

REPORTS. V



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

**FOR THE YEAR ENDED  
31 MARCH 1988**

**NO. 6  
(CIVIL)**

**GOVERNMENT OF TAMIL NADU**





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## PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1987-88 together with other points arising from Audit of financial transactions of the Government of Tamil Nadu. It also includes certain points of interest arising from the Finance Accounts for 1987-88.

2. This Report also includes reviews on Land Acquisition by Government, Assistance to Small and Marginal Farmers for increasing Agricultural Production, Rehabilitation of Sri Lanka Repatriates, Implementation of Apprentices Act, 1961 and Reactivation of the Comprehensive Water Supply Scheme to Alandur Pallavapuram Municipalities, besides other points arising out of Audit of bodies and authorities conducted under various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

3. The cases mentioned in this Report are among those which came to notice in the course of test Audit of accounts, during the year 1987-88, of Departments other than those covered in Reports No.2 and 5 of 1989, 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 1987-88 have also been included, wherever considered necessary.

4. Observations of Audit for the year 1987-88 on Revenue Receipts and on Statutory Corporations, Boards and Government Companies have been presented in Reports No.1, 3 and 4 of 1989.



## OVERVIEW

This Report includes, besides a review of the financial position of the Government for the year 1987-88 and results of Appropriation Audit and Control over Expenditure, Value-for-money reviews on Land acquisition by Government, Assistance to Small and Marginal Farmers for increasing Agricultural Production, Rehabilitation of Sri Lanka Repatriates, Implementation of Apprentices Act, 1961, Reactivation of the Comprehensive Water Supply Scheme to Alandur Pallavapuram Municipalities, besides paragraphs on individual financial irregularities grouped under five chapters. The important audit points contained in these chapters are presented in this Overview.

### 1. Financial position of the Government

The transactions on Revenue Account ended with a deficit of Rs.282.92 crores. The net Public Debt of Rs.682.89 crores raised during the year was utilised partly to meet the revenue deficit of Rs.282.92 crores, net additional loans and advances disbursed for development and other programmes (Rs.197.49 crores) and the capital expenditure (Rs.179.54 crores). The balance of Rs.22.94 crores resulted in increase of cash balance.

(paragraph 1.2.5)

Ways and Means advances and overdraft taken from the Reserve Bank of India during the year amounted to Rs.414.98 crores and Rs.15.36 crores respectively. Interest paid thereon was Rs.0.95 crore and Rs.0.01 crore respectively.

(paragraph 1.2.4)



The Plan expenditure of Rs.1119.15 crores under Revenue and Capital fell short of the provision of Rs.1227.58 crores by 9 per cent.

(paragraph 1.2.13)

The non-Plan expenditure of Rs.2435.21 crores constituted 68.5 per cent of the total expenditure of Rs.3554.36 crores under Capital and Revenue, the increase over that of the previous year being 18 per cent.

(paragraph 1.2.19)

The return on investment of Rs.436.52 crores in various Corporations, Co-operative Institutions, etc. was only Rs.1.10 crores representing 0.25 per cent of the investment.

(paragraph 1.2.15)

A sum of Rs.1.58 crores was incurred by Government (Tamil Nadu State Farms Corporation Limited) to meet the liability arising out of guarantees of Government.

(paragraph 1.2.16)

Guarantee commission of Rs.0.60 crore was pending recovery from 14 Government companies.

(paragraph 1.2.17)

## 2. Appropriation Audit and Control over Expenditure

During the year 1987-88, only Rs.4598.19 crores were spent against a total of grants and appropriations of Rs.4760.83 crores, resulting in a net saving of Rs.162.64 crores. The saving was the net result of saving of Rs.185.29 crores and excess of Rs.22.65 crores (paragraphs 2.1 and 2.2.3). This represents

over 3 per cent of the total grants and appropriations.

