REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR 1979—80

GOVERNMENT OF KERALA

(CIVIL)

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APPENDICES

PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1979-80 and other points arising from audit of financial transactions of the Government of Kerala. It also includes:—

(i) certain points of interest arising from the Finance Accounts for the year 1979-80; and

(ii) comments on schemes relating to Jersey Cattle Breeding-cum-Cross Bred Farm, Food for Work Programme and Kallada Irrigation Project.

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

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1979-80 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 1979-80 have also been included, wherever considered necessary.

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

CHAPTER I

GENERAL

1.1. Summary of transactions

The receipts, expenditure and surplus/deficit of Government for the year 1979-80 are given below with the corresponding figures of the previous year:—

		1978-79	1979-80
		(in crores of rupees)	
(1)	Revenue		
	Revenue receipts	5,22.15	5,91.55
	Revenue expenditure	4,79.14	5,33.69
	Revenue surplus (+)	(+) 43.01	(+) 57.86
(2)	Public Debt		
	Internal Debt of the State Government (net)		
	Increase (+)	(+) 15.58	(+) 17.26
	Loans and Advances from the Central Government (net)		
	Increase (+)	(+) 78.55	(+) 56.76
	Total Public Debt (net)		
	Increase (+)	(+) 94.13	(+) 74.02
(3)	Loans and Advances by the State Government (net)		
	Increase (—)	(—) 30.84	(—) 39.55
(4)	Transfer to Contingency Fund	(—) 3.00	..
(5)	Contingency Fund (net)		
	Increase (+)	(+) 3.47	(+) 0.57

(6)	Public Account (net)		
	Increase (+) / Decrease (—)	(—) 8.96	(+) 23.46
(7)	Capital Account (net) Increase (—)	(—) 67.13	(—) 1,04.09
	Net surplus (+)	(+) 30.68	(+) 12.27
	Opening Cash Balance	(—) 15.10	(+) 15.58
	Net surplus (+)	(+) 30.68	(+) 12.27
	Closing Cash Balance	(+) 15.58	(+) 27.85*

1.2. Revenue surplus/deficit

(a) *Revenue receipts:*

The actuals of revenue receipts for 1979-80 compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the year along with the corresponding figures for 1977-78 and 1978-79 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)		
1977-78	4,30.71	4,33.71	4,44.94	(+) 11.23	2.59
1978-79	4,67.63	4,81.13	5,22.15	(+) 41.02	8.53
1979-80	5,42.11	5,42.11	5,91.55	(+) 49.44	9.12

*There was a difference of Rs. 74.79 lakhs (net debit) between the figure reflected in the accounts (Rs. 22,79.23 lakhs) and that communicated by the Reserve Bank of India (Rs. 23,54.02 lakhs). Difference to the extent of Rs. 17.00 lakhs has since been reconciled and the remaining difference of Rs. 57.79 lakhs is under reconciliation (January 1981).

(b) *Expenditure on revenue account:*

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

Year	*Budget*	*Budget plus supplement-ary*	*Actuals*	*Variation between columns (4) and (3)* Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
			(in crores of rupees)		
1977-78	4,19.02	4,43.49	4,15.89	(—) 27.60	6.22
1978-79	4,73.42	5,19.84	4,79.14	(—) 40.70	7.83
1979-80	5,37.94	5,53.95	5,33.69	(—) 20.26	3.66

(c) The year ended with a revenue surplus of Rs. 57.86 crores as against a revenue surplus of Rs. 4.16 crores anticipated in the budget.

1.3. Revenue receipts

The revenue receipts during 1979-80 (Rs.5,91.55 crores) increased by Rs. 69.40 crores over those in 1978-79 (Rs. 5,22.15 crores). The increase (counterbalanced by decrease under certain heads) compared to 1978-79 is analysed below:-

	1978-79	1979-80	*Amount of increase (+)/decrease (—)*
	(in crores of rupees)		
(a) Tax Revenue			
(i) Taxes on Income other than Corporation Tax	27.70	34.17	(+) 6.47
(ii) Taxes on Agricultural Income	11.14	10.57	(—) 0.57
(iii) Other Taxes on Income and Expenditure	0.04	0.41	(+) 0.37
(iv) Land Revenue	3.78	3.32	(—) 0.46
(v) Stamps and Registration Fees	22.05	22.99	(+) 0.94
(vi) Estate Duty	0.46	0.37	(—) 0.09

	1978-79	1979-80	*Amount of increase (+)/ decrease (—)*
	(in crores of rupees)		
(vii) Taxes on Immovable Property other than Agricultural land	0.30	0.33	(+) 0.03
(viii) State Excise	42.30	60.99	(+) 18.69
(ix) Sales Tax	1,46.88	1,62.64	(+) 15.76
(x) Taxes on vehicles	20.84	19.18	(—) 1.66
(xi) Taxes on goods and passengers	0.11	0.04	(—) 0.07
(xii) Taxes and Duties on Electricity	6.51	10.23	(+) 3.72
(xiii) Other Taxes and Duties on Commodities and Services	0.29	0.10	(—) 0.19
Total	2,82.40	3,25.34	(+) 42.94
(b) Non-Tax Revenue	92.03	1,21.93	(+) 29.90
(c) Grants and Contributions			
(i) Grants from Central Government			
A—Non-Plan grants	50.12	2.44	(—) 47.68
B—Grants for State Plan Schemes	32.82	26.27	(—) 6.55
C—Grants for Central Plan Schemes	3.68	2.04	(—)1.64
D—Grants for Centrally Sponsored Plan Schemes	14.10	11.41	(—)2.69
(ii) State's share of Union Excise Duties	47.00	1,02.12	(+)55.12
Total	1,47.72	1,44.28	(—)3.44
Total Revenue Receipts	5,22.15	5,91.55	(+)69.40

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1979-80, Revenue Receipts—Government of Kerala.

1.4. Expenditure on revenue account

(i) The following table compares the expenditure on revenue account during 1979-80 under broad headings with the provision of funds made thereunder (and also with the expenditure during 1978-79 within brackets):—

Head of expenditure	*Plan*			
	Budget estimate	*Budget plus supplementary*	*Actuals*	*Variation*
		(*in crores of rupees*)		
A. General Services	3.60	3.65	2.95 (2.65)	(—)0.70
B. Social and Community Services	31.04	31.67	32.06 (37.58)	(+)0.39
C. Economic Services				
(i) General Economic Services	6.17	6.29	5.32 (3.80)	(—)0.97
(ii) Agriculture and Allied Services	38.55	40.33	28.01 (23.19)	(—)12.32
(iii) Industry and Minerals	5.37	6.53	5.05 (5.21)	(—)1.48
(iv) Water and Power Development	0.46	0.77	0.76 (1.77)	(—)0.01
(v) Transport and Communications	1.42	2.47	2.13 (4.88)	(—)0.34
Total C	51.97	56.39	41.27 (38.85)	(—)15.12
Total (A, B and C)	86.61	91.71	76.28 (79.08)	(—)15.43

Head of expenditure	Non-Plan: Budget estimate	Budget plus supplementary	Actuals	Variation
		(in crores of rupees)		
A. General Services	1,31.48	1,39.48	1,41.29 (1,21.21)	(+)1.81
B. Social and Community Services	2,53.43	2,54.10	2,46.80 (2,11.83)	(—)7.30
C. Economic Services				
(i) General Economic Services	6.34	6.39	6.33 (8.11)	(—)0.06
(ii) Agriculture and Allied Services	34.74	34.77	34.79 (29.29)	(+)0.02
(iii) Industry and Minerals	1.87	1.88	1.50 (1.00)	(—)0.38
(iv) Water and Power Development	4.73	5.38	5.43 (10.44)	(+)0.05
(v) Transport and Communications	18.04	18.14	19.19 (17.72)	(+)1.05
Total C	65.72	66.56	67.24 (66.56)	(+)0.68
D. Grants-in-aid* and contributions	0.70	2.10	2.08 (0.46)	(—)0.02
Total (A,B,C &D)	4,51.33	4,62.24	4,57.41 (4,00.06)	(—)4.83

(ii) Significant variations in expenditure during 1979-80 over the previous year, under broad sectors, are analysed in Appendix I.

* No provision and expenditure under this head under Plan.

1.5. Expenditure on capital account

(i) The capital expenditure during the three years ending 1979-80 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is given below:—

Year	*Budget*	*Budget plus supplementary*	*Actuals*	*Variation between columns (4) and (3)*	
				Amount	*Percentage*
(1)	(2)	(3)	(4)	(5)	(6)
			(in crores of rupees)		
1977-78	64.41	80.59	72.91	(—)7.68	9.53
1978-79	91.01	99.40	67.13	(—) 32.27	32.46
1979-80	1,11.61	1,19.26	1,04.17	(—) 15.09	12.65

(ii) The following table compares the expenditure on capital account during 1979-80 under broad headings with the provision of funds made thereunder (and also with the expenditure during 1978-79 within brackets):—

Head of expenditure	*Plan*			
	Budget estimate	*Budget plus supplementary*	*Actuals*	*Variations*
		(in crores of rupees)		
A. General Services	3.24	3.24	2.10 (1.97)	(—) 1.14
B. Social and Community Services	20.06	21.09	17.89 (—2.62)	(—) 3.20
C. Economic Services				
(i) General Economic Services	4.97	7.38	7.11 (4.03)	(—) 0.27

Head of expenditure	*Plan*			
	Budget estimate	*Budget plus supplement-ary*	*Actuals*	*Variations*
		(in crores of rupees)		
(ii) Agriculture and Allied Services	7.55	7.82	5.80 (5.79)	(—) 2.02
(ii) Industry and Minerals	12.56	15.39	14.79 (7.26)	(—) 0.60
(iv) Water and Power Development *	44.47	44.52	42.92 (41.46)	(—) 1.60
(v) Transport and Communi-cations	17.25	18.14	13.99 (9.60)	(—) 4.15
Total C	86.80	93.25	84.61 (68.14)	(—) 8.64
Total (A, B and C)	1,10.10	1,17.58	1,04.60 (67.49)	(—) 12.98

Head of expenditure	*Non-Plan*			
	Budget estimate	*Budget plus supplementary (in crores of rupees)*	*Actuals*	*Variations*
A. General Services	..	..	..	..
B. Social and Community Services	1.20	1.31	0.62 (0.29)	(—) 0.69

*No provision and expenditure under this head under non-Plan.

Head of expenditure	Non-Plan			
	Budget estimate	Budget plus supplementary	Actuals	Variation
		(in crores of rupees)		
C. Economic Services				
(i) General Economic Services	0.20	0.20	(—)0.12 (—0.04)	(—) 0.32
(ii) Agriculture and Allied Services	0.07	0.13	(—) 1.02 (—0.64)	(—) 1.15
(iii) Industry and Minerals	—	—	0.05	(+) 0.05
(iv) Transport and Communications	0.04	0.04	0.04 (0.03)	—
Total C	0.31	0.37	(—) 1.05 (—0.65)	(—) 1.42
Total (A, B and C)	1.51	1.68	(—) 0.43 (—0.36)	(—) 2.11

1.6. Loans and advances by Government

(i) The actuals of disbursement of loans and advances by Government for 1979-80 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants along with the corresponding figures for 1977-78 and 1978-79 are shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		(in crores of rupees)			
1977-78	18.82	27.48	26.15	(—)1.33	4.84
1978-79	33.06	46.34	41.04	(—)5.30	11.44
1979-80	26.08	50.96	49.56	(—)1.40	2.75

(ii) The budget and actuals of recoveries of loans and advances for the three years ending 1979-80 are given below:—

Year	*Budget*	*Actuals*	*Variations*	
			Amount	*Percentage*
	(*in crores of rupees*)			
1977-78	13.66	11.62	(—)2.04	14.93
1978-79	18.61	10.20	(—)8.41	45.19
1979-80	13.83	10.01	(—)3.82	27.62

(iii) The details of disbursement of loans and advances and recoveries made during the three years ending 1979-80 under different categories together with the outstandings at the end of 1979-80 are indicated below:—

Categories	1977-78			1978-79		1979-80		
	Outstanding balance as on 1st April 1977	*Loans disbursed*	*Loans recovered*	*Loans disbursed*	*Loans recovered*	*Loans disbursed*	*Loans recovered*	*Outstanding balance as on 31st March 1980*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				(*in crores of rupees*)				
(i) Loans for Social and Community Services	17.68	4.08	2.50 (—)0.01 (a)	6.17	1.90	4.11	2.28	25.37
(ii) Loans for Economic Services								
(a) General Economic Services	16.55	4.94	2.59	3.21	2.37 (+)0.13(b)	3.38	1.41	21.58
(b) Agriculture and Allied Services	16.64	4.45	2.79	4.03	1.82 (+)2.80 (c)	7.88	2.14	23.45
(c) Industry and Minerals	19.55	6.74	0.51 (+)0.01 (a)	13.58	0.64 (—)0.13 (b) (+)1.34 (c)	18.15	0.44	55.21

(a) Difference of Rs. 0.01 crore due to rounding adjusted *pro forma* in Finance Accounts for 1978-79.

(b) *Pro forma* correction effected in Finance Accounts for 1979-80.

(c) Conversion of loan into share capital contribution effected through *pro forma* correction in Finance Accounts for 1979-80.

Categories	1977-78			1978-79		1979-80		
	Outstanding balance as on 1st April 1977	*Loans disbursed*	*Loans recovered*	*Loans disbursed*	*Loans recovered*	*Loans disbursed*	*Loans recovered*	*Outstanding balance as on 31st March 1980*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				(*in crores of rupees*)				
(d) Water and Power Development	1,77.48	1.63	0.19	7.42	0.19	1.80	0.20	1,87.75
(e) Transport and Communications	0.09	..	..	..	..	8.26	..	8.35
Total (ii)	2,30.31	17.76	6.09	28.24	5.02 (+)4.14(d)	39.47	4.19	2,96.34
(iii) Loans to Government servants, etc.	2.75	4.26	2.96	6.63	3.18	5.98	3.47	10.01
(iv) Loans for Miscellaneous purposes	0.35	0.05	0.08	..	0.10	..	0.07	0.15
Total	2,51.09	26.15	11.62	41.04	14.34	49.56	10.01	3,31.87

(iv) Recoveries in arrears

(a) In the case of loans and advances, the detailed accounts of which are maintained by the Audit Office, the amount overdue for recovery at the end of March 1980 was Rs. 0.43 lakh (Principal: Rs. 0.32 lakh; interest: Rs. 0.11 lakh).

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

Nature of loan	*Balance of loans outstanding at the end of March 1980*	*Amount overdue for recovery*				
		For 1976-77 and earlier years	1977-78	1978-79	1979-80	*Total as on 31st March 1980*
(1)	(2)	(3)	(4)	(5)	(6)	(7)
				(*in lakhs of rupees*)		
Loans to Panchayats, etc.	52.27	..	0.01	0.07	0.35	0.43

Arrears of interest due from the Kerala State Electricity Board as on 31st March 1980 amounted to Rs. 32.68 crores.

(d) Cumulative effect of *pro forma* correction of balances made in Finance Accounts for 1979-80.

(b) In respect of loans and advances the detailed accounts of which are maintained by the departmental officers, the amount overdue for recovery at the close of 1979-80 to the extent information has been received from them, was Rs. 3,72.39 lakhs (principal: Rs. 2,09.06 lakhs; interest: Rs. 1,63.33 lakhs). The year-wise break-up of the amount is given below:—

Nature of loan	*Balance of loans outstanding at the end of March* 1980	*Amount overdue for recovery*				
		For 1976-77 *and earlier years*	1977-78	1978-79	1979-80	*Total as on* 31*st March* 1980
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(*in lakhs of rupees*)			
Loans to Government Companies	*	*	*	*	*	34.81
Loans for repair of cargo boats	0.08	0.05	negligible amount		0.02	0.07
Loans to Kerala State Civil Supplies Corporation Limited	3,32.00	—	—	—	5.38	5.38
Loans for Dairy Development (Co-operatives)	33.07	—	(a) 25.19	2.37	3.77	31.33
Loans for Poultry Development	0.49	*	*	*	*	0.16
Loans for Social Security and Welfare	*	4.01	0.35	0.28	0.96	5.60
Loans to Mannam Sugar Co-operatives Limited, Pandalam	1,12.11	*	*	*	*	69.36
Loans to Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	50.80	15.79	10.30	12.57	12.81	51.47
Loans for Coir Development Schemes	5,24.47	21.54	3.13	5.03	28.07	57.77
Loans to Kerala State Electronic Development Corporation Limited	1,78.00	*	*	*	*	20.92
Loans to Kerala State Handloom Weavers' Co-operative Society Limited for procurement of accumulated handloom cloth and for distribution of controlled cotton yarn	89.50	*	*	*	*	95.52
Total	*	*	*	*	*	3,72.39

(a) Up to and including 1977-78.
* Information awaited.

(c) The departmental officers who maintain the detailed accounts of loans are required to intimate to Audit by 15th July each year the arrears (as on 31st March) in recovery of principal and interest on loans. The information in regard to arrears in recovery as on 31st March 1980 had not been supplied in the following cases:—

Name of department	*Category of loans*
Agriculture	Agricultural loans
	Loans for animal husbandry
	Loans for soil conservation schemes
	Loans to co-operative societies
Development	Loans to scheduled castes/scheduled tribes
	Loans under community development programmes
Education	Loans under National Loan Scholarship Scheme
	Miscellaneous loans
Fisheries and Ports	Loans for port development
Health	Medical loans
Industries	Loans for powerloom schemes
	Loans for handloom schemes
	Loans under small scale industries schemes
	Loans under State Aid to Industries Act
Labour	Loans to repatriates from Burma/Sri Lanka
Local Administration and Social Welfare	Loans for housing schemes
	Loans for social welfare schemes
	Loans for colonisation schemes
	Loans to cultivators affected by floods
	Other loans

(v) Rules require that departmental officers who administer loans should furnish to Audit by 15th July every year a certificate that the aggregate balances shown as recoverable at the end of the preceding March in the registers maintained by them agree with those communicated to them by the Accountant General. In 369 cases, out of 377 cases, the certificates of acceptance of balances had not been received from the departmental officers (January 1981) as shown below:—

Department	*Number*	*Balance of loans on 31st March 1980 (in crores of rupees)*
Agriculture	141	23.16
Development	15	0.37
Education	10	4.15
Finance	1	0.47
Health	2	1.24
Industries	132	60.46
Revenue/Local Administration	34	13.50
Transport, Fisheries and Ports	19	6.18
Others	15	2.32
Total	369	1,11.85

Out of the 369 cases, 150 pertain to 1971-72 and earlier years, 61 to 1972-73 to 1974-75 and 158 to 1975-76 to 1979-80.

In respect of loans the detailed accounts of which are maintained by the Audit Office, the arrears in respect of receipt of certificates of acceptance of balances as at the end of February 1981 were as given below:—

	Number of certificates	*Balance of loan as on 31st March 1980 (in lakhs of rupees)*	*Earliest year to which the outstanding certificates pertain*
Municipalities	17	14.26	1979-80
Corporation/Boards	3	8,05.86	1979-80
Panchayats	678	52.49	1977-78
Kerala State Electricity Board	6	1,87,75.06	1979-80
Total	704	1,96,47.67	..

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

The sources from which capital expenditure (Rs. 1,04.17 crores) and the net expenditure under 'Loans and Advances by the State Government' (Rs. 39.55 crores) during 1979-80 were met are shown below:—

(in crores of rupees)

I. Net additions to—	
(i) Internal Debt of the State Government	17.26
(ii) Loans and advances from the Central Government	56.76
(iii) Small Savings, Provident Funds, etc.	17.49
II. Miscellaneous (mainly deposits, etc., received by Government less the amounts refunded plus miscellaneous capital receipts)	19.45
III. Investments and drawing down of cash balances	(—)25.10
IV. Revenue surplus	57.86
Net amount available for expenditure	1,43.72

1.8. Debt position of Government

(i) The outstanding public debt of the State Government at the end of 1979-80 was Rs. 7,49.42 crores. Analysis of the debt liability compared with the corresponding amounts as at the end of the two preceding years is given below:—

	Public debt as on 31st March		
	1978	1979 (*in crores of rupees*)	1980
Loans and advances from the Central Government	4,68.89	5,47.44	6,04.20
Market loans	92.57	1,05.17	1,18.64
Other loans	18.58	21.26	24.90
Compensation and other bonds	1.23	1.53	1.68
Total	5,81.27	6,75.40	7,49.42

(ii) The details of the transactions under public debt during 1979-80 are given below:—

	Loans raised	*Loans discharged*	*Increase*
		(in crores of rupees)	
Loans and advances from the Central Government	73.42	16.66	56.76
Market loans	17.64	4.18	13.46
Other loans	5.19	1.54	3.65
Compensation and other bonds	0.17	0.02	0.15
Total	96.42	22.40	74.02

(iii) *Other debt and obligations*

In addition to public debt, the balances under small savings, provident funds, deposits, etc., to the extent they have not been separately invested but merged with the general cash balance of the State Government constitute the liability of the State Government. The net liability outstanding under this category as at the end of 1979-80 was Rs. 2,80.64 crores.

(iv) *Overall debt*

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

		Total debt as on 31st March		
		1978	1979 *(in crores of rupees)*	1980
1.	Public debt	5,81.27	6,75.40	7,49.42
2.	Small savings, Provident funds, etc.	1,28.68	1,81.08	1,98.57
3.	Interest bearing obligations such as depreciation reserve funds of Government commercial undertakings	0.65	0.65	0.68
4.	Non-interest bearing obligations such as deposits of local funds, civil deposits, other ear-marked funds, etc.	85.86	73.72	81.39
	Total	7,96.46	9,30.85	10,30.06

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

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

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

There had been no transactions during the year under ways and means advances (ordinary and special), shortfall from the agreed minimum cash balance and overdraft from the Bank.

(vi) *Interest charges*

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

	1977-78	1978-79	1979-80
		(*in crores of rupees*)	
Interest paid by the State Government	37.99	40.32	44.49*
Interest received by the State Government			
(a) Interest received on loans and advances and capital contributions given by Government	10.76	13.80	31.76
(b) Interest received on investment of cash balances	0.23	1.09	3.16
Net burden of interest on revenue	27.00	25.43	9.57
Net interest as percentage of total revenue receipts	6.07	4.87	1.62

In addition, there were other receipts and adjustments of interest charges (Rs. 3.04 crores) such as interest received from departmental commercial undertakings, etc. If these are also taken into account, the net burden of interest during 1979-80 would be Rs. 6.53 crores (1.10 *per cent* of the total revenue receipts). Government also received during the year Rs. 95.38 lakhs as dividend on investments in commercial undertakings, etc.

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*This included interest paid to the National Co-operative Development Corporation for a loan of Rs. 5 lakhs given by it for financing fisheries co-operatives and carrying interest at differential rates (normal rate: 9.5 *per cent* per annum; interest in case of default: 12.25 *per cent* per annum). An instalment of loan that fell due in November 1978 was paid by Government only in April 1979; this resulted in extra expenditure of Rs. 0.40 lakh on interest.

1.9. Guarantees

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

Bodies on whose behalf guarantees were given	*Maximum amount guaranteed (principal only)*	*Sums guaranteed outstanding as on 31st March 1980*	
		Principal	*Interest*
		(*in crores of rupees*)	
(a) Working Capital raised by the Kerala Financial Corporation and dividends thereon	3.10	2.85	..
(b) Loans, debentures, bonds, etc. raised by			
(1) Statutory Corporations and Boards	1,94.00	1,73.03	..
(2) Government Companies	90.38	50.28	0.40
(3) Co-operative Banks and Societies	1,47.50	91.79	0.40
(4) Municipalities, Corporations, Townships and other local bodies	30.04	23.64	..
(5) Other institutions	6.17	3.35	0.10
Total	4,71.19	3,44.94	0.90

Note:—(1) The details of amounts outstanding as on 31st March 1980 have not been intimated by Government in respect of guarantees given to a few institutions.

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

(ii) Government had also guaranteed payment of minimum dividend of 3 1/2 *per cent* on the share capital of the Kerala Financial Corporation. The total payment made by Government on this account was Rs. 17.45 lakhs up to 1969-70; no payment has been made thereafter. Of this, Rs. 0.20 lakh were recovered up to April 1974; no further recovery has been made.

(iii) Government stood guarantee in 1973 for a cash credit accommodation of Rs. 2 lakhs provided by the Palghat Co-operative Central Bank Limited to the Palghat Co-operative Milk Supply Union Limited. Consequent on the latter defaulting the dues, Government had to pay Rs. 0.76 lakh in October 1979 to the Palghat Co-operative Central Bank Limited. The terms and conditions of the amount discharged by Government have not been fixed yet; the matter is reportedly under consideration of Government (August 1980).

Government had paid Rs. 88.43 lakhs between December 1973 and September 1978 to discharge the liabilities arising from the guarantees given in favour of three other bodies, viz. Alleppey Port Thozhilali Co-operative Society Limited, Messrs. V.O. Vakkan and Sons and Koliat Estates. Details of recovery, if any, effected from the beneficiary bodies are awaited.

(iv) Rupees 17.87 lakhs were received by Government during the year towards guarantee fee. As at the end of March 1980, arrears of guarantee fee due from 7 institutions were reported by Government to be Rs. 5.47 lakhs.

Further details of the guarantees are given in Statement No.6 of Finance Accounts 1979-80.

1.10. Investments

During 1979-80, Government invested Rs. 3,35.00 lakhs in 3 Statutory Corporations, Rs. 16,07.37 lakhs in 33 Government Companies, Rs. 7.86 lakhs in 7 other Joint Stock Companies, Rs. 6,74.47 lakhs in Co-operative Banks and Societies and Rs. 5 lakhs in Industrial Finance Corporation Bonds. Progressive expenditure on investments was also increased by Rs. 4,26.19 lakhs through *pro forma* adjustments.

The following table shows the extent of Government's investments to the end of 1979-80 in the shares of Statutory Corporations, Government Companies, other Joint Stock Companies, Co-operative Banks and Societies, debentures and bonds of banks and other entities and returns therefrom, with the corresponding figures as at the end of 1978-79.

Where invested	Investment				Dividend/Interest received during the year (in lakhs of rupees) with percentage of returns on cumulative investments in brackets	
	To end of 1978-79		*To end of* 1979-80			
	No. of concerns	*Amount (in lakhs of rupees)*	*No. of concerns*	*Amount (in lakhs of rupees)*	1978-79	1979-80
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Statutory Corporations	3	19,62.36	3	22,97.36	1.59 (0.08)	1.59 (0.07)
2. Government Companies and Other Joint Stock Companies	(a) 106	76,49.74	* 104(b)	96,91.00	74.33 (0.97)	68.37 (0.71)
3. Co-operative Banks and Societies	**	28,20.24	**	34,94.67	28.46 (1.01)	23.62 (0.68)
4. Debentures and Bonds	1	64.60	1	64.70	3.69 (5.71)	3.87 (5.98)

(a) Includes 5 Central Government Companies (investment: Rs.2,73.79 lakhs) and one subsidiary company (Kerala Water Transport Corporation Limited; investment: Rs. 32.00 lakhs).

* Includes 5 Central Government Companies (investment: Rs.2,73.79 lakhs), 4 Joint Stock Companies taken over by Central Government (investment: Rs. 17.32 lakhs) and 7 subsidiary companies of a State Government Company (investment: Rs. 5,59.58 lakhs.)

(b) Reduction in the number of concerns is due to inclusion of Rs. 32.00 lakhs invested in Kerala Water Transport Corporation Limited under its holding company, viz., The Kerala State Industrial Enterprises Limited and write off of the irrecoverable investment of Rs. 0.20 lakh in Travancore Enamel Industries Limited.

** Details not available

More details of the investments are given in Statement No. 14 of the Finance Accounts 1979-80 and in the Report of the Comptroller and Auditor General of India for the year 1979-80 (Commercial).

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

In the case of assets transferred to 13 Government Companies from 1963-64 onwards, the adjustment of the value thereof (Rs. 3,56.49 lakhs*) has not been effected in the accounts owing to non-receipt of details from Government and want of budget provision. Details are given in Appendix—II.

1.11. Financial results of irrigation works

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

The total revenue from these works during 1979-80 was Rs. 1,08.58 lakhs while the working expenses were Rs. 76.27 lakhs. Taking into account the interest (Rs. 2,82.49 lakhs) on capital, the deficit during the year was Rs. 2,50.18 lakhs, which was 5.79 *per cent* of the capital outlay against 6.64 *per cent* in 1978-79.

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

	1977-78	1978-79	1979-80
		(in lakhs of rupees)	
Capital outlay to end of the year	34,58.05	38,93.30	43,22.04
Total revenue during the year	45.41	46.45	1,08.58
Working expenses	66.80	70.53	76.27
Net surplus/deficit excluding interest	(—)21.39	(—)24.08	(+)32.31
Interest on capital	2,04.79	2,34.49	2,82.49
Deficit after meeting interest	2,26.18	2,58.57	2,50.18
Percentge of deficit	6.54	6.64	5.79

* Figure provisional

1.12. Plan expenditure

The total plan outlay provided in the budget for 1979-80 was Rs. 2,64.65 crores, of which Rs. 44 crores were expected to be met from the internal resources of the State Electricity Board and Rs. 4.95 crores from open market borrowings of autonomous bodies. The balance of Rs. 2,15.70 crores was proposed to be met from the State 's budgetary resources (Revenue account: Rs. 87.66 crores; Capital account: Rs. 1,11.02 crores; Loans and advances: Rs. 17.02 crores). Taking into account recoveries to the extent of Rs. 1.97 crores anticipated under revenue and capital accounts, the net plan expenditure budgeted for the year was Rs. 2,13.73 crores (Revenue account: Rs. 86.61 crores; Capital account: Rs. 1,10.10 crores; Loans and advances: Rs. 17.02 crores). In addition, funds to the tune of Rs. 29.92 crores were provided through supplementary grants for financing plan schemes. Thus the aggregate net provision for plan schemes during 1979-80 was Rs. 2,43.65 crores (Revenue account: Rs. 91.71 crores; Capital account: Rs. 1,19.26 crores; Loans and advances: Rs. 32.68 crores). The corresponding plan expenditure (after excluding the expenditure met from internal resources of the Electricity Board and from open market borrowings of autonomous bodies) was Rs. 2,12.27 crores (Revenue account: Rs. 76.28 crores; Capital account: Rs. 1,04.60 crores; Loans and advances: Rs. 31.39 crores) registering a shortfall of Rs. 31.38 crores. The sectors where the shortfall was significant are as under:—

Sector	*Shortfall in plan expenditure*				*Remarks.*
	Revenue account	*Capital account*	*Loans and advances*	*Total*	
	(in crores of rupees)				
Agriculture and Allied services	12.32	2.02	(—)0.16	14.18	Details of major schemes where there was conspicuous shortfall in expenditure are given in Chapter II.
Industries and Minerals	1.48	0.60	0.50	2.58	
Water and Power Development	0.01	1.60	..	1.61	
Transport and Communications	0.34	4.15	..	4.49	

Reasons for the shortfall are awaited from Government.

1.13. Growth of non-plan expenditure

The aggregate non-plan expenditure (Revenue and Capital accounts excluding loans) increased from Rs. 3,99.70 crores in 1978-79 to Rs. 4,56.98 crores in 1979-80. The sectors where the increase was more than 15 *per cent* are indicated below.

Sector	*Non-plan expenditure* 1978-79	1979-80	*Increase* *Amount*	*Percentage*
		(*in crores of rupees*)		
Organs of State	5.64	8.18	2.54	45
Pension and General Miscellaneous Services	21.01	27.57	6.56	31
Social and Community Services	2,12.12	2,47.42	35.30	17
Agriculture and Allied Services	28.65	33.77	5.12	18
Industry and Minerals	1.00	1.55	0.55	55
Grants-in-aid and contributions (to local bodies and Panchayati Raj institutions)	0.46	2.08	1.62	352

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

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

		Grant/ Charged appropriation	*Expenditure*	*Excess(+) Saving (—)*	*Percentage*
			(in crores of rupees)		
VOTED					
Original	6,70.11	7,19.71	6,69.71	(—)50.00	6.90
Supplementary	49.60				
CHARGED					
Original	*2,02.59*	***2,03.03***	***73.07***	(—)***1,29.96***	***64.01***
Supplementary	***0.44***				
Total		9,22.74	7,42.78	(—)1,79.96	19.50

The overall saving of Rs. 1,79.96 crores was the net result of saving of Rs. 29.39 crores in 37 grants and 28 charged appropriations in the Revenue Section and Rs. 1,57.97 crores in 23 grants and 13 charged appropriations in the Capital Section and excess of Rs. 7.24 crores in 5 grants and 3 charged appropriations in the Revenue Section and Rs. 0.16 crore in 2 grants and 1 charged appropriation in the Capital Section.

(b) Further details are given below:—

	Revenue	*Capital*	*Loans and advances*	*Public Debt*	*Transfer to Contingency Fund*	*Total*
			(*in crores of rupees*)			
Authorised to be spent (grants and charged appropriations)						
Original	5,64.82	1,25.65	26.08	1,56.15	..	8,72.70
Supplementary	17.51	7.65	24.88	..	..	50.04
Total	5,82.33	1,33.30	50.96	1,56.15	..	9,22.74
Actual expenditure (grants and charged appropriations)	5,60.19	1,10.63	49.56	22.40	..	7,42.78
Shortfall	22.14	22.67	1.40	1,33.75	..	1,79.96

2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Grants*:

There was an aggregate excess of Rs. 2,74,44,802 in 5 grants in the Revenue Section and Rs. 15,89,360 in 2 grants in the Capital Section. The excesses, the details of which are given below, require regularisation under Article 205 of the Constitution.

Revenue Section

Sl. no.	*Number and name of grant*	*Total grant Rs.*	*Expenditure Rs.*	*Excess Rs.*
1.	IX Taxes on vehicles	70,95,600	71,45,929	50,329

Excess was due to more expenditure under 'administration charges'.

2.	XV Public Works	29,01,15,000	30,43,86,118	1,42,71,118

Excess occurred mainly on account of (i) more expenditure under 'Suspense' (Rs. 1,50.45 lakhs) due to procurement of more materials for stock, (ii) execution of spill over works under flood damage repairs

(Rs. 1,05.26 lakhs), (iii) special repairs to roads affected by floods/cyclones (Rs. 21.41 lakhs) and (iv) execution of more road works to benefit scheduled castes and tribes (Rs. 10.74 lakhs).

Excess was partly offset by saving under other heads.

Sl. no	*Number and name of grant*	*Total grant*	*Expenditure*	*Excess*
		Rs.	Rs.	Rs.
3.	XIX Family Planning	5,32,40,100	5,37,97,479	5,57,379

Excess was due to (i) increased expenditure under compensation (Rs. 14.17 lakhs), (ii) increased allocation of funds by Government of India for mass media activities (Rs. 4.91 lakhs), etc.

Excess was partly offset by saving under other heads.

4.	XXI Public Health Engineering	10,35,18,600	11,60,33,597	1,25,14,997

Excess was mainly due to (i) less credit under 'Suspense' due to less issue of materials for works within the revenue portion of the grant than anticipated, resulting in increased net expenditure (Rs. 75.60 lakhs) and (ii) increase in the cost of maintenance of urban water supply schemes (Rs. 42.73 lakhs).

5.	XXIV Information and Publicity	50,47,000	50,97,979	50,979

Excess was due to more expenditure on Directorate of Public Relations on account of (i) upward revision of dearness allowance and (ii) creation of one post and upgradation of six other posts.

Capital Section

1.	XVII Education, Art and Culture	4,39,16,700	4,52,81,181	13,64,481

Excess was attributed to (i) good progress of works relating to construction of school buildings (Rs. 68.17 lakhs), (ii) post-budget decision to increase share participation in the Kerala State Film Development Corporation Limited (Rs. 20 lakhs) and to pay an additional loan to the Corporation (Rs. 10 lakhs).

Excess was partly offset by saving under other heads.

2.	XIX Family Planning	15,32,200	17,57,079	2,24,879

Excess was due to more expenditure on 'buildings'.

(b) *Charged appropriations*:

Excess of Rs. 4,50,01,505 in 3 appropriations in the Revenue Section and Rs. 14,635 in one appropriation in the Capital Section, the details of which are given below, also required regularisation.

Revenue Section

Sl. no.	*Number and name of appropriation*	*Total appropriation*	*Expenditure*	*Excess*
		Rs.	Rs.	Rs.
1.	Debt charges	*43,42,29,700*	*47,91,55,299*	*4,49,25,599*

Excess was mainly due to (i) consolidation of outstanding Central loans to the State as on 31st March 1979 and the adjustment of interest thereon as on 1st April 1979 (Rs. 6,20.46 lakhs), (ii) omission to provide funds for payment of interest on fixed and time deposits and unanticipated increase in interest liability in respect of Savings bank deposits (Rs. 2,40.98 lakhs), etc.

Excess was partly offset by saving under other heads.

2.	XX Public Health	*1,000*	*12,546*	*11,546*

Excess was due to more expenditure on sanitation service centres under the control of the Director of Health Services.

3.	XXXVII Industries	*10,100*	*74,460*	*64,360*

Excess occurred under 'Scheme for Central subsidy to industrial units in backward districts' on account of payment (March 1980) of subsidy (adjusted earlier towards repayment of loans) following a court decree in November 1979.

Capital Section

1.	XVIII Medical	*4,91,900*	*5,06,535*	*14,635*

Excess occurred under buildings for family welfare centres.

2.3. Supplementary grants/charged appropriations

During the year supplementary grants of Rs. 17.43 crores and Rs. 32.17 crores were obtained under 52 and 25 grants respectively in the Revenue and Capital Sections. Supplementary appropriations of Rs. 0.08 crore and Rs. 0.36 crore were also obtained for charged expenditure under 13 grants and 9 appropriations respectively in the Revenue and Capital Sections.

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

(i) *Unnecessary supplementary grants*

In the following cases, supplementary provision (exceeding Rs. 5 lakhs in each case) of Rs. 2.27 crores in the Revenue Section and Rs. 2.39 crores in the Capital Section remained wholly unutilised as the expenditure did not come up even to the original provision:—

Revenue Section

Sl. no.	*Number and name of grant*	*Original grant*	*Supplementary grant*	*Expenditure*	*Saving*
			(*in lakhs of rupees*)		
1.	VIII Excise	2,11.13	5.60	2,06.43	10.30

Reasons for the saving are awaited (December 1980).

2.	XI District Administration and Miscellaneous	3,70.42	15.55	3,63.18	22.79

Reasons for the saving are awaited (January 1981).

3.	XVIII Medical	41,95.86	10.25	39,10.28	2,95.83

Shortfall was attributed mainly to non-filling of posts and posting of junior doctors in hospitals and dispensaries (Rs. 99.50 lakhs), less expenditure on purchase of medical stores (Rs. 73 lakhs), non-filling of vacant posts in Medical Colleges, Kozhikode, Kottayam and Alleppey (Rs. 34.94 lakhs), non-sanctioning/belated sanctioning of staff for raising the bed strength in primary health centres (Rs. 21.07 lakhs), less expenditure on primary health units and health centres (Rs. 27.11 lakhs), etc.

Sl. no.	*Number and name of grant*	*Original grant*	*Supplementary grant*	*Expenditure*	*Saving*
			(in lakhs of rupees)		
4.	XXII Housing	3,13.14	14.50	2,29.62	98.02

Saving of Rs. 65.98 lakhs was ascribed to (i) non-collection of "Employment Tax" (intended for financing housing for the poor) and consequent non-transfer of funds to "Kerala State Poor Housing Fund", (ii) belated intimation from Government of India regarding release of funds for housing scheme for plantation workers (Rs. 9 lakhs), (iii) non-payment of subsidy to State Housing Board owing to tardy progress in the implementation of certain housing schemes (Rs. 6.41 lakhs), etc.

5.	XXVI Social Welfare including Harijan Welfare	22,77.82	47.18	22,21.09	1,03.91

Saving was attributed mainly to (i) curtailment of expenditure under the Centrally sponsored scheme for grant of post-matric scholarships for scheduled castes in view of less assistance received from the Government of India (Rs. 33.83 lakhs), (ii) belated appointment of staff, non-receipt of Government sanction for a scheme for training scheduled tribes in identification and scientific preservation of medicinal plants and minor forest produce, etc. (Rs. 19.13 lakhs), (iii) delay in finalisation of schemes regarding research, training and special projects (Rs. 16.75 lakhs), (iv) non-receipt of Government's sanction for two schemes for the rehabilitation of bonded labour (Rs. 10 lakhs), (v) lack of response from tenderers for construction of girls' hostels at Kozhikode and Malappuram (Rs. 9.99 lakhs) and (vi) delay in starting four new welfare hostels due to belated receipt of sanction (Rs. 6.60 lakhs).

6.	XXVIII Co-operation	4,95.14	17.00	4,01.06	1,11.08

Shortfall was attributed mainly to (i) ineligibility of Kerala State Co-operative Bank for further assistance (Rs. 50 lakhs), (ii) Government of India's decision to discontinue the scheme of "Rehabilitation of weak Co-operative Banks" (Rs. 30 lakhs), (iii) non-implementation of the scheme "Godowns for Marketing and Primary Societies" (Rs. 12.26 lakhs), (iv) fall in the number of applications from rural industries co-operative societies for assistance (Rs. 9.12 lakhs) and (v) non-sanctioning of additional staff (Rs. 5.17 lakhs).

7.	XXXVII Industries	7,23.90	1,17.11	6,53.45	1,87.56

Saving was mainly attributed to (i) post-budget decision to drop a scheme for provision of marketing assistance to industrial units in backward areas

(Rs. 50 lakhs), (ii) payment of less subsidy under the scheme for Central subsidy to industrial units in backward districts owing to shortfall in claims received (Rs. 40.49 lakhs), (iii) non-construction of mini industrial estates by the Kerala State Small Industries Development and Employment Corporation Limited (Rs. 23 lakhs), (iv) decrease in the amount of interest subsidy payable to District Co-operative Banks on account of fall in credit availed of by coir co-operatives (Rs. 13.04 lakhs), (v) non-implementation of the scheme for payment of sales tax subsidy to new Small Scale Industrial Units, following a post-budget decision to exempt such units from payment of sales tax (Rs. 12 lakhs), (vi) reduction in expenditure on District Industries Centres on account of economy measures (Rs. 4.83 lakhs) and (vii) non-sanctioning of additional posts in the Department of Mining and Geology (Rs. 5.23 lakhs), etc.

Capital Section

Sl. no.	*Number and name of grant*	*Original grant*	*Supplementary grant*	*Expenditure*	*Saving*
			(in lakhs of rupees)		
1.	XV Public Works	11,27.52	82.36	10,84.45	1,25.43

Shortfall was mainly due to (i) delay in completion of land acquisition proceedings (Rs. 53.83 lakhs), (ii) non-execution of works relating to certain State Highways due to delay in finalisation of estimates, acquisition of land, etc. (Rs. 13.01 lakhs), (iii) slow progress of construction works (Rs. 33.15 lakhs) on account of labour trouble and scarcity of building materials, etc., (iv) non-execution of the work 'Munnar Top Station Road' for want of administrative sanction (Rs. 15 lakhs) and (v) non-execution of Hill Highway works pending completion of investigation (Rs. 12.37 lakhs), etc.

2.	XXII Housing	2,85.00	39.67	2,66.49	58.18

Saving was attributed to (i) delay in completion of formalities prescribed by Government of India for taking up construction works under "Police Housing Scheme" (Rs. 59.75 lakhs) and (ii) lack of response from workers for taking loans under the subsidised housing scheme for plantation labour (Rs. 13.28 lakhs).

