quantity of work done is generally determined on the basis of the measurement of stones stacked by the contractor before dumping. This procedure does not, however, provide a check to ensure that stones stacked are actually dumped and are not measured again. In respect of Anti-Sea-Erosion works where also a similar procedure of measurement is followed, the department prescribed (February 1974) a register to be maintained by field officers giving complete details of collections and dumping of each category of stones at each location. The Chief Engineer stated (October 1975) that no general instructions had been issued regarding recording of measurements of rubble stacked for dumping for flood control works.

(D) *Maintenance of Flood Control works*

Emphasising the necessity for regular maintenance, the Ministers' Committee in its Report 1972 recommended an annual maintenance expenditure of 4 to 5 per cent of the capital cost in respect of embankment and other river training works. It would appear from the following that this aspect has not been given due importance.

<i>Year</i>	<i>Capital expenditure as at the end of previous year</i>	<i>Five per cent of capital expenditure</i>	<i>Maintenance expenditure incurred</i>	<i>Percentage of actual expenditure to the capital expenditure</i>
	(in lakhs of rupees)			
1971-72	2,08.27	10.40	2.34	1.12
1972-73	2,50.33	12.50	1.72	0.68
1973-74	2,89.82	14.50	0.29	0.10
1974-75	3,32.79	16.65	0.65	0.19

(E) The matter was reported to Government in November 1975; reply is awaited (February 1976).

**45. Vellayani Kayal Scheme**(1) *Introductory*

1.1 The Vellayani Kayal situated ten kilometres to the south of Trivandrum is a fresh water lake comprising an area of 700 acres. A number of drainage channels empty into the kayal. The only outlet from the kayal is a canal (Kannukalichal) connected to the Karamana river which empties into the sea. A regulator across the canal prevents entry of flood waters into the lake from the river and allows free drainage from the kayal when the water level in the river is lower.

1.2. In the northern half of the kayal there is a reservoir (bed level varies from -0.8 to +0.40 metres Mean Sea Level) 64 acres in extent. A stream called "Naduthodu" flows towards the reservoir from its south side.

1.3. As the kayal is at or below sea level, cultivation of paddy is possible only if water is pumped out from the kayal area. The cultivable area in and around the kayal comprises 1,623.03 acres of which 1,263.03 acres belong to private cultivators and 360 acres to the Kerala Agricultural University. For nearly two decades, cultivation of the land in and around

the kayal has been carried on after pumping out the water during January each year. The low level lands (1,282.05 acres) were cultivated for Punched crop (January to May) and the middle level lands (166.85 acres) for the Mundakan crop (August to January) while in the high lands (174.13 acres) a Virippu crop was raised in addition to the Mundakan crop. Irrigation required for the Punched as well as Mundakan crops was provided by water stored in the reservoir and several tanks in the kayal. However, cultivation in the kayal faced many problems due to the poor drainage, inadequate arrangements for dewatering the kayal and scarcity of water during summer months.

1.4. A scheme for irrigation and flood control in the kayal area at an estimated cost of Rs. 23.10 lakhs was submitted in May 1968 by the Chief Engineer to Government. The object of the scheme was to stabilise the existing Punched and Mundakan crops and to raise an additional crop in the low level lands. The proposal envisaged installation of pumpsets of 2,500 horse power, providing drainage facilities mainly by widening and deepening of the canal and providing irrigation facilities by raising the bunds around the reservoir and constructing field channels, etc. The installation of pumpsets of adequate capacity was considered by the Chief Engineer to be most essential for the success of the scheme. The Chief Engineer, however, observed that considering the cost involved, the scheme was uneconomical and there was always the risk of failure if the north-east monsoon was very severe. As Government considered that the cost of the scheme was high, the Chief Engineer recommended in January 1969 a pilot scheme at an estimated cost of Rs. 11.06 lakhs reducing the capacity of the pumps to be installed to 750 horse power. This was sanctioned by Government in May 1969.

## (2) *Estimates*

2.1. In December 1970, Government decided to implement the pilot scheme on priority basis and to complete it in the working season of 1971 itself. The scheme was to be completed in two stages - the first stage consisting mainly of improvements to the Kannukalichal by widening/deepening its bed and forming bunds to a height of +3.00 metres on either side (estimated cost: Rs. 6.41 lakhs) and purchase and installation of pumpsets of 750 horse-power (estimated cost: Rs. 3.30 lakhs); the second stage consisting mainly of provision of irrigation facilities (deepening and raising the bunds of the reservoir to +3.00 metres) and drainage facilities (improvements to the canal - Naduthodu-leading to the reservoir).

2.2. The estimate was revised to Rs. 19.04 lakhs in December 1970, to Rs. 21.15 lakhs in March 1971 and to Rs. 24.04 lakhs in May 1972, mainly

to provide for increase in cost due to revision of the schedule of rates, execution of additional items of work and excess lead and quantities of earth work, the area expected to be benefited remaining unchanged. The additional food production was estimated at 1,189.74 tonnes of paddy. The work was to be completed in three years. The works relating to provision of irrigation facilities (estimated cost as per the estimate of March 1971: Rs. 3.84 lakhs) and also the work of improvements to Naduthodu (estimated cost: Rs. 4.30 lakhs) under drainage facilities were deleted in an estimate sanctioned in May 1972 for the reason that the proposal appeared "unworkable and unsound" in the former case and technically not feasible in the latter. The estimate was again revised to Rs. 29.26 lakhs in October 1974, providing additionally for improvements to the reservoir (Rs. 2.00 lakhs) and additional pumpsets (Rs. 2.15 lakhs). According to the revised proposals, the height of the reservoir bund was reduced to +1.50 metres. The revised estimate has not yet (January 1976) been submitted to the Government by the Chief Engineer (Irrigation).

### (3) *Execution*

3.1. While according administrative sanction, Government had stipulated in May 1969 that the Chief Engineer, Irrigation should satisfy himself that consent statements were obtained by the Revenue Department for advance possession of lands required for borrow pits as also for the formation of bunds. The first stage works on improvements to the canal (Kannukalichal) were put to tender in January 1971 and awarded to the lowest tenderer in March 1971 for the value of Rs. 6.91 lakhs. Though action for demarcating the land was initiated by the department in February 1970, proposals for acquisition of land for borrow pits were sent to the Revenue authorities only in June 1971 and proposals for acquisition of land for the formation of bunds on 30th July 1971. The delay in completion of land acquisition was attributed by the Deputy Collector for Land Acquisition (April 1975) to delay on the part of the Irrigation Department to peg-mark boundaries, difficulties in survey work due to submergence of the area under water for about 9 months in the year, lack of adequate land acquisition staff and transfer of field staff. So far as construction of the bunds is concerned, these were formed in private land in anticipation of acquisition. As regards acquisition of land for borrow pits, the proposal (estimated cost: Rs. 0.36 lakh) was subsequently dropped in December 1974 after the work of stage-I had been completed by the contractor obtaining earth from borrow pits arranged by him.



3.2. Because of the anticipated delay in acquisition of land for borrow pits, the department, when issuing the tender notice, did not specify that the department would provide lands for taking earth and intended that the contractors should make their own arrangements for obtaining earth from private land. The agreement executed with the contractor in March 1971 stipulated that no extra claim would be allowed on account of seigniorage for contractor's earth obtained for the work and that no additional claims for excess lead and lift above the agreed quantities would be allowed so long as the total quantity of the earthwork in ordinary earth and hard soil was not exceeded. The estimate for the work provided for use of hard soil and ordinary soil in equal proportion in formation of the bunds. The contractor, however, formed the bund with a greater proportion of hard soil (63,188 cubic metres) as compared to ordinary soil (21,931 cubic metres). The earth for forming the bunds was reportedly obtained by the contractor from private lands situated at high levels. Claims from the contractor for extra leads were sanctioned in May 1972 by the Government who ordered that the contractor would be paid for the actual lead "irrespective of the special conditions stipulated in the selection notice". An amount of Rs. 2.19 lakhs represented payments for extra lead which were not admissible according to the terms of the contract. Government stated (September 1974) that "non-availability of ordinary soil in adequate quantity from the fields in the lake area necessitated the substitution of the deficiency with hard earth from the high lands in the periphery of the lake area". Government further stated (January 1976) that the estimate for the work was not based on the actual site conditions and the leads provided therein for the conveyance of earth from borrow pits were only arbitrary.

3.3. Substitution of hard soil for ordinary earth entailed extra expenditure of Rs. 0.29 lakh. Government, however, stated (January 1976) that the use of larger proportion of hard soil would improve the stability of the bund.

3.4. The contractor also claimed additional payments on account of seigniorage (Rs. 0.42 lakh) which were recommended by the department in view of "excellent progress made in completing the work during the limited seasons". The proposal for payment of seigniorage as an *ex-gratia* payment is under consideration of Government (January 1976).

3.5. Between March and May 1972, about 886 metres of the bund formed on either side of the canal (Kannukalichal) up to a height of +3 to +3.5 metres above field level were reported to have sunk. This was attributed by the Executive Engineer in March 1972 to poor bearing capacity of the soil resulting in lateral displacement of soil under the weight of the newly formed

bund. The cost of the rectification works done amounted to Rs. 1.57 lakhs. Government stated (January 1976) that the occurrence of sinkage could not be anticipated and the detailed study of subsoil conditions was not considered necessary before taking up the work.

3.6. After the sinkage, these portions were reconstructed only to a reduced height of 1.5 metres above Mean Sea Level as advised by the Peechi Research Institute. Consequently, the bund formed in other sections upto a height of +3 metres cannot be expected to serve the intended purpose, viz., preventing the spilling of water from the canal to adjacent fields. The reduction of the height of the bund to 1.5 metres could render the scheme ineffective during high floods as the maximum flood level assumed in the Project Report is +2.5 metres above Mean Sea Level. Government stated (January 1976) that the maximum flood level would occur only rarely and the reduced height of the bund (+1.50 metres) would be effective under normal floods. It was also stated that the reduction was effected as a temporary measure so as to watch the stability of the bund for 4 or 5 seasons and that the ultimate aim was to raise the bund as per original proposals to accommodate the maximum flood level.

3.7. The work awarded to the contractor was scheduled for completion by end of May 1972 and was completed only in December 1974. The total expenditure incurred on the first stage works upto April 1975 amounted to Rs. 18.86 lakhs. Government stated (January 1976) that delay in completion of the works was mainly due to non-availability of land, increase in quantity of earthwork and additional extra items of work, sinkage of bunds in certain reaches and foundation problems necessitating revision of designs of the structures.

3.8. Although the estimate of March 1971 envisaged a total pumping capacity of 750 horse power, as the work of improvements to Naduthodu was deleted in the estimate of May 1972, pumpsets of total capacity of only 650 horse power were initially installed between August 1972 and April 1973 and were commissioned between September 1973 and January 1975 (delay in commissioning was, according to Government, due to delay in getting power connection). It was found in March 1974 that the number of pumps installed and their capacity was inadequate and additional pumping capacity of 400 horse power was proposed in the revised estimate for Rs. 29.26 lakhs prepared in October 1974 which is pending with the Chief Engineer (Irrigation) (January 1976).

3.9. Work on foundation for two pump houses to be constructed in the reservoir area had to be abandoned after the foundation concrete in one case and angle iron posts driven into the ground to support the superstructure in the other case had sunk into the soil below. Expenditure of Rs. 0.17 lakh was incurred on these abandoned works.

3.10 In the sanctioned estimate for the scheme, there was a provision for opening a new channel to connect Naduthodu with Kannukalichal. The formation of the channel was begun in February 1972. After doing 2,885 cubic metres of earthwork till March 1972, the work was abandoned, when it was found that further cutting would adversely affect the strength of the reservoir bund. The amount spent on the work till it was abandoned was Rs. 0.06 lakh, excluding the value of land (estimated cost: Rs. 0.06 lakh). Government stated (January 1976) that it was proposed not to pay any compensation to the land owners.

3.11 The works contemplated under the second stage of the scheme are yet to be sanctioned by Government (January 1976). Government, however, stated (January 1976) that works costing Rs. 0.80 lakh which form part of the second stage had been arranged for execution.

#### (4) *Outstanding dues to Government*

The Irrigation Department undertook the pumping operation from the 1973-74 Puncta crop season onwards till the end of March 1975 and incurred an expenditure of Rs. 0.48 lakh on electric current charges, pay and allowances of temporary operators and contingencies. In terms of the Government order of May 1969 sanctioning the scheme, the amount is recoverable from the ryots. But no amount has been recovered so far (January 1976). The Padasekharam Committee, a representative body of the ryots, in a resolution dated the 11th November 1974 requested the Government to exempt the ryots from this payment as the Vellayani Kayal scheme had not been commissioned and the full benefit of the scheme had not been extended to the cultivators. Government decision on the resolution is awaited (January 1976).

#### (5) *Cess collection*

Although this is a Class I minor irrigation scheme governed by the Travancore-Cochin Irrigation Act, 1956, the notification specifying the benefited area and calling upon all persons to put in their objections before the Collector within a period to be specified has not yet (January 1976) been published in the Gazette as prescribed by the law. The Executive Engineer requested the District Collector, Trivandrum in February 1970 to arrange for

obtaining no objection statements from the land owners. The ayacut lists are yet to be prepared (January 1976) in respect of the entire ayacut of 1,623.03 acres.

The rules provide for collection of cess as soon as possible after the whole or a section of the ayacut gets benefited under the scheme. Though dewatering operations were commenced from the puncha season of 1973-74, demand for collection of the cess leviable in respect of the area already benefited has not yet been raised (January 1976). Government stated (January 1976) that strictly speaking the scheme could be commissioned only after receipt of no objection certificates and consent statements from all beneficiaries and that the District Collector, Trivandrum was being asked to take immediate action in this regard. It was also stated that it would be better to collect water cess on completion of the scheme in all respects.

#### (6) *Additional food production*

The estimate report on the pilot scheme contemplated an additional yield of 1,189.74 tonnes of paddy. The Executive Engineer stated in October 1974 that the dewatering operations commenced in December 1973 had benefited 1,623.03 acres and the additional anticipated food production was 648.81 tonnes of paddy. Details regarding actual production had not been collected. Of this, 360 acres of single crop area belong to the Agricultural University, where according to the Farm Superintendent (May 1975) there was no increase in the average annual yield which was only 100 kilogrammes of paddy per acre from 1972-73 onwards. According to him, the scheme had not enabled the University to bring additional area under double/triple crops or to increase production in the land belonging to it.

(7) This scheme which was intended to stabilise the crops in and around the kayal area and to provide facilities for an additional crop, was originally considered uneconomical in view of the cost involved. However, during execution as a pilot project, the cost has been revised from Rs. 11.06 lakhs in May 1969 to Rs. 29.26 lakhs in October 1974. While the final estimate has not so far been sanctioned by Government, expenditure amounting to Rs. 18.86 lakhs has been incurred on Stage-I alone. Even in this limited implementation, it was found that the pumping capacity proposed to be initially installed had to be considerably augmented. Further, the expectation of taking up the pilot scheme and completing it in three years from 1971 has not been fulfilled. Consequent on the delay in taking up the works contemplated in the second stage, which are in the nature of provision of irrigation facilities, the benefits of the pilot scheme have not been achieved so far.

#### **46. Extra expenditure on numbering armour stones for anti-sea erosion works**

According to the instructions issued by the Chief Engineer (Irrigation) in September 1969, armour stones (200 dm<sup>3</sup> size) used in anti-sea erosion works were to be paid for by number instead of on volume basis as was being done till then. In order to facilitate measurement, stones were to be marked with paint on three faces and provision at 10 paise per stone was to be included in future estimates of works. In the Irrigation Divisions, Calicut and Telli-cherry, however, under oral instructions given by the departmental officers, stones were required to be numbered with paint instead of marking with paint (and in some cases in addition to marking provided in the estimates and agreements) without settling the rates in advance. As a result the contractors put in claims for extra payments which were later sanctioned by the Superintending Engineer on the recommendations of the Executive Engineers concerned on the ground that the numbering was necessary for easy identification during measurement and check measurement. Rupees 1.11 lakhs were paid for numbering the stones done in the two Divisions during the period July 1972 to August 1974 (Calicut: Rs. 0.99 lakh ; Tellicherry: Rs. 0.12 lakh).

On a review of the system in August 1974, the Superintending Engineer, Irrigation North Circle, Calicut observed that "it was unfair to spend such huge amounts for numbering stones" and directed the Irrigation Division, Calicut in August 1974 and Irrigation Division, Tellicherry in March 1975 to discontinue the practice. The practice of numbering stones was accordingly discontinued by the Divisions. The extra expenditure of Rs. 1.11 lakhs was due to deviation from the instructions issued by the Chief Engineer in 1969 for marking of the stones with paint.

The matter was reported to Government in December 1975; reply is awaited (February 1976).

#### **47. Ponnani Fishing Harbour**

Mention was made in paragraph 57 of the Audit Report 1970 about unfruitful outlay of Rs. 1.79 lakhs on extension of groynes in Ponnani Port taken up to utilise an existing wharf belonging to the Port Department in order to enable mechanised fishing vessels to ply from the port.

As access to the port was hindered by the formation of a sand bar at the mouth of Ponnani river, certain model studies were required to be conducted by the Kerala Engineering Research Institute, Peechi for evolving suitable design for a self-maintaining approach channel across the bar. In October 1967 Government appointed a firm of Harbour Engineering Consultants [M/s. Indo Pol (P) Ltd.] to prepare a feasibility report and master plan for the development of six minor ports in the State (including the one at Ponnani) as fishing-cum-cargo ports. Based on the recommendations of the consultants, further model studies on the feasibility of maintaining the approach channels were taken up in 1970 by the Research Institute, Peechi. The studies have not yet (March 1976) been completed for want of field data and hydrographic survey of the basin and sea around the bar area. The Executive Engineer, Harbour Engineering Wing stated (July 1975) that collection of the required data would take another two to three years.

In the meantime, in February 1968, the Government of India sanctioned the construction of a wharf (70 metres in length), an approach road (310 metres in length) and a fish receiving shed at a cost of Rs. 4.60 lakhs as part of first stage development of the fishing harbour, to be financed out of grants from them. The work on the wharf has not yet (March 1976) been taken up pending completion of the model studies and decision on the report submitted by M/s. Indo Pol (P) Ltd. However, the fish receiving shed was constructed by March 1971 (cost: Rs. 0.52 lakh) and the approach road by September 1971 (cost: Rs. 2.02 lakhs). The Deputy Director of Fisheries, Kozhikode stated (August 1974) that fish catches were not being landed in the area due to silting in the bar mouth and consequent inability of boats to enter the port area. Expenditure of Rs. 4.33 lakhs incurred so far has thus failed to serve the fishing industry.

The matter was reported to Government in December 1975; reply is awaited (March 1976).

#### **48. Lock-cum-regulator across Anjarakandy River**

In paragraph 44 (4) (d) of Audit Report 1970, mention was made of the change in design of regulator across Anjarakandy river due to defective investigation of subsoil conditions and the consequent abandonment of the work by the contractor in May 1967, resulting in an outlay of Rs. 7.70 lakhs remaining unfruitful. The Public Accounts Committee 1970-71 has in its Fifth Report (March 1971) criticised the delay in the execution of the work which was scheduled to be completed in 2 years and recommended that action

should be taken against the persons responsible for the delay. The action taken in the matter is awaited (February 1976). Further points noticed in subsequent audit are given below:—

A revised estimate for Rs. 17.82 lakhs (civil works: Rs. 13.11 lakhs; mechanical works: Rs. 4.71 lakhs) providing for changes in design and increases in rates was sanctioned by Government in March 1972, (original estimate sanctioned in 1959: Rs. 9.50 lakhs). The balance portion of the civil works estimated to cost Rs. 5.00 lakhs was put to tender in March 1971. Out of two tenders received in April 1971, the lower was 0.63 per cent below estimate. But the tender was not processed within the validity period which expired on 18th July 1971. The Executive Engineer stated (August 1974) that this was due to non-receipt of a detailed working estimate (for excavating navigation canal for lock) from the Superintending Engineer. It was, however, seen that the Superintending Engineer had informed the Executive Engineer on 7th July 1971 (letter received in the Division on 10th July 1971) that there was no change in the abstract of the estimate submitted by the Division.