The excess of Rs.22.65 crores occurring in 8 grants and 2 appropriations requires regularisation by the Legislature under Article 205 of the Constitution of India; of this, in 5 grants, supplementary grant of Rs.175.68 crores obtained during the year, proved insufficient by more than Rs.50 lakhs each. In addition, excess totalling Rs.109.27 crores relating to the years 1983-84 to 1986-87 also remained to be so regularised.

(paragraphs 2.2.2 and 2.2.3)

Supplementary grant of Rs.4.11 crores obtained in March 1988 proved unnecessary in 6 grants and 5 appropriations.

(paragraph 2.2.2)

In 17 grants, expenditure fell short by more than Rs.1 crore each and also by more than 5 per cent of the total provision, resulting in an aggregate saving of Rs.126.93 crores.

(paragraph 2.2.4)

**Overprovisioning.**- In 9 grants, wherein supplementary grant of Rs.28.39 crores was obtained, the expenditure did not come up even to the original grant of Rs.402.85 crores.

(paragraph 2.2.6(a))

Lumpsum provisions totalling Rs.75.07 crores in 32 grants made for additional instalments of Dearness Allowance and ex-gratia payments proved excessive, as the amounts actually reappropriated for the purpose aggregated to Rs.43.88 crores only. Similarly during 1986-87 also out of Rs.49.86 crores of such lumpsum provision made in 35 grants, the amount of reappropriation was only Rs.23.64 crores.

(paragraph 2.2.6(b))



**Substantial surrenders.-** Non-implementation or partial implementation of 45 schemes resulted in surrender of provisions totalling Rs.102.42 crores in March 1988.

(paragraph 2.2.5)

**Persistent savings.-** There were persistent savings of 5 per cent and more in 7 grants during the years 1985-86, 1986-87 and 1987-88, total savings were Rs.79.08 crores, Rs.83.87 crores and Rs.73.24 crores respectively.

(paragraph 2.2.7)

**Inadequate provision by reappropriation.-** Provision (Rs.31.86 crores) made by reappropriation in March 1988 under 30 sub heads in 16 grants proved significantly inadequate, the final excess in each case exceeding Rs.10 lakhs; the final excess was Rs.26.51 crores.

(paragraph 2.2.9)

**Budgetary procedure and control over expenditure.-** Rupees 161.21 crores out of Rs.4760.83 crores authorised by the Legislature for expenditure during 1987-88 were surrendered and resumed to the Consolidated Fund of the State in March 1988. Actual expenditure was only Rs.4598.19 crores leading to a further saving of Rs.1.43 crores. Such significant surrenders exceeding Rs.100 crores and final variations occurred during the preceding 4 years also. This indicates over-estimation of expenditure and shows that estimates of expenditure prepared even in March, the last month of the financial year, were defective and the control over expenditure was inadequate to avoid excess over or savings from the final modified grant.

(paragraph 2.2.10)

**Expenditure on New Service.-** Expenditure totalling Rs.54.39 crores was incurred during the year on 27 New Service schemes/services (Rs.9.81 crores) and 21 New Instruments of Service (Rs.44.58 crores) without obtaining either advance from the Contingency Fund or Supplementary Grant and hence escaped the notice of the Legislature/Parliament.  
(paragraphs 2.3.1, 2.3.2, 2.3.3 and 2.3.4)

Expenditure totalling Rs.1.55 crores was incurred on 15 schemes receiving assistance from Central Government, autonomous bodies, etc. for which only token provisions were made in the Budget; it escaped the notice of Legislature/Parliament as it was not included specifically in the supplementary estimates.  
(paragraph 2.3.5)

**Contingency Fund.-** The Corpus of the Contingency Fund placed at the disposal of Government to meet unforeseen expenditure, pending authorisation by the Legislature, was enhanced temporarily from Rs.50 crores to Rs.100 crores from 21st September 1987 to 31st March 1988. Out of 181 advances totalling Rs.122.89 crores sanctioned from the Fund during the year, 4 advances (Rs.0.11 crore) were not at all utilised and out of Rs.4.75 crores advanced (21 cases), only Rs.0.76 crores were utilised, the utilisation being less than 50 per cent each. In 4 cases, Rs.18.16 crores were spent from the Contingency Fund against the sanctioned advance of only Rs.5.77 crores.