3.	XXIX Miscellaneous Economic Services	60.56	8.41	41.95	27.02

Saving was attributed to stay orders from court against take over of surplus lands resulting in less expenditure on 4½ *per cent* Kerala Land Reforms (Payment of compensation for excess lands) Bonds (Rs 32.97 lakhs).

Sl. no.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
			(in lakhs of rupees)		
4.	XXX Agriculture	7,97.33	81.00	7,89.76	88.57

Saving was attributed mainly to (i) less demand from cultivators for loans (Rs. 42.09 lakhs), (ii) curtailment of expenditure under "Lift irrigation" (Rs. 17.10 lakhs) and (iii) non-purchase of certain plant protection chemicals (Rs. 7 lakhs).

Reasons for the remaining saving are awaited (January 1981).

5.	XXXIII Dairy	1,31.00	28.00	99.57	59.43

Saving was mainly attributed to non-implementation of the scheme "Operation flood—Stage II" on account of belated registration (February 1980) of the Kerala Co-operative Milk Marketing Federation Limited (Rs. 80 lakhs).

Saving was partly counterbalanced by excess under other heads.

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

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

Revenue Section

Sl. no.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
			(in lakhs of rupees)		
1.	IV Elections	51.19	1,85.00	2,20.03	16.16

Shortfall was mainly due to (i) late appointment of additional staff (Rs. 1.35 lakhs) and (ii) delay on the part of the parties in preferring claims towards cost of supplies, hire charges of vehicles, travel expenses (Rs. 11.40 lakhs), etc.

2.	XII Police	24,85.47	50.55	25,03.67	32.35

Shortfall was mainly due to non-purchase of vehicles owing to delay in taking a decision about the type of vehicles to be purchased (Rs. 43 lakhs) and (ii) delay in finalising a co-operative housing scheme for policemen (Rs. 35 lakhs).

Saving was partly counterbalanced by excess under other heads.

Sl. no.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
		(in lakhs of rupees)			
3.	XIV Stationery and Printing	3,91.63	48.87	4,17.19	23.31

Saving was mainly due (i) to non-purchase of machinery for the Government Press at Mannanthala (Rs. 5.57 lakhs), (ii) non-filling of posts in the State Institute of Public Administration (Rs. 5.61 lakhs) and (iii) non-receipt of paper ordered for (Rs. 15.85 lakhs).

Saving was partly offset by excess under other heads.

4.	XXXI Food	1,93.38	1,25.00	2,24.53	93.85

Shortfall of Rs. 6.45 lakhs was attributed to non-identification of feeding centres under one-meal-a-day programme. Reasons for the remaining saving are awaited (January 1981).

5.	XXXIII Dairy	1,25.60	12.00	1,30.70	6.90

Saving was mainly due to belated registration (February 1980) of Kerala Co-operative Milk Marketing Federation Limited, the agency for implementing the scheme "Operation Flood—Stage II" (Rs. 20 lakhs).

6.	XXXIV Fisheries	2,95.66	40.00	3,03.18	32.48

Saving was due to (i) non-finalisation of proposals for enhancing the subsidy for introducing purse-seiners (Rs. 14.99 lakhs), (ii) non-resumption of boat construction in boat yards (Rs. 13.73 lakhs), (iii) post-budget decision to defer construction of Ice Plant and Marine Workshop (Rs. 6.43 lakhs), etc.

7.	XXXVIII Irrigation	13,14.56	2,45.64	15,07.11	53.09

Saving was mainly under 'Suspense' due to increased credit to 'Stock' on account of issue of more materials to works (Rs. 37.07 lakhs) and less debit on procurement on account of scarcity of cement and steel (Rs. 36.23 lakhs).

Saving was partly offset by excess under other heads.

Capital Section

Sl. no.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
		(in lakhs of rupees)			
1.	XXI Public Health Engineering	13,92.51	25.00	13,95.94	21.57

Shortfall was due to (i) slow progress of certain sewerage schemes for want of materials and staff and delay in acquisition of land for Quilon drainage scheme (Rs. 77.17 lakhs) and (ii) non-execution of certain spill-over works under Rural Water Supply Scheme for want of materials (Rs. 34.19 lakhs).

Saving was partly offset by excess under other heads.

2.	XXVI Social Welfare including Harijan Welfare	40.00	31.31	65.29	6.02

Reasons for the saving are awaited (January 1981).

3.	XXVIII Co-operation	7,91.01	2,63.28	10,36.65	17.64

Saving was attributed mainly to (i) receipt of less claims from the Kerala State Electricity Board towards loan assistance for energisation of pumpsets and belated receipt of sanction from the Agricultural Refinance and Development Corporation for several schemes formulated by the Kerala Co-operative Central Land Mortgage Bank (Rs. 55.06 lakhs), (ii) the ineligibility of the Kerala State Co-operative Bank for further loans under Agricultural Credit Stabilisation Fund (Rs. 50 lakhs), (iii) want of sanction from the Reserve Bank of India for share participation in the Kerala Co-operative Central Land Mortgage Bank (Rs. 35 lakhs), (iv) discontinuance of the scheme for rehabilitation of weak Co-operative Banks (Rs. 50 lakhs), etc.

Saving was partly counterbalanced by excess under other heads.

4.	XXXVII Industries	17,86.48	16,18.21	33,13.63	91.06

Saving was mainly due to (i) a post-budget decision to drop the scheme 'margin/seed money assistance' from Central sector and to accommodate it under another State Plan scheme (Rs. 1,00 lakhs).

5.	XLI Transport	3,21.01	9,00.00	11,08.49	1,12.52

Shortfall was mainly under "Loans to Kerala State Road Transport Corporation" (Rs. 1,00 lakhs) and "Investments in Inland Transport Corporation" (Rs. 10 lakhs). Reasons for the shortfall are awaited (January 1981).

Sl. no.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
			(in lakhs of rupees)		
6.	XLV Miscellaneous Loans and Advances	5,41.22	1,00.25	5,97.54	43.93

Saving was mainly due to less demand for Onam Advance as the staff were granted festival allowance in connection with Onam.

(iii) *Inadequate supplementary grants/charged appropriations*

In the following cases, supplementary provision (exceeding Rs.5 lakhs in each case) of Rs. 1,17.65 lakhs in the Revenue Section and Rs. 25.17 lakhs in the Capital Section proved inadequate by more than Rs. 10 lakhs in each case; the final uncovered excess was Rs. 2,67.86 lakhs in the Revenue Section and Rs. 13.64 lakhs in the Capital Section.

Sl. no.	Number and name of grant	Original grant/ appropriation	Supplementary grant/ appropriation	Expenditure	Excess
			(in lakhs of rupees)		
			Revenue Section		
1.	XV Public Works	27,88.61	1,12.54	30,43.86	1,42.71
2.	XXI Public Health Engineering	10,30.08	5.11	11,60.34	1,25.15
			Capital Section		
1.	XVII Education, Art and Culture	4,14.00	25.17	4,52.81	13.64

2.4. Unutilised provision

(i) Rupees 29.39 crores remained unutilised in the Revenue Section (Rs. 28.88 crores in 37 grants and Rs. 0.51 crore in 28 charged appropriations).

(ii) Rupees 1,57.97 crores remained unutilised in the Capital Section (Rs. 24.02 crores in 23 grants and Rs. 1,33.95 crores in 13 charged appropriations).

(iii) In 7 grants and 1 charged appropriation in the Revenue Section and in 10 grants and 1 charged appropriation in the Capital Section the savings (more than Rs. 10 lakhs in each case) were more than 10 *per cent* of the total provision. The details of these grants and charged appropriations are given in Appendix—III.

(iv) (a) In the case of the following 15 Centrally sponsored schemes, provision remained wholly or substantially unutilised. It was stated that provision in these cases was made on a purely tentative basis, as the quantum of Central assistance was not known at the time of budgeting. Further details are given below:—

Sl. no.	*Department, number and name of grant and Head of account*	*Name of scheme*	*Provision*	*Saving (Percentage)*
			(in lakhs of rupees)	
	Education			
1.	XVII Education— 277 C (a) 1	Social (Adult) Education	51.13	38.63 (76 *per cent*)

The provision was for giving financial assistance to voluntary organisations for eradication of illiteracy. Saving was attributed to (i) non-approval of the programmes by the Steering Committee on Adult Education and (ii) shortfall in the number of applications for starting adult education centres.

	Local Administration and Social Welfare			
2.	XXIII Urban Development— 684 (a) 4	Improvement and development of smaller towns	2,00.00	1,81.20 (91 *per cent*)

The provision was for giving loans to local bodies for improving smaller towns which have development potential. Saving was attributed to limiting the expenditure to the quantum of Central assistance received (Rs. 18.80 lakhs).

	Development			
3.	XXVI Social Welfare including Harijan Welfare— 288 D(e) 12	Non-formal education for children	20.00	20.00 (100 *per cent*)

The scheme was for providing non-formal education to children belonging to the weaker sections of the community. Reasons for the saving have not been intimated (January 1981).

	Agriculture			
4.	XXX Agriculture— 308(b) 3	Development schemes in Western Ghats Region	1,80.00	78.35 (44 *per cent*)

Saving was mainly due to delay in approval of some of the component schemes by the Planning Commission and delay in acquisition of land.

Sl. no.	*Department, number and name of grant and head of account*	*Name of scheme*	*Provision*	*Saving (Percentage)*
			(in lakhs of rupees)	
	Agriculture			
5.	305(m) 3 and 4	Reporting of Agricultural statistics	80.00	79.97 (100 *per cent)*

Non-utilisation of the provision was stated to be due to non-receipt of administrative sanction from the Government of India.

6.	305 (g) 31	Scheme for bringing additional area under cashew in private gardens	76.31	57.10 (75 *per cent)*

The provision was for giving subsidy to farmers for meeting nursery expenses and cost of inputs. Saving was ascribed to fall in the claims for subsidy, reasons for which have not been intimated (January 1981).

7.	305(g) 4	Package programme for coconut	80.73	48.93 (61 *per cent)*

The provision was for continuing 187 coconut package units and for establishing 103 additional units during the year. Saving was stated to be due to curtailment of expenditure pending receipt of intimation regarding quantum of Central assistance.

8.	307 (d) 3	Soil conservation in the catchment of river valley projects	60.00	47.06 (78 *per cent*)

The provision was for continuing soil conservation schemes in the catchment of Kundah river valley project and for taking up new soil conservation schemes in the river valleys of Malampuzha, Sabarigiri, Neriamangalam, Idukki, Parambikulam, Aliar and Neyyar. Saving was attributed to non-sanctioning of certain works.

9.	305 (g) 27	Schemes for the supply of soil ameliorants at subsidised rates to cultivators	38.89	30.96 (80 *per cent)*

Saving was stated to be due to curtailment of expenditure.

10.	305 (f) 10	Plant protection measures for cashew in private gardens	8.00	8.00 (100 *per cent)*

Saving was attributed to lack of demand from cultivators.

Sl. no.	*Department, number and name of grant and head of account*	*Name of scheme*	*Provision*	*Saving (Percentage)*
			(in lakhs of rupees)	

Agriculture (Animal Husbandry)

11.	XXXII Animal Husbandry—310 (d) 4	Scheme for the production of biological products	50.00	43.75 (88 *per cent*)

The provision was for expanding the State Veterinary Biological Production Complex and taking up production of Biologicals on commercial scale. Saving was attributed to reduction in Plan outlay, following deletion of the scheme from the list of Centrally sponsored schemes.

Agriculture (Dairy)

12.	XXXIII Dairy— 311 (b) 12, 511 (a) 4, 711 (a) 2	Dairy schemes— Operation Flood—Stage II	1,00.00	1,00.00 (100 *per cent*)

Surrender of the entire provision was stated to be due to delay up to June 1979 in execution of agreement with the financing agency (Indian Dairy Corporation) and to the delay up to February 1980 in registering the Kerala Co-operative Marketing Federation Limited, the agency through which the scheme is proposed to be implemented.

Transport, Fisheries and Ports

13.	XL Ports— 535 A(a) 14	Fishing harbour and landing facilities (Vizhinjam)	1,97.22	1,89.81 (96 *per cent*)
14.	535 A (a) 15	Construction of fish landing Centre at Kasargode	1,00.00	95.76 (96 *per cent*)
15.	535A (a) 18	Neendakara fishing harbour	50.00	49.96 (100 *per cent*)

Saving under all the three port schemes was attributed to non-receipt of clearance from Government of India.

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

Sl. no.	*Department, number and name of grant and head of account*	*Name of scheme*	*Provision*	*Saving (Percentage)*
			(in lakhs of rupees)	
	Health			
1.	XVII Education— 277 F (g) 16	All India Institute of Health Services	20.00	20.00 (100 *per cent)*

The provision was intended for the establishment of All India Institute of Health Services by upgrading one of the Medical Colleges in the State and providing additional facilities there in the event of take over of the Sree Chitra Tirunal Medical Centre by Government of India. The entire provision remained unutilised as the bill for the take over of the Centre by Government of India was not enacted during the year.

	Labour			
2.	XXV Labour— 495(a) (2)	Relief to unemployed— Special scheme for employment generation	1,00.00	1,00.00 (100 *per cent)*

Saving was due to delay in finalising the scheme, although the committee set up to identify suitable employment generation schemes for unskilled persons and self-employment schemes for the educated unemployed had submitted its report in December 1979.

	Agriculture			
3.	XXX Agriculture— 305 (c) 7	Price support scheme for paddy and tapioca	2,00.00	1,98.94 (99 *per cent)*

Saving was attributed to less procurement of paddy and tapioca owing to poor response from cultivators.

4.	306 (d) 9	Additional irrigation facilities in rural areas— Community Irrigation	1,00.00	48.17 (48 *per cent)*

Saving was attributed to delay in finalisation of schemes.

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

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

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated credits and recoveries are shown separately in the budget estimates. During the year 1979-80 such recoveries were anticipated at Rs. 42.40 crores (Revenue: Rs. 28.38 crores; Capital: Rs. 14.02 crores). The actual recoveries during the year, however, were Rs. 32.96 crores (Revenue: Rs. 26.50 crores; Capital: Rs. 6.46 crores), resulting in shortfall of Rs. 9.44 crores (Revenue: Rs. 1.88 crores; Capital: Rs. 7.56 crores). Some of the important cases of shortfall/excess in recoveries are detailed below; reasons for variation have not been intimated.

Sl. no.	*Number and name of grant*		*Budget estimates*		*Actuals*		*Amount of shortfall/ excess of recoveries over estimates*	
			Revenue	*Capital*	*Revenue*	*Capital*	*Revenue More (+) Less (—)*	*Capital More (+) Less (—)*
					(in crores of rupees)			
1.	XV	Public Works	7.54	..	9.02	..	(+)1.48	..
2.	XXI	Public Health Engineering	5.93	0.03	6.58	1.47	(+)0.65	(+)1.44
3.	XXII	Housing	0.51	..	..	0.35	(—)0.51	(+)0.35
4.	XXVII	Famine	1.59	..	..	..	(—)1.59	..
5.	XXVIII	Co-operation	..	0.20	..	0.32	..	(+)0.12
6.	XXIX	Miscellaneous Economic Services	1.05	0.11	0.62	0.09	(—)0.43	(—)0.02
7.	XXX	Agriculture	1.13	..	0.91	..	(—)0.22	..
8.	XXXI	Food	..	12.51	..	2.66	..	(—)9.85
9.	XXXII	Animal Husbandry	0.77	..	0.06	..	(—)0.71	..
10.	XXXVII	Industries	..	..	..	0.14	..	(+)0.14
11.	XXXVIII	Irrigation	9.70	0.88	9.12	1.00	(—)0.58	(+)0.12
12.	XL	Ports	..	..	..	0.12	..	(+)0.12

2.6. Expenditure on new service

In March 1980, Government paid a special grant of Rs. 1.80 lakhs to the Kerala Sastra Sahitya Parishat for expansion of Mobile Science Popularisation Scheme, although no provision for the purpose had been made in the Budget. According to the criteria laid down by the State Public Accounts Committee, expenditure on grant and contribution for existing purposes is to be considered a new service, in case it exceeds Rs. 12,500 if recurring and Rs. 50,000 if non-recurring. As the expenditure in this case exceeded the above limit, it should not have been incurred without obtaining a supplementary grant or advance from the Contingency Fund. On this being pointed out in audit, Government admitted (December 1980) that it was due to 'an omission that "new service procedure" was not followed'.

2.7. Advance from the Contingency Fund

A Contingency Fund of Rs. 8,00 lakhs has been placed at the disposal of the Government to enable them to make advances to meet unforeseen expenditure, pending authorisation by the Legislature. The advances from the Fund are to be made only to meet expenditure which is of such an emergent character that the postponement of it, till its authorisation by the Legislature, would be undesirable.

Forty-eight sanctions were issued during 1979-80, advancing Rs. 5,81.21 lakhs, of which one sanction for an amount of Rs. 5.02 lakhs was subsequently cancelled and the amount of another reduced by Rs. 20 lakhs.

Four sanctions issued between 22nd June 1979 and 19th January 1980 advancing Rs. 3.49 lakhs were not operated till the close of the year.

2.8. Reconciliation of departmental figures

The Budget Manual of the State Government requires that departmental figures of expenditure should be reconciled every month with those of the Accountant General. Such reconciliation enables the departmental officers to exercise proper control over expenditure and to detect frauds and defalcations, if any, at an early stage. The reconciliation was in arrears in several departments. The number of controlling officers who have not reconciled (October 1980) their figures up to the end of 1979-80 and the amounts which require reconciliation are indicated below year-wise:—

Year	*Number of controlling officers*	*Amount unreconciled (in lakhs of rupees)*
1976-77	1	6.09
1977-78	7	1,06.65
1978-79	30	15,85.26
1979-80	58	51,84.82

Departments with heavy arrears are noted below:

Department	*Number of certificates*	*Amount unreconciled (in lakhs of rupees)*
Health	157	30,68.12
Higher Education	445	14,63.66
Revenue	145	5,87.40
Taxes	24	3,53.99
General Administration	47	2,44.00
Home	53	63.28
General Education	20	13.39

2.9. Withdrawal of funds in advance of requirements

(a) The financial rules of Government prohibit drawal of money from the treasury unless it is required for immediate disbursement. According to details furnished to Audit, thirty-nine drawing and disbursing officers drew Rs. 1,12.55 lakhs in March 1980 and earlier months and retained the money either in the cash chest (in the form of cash or bank drafts) or in deposit account with the treasury/bank. Of this, a sum of Rs. 5 lakhs drawn in March 1979 was refunded in April 1980. Out of the balance of Rs. 1,07.55 lakhs drawn in March 1980 and earlier months, Rs. 62.42 lakhs were disbursed between April and December 1980; information regarding the disbursement of the remaining Rs. 45.13 lakhs is still awaited (February 1981).

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

(b) A sum of Rs. 10 lakhs was drawn by the State Adult Education Officer, Trivandrum, in March 1979, under the State Adult Education Programme (drawn up broadly in conformity with the National Adult Education Programme) being implemented in the State from October 1978. The amount was sent (March 1979) by means of demand drafts (Rs. 2 lakhs each) to the District Collectors, Cannanore, Kozhikode, Malappuram, Palghat and Idukki. Out of this amount, no expenditure was incurred by the District Collectors of Palghat and Cannanore to the end of June 1980 while expenditure incurred in the three other districts till then was Rs. 2.50 lakhs only (Kozhikode: Rs. 0.52 lakh; Malappuram: Rs. 0.28 lakh; Idukki: Rs. 1.70 lakhs). Detailed instructions for utilisation of the amount were issued by Government only in June 1980. The drawal of Rs. 10 lakhs in lump in March 1979 was done apparently with a view to avoiding lapse of funds.

(c) *Banasurasagar Irrigation Project*

Banasurasagar Irrigation Project, the preliminary works on which were sanctioned only in July 1980 is to form part of the Kuttiadi Augmentation scheme (a multi purpose project) of which a hydro electric project is a component. Both the irrigation and hydro electric projects are proposed to have a common reservoir which is to be constructed by the Kerala State Electricity Board. The construction cost is proposed to be shared between the Irrigation Department and the Board. The schematic estimate of the irrigation project which is still awaiting clearance from the Central Water Commission provides for payment of Rs. 1,39.05 lakhs to the Kerala State Electricity Board towards construction cost of head works.

Even before the project was sanctioned by Government, two sums of Rs. 10 lakhs and Rs. 25 lakhs were drawn on 31st March 1979 and 31st March 1980 respectively by the Executive Engineer, Karapuzha Irrigation Project, Kalpetta and paid to the Board. The Chief Engineer stated (October 1980) that since the Government had already decided to go ahead with the project, the provision was utilised by the Department for meeting the share due to the Board instead of allowing the funds to lapse and that Government had been moved (in September 1979 and June 1980) for ratification of the payment.

The matter was reported to Government in August 1980; reply is awaited (January 1981).

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

(AGRICULTURE)

3.1. Cashew Development Schemes

With the object of increasing the area under cashew and increasing the productivity of cashew plantations by improved cultural, manurial and plant protection practices, several cashew development schemes have been launched by the State Government. Particulars of four such schemes implemented during the Fifth Five Year Plan and expenditure incurred on each during the period 1975-76 to 1979-80 are given below:

Sl. no.	*Name of the scheme*	*When launched*	*Expenditure from* 1975-76 to 1979-80 (*in lakhs of rupees*)	*Remarks*
1.	Development of cashew cultivation in private gardens	1972-73	1,73.11	Though started as a State plan scheme, it was implemented as a Centrally sponsored scheme from 1976-77 onwards (cost of staff and office support only is borne by State Government from 1976-77).
2.	Laying out Demonstration Plots in growers' orchards	1970-71	34.28	Implemented as a Centrally sponsored scheme from 1970-71 onwards.
3.	Establishment of progeny orchards for cashew	1976-77	7.34	Centrally sponsored scheme
4.	Plant protection measures in non-departmental cashew plantations.	1975-76	13.38	State scheme

The first three schemes taken up/converted as Centrally sponsored schemes were eligible for 100 *per cent* subsidy from the Government of India till 1979-80 when the quantum of assistance was reduced to 50 *per cent*.

The subsidy received by the State Government from Government of India during the three years from 1976-77 to 1978-79 for implementing cashew development schemes in departmental and non-departmental areas amounted to Rs. 76.43 lakhs.

The following points were noticed during a review of the schemes conducted during September/October 1980.

I. *Development of cashew cultivation in private gardens*

(i) According to departmental instructions (February 1978), cashew seednuts procured from demonstration plots were to be paid for at Rs. 7.32 per kg., i.e. at 20 *per cent* above the rate (Rs. 6.10 per kg.) notified by Government for purchase of raw nuts by the Kerala Co-operative Marketing Federation Limited. However, 60,500 kg. of seednuts procured from the Plantation Corporation of Kerala Limited—a Government company—(44,500 kg. during 1978-79, 12,000 kg. during 1979-80 and 4,000 kg. during 1980-81) and 6,800 kg. of seednuts procured from departmental farms (2,800 kg. during 1979-80 and 4,000 kg. during 1980-81) were paid for at Rs. 11 per kg. and Rs. 10 per kg. respectively. The resultant extra expenditure was Rs. 2.41 lakhs.

(ii) Since the inception of the scheme, the department had been successfully using polythene bags of specification 15 cm x 22 cm x 150 gauge for raising cashew seedlings. During 1979-80, the department, however, procured 4,000 kg. of 200 gauge bags for raising the seedlings. Computed with reference to the cost of 150 gauge bags procured during the 1979 season, the extra cost on the 200 gauge bags purchased during 1979-80 amounted to Rs. 0.58 lakh. The size indented for by the Joint Director of Cashew Development in June 1979 was 150 gauge. The reasons for the change in size which was effected by the Directorate are awaited. According to the Joint Director (June 1980), 150 gauge bags were adequate for the purpose.

(iii) The scheme as per the State pattern implemented during 1976-77 and 1977-78 was to cover plots of 0.2 to 8 hectares in extent. But holdings of less than 0.2 hectare were brought under its purview to the extent of 303.83 hectares. Information regarding the total assistance paid to owners of such plots was awaited (February 1981).

(iv) Detailed records* for assessing the impact of the scheme have not been maintained. According to the Joint Director of Agriculture, Cashew Development, Calicut (April 1980), survival of planting was between 30 and 40 *per cent* against 75 *per cent* envisaged in the scheme; under the State scheme, the second and third year subsidy was payable only if the survival rate was not less than 75 *per cent*.

II. *Laying out demonstration plots for improved practices in cashew cultivation in growers' orchards*

(i) The scheme was intended to demonstrate the efficacy of improved farm practices in increasing yield. For the purpose, plots (area per plot: not less than 0.8 hectare) with 160 yielding trees were to be selected, the trees were to be treated with fertilisers and plant protection chemicals (provided by the department, free of cost) for a period of 3 years and the yield during the period was to be charted and compared with the corresponding yield from untreated control plots of the same extent selected along with the demonstration plots.

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* Stock registers of seed nuts, nursery account, register of beneficiaries and subsidies disbursed and completion reports.

The targets and achievements under the scheme were as under:

Year	*Targets* *No. of plots*	*Amount sanctioned (in lakhs of rupees)*	*Achievements* *No. of plots maintained*	*Expenditure (in lakhs of rupees)*
1974-75	400	1.97	225	1.20
1975-76	1,600	5.31	1,197	3.64
1976-77	3,200	10.47	2,926	8.60
1977-78	2,400	12.00	2,711	11.60
1978-79	1,600	9.22	1,686	8.10
Vth Plan total	9,200	38.97	8,745	33.14
1979-80	400	2.91	400	2.33

The shortfall during 1974-75 and 1975-76 was attributed to non-availability of staff and slackness on the part of implementing officers. The reasons for lowering the targets during 1978-79 and 1979-80 are awaited (December 1980).

(ii) Impact of the scheme was to be assessed by comparing the yield data collected every year from demonstration plots and control plots. Yield data registers maintained by the department were incomplete rendering evaluation difficult; this was ascribed to lack of staff. Though the scheme envisaged an increase in production of 150 kg. per acre in the plots, test-check of available yield records in two districts (Cannanore District and Calicut District) showed that there was no increase in production in the plots in Calicut District and that the increase was only 15 kg. to 50 kg. per acre in the plots in Cannanore District. Government stated (February 1981) that the Director of Agriculture was being asked to take immediate steps to assess the impact of the programme.

III. *Establishment of progeny orchards for cashew*

(i) The object of the scheme is to establish clonal orchards of cashew raised from superior seeds evolved at research stations and from high yielding trees of merit located in private orchards to serve as large scale units for propagation materials.

The target was to establish 3 orchards of 40 hectares each at an aggregate estimated cost of Rs. 1.19 lakhs during 1975-76. No planting was, however, done during 1975-76. Two orchards (40 hectares and 11 hectares) were planted during 1976-77 at a cost of Rs. 0.84 lakh. Another orchard of 40 hectares was planted during 1977-78, spending Rs. 0.54 lakh. Thus against 120 hectares targeted, planting had been done only in 91 hectares. The delay in planting and shortfall in area were attributed by the department to delay in transfer of land from other departments.

(ii) According to the technical programme of raising the orchards, they were to be isolated from other plantations, if necessary, by planting casuarina along the border to prevent wind pollination. There were 450 existing cashew trees in the two orchards in Cannanore District and 3,117 heavily infested cashew trees in the orchard in Trivandrum District; they have not been felled and removed even though the newly planted seedlings have started flowering. The proximity of these trees had affected the purity and growth of the newly planted seedlings in Trivandrum District; their survival rate was less than 50 per cent. The casuarina seedlings planted in the orchards during 1978-79 to 1980-81 at an estimated cost of Rs. 0.14 lakh would serve no purpose as long as the old trees continued to exist.

(iii) Fertilisers were not applied during 1978-79 to the seedlings planted in the orchard in Trivandrum even though all improved practices of cultivation were required to be adopted in maintaining the orchards; reasons for non-application are awaited. Prophylactic spraying of the young seedlings against tea-mosquito attack was done during 1979-80 but the old trees in the orchard were not covered by the spraying with the result that the attack spread to the air layers. The spraying done in 1979-80 (approximate cost: Rs. 0.29 lakh) was thus ineffective in achieving the objective.

(iv) The standard rates laid down by the Government of India for cultivation charges in the progeny orchards were Rs. 600 per hectare during the first year, Rs. 300 per hectare during the second year and Rs. 200 per hectare each during the third and fourth years. At these rates, the estimated expenditure on planting two orchards of 40 hectares each in 1976-77 and 1977-78 in Cannanore District and maintaining them till 1979-80 amounted to Rs. 0.96 lakh. Against this, the actual expenditure was Rs. 2.57 lakhs, the excess (Rs. 1.61 lakhs) being 168 *per cent.* In Trivandrum, the estimated expenditure at standard rates for raising one orchard of 11 hectares in 1976-77 and maintaining it thereafter (the area of the orchard was reduced to 6.5 hectares in 1979-80 of which 2.5 hectares had to be re-planted) till 1979-80 was Rs. 0.22 lakh. The actual expenditure during 1976-77 to 1979-80 was Rs. 0.91 lakh. The excess (Rs. 0.69 lakh) worked out to 314 *per cent.* The reasons for the excesses in both the districts are awaited (October 1980).

(v) The Director, Cashew Development, Cochin during his visits of the orchards in Cannanore District in August 1980 found most of the trees attacked by tea-mosquito and observed that performance of the orchards was not satisfactory.

Admitting that there were shortcomings in the implementation of the programme, Government stated (February 1981) that the Director of Agriculture was being instructed to take corrective steps.

IV. *Scheme for adoption of plant protection measures in non-departmental cashew plantations*

The scheme envisaged adoption of effective plant protection measures for the control and prevention of pests and diseases in non-departmental cashew plantations. Under this scheme sanctioned by the Government in February 1976, two rounds of spraying would be done by the department at its cost and to ensure beneficiary participation, a nominal charge of 10 paise per tree would be collected from the cultivators of the selected plantations. An area of 5,000 hectares spread over three districts was covered by the scheme during the period from 1975-76 to 1978-79 at a cost of Rs. 7.35 lakhs. A test check conducted by Audit showed that—

(i) no yield records of plantations brought under the scheme were maintained to evaluate the benefits derived from the scheme which contemplated additional production of cashew at the rate of 100 tonnes per year progressively during the four year period;

(ii) prescribed registers were not maintained by the district officers. According to the working instructions issued by the Director of Agriculture, the Cashew Development Officers were required to maintain a register containing details such as (i) name of the cultivator, (ii) area covered by spraying, (iii) number of trees sprayed, (iv) quantity and value of chemicals used, (v) quantity of feeds and lubricants used, (vi) labour charges paid and (vii) amount collected from the beneficiaries for the effective implementation of the scheme. In the absence of the above registers, it is difficult to ensure that the scheme has been implemented effectively; and

(iii) BHC 50 *per cent* was used for spraying during 1975-76 to 1978-79 and Carbaryl 50 *per cent* during 1979-80, though according to the Joint Director of Agriculture, Cashew Development (September 1980), Endosulphin was the chemical best-suited for spraying in cashew plantations. The reasons for not using Endosulphin and for substituting Carbaryl 50 *per cent* during 1979-80 for BHC 50 *per cent* (which was effectively used in earlier years) involving an extra expenditure of Rs. 0.92 lakh are awaited (October 1980).

V. *Impact of the programme*

Notwithstanding implementation of the various schemes mentioned above, the annual production of cashew-nuts in the State as a whole has declined from 1.18 lakh tonnes* in 1974-75 to 0.90 lakh tonnes** in 1978-79 and export of cashew kernel from the State has dwindled from 55,865 tonnes in 1974-75 to 26,880 tonnes in 1978-79. Government admitted (February 1981) that the decline in the production of cashew in the State despite implementation of the various cashew development schemes was a serious matter and stated that action was being taken to evolve measures to improve the position.

Summing up

The main points that emerge from the foregoing paragraphs are given below:—

(i) Payment of higher rates for seednuts procured and use of bigger size bags for raising seedlings had resulted in an extra expenditure of Rs. 2.99 lakhs between April 1978 and September 1980.

(ii) The performance of the progeny orchards ~~in Cannanore District~~ (expenditure to end of March 1980: Rs. 7.34 lakhs) was not satisfactory; the trees in the orchards have not been isolated from other plantations of poor stock to prevent wind pollination.

(iii) Prophylactic spraying done in Trivandrum during 1979-80 (approximate cost: Rs. 0.29 lakh) was ineffective.

(iv) Use of costlier chemicals during 1979-80 instead of less costly chemicals which were found effective in earlier years resulted in an extra expenditure of Rs. 0.92 lakh.

(v) Prescribed registers were not maintained by the district officers to evaluate the effectiveness of the plant protection measures and to assess the increase in yield.

(vi) Despite the implementation of various schemes, the annual production of cashew in the State has declined from 1.18 lakh tonnes in 1974-75 to 0.90 lakh tonnes in 1978-79.

3.2. Special Agricultural Development Unit

The programme undertaken by "Special Agricultural Development Unit" forms part of the Kerala Agricultural Development Project sanctioned by Government in December 1976. The main activities envisaged in the programme covering a span of 7 years are new planting of high yielding

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Sources: *Evaluation series No. 35 of State Planning Board.

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coconut trees in 5,000 hectares, rehabilitation of coconut plantations in 30,000 hectares, provision of minor irrigation facilities in 8,500 hectares of coconut areas, rehabilitation of pepper in 10,000 hectares and establishment of a seed garden complex (435 hectares) for coconut, cashew, cocoa and spices. Out of the estimated outlay of Rs. 62.10 crores, Rs. 6.30 crores were proposed to be met from budgetary sources of Government and the balance from institutional sources. The project envisaged setting up of 105 field units (each consisting of 1 Junior Agricultural Officer and 2 Agricultural Demonstrators). The units were to function as the link between the farmers and the financing institutions. The personnel of the units were responsible for preparation of development plans to enable farmers to avail credit from financing banks, besides undertaking extension work. Twenty-two of the units were set up during 1977-78, 53 during 1978-79 and 30 during 1979-80.

A review of the implementation of the programme conducted during May-June 1980 disclosed the following:

(i) Total expenditure incurred by Government up to March 1980 was Rs. 2,01.64 lakhs (32 *per cent* of the total outlay for seven years anticipated to be met by Government) while the assistance provided by banks to farmers during the same period was Rs. 2,82.69 lakhs only. (5 *per cent* of the total outlay estimated to be met from institutional sources). The break-up of the expenditure met by Government was as follows:

(In lakhs of rupees)

Pay and allowances, contingencies, etc., of field units	1,14.59
Seed garden complex	26.51
Centrally sponsored package programme for coconut and pepper	3.65
Project evaluation unit	1.99
Grants to Kerala Agricultural University	54.90
Total	2,01.64

Compared to the quantum of institutional finance (Rs. 2,82.69 lakhs) provided to the farmers, the establishment expenditure on field units was disproportionately high.

(ii) The area covered under the various activities and the assistance provided by banks to end of March 1980 are given in the following table:—

Activity	No. of field units engaged	Area Development: Area targeted to be covered (hectares)	Actual area covered (hectares)	Percentage of coverage	Financial outlay: Target (in lakhs of rupees)	Actuals (in lakhs of rupees)	Percentage
Coconut rehabilitation	71	15,381	1,850.07	12	4,89.74	1,05.89	22
Coconut new planting	10	2,750	1,029.00	37	1,90.28	44.68	23
Pepper rehabilitation.	20	6,875	3,124.32	45	3,58.28	1,32.22	37

The reasons attributed ~~for~~ to the shortfall were reluctance of the farmers to avail of the facilities for long term credit (on account of high rate of interest, traditional attitude of the farmers, etc.), inadequacy of extension efforts and defective choice of places for location of some of the field units. Some instances where there has been defective choice of places are given below:—

(a) In sixteen coconut rehabilitation units (Cannanore: 8; Kozhikode: 4 and Malappuram:4) the area covered up to 1979-80 under coconut rehabilitation was 111 hectares against a target of 4,382 hectares, achievement being less than 4 *per cent*. Total establishment expenditure incurred on these 16 units up to 1979-80 was Rs. 8.18 lakhs. The extension personnel attached to 15 of these units were withdrawn from 1st April 1980. The Director stated (November 1980) that extension work in these units was being continued by making additional charge arrangements.

(b) The achievement of another unit at Kadinamkulam (Trivandrum District) started in February 1978 was 'nil' against the physical and financial targets of 150 hectares and Rs. 6.36 lakhs respectively fixed for the period up to 1979-80. Establishment expenditure incurred on the unit to the end of March 1980 (when the staff were withdrawn from the unit and posted elsewhere) amounted to Rs. 0.73 lakh. According to the department, the programme could not be implemented there as the financing institution was not agreeable to giving loans for construction of filter point tube wells in the area in view of its proximity to the sea coast.

(iii) Against 2,543 pumpsets proposed to be installed up to the end of 1979-80, the number actually installed was 462 (18 *per cent*). Of these, 207 pumpsets (45 *per cent*) have not been energised for reasons such as slow progress of electrification works and dearth of line extension materials (like posts, transformers, cross arms, etc.) with the Kerala State Electricity Board.

(iv) One of the activities entrusted to SADU is the establishment of a seed garden complex for coconut, cashew, cocoa and spices in about 435 hectares to meet the future needs of high yielding, disease-tolerant/resistant and otherwise superior quality seeds for bringing more areas under cultivation of plantation crops. The project cost of the seed complex is estimated as Rs. 1,07.90 lakhs. For starting the complex, an area of about 435 hectares of forest land in Munderi has been set apart. Of this, only an area of 301.47 hectares has been transferred to SADU so far (March 1980). Action is stated to be in progress for transfer of the remaining area. Infrastructure facilities like roads, staff quarters, camp shed, irrigation facilities, electric connection, etc., are still to be provided in the complex (November 1980), although half the span of the project is already over.

Twenty-five hectares of the area were planted with cashew (10 hectares) and pepper (15 hectares) during 1979-80. In the absence of irrigation facilities in the complex, survival rate was very low; only 65 out of 1,735 cashew layers planted are reported to have survived.

The facts stated in the paragraph were confirmed by Government in November 1980.

3.3. Avoidable payment of interest

A scheme for direct departmental cultivation of paddy in Q, S and T Blocks of Kuttanad Kayal* area was sanctioned by Government in September 1972. Dewatering of the area was arranged by the Agriculture Department during 1972-73 and 1974-75 and by the Puncha Special Officer during 1973-74.

In April 1979, Rs. 2.94 lakhs were paid by the Joint Director of Agriculture, Alleppey to the Kerala State Electricity Board towards charges for supply of electricity for the dewatering operations done during 1972-73 to 1974-75. Out of this, Rs. 1.38 lakhs represented interest (at 12 *per cent* per annum), charged by the Board for belated payment of electricity dues. The Joint Director stated (March 1979) that the payment of electricity charges was not effected earlier due to non-receipt of invoices from the Board. It was, however, observed in audit that:

(i) while forwarding the invoice for Rs. 2.94 lakhs to the Joint Director in March 1979, the Electricity Board had observed that the original invoices had been sent then and there on finalisation of the assessment of current charges; and

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* Backwaters

(ii) the Board had in addition furnished to the Joint Director duplicate copies of invoices for Rs. 1.73 lakhs in March 1976; they were returned by the department insisting on production of the originals.

The standing instructions issued by the Electricity Board stipulate that non-receipt of invoices is not a valid reason for non-payment of electricity charges and that in case the invoices are not received before the expiry of the month following that in which meter-reading is taken, the consumers are to contact the concerned offices of the Board and make payment after ascertaining the particulars of the dues. As such, there was no justification for the department to delay the payment of electricity dues.

(ANIMAL HUSBANDRY)

3.4. Jersey Cattle Breeding-cum-Cross Bred Farm

In March 1974, Government sanctioned the establishment of a Jersey cattle breeding farm at Vithura in Trivandrum District. The object of the farm was to produce bulls with 62.5 *per cent* jersey blood which were to constitute the breeding bulls of jersey stock for the entire State. The farm was to undertake (i) pure line breeding of jersey heifers and (ii) cross-breeding of selected local cows with pure line jersey bulls. The farm was expected to make available on an average 20 cross-bred bulls with 62.5 *per cent* jersey blood every year from the fifth year of its operations. In the scheme sent to Government by the Director of Animal Husbandry in August 1974, the expenditure on the farm during the five years from 1974-75 was estimated as Rs. 65 lakhs (non-recurring: Rs. 49.85 lakhs; recurring items: Rs. 15.15 lakhs). Expenditure incurred till the end of 1979-80 was Rs. 54.64 lakhs.

An audit review of the implementation of the scheme, conducted in February-March 1980, disclosed the following points:-

(1) *Non-approval of project report*

Detailed project report for the establishment of the farm was sent by the Director of Animal Husbandry in May 1973. After the site was selected (March 1974), the department submitted a revised scheme to Government in August 1974. Pending formal approval, implementation was started by the department in 1974-75. Final orders approving the project report are yet to be issued by Government (December 1980). The department stated (January 1981) that though formal sanction approving the project report had not been issued, sanction for the implementation of the project was being issued by Government from year to year depending upon the availability of funds.

(2) *Selection of site*

According to the project report, the farm was to have a minimum area of 1,000 acres enjoying favourable climatic conditions and suitable for fodder cultivation. The area was also to have irrigation, communication and marketing facilities. A site in Vithura village was selected by Government in March 1974 for the location of the farm on the basis of a report (July 1973) of the Director of Animal Husbandry that it possessed all the physical facilities required for the farm. In March 1974, Government directed the Forest Department to transfer 400 acres of land to the Animal Husbandry Department and accordingly 160.86 hectares (397.50 acres) of land were transferred to the latter department till March 1980. The site actually transferred is, however, about 15 km. away from the original site pointed out by the Director of Animal Husbandry. Reasons for the change were not available with the department. The Assistant Project Officer in charge of the farm stated (February 1980) that the working of the farm in its present location suffered from many handicaps owing to remoteness of the locality, lack of transport facilities, extreme climate and inadequate facilities for sale of milk.

In certain portions of the transferred area, there were encroachments, the extent of which could not be determined as the area has not yet been surveyed (March 1981).

(3) *Land development*

According to the project report as revised in August 1974, land development works in the farm were to be completed by 1977-78 at an estimated cost of Rs. 6 lakhs. As at the end of February 1980, only preliminary soil conservation measures had been carried out in 39 hectares of the farm, utilising the services of the farm labourers. The cost of these works was not ascertainable as no record was kept indicating the number of workers engaged on the work and the period during which the work was executed. Soil conservation works of a permanent nature have been completed only in an area of 20 acres (February 1981).

(4) *Construction works*

The detailed project report as revised in August 1974 envisaged construction of sheds to house the animals, quarters for staff, building for stores, veterinary dispensary, office building, bull station, slurry pit, dung platform, etc., at an estimated cost of Rs. 21 lakhs. The works were to be completed by 1977-78. Action for starting the construction works was initiated by the department only in May 1976. In October 1977, Government ordered that the civil works of the farm be entrusted to the Kerala State Construction Corporation Limited (an undertaking of the State Government). Accordingly, the construction of veterinary dispensary building, 7 staff quarters, 3 cow sheds, a calving pen, a hay store, labour lines, etc., estimated to cost Rs. 12.10 lakhs in all was entrusted to the Corporation between March 1978 and March 1979. These works have not been completed (December 1980).