After retender in October 1972, the work was entrusted (December 1972) to a contractor at 9 per cent above the estimate rates. The civil works were resumed in December 1972 and completed in May 1975. The failure of the department to accept within the validity period the lower tender received in April 1971 resulted in an extra expenditure of about Rs. 0.40 lakh.

Out of seventeen shutters (estimated cost: Rs. 3.95 lakhs) required for the regulator (15 for ordinary vents and 2 for scour vents), the order for the 15 shutters for the ordinary vents was placed with the departmental workshop at Malampuzha in February 1963 specifying that eight shutters were to be supplied by the second week of March 1963. In May 1974 the Division requested the workshop to reduce the height of four of the fifteen shutters by two feet consequent upon the change in the sill level of four spans. The order for the remaining two shutters for the scour vents was placed with the workshop in May 1974. All the shutters are still to be supplied by the workshop (March 1976). The Mechanical Engineer of the workshop stated (December 1975) that the reason for delay in supply of shutters was that the estimates and design sent to the Executive Engineer in April 1969 had not been returned to him duly approved (the estimates and design duly approved were reported to have been received by the Mechanical Engineer only on 1st March 1976). The workshop had spent a sum of Rs. 1.84 lakhs on the manufacture of shutters till January 1976. Owing to non-receipt of the shutters the scheme which contemplated raising of an additional crop in 1,200 acres of paddy fields has not yet been commissioned (January 1976). Consequently, Rs. 13.32 lakhs spent on the scheme upto

December 1975 remain locked up as the objects of the scheme could be achieved only on completion of the regulator.

#### **49. Women and Children's Hospital, Chevayur**

The Women and Children's Hospital attached to the Medical College, Calicut is functioning in a building 8.6 kilometres away from the College. Various University Commissions and the Indian Medical Council had repeatedly pointed out that the facilities in the Women and Children's Hospital were inadequate for instruction to students of M.B.B.S. standard. It was, therefore, proposed to shift the 'Women and Children's Hospital' to the college campus at Chevayur and Government sanctioned in August 1970 the construction of a building for the hospital at an estimated cost of Rs. 54.60 lakhs. It was then expected that the hospital would start functioning in the new building during 1972-73. The work was commenced in October 1971 and has not yet been completed (December 1975). According to a revised estimate prepared by the Superintending Engineer in September 1975, the work is estimated to cost Rs. 98 lakhs. The increase in cost has been attributed by the department (September 1975 and January 1976) mainly to increase in cost of labour and materials and the change in architectural design of Block C and kitchen Block. The revised estimate has not yet been sanctioned (February 1976).

The building (five storeyed) was proposed to be constructed in four blocks- A, B, C and D. Estimate for Blocks A and D (Rs. 16 lakhs each) was approved by the Chief Engineer in June 1971. The work on the two Blocks was split up into four parts (A1, A2, D1 and D2) and put to tender in July 1971 by the Superintending Engineer. Based on tenders, two of the part works (Blocks A1 and A2) were awarded in August 1971 to a firm for Rs. 6.27 lakhs and Rs. 6.97 lakhs respectively, and the remaining two parts (D1 and D2) to two other contractors for Rs. 6.24 lakhs and Rs. 6.94 lakhs respectively. The site for all the works was handed over to the contractors on 1st October 1971 and the works were started in the same month. The two Blocks were scheduled to be completed by the end of October 1972. However, the preparation of the structural designs was started in May 1971 and the design for foundation footings and columns (Blocks A2 and D2) was finalised in November 1971. It was then realised that in the National Building Code of India published in December 1970, Kerala had been included in the seismic zone and the seismic forces had also to be taken into account in preparing the structural designs. The design for beams and slabs for the ground floor was finalised in May 1972 and for the remaining floors by September 1972. The structural design for Blocks A1 and D1 was finalised in November 1972.



Owing to the delay in finalising the structural designs, works on Blocks A1 and D1 were stopped at the foundation stage on 28th and 20th October 1971 respectively and resumed only in November 1972 when the structural designs were furnished to the contractors. In respect of Blocks A2 and D2 also, on the construction reaching the ground floor lintel level, the work was stopped in January and February 1972 respectively and could be resumed only on 20th July 1972 after receipt of a part of design details in May 1972.

Contending that the delay in the finalisation of the structural designs had resulted in delay in the execution of the works leading to increase in the cost of construction, all the three contractors put forth claims (the first contractor in February 1972 and the other two contractors in March 1972) for enhancement of the agreed rates. On the dispute being referred (May 1973) to arbitration, the Arbitrator awarded (December 1973) the following payments to the contractors:—

- (i) Compensation for losses and damages on establishment, overheads, etc., during stoppage of works— Rs. 0.12 lakh;
- (ii) additional amounts to cover increased cost of materials, labour, etc., for works executed upto April 1973—Rs. 0.86 lakh and
- (iii) enhancement of 10 per cent over the agreed rates for works executed after April 1973.

The awards were confirmed in March 1975 by the Court which decreed payment of Rs. 98,000 with interest at 6 per cent from the date of decree (21st March 1975) and 10 per cent increase over agreed rates for all works executed after April 1973. The 10 per cent increase so allowed in respect of quantities executed up to December 1975 amounted to Rs.1.44 lakhs. The department has deposited Rs. 2.44 lakhs in the Court in satisfaction of the decree so far (December 1975).

Works on Blocks A and D scheduled to be completed by the end of September 1972 were completed only in November 1975. The delay was ascribed by the department to shortage of essential materials like cement, steel, etc., and delay in the finalisation of structural design. Expenditure incurred on the four part works (A1, A2, D1 and D2) up to the end of December 1975 was Rs. 36.26 lakhs.

Construction of Block B (estimated cost: Rs. 9.30 lakhs) which was to include staircase and lift and was to form the main entrance to the hospital was started only in March 1974. The delay in commencement of this work was due to the delay in finalisation of design. An expenditure of Rs. 2.76 lakhs

was incurred up to the end of December 1975. As no staircase or lifts have been provided in Blocks A and D but in Block B, these blocks which contain the major wards cannot be fully occupied till construction of Block B is completed.

Work on Block C and the Kitchen Block has not been taken up (December 1975) reportedly for want of funds. According to the Chief Engineer (October 1975), the construction of Block C was expected to be taken up before the end of 1975-76.

In regard to the facilities for medical education available in the Hospital, the Indian Medical Council had pointed out (April 1973) that (a) samples for all important investigations had to be sent to the Medical College, five miles away, causing inordinate delay in getting test results, (b) there were no facilities for any hormonal studies in the hospital, and (c) facilities for research by staff and students were limited.

Government had earlier observed in December 1974 that the distance of the college from the hospital was a serious handicap since the library facilities were available only in the Medical College at Chevayur.

#### **50. Armed Reserve Police Camp at Chevayur**

(i) Government sanctioned in July 1966 construction of new buildings for the Armed Reserve Camp and residential quarters for the Police personnel at Chevayur at an estimated cost of Rs. 15.50 lakhs. The estimate was revised upwards to Rs. 70 lakhs (June 1969), Rs. 71.20 lakhs (July 1969) and Rs. 1,00 lakhs (September 1971) due to increase in the number of quarters, adoption of revised type design and revision of the schedule of rates. The main components of the work according to the latest estimate of September 1971 are: construction of 384 family quarters; a hostel for 48 men; an administrative block; garages; play ground; parade ground; community hall and campus road. A private road was proposed to be acquired for conversion of it into an approach to the camp.

All the buildings, except the administrative block, play ground, parade ground, campus road and the approach to the Camp, have been completed between January 1972 and March 1974 at a cost of Rs. 72.82 lakhs; they have not, however, been occupied (February 1976) for want of water supply, electric connection and sewage lines.

(ii) The work of laying water supply mains and sewage lines was sanctioned by the Chief Engineer in September 1973 and awarded, on tender basis,

(probable amount of contract: Rs. 3.93 lakhs) to a contractor in March 1974 with date of completion as 30th September 1974. Work on laying water supply lines alone was reported (February 1976) to have been completed. The delay was attributed by the department to non-availability of pressure pipes and fittings.

The internal electrification work on the buildings, estimated to cost Rs. 3.10 lakhs (November 1974), was awarded, on tender basis, to a contractor in April 1975. The work scheduled to be completed in June 1975 was reported to have been completed in February 1976. The extension of power lines to supply energy to these buildings has not yet been arranged (February 1976) by the Kerala State Electricity Board.

(iii) As the quarters in the new Camp complex are not yet ready for habitation, 224 personnel of the Camp continue to live in the old quarters and barracks and 122 others not provided with rent free accommodation, are being paid house rent allowance (total paid from April 1974 to December 1975: Rs. 0.59 lakh).

#### **51. Additional Building for Government High School, Karapuzha**

Construction of an additional permanent building (estimated cost: Rs.0.47 lakh) for the Government High School, Karapuzha (Kottayam District) for accommodating six class divisions (270 students) was administratively sanctioned by the Regional Deputy Director of Public Instruction on 12th February 1969. The estimate for the work was sanctioned by the Executive Engineer on 25th February 1969, after inspecting a trial pit taken on the western side of the construction site. The work, started in May 1969, was completed in December 1969 at a cost of Rs. 0.59 lakh. The building was handed over to the Education Department in January 1970 and it was used for conducting classes during February and March 1970.

In April 1970, the Executive Engineer noticed certain cracks in the building due to the heaving up of the subsoil at certain places in the foundation, making it unsafe to conduct classes in the building. The flooring on the western side started sinking, indicating a gradual heaving of the soil.

To avoid further damage to the structure, the tiled roof which was laid on walls built in brick in cement mortar was dismantled (September 1970). When a proposal for putting up a semi-permanent building with masonry pillars over the existing basement with asbestos cement sheet roofing came up for consideration, the Executive Engineer requested (May 1972) the soil

Mechanics and Foundation Division of the Kerala Engineering Research Institute, Peechi to study the site conditions. The report (June 1972) of the Institute revealed that the pile system (coconut piles) adopted for the foundation of the structure was not adequate and there was appreciable settlement at the north-east portion of the building. The Institute was of the view that "design of foundations in such situations is to have a system of suitably designed R. C. C. piles at intervals with a pile cap below ground level". The Institute, therefore, recommended that the superstructure already constructed be dismantled and reconstructed afresh on R. C. C. piles suitably designed and spaced with a continuous connecting R. C. C. beam. It was also suggested that paddy fields adjacent to the building also be filled up and raised to the ground level of the school. The department considered the proposal uneconomical and it was decided (May 1973) not to do any work over the foundation. Accordingly, the entire structure was demolished and the re-usable materials (doors, windows, roof, etc., valued at Rs. 0.14 lakh) were transferred to other works. A proposal to write off the balance cost of the building (Rs. 0.45 lakh) was submitted to Government by the Chief Engineer in May 1973. Government stated (February 1976) that a decision in the matter had not been taken pending fixation of responsibility for the loss on the Executive Engineer who had approved the design and the Assistant and Junior Engineers who had executed the work.

After demolition of the building no alternative accommodation has been provided so far (February 1976), pending acquisition of additional land for taking up the construction of another building.

## **52. Office building and Staff quarters at Kottarakara**

The work of construction of an office building (estimated cost: Rs. 2.34 lakhs), 35 staff quarters (estimated cost : Rs. 5.55 lakhs) and campus road (estimated cost : Rs. 1.50 lakhs) for the Kallada Irrigation Project Division, Kottarakara was awarded to a contractor (lowest of nine tenderers) in August 1970 for Rs. 8.85 lakhs with the stipulated date of completion as May 1971. The work commenced in September 1970 was completed in December 1973 at a cost of Rs. 11.55 lakhs.

The following points were noticed in audit:—

(i) Construction of the office building could not be started till August 1971 as the design for columns and column footings was approved by the Chief Engineer in July 1971 only. The office building was completed in

May 1973 (cost: Rs. 2.23 lakhs) and occupied during the same month. The office was housed in rented buildings till then (Rent paid from June 1971 to April 1973 amounted to Rs. 0.12 lakh).

(ii) Construction of quarters was started in September 1970 and completed in July 1973. The department, however, took possession of the buildings between September 1973 and December 1973 only on completion of the campus road in December 1973 which was delayed due to reported delay in obtaining a road roller. The electrical installation work was completed in July 1973. Although the Kerala State Electricity Board was approached for electric connection in September 1973, the electric connection was provided only in March 1975.

(iii) In June 1971, the contractor claimed compensation for the loss suffered by him due to the various delays on the part of the department. As these claims were not admitted by the department, the dispute was referred (October 1973) to the Government Arbitrator who awarded (February 1974) the contractor Rs. 30,000 by way of compensation for the losses suffered by him on overheads and Rs. 45,000 towards increased cost of construction in respect of works executed after the stipulated period of completion. On the award being filed in the court by the Arbitrator, a decree was passed by the court in September 1974 in terms of the award. The court also ordered payment of interest on the award amount at 6 per cent per annum from the date of decree till the date of payment. The department deposited Rs. 78,902 in the court in May 1975. An appeal preferred by the department in the High Court in March 1975 against the decree is awaiting decision (February 1976).

(iv) Out of the 35 quarters constructed (July 1973), one was occupied in September 1973. The number of quarters occupied rose to 9 by April 1974, 15 by April 1975 and 29 by January 1976. Out of 29 quarters occupied (January 1976), only 24 are used for residential purposes; 22 quarters are occupied by the Project staff and 2 by the staff of other departments. Five quarters are now (January 1976) used for non-residential purposes—one as an Inspection Bungalow, another as an office and three others for storing departmental materials. In reply to an enquiry by Audit, the Superintending Engineer stated (November 1974) that proposal to construct the quarters was based on the requirements of the personnel employed at that time as well as requirements of staff of another Sub-Division proposed to be started. But proposal to start the Sub-Division was postponed due to paucity of funds and one post of the Assistant Engineer (Designs) attached to the Division Office, Kottarakara

was shifted to the Chief Engineer's office from 1968. The loss of rent for the vacant quarters from August 1973 till the end of November 1975 amounted to Rs. 0.58 lakh.

Government stated (February 1976) that the circumstances which delayed construction, electrification, etc., were being enquired into.

### 53. Palai Water Supply Scheme

The Palai Water Supply Scheme, intended to cover one third of the area of Palai town, was sanctioned by Government in March 1968 at an estimated cost of Rs. 9.95 lakhs. The work was taken up for execution by the Public Health Engineering Department at the request of the Municipality. The Municipality had for the purpose of this scheme obtained a loan of Rs. 8.00 lakhs (Rs. 4 lakhs in May 1968 and Rs. 4 lakhs in December 1970) from the Life Insurance Corporation of India. Work was commenced in December 1968 and was completed in December 1970 (except for construction of staff quarters). The distribution system was handed over to the Municipality in June 1971. Expenditure incurred on the scheme upto May 1971 was Rs. 11.81 lakhs.

In a review of the scheme by Audit in August-September 1975, the following points were noticed:—

(i) The scheme as sanctioned in March 1968 did not provide for a water treatment plant. The Chief Engineer, in June 1970, directed the Executive Engineer to arrange for construction of a water treatment plant, as it was not considered safe to supply water without adequate treatment, particularly during summer months. A revised estimate for the scheme for Rs. 21.78 lakhs (including Rs. 5.26 lakhs for the water treatment plant and Rs. 3.02 lakhs for centage charges, which were not included in the original estimate) was prepared by the department in December 1972 and sanctioned by Government in January 1973. However, in anticipation of the sanction to the revised estimate, the work of construction of the plant (estimated cost: Rs. 5.26 lakhs) was awarded on contract in July 1972 for Rs. 4.16 lakhs. Action for acquisition of 40 cents of land was initiated by the Executive Engineer in August 1970 but the land acquisition was actually completed only in December 1974 at a cost of Rs. 0.08 lakh. The work on the plant was then commenced in February 1975 and is in progress. Upto December 1975, an expenditure of Rs. 1.79 lakhs was incurred on this work. Rupees 20.64 lakhs were spent on the scheme upto November 1975 (including an amount of Rs. 3.15 lakhs on purchase of pipes and specials intended for the extension of the scheme).

(ii) The source of the Water Supply Scheme was the bed of the Meenachil river where an infiltration well was constructed at a cost of Rs. 0.91 lakh. This well which was expected to yield 2,700 litres per minute was subsequently found to be giving a poor yield. It was, then, proposed in October 1972 to construct an infiltration gallery also (approximate cost: Rs. 1.5 lakhs) to augment the yield of water. The work is yet to be taken up (January 1976).

(iii) As the scheme covered only a part of the town, the Municipality represented (November 1970 and December 1971) the need for extension of the scheme to cover the remaining areas of the town also. Accordingly a fresh estimate for Rs. 19.65 lakhs was prepared in August 1973, including provision (Rs. 1.50 lakhs) for the infiltration gallery. The estimate has, however, not so far (January 1976) been sanctioned due to paucity of funds. In the meantime the Municipality had obtained a further loan of Rs. 3.70 lakhs from the Life Insurance Corporation of India in March 1973. The Municipality was reported to be arranging, for the time being, for water supply through water tank lorries during the summer months. Expenditure incurred by the Municipality for this purpose during the period from 1971-72 to 1974-75 was Rs. 0.33 lakh.

Even before the estimate for the extension of the scheme was prepared, the Chief Engineer instructed the Executive Engineer in January 1971 to arrange for the work without delay. A. C. pipes and specials costing Rs. 3.15 lakhs were purchased and despatched to Palai between March and December 1971. It was subsequently decided not to proceed with the extension scheme immediately and pipes and specials costing Rs. 2.06 lakhs were transferred to the division store and to other works. The remaining pipes costing Rs. 1.09 lakhs have been kept idle at Palai. Government stated (February 1976) that the pipes remaining idle would be utilised when the distribution system was extended to additional areas.

(iv) The contract for the distribution system awarded in February 1969 provided for the contractor arranging to transport the pipes and specials to the worksite for a distance of 32 kilometres. However, before the work was awarded the Department had themselves arranged to stack them at a point 3 kilometres away from the worksite. Instead of making the necessary proportionate reduction in the amount due to the contractor at the agreed rates, the Department negotiated fresh rates for the items on the basis of the actual distance at the operative schedule of rates. This resulted in additional payment of Rs. 0.11 lakh to the contractor.

(v) It was seen that when laying pipes in a particular reach (A1 to A19—285 metres) the Department noticed in June 1969 that the level of this reach was five metres above the floor level of the ground level reservoir. Further work was stopped and as a consequence, a portion of the town has been left out of the distribution system besides rendering unfruitful an outlay of Rs. 0.08 lakh on laying of pipes. Government stated (February 1976) that the pipe already laid would become serviceable after the construction of the overhead reservoir attached to the water treatment plant.

(vi) According to the terms of transfer of the scheme to the Municipality in May 1971, the expenditure on maintenance of the system was to be recovered from the Municipality. The Department had spent Rs. 1.05 lakhs on maintenance between June 1971 and July 1975. This amount has so far not been recovered from the Municipality (January 1976). Government stated (February 1976) that the recovery of maintenance charges from all Municipalities was being treated as a general question. The Municipality, however, has collected upto January 1976, water rates aggregating Rs. 2.06 lakhs.

(vii) As the accounts of the scheme have not been finally closed and the liability of the Municipality finally determined, Government has paid upto the end of September 1975 Rs. 2.08 lakhs towards interest and principal on the loan taken by the Municipality from the Life Insurance Corporation of India. Government stated (February 1976) that the closing of accounts, fixing Municipality's share, etc., were also being treated as general questions and that proposals in this respect were under the consideration of Government.