(paragraph 2.4)



**Reconciliation of departmental figures.-** Expenditure of Rs.1847.70 crores upto 1987-88 booked in the Accounts Office had not been reconciled by 254 Controlling Officers. Out of Rs.1430.26 crores remaining unreconciled during 1987-88, the amounts exceeded Rs.10 crores each in respect of 15 Controlling Officers.

(paragraph 2.7)

**Withdrawal of funds in advance of requirement.-** The proposed hotel project under the name "Tamil Nadu Ashok Hotel Corporation Limited" as a joint venture of Indian Tourism Development Corporation and Tamil Nadu Tourism Development Corporation for promoting tourism did not come up. Rupees 71.40 lakhs paid to Tamil Nadu Tourism Development Corporation in April 1983 towards its share of equity capital was invested in term-deposit earning interest. Only Rs.25 lakhs were refunded to Government in April 1985 and the balance of Rs.46.40 lakhs were refunded in April 1987, two years later at the instance of Audit. The interest of about Rs.28.27 lakhs due at 12 per cent per annum for the period of retention of Government Funds had not been paid by the Tamil Nadu Tourism Development Corporation (July 1989).

(paragraph 2.8)



### 3. Land acquisition by Government

Acquisition of land for public purposes and for companies and the amount of compensation to be made on account of such acquisition are regulated by the Land Acquisition Act, 1894 as amended from September 1984.

Failure to comply with the statutory time limits led to lapse of proceedings for acquisition of land necessitating fresh action and escalation of cost of land in 6 cases.

Rupees 46.78 lakhs were paid as compensation on lapsed notifications.

Erroneous notification in respect of 63.62 hectares of land acquired in Erode and Surampatti Village for Erode Housing Unit in March 1973, resulted in quashing the proceedings by the High Court leading to fresh notification in March 1988. The increased liability towards compensation and interest thereon could not be assessed.

Lands acquired at a cost of Rs.3.68 lakhs for public purposes under the "urgency" clause of the Land Acquisition Act, 1894 had not been utilised even after 5 years of their acquisition.

Fifteen bridges and 8 roads, which were completed / nearly completed at a total expenditure of Rs.501.89 lakhs, could not be thrown open to traffic due to delays in acquisition of lands required for the bridge approaches and intervening road section.

Rupees 45.58 lakhs were pending recovery towards cost of staff of Revenue Department employed for acquisition of lands.

(paragraph 3.1)

#### 4. Assistance to Small and Marginal farmers for increasing Agricultural Production

With a view to increasing the agricultural yields of the small and marginal farmers, Government of India launched in May 1983 the Centrally sponsored scheme of Assistance to Small and Marginal Farmers for increasing Agricultural Production. The assistance was in the form of subsidy, supplemented by bank loans, for minor irrigation works like construction of wells and for land development works, distribution of mini-kits of seeds and fertilisers for oil seeds, pulses, coarse grain crops to encourage the use of improved varieties of seeds and distribution of seedlings for plantation of fruit and fuel trees in their fields.

Areas to be covered under the Scheme had not been identified.

Annual action plans for the Scheme remained to be approved by Government from 1983-84, in the case of two districts.

Six hundred and ninety seven pumpsets installed in 13 districts were yet to be energised.

Subsidy of Rs.16.83 lakhs was paid in respect of 871 inadmissible works in 2 districts.

Out of Rs.38.42 lakhs of Special Central Assistance disbursed for payment of differential subsidy



to Scheduled Caste beneficiaries for 1983-84, Rs.13.77 lakhs had been refunded without utilisation.

Average staff cost per year per block exceeded the prescribed limit of Rs.4,000, and the excess ranged from 29 to 44 per cent of the total expenditure. Resultantly, funds available for land development works were reduced.