(5) *Purchase of cattle*

According to the project report, 100 pure jersey heifers/cows were to be maintained in the farm as foundation stock for pure line breeding. Forty-eight jersey heifers imported from Australia in 1972 (which were stationed at Mannuthy and Kolahalamedu) were to be transferred to the farm as the initial foundation stock and the remaining 52 jersey heifers/cows were to be purchased through the Government of India from foreign countries. By the time the department started the farm, 24 of the jersey heifers/cows received from Australia as a free gift under the Colombo Plan (cost assessed as per the price schedule of animals of departmental farms: Rs. 0.70 lakh) had died or had been sold. The remaining 24 were transferred to the farm in August 1976. Of these, 10 died of illness betweeen August 1976 and September 1979 and 2 others were auctioned in February 1977 and April 1977. In October 1979, six of the imported cows were culled out for destruction as they were unsuitable for breeding.

Purchase of 52 heifers/cows from foreign countries envisaged in the project report, has not yet materialised (February 1980). In February 1980, the department purchased at a total cost of Rs. 1.73 lakhs (including incidental and transportation charges) 29 jersey heifers from Rajasthan Co-operative Dairy Federation, and 6 heifers from Bharatiya Agro Industries Foundation, Poona. Thus, at the end of February 1980, the farm had only 6 imported cows and 35 jersey heifers to constitute the foundation stock as against 100 contemplated in the scheme.

(6) *Breeding operations*

(a) *Pure line breeding*

A breeding programme for the farm is yet to be chalked out and approved. The project report envisaged pure line breeding of jersey cows using frozen semen of high pedigree bulls obtained from breeding associations of advanced countries. Breeding operations have, however, been undertaken with frozen semen received from Dairy Development Department and Kerala Livestock Development and Milk Marketing Board Limited. Pure line breeding in the farm came to a stand still in November 1979 owing to non-availability of semen. As a result, 31 cows due for impregnation could not be inseminated during the period November 1979 to March 1980.

During the period 1975-76 to 1979-80, 37 bulls were born in the farm of which 15 were distributed among the Key Village Centres in the State. Of the rest, nine died and the remaining 13 are now maintained in the farm.

According to the project report, the bulls born in the farm were to be distributed on the basis of performance records. No such evaluation of performance was seen to have been done before distribution. The department stated (January 1981) that detailed evaluation of the bulls would be done in collaboration with other agencies.

A bull's potential is to be tested with reference to the milk production by its progeny. No such testing has been conducted so far (December 1980).

(b) *Cross breeding*

In terms of the projections made in the project report, an average of 20 cross bred bulls of 62.5 *per cent* jersey blood were to be made available by the farm every year from the fifth year of its operations. Though the work on the farm was started in 1974-75, cross breeding operations are yet to be commenced (March 1980) as local cows had not been purchased. The department stated (January 1981) that action for purchase of indigenous heifers had already been initiated and that production of cross-bred bulls would begin during 1984-85.

(c) *Insemination index*

According to the Indio-Swiss Cattle Breeding Dairy and Agriculture Research Centre, Madupatty, the average insemination index (number of inseminations for every calf birth) is 2.1 for pure line Brown Swiss animals and 2.2 for animals having no foreign blood. Against this, the average number of inseminations per calf birth in the farm worked out to the very high index of 6.6.

(d) *Conception rate*

Out of 8 heifers inseminated during 1976-77, only 5 conceived. Thus the conception rate during 1976-77 was 62.5 *per cent*. This declined to 20.6 *per cent* by 1979-80. The Assistant Project Officer stated (March 1980) that the fall in conception rate was due to infertility conditions like mastitis, ovarian degenerations, abortions, etc., and that the breeding efficiency of the cows would be investigated.

(7) *Calf birth*

As a result of artificial inseminations conducted at the farm 60 calves were born till the end of February 1980. Of these, 5 born between December 1976 and October 1977 belonged to Holstien breed and not to jersey breed. On enquiry (June 1977), it transpired that 30 doses of jersey semen supplied by the Department of Dairy Development in August 1977 included by mistake semen of 1 bull of Holstien breed. Of the 5 Holstien calves born in the farm, two died and one was transferred to District Veterinary Office, Cannanore. The remaining 2 were ordered by the Director of Animal Husbandry in October 1977 to be transferred to Drystock Farm, Palode; the transfer is yet to be effected (January 1981).

(8) *Mortality of animals*

The percentage of mortality of the animals in the farm rose from 6.85 *per cent* in 1977-78 to 18 *per cent* in 1978-79. According to the Chief Disease Investigation Officer, Trivandrum, the high mortality rate was due to diseases like entiritis, bronchitis, pneumonia and hepatatis. Investigation of the causes for the prevalence of such diseases and remedial measures to prevent recurrence are yet to be initiated.

(9) *Fodder cultivation*

Out of the 160.86 hectares transferred by the Forest Department for starting the farm, only 91.11 hectares are arable. The area actually brought under fodder cultivation till February 1980 was only 37 hectares. The average daily supply of fodder per head of cattle during 1976-77, 1977-78 and 1978-79 ranged between 14 and 18 kilograms as against 40 kilograms envisaged in the project report.

(10) *Milk production*

In the project report it was anticipated that the milk obtained from each yielding cow would be about 3,000 litres (2,912 kg.). The actual production was much less as indicated in the following table:

Year	*Total milk production (in kilograms)*	*Average number of lactating cows*	*Average yield per cow*	*Average daily yield per cow*
			(in kilograms)	
1976-77	50,353	23	2,189	6
1977-78	43,630	24	1,818	5
1978-79	34,493	22	1,568	4.3
1979-80 (up to January 1980)	16,495	17	970	3.2
Total	1,44,971			

The average yield declined from 2,189 kilograms in 1976-77 to 970 kilograms in 1979-80. The low yield was attributed (March 1980) by the Assistant Project Officer to defects like infertility problems, subclinical mastitis, abortions, etc.

Out of the 1.45 lakh kilograms of milk produced during the four year period ending 1979-80 (upto January 1980) 1.04 lakh kilograms were sold to Kerala Livestock Development and Milk Marketing Board Limited, 0.31 lakh kilograms were fed to the calves and the balance (0.10 lakh kilograms) was sold to the staff and the canteen.

(11) *Purchase of tractors*

The department purchased a 25 H.P. tractor (with trailer) in March 1976 at a cost of Rs. 0.52 lakh and another (50 H.P.) in March 1978 at a cost of Rs. 0.82 lakh for transport of fodder, manure, etc., and for being used in agricultural operations. On account of the undulating topography of the farm the 25 H.P. tractor could be used only for limited purposes. During the period from July 1976 to April 1978, it could be used only for about 58 hours a month. Thereafter it was under repair and was transferred to the District Livestock Farm, Kodappanakunnu in September 1979. The Project Officer stated (March 1980) that the 25 H.P. tractor was not suited to the terrain of the farm. The 50 H.P. tractor had been used only for 74 days since its purchase, the average utilisation per month being not more than 5 days. No tractor driver had been appointed in the farm. The 50 H.P. tractor was operated by casual labourers till November 1979 and since then it has been lying idle. The Assistant Project Officer stated (March 1980) that the 50 H.P. tractor was also a failure and that when it was used for ploughing, the hidden rocky strata damaged its tyres necessitating discontinuance of its use in further ploughing operations. The Director of Animal Husbandry stated (January 1981) that the 50 H.P. tractor had since been transferred to Jersey Farm Extension Unit, Palode.

(12) *Employment of casual labourers*

The strength of casual labourers employed in the farm from 1976-77 to 1979-80 ranged between 123 and 136. The labour strength of the farm on the basis of animals maintained has not been fixed. The Director of Animal Husbandry stated (March 1980) that the strength of the casual workers in the farm had not been fixed as the full complement of animals had not been maintained in the farm.

In June 1979 Government directed the Director of Animal Husbandry to ensure fixation of work norms in all departmental farms. Work norms in respect of various operations conducted in the jersey farm have not, however, been fixed yet. In the absence of such norms, adequacy of out-turn could not be ensured.

(13) *Remodelling of the farm*

When Government decided in March 1974 to establish a jersey farm at Vithura, a bull station for rearing jersey animals was already functioning at Dhoni in Palghat District under the Animal Husbandry Department. The necessity of a separate farm at Vithura came up for fresh consideration and Government appointed (August 1978) an expert Committee to conduct an in-depth study to determine the size, utility and prospects, etc., of the farm at Vithura and its complementary role with the bull station at Dhoni. The Committee submitted its report in December 1978. Based on the recommendations contained therein, Government ordered in March 1979 (i) to develop the farm at Vithura into a major breeding farm, (ii) to convert the drystock farm at Palode into an extension unit of the jersey farm, (iii) to transfer the work of bull-rearing done at the farm to the bull station at Dhoni and to transfer all bull calves produced at the farm to the bull station, (iv) to purchase 50 imported heifers immediately and to purchase another 50 jersey heifers and 300 local heifers of good quality in the subsequent years and (v) to continue pure line breeding in the farm at Vithura only for a limited period and to convert it as a full-fledged cross-bred farm. Except for converting the dry-stock farm at Palode into an extension unit of the jersey farm in August 1979, further action to remodel the farm at Vithura had not been taken yet (March 1981).

Summing up

The following are the main points that emerge:

(i) The project report on the farm has not yet been approved by Government.

(ii) The working of the farm in its present location suffered from handicaps owing to remoteness of the locality, lack of transport facilities, etc.

(iii) Nearly half the area of the farm was not arable.

(iv) Cow sheds, office building, calving pen, veterinary dispensary, etc., have not been constructed even though it is more than five years since the farm was started.

(v) Though Rs. 54.64 lakhs have been spent on the farm till the end of March, 1980, all that the farm could achieve since its commencement in 1974-75 was only pure-line breeding and that too on a limited scale, with the available jersey heifers/cows. Although it is more than five years since it started functioning, the full complement of the foundation stock of 100 jersey heifers for pure-line breeding had not been built up, nor has any action been taken for purchase of selected local cows to start cross-breeding. At the end of February 1980, the farm had only six imported cows and 35 jersey heifers to constitute the foundation stock as against 100 contemplated in the scheme.

(vi) Mortality rate of animals in the farm increased from 6.85 *per cent* in 1977-78 to 18 *per cent* in 1978-79, reasons therefor have not been investigated.

(vii) Out of 91.11 hectares of arable area of the farm, fodder cultivation has been done only in 37 hectares.

(viii) The remodelling of the farm ordered by Government in March 1979 had not been done.

The department's views incorporated in the paragraph were endorsed by Government in January 1981.

(FOREST)

3.5. Departmental cultivation of cardamom

In January 1969, Government accorded sanction to the Forest Department to undertake cultivation of cardamom in 2,000 hectares in the catchment area of Pamba and Kakki Reservoirs of the Sabarigiri Project. A project report for the scheme was prepared only in September 1973; however, between January 1969 and September 1973, plantations were raised in 145 hectares against a target of 500 hectares. After September 1973, no area was planted till October 1976 when the plantation was transferred to the Kerala Forest Development Corporation (a company owned by the State Government). The Conservator of Forests, Quilon stated (May 1976) that non-planting of further areas after 1972-73 was due to rivalry between labour unions and the defiant attitude of labour. The total expenditure on the scheme up to October 1976 was Rs. 12.18 lakhs (cost of planting: Rs. 4.36 lakhs; expenditure on maintenance including cost of establishment and wages to mazdoor: Rs. 7.82 lakhs). The total revenue from the disposal of yield till then was Rs. 0.37 lakh.

The following further points were noticed in audit:-

(i) Against the per hectare cost of Rs. 100 estimated in the scheme for maintenance of the plantations, the actual maintenance cost excluding wages of mazdoors and cost of establishment till the date of transfer to the Corporation, worked out to Rs. 2,546 per hectare. The high cost was attributed by Government (September 1980) to department's lack of technical and practical knowledge in the formation and maintenance of cardamom plantations.

(ii) In the project report prepared in September 1973, the per hectare yield of cardamom was estimated as 25 to 50 kilograms during the first year of bearing (the third year of planting), 50 to 70 kilograms during the second year of bearing and 100 kilograms per year, thereafter. Computed at this rate, the estimated yield to the end of 1975-76 was 27.86 tonnes; against this, the actual yeild was 4.58 tonnes (1973-74: 0.13 tonne; 1974-75: 0.45 tonne; 1975-76: 4 tonnes). Though collection was made departmentally during 1972-73 and 1973-74, the right of collection was auctioned for Rs. 0.16 lakh in 1974-75 and for Rs. 0.17 lakh in 1975-76. During the years 1976-77 to 1978-79 when the plantation was under the Corporation, the yield was 2.3 tonnes against an estimated yield of 42.78 tonnes.

Government stated (March 1978 and September 1980) that the shortfall in yield was due to:-

(i) inadequacy of management at various stages;

(ii) inadequate provision of labour amenities leading to labour unrest;

(iii) absence of a curing kiln for drying the produce collected;

(iv) absence of a machinery to ensure plant protection and disease control measures and efficient harvest; and

(v) lack of infrastructural facilities such as roads, buildings for staff and labour, etc.

The project has either been launched without sufficient examination and realisitic appraisal of the actual conditions and yields of crop or it has been implemented without diligent supervision and control.

3.6 Economic plantations

Between 1956-57 and 1978-79, economic plantations (of teak, softwood, rose wood, balsa, etc.) were raised in 61,628 hectares, spending Rs. 5,66.69 lakhs. A test check by Audit in April/May 1980 of the records maintained in respect of the economic plantations raised by 5 out of 14 forest divisions in the State disclosed the following points:—

(1) According to the provisions in the Kerala Forest Code, each forest division where plantations are raised, has to maintain a plantation journal for recording the particulars of the various operations undertaken from survey of the forest area to the final felling of trees. In the divisions test checked, the plantation journals maintained were incomplete in as much as details of operations (pre-planting, planting, cultural, thinning, etc.) carried out, taungya† lease, height growth from time to time, state of health of the trees, etc. had not been recorded. Government stated (November 1980) that plantation journals of older plantation in most of the divisions were incomplete and that it was very difficult to update them for want of details of operations done in the past. It was further stated that plantation journals of younger plantations were almost up-to-date and that the divisional officers were being instructed to post in them the details of operations then and there.

(2) For raising teak plantations, 205 hectares of forest land in Manneera of Naduvathumuzhy Range (Konni Division) were clearfelled between November 1975 and November 1976 at a cost of Rs. 6.09 lakhs. Because of large scale encroachments in May 1977, no plantation has been raised in the area; plantings done in 85 hectares at a cost of Rs. 0.33 lakh in April 1977 were destroyed by encroachers in May 1977. Government stated (November 1980) that (i) though the departmental staff tried to prevent the encroachment, the encroachers outnumbered them; police help sought for was not readily available; (ii) based on a decision taken at Government level in February 1978, cases for forest offences registered against the encroachers were withdrawn unconditionally; and (iii) the remaining area could not be planted owing to severe resistance from nearby settlers.

†Cultivation of crops like paddy, tapioca, etc. as an inter-crop in plantation areas for keeping down weeds and giving the benefit of soil working to the plantations.

DEVELOPMENT DEPARTMENT

3.7. Food for Work Programme

The Food for Work Programme was launched in April 1977. Foodgrains were made available to the State Government by the Government of India, free of cost. Foodgrains so supplied were to be utilised by the State Government for payment of part or whole of the wages of labour engaged on the execution of public works in rural areas. The programme was intended to create durable community assets and maintain public works, generating additional gainful employment in rural areas.

The programme was implemented in the State from the close of 1977-78 onwards by the Development Department (designated as the Nodal Department under the programme) mainly through Community Development Blocks.

The works executed under the programme were mainly (i) formation and/or improvement of roads, (ii) minor irrigation works and (iii) construction of school buildings. Technical knowhow for execution of the works was provided by the engineering personnel attached to each Block. These works were got done through nominees of Panchayats (conveners) who engaged the labour and paid the wages. Foodgrains were issued by the Blocks to the conveners for distribution to the labourers towards part of their wages. The assets created out of the works belonged to Government and the programme covered all the 144 Blocks in the State. The approximate value of foodgrains issued to the State Government for implementation of the programme to end of March 1980 was Rs. 2,31.97 lakhs.

Results of an audit review, conducted in April-June 1980, of the implementation of the programme in eight Blocks (Cannanore, Ettumanoor, Kasargod, Kilimanoor, Kottarakkara, Mukhathala, Pallom and Vellanad) and scrutiny of the related records at the Collectorates at Cannanore, Kottayam, Quilon and Trivandrum and at the Development Department of Government are indicated in the succeeding paragraphs.

(i) Particulars of the foodgrains allotted by the Government of India through the Food Corporation of India (FCI) from 1977-78 to 1979-80 and utilisation by the State Government are indicated below:—

Year of allotment of foodgrains	*Quantity allotted by the Government of India*		*Quantity lifted by the State Government*		*Quantity lapsed*	
	Rice	*Wheat*	*Rice*	*Wheat*	*Rice*	*Wheat*
			(in tonnes)			
1977-78	Nil	6,000	Nil	5,625.9	Nil	374.1
1978-79	13,000	13,000	12,546.0	12,852.9	454.0	147.1
1979-80	32,659	Nil	23,104.7 (to end of March 1980)	Nil	Time for lifting extended by the Government of India up to end of March 1981.	
Total	45,659	19,000	35,650.7	18,478.8	454.0	521.2

Reasons for not lifting the entire quantity of foodgrains allotted by the Government of India called for in June 1980 are awaited from the State Government. Resources lost to the State Government on this account were Rs. 12.61* lakhs.

(ii) No consolidated record was available with the Nodal Department showing the total quantity allotted by the Government of India, the quantity lifted by the State Government and the quantity actually utilised on the works each year. It was, however, seen from the quarterly progress report † for March 1978, statement of utilisation of foodgrains during 1978-79 sent to Government of India in May 1979 and the monthly progress report ‡ for March 1980 that against 18,478.8 tonnes of wheat lifted to end of March 1980, the actual utilisation reported to the Government of India was 18,970 tonnes. Quantity of rice utilised to end of March 1980 was 32,694.4 tonnes against 30,650.8 tonnes lifted. Remarks of Government as to how the quantity of wheat reported as utilised exceeded the quantity lifted from the Food Corporation of India, called for in June 1980, are awaited.

(iii) Additional employment generated by the programme as reported by the State Government to the Government of India was as under:

1977-78	21,42,608 Mandays
1978-79	40,69,155 Mandays

Information regarding the employment generated during 1979-80 was not available with the Nodal Department, as the quarterly progress report for the period ending March 1980 had not been compiled (June 1980). The initial records based on which the figures of additional employment generated were arrived at by the State Government were not made available to Audit. The correctness of the figures reported to the Government of India could not, therefore, be checked. Government stated (November 1980) that action was being taken to collect and compile the details of additional employment generated during the past three years.

(iv) According to the accounting procedure for Food for Work Programme laid down by the Government of India in October 1979, effective from April 1978, the value of foodgrains distributed as wages is to be debited in the State accounts to the relevant functional head by contra-credit to the Major Head "287—Labour and Employment—Employment and Training—other expenditure—Generation of additional employment opportunities in rural areas on Public and Community works by utilisation of foodgrains". However, the expenditure by way of issue of foodgrains has not so far been incorporated in the State Government accounts as the requisite statements have not been

*Calculated at Rs. 1,200 per tonne of wheat and Rs. 1,400 per tonne of rice being the rate prescribed by Government of India for calculating the additionality in expenditure.

† Sent by the State Government to the Government of India in July 1978.

‡ Sent by the State Government to the Government of India in May 1980.

received from the departmental authorities. In the absence of the data relating to the total expenditure on the programme, it has not been possible to verify whether the employment created has been additional with reference to the expenditure as compared with the budget provision. The approximate value of foodgrains which had not been adjusted in the accounts of 1977-78, 1978-79 and 1979-80 amounted to Rs. 31.63 lakhs, Rs. 1,00.97 lakhs and Rs. 99.37 lakhs respectively. Government stated (November 1980) that the accounting procedure would be finalised to reflect in the State Budget the cost of foodgrains utilised on the programme.

(v) The price at which wheat was to be issued to the labourers towards their wages was not fixed by the State Government as required under the guidelines issued by Government of India. In reply to a reference (December 1977) from the District Collector, Trivandrum, Government clarified in January 1978 that wheat was to be valued at Rs. 125 per quintal for issue to works. The price so fixed was, however, not intimated to other districts leading to the adoption of different issue rates in different Blocks. In three Blocks (Mukhathala, Kottarakkara and Cannanore), wheat was valued at Rs. 115 per quintal resulting in excess issue of foodgrains valued at Rs. 0.14 lakh to the conveners of 53 works.

(vi) According to the guidelines laid down by the Government of India, the agencies responsible for execution of the work were to ensure that the foodgrains directly reached the workers. The State Government also issued instructions in September 1979, that the distribution of the foodgrains through the contractors should be stopped in order to prevent abuses and that coupon system should be introduced. In this State, foodgrains were distributed through conveners (nominees of Panchayats) but no coupon system was introduced to ensure proper distribution.

Out of 2,528.2 tonnes of foodgrains (994.6 tonnes of wheat and 1,533.6 tonnes of rice) issued for 726 works from 1977-78 to the end of May 1980 in the eight Blocks, 1,309.6 tonnes of foodgrains (i.e. 521.5 tonnes of wheat and 788.1 tonnes of rice) representing 52 *per cent* of the total issues were made over to the conveners for distribution to the labourers employed on 581 works after the works were completed and the labour force disbanded. Of this, 131.6 tonnes (value: Rs. 1.73 lakhs) in the case of 73 works and 34.2 tonnes (value: Rs. 0.46 lakh) in the case of 20 works were issued more than 3 months and 6 months respectively after the completion of works. It was also noticed that in respect of 22 of these works in three Blocks (Cannanore, Kasargod and Vellanad) grains were issued for 2,929 mandays after the works were completed and final measurements taken. The quantity of foodgrains issued in these cases was not ascertainable from the muster rolls. Non-receipt of sufficient stock of foodgrains in time and non-availability of stock of foodgrains with the Food Corporation of India depots for issue during the period of execution of the works were adduced (May -June 1980) by six Block Development Officers as the main reasons for the belated issue. Subsequent utilisation of foodgrains by the conveners was also not verified by the Block Development Officers, although, under the guidelines issued by the Government of India, the Government agencies responsible for execution of works were to ensure that the foodgrains actually reached the workers. In reply to an enquiry by Audit, two Block Development Officers (Kilimanoor and Mukhathala) stated that verification of the utilisation of foodgrains issued to the conveners after completion of the works was not possible. The remaining Block Development Officers had no specific remarks to offer. Government stated (November 1980) that according to some of the Block Development Officers, the verification of utilisation of foodgrains issued to the conveners after completion of the works was not possible. Government further stated (a) that instructions were being issued to ensure distribution of foodgrains only to the labourers actually engaged and (b) that in regard to the cases mentioned in the paragraph the question whether foodgrains had been issued after check measurement would be examined for recovery of excess payments, if any.

(vii) Muster rolls in support of employment of labour on 263 works involving issue of 900.9 tonnes of foodgrains (value: Rs. 12.13 lakhs) were not produced to Audit. Out of the above quantity, 15.3 tonnes (11.3 tonnes of wheat and 4 tonnes of rice) valued at Rs. 0.20 lakh were issued to the conveners of 15 works even before the works were awarded to them for execution. It was not therefore possible to verify how many labourers were engaged by the conveners and for what periods and the quantity of foodgrains actually distributed by them to the labourers. Government admitted that muster rolls had not been maintained for certain works and stated (November 1980) that the Block Development Officers were being instructed to maintain muster rolls for all works involving payment of wages in kind.

(viii) In five Blocks (Kilimanoor, Vellanad, Mukhathala, Ettumanoor and Cannanore) where foodgrains valued at Rs. 5.88 lakhs were issued for 69 works between February 1978 and May 1980, there was excess issue of foodgrains (valued at Rs. 4.20 lakhs) on account of various reasons such as payment of wages at higher rates than those prescribed (Rs. 0.05 lakh), incorrect computation of the kind component of wages (Rs. 0.22 lakh) and issue of foodgrains even in cases where full wages had been paid in cash (Rs. 3.93 lakhs). Government stated (November 1980) that the excess would be recovered.

(ix) In one Block (Kilimanoor), out of 5.1 tonnes of foodgrains issued in September 1979 and March 1980 to a convener for distribution to the labourers, only 4 tonnes were actually distributed by him to the labourers.

(x) According to the procedure in vogue in the State, foodgrains allocated by the Government of India are distributed by the Nodal Department among the various District Collectors, who, in turn, allot specified quantities to the various Blocks under intimation to the District Office of the Food Corporation of India (FCI). The Block Development Officers are to lift the grain from the nearest FCI depot, store it and arrange for its distribution to the labourers depending upon the progress of the works. A total quantity of 1,433.81 tonnes of foodgrains (wheat: 762.32 tonnes; rice: 671.49 tonnes) valued at Rs. 18.93 lakhs lifted from the Food Corporation of India by the officials in 4 Blocks (Kilimanoor, Pallom, Ettumanoor and Vellanad) and by the conveners in Cannanore Block were transported either to the work sites direct or stored in private buildings pending distribution to the labourers. In all these Blocks, foodgrains did not reach the Block headquarters, nor was issue of foodgrains made from there. Entries of receipt of foodgrains from the Food Corporation of India and issue to the conveners were, however, made in the stock register of foodgrains maintained in the Block headquarters, on the assumption that the stocks had been lifted by the conveners from the FCI depots and distributed to the labourers. As the bulk of foodgrains had been issued to the conveners long after the works were completed, it was not clear how the stocks could have been lifted to the work sites or stored in private buildings near the work sites when the labour force had already been disbanded. In one Block (Vellanad), 24.3 tonnes of rice were entered in the stock register as having been received in April-May 1980 from the Food Corporation of India and issued to the conveners after obtaining their acknowledgements even though the above quantity had not actually been lifted by the conveners from the depot of the Food Corporation of India.

The stock of foodgrains lifted by the conveners direct from the Food Corporation of India godowns was not physically verified at any time in three Blocks (Kilimanoor, Mukhathala and Vellanad). In another Block (Pallom), the stocks lifted only on two occasions (December 1979 and January 1980) jointly by village extension officers and conveners were physically verified twice in March 1980. According to the Block Development Officer, Cannanore, the foodgrains were transported to the workspot by the conveners after producing the stock at the Block office for verification. There was no record of further physical verification of the stock of foodgrains with the conveners in this Block. Government stated (November 1980) that there was no godown facilities at the Block offices to stock the foodgrains lifted from the Food Corporation of India and that the stocking of foodgrains at Block offices and supplying them later to the village extension officers for distribution at work sites would have entailed excessive conveyance charges.

Government also stated that as only local labourers were employed on the works, the foodgrains could be distributed even in cases where the distribution was done after disbandment of the labour force.

(xi) Several defects such as failure to obtain the acknowledgements from the the conveners for the foodgrains issued, absence of periodical physical verification, mistakes in striking balances, etc., have been noticed in the stock registers of foodgrains maintained in the Block offices. Government stated (November 1980) that instructions were being issued to avoid such defects in the maintenance of stock registers.

(xii) The muster rolls produced to Audit in support of employment of labour were defective in many respects.

Several muster rolls contained only the names of labourers and the attendance marked against them. Payment of wages either in cash or in kind had not been indicated therein. Acknowledgements of the labourers evidencing receipt of wages in kind or in cash were also wanting in some muster rolls. The muster rolls had not been authenticated by the conveners or by any Block Official nor had they been reviewed by the Block Development Officers. Government stated (November 1980) that the Block Development Officers were being instructed to rectify the defects in the maintenance of muster rolls.

(xiii) According to the guidelines laid down by the Government of India, works executed utilising foodgrains were to be productive in nature and should result in the creation of durable community assets. In respect of road works, *kacha* roads of merely earthen formation, without culverts, or bridges, wherever required, and without providing minimum top soling by gravel or bricks were not to be treated as durable assets. In the eight Blocks covered by the review, 466 roads constructed or improved during 1977-78 to 1979-80 at a total cost of Rs. 25.63 lakhs (cash paid: Rs. 8.56 lakhs ; value of 439.34 tonnes of wheat and 827.12 tonnes of rice issued towards wages: Rs. 17.07 lakhs) are *kacha* roads formed by earth cutting and filling. The roads have not been metalled, nor provided with top soling with gravel or bricks. Culverts where necessary had also not been provided in most cases. Black topping the roads had also not been done nor taken up. The roads constructed did not, thus constitute durable assets. Hence utilisation of 1,219 .5 tonnes of grains on these works did not conform to the guidelines issued by the Government of India.

A consolidated record of assets created from the commencement of the programme to end of March 1980 had not been maintained at the Block level, District level or State level. The total number of assets created and the type of assets created so far was, therefore,not ascertainable, though the details of assets created each year were reported to the Government of India through quarterly progress reports. Government stated (November 1980) that the State-wide details of assets created under the programme were being collected.

(xiv) Utilisation of 108.8 tonnes of foodgrains (value: Rs. 1.47 lakhs) for the construction of 5 roads under the Village Roads Programme commenced between March 1978 and March 1979 in 3 Blocks (Cannanore, Ettumanoor and Kottarakkara) was ordered by the State Government in November 1979 to be stopped in the middle for want of funds after incurring an expenditure of Rs. 3.31 lakhs (Rs. 1.84 lakhs in cash and Rs. 1.47 lakhs in kind); the works are yet to be resumed (November 1980).

(xv) Five works started in 4 Blocks (Pallom, Ettumanoor, Kasargod and Kilimanoor) were at a stand still (four from 1978-79 and one from October 1979), as the conveners to whom they were entrusted had discontinued them and had not resumed them yet (November 1980). 41.18 tonnes of foodgrains (Rs. 0.54 lakh) issued and Rs. 0.48 lakh spent in cash for these works did not serve the intended purpose.

(xvi) According to the Government of India guidelines, steering committees at State level and district level were to be constituted to plan the works and to ensure that the progress did not suffer for any reason. The State level steering committee was constituted in July 1978; it had met only twice between July 1978 and July 1980 since its formation.

The steering committees at district level had not been constituted in Trivandrum and Cannanore (July 1980). The Kottayam district committee had met only once (in January 1980) while the Quilon committee had not met at all till the end of January 1980. Government stated (November 1980) that action was being taken to activate the district level steering committees and to re-constitute the State level steering committee.

(xvii) Under the guidelines of the Government of India, the monthly progress reports on the programme are to be sent by the State Government to the Government of India by the 20th of the succeeding month and the quarterly progress reports, within two months of the close of the quarter. A review of the monthly/quarterly progress reports showed that the reports were usually sent belatedly involving a delay of nearly two months. Government stated (July 1980) that inadequacy of staff and absence of effective monitoring arrangement at the State and district levels contributed to the delay in furnishing periodical reports to the Government of India.

The monthly/quarterly reports are compiled by the Nodal Department on the basis of similar reports received from the District Collectors, who in turn compile their reports with reference to the reports received from the Blocks. The following discrepancies/defects were noticed during the check of the compilation of the quarterly progress report for the period ending 31st March 1979 sent by the State Government to the Government of India in July 1979.

(1) Progressive figures of expenditure under different schemes as reported to the Government of India did not tally with those reported by the District Collectors *vide* table below:

Name of scheme	*Progressive expenditure to end of the quarter as reported to the Government of India*	*Progressive expenditure to end of the quarter as reported by the District Collectors*
	(in lakhs of rupees)	
Flood protection, drainage works, etc.	3.97	0.02
Roads including State Highways	1,25.68	1,67.15
Intermediate and main drains, etc.	8.64	2.64
School buildings, community centres, etc	19.83	22.96

Records working up to the figures compiled by the Nodal Department could not be made available to Audit.

(2) Progressive physical targets achieved as reported to the Government of India also did not tally with the details of achievements shown in the reports sent by the District Collectors as indicated below:—

Name of scheme	*Progressive physical achievements to end of the quarter*	
	As reported to the Government of India	*As reported by the District Collectors*
Major, medium and minor irrigation works	Nil	800 metres of bunds and 500 metres of channels constructed
	Area benefited: 2,629 acres	Area benefited: 3,437 hectares
Roads including State Highways	82 works completed 139 works in progress	67 works completed 157 works in progress
School buildings	4 works completed 59 works in progress	10 works completed 72 works in progress 3 playgrounds

(3) Value of foodgrains utilised on the works during the year was not taken into account in working out the expenditure on the works.

Government stated (November 1980) that steps had already been taken for collection and compilation of accurate details for being furnished to the Government of India.

(xviii) According to the orders issued by the State Government in September 1978, cost of empty bags was recoverable from the conveners at Rs. 1.50 per bag. Cost of 6,498 (approximate) empty bags (Rs. 0.10 lakh) had not been recovered in six Blocks till September 1980.

Summing up

The following are the main points that emerge from the foregoing paragraphs:—

(i) Allotments aggregating 454 tonnes of rice and 521.2 tonnes of wheat valued at Rs. 12.61 lakhs were lost to the State Government on account of their failure to lift the quantities in time.

(ii) Consolidated records showing details of allotment, lifting and utilisation of foodgrains had not been maintained by the Nodal department.

(iii) There was delay in fixing the price of wheat issued to the labourers as part of their wages and consequently wheat was valued in different Blocks at different rates resulting in short/excess issue of grains with reference to the proper price.

(iv) The receipt of foodgrains as also the utilisation thereof had not been reflected in the accounts owing to failure of the department to furnish necessary data to the Accountant General. The value of foodgrains which could not be adjusted in the accounts of 1977-78, 1978-79 and 1979-80 amounted to Rs. 31.63 lakhs, Rs. 1,00.97 lakhs and Rs. 99.37 lakhs respectively.

(v) Test check of accounts in 8 Blocks showed that—

(a) 1,309.6 tonnes of foodgrains (value: Rs. 17.29 lakhs) were issued to the conveners for distribution to workers long after the works were completed and the work force disbanded;

(b) muster rolls in respect of workers engaged in 263 works were not produced to Audit;

(c) 11.3 tonnes of wheat and 4 tonnes of rice were issued to conveners for 15 works before the works were awarded to them for execution;

(d) in 3 Blocks, labour force was shown as having been engaged for 2,929 man days beyond the days of final measurement;

(e) in 5 Blocks, foodgrains valued at Rs. 4.20 lakhs were issued in excess;

(f) 466 roads constructed or improved under the programme (value of grains issued: Rs. 17.07 lakhs) have not been metalled nor were they provided with top soling with gravel or bricks; culverts have also not been provided in most cases;

(g) five roads taken up under the scheme utilising 108.8 tonnes of foodgrains valued at Rs. 1.47 lakhs were stopped in the middle for want of funds, rendering the expenditure unfruitful;

(h) five works started for which 41.18 tonnes of foodgrains were issued had been discontinued by the conveners, rendering the expenditure unproductive.

(vi) The State level and district level steering committees have not met regularly to review the progress of work.

(vii) There was delay on the part of the State Government in sending monthly and quarterly progress reports. There were several discrepancies between the figures given in the progress report sent to Government of India and those reported by the District Collectors.

(viii) In the absence of consolidated records with the Nodal Department, the accuracy of figures of employment generated and of additionality created by the programme could not be verified in audit.

HEALTH DEPARTMENT

3.8. Non-occupation of buildings

In three Primary Health Centres (Kalacode, Sooranad and Nedumonkavu). buildings constructed prior to February 1977 at a total cost of Rs. 2.89 lakhs for family planning blocks and staff quarters (six buildings in each centre) remain unoccupied. The buildings at Kalacode were completed in February 1975, those at Sooranad in June 1976 and those at Nedumoncavu in January 1977. Non-occupation of the buildings was attributed to lack of water supply and sanitary arrangements.

Provision of water supply and sanitary arrangements in the buildings attached to Primary Health Centre, Kalacode was sanctioned by Government in December 1970, at an estimated cost of Rs. 0.19 lakh; however the work has not been arranged yet (September 1980) as tender calls made in April 1971, February 1973, March 1973 and December 1977 proved abortive. Meanwhile, the estimate of the work has undergone several revisions and according to the latest estimate (based on 1978 schedule of rate) awaiting sanction, the cost of the work will go up to Rs. 0.85 lakh. Government stated (September 1980) that administrative sanction to the revised estimate would be issued and the work would be arranged for execution soon.

In the case of Primary Health Centre, Sooranad, even though the Director of Health Services accorded administrative sanction in June 1978 for provision of water supply and sanitary arrangements in the buildings at an estimated cost of Rs. 0.49 lakh, the work has not been taken up so far. According to the Executive Engineer, Buildings and Roads Division, Quilon (June 1980), the delay in arranging the work was due to non-receipt of administrative sanction from the Department of Health Services. Government stated (September 1980) that the sanction was by mistake sent to the Public Health Engineering Division, Quilon, instead of Buildings and Roads Division, Quilon, that the estimate of the work had since been revised to Rs. 0.69 lakh and that action was under way to call for tenders for the work.

The Director of Health Services moved Government in July 1978 for sanction to an estimate (Rs. 0.63 lakh) for providing water supply and sanitary arrangements in the buildings at Nedumonkavu; but it was not sanctioned by Government, on the ground that there was no provision for it in the Budget for 1978-79. Government stated (September 1980) that the estimate was being revised and the work would be taken up soon.

The District Medical Officer of Health, Quilon stated (October 1980) that non-availability of accommodation facilities had affected the family planning work in the 3 units.

HOUSING DEPARTMENT

3.9. Non-recovery of rent/sale price of quarters

Mention was made in paragraph 19 (iii) of Audit Report, 1964 about the non-allotment and non-occupation of 50 residential quarters constructed in January 1958 for providing houses to the industrial workers of Asoka Textiles, Alwaye under the subsidised industrial housing scheme. Some further developments are mentioned below:—

Out of 9.71 acres of land acquired in 1955 at a cost of Rs. 0.49 lakh for the construction of quarters, only 4.50 acres were utilised for the purpose. The remaining area (cost: Rs. 0.26 lakh) was encroached upon by outsiders and it was later assigned to the encroachers in July 1970.

The total cost of construction of houses in the colony (excluding the cost of land assigned to encroachers) was Rs. 1.88 lakhs (land: Rs. 0.23 lakh; construction; Rs. 1.65 lakhs).

The quarters were occupied in October 1963 and the employees were to pay monthly rent at the rate of Rs. 10 per house. Based on a suit filed by the occupants of the quarters in 1967, the Court stayed the recovery of rent from them on the ground that drinking water facilities, sanitary arrangements, etc., had not been provided in the quarters. On provision of these amenities subsequently, the Court vacated the stay in October 1969 and the occupants became liable to pay the arrears of rent. Following this, they represented (August 1971) to the Government to waive the arrears of rent due from them. This was not conceded. However, based on a proposal made by the District Collector, Ernakulam, Government decided in December 1973:

(i) to sell the quarters to the occupants themselves on hire purchase basis fixing the sale price as Rs. 1000 per house plus land value at Rs. 300 per cent;

(ii) to permit the occupants to remit the sale price in 30 annual equal instalments; and

(iii) to recover the arrears of rent due from them in instalments notwithstanding the scheme for sale.

Till March 1980, only 20 persons had remitted the dues (Rs. 0.69 lakh) in full towards sale price of the quarters and arrears of rent. Remaining 30 persons have not remitted the dues in full, the amount outstanding for recovery at the end of March 1980 being Rs. 1.08 lakhs (Rs. 0.28 lakh towards arrears of rent and Rs. 0.80 lakh towards land value and cost of building). The form of the agreement to be executed by the allottees under the hire purchase arrangement was approved by Government only in July 1980. None of the allottees has executed the agreement so far (September 1980).

Though it is nearly 7 years since the decision was taken, final sale of the houses is yet to be effected and the arrears of rent for the period from 1968 onwards remain to be collected from the occupants. Government stated (August 1980) that the District Collector, Ernakulam had been instructed to take urgent action for execution of the agreement with the allottees and for realisation of the entire dues without further delay.

REVENUE DEPARTMENT

3.10. Excess payment of compensation

According to the Kerala Land Acquisition Manual, the value of an immovable property containing a plantation of fruit trees is to be arrived at by capitalising the net annual income at 20 years' purchase. The Manual also lays down that the capitalised value of twenty times the annual income, is the maximum amount payable even in cases where a longer yielding life is indicated. The Manual also enjoins on the Land Acquisition Officers that before passing the award of compensation, proper evidence should be taken about the average income from trees and also as to the number of years during which the trees will continue to yield. In March 1977, the Board of Revenue issued instructions to all District Collectors that in cases where the future yielding period of trees was less than 20 years, the capitalised value should be reduced correspondingly. A test check in audit of land acquisition awards passed in Palghat, Kozhikode, Cannanore and Malappuram Districts after March 1977 showed that the capitalised value was fixed at 20 years' net annual income, as a matter of course, even in cases where the expected future yielding life of the trees was less than 20 years. This resulted in excess payment of Rs. 3.01 lakhs as compensation to the land owners in 62 cases. On this being pointed out by Audit, the Board of Revenue stated (August 1979) that the matter had been referred to Government.

The Kerala High Court has, in a judgement of March 1977 on two Land Acquisition cases, held that a maximum of 16 times the net capitalised income can be taken as the just and reasonable market value and that the multiple for purchase value may be lowered in appropriate cases. Based on the judgement, the District Collector, Kozhikode, issued instructions in July 1978 to all the Land Acquisition Officers of his district to restrict the capitalised value to a maximum of 16 times the annual yield. But such action was not taken in other districts. A test check of awards passed between March 1977 and March 1980 in Palghat, Malappuram and Cannanore Districts disclosed that the norms enunciated in the High Court judgement were not being followed. Had this been done, the compensation payable would have been less by Rs. 9.82 lakhs in 350 cases. Board of Revenue stated in August 1979 in reply to an audit enquiry, that "the Collectors in other districts could not be blamed as the Land Acquisition Manual had not been amended". The reason for not amending the Manual and for not circulating the High Court's observations to all the Collectors have not been stated.

According to the instructions issued (February 1975) by the Board of Revenue based on the guidelines contained in the Kerala Compensation for Tenant's Improvements Act 1958, one-fourth of the assessed gross yield from trees was to be deducted towards droppings and only the value of the remaining yield was to be taken into account for fixing the annual yield. On a test check of awards passed in Cannanore District after February 1975, it was seen that omission to deduct one-fourth of gross yield towards droppings resulted in excess payment of Rs. 1.43 lakhs in 10 cases.

The matter was reported to Government in September 1980; reply is awaited (January 1981).

TRANSPORT, FISHERIES AND PORTS DEPARTMENT

(Fisheries)

3.11. Ice Plants and Cold Storages

With a view to providing facilities for scientific storage of fish, 22 refrigeration plants were established in the State between 1955 and 1975 at a cost of Rs. 1,05.47 lakhs.

In addition, two plants established at Calicut (cost: Rs. 7.65 lakhs) and Neendakara (cost: Rs. 8.65 lakhs) were transferred to Government of Kerala consequent on the re-organisation of States in November 1956 and take-over of the Indo-Norwegian Project in April 1963 respectively.

Construction of three other plants at Willingdon Island, Baliapattam and Mananthody though commenced prior to 1968, still remains to be completed (March 1980). Expenditure incurred on them to end of March 1980 was Rs. 37 lakhs.