#### **54. Extra expenditure on a sewer line extension work**

Tenders were invited in May 1972 by the Executive Engineer, Public Health Engineering Division, Trivandrum, for the construction of a silt chamber, suction well and pump house (estimated probable amount of contract: Rs. 1.94 lakhs) which formed part of a sewer line extension work administratively sanctioned by Government in March 1972 for Rs. 7.18 lakhs under the Trivandrum Drainage Scheme. The tenders were to be valid for three months from 29th June 1972, the last date fixed for the receipt of tenders. The first two lowest tenderers (out of the eight who responded) had quoted 36.25 per cent and 21 per cent below the estimate. In anticipation of the approval of the Superintending Engineer, the Executive



Engineer issued a selection notice to the lowest tenderer who, however, expressed (17th July 1972) his unwillingness to take up the work. On 10th August 1972, the Superintending Engineer directed the Executive Engineer to reject the lowest tender as the rates quoted were unworkable and to negotiate with the second lowest tenderer or to retender the work. The Executive Engineer was also reported to have negotiated in an informal way with the second and third lowest tenderers to do the work at the rates quoted by the lowest tenderer, but they refused to do the work. Their refusal was not got recorded in writing. The work was thereupon retendered on 26th August 1972.

In the retender, the lowest rate quoted was 5 per cent above the estimate. The contractor who was the second lowest tenderer on the first call quoted 16 per cent above the estimate rates in response to the second tender. When the tenders were referred to the Superintending Engineer, he again directed (19th October 1972) the Executive Engineer to negotiate with the second lowest tenderer of the first tender call. As the work had already been retendered in the meantime, the negotiations could only be on the basis of the retender and the tenderer agreed to reduce his rate from 16 per cent above the estimate rates to 15 per cent above estimate rates. The Chief Engineer to whom the matter had been referred, ordered on 30th January 1973 that the work be awarded to the lowest tenderer in the second call (i.e. at 5 per cent above the estimate rates). The work was completed in October 1974 at a cost of Rs. 2.30 lakhs.

Had the contract been settled with the second lowest tenderer at the time of the first call at his quoted rates (21 per cent below the estimate rates), the cost of the work would have been less to the extent of Rs. 0.57 lakh.

In reply to Audit, the Executive Engineer stated (April 1974) that the first tender was rejected by him because, he considered, the second lowest tenderer of the first call did not have sufficient experience and the rates quoted by him were unworkable. It was found that no reasons were recorded by the Executive Engineer when he decided to reject all the tenders including two others below estimated rates even before the period of validity had expired. If this tenderer was found to have no experience, there was no justification to conduct negotiations with him after the retender as directed by the Superintending Engineer particularly as he was not the lowest tenderer on that occasion. However, in February 1975, the Chief Engineer confirmed the explanation of the Executive Engineer.

Endorsing the views of the Chief Engineer Government stated (November 1975) that when a good number of tenders with unworkable rates were received there was practical difficulty in awarding the work to higher tenderers after disqualifying lower offers on grounds of unworkability of rates and computation of the loss with reference to the second lowest tender of the first tender call was unreasonable. It was, however, observed that no attempt was made in this case to ascertain the possibility of getting the work done by the second lowest tenderer at his quoted rate (21 per cent below estimate).

## CHAPTER V

### STORES AND STOCK

55.A. A synopsis of the stores and stock accounts of the principal departments (other than those of Government Commercial and quasi-Commercial departments, undertakings, etc.) for 1974-75 is given below:—

<i>Department</i>	<i>Stores</i>	<i>Opening balance on 1st April 1974</i>	<i>Receipts</i>	<i>Issues</i>	<i>Balance on 31st March 1975</i>
<i>(in lakhs of rupees)</i>					
<b>AGRICULTURE DEPARTMENT</b>					
Agriculture	Plant protection materials and equipment, agricultural implements and appliances, fertilisers, manures, seeds, grafts and other farm produce	1,00.43	7,43.65	6,53.00	1,91.08
Animal Husbandry	Live-stock, feed, eggs, medicines, equipment, etc.	65.88	2,02.88	1,96.14	72.62
<p>The issues include Rs. 3.57 lakhs representing value of articles written off (Rs. 2.10 lakhs), depreciation (Rs. 0.82 lakh), shortages (Rs. 0.11 lakh) and losses (Rs. 0.54 lakh). Sanction for write off still (March 1976) remains to be issued for Rs. 2.35 lakhs relating to periods from 1969-70 onwards.</p>					
FOREST	Felled timber and other forest produce, other stores, live-stock, etc.	10,94.62	25,41.40	25,01.64	11,34.38
<p>The closing balance does not include value of tusks, ivory, sciveloes, etc., in the Trivandrum Division (Rs. 1.89 lakhs) and Wild Life Preservation Division, Thekkady (value not known). The Chief Conservator of Forests stated (March 1976) that these items would be included in the stock accounts for 1975-76.</p>					
<b>EDUCATION</b>					
Government Presses	Consumable stores, types and type materials, binding materials, publications, forms, etc.	41.77	1,05.30	70.43	76.64
Stationery Stores					
Trivandrum, Ernakulam, Shoranur and Kozhikode.	Paper, boards, binding materials, ink, ribbon, machines, spares, etc.	63.62	72.81	58.68	77.75

Annual physical verification of stock conducted by the Stores Officer during January-March 1975 revealed several omissions and defects in the maintenance of stock accounts in the Ernakulam Stores, such as opening balance not written/attested, incomplete postings of receipts/issues, unauthorised notings in pencil, omission to record certificate of reconciliation, etc. Government stated (February 1976) that the discrepancies had all been rectified and accounts brought up to date.

<i>Department</i>	<i>Stores</i>	<i>Opening balance on 1st April 1974</i>	<i>Receipts</i>	<i>Issues</i>	<i>Balance on 31st March 1975</i>
<i>(in lakhs of rupees)</i>					
<b>HEALTH DEPARTMENT</b>					
Indigenous Medicine (including Ayur- veda Colleges at Trippunithura and Trivandrum)	Dietary articles, medicines, fuel, linen, uniforms, etc.	12.10*	50.56	49.43	13.23
Homocopathy	Medicines, dietary articles, fuel, etc.	1.06	2.49	1.66	1.89
<b>HOME DEPARTMENT</b>					
Police	Uniforms, fire-arms, ammunition, etc.	59.12	80.03	72.04	67.11**
Jails					
(i) Maintenance Section	Dietary articles, garden pro- duce, clothing and bedding, medicines, surgical instru- ments, arms and ammuni- tion, etc.	3.86	31.85	31.12	4.59

The closing stock includes the value of arms and ammunition kept in the District Jail, Kozhikode only. Value of arms and ammunition in other prisons has not been included, pending assessment of the value by the Committee constituted in the Police Department for the purpose.

\* The difference between the closing balance (Rs. 12.09 lakhs) for the previous year and opening balance for this year is due to rounding of individual items done last year.

\*\* Does not include value of 346 items of arms, ammunition and wireless goods for which value was not noted in stock accounts pending receipt of value from the supplying agencies.

<i>Department</i>	<i>Stores</i>	<i>Opening balance on 1st April 1974</i>	<i>Receipts</i>	<i>Issues</i>	<i>Balance on 31st March 1975</i>
(ii) <i>Manufactory Section</i>	<i>Raw materials, finished goods, tools and plant, etc.</i>	5.14	15.81	13.43	7.52

## INDUSTRIES DEPARTMENT

<i>Industries Department</i>	<i>Raw materials, equipment, machinery, etc., in different units</i>	24.90	0.26	9.85	15.31
----------------------------------	--	-------	------	------	-------

The issues (Rs. 9.85 lakhs) include value of equipment, raw materials, etc., worth Rs. 9.48 lakhs of the Tool Room Unit, Umayanalloor transferred to 'ENCOS' [Kerala State Engineering Technicians (Workshop) Industrial Co-operative Society Limited—a co-operative society registered in September 1968] on 1st May 1974.

LOCAL ADMINISTRATION  
AND SOCIAL WELFARE  
DEPARTMENT

<i>Public Health Engineering Stores</i>	<i>Pipes and other sanitary fittings, building materials, etc.</i>	(—)91.72*	9,28.11	5,54.80	2,81.59
---	--	-----------	---------	---------	---------

Defects noticed in the maintenance of stock accounts have been mentioned in paragraph 57 of this Report.

## PUBLIC WORKS DEPARTMENT

<i>(Buildings and Roads and District Stores)</i>	<i>Building materials</i>	(—)1,33.68*	1,43.50	3.23	6.59
--	-------------------------------	-------------	---------	------	------

Some defects noticed in the maintenance of the stock accounts in the nine District Stores have been mentioned in paragraph 56 of this Report. Defects noticed in the stock accounts of thirteen Public Works Divisions which maintain their own Stores are mentioned below:—

(i) Minus balances were noticed in eight out of the thirteen Divisions (West Coast Roads Division, Tellicherry, Buildings and Roads Divisions,

\* The balances do not include the opening balances relating to the Divisions in the areas transferred from the former Madras State on reorganisation of States due to non-finalisation of their allocation between the successor States.

Quilon, Calicut, Ernakulam, Trichur, Cannanore, Kottayam and Trivandrum). This was mainly due to (a) non-adjustment of cost of supplies and (b) credit exceeding debits due to fixation of issue rates at higher levels than the purchase price in previous years.

(ii) Annual physical verification of stock was not conducted for the year 1974-75 in four out of the thirteen Divisions (Buildings and Roads Divisions, Calicut, Quilon, Trichur and Kottayam). In two Divisions (Buildings and Roads Divisions, Trichur and Kottayam) physical verification was last conducted in 1971-72. Liabilities for shortages noticed on physical verification in Buildings and Roads Division, Trichur in 1964 and 1966 (Rs. 21,998) and in Buildings and Roads Division, Ernakulam in 1963 (Rs. 24,194) were pending settlement.

(iii) In seven Divisions (Buildings and Roads Divisions, Moovattupuzha, Quilon, Trivandrum, Alleppey, Ernakulam and Kottayam and Special Buildings Division, Calicut) the stock held (Rs. 59.57 lakhs) exceeded the reserve limit (total for the seven Divisions: Rs. 23.50 lakhs) by Rs. 36.07 lakhs. The excess was substantial in the two Divisions, Trivandrum (Rs. 12.57 lakhs) and Alleppey (Rs. 11.88 lakhs) where the stock limits fixed were only Rs. 4 lakhs and Rs. 3 lakhs respectively.

(iv) In ten out of the thirteen Divisions, valuation of stores at the end of the financial year with reference to market rates and adjustment of profits/losses, as required under the rules, was not done.

(v) In one Division (Buildings and Roads Division, Kottayam) a sum of Rs. 0.37 lakh is outstanding under the head "manufactures" from 1962-63 onwards.

Department	Stores	Opening balance on		Receipts		Issues		Balance on 31st March 1975
		1st April 1974						
(in lakhs of rupees)								

WATER AND POWER DEPARTMENT

Irrigation and Projects	Building materials	13.81*	25.89	10.49	29.21
-------------------------	--------------------	--------	-------	-------	-------

\* The balances do not include the opening balances relating to the Divisions in the areas transferred from the former Madras State on reorganisation of States due to non-finalisation of their allocation between the successor States.

(i) Fifteen Divisions were operating on stock. Annual physical verification of stock was not conducted during 1974-75 in five Divisions (Irrigation Divisions, Malampuzha, Trivandrum and Trichur, Chitturpuzha Project Division, Chittur and Minor Irrigation Division, Ernakulam). In Irrigation Division, Trivandrum the physical verification was last conducted in 1971 [liability for deficiency in stock valued at Rs. 0.13 lakh noticed in 47 items has not been finalised so far (March 1976)] and in the Irrigation Divisions, Malampuzha and Trichur the verification was last conducted in 1972.

(ii) The preparation of the half-yearly registers of stock was in arrears in ten out of the fifteen Divisions.

(iii) In eight Divisions the stock held on 31st March 1975 (Rs. 73.04 lakhs) exceeded the sanctioned reserve limit (total for the eight Divisions: Rs. 40.50 lakhs) by Rs. 32.54 lakhs. In two Divisions (Kanhirapuzha Project Division and Thanneermukkam Project Division) the excesses were Rs. 7.84 lakhs and Rs. 12.43 lakhs over the prescribed reserve limits of Rs. 8 lakhs and Rs. 3 lakhs respectively. The large excesses were stated to be due to procurement of materials as per indent placed by the Chief Engineer or procurement of materials not immediately required.

(iv) In four Divisions (Irrigation Division, Malampuzha Dam, Minor Irrigation Division, Ernakulam, Kallada Irrigation Project Division No. I, Thenmala and Periyar Valley Irrigation Division, Perumbavoor) the stock accounts showed minus balances mainly due to non-adjustment of cost of supplies.

(v) In twelve out of the fifteen Divisions, valuation of stores at the end of the financial year with reference to market rates and adjustment of profits/losses as required in the rules, was not done.

(vi) In four Divisions, stores and spares worth Rs. 4.01 lakhs were idling or held surplus to requirements.

(vii) Materials worth Rs. 1.85 lakhs issued to a work in the Pazhassi Irrigation Project Division in February 1974 were not adjusted in the accounts for 1974-75 for want of funds.

(viii) In Minor Irrigation Division, Ernakulam unserviceable materials worth Rs. 0.83 lakh fetched, on auction, only Rs. 0.04 lakh.

<i>Department</i>	<i>Stores</i>	<i>Opening balance on 1st April 1974</i>	<i>Receipts</i>	<i>Issues</i>	<i>Balance on 31st March 1975</i>
<i>(in lakhs of rupees)</i>					
Taxes Department					
Central Stamp Depot, Trivandrum	Stamps	7,72.05	2,06.58	6,16.09	3,62.54

The closing balance includes Rs. 2.81 lakhs worth Refugee Relief Stamps which are uncurrent. Sanction of Government of India is necessary for disposal of these stamps.

Non-Postal Stamps (held in Treasuries)	Judicial stamps	31,37.51	7,56.23	12,84.74	26,09.00
<i>(in Kilogrammes)</i>					
Board of Revenue (Excise), Trivandrum	Opium	1,24.70	0.02	57.40	67.32
	Ganja	61.77	..	0.06	61.71

A quantity of 43.36 kilogrammes of old Ganja ordered to be destroyed by Government in September 1972 is still kept in stock (March 1976).

B. The stock accounts for 1974-75 in respect of the following departments received in Audit could not be incorporated as they were found to be either incomplete or defective. The deficiencies or omissions have been pointed out to the Officers concerned and revised stock accounts are awaited from them (February 1976).

*Department and Stock Account*

*Officer from whom revised account is due*

**Agriculture**

Department of Dairy Development

Director of Dairy Development (Revised account for 1973-74 has also not been furnished to Audit so far).

**Development**

Fisheries

Director of Fisheries

Ports

State Port Officer (Revised accounts for 1973-74 and 1974-75 are awaited).



*Department and Stock  
Account*

*Officer from whom revised  
account is due.*

Health

Government Medical Stores,  
Trivandrum and District  
Medical Stores

Director of Health Services

Transport Wing of the Depart-  
ment of Health Services

Director of Health Services

Employees' State Insurance  
Scheme

Administrative Medical Officer, Emplo-  
yees' State Insurance Scheme

**56. Public Works District Stores**

Till April 1967 there were three general stores at Trivandrum, Ernakulam and Calicut under the charge of an Executive Engineer (Stores Division, Trivandrum) and in addition each Public Works Division also had a separate store. In order to improve the working of the Stores Organisation, the Public Works Division Stores were reorganised in April 1967 into nine District Stores which were made responsible for procurement and issue of stores required by the Irrigation and Buildings and Roads divisions in the districts. Each District Store was placed under the immediate charge of a Junior Engineer and overall charge of an Executive Engineer, Stores, who was directly responsible to the Chief Engineer. Even after the formation of District Stores, 13 Divisions in the Buildings and Roads wing continued to procure and stock certain items of stores such as bitumen and electrical items. The receipts and issues of the thirteen Division Stores during 1974-75 amounted to Rs. 1,14.84 lakhs and Rs. 1,17.56 lakhs respectively. The volume of transactions handled by the nine District Stores during the three years ended 1974-75 was as follows:—

Year	Receipts (in lakhs of rupees)	Issues
1972-73	5,56.46	6,10.44
1973-74	7,78.58	7,30.34
1974-75	4,79.58	2,94.83

On a review of the working of Public Works Department District Stores the following points were noticed:—

(1) *Budgetary Control*

Details of budget provision and actual expenditure under Stock in respect of Public Works District Stores during 1970-71 to 1974-75 are given below:—

<i>Year</i>	<i>Budget provision (Gross)</i>	<i>Expenditure (Gross)</i>
	<i>(in crores of rupees)</i>	
1970-71	2.61	3.63
1971-72	3.20	6.55
1972-73	3.02	6.56
1973-74	3.74	9.18
1974-75	3.89	5.75

The expenditure (gross) exceeded budget provision (gross) every year during the period 1970-71 to 1974-75. The department stated (January 1976) that the main reasons for excess expenditure over budget provision were:—

(a) Provision made in the budget did not 'keep pace with the phenomenal increase in prices of materials'.

(b) The District Stores had not strictly followed the gross vote system of accounting and this had resulted in double debit under 'stock'. It may be mentioned that the incorrect accounting of transactions under 'stock' was under correspondence with the department/Government since 1970 and in August 1974, Government issued instructions to ensure correct budgeting and accounting of 'stock' transactions in future.

According to the provisions in the Kerala Public Works Department Manual, the requirement of stock for the ensuing year and the budget provision therefor are to be assessed by the Chief Engineer on the basis of statistics of drawal of materials from the different stores during the preceding year and anticipated variations in the requirements of materials during the next year.

On an analysis of the revised estimates for 1974-75 and budget estimates for 1975-76 it was, however, noticed in Audit that although statements of expenditure on stock during the first two months of the year were received by the Chief Engineer from the District Stores, budget estimates were prepared on *ad hoc* basis and were not based on past consumption, anticipated variation, stock in hand, or forecast of requirements of stores for works. In

reply to Audit, the department stated (January 1976) that acute shortage of steel till 1974 and the 'sudden reversal' of the position thereafter made 'rational budgeting' difficult. This was endorsed by Government in March 1976.

(2) *Indents for Steel*

The distribution and sale of steel was controlled by Government of India from 1st October 1970. Under the procedure prescribed, indents for steel were to be placed by the Chief Engineer on the main producers through the Joint Plant Committee. After orders were booked with the main producers, quarterly requisitions for allocation of priority were to be submitted through the sponsoring authority (Secretary to Government in Public Works Department in the case of State Works) who was to ensure that the requirements were genuine and that the categories asked for by the indentors were actually required for the purpose indicated. Commencing from the first quarter of 1974 requisitions for priority allocation were to be sent by the indentors directly to the Joint Plant Committee (from the second quarter of 1975 indents can be placed direct on the manufacturers). A test check of indents disclosed that the quantities indented for by the department were based neither on past consumption nor on the quantities held in stock in District Stores; they were estimated *ad hoc* in multiples of waggon loads unrelated to requirements. Although District Stores were required to furnish quarterly statements of demands for priority allocation, it was noticed in some cases where such statements were received late that the figures of receipts, issues and balances on hand shown in the returns did not agree with the figures indicated in the requisition for priority allocation made by the Chief Engineer (Central procuring agency). The sponsoring authority also did not independently scrutinise the requests of the indentors as required in the instructions issued by the Government of India and the full quantity shown by the indenter was generally recommended for priority allocation. The department stated (May 1975) that in view of acute shortage of steel and meagre allotments, the demand from the indentors on the Steel Priority Committee tended to be considerably exaggerated and as it was necessary to place as many sale orders as possible, the number of sale orders exceeded the demand. It was also stated that "quarterly demands had to be presented on time limits and in many cases *ad hoc* figures had to be furnished in the prescribed *pro forma*" since reports from all the stores could not be received in time and "omissions in any category of store would lead to loss of priority allocation."