Only 11 per cent of the minikits supplied contained Rhizobium culture, though each of the minikit was to contain one packet of the culture.

Under the scheme of distribution of seedlings for fruit and fuel tree plantations, only 20 and 22 per cent of the beneficiaries during 1986-87 and 1987-88 were Scheduled Castes and Scheduled Tribes against the prescribed 30 per cent.

Fortyone per cent of the loan applications recommended by the blocks were rejected by the banks.

Monitoring of the Scheme at the State level was not effective.

## **5. Rehabilitation of Sri Lanka Repatriates**

Under the Indo-Sri Lanka Agreements of 1964, 1974 and 1986, 5.06 lakhs out of 9.75 lakh Stateless persons of Indian-origin living in Sri Lanka were to be repatriated to India along with their natural increase. The repatriates identified for rehabilitation in business, self-employment, employment in industries, etc., on the basis of their preference, were provided necessary assistance in the form of loans and grants and sent from the transit camps to the places selected for their settlement.

Out of 15,293 cases of business loans disbursed to the repatriates, utilisation of the first instalment was not verified in 12,002 cases and of the second in 3,266 cases.

Three dairy schemes, on which Rs.15.34 lakhs had been spent, did not achieve the objective of providing rehabilitation to 132 repatriate families.

Two land colonisation schemes, on which Rs.35.33 lakhs were spent to resettle 396 families, were not successful as only one family could engage itself in agriculture.

Expenditure of Rs.131.80 lakhs did not achieve the purpose of providing permanent employment to 1,335 repatriate families.

In 5,643 cases, only the first instalments of housing loans amounting to Rs.271.05 lakhs were paid; further instalments were not applied for by the repatriates even after 2 to 7 years. The Department had no information about the stage of construction of the houses.

Housing loans of Rs.6.59 lakhs paid to 179 families remained unutilised, as construction was not taken up in 69 cases and it was left incomplete in the remaining 110 cases.

In a village, houses were not constructed by 87 families, to whom Rs.4.45 lakhs were paid as loans for the purpose; the families had migrated to other places.



Assistance of Rs.1.26 lakhs towards cost and development of land was paid irregularly to 54 families.

(paragraph 3.4)

## 6. Implementation of Apprentices Act, 1961

The Act provides for regulating the programme of training of apprentices in industry to conform to the syllabi, period of training, etc., prescribed by the Central Apprenticeship Council and fully utilising the facilities available in the industry for imparting practical training to meet the requirement of skilled workers in the industries. Under the Act, it is obligatory for the employers to engage trade apprentices and pay them stipends. The training programme in the State and private sectors is implemented by the State Government.

Out of 1,817 industrial establishments having facilities for training apprentices, 369 establishments including 3 public sector undertakings, 3 local bodies and one government department did not make available the facilities for training apprentices.

There was under-utilisation of training places due to non-implementation of programme and short-falls in engagement of apprentices.

Employment of all apprentices after training in the industrial establishment was not ensured.

(paragraph 3.5)

## 7. Reactivation of the Comprehensive Water Supply Scheme to Alandur Pallavapuram Municipalities

The Comprehensive Water Supply Scheme to Alandur and Pallavapuram Municipalities, sanctioned by Government in January 1972 at a cost of Rs.173.32 lakhs, was executed by Tamil Nadu Water Supply and Drainage Board. The Scheme was deferred in June 1977, as large scale leakage was noticed while commissioning the conveyance main from Palayaseevaram headworks. The proposal to reactivate the Scheme using cast iron pipes in place of RCC pipes, submitted by the Board in September 1978 was administratively approved by Government in September 1979 at an overall cost of Rs.708.07 lakhs.

In October 1984, the cost was revised to Rs.950 lakhs and Rs.860.72 lakhs had been spent upto September 1987.

The reactivated scheme anticipated to be completed in December 1983 is still in progress in January 1989. It has been partly commissioned to supply 9.82 million litres of water against 22.73 million litres envisaged.