One simple cold storage plant established (cost: Rs. 0.11 lakh) was disposed of by Government in June 1970 for Rs. 0.04 lakh. Five ice and cold storage-cum-freezing plants (cost Rs. 59.73 lakhs) and seven ice and cold storage plants (cost: Rs. 22.26 lakhs) were transferred to the Kerala Fisheries Corporation Limited between June 1966 and February 1970 and one frozen storage plant at Willingdon Island (cost: Rs. 5.43 lakhs) in May 1972. All the seven ice and cold storage plants were, however, transferred back to the department in September 1974. Thus, there were 17 plants (excluding the incomplete ones yet to be commissioned) under the department at the end of March 1980.

Mention was made in Audit Reports 1964 (Paragraph 31), 1966 (Paragraph 55), 1969-70 (Paragraph 35), 1970-71 (Paragraph 30), 1972-73 (Paragraph 27), 1974-75 (Paragraph 28), 1976-77 (Paragraph 3.6) and 1978-79 (Paragraph 3.3—Civil and Paragraph 6.6—Revenue Receipts) about some of the aspects relating to the establishment/working of these plants. A further review conducted in February-March 1980 disclosed the following points:—

(1) *Delay in valuation of assets transferred to/from Kerala Fisheries Corporation Limited*

The valuation of assets transferred from the department to Kerala Fisheries Corporation Limited more than eight to fourteen years ago and of those transferred back to Government more than five years ago has not been finalised (October 1980). The department stated (October 1980) that the matter was still pending with Government.

(2) *Delay in recommissioning the Ice Plants and Cold Storages retransferred to the Department*

There was delay ranging from 11 to 16 months in recommissioning the plants retransferred (September 1974) to the department from the Corporation. This was ascribed (August 1979) by the department to delay (up to June 1975) in taking a policy decision regarding working of the plants departmentally and to the delay in arranging their repairs and in posting staff.

(3) *Delay in introducing commercial system of accounts*

In August 1977, Government ordered the units transferred from the Kerala Fisheries Corporation Limited to adopt commercial system of accounting. This decision has not been implemented so far (October 1980). The department stated (October 1980) that a system was yet to be finalised.

(4) *Working results*

(i) The plants remained either unutilised or grossly under-utilised as indicated below:—

Ice and cold storage -cum-freezing plants (*Total number*-3)		*Ice and cold storage plants* (*Total number* -9)		*Simple cold storages* *Total number*-5	
Aggregate daily capacity(*tonnes*)	*Utilisation during* 1976-77 *to* 1978-79	*Aggregate daily capacity* (*tonnes*)	*Utilisation during* 1976-77 *to* 1978-79	*Aggregate daily capacity* (*tonnes*)	*Utilisation during* 1977-78 *to* 1978-79
Ice Production -35	Less than 1 *per cent*	Ice production-60	Ranged between 10 *per cent* and 16 *per cent*	Storage @	@
Ice storage -300	Nil				
Fresh fish storage -115	Nil	Storage-140	@		
Freezing -11	Nil				
Frozen fish storage -300	Nil				

@ Information awaited.

Short production of ice was stated to be due to lack of demand, competition from private ice plants, etc. The non-utilisation/under-utilisation of fish storage capacity was attributed by the department (March 1980) to lifting of catches soon after landing, obviating the need for their storage pending transport.

(ii) When the plants at Beypore, Kasargod, Azhikode, Ponnani, Thalayi, Tanur, Attipra, Mappadi, Punlaur and Chengannur went out of order, there was delay ranging from 9 months to 110 months in repairing them. The plants at Punalur, Tanur, Attipra, Kasargod and Thalayi which went out of commission between January 1971 and March 1978 have not been re-commissioned; the plant at Chengannur which went out of commission in January 1973 was recommissioned only in July 1980. Pay and allowances paid to the staff attached to three of the plants (Beypore, Tanur and Thalayi) for idling periods between June 1977 and February 1980 amounted to Rs. 4.95 lakhs.

(iii) Against an expenditure of Rs. 41.13 lakhs incurred during the period 1974-75 to 1978-79 by the 17 plants run departmentally, the income earned during the same period was Rs. 11.56 lakhs only. The uneconomical working of the plants was due to non-utilisation/under-utilisation of installed capacity, frequent shut down of plants due to breakdown, keen competition from private plants and overstaffing. The Chief Mechanical Engineer attached to the Directorate of Fisheries observed (March 1979) that a staff pattern of one Manager, one operator, two mechanics and one plant assistant was adequate to run each plant and that its adoption would render 36 posts (Lower Division Clerks-2; Icemen-23; Watchmen/peons-11) surplus. No action has, however, been taken to regularise the surplus staff (October 1980). The annual expenditure on pay and allowances of these posts worked out to Rs. 1.67 lakhs.

Certain other aspects about the working of the plants are given in Appendix—VI.

(5) (a) ***100** tonne icc-cum-cold storage plant, Willingdon Island and **100** tonne icc-cum-freezing-cum-cold storage plant, Baliapattam*

The contracts for supply and erection of machinery for 100 tonne ice-cum-cold storage plant, Willingdon Island and 100 tonne ice-cum-freezing-cum-cold storage plant, Baliapattam, were awarded to a Delhi firm in January 1966 and January 1968 for Rs. 9.40 lakhs and Rs. 13.39 lakhs respectively. The firm supplied part of the machinery for the Willingdon Island plant during January 1966 to August 1966 and the remaining in March 1975. For the Baliapattam plant, part of the machinery was supplied between March 1968 and April 1969 and the remaining in March 1977. Pending completion of civil works, the plants could not be erected and commissioned (October 1980). Government cancelled the contracts with the firm in November 1978 on the ground that it had committed breach of contract in not erecting the machines.

Attributing the delay in completion of erection works to failure of the department to ensure timely completion of civil works, provision of water supply and permanent electric connection, etc., the firm demanded (July 1975) enhanced rates and compensation of Rs. 10 lakhs towards losses suffered by it. No decision was taken on it by Government till May 1976 when the firm sought for arbitration. The department contended (February 1977) before the arbitrator that (i) the non-co-operative attitude of the firm leading to lack of co-ordination between it and the civil works contractor had been the main cause for the delay in the work, (ii) the firm had not supplied several items of equipment like electric cranes, freezers, etc., and (iii) the work done by the firm was far from satisfactory. The arbitrator, however, held that the delay in completion of the two projects was due to non-performance of obligations on the part of the department and awarded (November 1978) that the department should get the balance work completed by the firm and should pay to it–

(i) a sum of Rs. 3.40 lakhs (Rs. 1 lakh towards losses suffered by it due to delay and Rs. 2.40 lakhs towards balance cost of materials, etc.) in respect of the contract relating to the plant at Willingdon Island,

(ii) Rs. 5.22 lakhs (Rs. 3.22 lakhs towards losses suffered by it due to delay and Rs. 2 lakhs towards cost of materials supplied, etc.) in respect of the other contract, and

(iii) for future delay up to one year in respect of balance work under each of the two contracts, an increase of 40 *per cent* over the agreed rates plus Rs. 300 per month towards overhead charges.

The firm obtained a court decree based on the award and an amount of Rs. 1.95 lakhs was paid to it in August 1979 towards the award amount relating to the plant at Willingdon Island. As for the award relating to Baliapattam plant, no amount has been paid yet on the ground that certain stipulated works had not been completed by the firm. According to the decree, interest at 6 *per cent* per annum on the award amount is payable to the firm from the date of decree (March 1979) to the date of payment. Government sanctioned (June 1980) payment of Rs. 3.26 lakhs in part satisfaction of the decree after obtaining an undertaking from the firm regarding completion of the balance work on the plant within a specified period. Government also ordered that payment of balance amount (Rs. 3.70 lakhs) under the decree be deferred till the disposal of the review petition filed in the sub-court.

Some further points relating to the two contracts/works are mentioned in the succeeding sub-paragraphs (b) and (c).

(b) ***100 tonne ice-cum-cold storage plant, Willingdon Island***

Mention was made in paragraph 3.6 of the Report of the Comptroller and Auditor General of India for 1976-77 about the non-commissioning of the plant after incurring an expenditure of Rs. 13.41 lakhs and about a proposal pending with Government for conversion of the plant into a 800 tonne frozen storage plant. The conversion proposal was abandoned by Government (October 1978) on the ground that another 300 tonne frozen storage already constructed (May 1972) in the same premises was not being fully utilised for want of demand and that there were many private cold storage and ice plants in the area. In November 1977, Government observed that the 100 tonne plant was mooted without proper thought and that due to lack of planning and co-ordination on the part of the departmental officers, the amount already spent on civil works and purchase of machinery had become a dead investment.

In October 1978, Government ordered the sale of the machinery already procured to the supplier at cost price. As the firm did not respond, the department explored the possibility of the transfer of the building and machinery to the Kerala Fisheries Corporation Limited. This also did not fructify. Plant and machinery costing Rs. 8.41 lakhs (payment made so far: Rs. 8.14 lakhs) procured during January–August 1966 and electrical fitting costing Rs. 0.61 lakh (payment already made: Rs. 0.55 lakh) procured in March 1975 and civil works constructed during 1972-75 at a cost of Rs. 6.29 lakhs remain unutilised with no proposals of immediate utilisation. The department paid Rs. 1.04 lakhs to Cochin Port Trust towards ground rent till January 1980; the expenditure incurred on watch and ward arrangements till March 1980 was Rs. 0.33 lakh.

(*c*) ***100** tonne ice-cum-freezing-cum-cold storage plant, Baliapattam*

On the basis of certain complaints from the public about unauthorised removal, from the plant site, of materials paid for, an enquiry was conducted by the department in February 1976. The enquiry revealed that—

(i) the contractor firm unauthorisedly altered the number and size of the ice tanks to be constructed (reducing the icemaking capacity by 25 tonnes per day) and thereby effected a saving of about 142 square metres (about 30 sheets) of steel;

(ii) of the 30 sheets thus saved, 29 were missing from the plant site;

(iii) thermocole insulation work was carried out with 100 mm. thick insulation against a thickness of 125 mm. provided for in the agreement and the insulation materials so saved had been removed from the plant site;

(iv) fibre glass insulation to the walls and ceiling and cold storages had been done with inferior quality materials; and

(v) about 6,300 feet of ice tank cooling coils (U bends) were taken away from the plant site and allegedly installed in another plant for which separate payment was made to an associate firm of the contractor; thus the firm obtained payment for the same material twice.

Even though the Enquiry Officer suggested (February 1976) further investigation by the police, no follow-up action was taken by the department. The cost of materials unauthorisedly removed by the contractor from the plant site is yet to be assessed by the department (March 1980).

After the award of the contract for the machinery, the design of the plant building was changed (November 1970) increasing the floor area from 200 square metres to 492 square metres. The contractor firm offered (July 1974) to supply additional insulation materials and to erect two additional frozen storages at a cost of Rs. 3.50 lakhs for utilising the increased floor area. This was accepted by Government in June 1976 and the work was given to the firm, without inviting tenders. Materials worth Rs. 3.12 lakhs were supplied by the firm in March 1977 and 85 *per cent* value amounting to Rs. 2.65 lakhs paid to it in March 1977. The balance 15 *per cent* with erection charges (Rs. 0.77 lakh) was paid to it in September—November 1977 before trial run/commissioning. The Director of Fisheries stated (August 1977) that trial run could not be arranged as there was no power supply and adequate water supply at the site. However, it was noticed that there were temporary power and water connections at the plant site which could have been adequate to conduct necessary tests/trial run.

Additional civil works estimated to cost Rs. 1.61 lakhs were entrusted to the same firm by the Public Works Department in December 1977 at 21.28 *per cent* above the estimate, on nomination basis, without inviting tenders. The work which was due for completion in April 1978 is yet to be completed (March 1980).

While taking a decision for the establishment of the plant, the need for providing regular and uninterrupted supply of about 4 lakh litres of water daily for running it was not considered. In 1975 it was proposed to extend the Cannanore Water Supply Scheme to the plant at an estimated cost of Rs. 8.33 lakhs. But the proposal was not pursued considering its prohibitive cost. A proposal to make use of nearby pond (after improvements and construction of a pump house and laying pipe lines) for providing water supply to the plant was under consideration.

Government decided (June 1980) to get the balance work done by the firm and the work is being resumed by it (November 1980).Owing to delay in completing the project, plant and machinery (cost: Rs. 15.89 lakhs) purchased between March 1968 and March 1977 and building constructed by 1970 (cost: Rs. 6.27 lakhs) remain unused.

(6) *One tonne cold storage at Mananthody*

Construction of a one tonne cold storage plant was taken up in 1968 and completed in 1972 at a cost of Rs. 1.23 lakhs. The work was abandoned by the contractor before erection and commissioning. Attempts made by the department to arrange for the erection and completion of the plant did not succeed. On the ground that it could not be operated economically in view of its location far away from fish landing centres, it was sold for Rs. 0.10 lakh in April 1977 resulting in a loss of Rs.0.38 lakh. The land and building costing Rs. 0.75 lakh remain unutilised though acquired/put up prior to 1972.

(7) *Summing up*

The following are the main points that emerge from the foregoing paragraphs:—

(i) The valuation of the assets transferred from the department to Kerala Fisheries Corporation Limited between June 1966 and May 1972 and of those transferred back to the department by the Corporation in September 1974 still remains to be finalised.

(ii) In regard to ice plants retransferred from the Kerala Fisheries Corporation Limited, commercial system of accounts has not been introduced.

(iii) There was delay ranging from 11 to 16 months in recommissioning the plants retransferred to the department in September 1974.

(iv) Excess of expenditure over receipts in running 17 plants during the period 1974-75 to 1978-79 was Rs. 29.57 lakhs.

(v) The ice production capacity in 6 plants remains unutilised; in 4 other plants, there was under-utilisation to the extent of 75 *per cent* to 93 *per cent*.

(v) The storage capacity in all the plants (except the plant at Blangad and Kottayam) remains unutilised.

(vii) The plants at Punalur, Tanur, Attipra, Kasargod and Thalayi which went out of commission between January 1971 and March 1978 have not been recommissioned.

(viii) Three plants the construction of which was commenced prior to 1968 and on which Rs. ~~35.96~~ lakhs had been spent still remain incomplete. 37·00

(ix) (a) In regard to the contract for the supply and erection of machinery for the plants at Baliapattam and Willingdon Island, the department had become liable to pay Rs. 8.66 lakhs to the firm including compensation, for failure to fulfil departmental contractual obligations.

(b) Several items of machinery for which payment had been made are reported to have been removed by the firm from the Baliapattam plant site unauthorisedly.

(x) Equipment purchased at a cost of Rs. 0.46 lakh during 1965-66 for Mananthody plant was not used till April 1977 when it was sold for Rs. 0.10 lakh; land and building acquired/put up prior to 1972 at a cost of Rs. 0.75 lakh remains unutilised.

(xi) The pay and allowances paid to the staff attached to three idling plants for various periods between June 1977 and February 1980 amounted to Rs. 4.95 lakhs.

GENERAL

3.12. Misappropriations, losses, etc.

Cases of misappropriations, losses, etc., of Government money reported to Audit up to the end of March 1980 and pending finalisation at the end of September 1980 were as follows:—

	Number	*Amount (in lakhs of rupees)*
Cases reported to end of March 1979 and outstanding at the end of September 1979	178	56.79
Cases reported during April 1979 to March 1980	13	1.67
Cases disposed of till September 1980	10	0.77
Cases outstanding at the end of September 1980	181	57.69

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

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

Year	*No. of cases*	*Amount (in lakhs of rupees)*
1969-70 and prior years	47	23.90
1970-71	7	0.66
1971-72	15	4.42
1972-73	10	6.75
1973-74	18	7.86
1974-75	10	0.65
1975-76	16	3.17
1976-77	16	1.49
1977-78	12	2.13
1978-79	17	4.99
1979-80	13	1.67
Total	181	57.69

The reasons for the pendency are analysed below:

		Number	*Amount (in lakhs of rupees)*
(i)	Awaiting departmental and criminal investigation	13	0.55
(ii)	Departmental action started but not finalised	126	42.02
(iii)	Awaiting orders for recovery or write off	19	8.23
(iv)	Pending in Courts of law	23	6.89
	Total	181	57.69

3.13. Writes off, waivers and ex-gratia payments

According to information received in audit, during 1979-80, losses due to theft, fire, etc., irrecoverable revenue, duties, advances, etc., aggregating Rs. 8.63 lakhs were written off or waived in 756 cases and ex-gratia payments amounting to Rs. 7.99 lakhs were made in 57 cases. Department-wise details of these cases are indicated in Appendix—VIII.

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CHAPTER IV

WORKS EXPENDITURE

IRRIGATION DEPARTMENT

4.1. Kallada Irrigation Project

Kallada Irrigation Project taken up for execution in 1961 envisages construction of (i) a dam at Parappar near Thenmala (Quilon District), (ii) a diversion weir at Ottakkal about 5 km. downstream and (iii) a canal system on either bank (961 km. on the Right bank; 744 km. on the Left bank) taking off from the weir. It was also proposed to instal a penstock in the dam for generation of seasonal power if found economical.

Mention was made in paragraph 36 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) about non-achievement of the targeted partial commissioning of the project by 1971-72 and the increase in the estimated cost of the project from Rs. 13.28 crores to Rs. 44.91 crores owing to rise in cost of construction consequent on the delay in the completion of the project and under-estimation of the scope of work in the original estimate.

The project has not still been commissioned (July 1980); the delay was attributed mainly to the low priority given to the project till 1973-74. According to a forecast made by the Chief Engineer, Kallada Irrigation Project in April 1980, irrigation would be provided in 4,640 hectares of land by June 1981 and the project would be fully operational (area to be irrigated: 61,630 hectares) within five years thereafter, i.e. by June 1986. The estimated cost of the project has gone further up progressively from Rs. 44.91 crores to Rs. 73.60 crores (1975), Rs. 88.30 crores (1977) and Rs. 1,24.54 crores (1979 revision). None of the revised estimates has been cleared by the Central Water Commission since clarifications sought by the Commission as early as in 1975-76 have not been furnished by the department (July 1980). Pending Commission's clearance, the State Government have not sanctioned any of the revised estimates. When fully commissioned, the project is expected to irrigate 61,630 hectares against 52,419 hectares originally anticipated but in view of the escalation in cost, the estimated cost per hectare of benefited area would go up from Rs. 2,533 (original estimate) to Rs. 20,208 (revised estimate of 1979); the extent to which the benefit cost ratio of 3.795 computed at 10 *per cent* interest with reference to 1977 estimate of Rs. 88.30 crores would undergo modification consequent on the revision of the estimate to Rs. 1,24.54 crores has not been worked out by the department pending revision of cropping pattern and assessment of net water requirement therefor (May 1980). The Government of India have advised the State Government (March 1980) to review the cost benefit calculation for re-examining the economic viability of the project.

The progressive increase* in cost has been attributed, apart from rise in cost of labour, materials and land, to inadequate provision for work, under-estimation of land to be acquired, change in classification of soil and inclusion of additional works; the department stated (August 1980) that the latter factors came to notice only when detailed investigation was done after commencement of work on the project. Even at the end of March 1980, detailed investigation of canals and distributaries has not been completed; the extent of arrears in the work is indicated below:

Component of the project	*Total length (km.)*	*Length for which investigation is pending (km.)*	*Percentage of 3 to 2*
(1)	(2)	(3)	(4)
Right bank main canal	68.90	18.90	27.43
Branches of Right bank canal	58.00	38.83	66.94
Distributaries of Right bank canal	434.00	336.50	77.53
Water courses of Right bank canal	400.00	351.83	87.95
Left bank main canal	56.00	27.00	48.21
Branches of Left bank canal	61.00	43.30	70.98
Distributaries of Left bank canal	327.00	209.00	63.91
Water courses of Left bank canal	300.00	300.00	100.00

(2) Expenditure to the end of 1979-80 was Rs. 33.86 crores (27.19 *per cent* of the 1979 estimate) while physical progress was about 22 *per cent* only; component-wise physical progress was as under:

Dam and appurtenant works	65 *per cent*
Headworks (Diversion Weir)	77 *per cent*
Main canal - Right bank	43 *per cent*
Main canal - Left bank	Nil.
Branches - Right bank	28 *per cent*
Branches - Left bank	Nil.
Distributaries-Right bank	4.5 *per cent*
Distributaries - Left bank	Nil.
Water courses - Right bank	Nil.
Water courses - Left bank	Nil.

Work on the Left bank canal was reported to have been taken up only in August 1980.

*Cause-wise break-up of escalation in cost is not available.

(3) Several instances of extra expenditure, non-utilisation of machinery, engagement of staff in advance of requirement, etc., involving in all Rs. 30.75 lakhs were mentioned in earlier Audit Reports (Civil) for 1969-70, 1973-74, 1974-75, 1976-77, 1977-78 and 1978-79. A further review conducted in April-June 1980 brought to notice more instances of extra expenditure owing to defective estimation of quantities of work apparently on account of inadequate investigation, non-enforcement of provisions in contracts, avoidable conveyance of materials, delay in finalisation of designs and backing out by contractors on one ground or other. A few such instances are mentioned below:—

(i) Variations between estimated and executed quantities had led to payment at rates higher than those originally specified in the contracts in two cases involving an extra expenditure of Rs. 0.96 lakh.

The particulars of the two cases are given in Appendix—IX.

(ii) The contract for the work "Formation of Right bank main canal 34th km. (Ch. 33,000 M to 33,805 M)" was awarded to a contractor for Rs. 19.67 lakhs (42.9 *per cent* over the estimated rate) in December 1976 based on a tender call in June 1976. In the tender schedule, the quarry for rubble required for the work was specified as Mukkadavu, involving an average lead of 15.6 km. The rubble required was collected by the contractor from blasted materials available at work site. While making payment, the department did not deduct proportionate charges for short conveyance. Computed with reference to the 1974 schedule of rates, recovery of Rs. 0.55 lakh was due for short conveyance of 2,393 cubic metres of rubble used for the work; this was, however, not done.

(iii) The "specification for canal works" which forms part of the agreement for canal works under the project, lays down the procedure for the measurement of and payment for rock blasting. According to this, 'A' lines (lines within which no unexcavated materials are to remain) and 'B' lines (the outer limit of excavation for which payment will be made) are specified in the agreement. It is also provided that any overcut portion beyond 'B' lines should be filled in with the same material as for lining at the expense of and by the contractor. However, in the case of five works, Rs. 1.25 lakhs were spent by the department during October 1978—March 1980 for filling the overblasted portion instead of getting the filling work done at the expense of the contractors who had done the blasting work (vide details given in Appendix—X).

(iv) In terms of the contract awarded (February 1976) for the work "constructing blocks 6 and 7 of Parappar Dam up to +215'—masonry and grouting" the contractor was to do all dewatering found necessary during execution of the work. It was also stipulated that during floods the work area was likely to get submerged and that the contractor was to dewater and clear all the silt and mud from the entire foundation at his cost. Although the work was due to be completed by June 1978, extension was granted up to June 1979, as there was delay in finalisation of the design of the bucket and sluices. During execution the work area got flooded in November 1978. Though the contract required the contractor to do the dewatering and desilting at his cost, the department paid Rs. 0.92 lakh for desilting and dewatering operations reportedly because delay in the completion of work was not due to any lapse on the part of the contractor but was due to departmental delay in finalisation of design and hence the contractor was not obliged to do at his cost the dewatering and desilting necessitated by floods during the extended period of the contract.

(v) According to the specifications for canal works under the project, 'Narikkal'/'Norappara' is to be classified as ordinary rock which can be quarried or split with ordinary application of crowbars or wedges. However, in the case of the following works, based on representations made by contractors that narikkal/norappara required blasting, excavation in narikkal/ norappara was paid for at the rate applicable for excavation in hard rock requiring blasting.

	Name of work	*Rate applicable for excavation in narikkal/ norappara as per specification of canal works (Rs./10m3)*	*Rate at which excavation in narikkal/ norappara was paid (Rs./10m3)*	*Quantity executed (in cubic metres)*	*Extra payment (in lakhs of rupees)*
1.	Formation of Right bank main canal, Sasthamcottah branch canal from Ch. 3,670 M to 4,000 M	70.07	167.31	3,270	0.30
2.	Formation of Right bank canal—Ch. 42,000 M to 43,000 M	110.07	194.46	7,188	0.73
3.	Formation of Right bank canal—18th km. from Ch. 17,000 M to 18,200 M	68.77	170.32	6,348	0.52

The extra payment of Rs. 1.55 lakhs for excavation in narikkal/ norappara based on the rates applicable for blasting and removing hard rock was not warranted by the terms of the contracts. It may be mentioned that similar payments in respect of two other projects were objected to by the Chief Technical Examiner.

(vi) During the period from April 1979 to March 1980, 3,902 tonnes of cement procured from two cement factories in Tamil Nadu and stored in the project stores at Punalur and Kottarakkara were transported to Thenmala at a cost of Rs. 1.15 lakhs. Since adequate storage facilities were available at Thenmala (a place lyingbetween the cement factory and Punalur/Kottarakkara) the cement could have been got supplied at Thenmala itself in the first instance. Had this been done, the entire expenditure of Rs. 1.15 lakhs on the transport of cement fromKottarakkara/Punalur to Thenmala and part of the expenditure on its initial conveyance between Thenmala and Punalur/Kottarakkara could have been avoided.

(vii) The work"Construction of a cut and cover**between Ch.37,125M and 37,515 M" was awarded to a contractor (December 1977)for Rs. 32.94 lakhs at a tender premium of 21 *per cent*, stipulating the date of completion as 26th August 1979. The contractor commenced the work on 2nd January 1978. The original design provided for R.C.C. segmental arch over rock cutting on the presumption that the entire cutting would be in rock and no foundation or abutment was proposed for the arched barrel. While executing the work, hard rock was found only sporadically; most of the stratum was of sand stone formation not suitable for abutting segmental arch. Initial investigation done was not thorough in that borings were taken only along the central line of canal alignment which showed rock. The design was, therefore, changed providing for R.C.C. box cut and cover at an estimated cost of Rs. 64.07 lakhs. The contractor agreed (December 1978) to execute the work according to the revised design at the original rates on condition that work order was given in January 1979 itself. Department's recommendation made in this connection (December 1978) was not accepted by Government who suggested (March 1979) further investigation by the Chief Engineer and the Chief Technical Examiner. On the basis of a joint inspection by the two officers, the design was further revised in May 1979 to provide for open cut in some portions and cut and cover in others. Meanwhile, the contractor stopped work and his contract was terminated in September 1979. After retender, the balance work as per the re-revised design was awarded (March 1980) to another contractor for Rs. 31.63 lakhs (3 *per cent* above the revised estimate rate) based on 1978 schedule of rates. This resulted in an estimated extra expenditure of Rs. 1.99 lakhs which could have been avoided had the initial investigation been done properly and the rates of the original contractor accepted.

(viii) Owing to unsatisfactory progress, the contract for the work "formation of Sasthamcottah branch canal from Ch. 1,000 M to 2,000 M" awarded in December 1974 was rescinded in March 1976 at the risk and cost of the contractor, five months before the scheduled date for its completion. The remaining work was entrusted to another agency in February 1978 at an extra cost of Rs. 6.57 lakhs; the work has not been completed (December 1980). No part of the extra cost could, however, be recovered from the first contractor, as the Government Arbitrator to whom the case was referred by the contractor absolved him of all the liabilities. In a report to Government, the Chief Engineer had admitted (October 1976) that though the work was given out on

** Cutting of canal and provision of a cover over it with R. C. C. slabs.

contract in December 1974, initial levels were taken only between February 1975 and July 1975 and there was delay in making available to the contractor, the land required for diversion of water, owing to delay in completion of land acquisition by the Revenue Department. It was observed in audit, that proposals for land acquisition were sent to the Revenue authorities in April 1975, i.e. four months after the award of the contract and that the proposals were revised seven months later in November 1975 at the instance of the Revenue authorities.

(ix) The contract of the work "formation of Right bank main canal 14th km. from Ch. 13,823 M to 13,958 M" awarded in December 1976 (with stipulated date of completion as June 1977) was foreclosed by the Superintending Engineer on 2nd August 1978 when lining and other connected items were still to be completed. The contractor had written to the Chief Engineer on 1st August 1978 demanding enhanced rates on various counts such as (i) delay in handing over site, (ii) wrong classification of earthwork, (iii) inaccurate estimation of quantities, etc. On his demands being rejected by the department in December 1978, the contractor approached the Government Arbitrator. The department admitted before the Arbitrator that forest lands for taking borrow pits were made available to the contractor a month after the stipulated date of completion and that good quality earth suitable for filling was very little. The belated transfer of land was stated to be due to administrative delay on the part of the Forest Department. The Arbitrator awarded (November 1979) payment of Rs. 1.99 lakhs to the contractor. The Court confirmed (February 1980) the award and decreed that interest at 6 *per cent* per annum should be paid on the award amount from the date of decree to the date of payment. The decretal amount has not been paid yet (April 1980). The departmental delay in making land available resulted in an extra liability of Rs. 1.99 lakhs. Government observed (October 1980) that the department should have been more vigilant and prompt action should have been taken for getting the land transferred from the Forest Department.

(4) Construction of pressure aqueducts in Right bank main canal at Kalanjoor between Ch. 33,950 M to 34,316.5 M and that at Vazhappara between Ch. 31,561 M to 31,800 M which are critical works for the partial commissioning of the project were entrusted to an Ernakulam firm in May 1977 for Rs. 51.87 lakhs and Rs. 25.09 lakhs respectively, excluding cost of steel which was to be supplied by department free of cost. The works which comprised design, fabrication, transport and erection of the aqueducts were to be completed by August 1978. The department issued 1,230 tonnes of steel (cost:Rs. 31 lakhs) to the firm for fabrication work. Till December 1978, the firm fabricated 76 pipes using 570 tonnes (cost: Rs. 14.37 lakhs). The work has not yet been completed (December 1980). Though the contract provided for imposition of penalty for non-completion of the work according to the time schedule, no penalty has been levied. The work has not been resumed yet (December 1980). The factory of the firm was stated to be under lockout from March 1979 to April 1980. In July 1980, the Executive Engineer visited the factory and assessed the quantity of unfabricated steel plates

available there to be about 588 tonnes. The Superintending Engineer is reported to have initiated (January 1981) steps to terminate the contract. Further developments are awaited (January 1981).

(5) Formation of Right bank main canal-3rd km. from Ch. 2,000 M to 2,573.5 M estimated to cost Rs. 10.82 lakhs was awarded to a contractor in November 1976, stipulating the date of completion as 31st December 1977. In October 1977 when about 75 *per cent* of the work had been completed certain cracks were noticed between Ch.2,130M and 2,200M on the upside cut edge of the canal causing the department to fear that the whole mass with two huge enclosed boulders might slip down at any time. Rectification works (removal of overburden above berm level by stepping and formation of slope and bed of the canal with 75 cm. thick D.R. packing over a 50 cm. thick filter of quarry rubbish) were entrusted to the same contractor at his agreed rate (November 1977). It was proposed to watch the performance for a year before taking further action. While protection works were in progress, cracks widened and the right side of the canal prism between Ch. 2,139 M and 2,149M slipped into the canal (January 1978). Further rectification works were stopped, expenditure incurred on rectification works till then was Rs. 0.36 lakh. Subsequently (February 1978), boulders at Ch.2,174 M, 2,184 M and 2,162 M also sank; centre of the finished bed at Ch.2,155.5 M and 2,174 M heaved up; finished sides of the canal from Ch.2,140 M to 2,150M also collapsed and slipped into the canal. Rectification work (estimated cost : Rs. 2.75 lakhs) was resumed in June 1980 and is in progress (August 1980). Information as to whether any investigation was done into the reasons for collapse of the canal is awaited from the department (January 1981). The total expenditure on the work (including cost of rectification) to end of May 1980 was Rs. 15.77 lakhs. The estimate of the work has also been revised from Rs. 10.82 lakhs to Rs. 22.29 lakhs since earthwork excavation, rock blasting, forming embankment, pitching inner and outer top faces, rip-rap, etc., have exceeded the estimated quantities; the revised estimate has not been sanctioned (October 1980). According to the Superintending Engineer, the initial levels based on which the original estimate was prepared were found incorrect during detailed investigation and the field staff failed to take notice of the existence of a hump in the reach.

Summing up

The following main points emerge from the foregoing:—

(i) The project started in 1961 is yet to be commissioned.

(ii) The estimated cost of the work has increased from Rs. 13.28 crores (1966) to Rs. 1,24.54 crores (1979) due to rise in cost of labour, materials and land and underestimation of works in the original estimate.

(iii) Investigation of the canal system is yet to be completed. Out of 1,705 km. of canals proposed under the project, detailed investigation of 1,325 km. of canal is still pending (March 1980).

(iv) Extra expenditure aggregating Rs. 17.76 lakhs had been occasioned in the case of sixteen works on account of several factors such as:

(1) defective estimation of quantities (Rs. 0.96 lakh),

(2) non-recovery of charges for short conveyance (Rs. 0.55 lakh),

(3) non-enforcement of contractual provisions (Rs. 3.72 lakhs),

(4) defective design (Rs. 1.99 lakhs) and

(5) delay in land acquisition, etc. (Rs. 8.56 lakhs).

(v) Failure to arrange to supply cement at stores nearer to works resulted in avoidable extra expenditure of Rs. 1.15 lakhs on retransport (This does not include the element of avoidable expenditure incurred on initial conveyance).

(vi) Non-supply of pressure aqueducts for two critical works of the project for which 1,230 tonnes of steel had been issued by the department to a firm (the firm has used only 570 tonnes) had resulted in putting off the target date for partial commissioning of the project by more than 12 months.

(vii) Reach 2,130M to 2,200M in the Right bank canal collapsed and rectification works estimated to cost Rs. 2.75 lakhs are under execution; the reason for the collapse has not been investigated.

The matter was reported to Government in September 1980; their reply is awaited (January 1981).

4.2. Moolathara right bank canal

With a view to providing irrigation facilities to 1,295 hectares of land lying in the right bank of Chitturpuzha, a scheme estimated to cost Rs. 24 lakhs was sanctioned administratively by Government and technically by the Chief Engineer in July and September 1972 respectively; the scheme envisaged construction of 14.4 km. of main canal (taking off from Moolathara regulator) and 15 km. of branches and field bothies. The construction commenced in November 1972 and was expected to be completed by May 1974. Though a revised estimate for Rs. 77 lakhs was prepared in October 1979, it was not sanctioned by the Chief Engineer as it was found to require further revision. The Chief Engineer stated (November 1980) that the revised estimate was still awaited from the Superintending Engineer. To the end of 1979-80, 13.1 km. of main canal and 34 km. of branches and field bothies were completed except for a few items of finishing works; the expenditure incurred till then was Rs. 79.79 lakhs.

The increase in expenditure on the scheme, notwithstanding the reduction in the length of the main canal from 14.4 km. to 13.1 km., has been attributed to (i) rise in the cost of labour and materials consequent on the revision of schedule of rates on four occasions, (ii) inadequate provision in the original estimate for the distribution system, the length of branches and field bothies having gone up from 15 km. to 34 km. and number of spouts from 64 to 151, (iii) non-inclusion of provision in the original estimate for accommodating debits towards cost of establishment and tools and plant, (iv) increase in the area of land acquired for the work from 25 hectares to 40 hectares, etc.

The ayacut estimated to be benefited by the scheme was 1,295 hectares. A joint verification of the ayacut by the Irrigation and Revenue Departments showed that an area of 1,012 hectares were being irrigated by the works executed to the end of March 1980. According to the Chief Engineer (November 1980), the remaining area can be irrigated only on completion of more field bothies.

The following points were noticed in audit:

(i) The Right bank canal takes off from Moolathara regulator of Chitturpuzha Irrigation Project and is intended to release 715 M.cft. of water per annum. Mention was made in paragraph 35 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) about the reduction in the flow of water into Chitturpuzha following construction of a dam across Aliyar in Tamil Nadu and of the inter-State agreement between Tamil Nadu and Kerala which provides for an assured supply of 7,250 M. cft. of water to Kerala and a further conditional supply of 2,500 M. cft. The additional supply would be available only if the storage of the Parambikulam-Aliyar Project as ascertained by joint gauging by the technical officers of the Kerala and Tamil Nadu Governments exceeded 16,500 M.cft. during ten years from July 1970. The actual yield during the ten years from 1970-71 based on gauging carried out jointly ranged between 7,374 M.cft. and 12,596 M.cft. (except during 1979-80 when it touched 16,300 M.cft.). As such, the chances of additional supply materialising seem to be very remote. The Assistant Engineer, I. S. I. Sub Division had reported as early as in December 1972 that available water in Chitturpuzha would be sufficient to irrigate the ayacut covered by the Left bank irrigation system only.

The Public Accounts Committe (1977-79) in its 18th report urged Government to conduct a fresh study about the availability of water and utilisation of the canal system. In a report to the Committee, Government stated (October 1980) that such a study had been taken up and would be completed by March 1981.

Apart from the non-materialisation of the additional supply of water from the Parambikulam-Aliyar Project, leaks in the regulator had also reduced the availability of water for being released to the canal system. The leakage was to the extent of 25 cusecs and works out to about 31.25 *per cent* of the supply during February to 15th May when the agreed pattern of release of water from the Aliyar dam is 80 cusecs. The regulator has not been repaired to prevent the leakage. The manufacturing firm completed the work in December 1974 but the testing of the performance of the shutters was done only in March 1975 for want of sufficient water flow in the river. The firm is said to have tried its best to stop leakages but failed. Now the defect is attributed by the firm to design problems. The division is still in correspondence with the firm (June 1980). In the meantime, the department incurred an expenditure of Rs. 0.75 lakh on its maintenance during the three years ended March 1980.

(ii) In the case of earthwork excavation in 7 reaches for the main canal, the full quantity of cut earth was not utilised for formation of embankments. In cases where cut earth is not to be used for embankment, the data item to be applied for the estimate does not provide for breaking of clods, watering, ramming and sectioning of spoil banks. In these cases, however, the costlier data item which provided for sectioning, ramming, etc., was applied for preparing the estimate and payment was made based on it as the contracts were percentage contracts. In two of these reaches, cut earth was not used for filling work on the ground that it was uneconomical; instead, the contractors were allowed to use their own earth for filling. (Specific reasons as to why the cut earth was considered uneconomical were not on record). Additional expenditure due to adoption of the costlier data item for excavation of earth work in the 7 reaches and formation of embankment utilising the contractors' earth instead of the cut earth in two of these reaches, amounted to Rs. 0.70 lakh.

(iii) The contract for the formation of Right bank canal(Ch. 4,000 M to 5,000 M) awarded to a contractor in August 1973 provided, among other items, for 8,750 cubic metres of excavation in hard rock by blasting. When the contractor approached the department in May 1974 for taking levels before excavating hard rock in reach Ch. 4,500 M to 4,700 M., it was found that the stratum of the soil was not hard rock. The contractor discontinued the work stating that he could not proceed with the work unless the soil met with was classified as hard rock. The contract was terminated in February 1975 at his risk and cost. The incomplete work was got completed in January 1977 through other agencies at an additional cost of Rs. 0.96 lakh, but no part of the extra cost could be recovered from the contractor as the Government Arbitrator absolved him of the liability. It was noticed that the work as completed involved only 644 cubic metres of hard rock excavation as against 8,750 cubic metres originally estimated and that, but for the mistake in estimation, the original contractor could not have backed out of the contract. The Chief Engineer stated (December 1978) that the nature of rock could not be correctly fixed at the time of investigation when only a few trial pits were dug. It was, however, seen in audit that only four pits had been dug against the minimum of ten required according to the provision in the departmental manual.

The views of the Chief Engineer as incorporated in the paragraph, were endorsed by Government (January 1981).

KUTTIADI IRRIGATION PROJECT

4.3. Unauthorised aid to contractors

In terms of standard specifications and the general conditions of tenders, the rate entered in a contract for any class of work is for finished work "*in situ*" and includes the cost of all incidental operations necessary for its execution. Further, according to the general conditions of tenders, which form part of contracts, each contractor is to keep at his own cost all portions of the work free from water due to springs, soakage or inclement weather unless otherwise provided for in the contract. In the case of each of the following two works under Kuttiadi Irrigation Project, formation of islands which was an incidental item of work (to facilitate pile driving and to keep the work site free from water) was paid for by the department treating it as extra although the payment was not warranted by the terms of the contracts. While according technical sanction to the work in March 1978, the Chief Engineer had in fact, deleted the item of formation of islands separately provided for in the estimate prepared by the Kuttiadi Irrigation Project Division.

(a) Construction of one RCC trough aqueduct at Ch. 3,080 M to 3,510 M of Thiruvangoor branch canal of Kanayangode (estimated cost: Rs. 17.38 lakhs) was entrusted to a contractor at 12.6 *per cent* below estimate rates in July 1977 (value of contract: Rs. 16.43 lakhs). The work was completed in January 1979.

The aqueduct was to take the branch canal across low lying paddy fields and was to be supported by RCC trestles over pile foundation. On the ground that an island was necessary for driving of piles and for the movement of pile driving plant in the area, the Executive Engineer instructed the contractor to form an island as an extra item although the estimate for the work as also the agreement executed with him did not provide for it. Based on observed data, the Executive Engineer derived a rate for the item (Rs. 470.75 per metre length of island) and forwarded (September 1978) it to the Superintending Engineer stating that the proposal to form the island was approved by the Superintending Engineer during inspection. While forwarding (October 1978) the data to the Chief Engineer for approval, the Superintending Engineer disclaimed having issued any instruction at site to proceed with the island formation work. The rate for the item was approved by the Chief Engineer in November 1978 and Rs. 1.11 lakhs paid to the contractor in March 1979 for it. As the payment was for an incidental item, it constituted an unauthorised aid to the contractor.

(b) The work (estimated cost: Rs. 9.13 lakhs) of constructing an aqueduct between Ch. 10,125 M and 10,299 M of Iringal branch canal was entrusted to a contractor in April 1978 based on tenders (lower of the two tenders received) at 30.9 *per cent* above the estimate rates. The contractor executed the agreement and commenced work in May 1978. The work was completed in January 1980. During execution nine islands were formed to facilitate pile driving for formation of piers of the aqueduct (as it was to be constructed over a swampy valley with standing water) and Rs. 0.89 lakh paid to the contractor in March 1979 for the item. The contractor was bound to execute the work on islands at his cost as it was not separately provided for in the approved estimate and the contract. The payment made to him for the islands was, therefore, not admissible.

Government stated (November 1980) that the condition requiring the contractor to meet incidental expenses could not be stretched to include major items of work. If formation of islands was really necessary to facilitate execution of the works, the contractors should have quoted their rates taking into account the cost thereof and as such a further payment for the item was not at all justified.

4.4. Periyar Valley Irrigation Project—Payment beyond terms of the contract

Mention was made in paragraph 4.2 of the Report of the Comptroller and Auditor General of India for the year 1978-79 (Civil) of payment of Rs. 2.72 lakhs towards controlled blasting of rock done in Kallada Irrigation Project which was not admissible in terms of the contract. Another such instance in Periyar Valley Irrigation Project is mentioned below:

Based on tenders, the works of construction of high level canal from Ch. 20,405 M to 20,705 M and that from 20,705M to 21,035 M were entrusted to a contractor in August 1977 at 10.8 *per cent* below estimate rate (value of contract: Rs. 4.50 lakhs) and 1.8 *per cent* above estimate rates (value of contract: Rs. 9.03 lakhs) respectively. The alignment of the canal crossed low tension power lines of the Kerala State Electricity Board and there were high tension power lines also nearby. The works were commenced in March 1978. The two works involved rock blasting for which the rates payable were Rs. 254.50 per 10 cubic metres in the case of the former work and Rs. 257.66 per 10 cubic metres in the case of the latter. In October 1977, the Chief Engineer inspected the site and observed that protective blasting might be necessary in view of the proximity of the alignment of the canal to power lines. The contractor demanded (January 1978 and August 1978) enhanced rate for controlled blasting and this was conceded by the department in July/November 1978. Accordingly, controlled blasting was paid for at a higher rate of Rs. 381.38 per 10 cubic metres in the case of the former work and Rs. 384.54 per 10 cubic metres in the case of the latter work. Additional payment made for 32,718 cubic metres of protective rock blasting so far done (September 1980) under the two contracts amounted to Rs. 3.96 lakhs; the work has not been completed yet. Government stated (February 1981) that protected blasting was adopted by the department for the safety of people and property and that as the contractor was asked to take protective measures as an extra item, he was entitled to payment for it.