(3) *Piling up of stock*

Inflated demand for priority allocation, without assessment of the actual requirements, resulted in the piling up of stock of steel in the various stores. The table below shows the comparative position of the stock in the District Stores as on 31st March 1974 and 31st March 1975 and the actual yearly receipt and offtake during the years 1973-74 and 1974-75.

<i>Name of Store</i>	<i>Opening balance on 1st April 1973</i>	<i>Receipts 1973-74</i>	<i>Issues 1973-74</i>	<i>Closing balance as on 31st March 1974</i>	<i>Receipts 1974-75</i>	<i>Issues 1974-75</i>	<i>Closing balance as on 31st March 1975</i>	<i>Value of closing balance as on 31st March 1975</i>
	(in tonnes)							
Trivandrum	186	1,708	787	1,107	618	137	1,588	30.29
Quilon	2	850	156	696	1,004	165	1,535	26.86
Kottayam	105	986	233	858	1,347	256	1,949	33.40
Alwaye	177	677	348	506	1,057	155	1,408	29.22
Trichur	..	707	159	548	682	29	1,201	20.60
Calicut	91	1,280	715	656	778	504	930	17.74
Alleppey	29	130	70	89	696	43	742	13.87
Palghat	76	1,396	747	725	675	455	945	17.14
Cannanore	..	205	..	205	508	28	685	13.22
Total	666	7,939	3,215	5,390	7,365	1,772	10,983	2,02.34

The stock held on 31st March 1974 was far in excess of the offtake during the previous year. However, further purchases were made during 1974-75 exceeding twice the offtake during 1973-74. The total quantity issued during 1973-74 and 1974-75 from the nine District Stores was about 33 per cent of the quantity received during this period. The issues from the District Stores at Quilon, Kottayam, Trichur and Alleppey during 1973-74 and 1974-75 ranged from 14 to 21 per cent of the total receipts during the same period. In Cannanore District Store, only 4 per cent of the quantity received (713 tonnes) was issued during 1973-74 and 1974-75. In reply to an audit enquiry the department stated (March 1975) that the stockpiling was due to sudden and unanticipated fall in demands due to postponement of works for want of adequate funds and spiralling prices. It was, however, noticed that during

1972 to 1975 Government had ordered substantial cut in the works outlay (Rs. 43.50 lakhs during 1972-73, Rs. 50 lakhs during 1973-74 and Rs. 9,80.986 lakhs in 1974-75) in view of the financial stringency which slowed down the offtake of steel; but the department did not review the stock position or effect any reduction in the demands. On a review of the stock position in November 1974, allocation of about 8,200 tonnes was sought to be surrendered in December 1974. Cancellation could, however, be effected only for a quantity of 6,394 tonnes, as 1,806 tonnes of steel against the sale orders sought to be cancelled had already been despatched by the producer firms during the period from February 1974 to November 1974. On realising the gravity of the situation the Chief Engineer observed in a letter (March 1975) addressed to the Superintending Engineers and Executive Enigneers:

“It is now proposed to conduct a realistic assessment of actual requirements, immediate and phased for 1975-76, before any further purchases are made..... Similarly, it is not proposed to purchase steel till the stocks on hand are disposed of”. Another review of the stock position conducted by the department in November 1975 revealed that while the total stock in the District Stores aggregated 10,687 tonnes, serious shortages had arisen in respect of certain sizes of mild steel rods as indicated below:

<i>Size of rod</i>	<i>Stock in hand</i>	<i>Estimated requirements for 1975-76 (in tonnes)</i>
10 mm	246	1,868
12 mm	122	1,384
16 mm	126	1,357
20 mm	30	631
25 mm	129	1,019

The question of resuming purchases to meet the shortages in these categories has not been decided by the department so far (January 1976).

#### (4) *Purchase of Torsteel*

The Additional Director General (Bridges), Ministry of Shipping and Transport (Roads Wing), Government of India, advised the State Chief Engineer in September 1973 that in view of the limited availability of mild steel and also considerable economy involved in use of torsteel, the department should consider indenting larger quantities of torsteel for use in bridges, etc., in conformity with Indian Standard Codes and Indian Roads Congress specifications. The department started indenting for larger quantities of torsteel from

1973-74 and 5,090 tonnes of torsteel of sizes 16 mm diameter and above were procured during 1973-75. The Chief Engineer issued instructions in February 1974 to the field officers for using torsteel instead of mild steel for buildings, bridges and irrigation structures, also stipulating that in future, designs utilising torsteel should be prepared "as a matter of routine and first choice". In spite of these instructions, only 664 tonnes of torsteel of sizes 16 mm and above were drawn by the executing divisions between April 1973 and March 1975. As a result, 4,426 tonnes of torsteel (value: Rs. 83 lakhs) were in stock on 31st March 1975 in the nine District Stores.

In July 1975 the design wing of the Chief Engineer's Office pointed out that according to the existing specifications, torsteel of sizes higher than 28mm could not be used for bridge construction and also welding of torsteel would reduce its structural strength. On a reference by the department, the Ministry of Shipping and Transport stated (December 1975) that the question of amendment of the existing bridge code and Indian Standard specifications for permitting use of torsteel above 28 mm in size had been referred to the Bridges Committee of the Indian Roads Congress which was scheduled to meet in January 1976. Procurement of torsteel in sizes higher than 28mm without considering its suitability in accordance with the Indian Roads Congress specifications resulted in piling up of stock of 1,687 tonnes (value: Rs. 31 lakhs) as at the close of March 1975. Even in respect of torsteel of sizes 28 mm and less, the offtake was poor although there was no technical objection in utilising it in construction of buildings, culverts, etc., resulting in stockpiling of 2,739 tonnes (value: Rs. 52 lakhs) at the end of March 1975. According to an estimate prepared by the department in November 1975, the demand for torsteel in sizes below 28 mm in 1975-76 as ascertained from the executing Divisions would be 202 tonnes only.

In reply to an enquiry by Audit, the department stated (January 1976) that certain areas where torsteel could be used had been identified and instructions issued for its use in place of mild steel. Government stated (March 1976) that there was appreciable progress in the issue of torsteel of small diameters and that the Bridges Committee of the Indian Roads Congress had since approved the use of torsteel of higher diameters under certain conditions.

(5) *Appointment of Liaison Officer for procurement of steel*

Government appointed (October 1971) a Liaison Officer at Calcutta on contract basis for a period of three years from November 1971 with a view to speed up supply of steel against indents placed by the Public Works department, Public Health Engineering department, Kerala State Electricity Board and Kerala State Road Transport Corporation. Subsequently his services were

extended to cover indents from the State Housing Board (January 1972), University of Kerala (April 1972), University of Calicut (July 1972) and State Rural Development Board (July 1973). The Liaison Officer was to be paid a retainer of Rs. 1,000 per month and a commission at the rate of Rs. 2 per tonne in respect of despatches of steel between 1,500 and 1,700 tonnes and Rs. 5 per tonne for despatches above 1,700 tonnes per quarter. His contract was extended in September 1974 for another three years from 1st November 1974 on the same terms and conditions. During the period from 1st November 1971 to 31st December 1974, a quantity of 36,511.480 tonnes was received by the Public Works Department and another 38,465.667 tonnes by the other departments and bodies for which the Liaison Officer was paid Rs. 2.73 lakhs as commission and Rs. 38,000 as retainer. The following points were noticed in audit:

(i) The minimum quantity on which no commission was payable was fixed at 1,500 tonnes per quarter on the ground that the Public Works Department had received approximately 3,000 tonnes during the first six months of 1971. However, it was seen in audit that the quantities of steel allotted and supplied to the two Government departments and the Kerala State Electricity Board (Kerala State Road Transport Corporation had not yet begun to avail of the Joint Plant Committee allotments) during the two quarters of 1971 preceding the appointment of the Liaison Officer were 6,267 and 5,450 tonnes respectively.

On the basis of average quarterly allotments and supplies (3,133 tonnes and 2,725 tonnes respectively) received prior to the Liaison Officer's appointment a more appropriate limit for determining the commission payable to the Liaison Officer would have been 3,000 tonnes per quarter. The fixation of lower limit (1,500 tonnes) resulted in excess payment of Rs. 0.88 lakh on account of commission paid on quantities supplied till 31st December 1974.

(ii) Though the services of the Liaison Officer were subsequently extended to other bodies in 1972 and 1973, no fresh reassessment of the limit was done and the limit of 1,500 tonnes fixed originally remained unaltered; this resulted in payment of commission for the entire quantities supplied to those bodies. The commission thus paid on quantities supplied to those bodies alone during the period upto 31st December 1974 (6,273.527 tonnes) was Rs. 0.31 lakh.

(iii) In view of the large accumulation of stock of steel items in the various Public Works Stores by the beginning of 1974, the department could have reviewed the position in detail when the question of renewal of the contract came up. This was, however, not done.

(iv) The department decided to stop further purchases of steel after March 1975 with the improvement in the availability of iron and steel materials. In July 1975 Hindustan Steel Limited had also appointed a Resident Officer at Trivandrum in order to 'liaise with various departments and projects' and offered ready supplies without routing the indents through Joint Plant Committee. Despite these developments, the department has not considered the question of review of the services of the Liaison Officer at Calcutta. The department stated (July 1975) that "time is not ripe for discontinuing the services of the Liaison Officer altogether" and a decision would be taken at the appropriate time.

(6) *Local Purchase of Stores*

(i) In view of the acute shortage of steel in 1972, the department proposed (March 1972) to purchase steel from the open market. Based on tenders invited on 20th March 1972 the department accepted (July 1972) the lowest tender of a firm in Madras for supplying 550 tonnes of tested mild steel rods at Rs. 2,047 per tonne for 20 mm to 28 mm rods and Rs. 1,987 per tonne for 32 mm. rods F. O. R. destination. The tender in this case was advertised in the newspapers and also sent to fourteen other firms within and outside the State. However, this enquiry was not sent to Mysore Iron and Steel Limited, Bhadravathi, (an undertaking of the Government of Karnataka) although as per the provisions in the Store Purchase Manual, such tender notices are required to be sent to registered firms and reputed dealers in the line. In response to an enquiry by the Chief Engineer (Irrigation) on 3rd July 1972, the Mysore Iron and Steel Limited, Bhadravathi offered to supply mild steel conforming to Indian Standard specifications at Rs. 1,752.28 per tonne for rods upto 20 mm. and Rs. 1,741.98 per tonne for 22 mm. to 32 mm. rods, F. O. R. Bhadravathi, which (according to the department) worked out to a maximum of Rs. 1,875 per tonne F. O. R. destination. On receipt of the above offer, the Chief Engineer telegraphically instructed the Madras firm on 24th July 1972 to withhold despatches till further advice. But the firm did not agree. After getting Government approval, the Chief Engineer placed with the Madras firm (October 1972) a supply order for 550 tonnes of mild steel rods at their agreed rates and the firm supplied 543.934 tonnes of rods during November 1972 to February 1973. Government also approved (September 1972) purchase of mild steel rods not exceeding 3,000 tonnes per annum from Messrs. Mysore Iron and Steel Limited, Bhadravathi. Had tender enquiry been issued to the Mysore Iron and Steel Limited, as required in accordance with the provisions of the Store Purchase Manual, purchase



at higher rates from the Madras firm could have been avoided with a resultant saving of Rs. 1.14 lakhs.

(ii) For meeting urgent requirements of works of the Buildings and Roads, North Circle, Kozhikode, the Chief Engineer (in charge of stores) permitted on 17th July 1972 local purchase of 30 tonnes of mild steel rods of sizes above 18 mm subject to a ceiling price of Rs. 2,000 per tonne (determined with reference to tenders invited in March 1972). Even before this clearance was issued, 126.994 tonnes (87 tonnes at Rs. 2,000 per tonne and 39.994 tonnes at Rs. 2,173 per tonne) were locally purchased by Special Buildings Division, Calicut. After the issue of the clearance, the Division purchased a further quantity of 262.545 tonnes of mild steel rods (of which a quantity of 109.85 tonnes was of sizes below 18 mm) between 17th July 1972 and September 1972 at a total cost of Rs. 5.40 lakhs at the rate of Rs. 2,000 per tonne (177.800 tonnes) and Rs. 2,173 per tonne (84.745 tonnes). The following points were noticed in this connection:—

(a) Sanction of competent authority for quantities purchased in excess of 30 tonnes and at rates exceeding the ceiling fixed by the Chief Engineer and also for purchases made before clearance was issued by the Chief Engineer has not been obtained. The amount paid in excess of the ceiling rate (Rs. 2,000) for 124.739 tonnes was Rs. 0.22 lakh.

(b) 135.80 tonnes were purchased at Rs. 2,000 per tonne from seven contractors (including two conveyance contractors of the Division) who were not regular dealers in steel. It was not known how the department ensured that the steel supplied by the contractors was of standard and tested quality.

(c) The offer of Messrs Mysore Iron and Steel Limited, Bhadravathi for supply of mild steel rods at a maximum rate of Rs. 1,875 (F. O. R. destination) (mentioned in sub paragraph (i) above) was received by the Chief Engineer on 17th July 1972. Based on this offer the clearance given by the Chief Engineer for local purchase was withdrawn on 1st September 1972. In view of the lower offer from the Mysore firm received in July 1972, the local purchase at higher rates was unnecessary. Compared with the price of the Mysore firm, the local purchases made between 17th July 1972 and 10th September 1972, resulted in extra expenditure of Rs. 0.71 lakh.

(7) *Withdrawal of stores materials in excess/advance of requirement*

(i) One thousand fifty bags of cement were drawn by a Sub Division under Buildings and Roads Division, Quilon in November 1974 and January 1975 from District Store, Quilon for issue to the contractor for the work "construction of a building for cosmopolitan hostel at Sasthamcottah" (estimated

cost: Rs. 4.57 lakhs). The cement actually used on the work was only 48 bags leaving 1,002 bags (50.1 tonnes) surplus with the contractor (the work was completed in February 1976). The excess issue was noticed by the Division in May 1975 when a notice was sent to the contractor to return the surplus quantity. His liability has not been settled so far (January 1976). During this period (March-April 1975), the Division had to obtain 225 tonnes of cement at higher rates from the Kerala State Electricity Board store at Angamali for meeting urgent requirements of other works involving additional payment of Rs. 15,537 towards supervision charges and Rs. 21,393 towards conveyance charges.

(ii) The Medical College Division, Kottayam obtained 654.637 tonnes of mild steel rods (valued at Rs. 14.40 lakhs approximately) from various District Stores during May 1971 to February 1976 for issue to the contractor for two works, "constructing Edathua bridge" and "reconstructing bridge at Nagampadam" (stipulated dates of completion: February 1973 and October 1974 respectively). Out of this, only 531.291 tonnes (value: Rs. 11.69 lakhs approximately) had been utilised (March 1976). The first work was reported to have been completed in August 1973 and second work is stated to be nearing completion (March 1976). In reply to an Audit Enquiry, the Division stated (June 1975) that material had to be drawn in advance to prevent the contractors from backing out.

#### (8) *Stock Accounts*

(a) Mention was made in paragraph 50 C of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) that the Public Works Divisions had not switched over to the revised procedure for the maintenance of stock accounts envisaged in the Kerala Public Works Account Code revised in 1972. Government stated (March 1976) that the revised pattern of accounting was proposed to be implemented from 1st April 1976 after getting the forms printed. Pending switch over to the revised system the old system is being continued in Public Works District Stores also. Preparation of half-yearly registers of stock required to be maintained under the old system was in arrears in all the Stores except District Stores, Trichur. In District Stores, Calicut, this was stated to be in arrears from April 1972.

(b) The balances outstanding under "Miscellaneous Public Works Advance" (value of stores sold on credit, losses of stores and advances awaiting recovery, etc.) in the nine District Stores as at the end of March 1975 aggregated Rs. 15.44 lakhs including Rs. 9.89 lakhs relating to periods prior to 1972-73. The stores with heavy balances were Trivandrum (Rs. 9.40 lakhs)

and Always (Rs. 2.50 lakhs). The balance outstanding in these two stores included Rs. 7.21 lakhs representing value of stores sold on credit (Trivandrum: Rs. 6.39 lakhs; Always: Rs. 0.82 lakh).

(c) The outstandings under the sub-head 'Purchase' under 'Stock' (representing the cost of materials received but not paid for) as at the end of March 1975 amounted to Rs. 1,93.53 lakhs. In the District Stores, Calicut alone, the outstandings amounted to Rs. 1,09.71 lakhs. The outstandings were stated to be mainly due to non-adjustment of debit advices received in the District Stores from the Accountant General. The reasons attributed by the department for the delay in adjustment were the delay in verification of the bills and lack of funds to adjust the debit advices.

(d) The balances outstanding under 'Advance Payments' (cost of materials paid before the actual receipt of materials) amounted to Rs. 62.32 lakhs as at the end of March 1975. The amounts outstanding under this head were due to non-clearance of debits even after receipt of materials.

(e) The outstanding balance under 'Cash Settlement Suspense Account' (Value of stores issued to the executing divisions from the District Stores) amounted to Rs. 1,61.81 lakhs as on 31st March 1975, of which Rs. 61.21 lakhs related to 1973-74. The rules require that such dues should be settled within 10 days of receipt of intimation of debit and normally there should be no balance under this head at the close of the year. But there was considerable delay in settling the claims. While issuing instructions (February 1975 and November 1975) to all the divisional officers for prompt settlement of outstanding claims under 'cash settlement suspense', Government stated that the main reason for the large outstandings under this head was that the budget provision made for the purpose was utilised by the divisions for meeting expenditure on works (in making payments to contractors/suppliers). Further progress of clearance of the outstandings is awaited (December 1975).

### (9) Other points

(i) *Avoidable expenditure on conveyance contract (District Stores, Trivandrum)*

Tenders for the conveyance of materials in the District Stores, Trivandrum (estimated cost: Rs. 4.07 lakhs) were invited by the Assistant Engineer in April 1974. Of the two tenders received (the period of validity of the offers was not indicated in the tenders), the lower one was 8.75 per cent above estimate. But this was rejected by the Chief Engineer on 21st May 1974 in pursuance of a Government order of May 1973, according to which all premium tenders and single tenders in excess of estimates received in the

first call should be rejected. On a retender, issued on 24th May 1974, only two offers were received, which were 42.5 per cent and 57 per cent above estimate. As the lower tender was incomplete, negotiation was done with the other tenderer who had quoted 8.75 per cent above estimate in the first tender call and his offer was accepted by Government (August 1974) at 42.5 per cent above estimate.

The Government order of May 1973 was intended to check possibility of any collusion among contractors in tendering for Government works. The Chief Engineer had in August 1973 pointed out to Government that in view of the general increase in prices tenderers generally quoted above estimate rates and such tenders should be rejected only if retendering was expected to yield lower rates. Based on the Chief Engineer's proposal, revised orders were issued by Government on the 22nd May 1974 according to which only premium tenders exceeding 10 per cent of estimate rates need be rejected in the first call. However, even on receipt of Government orders of 22nd May 1974 the Chief Engineer did not revise his earlier decision (taken on 21st May) to reject the lower tender and the work was retendered on 24th May. It will be relevant to mention here that the estimate of the work was based on the 1972 schedule of rates and as there was a marked increase in the latter half of 1973 in the prices of petrol and diesel (a factor affecting the cost of conveyance), the department could have considered the offers received at the first call after obtaining Government approval especially when the Chief Engineer himself had in August 1973 pointed out to Government the difficulty in implementing the order of May 1973. The decision to retender the work had resulted in an avoidable expenditure of Rs. 0.33 lakh to Government.