Five service reservoirs were constructed with a capacity of 6.2 million litres against the requirement of only 3.03 million litres, leading to extra expenditure of Rs.12.80 lakhs.

Defects in pipes rendered infructuous the expenditure of Rs.21.58 lakhs on their purchase.

Borewells and connected piping mains constructed at a cost of Rs.18.77 lakhs for interim water supply were not put to use under the reactivation scheme.



The beneficiaries have paid only Rs.2 lakhs as water charges against the Board's demand of Rs.88.77 lakhs.

(paragraph 4.10)

**8. Irregularities in the purchase and use of pipes and specials**

High Density Poly Ethylene pipes, specials and connected materials were procured by Tamil Nadu Water Supply and Drainage Board for a total value of Rs.3.53 crores between April 1985 and March 1988 for Rural Water Supply Schemes in the Nilgiris District.

Failure of the Board to have the rates reduced by invoking the 'price fall' clause in the supply order in respect of 62,500 metres of pipes purchased, led to an extra expenditure of Rs.1.03 lakhs.

Specials were purchased by the Executive Engineer, RWS Division, Udthagamandalam, between 1984-85 and 1986-87, through 1,136 supply orders; orders were split to bring the value of each within his powers of purchase. The suppliers were sole proprietorship firms which were not registered with the Division, some of which were later or subsequently found non-existent.

The rates paid for flanges and pipe ends were exorbitant, being more than the corresponding market rates. The Board has assessed the extra expenditure in the purchase of specials at Rs.150 lakhs.

Under Nanjanad Water Supply Scheme, pipes valued Rs.23.26 lakhs and High Density Poly Ethylene

specials valued Rs.5.35 lakhs were purchased in excess of requirements and are lying unutilised.

Against 3,716 flanges and 3,716 pipe ends required for jointing, 6,650 flanges and 6,743 pipe ends had been issued to the work; the value of excess issues was Rs.6.10 lakhs.

Chain link mesh was purchased through 127 supply orders by the Executive Engineer, RWS Division, Udthagamandalam, splitting the tenders to bring the value of each within his powers. The rates were exorbitant. These purchases led to extra expenditure of Rs.20.18 lakhs.

(paragraph 4.16)

## 9. Other Interesting Points

(i) The selection of Alamaram quarry situated in a special tract for extraction of stone for the work 'Composite water supply improvement scheme to Cumbum Valley towns', executed by Tamil Nadu Water Supply and Drainage Board, instead of the approved quarry at Kombai, located in ordinary tract, resulted in extra cost of Rs.2.15 lakhs on the metal used in the work.

(paragraph 4.14)

(ii) Out of Rs.27.70 lakhs of grants released to Tamil Nadu Khadi and Village Industries Board between July 1981 and March 1985 for construction of houses for weavers, establishment of manufacturing units, and worksheds and payment of subsidy to weavers, Rs.13.25 lakhs remained unutilised even after 3 to 7 years.

(paragraph 4.6)



(iii) Assistance of Rs.2 lakhs given by Government in February 1984 to Dharmapuri Co-operative Marketing Society for establishing a marketing yard for agricultural produce was misutilised by it for expanding its business. Though the misutilisation of assistance came to the notice of Government, the amount had not yet been recovered from the Society.

(paragraph 4.8)

(iv) Erroneous assumption, that PVC pipes were cheaper as compared to Asbestos pipes, resulted in extra expenditure of Rs.4.60 lakhs on Kamuthi - Abiramam Water Supply sub-project.

(paragraph 4.11)

(v) Due to non-provision of house connections, outlay of Rs.20.58 lakhs on the Scheme of conversion of dry latrines into sanitary ones in Palani Municipality, executed by Tamil Nadu Water Supply and Drainage Board, has failed to yield the benefit of sanitary latrines to the house owners of Palani and remained unproductive.

(paragraph 4.12)

(vi) Failure of the Central Purchase and Stores Organisation of Tamil Nadu Water Supply and Drainage Board to accept the lowest offer of a firm, which had satisfactorily supplied alum to a sister Government organisation, led to extra expenditure of Rs.4.55 lakhs on the purchase of alum between April 1986 and May 1987.