The payment was, however, not admissible as in terms of Madras Detailed Standard Specifications which formed part of the agreement, the contractor was to protect all existing and adjoining premises during blasting operation and was not entitled to any extra rates for such protective work.

4.5. Anti-sea erosion works

Kerala has a coast line of 562 km. of which 320 km. is subject to severe erosion resulting in recession of shore line, loss of property and threat to communication system. To protect the coast, anti-sea erosion works have been executed since 1959 in 227 km. of the coast line at a cost of Rs. 39.26 crores to end of March 1980.

Mention was made in paragraph 39 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil), about the defective programming of anti-sea erosion works, damages to such works, inadequate maintenance of protective works, etc. A further review conducted by Audit in August-September 1980 disclosed the following points:—

(1) *Maintenance expenditure*

Norms for maintenance of protective works have not yet been fixed (September 1980). In paragraph 39 (9) of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil), it was pointed out that against an annual provision of 10 *per cent* of the original cost, recommended by a member of the Beach Erosion Board in July 1971, the actual expenditure on maintenance during each of the years from 1969-70 to 1973-74 (except 1971-72) fell short of 1 *per cent* of the capital cost. During 1974-75 also, the expenditure on maintenance was less than 1 *per cent* of the aggregate capital cost. In subsequent years upto 1979-80, the annual expenditure on maintenance ranged between 1.3 *per cent* and 1.7 *per cent* of the total capital outlay on shore protection works. The Chief Engineer stated (December 1980) that provision was made taking into account the ways and means position of the State and other relevant factors. Information regarding the number of anti-sea erosion works redone due to inaquate maintenance during 1978-79 and 1979-80 and the total expenditure incurred for redoing the completed works is awaited from the department.

(2) *Defective programming of works*

The working season for execution of anti-sea erosion works is from October to March as the sea will be rough during the other months (monsoon period). Works are to be phased in such a way that the construction is completed or reaches a safe stage before the onset of monsoon. For the reason that partly completed structures would not be able to withstand erosion successfully, the Chief Enginer (Irrigation) has instructed (January 1974) the departmental officers that the works taken up for execution should be completed with armour stones well before the outbreak of monsoon. A test-check of the works executed by Quilon Irrigation Division during 1975-76 to 1978-79, disclosed that six works (total contract amount: Rs. 78.70 lakhs) were scheduled to be executed during the monsoon period and that the dumping of armour stones had not been done before the onset of monsoon. Apparently as a result of the defective scheduling and execution, the works suffered extensive damages and met with considerable sinkage. The total expenditure on rectification of the damages amounted to Rs. 18.16 lakhs, vide details in Appendix—XI. According to the Chief Engineer (December 1980), non-completion of the works during the working season before monsoon was due to non-availability of materials, labour unrest and paucity of funds.

(3) *Extra expenditure on works*

(a) The Chief Engineer initiated (November 1975) action for revision of the 1974 schedule of rates and approved on 8th May 1976 the revised schedule of rates effective from 1st July 1976. In certain cases, decision on tenders (with validity period expiring in May 1976) was not taken in time although the department was aware of the impending revision of the schedule of rates. This necessitated retender after revision of the estimates with reference to 1976 schedule of rates, resulting in extra expenditure. Particulars of three such works involving an aggregate extra expenditure of Rs. 4.11 lakhs are given below:—

In November 1975 the Superintending Engineer, Irrigation, Central Circle, Trichur invited tenders for the following works:—

(i) "Constructing sea-wall for a length of 1,050 M towards south in continuation of the proposed 1,050 M seawall between Munambam and Puthenpadam—chainage 0 to 360 M" (estimated cost: Rs. 7.84 lakhs)

(ii) "Constructing sea-wall for a length of 1,050 M towards north of one mile seawall at Puthenpadam-Ist reach—chainage 0 to 360 M" (estimated cost: Rs. 7.89 lakhs)

(iii) "Constructing sea-wall for a length of 1,050 M towards north of one mile seawall at Puthenpadam—2nd reach—chainage 360M to 720 M" (estimated cost: Rs. 8 lakhs)

For each of the three works, only a single tender was received (February 1976), the amounts quoted being Rs. 8.98 lakhs (14.5 *per cent* above the estimate), Rs. 8.64 lakhs (9.5 *per cent* above the estimate) and Rs. 8.76 lakhs (9.5 *per cent* above the estimate) for the first, second and third works respectively. The firm period of the tenders was up to 11th May 1976.

Though the tender for the first work was forwarded in March 1976 by the Superintending Engineer to the Chief Engineer (Irrigation) for approval, the latter did not take a decision till the expiry of the validity period on the ground that Govenmernt had not approved the work administratively. It was noticed that (i) the Chief Engineer had moved Government for administrative approval as early as in November 1975 and (ii) while addressing Government for expediting administrative approval, the department had also pointed out that the tender received for the work was reasonable and advantageous. As sanction was not accorded by Government till June 1976, the Chief Engineer revised the estimate of the work with reference to the revised (1976) schedule of rates and approached (October 1976) Government again for administrative sanction. This was accorded by Government on 20th January 1977. Meanwhile, tenders had been re-invited for the work by the Superintending Engineer in August 1976 and a single tender for Rs. 10.50 lakhs (at 9.7 *per cent* above estimate) was received. This was accepted by the Superintending Engineer on 22nd January 1977, although technical sanction for the work was still awaited from the Chief Engineer. The work was technically sanctioned by the Chief Engineer in February 1977. Had the tender received in February 1976 been accepted, the expenditure on the work would have been less by Rs. 1.52 lakhs.

As regards the second and third works which were administratively sanctioned by Government in December 1975, the tenders received in February 1976 were within the competence of the Superintending Engineer to accept; but they were not processed on the ground that the estimates of the works had not been sanctioned technically by the Chief Engineer. It was noticed that though technical sanction for the works were issued by the Chief Engineer on 30th April 1976, i.e., well before the expiry of the validity period and the Chief Engineer was reminded by the Superintending Engineer on 6th May 1976, apprising him of the imminent expiry of the validity period, the sanctioned estimates were received by the latter only on 21st May 1976, i.e., after the expiry of the firm period of the tender. The estimates for the two works were subsequently revised based on the revised schedule of rates (which came into force from 1st July 1976) and the revised estimates were sanctioned by Chief Engineer in October 1976. On retender in August 1976, single tenders at 9.8 *per cent* above estimate for the second work (tender amount: Rs. 9.24 lakhs) and at 9.75 *per cent* above estimate for the third work (tender amount: Rs. 10.75 lakhs) were received. The tenders were accepted in January 1977. The extra expenditure due to non-acceptance of the tenders of February 1976 was Rs. 0.61 lakh for the second work and Rs. 1.98 lakhs for the third work.

The Chief Engineer attributed (December 1980) the belated communication of technical sanction issued (in April 1976) for the two works to delay in fair copying.

(b) The work "Anti-sea erosion work at Sraikad-construction of sea-wall for a length of 535 M from km. 44.465 to 45.000" entrusted to a contractor in December 1975 for Rs. 11.75 lakhs (at 1 *per cent* below the estimate rate) provided for supply of 1959 cubic metres of fascine mattress and 1,274 cubic metres of sifted silicious gravel for the filter media. After collecting a total quantitiy of 310 cubic metres of these materials, the contractor requested

(February 1976) for changing the filter media on the ground that there were difficulties in collecting the materials. Based on this, the department permitted (August 1976) the contractor to use costly silicious gravel instead of fascine mattress for the remaining work. As a result of this, only 242 cubic metres of fascine mattress were supplied by the contractor as against 1,959 cubic metres stipulated in the agreement while the quantity of silicious gravel increased to 2,401 cubic metres from the 1,274 cubic metres originally estimated. The change in the specification of filter bed which was done to suit the convenience of the contractor, with no additional advantage to the department, resulted in an extra expenditure of Rs. 0.41 lakh.

(c) The work of "Constructing a sea-wall at Murat river mouth in Iringal Village" was awarded to a contractor for Rs. 12.11 lakhs in September 1975, stipulating the date of completion as May 1977. The work was not completed by that date and extension was granted up to December 1979. The work has not been completed (January 1981). On a petition filed (June 1979) by the contractor, claiming extra on various counts, Chief Engineer (Arbitration) awarded (December 1979) payment of Rs. 1.97 lakhs which included Rs. 0.81 lakh towards cost of stones/materials collected by the contractor but washed away in floods/buried in sand. The award was confirmed by the sub-court, Trivandrum in February 1980. According to Madras Detailed Standard Specifications, which formed part of the agreement, the contractor was to deposit the materials collected for the work only at such places as were approved by the Executive Engineer. In view of the proximity of the area to the sea, the Executive Engineer should have ensured that the stacking areas were not prone to floods/submergence during monsoon. Had this been done, the extra claims on account of materials washed away in floods/buried in sand could have been avoided.

The matter was reported to Government in October 1980; reply is awaited (January 1981).

AGRICULTURE DEPARTMENT

(MINOR IRRIGATION)

4.6. Minor Irrigation in Intensive Paddy Development Units

With a view to providing irrigation facilities to bring additional areas under cultivation of paddy and stabilise paddy cultivation in existing areas minor irrigation works are carried out in Intensive Paddy Development Units (IPD Units) under the control of the Agriculture Department. The works to be taken up in each unit are to be approved by the Director of Agriculture and intimated to the Minor Irrigation wing of the Public Works Department for arranging execution. The completed works are to be handed over to the respective Panchayats for upkeep and maintenance. Where the completed works require installation of pumpsets, the Agriculture Department supplies pumpsets, free of cost, to the Panchayats, registered Farmers' Associations, etc., under a separate scheme sanctioned by Government in January 1968.

Between 1972-73 and 1979-80, 723 minor irrigation works had been executed at a cost of Rs. 3,24.37 lakhs under the programme. Some of the points noticed in an audit review conducted in July–September 1980, of the implementation of the programme with reference to the records in the Directorate of Agriculture, district level offices in Trivandrum, Quilon and Alleppey and ten Intensive Paddy Development Units* are mentioned in the succeeding paragraphs:—

(1) As at the end of March 1980, there were 529 Intensive Paddy Development Units. Information regarding the Intensive Paddy Development Units covered by minor irrigation works already executed was not available either in the Directorate of Agriculture or in the District level offices. Deputy Directors of Agriculture, Alleppey, Quilon and Trivandrum stated (July-September 1980) that action would be taken to maintain a consolidated record of minor irrigation works executed in each Intensive Paddy Development Unit, showing the expenditure incurred on each work, area expected to be benefited, area actually benefited, etc. In the absence of such a record, it is difficult to assess the irrigation needs of each Intensive Paddy Development Unit. Further, absence of such a record may lead to overlapping of ayacut when new works are taken up. Details of a few instances of overlapping of ayacut are given in Appendix—XII.

(2) *Verification of the area benefited*

Upto end of 1979-80, about 10, 386 hectares (net) were reported to have been irrigated by 723 minor irrigation works executed in Intensive Paddy Development Units (cost: Rs. 3,24.37 lakhs).

In May 1977, Government ordered that the area reported to have been irrigated by minor irrigation works was to be jointly verified by the officials of the Public Works Department and the Revenue Department. For this purpose, the Executive Engineers were to furnish to the Tahsildars lists of areas additionally brought under irrigation within a period of thirty days from the date of commissioning of the work for supply of water. Joint verification was to be conducted within sixty days from the date of supplying the lists to the Tahsildars. The Chief Engineer (Irrigation) was to watch the position regarding the furnishing of ayacut lists to the Revenue Department and also to review every month the progress achieved in this direction.

It was seen from the details available in the offices of the Chief Engineer (Irrigation) and the Superintending Engineer, Minor Irrigation Circle, Trivandrum that up to end of July 1980 ayacut lists had been forwarded to the Revenue Department only in respect of 1,405 hectares irrigated by 66 works completed between 1977-78 and 1979-80. Ayacut lists for 657 works completed between 1972-73 and 1979-80 and expected to have benefited

* Chirayinkil, Kilimanoor, Attingal, Neduvathur, Chadayamangalam, Punalur, Mynagapally, Thiruvalla, Muhamma and Thakazhi.

9,768 hectares were yet to be prepared and forwarded to the Revenue Department (September 1980). The arrears were attributed by the Chief Engineer (December 1980) to lack of co-ordination between the two departments. No monthly review had been conducted by the Chief Engineer, Irrigation so far. Owing to the delay in the finalisation of ayacut lists and in conducting joint verification, the area actually benefited was not ascertainable.

Though the object of executing minor irrigation works in Intensive Paddy Development Units was to bring additional areas under paddy cultivation and to stabilise paddy cultivation in existing areas, the area of paddy cultivation in the State had declined from 8.75 lakh hectares in 1971-72 to 7.99 lakh hectares in 1978-79 according to the statistics compiled by the State Planning Board. According to the Chief Engineer (December 1980), cultivators prefer cash crops to paddy and this accounted for the decline in the area under paddy cultivation.

(3) *Levy of cess*

Government ordered in March 1978 that water cess was to be levied and collected from July 1974 in respect of areas actually irrigated by minor irrigation works executed in Intensive Paddy Development Units. Government also ordered that arrears of cess leviable on irrigated areas for the period July 1974 to 7th March 1978 were to be written off. The Secretary, Board of Revenue was to forward to Government consolidated proposals in this regard. Even after a lapse of more than two years, the amount of water cess leviable from July 1974 to 7th March 1978 has not been determined by the Board of Revenue owing to non--receipt of relevant details from the District Collectors, Alleppey, Ernakulam, Palghat and Kozhikode. The amount reported for write off by the Collectors in other districts amounted to Rs. 0.33 lakh.

Cess leviable on 7,936 hectares reported to have been irrigated in 1978-79 in the State (by works completed upto March 1978) and on 9,640 hectares irrigated in 1979-80 (by works completed up to March 1979) worked out to Rs. 2.99 lakhs (approximately)at Rs. 17 per hectare per year. Information regarding the actual amount collected is awaited from the Revenue Department (February 1981). As stated in sub-paragraph (2), ayacut lists had been forwarded to the Revenue Department only for 1,405 hectares up to the end of March 1980. It has not been clarified how the department proposes to collect cess, pending finalisation of the ayacut lists and joint verification of benefited areas.

(4) *Transfer of completed works to Panchayats*

In July 1974, the Superintending Engineer issued instructions in consultation with the Director of Agriculture that the completed minor irrigation works in Intensive Paddy Development Units were to be transferred to the respective Panchayats free of cost. Information regarding the completed works transferred to Panchayats was not available with the Superintending Engineer, Minor Irrigation Circle or Chief Engineer (Irrigation). There was also no machinery to watch whether the works transferred were being maintained by the Panchayats properly. The Junior Agricultural Officers in charge of seven out of ten Intensive Paddy Development Units test checked, stated that no measures had yet been taken by the Panchayats for the maintenance of the minor irrigation works in those units. Out of 308 works (estimated cost: Rs. 1,62.05 lakhs) taken up between April 1975 and March 1978 in the three districts test checked, 260 works (estimated cost: Rs. 1,35.09 lakhs) were intended to repair/renovate existing irrigation sources. The Chief Engineer stated (December 1980) that owing to inadequate maintenance of minor irrigation works by the beneficiaries, most of the schemes went out of use after some years.

(5) *Infructuous expenditure*

A drainage channel from Chittoor tank to Vattakayal in Intensive Paddy Development Unit, Panmana was constructed in April 1978 at a cost of Rs. 0.94 lakh. The work was intended to benefit 45.73 hectares. As the ayacut area had been transferred (between August 1977 and October 1978) to the Kerala Minerals and Metals Limited (a company owned by the State Government) for setting up a Titanium Complex, there was no prospect of the channel being used for agricultural purposes. The expenditure of Rs. 0.94 lakh on the work has thus become nugatory. The Director of Agriculture stated (December 1980) that the Deputy Director of Agriculture had been asked to elucidate how he had recommended the work for sanction.

(6) *Unused/incomplete facilities for irrigation*

Particulars of seven works, (cost: Rs. 5.23 lakhs; completed between July 1972 and March 1979) which have not served the intended purpose on account of factors like defects in execution, change in the pattern of ayacut, delay in execution of residual works, non-installation of pumpsets, etc., are given in Appendix—XIII.

(7) *Non-utilisation of pumpsets*

(i) A 25 HP propeller pumpset (cost: Rs. 0.49 lakh) purchased in April 1978 for raising an additional crop in 106 hectares of paddy fields at Karingalilchal in Intensive Paddy Development Unit, Thonnallur has not been installed yet (September 1980). The Deputy Director of Agriculture, Alleppey stated (September 1980) that in spite of efforts made by the department, no beneficiary had come forward to instal it.

(ii) Eleven pumpsets (2 numbers of 15 HP and 9 numbers of 20 HP) purchased by the Deputy Director of Agriculture, Alleppey in July 1979 at a cost of Rs. 0.65 lakh for bringing an additional area of 495 hectares under paddy cultivation had not been distributed (September 1980) to the beneficiaries as electric motors for operating them were not procured along with the pumpsets.

(iii) Seven pumpsets (cost: Rs. 0.21 lakh) purchased between March 1977 and March 1979 by the Deputy Director of Agriculture, Quilon for distribution among 5 Panchayats and two Karshaka samithis had not been distributed (August 1980). The reasons for their non-distribution are awaited from the department (September 1980).

(iv) According to a report sent by the Director of Agriculture in March 1980 to Government, out of 1,696 pumps issued by the department between 1968-69 and September 1979 to various beneficiaries, under the scheme for the free supply of pumpsets to panchayats, registered farmers' associations, etc., 332 pumpsets (cost particulars not available) had not been energised for various reasons such as (i) want of power connection (162), (ii) want of accessories (19), (iii) non-construction of pumphouse (146) and (iv) other reasons (5).

Summing up

The following points emerge from the foregoing paragraphs:

(i) Out of 10,386 hectares reported to have been irrigated by 723 minor irrigation works, ayacut lists have been prepared only in respect of 1,405 hectares irrigated by 66 works, resulting in non-collection of cess from areas actually benefited, which had not been ascertained.

(ii) Expenditure amounting to Rs. 0.94 lakh on a work in IPD Unit, Panmana had proved infructuous.

(iii) As panchayats did not properly maintain the works transferred to them, 260 works out of 308 taken up between April 1975 and March 1978 in 3 districts test checked were intended to repair/renovate existing irrigation sources.

(iv) Seven works constructed at a cost of Rs. 5.23 lakhs for irrigating/ benefiting over 300 hectares do not serve the intended purpose for one reason or other.

(v) Nineteen pumpsets (cost: Rs. 1.36 lakhs) purchased (between March 1977 and March 1979) by the Agriculture Department have not been distributed to beneficiaries.

(vi) Three hundred and thirty-two pumpsets distributed to beneficiaries between April 1968 and September 1979 have not been energised.

(vii) The Agriculture Department did not have a complete record of works taken up and the area irrigated by them.

(viii) Despite the implementation of the scheme, the area under paddy cultivation in the State had declined from 8.75 lakh hectares in 1971-72 to 7.99 lakh hectares in 1978-79.

The matter was reported to Government in October 1980; reply is awaited (January 1981).

4.7. Construction of a marginal bund on the upstream side of Kattampally Regulator

A regulator for salt water exclusion and flood control intended for stabilising cultivation in 1,282 hectares (3,168 acres) was constructed at a cost of Rs. 46.20 lakhs as part of the first stage of Kattampally project and commissioned in 1966. The second stage of the project envisages canalisation of Kattampally river through the regulator and reclamation of 405 hectares (1,000 acres) of Kattampally swamp, reach by reach.

As a pilot scheme of the second stage, the construction of a marginal bund on the upstream side of Kattampally Regulator to reclaim 162 hectares (400 acres) in Chirakkal village was sanctioned by Government in February 1976. Technical sanction for the work (estimated cost: Rs. 4.4 lakhs) was accorded in February 1977. Tenders were invited twice (in December 1976 and January 1977) but without adequate response. In February 1977, the work was enstrusted to a contractor on nomination basis at a negotiated rate of 25 *per cent* above estimate rate. The work was scheduled for completion by May 1977; but extension of time was granted till May 1978.

The estimated quantity of earth work was 22,400 cubic metres; during execution, it was noticed that the quantity would increase to 60,700 cubic metres on account of the large variation in levels subsequent to the preparation of the estimate in February 1975. Consequently, a revised estimate for Rs. 11.77 lakhs (original estimate: Rs. 4.4 lakhs) was prepared by the department and submitted to Government in March 1978 for sanction. It is still to be sanctioned by Government (September 1980). Pending sanction of revised estimate, the Executive Engineer directed (March 1978) the contractor not to execute quantities in excess of the agreed quantities, without written orders of the departmental officers. Following this, the contractor stopped work in April 1978. Notwithstanding the provision in the Departmental Manual requiring measurement of earth work by level sections, the earthwork done till then was measured by tape in April 1978 and recorded in the measurement book as 39,971 cubic metres. In December 1978, when level measurements were taken, the quantity was found to be only 35,377 cubic metres excluding earth work measuring 810 cubic metres washed away in rains. In March 1979, the contractor filed a petition before the Chief Engineer, Arbitration, claiming that he had done 57,600 cubic metres of earth work. The Arbitrator awarded (September 1979) that the contractor be paid for the entire quantity of 39,971 cubic metres of earth work measured by the department by tape. He discarded the level measurements on the ground that they were taken 8 months after the tape measurements and that too in the absence of the contractor and without giving notice to him. The award was confirmed by Court in December 1979 and the department paid (May 1980) Rs. 0.78 lakh towards the value of 4,594 cubic metres of earthwork measured by tape in excess. This payment could have been avoided, had the department taken level measurements initially and also ensured the presence of the contractor while taking the final measurements as required under the prescribed procedure.

The work stopped in April 1978 has not been resumed. The expenditure of Rs. 7.23 lakhs so far incurred remains unfruitful as reclamation of the land would be possible only if the bund is completed.

Government stated (January 1981) that the tape measurements were taken as the "formation was very slushy" during the course of execution.

4.8. Salt water exclusion and drainage scheme at Karuvottuchira

Karuvottuchira Salt Water Exclusion Scheme in Quilandy Taluk (intended to benefit an ayacut area of 502 acres for stabilising cultivation in 250 acres and raising an additional crop in the entire area of 502 acres and to reduce the road distance between Cheruvannur and Payyoli by 14 km.) was sanctioned by Government in July 1972 at an estimated cost of Rs. 5.88 lakhs. It envisaged construction of a bridge-cum-salt water exclusion regulator after dismantling an existing dilapidated vented cross bar, construction of a pump house and erection of pump sets, formation of a canal for draining water from water-logged areas, etc. The additional annual food production anticipated on commissioning the scheme was 301 tonnes of rice.

While sanctioning the scheme, Government specifically directed the department to tender the work only after the land required for its execution was taken over by the department. Despite this, the department invited tenders for civil works portion in November 1972 and awarded it to the lowest tenderer in January 1973 (stipulating the period of completion as 18 months) at 27 *per cent* below the estimate although only a portion of the land had been made available by then. The balance portion of the land was made available between March 1975 and July 1977.

The design of the salt water exclusion regulator was approved by the Superintending Engineer in July 1973. It provided for formation of 78 piles. However, during execution the number of piles was increased to 126 as provision of concrete piles below wing walls and return walls was found necessary.

The contractor could not complete the work in time mainly due to delay in handing over the site due to delay in land acquisition and change in the scope of work consequent on the increase in the number of piles. Though extension of time was granted up to May 1975, the contractor stopped work in January 1975 and demanded (March 1975) fifty *per cent* enhancement over his quoted rates or relief from the burden of the contract. In September 1975, he approached the Government Arbitrator for Engineering Contracts demanding *inter alia* payment of 25 *per cent* extra for all work done beyond the contract period and compensation for loss and overhead charges amounting to Rs. 0.82 lakh on account of belated supply of departmental materials, increase in the number of piles, delay in handing over site, etc., and enhanced rates based on revised schedule of rates in case he were to execute the remaining items. In the defence statement filed, the department denied the delay in issue of departmental materials, but could not effectively controvert the other contentions. The Arbitrator in his award (February 1976) allowed the contractor Rs. 0.13 lakh towards loss in execution of work done beyond the agreed date and relieved him from the risk and cost of execution of the balance work. The department accepted the award and settled the contractor's claims in December 1976.

Tenders for the balance work were invited in February 1977, after revising the estimate of the scheme to Rs. 7.91 lakhs based on the then current schedule of rates. It was awarded to another contractor in May 1977 and the work, which was due to be completed by March 1978, has not been completed (November 1980). The estimated extra expenditure due to re-arrangement of balance work at higher rates amounted to Rs. 0.46 lakh.

Four 60 H.P. and one 40 x 40 mm vacuum pumpsets with all the accessories (cost: Rs.1.63 lakhs) purchased in July 1978 could not be commissioned as the internal wiring of the pump house is yet to be carried out (December 1980). Though tenders for the wiring work were invited thrice, the offers received were rejected as the rates quoted were high. Government stated (November 1980) that the work would be retendered after revising the estimate based on the schedule of rates effective from 1st July 1980.

The design details of screw gear shutters of the regulator were finalised only by January 1980 and as a result, orders for their supply could be placed only in February 1980. Their supply is still awaited (November 1980).

Delay on the part of the department in acquiring the land and defective investigation necessitating increase in the number of piles during execution thus resulted in an extra expenditure of Rs. 0.59 lakh on civil works besides delaying the work. An expenditure of Rs. 7.19 lakhs incurred on the scheme till July 1980 remains unproductive. Although it is more than 8 years since the work was sanctioned, several items of work like supply of sluice valves and screw gear shutters, internal wiring of pump house, metalling the road way, providing guard stones, supplying and fixing steel stair for the vented cross bar, etc., remain to be done. Consequently the scheme could not be commissioned yet. As a result, the department had to block the regulating vent temporarily in order to prevent the ingress of salt water into the ayacut. The details of additional expenditure on provision of the temporary arrangements are awaited from the department.

PUBLIC WORKS DEPARTMENT

4.9. Koratty by-pass

Technical approval for constructing a by-pass around Koratty (in Trichur District) between km. 308 and 311/168 of national highway 47 was accorded by Government of India in February 1970 for Rs. 12.59 lakhs. The work was undertaken by the Kerala State Public Works Department as agent of the Central Government. Based on the tenders, the work was awarded to a contractor in July 1970 and the work commenced in August 1970. According to the approved alignment plan of the by-pass, the reach between chainages 1,040 M and 1,650 M was to be straight. But, when the road formation was progressing, an acute curve was noticed in the reach and it was found by the Executive Engineer, Regional Offices, Roads Wing of the Government of India (October 1970) that the road formed in the reach did not conform to the geometric standards prescribed for national highways.

In order to examine how the defect could be rectified, a fresh site survey was conducted in January 1971. It was then found that out of 58,300 cubic metres of earth filling work done in the reach, 18,492 cubic metres done at a cost of Rs. 0.83 lakh were not in the correct alignment. Out of this, 15,752 cubic metres of earth were shifted to the correct alignment, spending Rs. 0.60 lakh. As the remaining quantity (2,740 cubic metres) of earth filling done at a cost of Rs. 0.12 lakh got mixed with clay, rendering it unsuitable for road formation, it was not shifted from the wrong alignment.

Consequent on rectification of the mistake, about one hectare of land acquired at a cost of Rs. 0.71 lakh has been rendered surplus. Final decision on its disposal is yet to be taken (November 1980).

A preliminary investigation conducted by the Superintending Engineer disclosed (December 1971) that:

(i) peg-marking for land acquisition was done without taking the approved alignment into consideration;

(ii) the work was started and carried out without any proper check and supervision and

(iii) even though the curve came to the notice of the department in October 1970, work on the incorrect alignment was continued till December 1970.

According to the department, 8,450 cubic metres of work (cost: Rs. 0.38 lakh) were done in the incorrect alignment during the period from 20th October 1970 to 31st December 1970.

After detection of the error, 1.27 hectares of land (cost: Rs. 0.87 lakh) in the correct alignment had to be acquired (May 1972) for execution of the work. The contract executed in July 1970 for the work was terminated in March 1973 as the progress of work was not satisfactory. A claim put in by the first contractor for compensation for idling period in the execution of the work caused by the change in alignment had to be conceded and Rs. 10,000 were paid to him in September 1974. The remaining work was entrusted to another contractor in June 1973 at an estimated extra cost of Rs. 0.97 lakh. The work was completed and the by-pass thrown open for vehicular traffic in March 1975.

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The extra/avoidable expenditure on account of execution of the work in the incorrect alignment amounted approximately to Rs. 2.50 lakhs (cost of land: Rs. 0.71 lakh; earth filling and shifting operations: Rs. 0.72 lakh; termination of first contract and re-arrangement of work: Rs. 1.07 lakhs).

In April 1975, Government of India pointed out to the State Government that the extra/avoidable expenditure was caused by the failure of the latter to follow the correct alignment and advised the State Government to write back to State accounts the extra expenditure resulting from (a) extra land acquisition, (b) avoidable operations in doing earth work, (c) contractual problems arising from the backing out of the first contractor and the execution of the balance work at higher rates. In July 1980 the State Government decided to write back the extra expenditure to State accounts. Defective peg-marking for land acquisition and execution of work on the incorrect alignment had thus resulted in an avoidable expenditure of Rs. 1.79 lakhs (on re-doing part of the work and due to contractual problems) besides rendering surplus about 1 hectare of land (cost: Rs. 0.71 lakh) acquired in 1970. Though the Chief Engineer stated as early as in 1973 that charges were being framed against the officers responsible for the lapses and irregularities, disciplinary proceedings are yet to be finalised.

The matter was reported to Government in September 1980; reply is awaited (January 1981).

4.10. Improvements to Poonjar—Peringulam Road

The work 'Improvements to Poonjar—Peringulam Road' was sanctioned by Government in November 1968 at an estimated cost of Rs. 3.96 lakhs. The estimate provided for improving 6,110 metres of the road and construction of a six-metre span bridge. Only a nominal provision for formation of approaches for a length of 50 metres on either side of the bridge was made in the estimate. The work was taken up as a Central Road Fund work and executed in stages. The road portion of the work, was commenced in February 1969, and was completed by December 1972, at a cost of Rs. 3.82 lakhs. The construction of the bridge was started in September 1973 and was completed in January 1976 at a cost of Rs. 1.24 lakhs. In January 1975, the Assistant Engineer in charge of the work reported that to join the roads on either side of the bridge, approaches were to be formed for a length of 490 metres. This work on approaches was not taken up along with the other works for want of adequate provision in the estimate. A revised estimate for Rs. 5.98 lakhs including provision for approaches was sanctioned by Government in November 1978. Though tenders were invited in January 1979 for the formation of approach roads, there was no response. Based on the schedule of rates effective from July 1978, the estimate was further revised to Rs. 6.13 lakhs in January 1980, and the work entrusted to a contractor in February 1980; it was still to be completed (September 1980).

Owing to non-formation of the approaches, the road which was improved at a cost of Rs. 5.06 lakhs (till January 1976) has not yet been thrown open for vehicular traffic (September 1980).

The matter was reported to Government in May 1980; reply is awaited (January 1981).

LOCAL ADMINISTRATION AND SOCIAL WELFARE DEPARTMENT

4.11. Extra contractual payment

The contract for supplying and laying high density polythene pipes in five distribution zones of Kuttanad Water Supply Scheme was awarded in May 1972 to a Calcutta firm (lowest tenderer) for Rs. 28.59 lakhs (10 *per cent* above the estimate rates). In terms of the agreement executed by the firm in March 1973, the price quoted by it was to remain firm throughout the currency of the contract. The work was due for completion by October 1973.

There was delay on the part of the firm in carrying out the work. Out of 1,57,012 kg. of pipes required for the work, only 29, 250 kg. were supplied by it till October 1973. Based on requests made by the firm, extension of time was granted on five occasions and the work was completed in December 1976. While granting extension each time, the firm was specifically informed that no extra rates would be paid for any increase in the price of raw materials or otherwise. At the time of seeking extension, the firm had also given an undertaking to that effect. Nevertheless, the firm demanded enhanced rates on the plea of increase in cost of raw materials and petroleum products. In January 1976, it requested for a price escalation of Rs. 5.63 lakhs calculated on the weight of pipes supplied by it between October 1973 and December 1975. The Chief Engineer reported (July 1976) to Government that its request for price escalation could not be agreed to as the department was in no way responsible for the inordinate delay in completion of the work. Government asked (January 1976) the department to verify the claim put in by the firm. For the pipes supplied after October 1973, the increase in cost of raw materials was estimated (September 1977) by the Superintending Engineer at Rs. 4.84 lakhs. The Chief Engineer pointed out (November 1977) to Government that the calculation was based on certain assumptions as accurate details were not ascertainable.

In March 1978, Government accorded sanction for payment of Rs. 4.84 lakhs to the firm as a special case towards price escalation. The amount was paid to the firm in April 1978. Thus, Rs. 4.84 lakhs were paid as escalation charges though there was no provision for escalation of rates in the agreement executed with the firm and the extension of time to complete the work had been granted on the specific condition that the firm would not be entitled to any enhanced rates.

Government stated (October 1980) that after considering the 'peculiar' nature of the case, Government felt it fair to compensate the firm for increase in price even though there was some delay on its part to execute the work.

REVENUE DEPARTMENT

4.12. Suspension bridge at Theralai

The construction of a suspension bridge (estimated cost: Rs. 0.75 lakh) over Baliapattam river at Theralai on Therthalli–Theralai Road to connect Theralai island to the mainland was sanctioned by the District Collector, Cannanore, in July 1971 under 'Famine Relief Works'. The work consisted mainly of (i) construction of abutments on either side of the river and two piers at a distance of 20 metres from the abutment and (ii) provision of a wooden deck which was to be suspended from wire ropes. The work was awarded to a contractor (lowest tenderer) at 5 *per cent* above the estimate rate in September 1971 stipulating the date of completion as January 1972.

During the course of construction, it was found necessary to increase the depth of the piers, increase the size of the wire ropes which were to carry the load of the deck, from 20 mm diameter to 25 mm diameter and provide rough stone dry packing (not contemplated in the estimate) to protect one of the abutments. On account of these changes which necessitated revision of the estimate to Rs. 1 lakh in September 1976 and other factors such as belated supply of 25 mm M. S. rods for dowel bars and delay in making part payment to the contractor, the work dragged on till January 1977. In January 1977 when some workers were engaged in fixing up the deck planks, the wire ropes snapped and the bridge collapsed. The pier on the Theralai side toppled and the entire deck fell into the river. One worker was drowned and several others got injured in the accident. Following this, the work was discontinued. On a petition filed by the contractor in August 1977 demanding enhanced rates, the arbitrator awarded (December 1977) an increase of 20 *per cent* over the original rates for all items done after 27th March 1975, the date of first part payment. The award was confirmed by the Court in April 1978. The contractor was finally paid for in June 1978 at the enhanced rates.

The reasons for the collapse of the bridge have not yet been finally established (February 1981). Government admitted (February 1981) that the wire ropes were not tested before fixing on the bridge.

With the collapse of the bridge while under construction, Rs. 0.89 lakh spent on it had been rendered infructuous. Government stated (February 1981) that pending investigation into the causes of failure, the work could not be re-arranged and that it might be possible to 'utilise some of the materials' while re-arranging the work. But according to the Executive Engineer (February 1981), "there are no usable materials that could be salvaged from the collapsed bridge".

GENERAL

4.13. Arbitration cases

Mention was made in Paragraph 49 (c) of Report of the Comptroller and Auditor General of India for the year 1973-74 (civil) about the extra commitment to the State Government on account of awards passed by the Chief Engineer (Arbitration) during the year. With reference to the comment, Government issued orders in May 1978 that in future, recourse to arbitration would be limited to works, the estimated value of which did not exceed Rs. 2 lakhs.

A review of the arbitration cases in 97 divisions (Public Works including Minor Irrigation: 72; Public Health Engineering: 25) during 1979-80 disclosed the following position:—

	Public works Department including Minor Irrigation	*Public Health Engineering Department*	*Total*
Number of cases pending on 1st April 1979	171	32	203
Number of cases referred during 1979-80	83	17	100
Total	254	49	303
Number of cases decided during 1979-80	136	28	164
Number of cases pending decision on 31st March 1980	118	21	139
Number of cases decided against Government in 1979-80	112	21	133
Number of cases where departments preferred appeal	18	2	20
Number of cases where departments won the appeal	Nil.	Nil.	Nil.

Out of 164 cases decided during the year, in 13 cases (Public Works Department: 10; Public Health Engineering Department: 3) the extra commitment or otherwise has not been specified. In 14 cases (Public Works Department:13; Public Health Engineering Department: 1) the arbitrator only relieved the contractors from the risk and extra cost resulting from re-arrangement of the works. In 10 cases (Public Works Department), the extra financial commitment to the State has not been quantified yet. In the remaining 127 cases (Public Works Department: 103; Public Health Engineering Department: 24), the extra financial commitment to the State amounted to Rs. 25.31 lakhs (Public Works Department: Rs. 23.68 lakhs; Public Health Engineering Department: Rs. 1.63 lakhs).

An analysis of the cases showed that the main grounds on which the additional amounts were granted were:—

(i) extra rate for additional quantities executed;

(ii) extra rate for work done after the stipulated date of completion;

(iii) compensation for idle machinery, labour, etc.;

(iv) cost of materials supplied, but later found short; and

(v) extra rate owing to change of quarries.

There was no system in the departments to undertake a study of the awards going against Government with a view to identifying the departmental lapses and taking remedial measures including disciplinary action. Even though the need for such a system was pointed out by Audit in January 1975, it is yet to be introduced.

The matter was reported to Government in October 1980; their reply is awaited (January 1981).

4.14. Remittances into treasuries by Public Works and Forest Divisions

Detailed classification of moneys received in Public Works (including Public Health Engineering)/Forest Divisions is done by the divisional officers themselves who render monthly accounts to the Accountant General. The receipts are remitted into the treasuries in lump by the officers periodically and the remittances so made are classified under the head "Public Works Remittances—Remittances into Treasuries"/ "Forest Remittances—Remittances into Treasuries". The debits in the divisional accounts under these heads are adjusted against the corresponding credits in the treasury accounts; the unadjusted balances are carried forward from month to month. Debits outstanding under these heads indicate remittances of cash into treasuries made by the divisions, but not accounted for by the treasuries and credits indicate amounts booked by the treasuries, but not incorporated in the divisional accounts. According to rules, the divisional officers are to reconcile the amounts booked under these heads with the accounts of the treasuries and to send, along with monthly accounts a schedule of settlement with treasuries supported by a consolidated treasury receipt explaining the differences; 1,360 such schedules for the period up to March 1980 were pending receipt from 160 divisions.

On account of arrears in reconciliation, Rs. 1,23.29 lakhs under debit and Rs. 74.16 lakhs under credit were outstanding under the head "Public Works Remittances—Remittances into Treasuries" as at the end of March 1980. Of these, Rs. 29.04 lakhs under debit and Rs. 29.15 lakhs under credit related to periods prior to 1977-78.

The balances outstanding under "Forest Remittances—Remittances into Treasuries" as at the end of March 1980 amounted to Rs. 1,76.98 lakhs under debit and Rs. 2,78.89 lakhs under credit.

Delay in reconciliation would render difficult timely detection of defalcation of money/falsification of accounts, etc., if any.

Government stated (January 1981) that the unreconciled figures under 'Public works Remittances—Remittances into treasuries' mainly represented amounts mis-classified by the treasuries and that introduction of a new system to overcome the difficulty in reconciliation was engaging the attention of Government. As regards 'Forest remittances—Remittances into treasuries', Government stated (December 1980) that the Chief Conservator of Forests had been requested to complete the reconciliation as quickly as possible.

CHAPTER V

STORES AND STOCK

5.1. (a) A synopsis of the stores and stock accounts of the principal departments other than those of Government commercial and quasi-commercial departments/undertakings for 1979-80 (to the extent received) is given in Appendix—XIV.

(b) Particulars of stores and stock for 1979-80 and earlier years which had not been furnished to Audit till December 1980 and of those which, though furnished could not be certified on account of defects such as discrepancies and defects in valuation, incorrect calculation of depreciation, non-inclusion of certain items in closing stock, etc., are indicated in Appendix—XV.

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

(i) Out of sixty-six divisions which held stock in 1979-80, details of stock transactions were received only from sixty-one divisions. In thirty of them the value of stores as on 31st March 1980 exceeded the reserve limit of stock fixed by Government, vide table below:—

Sl.no.	*Department*	*Total no. of divisions in which stock was held*	*Divisions in which the value of stock held exceeded the reserve limit*		*Divisions in which the value of stock held exceeded the reserve limit by more than* 100 *per cent*	
			No of divisions	*Value of excess stock (in lakhs of rupees)*	*No. of divisions*	*Value of excess stock (in lakhs of rupees)*
1.	Irrigation and Projects	25	15	64.39	4	31.66
2.	Buildings and Roads	21	6	1,09.85	4	1,06.85
3.	Public Health Engineering	15	9	1,10.47	6	1,05.72

The main reasons stated for the retention of stock over the reserve limit were (i) increase in cost of materials without any corresponding revision of the reserve limits fixed years back, (ii) retention of materials found surplus on completion of works, (iii) taking up of more works, (iv) procurement of large quantities of materials in advance to avoid delay in completion of projects/works and (v) stocking of slow moving spares.

(ii) 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 maintenance of stock accounts envisaged in the Kerala Public Works Accounts Code revised in 1972. Pending switch over to the revised system, the old system is being continued by eleven divisions. Under the old system, the half-yearly register of stock maintained sub-division-wise constitutes the basic record of stock receipts, issues and balances. The balances as per division books are to be reconciled half-yearly with sub-division records. The half-yearly registers are also to be reviewed by the division to see that the materials are priced in accordance with rules and that stock items comprise only articles required for use in the division. The preparation of half-yearly registers of stock was in arrears in eight Buildings and Roads divisions, seven Irrigation and Projects divisions and seven Public Health Engineering divisions, as indicated below:—

Sl. no.	*Department*	*No. of divisions in which arrears existed*	*Period from which the work is in arrears*	*No. of division(s)*
1.	Buildings and Roads	8	April 1975	1 (a)
			October 1976	1
			April 1977	1
			October 1977	2
			April 1979	2
			October 1979	1
2.	Irrigation and Projects	7	April 1972	1
			October 1978	2
			April 1979	3
			October 1979	1
3.	Public Health Engineering	7	October 1970	1
			October 1976	3 (b)
			April 1977	1
			April 1978	1 (c)
			April 1979	1 (d)

(iii) For 1979-80, annual physical verification of stock was not conducted in ten Public Health Engineering divisions (closing stock at the end of March 1980: Rs. 1,51.80 lakhs) and five Buildings and

(a) The arrears relate to the period from April 1975 to March 1976 only.
(b) Arrears relate to the period from October 1976 to March 1979 in one division, up to September 1979 in another division and up to March 1980 in the third division.
(c) Arrears relate to the period from April 1978 to March 1979.
(d) Arrears relate to the period from April 1979 to September 1979.