(ii) *Excess Payment of bending charges*

Between August 1972 and February 1973, West Coast Roads Division, Tellicherry, purchased 1,066.80 tonnes of mild steel rods from the Mysore Iron and Steel Limited, Bhadravathi. Out of this, 498.38 tonnes were transported by road and balance of 568.42 tonnes by rail. The conveyance of 498.38 tonnes by road from Bhadravathi and 568.42 tonnes from the Tellicherry Railway Station was arranged by the Division through six contractors. The estimate rates for conveyance included provision for bending the rods, before lifting them from the suppliers. On verification of the invoices of the firm, it was noticed in audit (May 1973) that although 620.16 tonnes of steel supplied by the firm in loose bends and coils did not require any bending, charges for bending were paid to the contractors for this quantity also. This resulted in excess payment of Rs. 0.33 lakh.

(iii) *Losses in transit*

During the period 1970-71, transit shortages aggregating 607 tonnes of steel (value:Rs. 9.32 lakhs) were reported from all the District Stores. For steel items 100 per cent advance payment is made and they are despatched by rail by the producers. Though claims were raised with the Railways in all cases, 11 claims (value: Rs. 0.39 lakh) only were admitted by them. An amount of Rs. 0.12 lakh was ordered to be written off (May 1972-March 1975). In three cases an amount of Rs. 0.46 lakh was paid as demurrage charges on account of delay in clearance.

(iv) Based on clearance given by the Chief Engineer in July 1972 for local purchase of steel for urgent requirements of works [mentioned in paragraph 6 (ii) above] sixteen tonnes of mild steel rods were purchased locally at a cost of Rs. 0.31 lakh by the West Coast Roads Division, Tellicherry in November 1972 for the work 'constructing a bridge at Payangadi'. The materials were lifted by the contractor from the dealer on 23rd November 1972 (8 tonnes) and 27th February 1973 (8 tonnes). Full cost of the material was paid to the supplier on 13th November 1972. It was noticed in audit that the materials had not been accounted for in the accounts of the Division yet (March 1976).

On the omission being pointed out by Audit in July 1975, the Executive Engineer stated (September 1975) that the materials were conveyed by the contractor to the site of another work 'constructing bridge at Baliapatam river' and that action for rectification of the discrepancy was in hand. Further verification by Audit (November 1975), however, disclosed that the materials had not been accounted for in the materials-at-site account of the latter work also. The materials have, thus, remained unaccounted for about 3 years. The Chief Engineer stated (December 1975) that disciplinary action was being initiated against the officers responsible for the irregularity. It was further stated by him that the urgency for making local purchases in this case was not established and the purchase was made without obtaining sanction of the competent authority. The local purchase involved an extra expenditure of Rs. 0.14 lakh computed with reference to rates fixed by the Joint Plant Committee.

**57. Public Health Engineering Department Stores**

Fourteen out of 20 works-executing Divisions in the Public Health Engineering Department have divisional stores under them. There is also

a Central Store at Cochin to cater to the requirements of all the Divisions in general. The stock requirements of the Divisions and the Public Health Central Store, Cochin are consolidated and procured by the Chief Engineer. Limited purchase powers are delegated to the Superintending Engineers, Executive Engineers and Assistant Engineers. The materials handled by the Stores are mainly mild steel rods, cement, cast iron pipes, polyvinyl chloride (P. V. C.) pipes, asbestos cement (A. C.) pipes, etc.

On a review of the working of the Stores under the Public Health Engineering Department in general and three stores (Public Health Central Stores, Cochin, Water Supply Project Division No. 1, Trivandrum and Public Health Construction Division No. I, Cochin) in particular, the following points were noticed:—

(i) *Budgetary control*

There was considerable variation between the budget provision and actual expenditure under stock suspense during each year from 1970-71 to 1974-75 as shown in the table below:—

<i>Year</i>	<i>Budget provision (Net) (in lakhs of rupees)</i>	<i>Expenditure (Net)</i>
1970-71	1,50.00	1,77.96
1971-72	2,50.00	3,42.56
1972-73	2,10.00	4,86.96
1973-74	2,81.80	7,28.69
1974-75	3,96.65	3,66.30

The department attributed (June 1975) the excesses to (i) difficulty in estimating provision for purchase of materials based on works outlay and (ii) inflation of the debit due to the duplication of debits to suspense head 'stock' first on the receipt of materials in the Central Stores and again on their receipt in Division Stores as and when issued from the Central Stores. The department stated (December 1975) that in view of the failure of the Divisions to follow the accounting procedure envisaged in the system of gross voting under 'suspense', the provision had to be made more or less on an *ad hoc* basis and that instructions had been issued by Government in August 1974 to ensure correct budgeting and accounting of 'stock' transactions in future.

In terms of the provisions in Kerala Public Works Department Manual, the budget estimates under 'Stock' are to be prepared on the basis of previous

year's consumption of materials, after allowing for anticipated variation. On an analysis of the Budget provision for 1974-75, it was seen in audit that:—

(i) the basis followed for estimating the provision under 'stock' varied from Division to Division (of the 15 Divisions including Central Stores, Cochin, budget provision was proposed on the basis of reserve limit of stock by three Divisions; eight Divisions framed the estimate for the ensuing year on the basis of the revised estimate for the current year without indicating the basis of the revised estimate; other Divisions had not specifically indicated the basis on which the provision had been estimated) and (ii) factors such as past consumption, anticipated variation, existing stock, requirement of works, orders placed, etc., were not taken into account in estimating the provision.

## (2) Inventory control

### (i) Accumulation of Mild Steel materials

The procedure prescribed by the Government of India for the procurement of steel materials has been outlined in paragraph 56 of this Report. In the case of Public Health Engineering Department, the Chief Engineer was to place indents on the Joint Plant Committee and to send quarterly/half-yearly requisition for allocation of priority for delivery. It was noticed that the quantities indented were far in excess of requirements and were not based on the reports received from the works-executing Divisions. The following table shows the stock position in Public Health Central Stores, the quantities indented and the quantities received and issued during the three years ended 1974-75:

Year	Opening balance	Quantities indented	Receipts	Issues	Closing balance	
					Quantity	Value
			(in tonnes)			(in lakhs of rupees)
1972-73	236	27,800	4,821	2,142	2,915	43.73
1973-74	2,915	50,200	2,951	1,946	3,920	58.80
1974-75	3,920	3,550	5,954	1,585	8,289	1,24.34
1975-76	8,289	Nil	(Information awaited)		8,858	1.32.87

(upto end of September 1975)

The quantity of mild steel materials issued from the Central Stores during 1972-75 was less than 42 per cent of the quantity received. Assessed in terms of the average quantity issued during the three years up to 1974-75, the stock at the end of September 1975 would last for more than four years.

As regards the accumulation of mild steel materials, the Chief Engineer stated (December 1975) as follows:—

“The drastic cuts effected by Joint Plant Committee while planning the indents as also the meagre priority allocations by Steel Priority Committee, the currency of sale orders, etc., are also factors that weighed with the department in preparing the indents. The actual quantity received from producers used to be only a fraction of the quantities indented. But by the end of September 1974 there came about a sudden and unexpected change in the supply position and the full quantities as per indents came to be allotted. The accumulation of steel in the Central Stores has been due to the above change in the supply position and the slow progress in the implementation of the schemes included in the Fifth Plan”.

In October 1974, in view of the difficult financial position, the department informed the Liaison Officer that it was not in a position to purchase additional quantities of steel. Accordingly, 4,157 tonnes being the allotment for the period between October 1974 and March 1975 were cancelled in November 1974 and December 1974. However, 3,673 tonnes (approximate cost: Rs. 55.10 lakhs) of steel were received by the department between November 1974 and October 1975 against allotment made prior to October 1974.

Item-wise analysis of the receipts and issues from Public Health Central Stores during the three years from 1972-73 to 1974-75 showed that in respect of several items, the offtake was negligible and that the stock at the end of March 1975 far exceeded the total issues during the three years. The details are given in the table below:—

Material	Opening balance (1st April 1972)	Receipts		Issues		Closing balance on 31st March 1975	
		Yearly for 1972-73 1973-74 and 1974-75	Total for three years	Yearly for 1972-73 1973-74 and 1974-75	Total for three years	Quantity	Cost (in lakhs of rupees)
10 mm mild steel rods	69	2,461		368			
		42	2,718	352	896	1,891	28.37
		215		176			
8 mm torsteel	Nil.	65		..			
		155	892	22	61	831	12.47
		672		39			
			(in tonnes)				
12 mm torsteel	Nil	61		55			
		41	446	47	163	283	4.25
		344		61			



Material	Opening balance (1st April 1972)	Receipts		Issues		Closing balance on 31st March 1975	
		Yearly 1972-73 1973-74 and 1974-75	Total for three years	Yearly 1972-73 1973-74 and 1974-75	Total for three years	Quantity	Cost (in lakhs of rupees)
(in tonnes)							
18 mm torsteel	Nil.	1 304 352	657	29	29	628	9.42
22 mm torsteel	Nil.	.. 351 195	546	50 83	133	413	6.20
25 mm torsteel	Nil.	4 424 726	1,154	4 84 53	141	1,013	15.20
28 mm torsteel	Nil.	.. 501 504	1,005	9 12	21	984	14.76
32 mm torsteel	Nil.	.. 99 187	286	Nil. 8 29	37	249	3.74

Against indents placed during 1970-71 and 1971-72, the department received 2,461 tonnes of 10 mm mild steel rods during 1972-73. The total offtake of 10 mm M.S. rods during 1972-75 was 896 tonnes only, leaving a balance of 1,891 tonnes (cost: Rs. 28.37 lakhs) which at the average rate of issue for the previous three years would suffice for more than six years.

In June 1973 and again in November 1973, the department issued instructions for increased use of torsteel in place of mild steel rods based on Indian Standard specifications pointing out the economy involved (to the extent of 25 to 35 per cent) in its use. Accordingly, the department started indenting large quantities of torsteel. A quantity of 7,382 tonnes of torsteel (approximate cost: Rs. 1,11 lakhs) was received (there was an opening balance of 7 tonnes in April 1973) by the department during the period 1973-75. The offtake of torsteel during the period was 2,160 tonnes only, leaving a balance of 5,229 tonnes (cost: Rs. 78.44 lakhs) at the end of March 1975.

In reply to an enquiry by Audit as to the basis on which the requirements of torsteel were assessed, the department stated (January 1976) that "it is not possible to work out the quantities of mild steel materials (including torsteel)

size-wise. Sizes of rods required can be determined correctly only after preparing the detailed design of structures. Detailed designs of the various structures connected with Water Supply and Sewerage Schemes are normally prepared only at the time of actual execution. The quantities of mild steel materials required are, therefore, assessed purely on the basis of past experience".

In July 1974, the department assessed the annual requirement of 8 mm torsteel as 150 tonnes approximately. Against this, the quantities of 8 mm torsteel received and issued during 1974-75 were 672 tonnes and 39 tonnes respectively.

(ii) *Stockpiling of pipes in Public Health Central Stores*

An analysis of the stock position of pipes in Public Health Central Stores during the three years ended 1974-75 revealed that the receipts of several types of pipes were excessive compared to the issues as shown in the following table:—

Material	Opening balance (1st April 1972)	Receipts			Total issues 1972-73 1973-74 and 1974-75	Closing balance (31st March 1975)		
		1972-73	1973-74	1974-75		Quantity	Value (in lakhs of rupees)	
			(in metres)					
Polyvinyl chloride pipe 110 mm	Nil.	Nil.	86,972	1,72,881	78,231	1,81,622	26.23	
Cast iron spigot spun pipe 200 mm	15,186	7,649	33,220	26,087	39,225	42,917	33.83	
Cast iron spigot spun pipe 250 mm	3,062	149	17,196	42,023	13,095	49,335	52.40	
Cast iron spigot spun pipe 450 mm	Nil.	Nil.	Nil.	2,368	49	2,319	5.99	
Cast iron tyton pipe 300 mm	Nil.	367	1,495	13,145	355	14,652	19.59	

According to the department (October 1975), indents of polyvinyl chloride pipes and cast iron pipes were based on the design particulars of the works in progress. It was, however, seen that against the purchase of 86,972 metres of polyvinyl chloride pipes and 51,911 metres of cast iron pipes during 1973-74 as mentioned in the table above, the issues during the same period were only 47,604 metres and 19,052 metres respectively. Despite the large accumulation of stock at the end of March 1974, the department procured

1,72,881 metres of polyvinyl chloride pipes and 83,623 metres of cast iron pipes during 1974-75. The issues during 1974-75 were 30,627 metres of polyvinyl chloride pipes and 9,274 metres of cast iron pipes leaving a balance of 1,81,622 metres of polyvinyl chloride pipes (cost: Rs. 26.23 lakhs) and 1,09,223 metres of cast iron pipes (cost: Rs. 1,11.81 lakhs). The purchases during 1973-74 and 1974-75 were thus not related to the immediate requirement of works. Government stated (March 1976) that the large accumulation of pipes was due to non-execution of many of the approved schemes.

(iii) *Excess procurement of pipes*

Mention was made in the paragraph 40, Audit Report 1966 and paragraph 49 of the Report for the year 1969-70 about the procurement of 3,419 cast iron pipes between 1961 and 1965 for the Trivandrum Water Supply Scheme (Augmentation). The pipes purchased included 8,834 metres of 48" cast iron pipes. Although the Assistant Engineer in charge of the scheme reported (May 1966) that the pipes already available would be sufficient for the work, a further quantity of 399 metres (109 numbers) of 48" pipes was purchased between July 1971 and January 1972, spending Rs. 4.52 lakhs. Only 8,672.196 metres of 48" pipes were used in the work which was completed in September 1973. The entire quantity purchased in 1971 proved to be unnecessary. The cost of pipes procured in excess which are still lying at work site amounted to Rs. 5.21 lakhs. The department stated (December 1975) that further purchases in 1971 were made on the basis of an *ad hoc* verification of the stock in hand by the Junior Engineer in charge in January 1971 but no report of the results of the verification was prepared. Government stated (March 1976) that in respect of water supply schemes, additional reserve quantity of large size cast iron pipes had necessarily to be kept for use in the event of break-downs, etc.

(iv) *Avoidable expenditure on conveyance*

Between May 1972 and October 1975, in 76 cases, 682 tonnes of mild steel rods procured from two mills located at Feroke and Wadakkancherry (situated to the north of Ernakulam) were first brought to Ernakulam and then reconveyed to Divisions (Calicut, Cannanore, Trichur, Irinjalakuda, Badagara, Malappuram and Palghat) north of Ernakulam within a period of three months from the date of receipt in Public Health Central Stores. This included 11 cases involving 182 tonnes where the materials were re-transported on the same date on which they were received in Central Stores. The extra expenditure on the avoidable conveyance involved in these cases

amounted to Rs. 0.14 lakh (approximately). Had the department transported the materials to the various Divisions direct, the extra conveyance could have been avoided. It was also noticed that Rs. 0.08 lakh were paid in excess to the conveyance contractor between August 1974 and December 1974 due to the incorrect computation of the distance between Feroke and Public Health Central Stores, Cochin. The Executive Engineer stated (December 1975) that the amount paid in excess would be recovered from the conveyance contractor after ascertaining the correct distance, from the Public Works department. Further developments are awaited (March 1976).

(v) *Non-accountal/belated accountal of materials received in Public Health Central Stores*

Three instances of non-accountal/belated accountal of consignments received have been noticed in Public Health Central Stores. The details are given in the following table:—

Sl. no.	Particulars of consignment		Date of clearance from railway station	Date of entry in measurement book	Weight as initially recorded by the Stores (tonnes)	
	Nature of materials received	Quantity as per railway receipt (tonnes)				Value (in lakhs of rupees)
1	25 mm torsteel	44.70	0.84	6th January 1974	20th October 1975	Weightment details not available
2	10 mm torsteel	34.17	0.74	8/9th October 1974	20th October 1975	Weighed in October 1974 at the Stores and found to weigh 37.14 tonnes
3	10 mm torsteel	52.15	1.08	30th/31st December 1974	20th October 1975	Weighed in December 1974 at the Stores and found to weigh 39.47 tonnes.

The entries recorded in the measurement book have not been checked by any superior officer. The claims of the conveyance contractor for the delivery of the three consignments have not yet been paid (March 1976).

(vi) *Non-delivery of materials issued from Public Health Central Stores*

The transport of materials from the Public Health Central Stores to the Division Stores is arranged by each Division through its conveyance contractor. In the following cases the conveyance contractors failed to deliver the full quantity of the materials entrusted to them.

(a) During the period between August 1973 and April 1974, 94,926 kilogrammes of mild steel rods (including Torsteel) issued by the Central Stores to Public Health Engineering Division, Palghat were taken charge of by the conveyance contractor of the latter Division. The materials brought to the Stores were dumped by the contractor in the store yard, without weighing and without handing them over to the Junior Engineer in charge of the Store. The materials were weighed and brought to stock between February 1974 and August 1974. The non-delivery of one consignment entrusted to the contractor in December 1973 was reported by the Junior Engineer in March 1974. There were shortages in other consignments also and on linking up the issues from Public Health Central Stores with the receipts at the divisional store, it was found by the department (September 1974) that the total shortage was 12,215 kilogrammes.

The contractor was paid Rs. 0.83 lakh after the shortage was first reported by the Junior Engineer in March 1974. His final bill has not, however, been paid so far (March 1976).

It was observed during audit (May 1975) that the materials received in the Division were not checked with reference to the issue notes received from the Central Stores and that the measurement/weighting was not duly recorded in Measurement Books as and when the materials were received.

The liability of the contractor has been tentatively fixed by the Division as Rs. 0.39 lakh including value of materials short delivered, penalty, sales tax, etc. The Executive Engineer stated (December 1975) that Rs. 0.32 lakh (security deposit: Rs. 0.26 lakh; approximate amount due for work done: Rs. 0.06 lakh) due to the contractor were available with the Division for adjustment against his liability.

Government stated (December 1975) that charges had been framed against the Executive Engineer and Junior Engineer for having paid the contractor after detection of the shortage and their failure to take prompt action for recovery of the loss.

(b) A consignment of 79 metres of 250 mm diameter cast iron pipes (cost: Rs. 0.07 lakh) issued from the Public Health Central Stores in December 1973 to the Public Health Construction Division No. II, Ernakulam had not been received in the latter Division so far (December 1975). On receipt (January 1974) of the invoice for the supply from the Public Health Central Stores, the Executive Engineer, Public Health Construction Division No. II, Ernakulam pointed out in January 1974 that the pipes had not been received

in the Division and that the acknowledgement on the issue notes in token of receipt of materials had been signed by some persons not authorised by him. But the Public Health Central Stores did not investigate how the materials happened to be issued to unauthorised persons, nor did it withdraw the claim raised against the Construction Division. The case was brought to the notice of Government by Audit in August 1975. Government stated (November 1975) that the case had been reported to the Director of Vigilance Investigation for further investigation.

(c) There were instances of short delivery and non-delivery of mild steel materials issued from Public Health Central Stores to Public Health Division, Trichur and entrusted to the conveyance contractor of the latter Division during 1971-73. The details are given below:—

<i>Date on which materials were taken delivery from the Central Stores</i>	<i>Details of materials (mild steel rods)</i>	<i>Quantity (in kilogrammes)</i>	<i>Date of supply in the Division</i>	<i>Quantity supplied (in kilogrammes)</i>	<i>Balance to be delivered</i>
27th September 1971	12 mm	1,840	9th October 1972	1,740	100
27th September 1971	16 mm	1,010	9th October 1972	1,010	Nil
27th September 1971	20 mm	2,100	not yet delivered (December 1975)	..	2,100
27th September 1971	25 mm	2,010	not yet delivered (December 1975)	..	2,010
25th February 1972	28 mm	6,840	26th September 1972	6,840	..
21st September 1972	28 mm	6,340	not yet delivered (December 1975)	..	6,340
Total		20,140		9,590	10,550

Even after the receipt of the invoices (October 1971, March 1972 and February 1973) from Public Health Central Stores, the Division did not investigate into the reasons for non-receipt of the materials issued from

Public Health Central Stores. After this was pointed out by Audit (December 1975) the department stated (December 1975) that action was being taken to fix the liability of the contractor and to realise the dues from him. The contractor's liability roughly worked out to Rs. 0.24 lakh. Government stated (March 1976) that the contractor had accepted the liability for the shortage and action was in progress for recovering the amount from him. Details of action taken against the departmental officers are awaited (March 1976).