(paragraph 4.15)

(vii) Injudicious termination of the contract for construction of a service reservoir at Ettayapuram Road,

Tuticorin, executed by Tamil Nadu Water Supply and Drainage Board, over the issue of provision of haunches at junctions of columns and braces resulted in extra expenditure of Rs.1.80 lakhs, besides a delay of over 3 years in construction of the reservoir and consequent postponement of its social benefits.

(paragraph 4.13)

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CHAPTER I

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CHAP

GENE

1.1. The summarised position of the Accounts Finance Accounts for the year 1987-88 is indicated

## I. STATEMENT OF FINANCIAL POSITION OF THE

Amount as on 31.3.1987	Liabilities	Amount as on 31.3.1988
612.35	Internal Debt including Ways and Means Advances (Market loans, loans from LIC and others)	868.88
2017.97	Loans and Advances from Central Government -	
	Pre 1984-85 loans	1011.04
	Non-Plan loans	468.84
	Loans for State Plan schemes	737.69
	Loans for Central Plan schemes	16.81
	Loans for Centrally Sponsored Plan schemes	<u>18.05</u>
		2252.43
264.41	Small Savings, Provident Funds, etc.	323.02
496.16	Deposits	596.12
328.55	Reserve Funds	370.87
97.35	Contingency Fund	85.01
0.42	Advances	3.30
17.50	Remittance Balances	20.60
10.91	Suspense and Miscellaneous Balances	..
1035.95	Surplus on Government Account	754.24
<u>4881.57</u>		<u>5274.47</u>



TER I

RAL

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

GOVERNMENT OF TAMIL NADU AS ON 31.03.1988

(in crores of rupees)

Amount as on 31.3.1987	Assets	Amount as on 31.3.1988
1841.39	Gross Capital Outlay on fixed assets - Investment in shares of companies, corporations, etc. 436.52 Other Capital Outlay 1582.57	2019.09
2958.32	Loans and Advances - Loans for Power projects 1903.94 Other Development loans 1100.98 Loans to Government servants and Miscellaneous loans 134.29	3139.21
..	Other Advances	..
42.13	Reserve Funds Investments	33.84
..	Suspense and Miscellaneous Balances	19.66
39.73	Cash - Cash in Treasuries and Local remittances 60.74 Departmental cash balance 1.16 Permanent advance 0.77 Cash balance investment ..	62.67
<u>4881.57</u>		<u>5274.47</u>

## ABSTRACT OF RECEIPTS AND

## SECTION A - REVENUE

## Receipts

## I. Revenue Receipts -

Tax Revenue	1761.96
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Non-tax Revenue	296.31
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State's share of Union Taxes	653.90
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Non-Plan grants	42.16
-----------------	-------

Grants for State Plan schemes	130.12
----------------------------------	--------

Grants for Central and Centrally Sponsored Plan schemes	<u>207.45</u>
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3091.90

## DISBURSEMENTS FOR THE YEAR 1987-88

(in crores of rupees)

## Disbursements

## I. Revenue Expenditure -

Sector	Non-Plan	Plan	Total
<b>General Services</b>	780.96	9.33	790.29
<b>Social Services</b>			
Education, Sports, Art and Culture	618.87	74.70	693.57
Health and Family Welfare	174.93	56.48	231.41
Water Supply, Sani- tation, Housing and Urban Development	9.04	142.47	151.51
Information and Broadcasting	3.47	0.25	3.72
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	42.23	35.82	78.05
Labour and Labour Welfare	14.34	12.39	26.73
Social Welfare and Nutrition	109.94	117.20	227.14
Others	4.88	0.06	4.94

## ABSTRACT OF RECEIPTS AND

## Receipts

II. Revenue Deficit carried over to Section B 282.92

3374.82



## DISBURSEMENTS FOR THE YEAR 1987-88 - contd.

(in crores of rupees)