Roads divisions (closing stock at the end of March 1980: Rs. 24.58 lakhs). Of these, physical verification was last conducted in one Public Health Engineering division in 1974, in another division in 1975 and in yet another division in 1976. The last verification was in May 1976 in one Buildings and Roads division.

(iv) Minus balances were noticed in three Buildings and Roads divisions (Rs. 11.63 lakhs) and three Public Health Engineering divisions (Rs. 54.21 lakhs). This was attributed to non-adjustment of cost of materials paid in advance, non-adjustment of the differences between stock value and issue rates, non-adjustment of cost of materials transferred from work to stock and non-adjustment of the value of stock received by transfer from other divisions owing to non-receipt of quantity and balance accounts, etc.

(v) Stores valued at Rs. 6.73 lakhs rendered surplus were awaiting disposal for over two to fourteen years in three Buildings and Roads divisions (43 items; value: Rs. 1.21 lakhs), six Irrigation and Projects divisions (411 items; value: Rs. 1.14 lakhs) and three Public Health Engineering divisions (319 items; value: Rs. 4.38 lakhs).

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

(vii) Details of balances outstanding for more than a year under the head "Advance Payments" (for supply of stores) are furnished below:—

Sl. no.	*Department*	*No. of divisions*	*No. of items involved*	*Amount (in lakhs of rupees)*	*Earliest year*
1.	Buildings and Roads	2	*	1,08.06	1970-71
2.	Irrigation and Projects	8	*	15.42	1976-77
3.	Public Health Engineering	2	7	10.60	1975-76

(viii) Fourteen Buildings and Roads divisions, thirty-five Irrigation and Projects divisions and sixteen Public Health Engineering divisions were maintaining tools and plant accounts. Information furnished (January 1981) by fifty-nine divisions disclosed the following points:—

(a) The consolidated accounts of the receipts, issues and balances of tools and plant required to be submitted by the sub-divisions annually to the divisions were not received in six Buildings and Roads divisions (from 26 sub-divisions), in eleven Irrigation and Projects divisions (from 32 sub-divisions) and in eleven Public Health Engineering divisions (from 32 sub-divisions), the earliest period of arrears in the submission of the return being 1971.

* Information regarding No. of items awaited.

(b) Physical verification of tools and plant was not conducted in 1979-80 in the sub-divisions falling under four Buildings and Roads divisions, six Irrigation and Projects divisions and in nine Public Health Engineering divisions.

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

(d) In Irrigation division, Malampuzha and Irrigation Projects division No. 1, Kanhirapuzha, tools and plant costing Rs. 2.74 lakhs and Rs. 7.89 lakhs were remaining idle from 1967 and 1968-69 respectively.

AGRICULTURE (ANIMAL HUSBANDRY) DEPARTMENT

5.2. Extra expenditure due to incorrect estimation of requirements

In March 1974, the Director of Animal Husbandry invited tenders for supply of 6 lakhs each of hessian bags and polythene bags to the Livestock and Poultry Feed Compounding Factory at Malampuzha, during the period June 1974 to May 1975. Of the 4 tenders received, the lowest was from a Trichur firm whose rates were Rs. 4.85 per hessian bag and Rs. 1.80 per polythene bag. The technical committee and the purchase committee of the department recommended (May 1974; June 1974) acceptance of the lowest offer. On a re-examination of the case, however, the purchase committee re-assessed (June 1974) the annual requirement as 3 lakh bags of each variety. The recommendation was accepted by Government who accorded purchase sanction in August 1974. Accordingly, order for the supply of 3 lakh hessian bags at Rs. 4.85 apiece and 3 lakh polythene bags at Rs. 1.80 apiece was placed on the firm in August 1974. In the purchase order it was indicated that the quantity specified was only approximate and might vary according to actual need. It was further stipulated that the supply was to be effected according to indents placed on the firm by the factory. Till the end of January 1975, the factory placed indents only for 45,000 bags of each kind. In January 1975 and March 1975, the firm represented to the Director that the quantity purchased till then was far below the contracted quantity. Following this, the Director issued instructions to the factory in May 1975 to make further purchases and accordingly, 1 lakh bags of each kind were purchased up to the end of May 1975.

The standard agreement form prescribed for supply contracts contains an arbitration clause which is to be scored off in cases where the contract involves no work (such as erection, construction, etc.) as part of the supply. However, in the agreement executed with the firm, the department had not scored off the arbitration clause. Alleging that failure of the department to purchase the stipulated quantity amounted to breach of contract, the contractor invoked the arbitration clause which provided for joint arbitration by an arbitrator nominated by the contractor and another nominated by the department. The firm nominated (June 1976) its arbitrator and called upon the department to make its nomination. As the department did not do so, the arbitrator nominated by the firm started functioning as the sole arbitrator. On this being challenged by Government in Courts, the High Court suggested (June 1977) to Government to appoint an arbitrator who had sufficient judicial experience. Accordingly, a retired High Court Judge was appointed as an arbitrator with the concurrence of the firm. Before the arbitrator, the firm put in a claim for Rs. 10.34 lakhs by way of damages for breach of contract. The arbitrator pointed out that even though a hand written note stipulating that the quantity shown was approximate and might vary according to actual need existed in the copy of the purchase order produced by the department, there was no stipulation to that effect in the copy of the purchase order produced by the firm. In the circumstances, the plea that the quantity shown in the agreement was approximate was not accepted by the arbitrator. Holding that there was breach of contract, the arbitrator awarded that Rs. 6.86 lakhs be paid to the firm towards damages. The award was confirmed by the sub-court in September 1978. Even though Government challenged this in higher courts, the Supreme Court finally dismissed Government's appeal in May1980. The award amount (Rs. 6.86 lakhs) with interest (Rs. 0.69 lakh) was paid to the firm in March 1979 and June 1980. Incidental expenditure incurred by Government on arbitration proceedings and litigation amounted to Rs. 0.20 lakh (excluding court expenses incurred in connection with the appeals filed in the High Court and the Supreme Court, for which details are awaited from the Government/department).

Thus, the total extra expenditure to Government as a result of incorrect estimation of requirements, defects in the purchase order communicated to the firm and erroneous inclusion of arbitration clause in the agreement amounted to Rs. 7.75 lakhs (this does not include part of court expenses).

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

AGRICULTURE DEPARTMENT

5.3. Non-commissioning of a tractor

Based on a decision taken in 1966 to make tractors available to cultivators for land reclamation works, the Director of Agriculture procured two imported D5 Crawler Tractors (Bulldozers) in September 1969 at a cost of Rs. 3.88 lakhs. In March 1969 when arrangements for their import were still in progress, a Government company (The Kerala Agro Industries Corporation Limited) was formed for undertaking services like purchase, sale and hiring of agricultural implements. Though the schemes intended to be implemented by the use of tractors were transferred to the company, it declined (July 1969) to accept the imported tractors. Following this, the department made a request to the Government of India to re-allot the tractors to other States; but this did not materialise. No attempt was made by the department to commission the tractors and utilise them otherwise. One of the tractors was transferred to another department (State Ground Water Department) in July 1973. In May 1975, the department decided to utilise the other tractor (cost: Rs. 1.94 lakhs) for land reclamation works in Cannanore District. It could not, however, be commissioned for want of accessories. A dozing attachment (cost: Rs. 0.52 lakh) was purchased in May 1980; other accessories such as brackets (estimated cost: Rs. 0.12 lakh) essential for commissioning the tractor are still to be procured (October 1980). The tractor purchased in 1969 at a cost of Rs. 1.94 lakhs remains idle owing to failure of the department to procure the essential accessories along with it.

Government stated (January 1981) that sanction for the purchase of brackets was accorded in August 1980 and that the delay in commissioning the tractor was due to difficulties in getting the accessories fabricated indigenously.

HEALTH DEPARTMENT

5.4. Cobalt Therapy Unit in Medical College Hospital, Kottayam

In October 1977, Government accorded sanction for the purchase and installation of a rotational Cobalt Therapy Unit (intended for treating cancer patients) in the Medical College Hospital, Kottayam, at an estimated cost of Rs. 6.50 lakhs. Based on tenders, the contract for the supply and installation of the equipment was awarded in June 1978 to a Cochin firm for Rs. 6.17 lakhs (Rs. 6 lakhs towards cost of supply and transportation charges; Rs. 0.17 lakh towards installation and loading charges) plus taxes. The firm supplied the equipment and was paid Rs. 6.30 lakhs (98 *per cent* of the total cost including excise duty and sales tax) in November 1978. As the existing hospital buildings were not suitable for housing the equipment, it had not been installed and commissioned so far (October 1980). Government stated (October 1980) that a sanction issued in November 1978 for constructing a building (estimated cost: Rs. 1.89 lakhs) for installation of the unit had to be revised as it did not make provision for rooms for duty doctors, examination of patients, teaching rooms, etc. It was further stated that a revised sanction for construction of a building at an estimated cost of Rs. 3.70 lakhs had been issued in September 1979 and that the construction was in progress. Meanwhile, the Cobalt Therapy equipment purchased at a cost of Rs. 6.30 lakhs in November 1978 remains uncommissioned.

5.5. Idling of Paediatric Ventilators

Paediatric ventilators (equipment intended for administering anaesthesia and for giving artificial respiration) costing Rs. 0.88 lakh were supplied to 23 hospitals between March 1974 and March 1975. Certain accessories (cost: Rs. 1.78 lakhs) required for operating the equipment were supplied subsequently to the hospitals between November 1976 and July 1978, after the requirement was pointed out by the hospitals. Information received (till January 1981) from 19 out of the 23 hospitals showed that in ten of them the equipment (guarantee provided by the firm was for one year from the date of supply) was idling for reasons such as want of accessories, defects in/failure of the equipment, etc. Information from the remaining hospitals was awaited.

Government stated (February 1981) that instructions were being issued by the Director of Health Services to procure minor accessories wherever necessary to put the equipment into use.

5.6. X-ray plants remaining unused

Particulars of 2 X-ray plants (cost: Rs. 4.86 lakhs) lying unutilised in Medical College Hospital, Calicut on account of delay in arranging repairs are given below:—

Particulars of the X-ray plants (with month of purchase and cost)	*Since when lying unutilised*	*Remarks*
1. Medicor TH X 250 Spherotherix X-ray plant (September 1972; Rs. 2.73 lakhs)	June 1977	The department asked (July 1979 and August 1980) the supplier firm to repair it at its cost. Since the guarantee period was already over, it had declined to do the repair at its cost. A decision on a request made by the Principal in April 1980 for sanction to carry out the repairs at Government's cost is yet to be taken by Government. Government stated (December 1980) that possibility of getting the cost of the plant refunded by the firm was being explored.
2. Caesium 137 Tele Therapy X-ray plant (April 1975; Rs. 2.13 lakhs)	February 1978	The motor of the plant required replacement which has to be imported. The Superintendent, Medical College Hospital has opened (August 1980) a letter of credit for arranging the import.

The units have not been repaired and commissioned (December 1980) and consequently the capacity of the Radiology Unit of the hospital for giving therapeutic services has been adversely affected.

GENERAL EDUCATION DEPARTMENT

6.2. Purchase of paper

Under a scheme introduced by the Government of India in June 1974, paper mills are required to earmark a certain percentage of their production of white paper for supply to the educational sector at concessional rates. The allocation of such paper to the State is made by the Government of India and the State Government have constituted a State level committee for its distribution among user institutions, who are to procure the allotted quota directly from the mills after complying with the prescribed conditions.

Failure of the Text Books Office, Trivandrum to comply with the stipulated conditions, has, on two occasions, led to lapse of allotments, depriving the student population of the State, of concession to the extent of Rs. 22.74 lakhs.

(i) In October 1975, the State level committee allotted 90 tonnes of white paper to the Text Books Office for making exercise books. The department was also advised to place immediate orders on a Calcutta mill, along with 25 *per cent* of the cost in advance. On 12th November 1975, the Text Books Office wrote to the mill promising to settle the contract before 10th December 1975 and also requesting the latter to forward a *pro forma* invoice and stamped receipt for the 25 *per cent* advance. This was followed up with a reminder on 19th November 1975, urging the mill to send the *pro forma* invoice soon. While forwarding it on 20th November 1975, the mill requested the department to send Rs. 0.75 lakh as advance. On 28th November 1975, the mill again wrote to the Text Books Office asking for immediate remittance of the advance. Nevertheless, no advance payment was made; on 28th February 1976, the Text Books Officer intimated the mill that a demand draft for the advance would be sent to it on receipt of a stamped receipt for the amount. In a meeting of the conveners of State level committees held on 20th February 1976, it was decided to treat as lapsed all allocations made up to 31st December 1975 for which advance payment had not been made. Accordingly, the mill informed (March 1976) the department of the lapse of the allotment owing to the non-receipt of advance in time. Computed at the market rate of Rs. 5,390 per tonne, the value of the concession lost to the State amounted to Rs. 2.38 lakhs. Had the Text Books Office obtained a demand draft and sent it by registered post (with acknowledgement due), the mill would have sent the stamped receipt on receipt of the draft and the concessional rate could have been availed of.

(ii) The State level committee allotted (June 1977) 773 tonnes of white printing paper to the Text Books Office for printing text books for school children. The department was also advised on 30th June 1977 that order for the supply (with advance payment of 25 *per cent* of the cost of paper) was to be placed with a Bombay mill before 31st July 1977. Though the Text Books Office placed the supply order on 11th July 1977, the required advance (Rs. 5.86 lakhs) was not made. On 11th August 1977, the mill intimated that the allotment had lapsed as the department did not make the required advance payment before the stipulated date. Subsequently, the Text Books Office purchased (February 1978) 900 tonnes of white paper from the open market at an average cost of Rs. 5,814 per tonne (including freight charges, etc.) as against the rate of Rs. 3,180 per tonne at which the quota paper could have been purchased. The extra expenditure due to the lapse of the allotment of 773 tonnes and consequent purchase from the open market at higher rates amounted to Rs. 20.36 lakhs.

Government stated (November 1980) that there was no loss to Government, as no alternative purchase was made from the open market consequent on the lapsing of the allotment in the first instance and as the selling price of books had been fixed taking into account the cost of paper purchased at higher rates in the second instance. All the same, the fact remains that concession valued at Rs. 22.74 lakhs was lost to the student population in the State.

INDUSTRIES DEPARTMENT

6.3. Sitaram Spinning and Weaving Mills, Trichur

(1) *Introduction*

(i) Mention was made in paragraph 111 of the Audit Report 1970 of the taking over of the management of the Sitaram Spinning and Weaving Mills, Trichur by Government in November 1953 when a proposal for winding up the Company which owned the Mills was pending before the District Court, Trichur and of the details of loans granted to the Mills from March 1950 to May 1968.

(ii) The spinning section of the Mills was gutted in a fire accident in December 1959. Thereafter, the Mills remained closed except when the weaving section was leased out in September 1960 to a private company at Pudukottai (between October 1960 and February 1963) on an annual rental of Rs. 1 lakh. In October 1970, Government sanctioned a scheme for restarting the Mills as a powerloom unit anticipating an annual profit of Rs. 1.21 lakhs. A Board of Management was constituted (November 1970) for effective management. In January 1971, the Director of Industries and Commerce reported to Government that owing to increase in the price of yarn, the working of the Mills would result in an annual loss of Rs. 0.06 lakh. Nevertheless, the Board of Management of the Mills decided to go ahead with the scheme and accordingly the undertaking was restarted in May 1971 as a weaving unit and commercial production commenced in June 1971.

(iii) According to a direction issued by the High Court (December 1971) on a petition filed by Government, the assets of the company owning the Mills were put to auction sale in November 1972. In the auction, the assets of the Mills were bid by Government for *Rs. 23.50 lakhs. The sale was confirmed by the District Court, Trichur in December 1972. In February 1975, a new company, viz. Sitaram Textiles Limited was incorporated by Government for taking over the Sitaram Spinning and Weaving Mills as a going concern as one of its objects. The Management of the Mills was entrusted to the Sitaram Textiles Limited in December 1975. In August 1979, Government issued orders transferring the assets of the Mills to the Sitaram Textiles Limited for Rs. 30 lakhs; formal sale deed for effecting the conveyance was executed in February 1980.

(2) With the confirmation of the auction sale by the District Court in December 1972, Government became the absolute owners of the Mills and as such the receipts and expenditure of the Mills from that date became Government transactions and should have been incorporated in Government accounts. Expenditure on the Mills should have also been incurred only after getting the necessary funds voted by the Legislature. It was, however, noticed, that the transactions of the Mills were kept outside the Consolidated Fund of the State and that funds for meeting the expenditure of the Mills were not got voted by the Legislature. The expenditure from December 1972 to March 1978 which thus escaped legislative control amounted to Rs. 6,59.77 lakhs; the details of such expenditure from April 1978 to February 1980 (the date of transfer of the Mills to Sitaram Textiles Limited) could not be ascertained as the accounts for the period are yet to be finalised.

(3) According to the balance sheet of the company (which owned the Mills upto December 1972) under liquidation as on 19th December 1972 when the sale of the Mills to Government became effective, a sum of Rs.6.12 lakhs was still due to Government from the Official Liquidator towards mortgage loan and interest thereon even after setting off the sale consideration against the liability. The manner in which the balance amount was to be adjusted and cleared had not been considered so far (September 1980). The Mills stated (April 1978) that the final settlement of the accounts under the mortgage deed as between the Official Liquidator and the Government was to be made by the District Court, Trichur. Further developments are awaited (September 1980).

As at the end of March 1978, Rs. 1,33.48 lakhs were overdue to Government towards principal and interest on the loans advanced by Government to the Mills. The Management of the Mills stated (January 1979) that the manner of adjusting the amount was yet to be decided by Government.

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*Out of the bid amount of Rs. 23.50 lakhs, Rs. 5.18 lakhs were deposited by Government in the Court in November-December 1972. The balance is to be set off against the amounts due to Government from the Company 'Sitaram Spinning and Weaving Mills,' Trichur under liquidation.

The Director of Industries and Commerce who was to maintain the accounts of loans given to the Mills had maintained accounts of loans for Rs. 19 lakhs only. Recovery of the principal and interest was also not being watched by him. The Director of Industries and Commerce stated (April 1978) that he was not specifically required to watch the repayment of the loan and that arrears under loan were not cleared by the Mills in spite of repeated reminders by the department.

(4) Some aspects relating to working of the Mills from June 1971 to March 1978 are given in the succeeding paragraphs:—

(i) *Working results*

The working of the Mills resulted in an accumulated loss of Rs. 1,12.61 lakhs upto 31st March 1978. Year-wise break up of the loss is given below:—

	(*in lakhs of rupees*)
Accumulated loss of the Mills under Government Management up to 31st March 1962	41.53
Loss from 1st April 1962 to 31st March 1971	15.79
Loss during 1971-72 to 1977-78	55.29@

The Management stated (November 1980) that following are the major factors which contributed for the accumulated loss:—

(a) The Mills remained dormant from 1959 to 1971 except for a short period from 1960 to 1962 when it was leased out on an annual rent of Rs. 1 lakh. Interest on the loans received from Government was treated as a charge during these years, when there was no trading activity and also in subsequent years when no profit was earned;

(b) During 1974 to 1976 there was a slump in the textile industry and the production had to be curtailed;

(c) Increase in wages due to the introduction of pay scales instead of consolidated pay; and

(d) *Ex-gratia* payment for Onam festival from 1974-75.

(ii) *Operational results*

The table below indicates the operational results of the Mills for the 5 years ended 31st March 1978 (information awaited for 1978-79 the accounts for which have not been finalised).

@This is after setting off the profit of Rs. 0.08 lakh earned during 1973-74.

	1973-74	1974-75	1975-76	1976-77	1977-78
			(*in lakhs of rupees*)		
1. Value of production					
(a) Sales	78.98	91.73	79.29	1,26.14	1,84.40
(b) Closing stock of finished goods plus work in progress	19.62	22.97	11.77	28.30	29.42
(c) Opening stock plus work-in-progress	9.89	19.62	22.97	11.77	28.30
value of production (a + b — c)	88.71	95.08	68.09	1,42.67	1,85.52
Less central excise duty included in value of production	3.82	2.84	2.67	2.96	5.16
Net value of production	84.89	92.24	65.42	1,39.71	1,80.36
Less consumption of raw materials, stores and spares	65.93	77.54	56.24	1,02.37	1,31.83
2. Net value added	18.96	14.70	9.18	37.34	48.53
3. Conversion expenses	18.88	27.30	31.21	43.75	53.75
4. Profit (+) or loss (—)	+0.08	(—)12.60	(—)22.03	(—)6.41	(—)5.22
5. Percentage of:					
(a) Net value added to value of production	21.36	15.46	13.48	26.73	26.16
(b) Conversion expenses to net value added	99.58	1,85.71	3,40.00	1,17.17	1,10.76
(c) Value of raw materials, stores and spares consumed to value of production	74.32	81.55	82.60	71.75	71.06

(iii) *Production performance*

According to the scheme approved by Government in October 1970, the estimated production was 65.81 lakh metres of cloth per annum. Against this, the actual production was very low. The table below indicates the actual production of cloth from 1973-74 onwards.

Year	*Actual production (in lakhs of metres)*	*Percentage of actual production on estimated production**
1973-74	40.64	62
1974-75	36.32	55
1975-76	28.75	44
1976-77	39.60	60
1977-78	44.26	67

No separate targets for production and sales was fixed by the Mills for any of these years. The Management stated (April 1978) that no production

* The unit has not so far assessed and specified the capacity.

target was fixed since (i) all the looms were not good and (ii) sufficient working capital was not available with the Mills. The shortfall in the production of cloth was generally attributed by the Management to the slump in textile industry and the poor efficiency of the looms.

(iv) The Mills did not also have a costing system to ascertain the cost of production of the various products. In the absence of cost accounts, it could not be ascertained how the price fixed in each case compared with the cost of production. The Management stated (January 1979) that though there was no scientific costing system, the price of each variety was generally fixed taking into account the major elements of cost and the market price of similar products of other Mills. No records in support of the statements were, however, available with the Mills.

(v) No tolerance norms were fixed for wastage in various processes like winding, warping, sizing, etc.

In the scheme for restarting the Mills, damage percentage including short length was assumed as 2 *per cent*. Against this, the damage during the years ranged between 2 *per cent* and 4 *per cent*.

Similarly, no tolerance norms for end-breakage had also been fixed.

(vi) In the scheme for restarting the Mills, it was assumed that 300 looms would be worked for two shifts for 300 days in a year. The actual number of loom shift/hours worked were not available with the Mills. In reply to an audit enquiry, the Management stated (April 1978) that looms were operated depending upon the availability of yarn which in turn depended upon the working capital available.

Twenty-four automatic looms purchased in 1957 at a cost of Rs. 0.89 lakh were installed only in 1977. On account of the delay in erecting them, the Mills lost over 0.75 lakh loom shifts during the period between May 1971 and June 1977. The delay in erecting the looms was attributed by the Management to the delay in constructing a building to house them.

(5) *Other topics of interest*

(i) The Management decided (October 1973) to sell old blow room machines of the Mills and invited (November 1973) tenders for their sale. The highest offer received (December 1973) was for Rs. 5.30 lakhs. Government instructed (January 1974) the Mills not to confirm the sale on the ground that a dispute about valuation of assets was pending in court. In August 1975, Government accorded sanction for sale. Tenders were invited again in March 1976. No offer for the machinery as a whole was received; the value of offers received for various parts aggregated Rs. 1.76 lakhs. These offers were not accepted. After negotiation, the machines were sold in two lots in April 1976 and July 1976 for Rs. 1.69 lakhs. Compared to the offer received in December 1973, the value fetched in April-July 1976 was lower by Rs. 3.61 lakhs.

(ii) During 1975-76, cloth valued at Rs. 3.57 lakhs was returned by customers as sub-standard or defective. There were defects in the supplies made during 1974-75 also. Details of an instance in point are given below:—

The Mills have been supplying cloth to a firm in Karnataka. The buyer firm alleged that the cloth supplied by the Mills between October 1974 and April 1975 was substandard. In order to compensate the buyer for the loss, the Mills decided (January 1975) to give a concession of 25 paise per metre on future supply of 3 lakh metres of cloth to it. Accordingly, in the case of two contracts entered into with the firm in March 1975 for supply of 3 lakh metres of cloth, the price per metre was fixed at 25 paise less than the normal rate. Against those contracts, the Mills supplied 1,61,240 metres till July 1975 and no further supplies were made. The concession allowed on the quantity supplied amounted to Rs. 0.40 lakh.

When supplies against these contracts entered (March 1975) into with the firm mentioned in the above sub-paragraph were made by the Mills, the firm pointed out that 1.12 lakh metres of cloth (value: Rs. 2.42 lakhs) supplied were fully defective. In April/May 1975, the firm returned 101 bales to the Mills. Of these 93 bales were sold by the Mills between May and July 1975 at reduced rates for Rs. 1.66 lakhs. Of the balance, 5 bales were processed into dyed/printed varieties incurring an expenditure of Rs. 0.07 lakh and sold for Rs. 0.24 lakh and the remaining 3 bales were repacked along with fresh items and sold at Rs. 0.05 lakh. The total loss sustained on account of this defective supply amounted to Rs. 0.54 lakh.

(6) *Summing up*

The important points emerging from the foregoing paragraphs are given below:—

(i) The transactions of the Mills, though it became a Government undertaking in December 1972, were kept out of the Consolidated Fund and funds for meeting expenditure of the Mills (Rs. 6,59.77 lakhs from December 1972 to March 1978 alone) were not got voted by the Legislature.

(ii) As at the end of March 1978, Rs. 1,33.48 lakhs were due to Government from the Mills towards principal and interest of the loans advanced to it.

(iii) Accumulated loss of the Mills to the end of March 1978 was Rs. 1,12.61 lakhs.

(iv) Annual production during all the years from 1973-74 to 1977-78 was less than the estimated production; the shortfall ranged from 56 to 33 *per cent*.

(v) The Mills did not have a costing system.

(vi) Norms for wastage in various stages of production have not been fixed.

(vii) The Mills lost over 0.75 lakh loom shifts between May 1971 to June 1977 owing to delay in installing 24 automatic looms purchased in 1957.

(viii) During 1975-76, cloth valued at Rs. 3.57 lakhs were returned by the customers as sub-standard and defective and the undertaking had to incur an extra expenditure of Rs. 0.40 lakh in the case of one deal (October 1974-April 1975) and had to sustain a loss of Rs. 0.54 lakh in regard to another deal (March 1975).

Government stated (January 1981) that as per the mortgage deed executed in March 1956, Government were running the Mills as mortgagee in possession and no change in business operation and system of accounts was made even after the purchase of the Mills.

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

SECTION—I

7.1. General

This chapter deals with:

(i) results of audit of bodies and authorities substantially financed by grants and/or loans,

(ii) scrutiny of procedure for watching fulfilment of conditions governing grants or loans paid for specific purposes and

(iii) investments in and financial assistance to co-operative societies.

7.2. Utilisation Certificates

During 1979-80, Government paid Rs. 1,30.05 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 grants were given:—

Purposes	*Amount (in crores of rupees)*
Education	
Universities	2.89
Non-Government Colleges	12.43
Non-Government Secondary Schools	27.67
Non-Government Primary Schools	59.67
Non-Government Special Schools	0.67
Non-Government Technical Colleges, Polytechnics and Research Institutions	4.42

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Purposes	Amount (in crores of rupees)
Other bodies, institutions and individuals	0.71
Kerala Agricultural University	2.60
Urban Development	1.22
Medical, Family Planning and Public Health	0.77
Co-operation	1.18
Assistance to Panchayats	2.89
Kerala Khadi and Village Industries Board	0.61
Social Security and Welfare	2.85
Sports and Arts	1.13
Industries	1.78
Housing	1.15
Fisheries	1.33
Dairy, Agriculture and Animal Husbandry	1.12
Small Farmers' Development Agency	1.65
Other purposes	1.31
Total	1,30.05

The financial rules of Government require that where grants are given for specific purposes, certificates of proper utilisation of grants should be forwarded to Audit, after verification by the departmental officers, within twelve months from the date of sanction or such time as may be specified in each case. On 1st October 1980, 10,402 certificates (Rs. 19,83.77 lakhs) relating to grants paid up to March 1979 were awaited. The department-wise details of the certificates due, received and outstanding are given in Appendix—XVII.

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

SECTION II

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

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

Government and Heads of departments are to furnish to Audit every year information about grants and loans given to various bodies and authorities in each financial year and the expenditure incurred by them in order to enable Audit to identify the bodies/authorities attracting audit under Section 14 of the Act. Though they were requested (April 1980) to furnish the information, the requisite details were still awaited (February 1981) from five departments of Government and five heads of departments in respect of loans/grants paid during 1979-80. Similar information was also due from two departments of Government (Industries and General Education) for 1977-78 and from one department of Government (General Education) and the Directorate of Social Welfare for 1978-79.

Details, to the extent received, of the number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs per year during the period 1977-78 to 1979-80 and extent of arrears (February 1981) in receipt of the accounts from them are given below:—

		1977-78	1978-79	1979-80
(i)	No. of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs in the year	165	180	149
(ii)	No. of bodies/authorities from which accounts have been received	163	165	117
(iii)	No. of bodies/authorities the accounts of which have not been received	2	15*	32

*This included one institution from which accounts for 1974-75 and another institution from which accounts for 1976-77 were also due.

Important points noticed in audit under Section 14 are given in the succeeding paragraphs:—

LOCAL ADMINISTRATION AND SOCIAL WELFARE DEPARTMENT

7.4. Greater Cochin Development Authority—Non-levy of betterment contribution

Mention was made in paragraph 7.7 of the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil) of some points noticed in audit of the accounts of the Greater Cochin Development Authority for 1975-76 under section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. A further point noticed in audit is given below:

According to the Town Planning Act (Act IV of 1108 Malabar Era), if the value of any property has increased or is likely to increase on account of implementation of any town planning scheme, the development authority shall be entitled to recover from the owners of such property an annual betterment contribution. The contribution is recoverable at such rate not exceeding one half of the maximum increase in value as may be fixed in the scheme provided that the claim for the purpose is made within the time limit prescribed in the scheme. No amount has been collected by the Greater Cochin Development Authority (erstwhile Cochin Town Planning Trust) so far towards betterment contribution.

The time limit mentioned in the Elamkulam West Town Planning Scheme sanctioned (October 1969) by the State Government for preferring claims towards betterment contribution was October 1971, i.e., two years from the date of the scheme. Under the Act, an arbitrator is to be appointed by Government to declare the liabilities of the properties for the betterment contribution and to determine the market value of the properties on the date of notification of the scheme. In the case of Elamkulam West Town Planning Scheme, an arbitrator was appointed by Government only in December 1974. The Cochin Town Planning Trust made the claim reference for betterment contribution only in October 1975, i.e. long after the expiry of the time limit prescribed in the scheme. By invoking the powers vested with Government under the Town Planning Act, the time limit of 24 months prescribed in the scheme was extended to 5 years by a gazette notification dated 29th January 1974 and then to 8 years by another notification dated 13th April 1976. The Authority's claim for betterment contribution was dismissed by the arbitrator in October 1977 on the ground that the claim was preferred by the Trust/Authority only after the expiry of the time limit of 5 years prescribed in the gazette notification of January 1974 which was the law in force at the time when the arbitration proceedings were initiated. The total increment in land value consequent on the implementation of the Town Planning Scheme was estimated (July 1976) by the

Authority at Rs. 42 lakhs. Owing to delay in initiating the proceedings, the Authority could not recover Rs. 21 lakhs approximately (representing half of the increment in land value) as betterment contribution.

HIGHER EDUCATION DEPARTMENT

7.5. State Institute of Languages, Trivandrum

The State Institute of Languages was established in March 1968 for implementation of a Centrally sponsored scheme for production of university level text books. In April 1969, it was registered as a society under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955. The Institute is financed by grants by the Central and State Governments. The amount of grant received by it to the end of March 1979 was Rs. 1,00 lakhs from the Government of India and Rs. 81.92 lakhs from the State Government. Expenditure incurred by the Society to the end of March 1979 was Rs. 1,72.63 *lakhs (book production scheme: Rs. 1,47.38 lakhs; other items of expenditure: Rs. 25.25 lakhs).

Mention was made in paragraph 64 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) about some aspects of the working of the Institute. The following further points were noticed during audit conducted in June 1980, under section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

(i) The target of the Institute was to publish 1,277 titles (905 originals and 372 translations) by the end of 1978-79. Actual publications till the end of 1978-79 were, however, only 601 titles (376 originals and 225 translations). In addition, 38 books were stated to be under print.

(ii) Out of 12.24 lakh copies of books, with a marked price of Rs. 1,12 lakhs, printed up to the end of March 1979, 5.39 lakh copies (marked price: Rs. 59 lakhs) remained unsold (March 1979). Of these, 2.93 lakh copies (marked price: Rs. 23 lakhs) related to books published prior to April 1975. The Institute incurs an annual expenditure of Rs. 0.17 lakh towards rent of godown for storing the accumulated stock.

(iii) The Institute makes cash sales of its publications through its sales wing and credit sales through various book sellers who are paid commission at varying rates ranging from 20 to 40 *per cent*. In respect of its credit transactions with the book sellers, the Institute has not prepared 'demand, collection and balance statements'. The sales accounts maintained by the sales wing have not been reconciled with those maintained

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*Does not include Rs. 5.67 lakhs spent during 1972-73 and 1973-74 under Special Employment Programme and Half a Million Job Programme.

by the accounts wing of the Institute. Sale proceeds collected to the end of March 1979 amounted to Rs. 27.13 lakhs; an amount of Rs. 4.70 lakhs was reported to be due from book sellers; the closing stock was valued at Rs. 59 lakhs. Thus the total value of books reflected in the accounts was Rs. 90.83 lakhs against books worth Rs. 1,12 lakhs printed to the end of March 1979. The difference of Rs. 21.17 lakhs has not been reconciled. The Institute stated that the entire sales account was being reconstructed and that the work was expected to be completed by March 1981.

(iv) The Institute has a press commissioned in May 1972 at a cost of Rs. 6.46 lakhs. It is working at loss and as at the end of March 1979, the accumulated loss amounted to Rs. 18.76 lakhs including Rs. 0.59 lakh paid, *ex-gratia*, to workers in lieu of bonus during 1977-78 and 1978-79. The loss was attributed (February 1979 and May 1980) by the Institute to increase in establishment expenditure due to grant of increased benefits to workers without corresponding revision in the hourly rates fixed for the evaluation of out-turn. A committee constituted to evaluate the working of the press made (October 1975) several recommendations such as inter-change of employees between different sections of the press, undertaking binding work on behalf of other institutions with a view to utilising the full capacity of the binding machines, increasing the work of the employees by 15 *per cent*, printing of text books for the State Education Department, etc. However, the recommendations were not implemented; this was attributed (May 1980) by the Institute to protests from labour unions. While the utilisation of the printing capacity of the press during 1977-78 and 1978-79 was only to the extent of 60 *per cent*, the expenditure incurred by the Institute in printing its publications in private presses during the same period amounted to Rs. 3.36 lakhs.

(v) The Institute publishes a monthly journal. Against an expenditure of Rs. 1.21 lakhs incurred on its printing between April 1975 and March 1979, receipts by way of subscription and advertisement charges aggregated Rs. 0.39 lakh; excess of expenditure over receipts was Rs. 0.82 lakh.

The matter was reported to Government in October 1980; their reply is awaited (January 1981).

7.6. Some points noticed in audit of the accounts of two other bodies are given below:

Sl. no.	*Name of body/ authority substantially financed by grants or loans*	*Particulars of grants/ loans paid by Government*	*Points noticed*
1	Kerala Books and Publications Society, Thrikkakara, Cochin.	Loan of Rs. 2,32 lakhs between April 1976 and March 1980 for the establishment of a text book printing press.	(i) In terms of agreement executed (November 1975) with a foreign firm for the supply and erection of machinery, the society was to provide free residential accommodation for foreign technicians during the period of erection, and the firm was to provide insurance cover for the machines for a period of 60 days from the date of their arrival at Cochin. By the time the machines arrived at Cochin in September 1976, construction of the press building where they were to be erected and the technicians' quarters had not been completed. Consequently, the arrival of the technicians had to be got postponed, necessitating avoidable expenditure of Rs.0.71 lakh on extension of insurance cover for the period beyond 60 days provided by the firm. As the quarters could be made ready for occupation only by March 1978, an expenditure of Rs. 0.29 lakh was also incurred by the society on provision of alternative accommodation to the technicians between July 1977 and March 1978. Under the agreement, the firm was to supply among other things 20 sets of matrices for Rs. 3.64 lakhs. The firm supplied (September 1976) only 17 sets for which it was paid

Sl. no.	*Name of body/ authority substantially financed by grants or loans*	*Particulars of grants/loans*	*Points noticed*
			Rs. 3.59 lakhs in August 1976 as against Rs. 3.09 lakhs payable on proportionate basis. The resultant excess payment was Rs. 0.50 lakh. The society stated (September 1980) that the matter was being taken up with the firm.
			(ii) Fourteen items of machinery (cost: Rs. 27.92 lakhs including customs duty) purchased between September 1976 and May 1977 for thread binding of books remain unused (June 1980) as text books produced by the Society require only wire stitching. The machines were purchased apparently with the expectation that the society would get adequate orders for printing books other than text books. The Society has stated that it is trying to canvass orders from outside sources and on receipt of such orders machines will be utilised.
2	Swamy Nithyananda Polytechnic, Kanhangad	Rs. 10.65 lakhs as grant and Rs. 1 lakh as loan from Government of India during 1972-73 to 1976-77 and Rs. 4 lakhs as grant from Government of Kerala during 1968-69 to 1976-77 for construction of buildings, purchase of equipment, etc.	Pending final decision on the quantum of grant payable to the institution, Government paid Rs. 2 lakhs in June 1970 as advance grant for recurring expenditure subject to adjustment later. Orders regarding quantum of grant payable were issued by Government in September 1979 when it was found that Rs. 0.77 lakh had been paid in excess. Particulars of recovery of excess grant are awaited.

Sl. no.	*Name of body/ authority substantially financed by grants or loans*	*Particulars of grants/loans*	*Points noticed*
		Rs. 0.41 lakh as maintenance grant from State Government between 1972-73 and 1979-80	(ii) A system of direct payment of salaries to the staff working in private engineering colleges and Polytechnics introduced by Government in September 1972 became applicable to the institution in January 1973, following an agreement executed by the management of the institution. Under the system, the institution was to credit its receipts to Government account. In December 1972, Government of India had agreed to meet 50 *per cent* of the recurring expenditure of the polytechnic for a period of 5 years, besides 50 *per cent* of the non-recurring expenditure on buildings and equipment. Against Rs. 4.96 lakhs reimbursable by Government of India on this account, the amount got reimbursed so far was Rs. 3.66 lakhs only; out of this, Rs. 0.60 lakh received in May 1973 have not yet been credited to State Government by the Polytechnic. In the agreement executed in January 1973 the Management of the institution had undertaken to bear 25 *per cent* of the establishment charges for 5 years from 1972-73. The amount still pending recovery on this account was Rs. 1.44 lakhs as worked out by the Director of Technical Education in April 1979. The matter was reported to Government in October 1980; their reply is awaited (January 1981).

SECTION III

7.7. Grants and loans for specific purposes

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

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

LOCAL ADMINISTRATION AND SOCIAL WELFARE DEPARTMENT

7.8. Programme for integrated urban development in metropolitan cities and areas of national importance

A programme of "Integrated Urban Development in Metropolitan Cities and Areas of National Importance" was introduced by Government of India in 1974-75.

(1) Under the programme, financial assistance in the form of loans was provided to State Government by Government of India for implementing urban development projects in metropolitan cities and selected urban areas of national or regional importance and having a population of 3 lakhs and above (revised to 50,000 and above in August 1978). The Central assistance was intended to serve as seed capital for acquisition of land and its development and for providing urban infrastructural facilities, like water supply, sewerage, schools, parks, playgrounds, health and welfare centres, etc. The programme was to be implemented through "planning and development authorities" established under statute. In Kerala, the programme was implemented through the Greater Cochin Development Authority (GCDA) which came into being in January 1976 as successor to the Cochin Town Planning Trust.

The accounts of Greater Cochin Development Authority for 1975-76 were audited under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act. The Authority did not attract Section 14 in subsequent years. Requisite details for these years were obtained from the State Government/Authority and the review of the programme has been prepared on the basis of the information furnished by them.

(2) According to the guidelines issued by the Government of India, the State Government were to pass comprehensive Town and Country Planning Acts and adopt a national urban land and housing policy to provide for optimum utilisation of land for various needs of the community, taking into account the representations of weaker sections of society. Such a comprehensive Act has not, however, been passed in the State nor has a national urban land and

housing policy been adopted by the State Government. Government stated (October 1980) that an interim Development Plan and a regional master plan had been finalised for regulating land use in GCDA area and that a comprehensive legislation to provide for use of rural and urban lands in accordance with modern concepts of planning and development was on the anvil.

(3) The implementing agencies are to draw up schemes for urban development and acquire and develop lands and dispose them of in accordance with the guidelines issued by Government of India. The Central assistance is limited to 50 *per cent* of the expenditure on the scheme and the balance amount is to be met by the State Government/implementing authority.

Seven schemes were identified by Greater Cochin Development Authority in 1975-76 for financial assistance under the Central programme. For financing these schemes, Government of India released to the State Government, loans aggregating Rs. 3,57 lakhs; each loan was passed on by the latter to the Authority during the same year in which it was received from Government of India.

Contribution by the Authority/State Government was only Rs. 2,30 lakhs (Rs. 1,81.50 lakhs by way of loans from the Kerala Urban Development Finance Corporation Limited, a Government company; Rs. 48.50 lakhs raised out of internal resources of the Authority). Year-wise details of Central grants released to the Authority, matching contribution raised by the Authority/ State Government, expenditure incurred on the programme by the Authority and receipts therefrom are given in the following table:-

Year	*Central grants released to the Authority*	*Matching contribution made by the Authority/ State Government*	*Expenditure on the programme by the Authority*	*Receipts*
			(*in lakhs of rupees*)	
1975-76	60	60.21	64.85	...
1976-77	60	57.29	1,39.88	2.00
1977-78	80	50.00	1,31.82	12.41
1978-79	1,57	62.50	1,25.97	73.45
Total	3,57	2,30.00	4,62.52	87.86

The deficiency in contribution by State Government/Authority was Rs.1 ,27 lakhs as at the end of March 1979. Part of the balance of matching contribution from the State Government was proposed to be provided in the form of land (92 hectares; estimated value: Rs. 1,00 lakhs), but as the land was subject to encroachment, its transfer to the Authority is still pending (January 1981). The Authority stated (January 1981) that an area of 44 hectares out of the 92 hectares originally earmarked for transfer would be required for rehabilitation of the encroachers and hence revised proposal was to transfer only the remaining area to the Authority.