(3) *Purchase of 42 inches C. I. Pipes*

In March 1971 the Chief Engineer placed a supply order with a Calcutta firm for the supply of 22,000 metres of 42 inches cast iron pipes for the Greater Cochin Water Supply Scheme at the rate of Rs. 920 per metre F.O.R. Ernakulam. As per the terms of purchase, the department was to make 100 per cent payment against railway receipts and the price was to be firm except for variations (up or down) in the price of pig iron and railway freight. The supply was to be completed within 40 months.

The firm failed to supply the full quantity of 42 inches cast iron pipes within the stipulated date viz., 24th July 1974. The price of pig iron and railway freight were raised after July 1974. The firm claimed Rs. 2.45 lakhs towards price escalation for supplies made between August 1974 and May 1975 (Rs. 1.08 lakhs towards increase in the cost of pig iron and Rs. 1.37 lakhs towards freight increase) which the department paid while clearing the railway receipts. The supply of pipes has not yet been completed (March 1976). In November 1974, the department pointed out to the firm that the department was not liable for price escalation as a result of the increase in price of pig iron and freight after the stipulated date for completion of supplies. The department's contention has not been accepted by the firm so far (December 1975). The omission to include a specific provision in the agreement with the firm for limiting the price escalation to supplies made within the stipulated date of delivery resulted in extra expenditure of Rs. 2.45 lakhs.

(4) *Delay in the erection of a weigh-bridge*

In August 1971 the department decided to install in the Central Stores, Cochin a self-indicating-cum-recording type weigh-bridge in the place of an existing weigh-bridge which was to be shifted to Trivandrum where a Regional Store was proposed to be started. Proposals for establishing a Regional Store at Trivandrum made by the Chief Engineer in December 1968 and September 1969 were not approved by Government (May 1970).

However, orders were placed with a firm in August 1971 for the weigh-bridge (cost: Rs. 1,17,510) to be supplied before 31st December 1972. In August 1972 the Executive Engineer, Public Health Central Stores, Cochin reported to the Chief Engineer that as the proposal to start the Regional Stores had been dropped, a second weigh-bridge was not necessary and recommended cancellation of the order. Though the Chief Engineer decided to cancel the order, the cancellation was not communicated to the firm and the firm was allowed (January 1973) to effect supply after 30th April 1973.

The weigh-bridge was supplied by the firm in June 1973 and 90 per cent payment thereof (Rs. 1.09 lakhs) was made in June 1973. The civil works for installing the weigh-bridge (estimate for Rs. 0.21 lakh revised to Rs. 0.64 lakh in 1974) awarded for Rs. 0.74 lakh in March 1975 were completed and the weigh-bridge installed in March 1976. Government stated (March 1976) that the existing weigh-bridge rendered surplus could be put to use in the regional stores to be set up or in any one of the Division stores having large stock of materials.

#### (5) *Inadequacy of storage facilities*

The storage facility in Public Health Central Stores consists of an enclosed store (40 metres x 25 metres) and an open shed (60 metres x 25 metres). The enclosed store is mainly used for keeping costly items like pig lead, hemp, tyres, tubes, batteries and a portion of the stock of polyvinyl chloride (P.V.C.) pipes. The open shed is used for stocking mild steel materials. From a report sent by the Executive Engineer (September 1975) it was seen that owing to inadequacy of the storage space, about 7,000 tonnes of mild steel materials (value: Rs. 1,05 lakhs) and a portion of the stock of polyvinyl chloride pipes were kept in the open yard, exposing the mild steel materials to the risk of rusting and the polyvinyl chloride pipes to the risk of disintegration due to the action of ultra violet rays. An estimate for Rs. 5.29 lakhs for construction of four closed sheds was forwarded by the Executive Engineer to the Chief Engineer in September 1975. The Chief Engineer sanctioned (February 1976) construction of two sheds only at a cost of Rs. 2 lakhs. Government stated (March 1976) that tenders had been invited for constructing the store sheds.

#### (6) *Losses in transit*

##### (a) *Steel*

During the period from 1972-73 to 1974-75, 62 cases of transit shortages aggregating 52,205 tonnes of steel (value: Rs. 1.12 lakhs) were noticed in consignments (for steel items hundred per cent advance payment is made)



received in Public Health Central Stores, Cochin. In 52 of these cases involving a shortage of 37.33 tonnes valued at Rs. 0.80 lakh, the department has not taken action to prefer claims against suppliers, railways or conveyance contractors. The Executive Engineer stated (November 1975) that action in this direction would be taken.

(b) A consignment of 45 numbers of 250 mm. diameter cast iron pipes (approximate cost: Rs. 0.11 lakh) sent by a Calcutta firm, from their works at Kulti to Kuttipuram by Railway in April 1972, in the name of the Executive Engineer, Water Supply Project Division, Malappuram did not reach the destination. The Executive Engineer took up the matter with the Chief Commercial Superintendent, Southern Railway in December 1972, but the latter did not entertain the claim as it was time-barred under the Indian Railway Act. The question of tracing out the missing wagon was later taken up by the Chief Engineer with the Railway Board (July 1974). The matter was stated (February 1976) to be under consideration of the Railways.

(7) *Stock Accounts*

(i) The Divisions under the Public Health Engineering Department have not switched over to the revised system of accounts envisaged in the Kerala Public Works Account Code (1972 edition). Pending the switch-over, the old system is being continued. The closing of half-yearly registers of stock required to be maintained under the old system was in arrears in ten Divisions (Public Health Division, Kottayam from October 1970, Public Health Division, Trivandrum from April 1971, Public Health Division, Cannanore and Public Health Division, Trichur from April 1973, Public Health Division, Quilon from October 1973, Public Health Central Stores, Cochin, Public Health Divisions, Alleppey, Calicut and Ernakulam from October 1974, and Public Health Division, Badagara for the period ending March 1975).

(ii) Though there is a sub-division directly under the Chief Engineer for conducting physical verification of stock, it was not done in nine Divisions in 1974-75 (Public Health Central Stores Division, Cochin, Public Health Divisions, Cannanore, Kottayam, Alleppey, Badagara, Irinjalakuda, Malappuram, Trivandrum and Ernakulam). In Public Health Central Stores, Cochin, physical verification was last done in December 1971, when a shortage of 6,177 kilogrammes of 25 mm. mild steel rods was noticed. The shortage was attributed by Government (March 1976) to mixing up with a near size item of 1½ inches rods under which an excess of 5,981 kilogrammes had been recorded on physical verification. The matter was reported to

be under examination by the Chief Engineer (March 1976). A proposal sent by the Chief Engineer (August 1974) for the creation of two more stock verification sub-divisions has not been sanctioned by the Government so far (February 1976).

(iii) The reserve limit of stock in Public Health Central Stores was fixed in July 1970 at Rs. 2,00 lakhs. The stock held on 31st March 1975 exceeded the reserve limit by Rs. 1,05.79 lakhs. In the case of other Divisions the reserve limit ranged from Rs. 2 lakhs to Rs. 9.5 lakhs. In twelve Divisions the stock held (Rs. 1,46.84 lakhs) on 31st March 1975 exceeded the reserve limit by Rs. 95.84 lakhs. Proposals submitted by the Chief Engineer between November 1972 and April 1975 to enhance the reserve limit in the case of seven Divisions are still pending with Government (March 1976). Government stated (March 1976) that action was in progress for enhancing the reserve limit of stock.

(iv) The rules require that the stores at the end of each financial year should be valued with reference to market rates and issue rates revised. In ten Divisions (Public Health Divisions, Quilon, Badagara, Cannanore, Trichur, Calicut, Kottayam, Alleppey, Ernakulam, Water Supply Project Division No. I, Trivandrum and Water Supply Project Division, Malappuram) this was not done during 1974-75. As a result, the debit to works did not reflect the correct value of the stores issued. Government stated (March 1976) that instructions had been issued for carrying out the valuation with reference to market rates.

(v) The amount outstanding under 'cash settlement suspense account' (value of materials issued to other Divisions) in Public Health Central Stores, Ernakulam at the end of August 1975 was Rs. 1,57.46 lakhs. Although the rules require that the dues relating to transactions of a month should be settled within ten days of the receipt of intimation of debit, large amounts relating to old periods (1971-72: Rs.9.33 lakhs; 1972-73: Rs.6.30 lakhs; 1973-74: Rs. 14.11 lakhs) are still outstanding (August 1975). The department attributed the heavy outstanding to (i) the delay in settling the claims due to inadequacy of funds and (ii) inclusion in the 'cash settlement suspense account' of interest payments on Life Insurance Corporation loans made by the Central Stores on behalf of other Divisions. According to the Chief Engineer, payment of interest was the liability of the local bodies. Government stated (March 1976) that action was being taken to clear the outstandings on a priority basis.

(vi) The balance outstanding under the head 'Purchase' (cost of materials received but not paid for) in Public Health Central Stores, Ernakulam as at the end of June 1975 amounted to Rs. 3,69.17 lakhs. The heavy balance was mainly due to non-adjustment/non-receipt of debit advices. Government stated (March 1976) that instructions had been issued by the Chief Engineer to clear the outstandings.

(8) *General appraisal*

The Public Accounts Committee 1967-68 in paragraph 7.79 of its Third Report observed that it had come across many cases of defalcation of stores in the Divisions of engineering departments including those in the Public Health Engineering department and stressed the need to reorganise the stores set-up and the accounting system on modern lines. Government informed the Public Accounts Committee (September 1971 and March 1972) that a proposal to reorganise the Public Health Engineering department Stores was being considered, and that the introduction of a simplified system of Public Works Accounts, had been approved by Government in April 1968. However, the reorganisation has not been implemented nor has the department introduced the simplified system of accounts so far (March 1976).

**58. Equipment remaining unused in hospitals**

Certain cases of equipment remaining unused for long in hospitals are given in Appendix V.

## CHAPTER VI

### COMMERCIAL ACTIVITIES

#### 59. General

This chapter deals with the results of audit of departmentally managed Government commercial/*quasi* commercial undertakings.

On 1st April 1974, there were five departmental commercial undertakings in the State. Of these, two undertakings, viz., Bleaching and Calendering Plant, Pappanamcode and Model Coir Factory, Beypore were taken over by the Kerala State Textile Corporation Limited (1st May 1974) and Kerala State Coir Corporation Limited (1st January<sup>a</sup> 1975) respectively. The *pro forma* accounts of the former undertaking for the period from 1967-68 to the date of transfer have not been received (February 1976). The *pro forma* accounts of the latter undertaking for the period upto 31st December 1974 were received in November 1975 but were found to be defective; the revised accounts have not been received (February 1976).

The *pro forma* accounts for the year 1974-75 of two undertakings, viz., Text Books Office, Trivandrum and Public Works Department Engineering Workshops, Chackai have also not been received (February 1976). A synoptic statement showing the summarised financial results of the remaining one undertaking, viz. State Water Transport Department, Alleppey is given in Annexure (page 205).

#### 60. State Water Transport Department

##### (1) Introduction

Kerala Water Transport Corporation Limited, a partly owned Government Company, which operated an inland water transport service to cater to the needs of the water-logged areas of Ernakulam, Alleppey, Kottayam and Quilon Districts, went into liquidation on 20th March 1965. Under Court's order, the service was continued by the Official Liquidator up to 31st December 1965 when the business of the Company was finally closed down. In January 1966, Government took over from the Official Liquidator 75 boats at a cost of Rs. 4 lakhs and continued the service after constituting a 'Board of Management' to administer the service. On 7th June 1968, Government created the State Water Transport Department for running the service and declared it commercial with effect from 24th December 1968,

In paragraphs 53 to 56 of the Report of the Comptroller and Auditor General of India for the year 1972-73 (Civil), mention was made about some aspects relating to the working of the Department.

(2) *Working results*

The working results of the Department for the four years ended 1974-75 are given below:—

	1971-72	1972-73	1973-74	1974-75
	<i>(in lakhs of rupees)</i>			
<b>A. Expenditure</b>				
(i) Direction	3.00	3.36	3.46	4.60
(ii) Operation	24.06	27.27	32.03	39.73
(iii) Maintenance	3.66	3.56	3.62	1.71
(iv) Other charges	4.82	3.49	5.16	7.08
<b>Total</b>	<b>35.54</b>	<b>37.68</b>	<b>44.27</b>	<b>53.12</b>
<b>B. Revenue</b>				
(i) Operating revenue	29.96	33.01	44.87	48.15
(ii) Non-operating revenue	0.53	1.06	1.22	4.26
<b>Total</b>	<b>30.49</b>	<b>34.07</b>	<b>46.09</b>	<b>52.41</b>
<b>C. Profit (+)</b>				
<hr/>				
Loss (—)	—5.05	—3.61	+1.82	—0.71

*Note:* (1) The figures mentioned under 'Working results' for the years 1971-72 and 1972-73 are based on the revised *pro forma* accounts prepared by the Department in August 1975 and September 1975 respectively in the revised form prescribed by Government in November 1973.

(2) The operating revenue of Rs. 44.87 lakhs during 1973-74 includes supplementary claims of Rs. 1.29 lakhs and Rs. 1.31 lakhs for the years 1971-72 and 1972-73 respectively and claim of Rs. 2.21 lakhs for the year 1973-74 made by the Department towards charges for operation of a contract boat service for the Public Works Department which have not been accepted by the latter (February 1976). But for the inclusion of the supplementary claims for 1971-72 and 1972-73 there would be no profit in 1973-74 also. The operating revenue of Rs. 48.15 lakhs during 1974-75 includes a similar claim of Rs. 2.21 lakhs towards operation of the contract boat service which has also not been accepted by the Public Works Department (February 1976).

The Department has been working at loss from 1968-69 (except during the year 1973-74) and the accumulated loss upto the end of 1974-75 was Rs. 14.20 lakhs. The uneconomic working was attributed by the Department (October 1975) to (i) increase in expenditure on establishment, spares, engines, fuel, etc., (ii) grant of concession to students, and (iii) non-revision of fares in proportion to the increase in cost of operation, etc.

### (3) *Fare structure*

The fare structure for the service is linked neither to the route distance nor to the hours of operation. Consequently, there was wide variation in passenger fares from route to route. The fares (fixed in 1966) were increased at a flat rate of 20 per cent in October 1973. The revised fares ranged from 1.9 paise per km. and 19 paise per hour of operation in Quilon-Alleppey route to 2.8 paise per km. and 32 paise per hour of operation in Alleppey-Kottayam route. The Department stated (July 1975) that there was no basic principle underlying the fixation of fares and that a further upward revision of the fare structure was being considered in view of the increases in expenditure on establishment, cost of spares, engines, fuel, timber, etc.

### (4) *Fleet strength and utilisation*

The Department, which started with 75 boats in June 1968, had a fleet strength of 63 boats on 31st March 1975. The following table shows the extent of fleet utilisation during the years 1968-69 to 1974-75:—

Year	Fleet strength at the close of the year	Number of boats under repairs/out of commission, etc. during the whole year	Number of boats operated		
			For more than six months	For more than three months but less than six months.	For less than three months.
1968-69	75	43	22	5	5
1969-70	69	31	24	7	7
1970-71	69	19	40	5	5
1971-72	65	11	42	7	5
1972-73	63*	7	45	6	5
1973-74	58	2	48	4	4
1974-75	63	2	56	4	1

\*Includes four boats auctioned in February 1973 and removed from the fleet strength during 1973-74 only pending confirmation of auction by Government.

According to the Department (July 1975), the low utilisation of the boats was mainly due to the poor condition of the boats taken over from Kerala Water Transport Corporation Limited.

(5) *Operational results\**

The table below summarises the operational results of the Department for the four years ended 1974-75:—

	1971-72	1972-73	1973-74	1974-75
Number of routes operated	37	36	38	41
Total route distance operated per day (kilometres)	1,341	1,341	1,293	1,293
Number of passengers carried during the year	68,62,519	75,45,840	75,48,841	80,28,498
Total scheduled hours	1,92,130	2,01,349	1,87,010	1,88,827
Total actual hours of service operated	1,68,927	1,78,851	1,68,383	1,76,134
Hours of scheduled trips cancelled	23,203	22,498	18,627	12,693
Percentage of cancellation	12.0	11.2	9.9	6.7
Total expenditure (in lakhs of rupees)	35.54	37.68	44.27	53.12
Cost per hour of operation (rupees)	21.04	21.07	26.30	30.16
Operating revenue (in lakhs of rupees)	29.96	33.01	44.87	48.15
Revenue per hour of operation (rupees)	17.74	18.46	26.65	27.34
Number of viable routes	9	8	8	11
Hours operated in viable routes	51,049	53,970	48,754	62,217
Number of uneconomic routes	28	28	30	30

\* Details based on the data available in the departmental records and the certified accounts for the respective years.

	1971-72	1972-73	1973-74	1974-75
Hours operated in uneconomic routes	1,09,094	1,16,121	1,10,869	1,05,157
Cost of operation in uneconomic routes (in lakhs of rupees)	22.95	24.47	29.16	31.72
Revenue earned from uneconomic routes (in lakhs of rupees)	13.79*	14.42*	18.42*	18.85*
Loss on account of service in uneconomic routes (in lakhs of rupees)	9.16	10.05	10.74	12.87
Contract service for Public Works Department (hours)	8,784	8,760	8,760	8,760

A further analysis of the service on the uneconomic routes is given below:

Direct cost of operation (in lakhs of rupees)	24.06	27.27	32.03	39.73
Direct cost of operation per hour (in rupees)	14.24	15.25	19.02	22.56
Number of routes where the revenue is less than the direct cost of operation	19	19	20	26
Hours operated in such routes	74,764	79,598	70,885	89,019
Direct cost of operation in such routes (in lakhs of rupees)	10.65	12.14	13.48	20.08
Revenue from such routes (in lakhs of rupees)	** 8.08	** 7.93	** 9.40	** 14.66
Gap between direct cost and revenue (in lakhs of rupees)	2.57	4.21	4.08	5.42

\*Includes revenue from parcel services of Rs. 0.85 lakh in 1971-72, Rs. 1.03 lakhs in 1972-73, Rs. 1.21 lakhs in 1973-74 and Rs. 1.07 lakhs in 1974-75, apportioned on the basis of hours operated in these routes.

\*\* Includes revenue from parcel services apportioned on the basis of hours operated in these routes.



Regarding operation of service on uneconomic routes, the Department stated (July 1975) that as a public utility concern the undertaking was operating service in such routes to provide essential transport facilities to the people in the water-logged areas. It was also stated that nearly 25 per cent of the services were being operated for the convenience of students who were to pay only nominal fares. The value of the concessions to the students in 1974-75 (minimum fare in the case of concessional rate of 6 paise per trip to the nearest school) with reference to the normal fare was Rs. 0.78 lakh. In regard to cancellation of scheduled trips, the Department stated (July 1975) that the undertaking did not have spare boats for being used in case of break-down of boats *en route* and that a large number of boats were under repairs.

(6) *Operation of services between places connected by road*

Out of 30 uneconomic routes, the Department is operating two uneconomic services mainly for carrying cargo (from Alleppey to Quilon and Chengannur to Ernakulam), although the places are connected by road or served by shuttle services run by the Department itself touching the intermediate stations.