(4) The total net expenditure on the programme (gross expenditure of Rs. 4,62.52 lakhs less receipts of Rs. 87.86 lakhs on account of sale proceeds of land) to the end of March 1979 was Rs. 3,74.66 lakhs. The expenditure on the programme included the amount of additional compensation awarded by courts and deposited by the Authority (Rs. 18.84 lakhs) during 1975-76 to 1978-79 in respect of land acquired and disposed of prior to the implementation of the scheme with assistance from Government of India. Out of Rs. 3,57 lakhs received as loan from Government of India, Rs. 1,25.74 lakhs remained unutilised at the end of March 1979.

(5) The project report submitted by the Authority to the Government of India, in July-September 1975 envisaged an investment of Rs. 15,09.61 lakhs on the 7 schemes in respect of 396 hectares of urban land during 1975-80. The assistance from Government of India towards seed capital requirements was estimated at Rs. 3,72 lakhs. The schemes on completion were expected to generate cash surplus of Rs. 5,89 lakhs by 1980. In September 1976, the physical target was revised as 237.10 hectares at an estimated cost of Rs. 13,82.71 lakhs. The following is an analysis of the target and achievement to end of March 1979 of the schemes.

Sl. no.	*Name of the town planning schemes*	*Target area of land for acquisition and development*	*To end of March 1979*			*Estimated cost of land acquisition and development*	*Actual cost of acquisition and development to end of March 1979*	*Sale proceeds of land realised to end of March 1979*
			Area of land acquired	*Area of land developed*	*Area of land diposed of*			
		(in hectares of land)				(in lakhs of rupees)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Pattupurackal	90.10	27.71	8.00	1.65	2,59.00	27.68	3.89
2.	Elamkulam West	49.81	28.17	18.54	13.62	3,93.89	1,80.76	65.72
3.	Thevara-Parandur	26.16	7.46	5.25	0.52	2,17.81	26.98	1.03
4.	Elamkulam North	25.34	18.10	16.53	4.67*	2,16.50	95.25	Nil*
5.	Rameswaram West	21.87	6.65	1.88	0.69	93.50	6.55	0.62
6.	Kaloor	14.18	10.17	4.66	1.57	1,32.50	55.79	16.60
7.	Cochin Marine Drive†	9.64	Nil**	5.83	Nil	69.51	69.51	Nil
	Total	2,37.10	98.26	60.69	22.72	13,82.71	4,62.52	87.86

* Land to the extent of 4.67 hectares was allotted for construction of houses under a scheme financed by HUDCO. The cost of this land is to be recovered in instalments ranging from 10 to 18 years.

† Central assistance for the scheme was discontinued from 1st April 1978 on the ground that it was economically viable and ineligible for assistance from Government of India.

** Kayal area (backwaters) was reclaimed under the scheme.

The area acquired and developed by the Authority worked out to 41.4 *per cent* and 25.6 *per cent* respectively of the target. The slow progress in land acquisition was attributed to delay in completion of formalities under the Land Acquisition Act and receipt during the fag end of the year 1978-79 of the Central assistance of Rs. 1,57 lakhs.

The slow progress in development of land was attributed to lack of approach roads, etc. Delay in development and disposal of land has resulted in locking up of captial, besides delaying the implementation of the scheme.

(6) According to the guidelines issued by Government of India, the land is to be disposed of by the Authority on lease-hold basis; but actual sales have been effected on freehold basis.

(7) The guidelines require that besides the estimated cost of acquisition, development, administration and interest on capital, the cost of land should include the following items:

(a) cost of providing bulk water supply mains, distribution lines, overhead tanks, etc.

(b) sewerage

(c) electrical power and street lighting

(d) cost of providing basic amenities like schools, hospitals, playgrounds, parks, etc.

(e) cost of landscaping.

Charges covering the infrastructure facilities were not included by the Authority in working out the price of land on the ground that the services and amenities were provided by different agencies of the State Government. The Central Appraisal Team, which reviewed the progress of implementation of the various schemes under the programme pointed out in February 1979 that the cost of providing these facilities formed part of development expenditure and should be recoverd from the allottees so that funds for providing these amenities at State level could be diverted to other areas.

Computed with reference to the estimated cost of Rs. 0.34 lakh per hectare for providing these amenities, the amount forgone by the Authority was Rs. 7.72 lakhs to end of March 1979.

8. The guidelines issued by the Government of India contemplate that adequate provision should be made in the lease deeds so that if an award is passed by a court, enhancing the cost of acquisition, at a later stage, after allotment of the land, the additional liability could be passed on to the allottees. Till February 1978, twenty-nine land acquisition cases were decided by Courts awarding Rs. 14.74 lakhs as enhanced compensation. The Authority stated (December 1979) that an indemnity bond along with a fixed deposit for an amount calculated at Rs. 150 per cent and pledged to the Authority had been obtained from the allottees. The particulars of additional demand raised against the allottees and the amount collected from them so far towards the

additional compensation are awaited. From February 1978, only indemnity bonds, i.e., without any fixed deposits have been obtained from the allottees.

(9) On the suggestion of the Cochin Port Trust, the Cochin Town Planning Trust took up in 1976 the construction of a retaining wall in foreshore area north of High Court buildings, as a first step towards the reclamation of an area of 5.88 hectares required for the construction of approach bridges to the site of the proposed Super Tanker Oil Terminal Project. The retaining wall was constructed in September 1977 at a cost of Rs. 9.48 lakhs, by entrusting the work to the Cochin Port Trust as a deposit work. Since approval of Government of India was not received for the Super Tanker Oil Terminal Project, the reclamation work which was expected to be done with the surplus earth from the dredging operations of the Super Tanker Oil Terminal Project did not materialise. The investment on the retaining wall remains unfruitful. The Authority stated in April 1980 that proposal for reclamation of 3.8 hectares of Kayal land at an estimated cost of Rs. 21.24 lakhs was under consideration and that the first block of work had been executed at a cost of Rs. 10.13 lakhs. At the time of taking up the work, the cost of reclamation of land (including the proportionate cost of retaining wall) was estimated as Rs. 1.61 lakhs per hectare. In the absence of dredging for the Super Tanker Oil Terminal Project, the estimated cost of reclamation has risen to Rs. 7.20 lakhs per hectare according to the latest estimate (April 1980). Though the Port Trust had pointed out in December 1975 that Greater Cochin Development Authority was liable to pay compensation to the Port Trust for the reclaimed area, the question has not been settled yet.

(10) The audit of the accounts of the Authority by the Examiner of Local Fund Accounts who is the statutory auditor, was completed only up to 1976-77.

Summing up

The important points emerging from the foregoing are:

(i) The State Government/Authority have not raised their matching contribution, the deficiency being Rs. 1,27 lakhs as at the end of March 1979.

(ii) Out of Rs. 3,57 lakhs provided by Government of India till 1978-79, Rs. 1,25.74 lakhs remained unutilised (March 1979).

(iii) Out of 237.10 hectares targeted to be acquired and developed, the area acquired/developed to end of March 1979 was 98.26 hectares/60.69 hectares respectively.

(iv) While fixing the price of land, the Authority had not taken into account the cost of infrastructural facilities provided by other agencies; the amount forgone on this account to the end of March 1979 was Rs. 7.72 lakhs.

(v) A scheme for the reclamation of 5.88 hectares from backwaters, taken up by the Authority in 1976 is yet to be completed; the estimated cost of reclamation per hectare has risen from Rs. 1.61 lakhs in 1976 to Rs. 7.20 lakhs in 1980.

TRANSPORT, FISHERIES AND PORTS DEPARTMENT

7.9. Assistance to the Kerala Fisheries Corporation Limited for introduction of medium size trawlers

With a view to exploiting pelagic resources, Government of India sanctioned a 'scheme for introduction of medium size purse-seiner-cum-trawlers by the Kerala Fisheries Corporation Limited' (a company owned by the State Government) and paid to the State Government a grant of Rs. 65.50 lakhs in March 1978 towards the estimated cost of the project. The latter, in turn, paid the amount (Rs. 10 lakhs in February 1979 and Rs. 55.50 lakhs in April 1979) to the Corporation for implementation of the scheme. In September 1978, Government of India revised the estimated cost of the project to Rs. 66.10 lakhs (Rs. 63.60 lakhs towards cost of wooden hull, engine, winch, accessories, purse-seine net, trawl net and skiff-cum-carrier for 8 trawlers; Rs. 0.50 lakh towards lease rent for land and buildings; Rs. 1.25 lakhs for an insulated vehicle and Rs. 0.75 lakh for project expenses) with the stipulation that the anticipated expenditure of Rs. 0.60 lakh in excess of the assistance given by Government of India should be met by the Corporation from its own resources.

According to the scheme, eight 43.5 feet purse-seiner-cum-trawlers and an equal number of skiff-cum-carrier boats were to be purchased before 31st March 1979 so that fishing operations could be commenced in April 1979. Though orders were placed by the Corporation in October 1978, requiring supply before the end of March 1979, no trawlers/boats were received by that date. The reasons given by the Corporation and the department for the delay were:—

(i) belated release of funds by the State Government, stated to be due to the procedural delay in obtaining an advance from the Contingency Fund, which in turn caused delay in making stage payments to contractors for boat building;

(ii) delay on the part of the Corporation in taking delivery of engines due to financial difficulties; and

(iii) dearth of persons experienced in purse-seine project.

Two trawlers and two boats were received and put into operation in December 1979. The department stated (October 1980) that construction of the remaining six trawlers/skiff-cum-carriers was at a standstill on account of a dispute between the Corporation and the contractor firm consequent on the latter demanding full advance payment for proceeding with the work.

According to the projections made in the scheme, each trawler was to yield annually 384 tonnes of catches (estimated value: Rs. 7.08 lakhs), from fishing operations for 200 days(purse-seine operations for 80 days and trawler operations for 120 days). The actual yield from the 2 trawlers in operation during the period up to the end of March 1980 (when more than 100 fishing days were available) was 324 tonnes (value: Rs. 2.49 lakhs) against 384 tonnes of catches (value: Rs. 7.08 lakhs) anticipated in the scheme. The estimated value of catches lost during the same period due to non-commissioning of the other trawlers owing to delay in supply was Rs. 21.24 lakhs.

The grant paid to the Corporation included Rs. 40.40 lakhs towards the estimated cost of 8 hulls with accessories and engines. According to the purchase order placed by the Corporation in October 1978, the cost of hulls with accessories and engines was only Rs. 39.85 lakhs. The excess amount of Rs. 0.55 lakh has not been repaid by the Corporation.

Government stated (November 1980) that the Corporation could not repay the excess grant owing to shortage of working capital.

7.10. Non-utilisation of grants

Government in Development Department sanctioned on 25th March 1978 a grant of Rs. 5 lakhs to the Kerala Fishermen's Welfare Corporation Limited (a company owned by the State Government) to extend immediate relief to fishermen affected by a fire which broke out at Vizhinjam fishing village on 17th February 1978. The amount was paid to the Corporation on 28th March 1978. Meanwhile, the Revenue Department had provided assistance at the maximum permissible scale to the victims of the fire accident, obviating the need for further assistance by the Corporation. As a result, the Corporation could not disburse the amount. In June 1979, Government ordered the Corporation to refund the entire grant lying unutilised with it. Thereupon, the Corporation represented (September 1979) to Government to permit it to retain the amount for being utilised in the event of similar natural calamities occurring in future. Pending decision on its request, the Corporation has not refunded the amount (November 1980). Government stated (November 1980) that fresh proposals for utilisation of the assistance had been called for from the Corporation.

Another grant of Rs. 3 lakhs was also paid to the Corporation in March 1978 to provide relief to victims of a flood havoc in Manjeswar Block. In this case, the Corporation could not utilise the grant for want of instructions from Government on the manner of its distribution to the victims.

The two grants have been deposited by the Corporation in a savings bank account; interest accrued on the deposit till March 1980 was Rs. 0.84 lakh. Government stated (November 1980) that in no case would the Corporation be allowed to retain any unutilised assistance with it. Government have not explained the circumstances in which grants were given to the Corporation for relief in regard to the fire when the Revenue Department had effectively mobilised their own machinery to offer the required relief nor have they explained why the grant of Rs. 3 lakhs paid in March 1978 to afford immediate relief for the victims of the flood could not be utilised for the purpose.

7.11. Fish farmers' development agencies

To popularise improved techniques of fish culture, the Government of India sponsored in 1975 a scheme for the establishment of fish farmers' development agencies on a pilot basis. For implementation of the scheme, State Governments were eligible for 100 *per cent* assistance as loan/grant till April 1979 and 50 *per cent* thereafter.

The first fish farmers' development agency in Kerala was set up in March 1976 at Meenkara in Palghat District and registered as a society in October 1976. Two more agencies were set up in Quilon and Trichur Districts in March 1978 and registered as societies in March 1979/July 1979 respectively.

The total assistance to the State Government from the Government of India during 1975-76 to 1977-78 was Rs. 11.77 lakhs (grant:Rs. 9.97 lakhs; loan: Rs. 1.80 lakhs). Of this, Rs. 7.46 lakhs (grant:Rs. 6.26 lakhs; loan Rs.1.20 lakhs) received during 1977-78 were to assist the agencies in Quilon and Trichur Districts; against this, the State Government released only Rs. 4.94 lakhs (grant:Rs. 3.74 lakhs; loan: Rs. 1.20 lakhs) to the two agencies up to the end of March 1980. The total assistance released to the three agencies by the State Government including Central assistance was Rs. 13.11 lakhs (grant: Rs. 11.91 lakhs; loan: Rs. 1.20 lakhs).

On a scrutiny of the records maintained by the Administrative department of Government and the Directorate of Fisheries in regard to the assistance given to the agencies, the following points were noticed:—

(1) The specific objectives of the scheme are (i) popularisation of improved techniques in fish culture for stepping up inland fish production, (ii) reclamation of fallow cultivable fishery resources and bringing them under optimum fish production and (iii) provision of training in fish culture and popularisation of fish farming as a new avocation to strengthen the rural economy.

(2) Out of Rs. 13.11 lakhs disbursed by the State Government to the three agencies, the total expenditure incurred by them was Rs. 3.95 lakhs, the unspent balance at the end of March 1980 being Rs. 9.16 lakhs. The bulk of the expenditure was on salaries and allowances of staff (Rs. 3.20 lakhs). As against the targeted expenditure of Rs. 7.20 lakhs for payment of subsidy and training to fish farmers, the actual expenditure to end of 1979-80 was Rs. 0.19 lakh.

(3) According to targets fixed, the Palghat agency was to reclaim 100 hectares annually. At this rate, it was to have reclaimed 300 hectares to the end of March 1980; against this, the actual area reclaimed was only 8.4 hectares. Similarly, Trichur and Quilon agencies were to reclaim 100 hectares and 60 hectares annually. But no pond has been reclaimed yet; only the survey of the ponds has been commenced (March 1980) by the two agencies. Palghat agency was to train 100 fish farmers annually and the other two agencies 190 farmers (at 95 each) annually. But the training programme has not yet been started by the Quilon and Trichur agencies; Palghat agency had trained only 9 farmers so far against a target of 300 farmers up to end of 1979-80.

Government stated February 1981 that the poor performance of the agencies was due to their doing pre-project work (survey and identification of water resources) all along and the reluctance of Panchayats to start fish culture in their ponds or to lease them out to other fish culturists.

The project report relating to Palghat agency contemplated the transfer of the departmental fish farm at Meenkara to the agency which was to produce and distribute ten lakhs of fish seedlings annually. The fish seed farm at Meenkara was transferred to the agency in June 1978. The production of fish seedlings during 1979-80 was 0.57 lakh which worked out to 6 *per cent* of the target. Government stated (February 1981) that the existing farm (pond area being 0.5 hectare in extent) was insufficient to produce even half the target and that action was underway for the construction of additional ponds.

(4) In October 1979, Government of India pointed out to the State Government that the real benefit to fish farmers from the projects implemented by the three agencies in the State till then was 'nil' and advised the State Government to improve their working. At the instance of the Government of India the working of the agencies was evaluated by the National Council of Applied Economic Research in February 1980; the results of the evaluation are awaited.

INDUSTRIES DEPARTMENT

7.12. Assistance to Kerala State Handloom Development Corporation Limited.

The State Government paid to the Kerala State Handloom Development Corporation Limited (a company owned by the State Government) Rs. 2,16·27 lakhs as assistance (share capital contribution: Rs. 22.50 lakhs; grant: Rs. 87.40 lakhs and loan: Rs. 1,06·37 lakhs) during 1976-77 to 1979-80 for the implementation of a Central Sector Scheme, viz. intensive development projects at Trivandrum and Cannanore for handloom development and Rs. 85 lakhs in March 1977 for a scheme (Centrally sponsored) for procurement of accumulated handloom cloth from primary co-operative societies. Of this, Rs.1,06.88 lakhs (grant of Rs. 31.97 lakhs and loan of Rs. 74.91 lakhs) for the former scheme and Rs. 85 lakhs (loan) for the latter scheme were received (between October 1976 and March 1979) by the State Government from the Government of India.

The intensive development projects at Trivandrum and Cannanore (estimated outlay on each:Rs. 1,85 lakhs) were started in May 1977 and September 1977 respectively and were scheduled for completion in five years thereafter. The two projects, as approved by the Government of India in March 1976 and May 1977, contemplated modernisation of 20,000 looms (10,000 looms in each of the two projects) at an estimated cost of Rs. 1,15 lakhs (excluding cost of factory buildings) in five years. The target was, however, lowered by the Corporation to 2,200 looms for the project at Trivandrum and to 9,500 looms for the project at Cannanore. Government stated (January 1981) that though the target of 10,000 looms per project was fixed initially in conformity with the All India pattern, it had to be lowered later as most of the looms in the two projects were found to require no further modernisation. The actual number of looms modernised by the two projects to end of October 1980 was 2,448 (Trivandrum: 1,034; Cannanore: 1,414). Expenditure incurred by the two projects on modernisation of looms to the end of 1979-80 was Rs. 3.41 lakhs (Trivandrum: Rs. 0.57 lakh; Cannanore: Rs. 2.84 lakhs) as against the total provision of Rs. 1,15 lakhs.

In the scheme as approved by Government of India, the provision earmarked for construction of factory buildings in the two projects was Rs. 71 lakhs. Government of India had also stipulated that outlay on buildings was to be kept at the barest minimum. Notwithstanding this, the provision for construction of buildings in the two projects was enhanced to Rs. 90 lakhs by the Corporation. This was attributed (January 1981) by Government to escalation of costs. Out of 26 buildings (Trivandrum:12; Cannanore: 14) proposed to be constructed in the two projects, 9 buildings (Trivandrum: 6; Cannanore:3) have been completed and construction of 3 others in Cannanore project was stated to be in progress. Works on other buildings have not yet been commenced (January 1981). The total expenditure incurred on construction of buildings to end of March 1980 was Rs. 42.20 lakhs (Cannanore: Rs. 20.13 lakhs; Trivandrum: Rs. 22.07 lakhs).

The total administrative expenditure of the two projects for five years as anticipated in the scheme was only Rs. 12 lakhs; against this, the administrative expenditure to the end of December 1979 (i.e. for about 2 ½years) itself amounted to Rs. 12.94 lakhs. This would indicate that expenditure on establishment has not been controlled effectively with a view to optimising use of funds on more important components of the scheme. Government stated (January 1981) that administrative expenditure in excess of Rs. 12 lakhs would be met by the Corporation from its own funds.

The scheme approved by the Government of India envisaged annual production of 4,80 lakh metres of cloth by the 20,000 looms proposed to be modernised by the two projects, yielding a net profit of Rs. 1,00 lakhs to the handloom sector. The annual production estimated per loom was 2,400 metres and at this rate the 2,028 looms modernised in the two projects till 1979 were to produce 48.67 lakh metres annually. Against this, the actual production during 1979-80 was reported to be only 9.76 lakh metres (Trivandrum: 6.12 lakh metres; Cannanore: 3.64 lakh metres) which worked out to 20 *per cent* of the estimated production. The shortfall was attributed (January 1981) by the Director of Handlooms to the projects being in their initial stages of implementation. In 1979-80, the Director had, however, pointed out to the Corporation that its turnover was not sufficient considering the large amounts released for the projects. Government stated (January 1981) that a detailed study into the working of the projects had been undertaken and that its results were awaited.

Terms and conditions of a loan of Rs. 15 lakhs paid in March 1978 for the Trivandrum project and of another loan of Rs. 9.48 lakhs given in March 1979 for the Cannanore project have not yet been fixed by Government (January 1981).

Out of the short term loan of Rs. 85 lakhs paid in March 1977 for procurement of accumulated handloom cloth, the Corporation had utilised only Rs. 21 lakhs for that purpose (December 1979); the balance was diverted for other activities. The entire loan with interest at 5 *per cent* per annum was to be repaid in March 1978. Even though the entire cloth (except for stock worth Rs. 0.50 lakh) procured under the scheme had already been sold, the Corporation has repaid only Rs. 5 lakhs (in July 1980) towards repayment of principal. The amount overdue for recovery at the end of October 1980 amounted to Rs. 1,03.174 lakhs (principal:Rs. 80 lakhs; interest : Rs. 17.394 lakhs; penal interest: Rs. 5.780 lakhs). A request made by the Corporation to reschedule the repayment of loan was stated to be under consideration of Government (January 1981).

7.13. Some points noticed in respect of two other bodies under Industries Department are mentioned below:

Sl. no.	*Name of the body or authority to which loans and grants have been paid*	*Amount, purpose, month of payment and other particulars of grants and loans paid*	*Points noticed*
1.	Kerala State Small Industries Development and Employment Corporation Limited (SIDECO)—a Government company:	Rs. 20 lakhs (Rs. 10 lakhs each in March 1977 and March1978) as loan for revitalisation of sick small scale industrial units. The loan was to be utilised by the Corporation for providing margin money to sick units to enable them to raise their additional resources from financial institutions. One hundred and thirty two units were registered (September 1979) with SIDECO for assistance under the scheme.	(1) Till March 1980, the Corporation had disbursed only Rs. 8.50 lakhs as margin money to 26 sick units. In addition, the Corporation paid Rs. 1.20 lakhs to two units as interim finance and incurred an expenditure of Rs. 2.63 lakhs on preparation of techno-economic viability study reports for 114 units. Shortfall in achivement was attributed by Government to the inability of the units to obtain matching assistance from financial institutions. The unspent balance has not been refunded to Government (January 1981). (2) The repayment of the loans is in default by the Corporation; the amount defaulted at the

Sl. no.	*Name of the body or authority to which loans and grants have been paid*	*Amount, purpose, month of payment and other particulars of grants and loans paid*	*Points noticed*
			end of March 1980 was Rs. 5.27 lakhs (principal: Rs. 0.77 lakh; interest: Rs. 4.50 lakhs). A decision on a request made by the Corporation to re-schedule the repayment of principal and to waive part of the interest accrued was yet to be taken by Government (January 1981).
2.	Kerala State Electronics Development Corporation Limited (KELTRON)—a Government company.	Grants aggregating Rs. 33 lakhs between January 1977 and March 1979 for setting up a Central tool room equipped with sophisticated machinery, like jig boring machinery, profile projector, etc., to undertake manufacture of press tools, and plastic moulds.	The expenditure incurred on purchase of machines to end of March 1979 was Rs. 20 lakhs. The balance is reported to have been earmarked for construction of a building (estimated in 1975 to cost Rs. 5 lakhs); work on the building started in December 1979 was completed during 1980-81 at an estimated cost of Rs. 12 lakhs. Machines purchased included 13 items, for which KELTRON paid Rs. 17.22 lakhs as advance to Keltron Counters (a subsidiary of KELTRON) though the depreciated value of the machines at the time of transfer was only Rs. 6.77 lakhs. The matter was reported to Government in October 1980; their reply is awaited (January 1981).

SECTION IV

Investments in and financial assistance to co-operative societies

INDUSTRIES DEPARTMENT

7.14. Grant towards rebate on sale of handloom cloth

To help the handloom industry, Government have been giving grants towards rebate on sale of handloom cloth. Rebate at the rate of 10 paise per rupee is allowed by handloom co-operative societies during certain periods and the rebate so given for periods not exceeding 45 days in a year on individual sales of handloom cloth up to Rs. 100 is reimbursed by Government. Rebate of 20 *per cent* (equally shared by the Government of India and the State Government) is admissible for limited periods (linked to certain occasions) during each year. The total grant paid by Government towards rebate during 1975-76 to 1978-79 was Rs. 2,03.13 lakhs. A test audit, in March-April 1980, of the records and registers maintained by the Directorate of Handlooms and three District Centres disclosed the following points:—

(1) The registers maintained in the department did not show the particulars of grant paid for each rebate period. In the absence of such details, it could not be verified whether the rebate had been allowed for more days than that prescribed under the scheme. Government stated (January 1981) that instructions to maintain separate registers for each special rebate period had since been issued by the Director of Handlooms.

(2) In respect of rebate paid during February 1977 to September 1979, the State Government received from the Government of India Rs. 48.08 lakhs against Rs. 95.65 lakhs due for the period. Government stated (January 1981) that claims had been recommended to Government of India for sanction.

(3) Documents produced by certain societies for claiming rebate included a large number of consecutive bills written on the same day for the same variety and quantity of cloth for the same price. The bills produced by a society at Quilon included 76 bills of 8th April 1977 for Rs. 75.60 each, 80/22 bills of 20th April 1977 for Rs. 90 each/Rs. 94.50 each, 41 bills of 22nd April 1977 for Rs. 79.20 each, 70 bills of 29th/30th April 1977 for Rs. 85 each and 77 bills of 13th September 1978 for Rs. 75 each, etc. Nothing was on record to show that the department had investigated that such bills represented genuine transactions and that the sales had been effected only to *bonafide* consumers.

(4) The rebate is allowed on the marked price. The Director of Handlooms stated (April 1980) that the marked price would include profit of 8 to 15 *per cent* over cost of production. In some cases, the profit included in the marked price was, however, found to exceed 20 *per cent* of the cost price. The claims of six societies for various rebate periods between March 1977 and September 1978 showed that the profit margin included in the marked price ranged between 20 *per cent* and 25 *per cent*. The department has not, however, ascertained the reasons for including a higher percentage of profit in the marked price in such cases.

As the basic objective of the subsidy is to enable sales when there is no market demand for the goods at normal sale price, the grant of subsidy is largely, if not wholly, unjustified, when significantly higher profit margins are added to the cost price. The payment of rebate at the standard percentages on the inflated sale price appears, in any case, to be not justified.

7.15. Coir Development scheme

Mention was made in paragraph 7.5 of the Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil), of the financial assistance of Rs. 2,77.81 lakhs given by Government to Coir Co-operative Societies during 1973-74 to 1975-76 under the Coir Development Scheme and some aspects in regard to its implementation. During the period 1976-77 to 1978-79, the State Government paid a further sum of Rs. 3,80.28 lakhs (loan: Rs. 2,33.08 lakhs; grant: Rs. 81.44 lakhs; share capital contribution: Rs. 65.76 lakhs) as assistance to coir co-operative societies for development of coir industry. Of this, Rs. 2,21.17 lakhs were met out of the financial assistance of Rs. 2,31 lakhs (grant: Rs. 1,68.78 lakhs; loan: Rs. 62.22 lakhs) extended by the Government of India. On a scrutiny (December 1979) by Audit of the records maintained by the department in regard to loans and grants paid to the societies, the following points were noticed:

(i) One of the objects of the scheme was to bring an increasingly large number of workers under the co-operative fold, providing employment to 2.4 lakh workers in the spinning sector, and ensure that every worker gets the notified minimum wages ranging from Rs. 3.50 to Rs. 4 per day of 8 hours. The number of coir workers provided with employment was reported to be 0.59 lakh during 1976-77, 0.62 lakh during 1977-78 and 0.65 lakh during 1978-79. During these years, the actual procurement of husk ranged between 16 *per cent* and 40 *per cent* of the annual requirements and apparently the workers could not be provided with continuous employment throughout the year. As a result, the average daily earnings per worker were Rs. 1.20 during 1976-77 and about Re. 1 during 1977-78 and Re. 0.70 during 1978-79.

(ii) During the three years ended 1978-79 working capital loans aggregating Rs. 1,94.37 lakhs were paid to 288 societies. Out of this, utilisation certificates for Rs. 1,77.22 lakhs paid prior to April 1978 were due by March 1979. However, utilisation certificates for Rs. 88.66 lakhs are still awaited from 133 societies (November 1980).

The societies were to maintain necessary cover by way of stock-in-trade and/or cash equal to the amount of loan outstanding at any time. In respect of the 78 societies against which Rs. 98.22 lakhs were outstanding, the coverage was not adequate, the deficiency being Rs. 31.45 lakhs as at the end of March 1979.

(iii) For construction of godowns, coir co-operative societies are eligible for financial assistance at the rate of Rs. 0.10 lakh for primary societies/mats and matting societies and Rs. 5 lakhs for marketing societies. Godowns are to be completed within one year and the completed godowns are to be insured against fire. Out of 111 godowns for the construction of which Rs. 38.41 lakhs were paid (75 *per cent* as loan and 25 *per cent* as subsidy) between April 1976 and March 1978, completion reports were still due in 66 cases (loan involved: Rs. 29.18 lakhs). Out of 45 godowns completed, 29 including 25 completed prior to April 1980 have not yet been got insured against fire (February 1981). Information as to the extent to which the completed godowns had been put to use by the societies was not available with the Directorate.

The Central Coir Marketing Society No. 1, Alleppey was given 2 loans of Rs. 3.75 lakhs each in March 1978 for the construction of 2 godowns. The construction has not been completed (February 1981) though it was required to be completed within one year from the date of drawal of the loan. A subsidy of Rs. 2.50 lakhs was also given to the society in March 1979; till then the society had spent only Rs. 1.20 lakhs on the construction of the two godowns. The grant of subsidy of Rs. 2.50 lakhs in March 1979, when the society was having an unutilised balance of Rs. 6.30 lakhs out of the loan paid earlier, would indicate that grants were paid without assessing the immediate requirements.

(iv) Demand, collection and balance statements for the quarter ended 31st March 1979 indicated that Rs. 47.92 lakhs (principal: Rs. 36.98 lakhs; interest: Rs. 10.94 lakhs) were overdue for recovery from coir co-operative societies. Of this, Rs. 19.22 lakhs (principal: Rs. 15.17 lakhs; interest: Rs. 4.05 lakhs) related to demands for periods prior to 1974-75.

The facts mentioned above were confirmed by Government(March 1981).

GENERAL

7.16. Financial Assistance to Co-operative Institutions

Financial assistance in the shape of share capital contribution, loans and grants is given by Government to co-operative institutions. The total investment of Government in the share capital/debentures of co-operative institutions at the end of March 1980 stood at Rs. 34,94.67 lakhs. The balance of loans paid to such institutions outstanding on 31st March 1980 was Rs. 21,01.46 lakhs.

The details of dividend/interest received by Government from co-operative institutions during the three years ended 1979-80 are given in the following table:—

Year	*Investment as at the end of the year (in lakhs of rupees)*	*Dividend received during the year (in lakhs of rupees)*	*Percentage of return*	*Loans outstanding as at the end of the year (in lakhs of rupees)*	*Interest received during the year (in lakhs of rupees)*
1977-78	24,68.73	19.15	0.78	18,38.01	30.96
1978-79	28,20.24	28.46	1.01	19,06.46	36.80
1979-80	34,94.67	23.62	0.68	21,01.46	63.46

Audit of accounts of co-operative institutions for each co-operative year ending at 30th June is to be completed by the Registrar of co-operative societies during the succeeding co-operative year. Audit was in arrears in 8,585 cases (up to 1975-76: 21; 1976-77: 155; 1977-78: 1,709 and 1978-79: 6,700). The main reasons attributed by the department for arrears in audit were inadequacy of staff and diversion of staff for other activities for implementation of new schemes.

Some important points included in the departmental audit report of co-operative societies in which Government have made substantial investment are given below:—

(1) There are two sugar mills in the co-operative sector, namely Mannam Sugar Co-operative Limited, Pandalam and the Co-operative Sugars Limited, Chittoor. The total investment by Government in the share capital of the two societies at the end of March 1980 was Rs. 58 lakhs (Co-operative Sugars Limited, Chittur: Rs. 33 lakhs; Mannam Sugar Co-operative Limited: Rs. 25 lakhs). At the end of March 1980, borrowings of the 2 mills from Government stood at Rs. 1,35.81 lakhs (Co-operative Sugars Limited, Chittur: Rs. 23.70 lakhs; Mannam Sugar Co-operative Limited: Rs. 1,12.11 lakhs). A review of the working of Mannam Sugar Co-operative Limited, with reference to the audited accounts for 1975-76 revealed the following:

(i) Amount of loan paid by Government to the society outstanding at the end of March 1980 was Rs. 1,12.11 lakhs. Society has defaulted repayment of loans and the amount overdue for recovery at the end of March 1980 was Rs. 69.36 lakhs (principal: Rs. 37.26 lakhs; interest: Rs. 32.10 lakhs).

(ii) Between June 1963 and July 1964, the Society obtained a loan of Rs. 90 lakhs from the Industrial Finance Corporation of India under a guarantee provided jointly by the Government of India and the State Government. The loan was repayable in 15 annual instalments commencing from

July 1966. Interest at 7½ *per cent* per annum was payable half yearly on principal and defaulted instalments of interest. After paying the first two half yearly instalments of interest, the society defaulted payment of interest and also did not repay any amount towards principal. In December 1975 when the default aggregated Rs. 1,50.71 lakhs (principal: Rs. 57.50 lakhs; interest: Rs. 93.21 lakhs), the Corporation revised the repayment schedule. According to the revised schedule, the society was to clear the outstanding amount (principal: Rs. 90 lakhs; interest: Rs. 93.20 lakhs) in 9 instalments commencing from July 1979 and was to pay interest thereon every half year. Out of Rs. 77.09 lakhs accrued as interest between December 1975 to December 1980, the society paid only Rs. 16.65 lakhs of which Rs. 14.43 lakhs were met out of a loan provided by the State Government. The default as on 20th December 1980 under the revised repayment schedule amounted to Rs. 73.44 lakhs.

(iii) In the Audit Certificate issued to the society, the departmental concurrent Auditor pointed out (September 1980) several defects such as non-reconciliation of the cash book with the bank figures, non-production of vouchers, non-maintenance of prescribed registers, delay in recovery of loan from ryot members, failure to obtain confirmation of outstanding balances from the debtors, etc.

(iv) Departmental audit of accounts of the society has been completed only up to 1975-76. The accumulated loss of the society to the end of June 1976 was Rs. 2,82.34 lakhs as against the paid up share capital of Rs. 41.93 lakhs. The society had incurred further losses and the accumulated loss at the end of June 1978 was reported to be Rs. 3,05.51 lakhs (provisional). Government attributed (February 1980) the heavy loss to the low recovery of sugar compared to other factories and under-utilisation of capacity due to inadequate supply of sugarcane.

(2) There are 11 co-operative wholesale consumer stores in the State. The total paid up capital of these societies as at the end of June 1980 was Rs. 1,48.18 lakhs (provisional) of which Government contribution amounted to Rs. 1,33.72 lakhs. Departmental audit of these societies has been completed up to the year 1977-78.

(i) Out of loans given by Government to these societies, the amount outstanding on 30th June 1978 was Rs. 56.97 lakhs. The amount overdue for recovery at the end of June 1980 was Rs. 24.35 lakhs. Government stated (December 1980) that a decision to reschedule the repayment of loan had been taken.

(ii) The ratio of gross profit on sales turnover expected by these stores was 7 *per cent*; against this the ratio of gross profit (Rs. 89.02 lakhs) to aggregate sales turnover (Rs. 15,28.92 lakhs) during 1977-78 worked out only to 5.8 *per cent*.

(iii) The value of deficit and damaged stock yet to be recovered/ regularised in these societies as at the end of June 1980 amounted to Rs. 47.62 lakhs. Government stated (December 1980) that the stores had been instructed to recover the amount from the persons responsible.

(iv) All the 11 stores were working at loss. Accumulated loss of the stores at the end of June 1978 amounted to Rs. 2,72.36 lakhs. A study conducted by the department during 1977-78 showed that the loss is mainly due to payment of large amounts by way of interest on borrowings, retention of surplus staff, lack of managerial efficiency and salesmanship, absence of centralised procurement/supply system, etc. According to Government, the accumulated loss of the 11 stores at the end of June 1980 was Rs. 3,44.42 lakhs (provisional). Government stated (December 1980) that steps for rehabilitation of all the stores excepting those at Trivandrum, Kozhikode, Malappuram and Idukki had been taken by extending more financial assistance (working capital loan: Rs. 1,17.58 lakhs; share capital contribution: Rs. 39.20 lakhs) besides converting the cash credit accommodation provided to them by District Co-operative Banks into long term loans at concessional rates of interest and that proposals were afoot for rehabilitation of the stores at Trivandrum and Kozhikode. Government also stated that as part of the rehabilitation programme, the stores had been instructed to follow a package of practices, which contemplated periodical review of stock position, centralised purchase system, surprise verification of stock in retail outlets, identification and speedy disposal of old and damaged stock, payment of incentives to sales staff, introduction of management accounting system, strict control on new appointment to maintain the cost of establishment at economic levels, etc. It was, however, seen that despite the implementation of the rehabilitation programme, the loss suffered by two of the stores (Quilon and Cannanore) had increased from Rs. 1.80 lakhs during 1977-78 to Rs. 4.48 lakhs during 1978-79 and that the loss suffered by Palghat stores during 1978-79 (Rs. 5.42 lakhs) continued to be very high.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

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

The following table shows the number of audit observations issued up to the end of March 1980 and outstanding at the end of September 1980, as compared with the corresponding position in the two preceding Reports.

	As at the end of September 1978	*As at the end of September* 1979	*As at the end of September* 1980
Number of observations	31,706	39,327	44,257
Amount (in crores of rupees)	48.82	78.10	92.08

Year-wise break-up of the items outstanding at the end of September 1980 is as follows:—

Year	*Items*	*Amount (in lakhs of rupees)*
Prior to 1-4-1974	2,378	1,63.67
1974-75	1,129	1,25.77
1975-76	1,976	1,47.61
1976-77	3,220	4,15.76
1977-78	6,004	9,74.90
1978-79	13,423	32,06.05
1979-80	16,127	41,74.59
Total	44,257	92,08.35

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

Sl. no.	*Department*	*Number of observations*	*Amount (in lakhs of rupees)*
1.	Irrigation	2,339	17,15.54
2.	Agriculture	4,483	16,21.52
3.	Health	12,718	12,15.66
4.	Local Administration & Social Welfare	3,304	11,94.50
5.	Industries	1,584	11,26.78
6.	Revenue	2,620	8,75.06
7.	Development	4,707	3,83.44
8.	Higher Education	1,694	2,61.30
9.	Public Works	1,409	2,14.31
10.	General Education	1,968	2,01.34
11.	Transport , Fisheries and Ports	635	96.00
12.	Home	1,129	75.53
13.	Taxes	855	73.08
14.	General Administration	1,438	41.17
15.	Finance	1,689	39.59
16.	Labour	1,111	30.33
17.	Housing	111	26.68
18.	Food	281	9.24
19.	Electricity	14	3.41
20.	Other departments	168	3.87
	Total	44,257	92,08.35

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

	Nature of observations	*Number*	*Amount (in lakhs of rupees)*
1.	Want of payees' receipts	22,703	47,44.59
2.	Want of detailed contingent bills for lumpsum drawals	13,042	15,27.60
3.	Vouchers not received	2,188	2,73.27
4.	Sanctions to estimates not received	391	58.00
5.	Sanctions for contingent and miscellaneous expenditure not received	971	78.83
6.	Agreements with contractors/ suppliers not received	338	2,90.08

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

Sl. no.	*Department*	*Number*	*Amount (in lakhs of rupees)*
1.	Health	5,821	7,02.91
2.	Agriculture	2,366	12,64.01
3.	Local Administration & Social Welfare	2,013	4,07.59
4.	Development	1,350	1,00.29
5.	Revenue	1,305	3,97.73
6.	Irrigation	1,276	1,98.16
7.	Industries	1,197	10,55.44
8.	General Education	1,195	1,34.71
9.	Higher Education	1,084	1,69.95

(e) Advance drawal of moneys on abstract contingent bills by the disbursing officers is intended to expedite payments. These are to be followed by detailed contingent bills (containing full particulars of expenditure with supporting sub-vouchers and payees' receipts) which should be sent to the Audit Officer by the 20th of the month succeeding the month to which the advance bills relate. Detailed contingent bills for Rs. 15,27.60 lakhs drawn prior to April 1980 have not been received in the Audit Office. Comparatively heavy outstandings were against the following departments:—

Sl. no.	*Department*	*Number*	*Amount (in lakhs of rupees)*
1.	Health	5,634	4,34.94
2.	Development	2,887	2,69.32
3.	Revenue	895	4,60.84
4.	Agriculture	726	1,11.04
5.	General Education	656	54.75
6.	Higher Education	546	60.30

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

(f) Rupees 2,90.08 lakhs were held under observation due to non-receipt of agreements with contractors/suppliers. The departments with comparatively heavy outstandings were the following:—

Sl. no.	*Department*	*Number*	*Amount (in lakhs of rupees)*
1.	Irrigation	116	1,11.02
2.	Public Works	109	85.87
3.	Local Administration & Social Welfare	69	49.76

In the absence of copies of the agreements, it is not possible for Audit to verify whether payments have been made only in accordance with the terms of contracts.

(g) Rupees 2,73.27 lakhs were held under observation due to non-receipt of vouchers in Audit Office. Departments with comparatively large outstandings are mentioned below:—

Sl. no.	*Department*	*Number*	*Amount (in lakhs of rupees)*
1.	Finance	1,184	31.74
2.	Local Administration & Social Welfare	465	84.87
3.	Irrigation	259	1,35.29
4.	Public Works	198	16.05

The delay in submission of vouchers in proof of payments results in large expenditure escaping audit scrutiny for long and there is likelihood of serious irregularities remaining undetected.

(h) The financial rules of Government require that a copy of every order sanctioning expenditure should be sent to Audit Officer by the authority which accords sanction. In the absence of sanctions, it cannot be verified in audit whether the amounts drawn were duly authorised by the competent authority. As at the end of September 1980, Rs. 78.83 lakhs were held under observation due to non-receipt of sanctions to contingent and miscellaneous expenditure. Departments with comparatively heavy outstandings are mentioned below:—

Sl. no.	*Department*	*Number*	*Amount (in lakhs of rupees)*
1.	Health	536	50.28
2.	Agriculture	131	12.06

8.2. Outstanding inspection reports

(i) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit but not settled on the spot, are communicated to Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and Government. Government have prescribed that first replies to inspection reports should be sent within four weeks.