The loss suffered by the Department from the two services during each of the four years ending 1974-75 amounted to Rs. 2.33 lakhs, Rs. 1.46 lakhs, Rs. 3.45 lakhs and Rs. 4.12 lakhs respectively. Government stated (November 1975) that the economics of continuing these routes were being examined.

(7) *Delay in reconstruction/repair of boats*

The following table indicates the details of boats available for service and boat days lost in repairs during the four years ended 1974-75:—

Year	Number of boats available	Boat days available	Boat days lost due to delay in commencing and completing repair/reconstruction	Percentage of boat days lost to boat days available
1971-72	65	23,790	11,689	49
1972-73	63	22,995	10,799	47
1973-74	58	21,170	6,649	31
1974-75	63	22,171	7,178	32

According to the Department, the delay in repairs/reconstruction was due to paucity of funds and lack of adequate docking facilities.

(8) *Purchase of boats and engines*

(i) *Delay in receipt of boats*

The Department placed orders with a Government Company (The Kerala Fisheries Corporation Limited) in March 1973 for construction and supply of 20 passenger boats at a total cost of Rs. 24.50 lakhs against the estimated cost of Rs. 21.80 lakhs. In terms of the agreement executed with the Company, 15 per cent of the contract amount was payable by 30th April 1973 on completion of the laying of keels, 25 per cent by 31st August 1973 on completion of planking of hull, 45 per cent by 31st December 1973 on completion of other works of body and installation of engines and the remaining 15 per cent by 20th February 1974, after delivery of the boats and satisfactory trial runs. Penalty at the rate of Rs. 100 per week per boat was recoverable from the Company for every week of delay in completion of each stage. Rupees 2.25 lakhs were paid to the Company in May-June 1973 in terms of the agreement executed. Although the progress of construction was not as per the schedule in the agreement, Government, at the request of the Company authorised the Department to pay from time to time, advances aggregating to Rs. 18.75 lakhs up to June 1974. The advances were to carry interest at 7.5 per cent. According to the Department (October 1975) the payment of these advances was outside the terms of the agreement and was effected as per specific Government orders. As at the end of March 1975, the interest accrued on the advances and the penalty recoverable for the delay in supply of boats worked out to Rs. 0.90 lakh and Rs. 2.80 lakhs respectively.

The Company transferred its boat building yard to the Fisheries Department in January 1975. The Department stated (October 1975) that construction of the boats was in progress and these were expected to be received by the end of the year. No boats have, however, been supplied (February 1976).

(ii) *Purchase of diesel engines*

In January 1974, the Department invited tenders for supply of 3 marine diesel engines for replacement in boats. Of the two offers received (February 1974), the higher offer for Rs. 62,522 per engine which was valid up to 7th March 1974 was considered technically acceptable and sanction for

the purchase was sought by the Department from Government on 14th February 1974. The Departmental Purchase Committee considered the matter on 12th March 1974 and sanction for the purchase was accorded by Government on 18th March 1974. Order for purchase was placed by the Department on 19th March 1974. But as the validity period was over the tenderer (a company which was the supplier for that brand of engine) demanded an enhanced rate of Rs. 72,998 per engine. The Department recommended (July 1974) to accept the enhanced rate, pointing out that it needed the engines urgently and that prices were likely to go up on retender. The Departmental Purchase Committee, however, decided (4th October 1974) that fresh tenders should be invited (this was approved by Government in November 1974). On retendering in October 1974, two tenders were received and the rate quoted for the same brand by the same company was Rs. 78,598 per engine. This was accepted and orders placed in February 1975. The engines were received in May 1975. Failure to place orders within the validity period of the offer of February 1974 resulted in an extra expenditure of about Rs. 0.50 lakh (including central sales tax on the extra cost).

(9) *Workshop*

(a) *Unused machines*

Four machines, namely nozzle grinding and tapping machine, fuel pump calibrating machine, cylinder boring bar and H.M.T. L.B. 20 lathe with accessories, purchased in 1971 (cost:Rs. 0.67 lakh) and erected in 1972 for use in the workshop have not been commissioned (February 1976) for want of electric connection and qualified operators. Electric connection was applied for by the Department in July 1973. Owing to the delay in commissioning these machines, the works for which they were intended were being got done through other agencies. The charges paid for such works during 1973-74 and 1974-75 amounted to Rs. 0.36 lakh. The electrification work taken up by a contractor in September 1975 was reported to have been discontinued by him in November 1975 and has not been resumed (February 1976).

(b) *Timber sawing operation*

Three types of logs (Venga, Venteak and Teak) are sawn in the workshop in connection with the construction and reconstruction of the boats. The

percentage of wastage in the sawing operation during each of the four years ended 1974-75 was as follows:-

Year	Type of log	Quantity of logs sawn	Quantity of sawn timber received	Wastage	Percentage of wastage to quantity of logs sawn
(in cubic feet)					
1971-72	Venga	2,548	2,163	380	14.91
	Venteak	5,896	4,846	1,050	17.81
	Teak	3,740	3,193	547	14.62
1972-73	Venga	579	491	88	15.20
	Venteak	3,262	2,556	706	21.64
	Teak	3,742	3,009	733	19.59
1973-74	Venga	1,322	1,093	229	17.32
	Venteak	4,712	3,764	948	20.12
	Teak	4,617	3,647	970	21.01
1974-75	Venga	198	163	35	17.68
	Venteak	1,978	1,572	406	20.53
	Teak	675	543	132	19.56

No permissible norm for wastage has been fixed by the Department (December 1975). No account of saw dust and waste scantlings was also being maintained. The Department stated (July 1975) that—

- (i) The variation in percentage of wastage from year to year was due to the difference in quality of the logs supplied from the Government timber depots,
- (ii) proper accounts of waste scantlings reused would be kept in future, and
- (iii) saw dust and waste scantlings were being sold in public auction.

Government stated (November 1975) that the Works Manager had been instructed to limit the wastage to 15 per cent.

(10) *Accounting Manual*

Accounting Manual to suit the requirements of the unit as a commercial undertaking has not been prepared by the Department (January 1976).

(11) *Internal audit*

Internal audit is confined to checking of establishment payments, suppliers' bills, daily collections and remittances and annual physical verification of stores and does not cover checking of other important records such as stores accounts, timber accounts, fuel accounts, route-wise earnings, repair register of boats, consumption of fuel, etc. The Department stated (July 1975) that internal audit would be extended to cover these items also.

## ANNEXURE

**Summarised financial results of Government Commercial undertakings**

(Figures in columns 3 to 10 are in lakhs of rupees)

Name of concern	Year of commencement	Government capital		Mean capital	Block assets	Depreciation	Net loss (—)	Interest charged added back	Total return (columns 8+9)	Percentage of return on mean capital
		1st April 1974	31st March 1975							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

State Water Transport Department,  
Alleppey.

1968

44.27

51.72

48.00

34.09

2.55

(—)0.71

3.59

2.88

6.00

## CHAPTER VII

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### 61. Introductory

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General. The State Government/departments were accordingly requested in May 1974 and May/July 1975 to furnish information about grants and loans given to various bodies and authorities and their expenditure for each of the years since 1971-72. The information in respect of 229 out of 269 bodies and authorities which received grants and loans from Government of Rs. 5 lakhs or more during the years 1971-72 to 1974-75 has been received (December 1975). The delay in receipt of details in respect of 40 bodies and authorities (1972-73:2; 1973-74: 8 and 1974-75: 30) was brought to the notice of the Finance Department in October/December 1975. The results of audit so far conducted under Section 14 are given below:—

#### 62. Kerala Agricultural University

(1) The Kerala Agricultural University, established by the Kerala Agricultural University Act 1971 came into being on 24th February 1971. The Agricultural College and Research Institute, Vellayani, the Kerala Veterinary College and Research Institute, Mannuthy, Trichur and twenty-one other Research Institutes which were functioning under the Agriculture and Animal Husbandry departments of the Government became constituent units of the University from 1st February 1972. A College of Horticulture was started by the University in October 1972. The receipts and expenditure of the University as indicated in the annual accounts rendered to Government for the years 1971-72 and 1972-73 were as under:

	1971-72	1972-73
Receipts	<i>(in lakhs of rupees)</i>	
Grants and Contributions from State Government	14.00	69.79
Grants from Indian Council of Agriculture Research	..	10.07
Fees, endowments and other miscellaneous receipts	1.36	16.19
Expenditure	8.40	96.64

(2) *Expenditure on water consumption*

Trichur Municipality is supplying water to the University Campus at Mannuthy. According to the bye-laws of the Municipality, supply of water to Colleges, offices, etc., is to be charged at the domestic rate (first 5,000 litres: Rs. 2.25; additional quantity: 38 paise per 1,000 litres) and supply to college hostels at the non-domestic rate (first 5,000 litres: Rs.4.50; additional quantity: 76 paise per 1,000 litres). The water supplied to the University was being metered through a single meter and was billed for by the Municipality at non-domestic rates. In September 1969, the Municipality pointed out that unless the supply to the hostel was through a separate meter connected direct to the water main, the entire supply would continue to be charged at the non-domestic rate. A separate connection for the hostel direct from the water main was given by the Municipality in August 1973. In view of the low pressure in the water main, supply from the separate connection could serve only the ground floor of the hostel. The University, therefore, constructed (September 1973) an overhead tank, pumphouse, etc., and installed a pump (capacity: 3 horse power) at a cost of Rs. 0.15 lakh for facilitating supply of water to the upper floors of the hostel. The pump was energised in April 1974. But even thereafter, as the supply from the separate connection was insufficient, the upper floors of the hostel continued to be served by the main connection itself. The pumpset installed for pumping water from the separate connection to the hostel was, therefore, removed in August 1975.

After commissioning the separate connection to the hostel, the quantity supplied through the hostel meter was being charged at domestic rates (instead of at non-domestic rates) and supply through the main meter at non-domestic rates. Meanwhile, in April 1973 (before the separate connection to the hostel was given), the main water meter went out of order and it was repaired only in November 1975. As per the bye-laws of the Municipality, the supply of water through the main connection during the interregnum was being reckoned on the basis of the average consumption for previous six months (without any deduction for the supply through the hostel meter) and charged at non-domestic rates. Government stated (January 1976) that although the University had brought the incorrect method of billing to the notice of the Municipality, and had requested (October 1975) for refund of the excess amount charged, the latter had not taken a decision so far (January 1976). The water meter of the hostel which went out of order in September 1974



was now stated to be under repairs. As a result, the major part of water consumed continues to be charged at non-domestic rates. The excess amount paid on this account during the period between August 1973 and August 1975 is estimated at Rs. 1.07 lakhs.

(3) *Agriculture College Farm, Vellayani*

(a) *Paddy cultivation*

Paddy cultivation is done by the Agricultural College, Vellayani in 360 acres of Kayal land which forms part of the ayacut of the Vellayani Kayal Scheme mentioned in paragraph 45 of this Report.

The paddy cultivation during 1972-73 season resulted in excess expenditure of Rs. 2.73 lakhs over receipts. According to the Farm Superintendent in charge of the cultivation, this was due to unprecedented floods in May 1972 causing heavy damages to crops. As stated in paragraph 45 the farm has not benefited from the scheme for reclamation of kayal lands. Government stated (January 1976) that the unprofitable nature of paddy cultivation on the kayal area of the college farm was mainly due to difficulties in timely dewatering, absence of permanent bunds to protect the fields, high wage rates and the sale of paddy at control price.

(b) *Coconut cultivation*

There are no records showing the number of bearing coconut trees in the college farm. Government stated (January 1976) that steps were being taken to number the trees and to maintain a tree register. On the basis of the climbing charges paid, the number of bearing trees has been worked out as 3,675. The yield from these trees has declined from 1,96,610 nuts in 1970-71 to 1,37,580 nuts in 1973-74. The average yield per tree was 53 during 1970-71, 41 during 1971-72, 44 during 1972-73 and 37 during 1973-74. The decline in the yield was attributed by Government (January 1976) mainly to lack of manuring between August 1970 and July 1975 due to paucity of funds.

(4) *Pig Breeding farm, Mannuthy*

As mentioned in paragraph 27 of this Report, the farm started in January 1965 under the Animal Husbandry department was transferred to the University on 1st February 1972.

The following points were noticed in audit:—

(a) The production of piglings has decreased from 894 in 1972-73 to 726 in 1974-75. This was mainly due to reduction in the number of breeding sows. The foundation stock fixed for the farm is 100 breeding sows and 10 breeding boars. Against this, the actual number of breeding boars and sows maintained was as given below:—

<i>Year</i>	<i>Number of breeding sows</i>	<i>Number of breeding boars</i>
1972-73	59	9
1973-74	61	7
1974-75	42	6

The Farm Superintendent attributed (September 1975) the reduction in the number of breeding animals to lack of proper housing facilities due to damage to the existing sties and farrowing houses. The necessity of repairing the sties to make them hygienic was pointed out by the Farm Superintendent in August 1974. The open sties were repaired in March 1975 at a cost of Rs. 0.08 lakh. The repair work of farrowing houses (estimated cost: Rs. 0.17 lakh) was stated (January 1976) to be in progress.

(b) The mortality rate has increased from 6 per cent in 1972-73 to 20 per cent in 1974-75. Similarly the number of animals destroyed as being uneconomical also increased from 22 in 1972-73 to 63 in 1974-75. This was attributed by the Farm Superintendent to an outbreak of disease and damaged condition of the sties which made it difficult to maintain them hygienically.

(c) An analysis of the cost of raising pigs showed that the average cost per live weight of animals produced in the farm during 1972-73 worked out to Rs 6.25 per kilogramme. Against this, the sale price of pigs was Rs. 2.75 per kilogramme upto October 1972 and Rs. 3 per kilogramme thereafter (The selling price was increased to Rs. 3.50 per kilogramme in January 1974 and to Rs. 4.50 per kilogramme in August 1974).

The working results of the farm for 1972-73 showed an excess expenditure of Rs. 1.84 lakhs over receipts.

##### (5) *Livestock Farm at Mamuthy*

The farm (started more than 50 years ago) under the Animal Husbandry Department was transferred to the University in February 1972. It is now

functioning as a teaching, research and extension unit. Working results of the farm for 1972-73 showed an excess expenditure of Rs. 4.15 lakhs over receipts.

According to the Dairy Technologist of the farm, increases in wages of labourers, insufficient production of fodder due to lack of perennial supply of water necessitating purchase of paddy-straw and concentrates from outside, non-revision of the price of milk in proportion to the cost of production and undue delay in the disposal of unproductive and uneconomical animals retained for teaching purposes were the main reasons for the wide gap between receipts and expenditure of the farm.

(6) *Suspected defalcation*

Internal audit of the accounts of the Livestock Farm, Thiruvazhunkunnu disclosed (June-August 1974) suspected defalcation of cash (Rs. 11,682) by manipulation of entries in the cash book, unauthorised appropriation of receipts for expenditure (Rs. 12,283) and non-maintenance of proper records for sale of farm produce resulting in non-collection of sale proceeds (Rs. 18,103). The case was referred to Vigilance Division (November 1974) and is reported to be under investigation. The Superintendent of the Farm was suspended in June 1974. Further developments are awaited (January 1976).

CHAPTER VIII  
OUTSTANDING AUDIT OBSERVATIONS AND  
INSPECTION REPORTS

**63. Outstanding Audit Observations**

Audit observations on financial transactions of the Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1975 and outstanding at the end of September 1975 as compared with the corresponding position indicated in two preceding reports.

	<i>As at the end of September 1973</i>	<i>As at the end of September 1974</i>	<i>As at the end of September 1975</i>
Number of observations	32,874	36,928	35,397
Amount (in crores of rupees)	22.84	28.27	27.47

As at the end of September 1975, the following departments had comparatively heavy outstanding audit observations:—

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
1.	Health	6,487	4,87.20
2.	Local Administration and Social Welfare	2,982	3,92.01
3.	Industries	1,094	3,08.79
4.	Agriculture	4,434	2,91.00
5.	Food	1,020	2,37.52
6.	Water and Power	1,756	2,21.54
7.	Education	2,161	1,96.10
8.	Development	4,092	1,84.53
9.	Public Works	2,116	1,71.84
10.	Revenue	2,539	1,50.44

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

<i>Sl. no.</i>	<i>Nature of observations</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
1.	Payees' receipts not received	15,016	12,96.51
2.	Detailed contingent bills for lumpsum draws not received	7,204	5,90.63
3.	Sanctions not received for contingent and miscellaneous expenditure	1,589	3,49.44
4.	Agreements with contractors/suppliers not received	174	1,00.68
5.	Sanctions to estimates not received	393	24.96

It will be seen that a sizeable portion of the total outstanding is due to non-submission of payees' receipts. In the absence of payees' receipts it cannot be ensured that the payments have been made to the proper persons. The departments with comparatively heavy outstandings on this count were:—

<i>Department</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
Health	2,773	2,97.90
Industries	544	2,39.89
Local Administration and Social Welfare	2,184	2,46.14
Agriculture	1,498	1,23.71
Education	991	1,19.20
Water and Power	925	60.58

The facility of drawing amounts as advances on abstract contingent bills by Disbursing Officers is intended to expedite payments in certain cases. The financial rules of the Government require that detailed contingent bills (containing all particulars of expenditure with supporting sub-vouchers and payees' receipts) should be sent to the Audit Officer by the 20th of the month succeeding that to which the abstract contingent bills relate. In the absence of detailed contingent bills it is difficult for Audit to know whether the amount has been spent on the purpose or purposes for which the advances were drawn. As at

At the end of September 1975, Rs. 5,90.63 lakhs are held under objection as detailed contingent bills had not been received in the Audit Office. The departments with comparatively heavy outstandings are mentioned below:—

<i>Department</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
Food	343	1,52.32
Health	2,267	1,20.41
Revenue	516	1,00.22
Education	564	54.67
Agriculture	635	51.91
Development	1,422	41.77

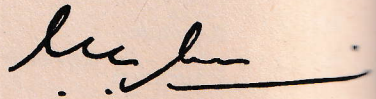
#### 54. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of departments and the Government. The Government has prescribed that first replies to inspection reports should be sent within four weeks.

At the end of September 1975, 2,840 inspection reports (these do not include inspection reports relating to receipts of Revenue departments) issued up to March 1975 were not settled fully as shown below with corresponding figures for the earlier two years:—

	<i>As at the end of September 1973</i>	<i>As at the end of September 1974</i>	<i>As at the end of September 1975</i>
Number of inspection reports	2,121	2,529	2,840
Number of paragraphs	5,363	6,894	7,790

Of the reports outstanding at the end of September 1975, 2,822 reports related to Civil departments and 18 to Commercial departments/ activities. These included 365 inspection reports (364 relating to Civil departments and one relating to Commercial departments/activities), first replies in respect of which had not been received till the end of September 1975.



(R. C. GHEI)

*Accountant General, Kerala.*

Trivandrum,

The 10TH MAY 1976

Countersigned



(A. BAKSI)

*Comptroller and Auditor General of India*

New Delhi,

The 15TH MAY 1976

---

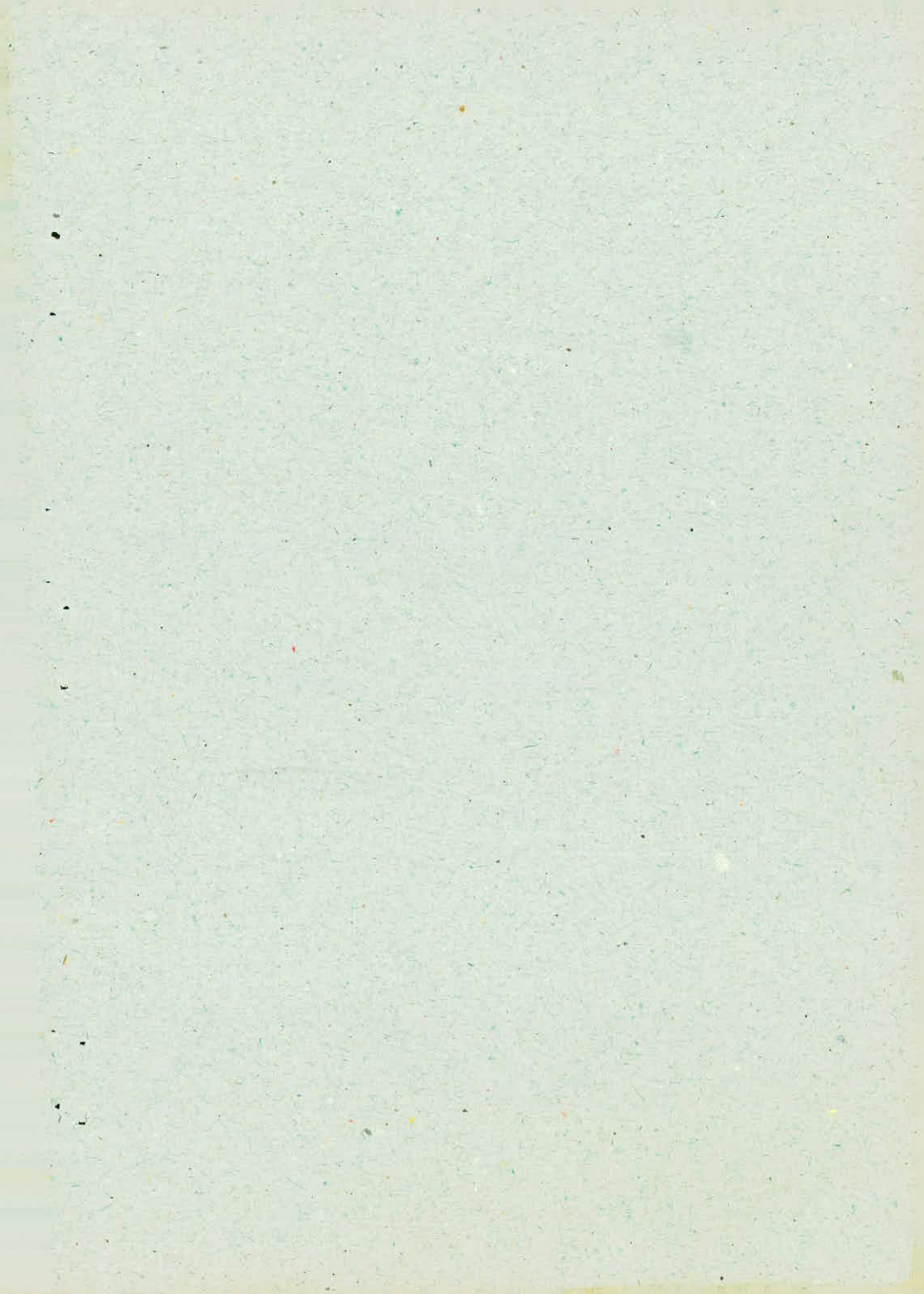
---

**APPENDICES**

---

---





APPENDIX I

**Major cases of defaults in recovery of loans and advances as on  
the 31st March 1975**

(Reference: paragraph 8 (d)-page 12)

<i>Department/Class of loans</i>	<i>Principal (in lakhs of rupees)</i>	<i>Interest of rupees)</i>	<i>Earliest year from which recovery is due</i>	<i>Number of officers responsible for recovery</i>	<i>Action taken to clear the arrears*</i>
Development Community Development Programme					
Agricultural loans	14.88	3.38	1955-56	199	Revenue recovery proceedings instituted in 8,403 cases and demand notices served in another 3,863 cases. In all remaining cases other steps like write off, adjustment of dues against subsidy/security deposit etc., proposed.
Industrial loans	21.00	7.52	1956-57	199	Revenue recovery proceedings in 3,828 cases instituted and demand notices served in 972 cases besides other steps taken in 37 cases.
Minor irrigation loans to cultivators	5.68	1.11	1957-58	199	Revenue recovery proceedings in 1,475 cases and other steps taken in 41 cases.
Other loans under com- munity development programme	2.42	1.32	1957-58	199	Action under Revenue Recovery Act instituted in 750 cases, demand notices issued in 1,275 cases and other steps taken in the remaining cases.

\*Information received from the departments.

## APPENDIX I—(Contd.)

Major cases of defaults in recovery of loans and advances as on  
the 31st March 1975

<i>Department/Class of loans</i>	<i>Principal Interest (in lakhs of rupees)</i>	<i>Earliest year from which recovery is due</i>	<i>Number of officers responsible for recovery</i>	<i>Action taken to clear the arrears*</i>	
<b>Development (concl.)</b>					
Loans to fishermen's co-operatives.	8.88	4.07	1957-58	199	Registered demand notices sent to all defaulters and in certain cases Revenue recovery proceedings instituted.
Issue of mechanised fishing boats under the Norwegian Foundation scheme.	3.65	..	1960-61	**	Action to seize the boats from those who have defaulted large dues and to reissue them to other societies as per the rules in progress.
Loans for the issue of mechanised boats.	1,63.07	29.59	1959-60	**	Action being taken by the department to seize the boats from the defaulters and to reissue them to others. Steps under Revenue Recovery Act are also under way.
<b>Education</b>					
Loan scholarships (interest-free)	2.60	..	1962-63	19	Defaulters being addressed through the Heads of institutions (where they prosecuted studies) and their employers to clear the dues. Action against defaulters and their sureties under the Revenue Recovery Act is also under way in certain cases.
National loan scholarships	13.69	..	**	**	**

\* Information received from the departments.

\*\* Information not available.

## APPENDIX I—(Contd.)

## Major cases of defaults in recovery of loans and advances as on the 31st March 1975

Department/Class of loans	Principal	Interest	Earliest year from which recovery is due	Number of officers responsible for recovery	Action taken to clear the arrears*
<b>Agriculture</b>					
Loans under soil conservation schemes	24.66	32.11	1956-57	**	**
Loans to Farming Societies	3.64	0.95	1970-71	**	**
Loans to consumer co-operatives	3.56	0.55	1970-71	**	**
Housing schemes	5.69	5.20	1970-71	**	**
Loans to Milk Supply Co-operatives	7.93	16.62	1972-73	1	The milk supply co-operatives have been asked to clear the arrears. As all the milk supply unions are running at losses any drastic action to recover their dues, according to the department, would cripple them.
Loans for construction of rural godowns.	2.60	1.53	1970-71	**	**
Loans for Poultry development	1.12	0.90	1965-66	9	**
<b>LOCAL ADMINISTRATION AND SOCIAL WELFARE</b>					
Loans to repatriates from Burma and Sri Lanka	3.79	2.46	1966-67	37	Revenue recovery proceedings instituted in certain cases; proposals to write off also under consideration in some cases.

\*Information received from the departments.

\*\*Information not available.

## APPENDIX I—(Concl'd.)

**Major cases of defaults in recovery of loans and advances as on  
the 31st March 1975**

<i>Department/Class of loans</i>	<i>Principal (in lakhs)</i>	<i>Interest of rupees)</i>	<i>Earliest year from which recovery is due</i>	<i>Number of officers responsible for recovery</i>	<i>Action taken to clear the arrears*</i>
<b>LEGAL ADMINISTRATION AND SOCIAL WELFARE—Concl'd.</b>					
Village Housing Project	7.78	9.60	1971-72 and earlier years	69	Steps under Revenue Recovery Act and issue of demand notices in progress.
Housing schemes	5.75	3.32	1971-72 and ear- lier years	77	Revenue recovery proceed- ings in progress in certain cases.
<b>REVENUE</b>					
Loans to cultivators affec- ted by floods	6.31	1.40	1966-67	72	Action under Revenue Re- covery Act under way to clear arrears.
Colonisation schemes	4.82	0.97	1970-71 and ear- lier years	**	Revenue recovery procee- dings in progress in certain cases.
<b>TAXES</b>					
Loans to Kerala State Financial Enterprises Limited	1.27	1.43	1974-75	1	Reported to Government for further action.

\* Information received from the departments.

\*\* Information not available.

APPENDIX II

**Grants and charged appropriations where the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision**

[Reference : paragraph 19(ii)-page 46]

Sl. no.	Number and name of grant	Charged/ Voted	Total grant/ appropriation	Saving	Percentage of saving to the total provi- sion
			(in lakhs of rupees)		
1.	VI Land Revenue	Charged	5.09	4.34	85
2.	XV Public Works	„	8.96	6.57	73
3.	XVI Pensions and Miscellane- ous	„	16.54	10.77	65
4.	XVII Education, Art and Culture	„	12.36	9.48	77
5.	XXI Housing	„	5.05	2.98	59
6.	XXII Urban Development	Voted	1,23.69	24.03	19
7.	XXVII Co-operation	„	12,59.25	5,90.57	47
8.	XXVIII Miscellaneous Economic Services	„	14,57.72	10,47.27	72
9.	XXX Food and Nutrition	„	6,28.60	2,20.82	35
10.	Do.	Charged	10.00	9.59	96
11.	XXXI Animal Husbandry	Voted	4,55.61	85.95	19
12.	XXXIII Fisheries	„	3,28.08	91.55	28
13.	XXXIV Forest	„	5,99.58	80.99	14
14.	XXXIX Ports	„	1,28.74	35.72	28
15.	XL Transport	„	2,68.93	28.77	11
16.	XLII Compensations and Assign- ments	„	85.00	40.50	48
17.	XLIV Miscellaneous Loans and Advances	„	3,43.01	60.82	18
	<b>Total</b>		<b>57,36.21</b>	<b>23,50.72</b>	

### APPENDIX III

#### Major Schemes where provision remained substantially or wholly unutilised

[Reference: paragraph 19(iii)-page 46]

Sl. no.	Department/grant number and group head/scheme	Provision (in lakhs of rupees)	Saving (and its percentage)	Reasons for saving and remarks
1.	Urban Development XXII-684 (a) (ii)- Loans to Corporations for Urban Development 4. Slum improvement Schemes in City Corporation areas	20.00	20.00 (100 per cent)	Saving occurred due to non-receipt of any proposal from the City Corporations for payment of loans. The scheme was meant for the eradication of slums in urban areas and for providing the slum dwellers with better housing facilities as well as for improvement of slum areas.
2.	Co-operation XXVII-698 (m) 3 Short-term loan to Kerala State Handloom Weavers' Co-operative Society Limited, Tri- vandrum (Apex Society) for distribution of controlled cotton yarn	25.00	25.00 (100 per cent)	The Apex Society was relieved of the responsibility for distribution of the yarn to the primary societies and individual weavers in the State, consequent on the lifting of the yarn control and hence the saving. The scheme of giving loan assistance to the Apex Society for distribution of controlled cotton yarn was started in 1973-74. The entire provision of Rs.25 lakhs in 1973-74 was utilised in that year.
3.	Co-operation XXVII-498 (f) 3 Other State Co-operative Sector Schemes (expansion- continuation of existing units)	21.50	21.50 (100 per cent)	The saving occurred as no expenditure was incurred for want of sanction from Government. No provision was made or expenditure incurred under this head in 1973-74.
4.	Co-operation XXVII-498 (a) 4 Service Co-operative Societies	45.00	34.11 (76 per cent)	The provision was for payment of share capital contribution to Service Societies so as to strengthen their owned resources and borrowing capacity.

## APPEDIX III—(Contd.)

## Major Schemes where provision remained substantially or wholly unutilised

Sl. no.	Department /grant number and group head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
		(in lakhs of rupees)		
4.	(Concl'd.)			The saving occurred as the Reserve Bank of India sanctioned only Rs. 10.89 lakhs for the scheme as several societies were found ineligible for assistance. During 1973-74 also there was a saving of Rs. 86.98 lakhs (87 per cent of the provision) under this item as Reserve Bank of India sanctioned proposals for Rs. 13.02 lakhs only in that year.
5.	Co-operation XXVII-698 (h) 1 Loans for fishery development	41.17	23.06 (56 per cent)	The saving was due to non-construction and issue of boats on hire purchase during the year.
6.	Co-operation XXVII-498 (a) 3 Apex and Central Banks	35.00	22.00 (63 per cent)	The provision was for making investments in Apex and Central Banks. The saving occurred as the Reserve Bank of India sanctioned only Rs. 13 lakhs for the scheme. During 1973-74 also there was saving of Rs. 25 lakhs (56 per cent of the provision) under this item as the Reserve Bank of India sanctioned only less amount for the scheme.
7.	Co-operation XXVII-698 (i) 3 Loans for Coir Development	25.00	20.80 (83 per cent)	The saving was due to the reduction in Plan outlay.
8.	Agriculture XXIX-505 (d) 4 Scheme for purchase and sale of plant protection chemicals under Agriculture production programme	1,50.00	1,50.00 (100 per cent)	The reasons for the saving have not been intimated (February 1976). Supplementary provision of Rs.1,50 lakhs was made in 1974-75 on the basis of short term loan sanctioned by the Government of India (in August 1974) for purchase and distribution of agricultural inputs in kind during 1974-75.



## APPENDIX III—(Conold.)

**Major Schemes where provision remained substantially or wholly unutilised**

Sl. no.	Department / grant number and group head/scheme.	Provision	Saving (and its per centage) (in lakhs of rupees)	Reasons for saving and remarks
9.	Agriculture XXIX-505 (j) 3 Scheme for purchase and sale of paddy seeds under Agricultural production programme	1,00.00	97.42 (97 per cent)	The reasons for the saving have not been intimated (February 1976). Supplementary provision of Rs.1,00 lakhs was made in 1974-75 on the basis of short term loan sanctioned by the Government of India (in August 1974) for purchase and distribution of agricultural inputs in kind to cultivators during 1974-75.
10.	Animal Husbandry XXXI-310 (i)1 Piggery Development Scheme	22.88	19.65 (86 per cent)	Out of the budget provision Rs. 5 lakhs were for initial transfer to the Revolving Fund for Bacon Factory and Rs. 15 lakhs for the final adjustment of transactions under the Fund. The total saving of Rs. 19.65 lakhs was due to non-creation of the Revolving Fund due to non-finalisation of the rules for operating the Fund. During 1971-72, 1972-73 and 1973-74 the saving under the head was 64 per cent, 68 per cent and 89 per cent of the provision respectively. A review on this scheme has been included in paragraph 27 of this Report.
11.	Fisheries XXXIII-312 (g) 2 Assistance to Kerala Fisheries Corporation for purchase of Trawlers	25.00	25.00 (100 per cent)	The saving was due to post-budget decision to issue loans to the Kerala Fisheries Corporation Limited for the purchase of trawlers instead of effecting the purchase departmentally.
12.	Irrigation XXXVII-533-B(Z) Kuttanad Development Scheme (Infrastructure Works)	46.50	46.50 (100 per cent)	The provision was meant for payment to the Kerala Land Development Corporation Limited for execution of the infrastructure works of the Kuttanad Development Scheme. The saving of the entire provision occurred as the works could not be taken up during the year as further detailed investigation by the Irrigation Department was felt necessary.

APPENDIX IV

**Writes off, waivers and ex-gratia payments**

(Reference: paragraph 43—page 124)

In 906 cases, losses due to theft, fire, etc., irrecoverable revenue, duties, advances, etc., were written off or waived or ex-gratia payments made during 1974-75. The details are as follows:—

Sl. no.	Name of Department	Write off of losses, irrecoverable revenue, duties, advances, etc.		Waiver		Ex-gratia payments	
		Items	Amount	Items	Amount	Items	Amount
			Rs.		Rs.		Rs.
1.	Home	6	495	1	500	5	22,450
2.	Education	26	1,10,190	4	2,096	..	—
3.	Agriculture	614	1,24,556	..	..	1	1,156
4.	Public Works	7	14,79,201*	1	1,52,600	7	1,18,508
5.	Public	3	39,902	..	..	2	24,590
6.	Health	32	19,750	1	40	1	9,000
7.	Development	13	9,203	5	54,775	..	..
8.	Water and Power	3	12,590	..	..	..	..
9.	Revenue	1	154	..	..	..	..
10.	Finance	1	156	..	..	139	1,66,600
11.	Labour	2	1,067	1	233	..	..
12.	Food	1	121	..	..	..	..
13.	Industries	1	1,604	1	44	2	3,654
14.	Local Administration and Social Welfare	2	11,827	..	..	..	..
15.	Election	1	10	..	..	..	..
16.	Law	21	20,294	..	..	..	..
17.	Planning and Economic Affairs	..	..	1	20,000	..	..
	<b>Total</b>	<b>734</b>	<b>18,31,120</b>	<b>15</b>	<b>2,30,288</b>	<b>157</b>	<b>3,45,958</b>

\*Includes Rs. 14,55,413 being cost of supplies made by the Public Works Department Engineering Workshops, Chackai to various departments of Government during the period 1953 to 31st March 1960 ordered to be written off as it became irrecoverable due to efflux of time, absence of records/incomplete records, etc.

APPENDIX V

**Equipment remaining unused in hospitals**

(Reference: paragraph 58—page 194)

<i>Sl. no.</i>	<i>Name of Hospital and special unit</i>	<i>Details of equipment</i>	<i>Cost (in lakhs of rupees)</i>	<i>Remarks</i>
1.	Medical College Hospital, Arpookara, Kottayam-Deep X-ray unit sanctioned in January 1972	Equipment purchased in December 1973	2.40	Construction of the room to instal the plant sanctioned in March 1974 was completed by August 1975 and the installation works of the plant are reported to be in progress (February 1976).
2.	General Hospital, Trivandrum-Physiotherapy unit sanctioned by Government in July 1971	5 items of equipment purchased in 1971	0.13	The Director of Health Services stated (December 1975) that the department intended to start Physiotherapy unit in the hospital and these equipment would be put to use thereafter.
3.	Government Hospital, Kodungallur-Dental Unit sanctioned by Government in February 1973	Dental X-ray unit purchased in August 1974	0.07	The equipment was installed in March 1975 and the working of the unit is yet to be demonstrated by the supplier firm (January 1976).
4.	Government Hospital, Alwaye - Dental X-ray unit	Equipment purchased in November 1974	0.08	Unit installed only in March 1975 and not put to use so far for want of films (February 1976).
5.	Government Hospital, Mavelikara-Dental Operation Unit	Equipment gifted from Aid Field Office, Central Atlanta Army Depot, Georgia, United States in February 1972	Cost not known	Not installed for want of proper space to house the unit. Estimate to renovate an existing building and for water supply arrangements is yet to be prepared (December 1975).

## APPENDIX V—(Concl'd.)

Sl. no.	Name of Hospital and special unit	Details of equipment	Cost (in lakhs of rupees)	Remarks
6.	District Hospital, Alleppey-Dental Unit	Dental Unit and Dental X-ray unit purchased in July and October 1974	0.13	Not installed for want of accommodation. The Director of Health Services stated (December 1975) that the unit would be installed after the first floor of the new building under construction was completed.
7.	Taluk Headquarters Hospital, Moovattupuzha-Dental Unit	Machinery for the unit purchased in March 1969	Cost not known	The machinery installed in May 1970 has not been commissioned for want of water and electric connections (February 1976).
8.	District Hospital, Quilon	Five items of equipment donated by the Indo-Norwegian Project for use in Blood Bank, received in November 1971	0.31	Want of spares. The Director of Health Services stated (December 1975) that the spare parts were not available in India.
9.	Government General Hospital, Calicut	Electric theram, Electric Stimulator, Wax container, Infra-Red Light, Ultra Violet Rays, Parallel Bar - purchased in 1971	0.15	Want of directions from the Director of Health Services regarding the use of equipment which was supplied without any requisition from the hospital. The Director of Health Services stated (December 1975) that the equipment would be put to use in due course as and when Government sanctioned Physiotherapy Unit in the hospital.



©

COMPTROLLER AND AUDITOR GENERAL OF INDIA

1976

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

TRIVANDRUM, 1976.