As at the end of September 1980, 3,111 inspection reports (excluding those relating to Revenue Receipts, the particulars of which are given in the Report of the Comptroller and Auditor General of India for the year 1979-80, Revenue Receipts, Government of Kerala) issued up to March 1980 were not settled fully as shown below with corresponding figures for the earlier two years:—

	As at the end of September 1978	*As at the end of September* 1979	*As at the end of September* 1980
Number of inspection reports	2,819	2,887	3,111
Number of paragraphs	7,351	7,147	7,664

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

Year	*Number of inspection reports*	*Number of paragraphs*
Prior to 1st April 1975	587	1,110
1975-76	255	576
1976-77	442	1,027
1977-78	424	1,081
1978-79	650	1,647
1979-80	753	2,223
Total	3,111	7,664

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

Department dealing with the inspection reports	*Number of inspection reports*	*Number of paragraphs*
Health	561	1,413
Agriculture	457	1,054
General Education	401	982
Revenue	318	617

Department dealing with the inspection reports	*Number of inspection reports*	*Number of paragraphs*
Development	262	656
Irrigation	157	438
Local Administration and Social Welfare	143	365
Transport, Fisheries and Ports	127	256
Public Works	117	368
Industries	108	393
Food	98	204
Higher Education	93	216
Home	85	217
Labour	62	122
Taxes	53	75
Finance	44	233
General Administration	24	54
Housing	1	1
Total	3,111	7,664

First replies had not been received to 478 reports till the end of September 1980; department-wise break-up of the 478 reports is given below:—

Department to which the inspection reports relate	*Number of inspection reports for which first replies are still awaited*	*Earliest year of issue*
1. Higher Education	8	1972-73
2. Health	120	1974-75
3. Transport, Fisheries and Ports	23	1975-76
4. General Education	57	1976-77
5. Taxes	9	1976-77
6. Agriculture	108	1977-78
7. Revenue	52	1977-78
8. Labour	16	1977-78
9. Industries	10	1977-78
10. Development	26	1978-79
11. Irrigation	18	1978-79
12. Local Administration and Social Welfare	10	1978-79
13. General Administration	4	1978-79
14. Finance	3	1978-79
15. Housing	1	1978-79
16. Home	10	1979-80
17. Food	3	1979-80
Total	478	

A synopsis of important observations in the outstanding inspection reports relating to 6 public works offices (two Public Health Engineering Divisions, two Buildings and Roads Divisions and two Irrigation and Projects Divisions) is given below:—

Gist of observations/nature of irregularity	*Number of paragraphs and amount involved in cases where quantification was possible*		*Number of paragraphs where the amount could not be quantified*
	Number of paragraphs	*Amount (in lakhs of rupees)*	
1. Delay in fixing liabilities of contractors on termination/abandonment of work and in recovering the loss on rearrangement of the balance work	11	2.61	16
2. Wasteful and infructuous expenditure due to defective plans, designs and abandonment of work	6	23.69	4
3. Incurring of expenditure in excess of estimates	2	32.37	4
4. Delay in the recovery of the amounts due to Government	4	7.84	1
5. Execution of works without sanctioned estimates	3	5.13	..
6. Non-settlement of items outstanding under Public Works Advances	2	3.69	..
7. Idle tools and plant	1	0.44	1
8. Irregularities in regard to contracts such as non-enforcement of contractual conditions, unauthorised aids to contractors, non-finalisation of tenders within the validity period, rejection of lowest tenders, etc.	6	20.21	..

The more important types of irregularities noticed in inspection/local audit of public works offices during 1979-80 (other than those mentioned in the synopsis given above) are briefly mentioned in Appendix-XVIII.

(S. SETHURAMAN)
Accountant General, Kerala.

Trivandrum,
The 16th MAY 1981

Countersigned

(GIAN PRAKASH)
Comptroller and Auditor General of India.

New Delhi,
The 23rd MAY 1981

APPENDICES

APPENDIX I

Significant variations in expenditure during 1979-80 over the previous year

(*Reference*: *Paragraph* 1.4 (*ii*)—*Page* 6)

Major Head of Account		*Actuals*		*Increase during* 1979-80	*Reasons for increase*
		1978-79	1979-80		
		(*in crores of rupees*)			
277	Education	1,60.13	1,84.33	24.20	Mainly under Primary Education (Rs. 12.51 crores), Secondary Education (Rs. 8.26 crores) and University and other Higher Education (Rs. 1.66 crores) due to increased expenditure on Government schools and increase in assistance given to the non-Government educational institutions.
266	Pensions and other retirement benefits	18.27	25.38	7.11	Mainly due to the increase in the amount of pension benefits to pensioners.
280	Medical	34.36	39.10	4.74	Mainly due to the increase in expenditure on medical relief and medical colleges.
314	Community Development	13.27	17.98	4.71	Mainly due to increase in expenditure under the integrated rural development programmes.
249	Interest Payments	40.32	44.49	4.17	Mainly due to payment of more interest on savings deposits and provident funds (Rs. 1.98 crores) and on loans and advances from Central Government (Rs. 1.34 crores).
282	Public Health, Sanitation and Water Supply	7.16	9.83	2.67	Mainly due to procurement of more materials and more expenditure on urban water supply programmes.
288	Social Security and Welfare	19.72	22.14	2.42	Mainly due to more expenditure on welfare of scheduled castes, scheduled tribes and other backward classes (Rs. 0.74 crore) and pensions under social security schemes (Rs. 0.58 crore).

APPENDIX I—*Concld.*

Major Head of Account	*Actuals*		*Increase during*	*Reasons for increase*
	1978-79	1979-80	1979-80	
	(*in crores of rupees*)			
255 Police	22.07	24.25	2.18	Due to increased expenditure on strengthening of police force and revision of pay of police personnel.
215 Elections	0.12	2.20	2.08	Mainly due to more expenditure on revision of electoral rolls and conduct of elections to Parliament and State Legislature.
363 Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	0.46	2.08	1.62	Due to release of arrears of vehicle tax compensation for the period 1973-74 to 1977-78 to the various local bodies.

APPENDIX II

Non-adjustment of value of assets transferred to Government Companies

(*Reference*: *Paragraph* 1.10—*Pages* 19–21)

Sl.no.	*Name of the Company*	*Year of transfer of assets*	*Reported value of assets pending adjustment** (*in lakhs of rupees*)
1.	The Plantation Corporation of Kerala Limited	1977-78	53.66
2.	Trivandrum Rubber Works Limited	1963-64	0.38
3.	Trivandrum Spinning Mills Limited	1963-64	0.41
4.	Kerala Electrical and Allied Engineering Company Limited	1977-78	16.34
5.	Kerala Tourism Development Corporation Limited	Up to 1976-77	24.97
6.	The Kerala Fisheries Corporation Limited	Between 1966 and 1979	51.80
7.	The Kerala Agro-Industries Corporation Limited	1975-76	17.87
8.	Handicrafts Development Corporation of Kerala Limited	1970-71	2.68
9.	The Chalakudy Refractories Limited	1978-79	3.22
10.	Kerala State Drugs and Pharmaceuticals Limited	1975-76	4.27
11.	Steel Industrials, Kerala Limited	1978-79	0.02
12.	Kerala Forest Development Corporation Limited	1975-76	76.27
13.	The Rehabilitation Plantations Limited	1975-76	1,04.60
	Total		3,56.49

* Figures provisional

APPENDIX III

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

(*Reference*: *Paragraph* 2.4 (*iii*)—*Page* 34)

Sl. no.	*Number and name of grant/appropriation*		*Charged/ Voted*	*Total grant/ appropriation*	*Saving*	*Percentage of saving to total provision*
				(in lakhs of rupees)		
REVENUE SECTION						
1.	XVI	Pensions and Miscellaneous	*Charged*	*51.30*	*32.67*	64
2.	XXII	Housing	Voted	3,27.64	98.02	30
3.	XXVIII	Co-operation	Voted	5,12.14	1,11.09	22
4.	XXX	Agriculture	Voted	30,16.69	5,87.10	19
5.	XXXI	Food	Voted	3,18.39	93.85	29
6.	XXXVI	Community Development	Voted	23,33.65	5,35.16	23
7.	XXXVII	Industries	Voted	8,41.01	1,87.56	22
8.	XL	Ports	Voted	88.57	13.43	15
CAPITAL SECTION						
1.	XVIII	Medical	Voted	1,78.24	54.38	31
2.	XXII	Housing	Voted	3,24.67	58.18	18
3.	XXIII	Urban Development	Voted	2,10.00	1,24.22	59
4.	XXV	Labour and Employment	Voted	1,10.29	1,00.51	91
5.	XXIX	Miscellaneous Economic Services	Voted	68.97	27.02	39
6.	XXXI	Food	Voted	12,54.62	8,17.77	65
7.	XXXIII	Dairy	Voted	1,59.00	59.43	37
8.	XXXIV	Fisheries	Voted	1,64.89	60.72	37
9.	XXXV	Forest	Voted	1,31.49	39.02	30
10.	XL	Ports	Voted	5,70.07	4,04.63	71
11.		Public Debt Repayment	*Charged*	*1,56,14.60*	*1,33,74.52*	86

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APPENDIX IV

Major Schemes where the provision remained wholly or substantially unutilised

(Reference: Paragraph 2.4 (iv) (c)—Page 38)

Sl. no.	*Department/grant number and head/scheme*	*Provision*	*Saving (percentage)*	*Reasons for saving and remarks*
		(in lakhs of rupees)		
	Finance			
1.	General Administration—II—			
	252(c)5. Data Processing Unit	15.03	14.02 (93%)	Non-purchase of machinery and equipment and non-payment of grants to Kerala University pending completion of building for the Centre.
2.	Education—XVII—			
	(i) 277.A(b) 2. Upper Primary Schools	14,82.29	2,03.68 (14%)	Saving of Rs. 50.03 lakhs was attributed to non-filling up of vacancies. Reasons for the remaining savings are awaited (January 1981).
	(ii) 277 A (e) 10. Purchase of furniture for departmental Primary Schools	65.00	52.29 (80%)	Saving was stated to be due to non-receipt within the specified time, of articles and furniture ordered for.
	(iii) 277 F (g) 18. National Museum on Science and Man	14.00	14.00 (100 %)	Post-budget decision not to set up the museum.
	(iv) 477 (c) 3. Implementation of U.G.C. assisted Schemes in Government Colleges—Buildings-Works	22.00	18.97 (86%)	Delay in arranging works and slow progress of works.
3.	Co-operation—XXVIII—			
	298. (i) 33. Rural Industries Co-operative Societies in the project area (Centrally Sponsored Scheme)	10.00	9.12 (91%)	Fall in number of applications received for assistance under the scheme.
4.	Agriculture—XXX—			
	305. (i) 22. Farmers' Training and Extension (Centrally Sponsored Scheme)	29.00	28.94 (100%)	Post-budget decision to discontinue the scheme.

APPENDIX IV—*Concld.*

Sl. no.	*Department/grant number and head/scheme*	*Provision*	*Saving (percentage)*	*Reasons for saving and remarks*
		(*in lakhs of rupees*)		
5.	Fisheries and Ports—XXXIV—			
	(i) 512 (a) 2. Brackish Water Fish Farming	15.00	14.87 (99%)	Non-sanctioning of estimates for renovation of fish farms.
	(ii) 512. (b) 3. Development of Tuna fishery	10.00	10.00 (100%)	Non-finalisation of the terms of foreign collaboration.
6.	Irrigation—XXXVIII—			
	533-D(d) 1. Inland Navigation (Centrally Sponsored Scheme)	20.41	18.02 (88%)	Decrease in the share of establishment charges consequent on reduction in expenditure on works.
7.	Ports—XL—			
	735 (b) 3. Kerala Shipping Corporation (Centrally Sponsored Scheme)	31.60	31.60 (100%)	Reasons are awaited (January 1981).

APPENDIX

Details of cases of withdrawal

(Reference: paragraph

Sl. no.	*Drawing/Disbursing Officer*	*Amount drawn (in lakhs of rupees)* / *Month of drawal*	*Nature of drawal*
		1978-79	
	LOCAL ADMINISTRATION AND SOCIAL WELFARE DEPARTMENT		
	Director of Social Welfare, Trivandrum	5.00 (March 1979)	For assistance to the society for the rehabilitation and welfare of the handicapped
		1979-80	
	DEVELOPMENT DEPARTMENT		
1.	District Welfare Officers, Malappuram and Cannanore	0.90 (March 1980)	Cost of steel plates ordered for on 27th March 1980, inter-caste marriage grants, other grants and concessions, etc.
2.	Taluk Welfare Officers, Nedumangad, Pathanamthitta. Sherthallai, Thodupuzha, Talapilli, Chavakkad and Cannanore.	2.48 (March 1980)	Grants, subsidies, incentives, stipends, etc.
3.	Director of Tribal Welfare, Trivandrum	1.24 (Demand Draft) (March 1980)	Cost of two jeeps
4.	Block Development Officers, Thycattussery, Vazhoor, Mathilakam, Irinjalakuda, Kodungallur, Chavakkad, Chowannur, Cherpu, Vengara, Kondotty, Wandoor, Manjeri, Andathode, Erattupetta, Alathur and Cannanore.	8.79 (March 1980)	Cost of transportation of food-grains under Food for work Programme, advance for works under various schemes, cost of pumpsets, grant-in-aid, etc.
	AGRICULTURE DEPARTMENT		
5.	Deputy Registrar of Co-operative Societies, Quilon	0.24 (March 1980)	For expenses on cashew schemes
6.	Soil Conservation Officer, Kattappana	0.30 (December 1979 & March 1980)	Works advances

—V

of funds in advance of requirements

2.9 (a)—Page 41)

Amount disbursed (in lakhs of rupees) / *Month of disbursement*	*Amount remaining undisbursed (in lakhs of rupees)*	*Remarks*
5.00 (April 1980)	..	The amount kept in Savings Bank account till April 1980 when it was credited back to Government with interest of Rs. 0.20 lakh.
0.90 (April-September 1980)	..	Delay attributed to failure of the payees/ grantees to turn up to receive the amount.
1.89 (April-July 1980)	0.59 @ (July 1980)	Delay attributed to late sanctioning, failure of grantees to turn up to receive the amount, non-furnishing of clear postal address by the grantees, etc.
1.24 (May 1980)	..	Jeeps were received by the department only in September 1980.
5.14 (April to November 1980)	3.65 (January 1981)	Delay was due to drawal of amounts in advance of allotment of foodgrains, delay on the part of parties and beneficiaries to receive the amount, delay in check measurement of work done, drawal of advances in March 1980 for works which were still to be started.
0.16 (April to June 1980)	0.08 (February 1981)	The amount is reported to have been deposited in a Savings Bank account in a Co-operative Bank pending settlement of claims relating to hiring of vehicles (February 1981).
...	0.30 (February 1981)	Delay was ascribed to failure of beneficiary committees to execute works.

@ An amount of Rs. 0.59 lakh was transferred/proposed to be transferred to Tribal Welfare Department on its formation; disbursement details are awaited (February 1981).

APPENDIX

Sl.no.	*Drawing/Disbursing Officer*	*Amount drawn (in lakhs of rupees)* / *Month of drawal*	*Nature of drawal*
7.	Junior Agricultural Officer, Coconut package, Mathilakam	0.22 (December 1979 to March 1980)	Subsidy—coconut package.
	REVENUE DEPARTMENT		
8.	District Collector, Malappuram and Tahsildar, Parur	0.28 (November-December 1979 and February-March 1980)	Contingencies
	TRANSPORT, FISHERIES AND PORTS DEPARTMENT		
9.	Director of State Water Transport Department, Alleppey	3.10 *	Cost of spare parts
10.	Chief Executive Officer, Fish Farmers' Development Agency, Meenkara, Palghat	1.46 (January 1980)	Grants-in-aid to the Agency
	INDUSTRIES DEPARTMENT		
11.	General Managers, District Industries Centres, Malappuram, Cannanore & Alleppey.	81.07** (March 1979 & March 1980)	Cost of supplies, interest subsidies, loans, etc.
	PUBLIC WORKS DEPARTMENT		
12.	Chief Engineer (Buildings and Roads), Trivandrum	6.13 (March 1980)	Cost of land acquisition for additional guest house at Ernakulam
	LABOUR DEPARTMENT		
13.	Principal, Industrial Training Institute, Trivandrum	1.34 (September 1979 to March 1980)	Cost of supplies
	Total	1,12.55	

*Information awaited

**The amount includes Rs. 1 lakh drawn by the General Manager, District Industries Centre, Cannanore on 31st March 1979, which was disbursed only in April 1980 and Rs. 0.19 lakh drawn by the General Manager, District Industries Centre, Alleppey, which has not been disbursed (October 1980).

—V *Concld.*

Amount disbursed (in lakhs of rupees) / *Month of disbursement*	*Amount remaining undisbursed (in lakhs of rupees)*	*Remarks*
..	0.22 (September 1980)	*
0.28 (April-September 1980)	..	Delay was attributed to office delay and delay on the part of payees to receive payment.
...	3.10 *	*
1.27 (April-December 1980)	0.19 (December 1980)	The amount drawn was deposited in personal deposit accounts of the Chairman of Fish Farmers' Development Agency, Palghat.
50.20 (April-October 1980)	30.87 (October 1980)	..
..	6.13 (February 1981)	Rs. 6.13 lakhs stand credited to deposit account of Deputy Collector (Land Acquisition), Ernakulam, pending necessary action for acquisition of land.
1.34 (April 1980 to January 1981)	..	Delay was attributed to office delay in preparing adjustment bills.
67.42	45.13	

APPENDIX VI

Points of interest relating to working of Ice Plants and Cold Storages

(Reference: Paragraph 3.11 (4) (iii)—Page 75)

Location, construction cost and year of commissioning	*Remarks*
A. Ice and Cold Storage-cum-freezing plants	
1. Beypore Rs. 11.61 lakhs 1975	Freezing and storage facilities (machinery received between March 1968 and March 1969; amount paid: Rs. 5.15 lakhs) not yet commissioned. Ice plant is also not working from June 1979. Total receipts from 1974-75 to 1978-79: Rs. 0.23 lakh. Total expenditure from 1974-75 to 1978-79: Rs. 1.86 lakhs. Expenditure on pay and allowances of staff from July 1979 to February 1980 amounted to Rs. 0.22 lakh.
2. Kasargod Rs. 7.13 lakhs 1969	Went out of commission in December 1974. Repaired at a cost of Rs. 1.11 lakhs and recommissioned in November 1977, but not operated thereafter pending sanction to 2 posts of mechanics although mechanics attached to Tanur, Ponnani and Thalayi plants which were shut down in June 1971, November 1977 and March 1978 respectively were available for diversion.
3. Azhikode Rs. 5.42 lakhs 1967	Idling from December 1976 onwards.
B. Ice and Cold Storage Plants	
1. Vizhinjam Rs. 2.96 lakhs 1959	Ice production capacity not utilised during 1978-79 was 93 *per cent*. Entire storage capacity remains unutilised. Absence of demand for storing was attributed to poor landing of fish.
2. Kayamkulam Rs. 2.82 lakhs 1961	More than 75 *per cent* of ice production capacity remained under-utilised during 1976-79. Under-utilisation has been ascribed to (i) poor demand for ice, (ii) competition from private plants and (iii) the location of the plant away from the National Highway. Storage capacity (5 tonnes per day) remains under-utilised. Ceiling of storage room requires insulation for utilisation of storage facility.
3. Tanur Rs. 3.85 lakhs 1965	Shut down in June 1977 owing to breakdown of machinery. Recommissioned in November 1979. Expenditure on staff during the period from June 1977 to November 1979 worked out to Rs. 2.43 lakhs. Sixty-eight of the 144 ice cans in the plant are stated to be not usable.
4. Quilandy Rs. 3.20 lakhs 1968	Ice production capacity not utilised during 1978-79 was 74 *per cent*. Storage capacity (50 tonnes per day) remains unutilised.

APPENDIX VI—*Concld.*

Location, construction cost and year of commissioning	*Remarks*
5. Thalayi Rs. 3.30 lakhs 1968	Storage capacity (50 tonnes per day) remains unutilised. Shut down from March 1978 owing to major defects. Not yet recommissioned (March 1980). Expenditure incurred on staff from March 1978 to February 1980 amounted to Rs. 2.30 lakhs.
6. Madai Rs. 3.20 lakhs 1965	Ice production capacity not utilised during 1978-79 was 84 *per cent.* Storage capacity (5 tonnes per day) remains unutilised.
7. Blangad Rs. 3.11 lakhs 1964	Ice production capacity not utilised during 1978-79 was 64 *per cent.*
8. Ponnani Rs. 2.77 lakhs 1974	Ice production capacity unutilised during 1978-79 was to the extent of 80 *per cent.* Storage capacity remains entirely unutilised. The compressor which went out of commission in October 1977 was recommissioned only in February 1979. The cold storage in the plant is not capable of maintaining the required temperature for storing either fish or ice.
9. Attipra Rs. 2.77 lakhs 1974	The entire ice production capacity remained unutilised during 1978-79. Storage capacity remains unutilised. Though Government accorded sanction in August 1974 for leasing out the plant, it was actually leased out only in November 1978 on account of delay in arranging repairs. Idling from December 1979. Certain parts of the plant are reported to have been stolen in February 1980.
C. Simple Cold Storages	
1. Kottayam Rs. 0.65 lakh 1967	Under-utilisation has been attributed to lack of demand.
2. Trichur Rs. 0.67 lakh 1967	Lease rent received from March 1969 to March 1979 was Rs. 0.95 lakh.
3. Meppadi Rs. 1.06 lakhs. 1968	The plant is idling from December 1968. Government ordered in October 1974 to wind up the unit; but no follow up action has been taken. The plant building is occupied by the department of Animal Husbandry from September 1975.
4. Punalur Rs. 0.95 lakh 1969	The plant remains unused from April 1970. Though a private firm offered (December 1975) to take it on lease, this has not materialised owing to delay in arranging repairs.
5. Chengannur Rs. 0.90 lakh 1968	Was idling from January 1973 to July 1980. Expenditure on staff from April 1973 to July 1980 was Rs. 0.80 lakh.

APPENDIX VII

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

(Reference: Paragraph 3.12—pages80-81)

Sl. no.	*Department*	*Number*	*Amount (in lakhs of rupees)*
1.	Public Works	20	15.02
2.	Local Administration and Social Welfare	13	7.71
3.	Health	11	6.61
4.	General Education	15	5.72
5.	Agriculture	23	5.06
6.	Food	5	4.95
7.	Revenue	32	4.79
8.	Higher Education	11	2.41
9.	Finance	8	1.88
10.	Development	18	1.59
11.	Home	6	0.58
12.	Taxes	10	0.46
13.	General Administration	2	0.38
14.	Industries	4	0.31
15.	Transport, Fisheries and Ports	3	0.22
	Total	181	57.69

APPENDIX VIII

Writes off, waivers and ex-gratia payments

(*Reference: Paragraph* 3.13—*Page* 81)

Sl. no.	*Name of Department*	*Writes off*		*Waivers*		*Ex-gratia payments*	
		Items	*Amount*	*Items*	*Amount*	*Items*	*Amount*
			Rs.		*Rs.*		*Rs.*
1.	Agriculture	635	(A) 1,29,973	1	(B) 13,056	..	..
2.	Development	4	1,348	..	..	1	2,000
3.	Finance	5	(C) 50,433	..	..	28	(D) 7,04,398
4.	Food	2	8,180	..	..	..	..
5.	General Administration	1	45	..	..	4	15,000
6.	General Education	2	3,962	2	231	..	..
7.	Health	38	98,829	..	..	..	..
8.	Higher Education	7	(E) 14,314	..	..	..	..
9.	Home	5	17,120	..	..	23	73,050
10.	Industries	1	(F) 10,580	..	..	..	..
11.	Irrigation	24	19,725	1	(G) 15,953	..	..
12.	Labour and Housing	7	36,831	1	333	..	..
13.	Law	1	3,325	..	..	..	..
14.	Local Administration and Social Welfare	2	(H) 1,21,898	1	(I) 2,97,556	..	..
15.	Public Works and Electricity	2	5,565	..	..	..	..
16.	Revenue	2	2,665	..	..	..	..
17.	Taxes	..	..	..	..	1	5,000
18.	Transport, Fisheries and Ports	9	10,582	3	238	..	..
	Total	747	5,35,375	9	3,27,367	57	7,99,448

APPENDIX VIII—*Concld.*

(A) Includes Rs. 17,235 being loss due to pulses seeds purchased during 1975-76 remaining undistributed after season.

(B) Interest due on an advance given to the Trivandrum Labour Contract Co-operative Society Limited No. 4295 through the Kerala State Co-operative Bank Limited.

(C) Includes Rs. 49,783 being the amount owed by four judgement debtors to Indo-Mercantile Bank (in liquidation).

(D) Includes Rs. 6,64,248 representing *ex-gratia* payment of interest to the Kerala Toddy Workers' Welfare Fund Board to make up for the difference in interest between bank rate and treasury savings bank rate in regard to moneys deposited in Treasury Savings Bank by the Board.

(E) Includes Rs. 12,486 towards the amount misappropriated from the P.D. Account of the Hostel for Women, Trivandrum during the period April 1958-1961.

(F) Arrears of rent of a shed in Mudickal industrial estate due from a private party.

(G) Arrears of rent due from Government Servants' Co-operative Society, Peechi (under liquidation).

(H) Includes Rs. 1,00,726 being the value of cement pilferred from Public Health Division Stores, Quilon in April 1963 and ordered to be written off as attempts to fix the liability for the loss did not succeed.

(I) Compensatory allowance paid in excess to sewer workers, cleaners, masons, fitters, pump operators, etc., of the Public Health Engineering Department during July 1973 to January 1979.

APPENDIX IX

Cases where there was wide variation between the estimated and the executed quantities

(*Reference: Paragraph* 4.1. 3 (*i*) - *page* 84)

(a) The work "Formation of Right bank main canal Ch. 654 M to 1,288 M and lining from Ch. 654 M to 1,343 M" was entrusted to a contractor for Rs. 17.23 lakhs at 23.6 *per cent* below the estimate rates. During the course of execution, it was found that if the curves in the reach from 665 M to 780 M were set out along the original alignment, the canal would fall into the river. The alignment was, therefore, shifted slightly upwards. Similarly, the alignment from 850M to 1,075 M was shifted downwards to avoid two humps. As a result of these changes, the quantity of filling and 'rip-rap' increased and the contractor demanded extra payment at 15 *per cent* above the estimate rates for quantities done in excess of those specified in the agreement. As, under the agreement provisions, the contractor was bound to execute at his quoted rate, additional quantity of work up to 25 *per cent* of the agreed quantity only, the additional work in excess of 25 *per cent* of the agreed quantity was got done at estimate rates (after negotiation). Computed with reference to the tendered discount of 23.6 *per cent,* the extra expenditure amounted to Rs. 0.80 lakh.

(b) After awarding the work (October 1977) "Formation of Right bank main canal 8th km. 1st reach from Ch. 7,000 M to 7,520 M" to a contractor at a discount of 17 *per cent*, certain changes in design (involving alteration in the slope of the embankment) and scope of the work were made in March 1978. This resulted in the tendered quantities being exceeded by more than 25 *per cent.* Against an agreed quantity of 2,795 cubic metres, the quantity done was 9,110 cubic metres; the variation was 226 *per cent.* For the additional work done in excess of 25 *per cent* of the agreed quantity, the contractor demanded enhanced rate and was paid for at the estimate rate. Compared to the tendered discount of 17 *per cent* , the resultant extra expenditure was Rs. 0.16 lakh.

APPENDIX X

Cases of extra expenditure due to over-blasting

(*Reference : Paragraph* 4.1.3 (*iii*) - *page* 84)

	Name of work	*Amount spent by the department for filling work* (*in lakhs of rupees*)
(i)	Formation of Right bank main canal—7th km. from Ch. 6,000 M to 7,000 M-Balance work	0.14
(ii)	Formation of Right bank canal—15th km. from Ch. 14,000 M to 14,385 M-canal lining	0.42
(iii)	Formation of Right bank main canal—15th km. from Ch. 14,385 M to 15,000 M—canal lining	0.14
(iv)	Formation of Right bank canal—23rd km. from Ch. 22,000 M to 22,492 M-canal lining	0.23
(v)	Formation of Right bank main canal—34th km. from Ch. 33,000 M to 33,805 M	0.32
	Total	1.25

APPENDIX XI

Damages to anti-sea erosion works due to their non-completion before onset of monsoon

(Reference : Paragraph 4.5 (2)—pages 94-95)

Sl. no.	*Name of work*	*Month of award of the contract*	*Stipulated month of completion*	*Position of work immediately before the onset of monsoon*		*Month in which damages occurred and the expenditure incurred on their rectification*
				Percentage of 200 dm^3 stones dumped (without packing) on estimated quantity	*Percentage of 200 dm^3 stones dumped (with full packing) on estimated quantity*	
1.	ASE work at Trikunnapuzha-constructing sea-wall for a length of 450 m from km. 64.100 to 64.550	November 1975	August 1976	15	Nil (March 1976)	July-September 1976 Rs. 3.04 lakhs
2.	ASE work at Trikunnapuzha-constructing a sea-wall for a length of 450 m from km. 64.550 to 65.000	November 1975	August 1976	14	Nil (March 1976)	July-September 1976 Rs. 3.82 lakhs
3.	ASE work at Kallikkad south-Appendix C-construction of sea-wall for a length of 500 m from km. 54.000 to 54.500	April 1977	April 1978	31	Nil (March 1978)	May 1978 Rs. 4.12 lakhs
4.	ASE work at Sraikad-construction of sea-wall for 535 m. from km. 44.465 to 45.000	December 1975	August 1976	9	Nil (May 1976)	June 1976 Rs. 1.09 lakhs
5.	ASE work at Kallikkad-construction of sea-wall for a length of 500 m from km. 52.500 to 53.000	February 1977	February 1978	58	Nil (May 1978)	May 1978 Rs. 2.79 lakhs
6.	ASE work at Kallikkad-construction of sea-wall for 500 m from km. 53.000 to 53.500	May 1977	May 1978	13	Nil (March 1978)	May 1978 Rs. 3.30 lakhs

APPENDIX XII

Instances of overlapping of ayacut

(Reference: Paragraph 4.6.(1) page 98)

Sl. no.	*Name of work*	*Year of completion*	*Area benefited (hectares)*	*Cost (in lakhs of rupees)*	*Extent of overlapping area*
1. (a)	Construction of a bund in Kanjickalthazha Mundakan	1971-72	48	0.82	The entire ayacut of these two works overlapped.
(b)	Constructing a bund at Venkatakal thodu at Kanjickal thazha ela	1972-73	48	0.85	
2. (a)	Deepening and constructing a thodu in Mynagapally ela	1972-73	10	0.15	10 hectares of the ayacut of item 2 (a) overlapped with the ayacut of item 2 (b).
(b)	Improvements to Arattuchira and constructing a leading channel	1972-73	30.32	0.36	

APPENDIX XIII

Unused/incomplete facilities for irrigation

(Reference: Paragraph 4.6(6)—page 100)

Sl. no.	*Name of the IPD unit and particulars of work done*	*Remarks*
1.	IPD Unit, Poochakkal—An earthen bund, 1,212 metres in length was constructed in Koppayil padam in March 1979 at a cost of Rs. 1.42 lakhs to prevent entry of saline water into 40.14 hectares of paddy fields.	Within a year of construction,about 300 metres (cost: Rs. 0.29 lakh) of the bund got damaged. In May 1980, the Superintending Engineer ordered the construction of a permanent bund with rubble masonry at an estimated cost of Rs. 2 lakhs on the ground that the bund was close to kayal (backwaters) area. The work is yet to be arranged (December 1980). Pending reconstruction of the damaged portion, the bund does not serve the intended purpose of preventing ingress of saline water into the fields.
2.	IPD Unit, Mayyanad—Umayanallur—Naduthodu (a channel) and Kaipuzhakulam (a tank) were improved at a cost of Rs. 0.71 lakh between November 1977 and March 1978 by constructing three cross bars in the channel and deepening the tank for irrigating 42.47 hectares of paddy fields.	According to Assistant Executive Engineer, Minor Irrigation, Quilon (November 1979), no area had been benefited by the works as paddy fields in the ayacut had been converted into coconut gardens. According to the Chief Engineer (December 1980), the Revenue staff had deleted the area from the ayacut list on account of the conversion of paddy fields into coconut gardens.
3.	IPD Unit, Kareepra—Two tanks in Kareepra Panchayat and one tank in Ezhukone Panchayat were improved (November 1975-January 1979) at a cost of Rs. 0.53 lakh to irrigate 36.10 hectares.	The tanks had not been put to use as the pump sets supplied had not been installed and energised reportedly (December 1980) due to lack of interest on the part of the Panchayats.
4.	IPD Unit, Omallur—Civil works costing Rs. 0.83 lakh necessary for provision of two screw gear shutter arrangements at Ezhiathodu in Indathuchal intended to irrigate an area of 70 acres (28.32 hectares) were completed in January 1978.	The shutter arrangements have not been provided and the expenditure already incurred remains unfruitful. The Chief Engineer stated (December 1980) that the estimate was under revision and the work would be arranged soon.
5.	IPD Unit, Thiruvalla—Four works (deepening of channels) intended to irrigate an area of 114 hectares were completed between July 1972 and August 1975 at a cost of Rs. 0.54 lakh.	The works have ceased to yield the benefits expected of them owing to silting up of the channels. The Chief Engineer attributed this to the failure of the beneficiaries to desilt the channels periodically.
6.	IPD Unit, Punalur—A tank was deepened in April 1978 at a cost of Rs. 0.43 lakh to irrigate an area of 15 hectares.	A pump set needed for lifting water from the tank had not yet been installed and hence no area could be irrigated.
7.	IPD Unit, Thalavoor—A tank at Andoorpoikachira was improved(cost: Rs. 0.77 lakh) in March 1978 to irrigate 24 hectares.	A pump set needed for commissioning the tank is yet to be installed (October 1980).

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APPENDIX XIV

Synopsis of stores and stock accounts (1979-80)

(Reference: Paragraph 5.1(a)-*Page* 112)

Sl. no.	*Department or other particulars*	*Nature of stores*	*Opening balance as on 1st April* 1979	*Receipts*	*Issues*	*Closing balance as on 31st March* 1980
				(in lakhs of rupees)		
A.	PUBLIC WORKS DEPARTMENT					
1.	Buildings and Roads and District stores	Building materials	(—)1,80.98	7,82.11	8,18.87	(—)2,17.74
B.	IRRIGATION DEPARTMENT					
2.	Irrigation and Projects	Building materials	10.44	7,38.77	7,86.30	(—)37.09
C.	CIVIL DEPARTMENTS HOME DEPARTMENT					
1.	Jails					
	(i) Maintenance Section	Dietary articles, garden produce, clothing and bedding, medicines and surgical instruments, arms and ammunitions, livestock, etc.	9.85	64.41	62.43	11.83
	(ii) Manufactory Section	Raw materials, finished goods, tools and plant, etc.	16.32	32.79	28.69	20.42
2.	Fire Force	Fire appliances, fire fighting equipment, miscellaneous items	30.03	14.84	4.14(a)	40.73(b)
	TAXES DEPARTMENT					
3.	Central Stamp Depot, Trivandrum	Stamps	64,32.76	6,24.54	11,98.17	58,59.13
4.	Treasuries	Non-postal stamps	3,68,63.54	48,67.56	40,26.91	3,77,04.19
	LOCAL ADMINISTRATION AND SOCIAL WELFARE DEPARTMENT					
5.	Public Health Engineering stores	Pipes and other sanitary fittings, building materials, etc.	(—)36.53	4,58.31	5,32.26	(—)1,10.48

(a) Includes Rs. 4 lakhs being depreciation.

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

APPENDIX XV

Stores and stock accounts not received/not certified being defective

(*Reference: Paragraph* 5.1(b)—*Page* 112)

Sl.no.	*Department*	*Officer from whom the stock accounts and/or revised stock accounts are due*	*Nature of stores*	*Period for which stock accounts have not been received*	*Period for which stock accounts have not been certified*
1.	Agriculture	Director of Agriculture	Plant protection materials and equipment, agricultural implements and appliances, fertilisers, manures, seeds, grafts and other farm produce	1979-80	1976-77 1977-78 and 1978-79
2.	Agriculture	Chief conservator of forests	Felled timber and other forest produce, livestock and other stores	1979-80	..
3.	Agriculture	Director of Animal Husbandry	Livestock, eggs, feeds, equipment and instruments, medicines and chemicals	1979-80	1976-77 1977-78 and 1978-79
4.	Transport, Fisheries and Ports	Director of Ports	Paints, iron materials, fuel oil and lubricants, wire, nylon and coir ropes, spare parts of departmental crafts and other items	1975-76 1976-77 1977-78 1978-79 and 1979-80	1973-74 and 1974-75
5.	Transport, Fisheries and Ports	Director of Fisheries	Apparatus, chemicals, nylon yarns, spare parts of marine diesel engines and diesel engines	1975-76 1976-77 1977-78 1978-79 and 1979-80	..
6.	Development	Director of Harijan Welfare	Tools and Plant, equipment, raw materials, manufactured articles and furniture	1978-79 and 1979-80	1975-76 1976-77 and 1977-78
7.	General Administration	Director of Public Relations	Roll films, colour films, Photograhic paper, chemicals and bulbs, retouching pencils, retouching medium, poster colour, etc.	1979-80	1978-79
	Health				
8.	Government Medical stores, Trivandrum and the District Medical stores	Director of Health Services	Medicines and dressings, equipment, instruments and appliances, uniform, bedding and clothing laboratory requisites, etc.	1979-80	1977-78 and 1978-79

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APPENDIX XV—*Contd.*

Sl. no.	*Department*	*Officer from whom the stock accounts and/or revised stock accounts are due*	*Nature of stores*	*Period for which stock accounts have not been received*	*Period for which stock accounts have not been certified*
9.	Transport wing of the Directorate of Health Services	Director of Health Services	Tyres, tubes, batteries, vehicles spare parts, consumable and general stores, tools and plant	1976-77 1977-78 1978-79 and 1979-80	1973-74 1974-75 and 1975-76
10.	Department of Homoeopathy	Director of Homoeopathy	Medicines, dietary articles, sundries and fuel	1978-79 and 1979-80	..
11.	Department of Indian systems of Medicines	Director of Indian systems of Medicines	Medicines, dietary articles, fuel, raw materials, prepared medicines, pharmacognosy publications, printing papers, chemicals and laboratory materials, glassware and other perishable articles, garden implements, hospital appliances, linen and bedding, uniform and artists' materials.	1979-80	1975-76 1976-77 1977-78 and 1978-79
12.	Ayurveda College, Trivandrum	Principal	Medicines, dietary articles, fuel, raw materials, prepared medicines, pharmacognosy publications, printing papers, chemicals and laboratory materials, glassware and other perishable articles, garden implements, hospital appliances, linen and bedding, uniform and artists' materials	1979-80	..
13.	Ayurveda College, Trippunithura	Principal	Medicines, dietary articles, fuel, raw materials, prepared medicines, pharmacognosy publications, printing papers, chemicals and laboratory materials, glassware and other perishable articles, garden implements, hospital appliances, linen and bedding, uniform and artists' materials.	1979-80	..
	Home				
14.	Police	Inspector General of Police	Clothing items, miscellaneous items like time-piece, ground sheets, Ashoka Emblem, whistle, number plates, etc., arms, ammunitions and wireless goods	1979-80	1978-79

APPENDIX XV—*Concld.*

Sl. no.	*Department*	*Officer from whom the stock accounts and/or revised stock accounts are due*	*Nature of stores*	*Period for which stock accounts have not been received*	*Period for which stock accounts have not been certified*
15.	Industries	Director of Industries and Commerce	Machinery, raw materials, equipment, hand kerchieves, clothing, pillow covers, cushion covers and tools	(a) 1977-78 1978-79 and 1979-80	(b) 1976-77
Local Administration and Social Welfare					
16.	Employees' State Insurance Scheme	Administrative Medical Officer	Medicines, tincture, opium, instruments, linen articles, chemicals and dressings	1979-80	1974-75 1975-76 1976-77 1977-78 and 1978-79
17.	Taxes	Additional Secretary, Board of Revenue (Excise)	Opium and ganja	1979-80	1978-79
18.	Taxes	Additional Secretary, Board of Revenue (Excise)	Clothing items, uniform and miscellaneous items	1975-76 1976-77	1977-78 1978-79 and 1979-80
	Higher Education				
19.	Stationery Stores, Trivandrum, Kottayam, Ernakulam, Shoranur, Kozhikode, and Cannanore	Controller of Stationery	Paper, boards, books, envelopes, binding materials, ink, ribbons, machine spares, etc.	1979-80	..
20.	Government Presses	Superintendent of Government Presses	Consumable stores, types and typemetal, binding materials, publications, forms, etc.	1979-80	..

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

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

APPENDIX

Summarised financial results

(Reference:

(Figures in Columns 3 to

Name of the concern	*Year of commencement*	*Government capital 1st April*	*31st March*	*Mean capital*
(1)	(2)	(3)	(4)	(5)
State Water Transport Department, Alleppey (1977-78)	1968	1,06.06	1,24.63	1,15.35
(1978-79 Provisional)	1968	1,24.63	1,48.00	1,36.32

—XVI

of Government Commercial Undertakings

Paragraph 6.1—*Pages* 119-120)

10 *are in lakhs of rupees*)

Block assets	*Depreciation*	*Net Loss* (—)	*Interest charged added back*	*Total returns* (*columns* 8+9)	*Percentage of return on mean capital*
(6)	(7)	(8)	(9)	(10)	(11)
62.75	6.06	(—)20.41	5.68	(—)14.73	..
65.87	6.51	(—)21.17	5.72	(—)15.45	..

APPENDIX XVII

Utilisation Certificates

(*Reference: Paragraph* 7.2—*page* 130)

Department	*Due*		*Received*		*Outstanding*		*Oldest period to which the certificates due relate*
	Number	*Amount (in lakhs of rupees)*	*Number*	*Amount (in lakhs of rupees)*	*Number*	*Amount (in lakhs of rupees)*	
Agriculture Department							
Agriculture	32	5,45.74	18	1,96.36	14	3,49.38	1976-77
Animal Husbandry	24	0.27	17	0.05	7	0.22	1969-70
Co-operation	1,290	1,25.51	333	22.37	957	1,03.14	1969-70
Forest	5	0.29	..	..	5	0.29	1977-78
Development Department							
Harijan Welfare	7,688	2,10.80	..	..	7,688	2,10.80	1963-64
Education Department							
Higher Education	143	4,46.96	61	2,15.78	82	2,31.18	1972-73
Arts and Culture	156	43.71	..	..	156	43.71	1968-69
Transport, Fisheries and Ports Department							
Fisheries	8	66.61	4	50.61	4	16.00	1978-79
General Administration Department	25	9.78	1	0.01	24	9.77	1975-76
Health Department							
Medical	27	4.40	23	4.06	4	0.34	1978-79
Public Health	4	2.18	..	..	4	2.18	1973-74
Home Department	68	1.39	23	0.66	45	0.73	1973-74
Industries Department	319	7,83.88	18	51.83	301	7,32.05	1971-72
Local Administration and Social Welfare Department							
Urban Development	54	42.43	1	0.06	53	42.37	1974-75
Housing	1,004	9.44	..	..	1,004	9.44	1974-75
Panchayats	57	3,01.37	7	70.15	50	2,31.22	1974-75
Revenue Department	9	2.16	5	1.21	4	0.95	1976-77
Total	10,913	25,96.92	511	6,13.15	10,402	19,83.77	

APPENDIX XVIII

Important types of irregularities noticed in inspection/local audit of Public Works Offices during 1979-80

(*Reference: Paragraph* 8.2—*Page* 163)

Number of offices inspected during 1979-80:135

	Types of irregularities	*No. of divisions in which irregularities were noticed*
1.	Non-maintenance/defective maintenance of cash book and connected records	13
2.	Non-observance of the rules regarding measurement/check measurement of work	6
3.	Non-maintenance/defective maintenance of materials at site accounts and tools and plant accounts	15
4.	Non-maintenance/ defective maintenance of road metal accounts	3
5.	Non-maintenance/defective maintenance of Measurement Books	8
6.	Non-maintenance/defective maintenance of contractor's ledger	13
7.	Non-maintenance/defective maintenance of log books	8

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