Sector	Disbursements		
	Non-Plan	Plan	Total
<b>Economic Services</b>			
Agriculture and Allied Activities	118.99	154.12	273.11
Rural Development	47.04	139.65	186.69
Special Areas Programmes	0.35	5.65	6.00
Irrigation and Flood Control	62.93	32.33	95.26
Energy	160.00	100.20	260.20
Industry and Minerals	20.09	41.72	61.81
Transport	73.31	11.75	85.06
Science Technology and Environment	..	2.68	2.68
General Economic Services	121.21	4.87	126.08
<b>Grants-in-aid and Contributions</b>	<u>70.57</u>	<u>..</u>	<u>70.57</u>
	<u>2433.15</u>	<u>941.67</u>	<u>3374.82</u>
II. Revenue Surplus carried over			3374.82
			..
			<u>3374.82</u>

## ABSTRACT OF RECEIPTS AND

## SECTION B - OTHERS

## Receipts

III.	Opening Cash Balance including Permanent Advance and Cash Balance Investment	39.73
IV.	Miscellaneous Capital Receipts	..

## DISBURSEMENTS FOR THE YEAR 1987-88 - contd.

(in crores of rupees)

## Disbursements

III. Opening overdraft from  
Reserve Bank of India ..

IV. Capital Outlay -

## Sector

<b>General Services</b>	13.95
<b>Social Services</b>	
Education, Sports, Art and Culture	5.48
Health and Family Welfare	9.45
Water Supply, Sanitation, Housing and Urban Development	6.91
Information and Broadcasting	0.06
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	5.89
Social Welfare and Nutrition	2.51
Others	0.50
<b>Economic Services</b>	
Agriculture and Allied Activities	33.21
Rural Development	0.06

## ABSTRACT OF RECEIPTS AND

## Receipts

V.	Recoveries of Loans and Advances		251.41
VI.	Revenue Surplus brought down		..
VII.	Public Debt Receipts -		
	Internal Debt other than		
	Ways and Means Advances	204.33	
	Ways and Means Advances	414.98	
	Loans and Advances from		
	Central Government	<u>392.87</u>	
			1012.18

## DISBURSEMENTS FOR THE YEAR 1987-88 - contd.

(in crores of rupees)

Disbursements		
	Special Areas Programmes	4.38
	Irrigation and Flood Control	48.13
	Energy	..
	Industry and Minerals	16.41
	Transport	32.05
	Science Technology and Environment	..
	General Economic Services	<u>0.55</u>
		179.54
V.	Loans and Advances disbursed -	
	For Power Projects	232.55
	To Government Servants	42.66
	To others	<u>173.69</u>
		448.90
VI.	Revenue Deficit brought down	282.92
VII.	Repayment of Public Debt -	
	Internal Debt other than	
	Ways and Means Advances	34.44
	Ways and Means Advances	331.38
	Repayment of loans to	
	Central Government	<u>158.41</u>
		524.23

## ABSTRACT OF RECEIPTS AND

## Receipts

VIII.	Appropriation to Contingency Fund		..
IX.	Amount transferred to Contingency Fund		52.65
X.	Public Account Receipts -		
	Small Savings and Provident Funds	167.17	
	Reserve Funds	92.27	
	Suspense and Miscellaneous	5982.35	
	Remittances	863.31	
	Deposits and Advances	<u>1596.06</u>	8701.16
XI.	Closing overdraft from Reserve Bank of India		3.03
	TOTAL		<u>10060.16</u>

## DISBURSEMENTS FOR THE YEAR 1987-88 - conclud.

(in crores of rupees)

		Disbursements	
VIII.	Appropriation to Contingency Fund		50.00
IX.	Expenditure from Contingency Fund		14.99
X.	Public Account Disbursements -		
	Small Savings and Provident Funds	108.56	
	Reserve Funds	41.66	
	Suspense and Miscellaneous	5993.27	
	Remittances	860.21	
	Deposits and Advances	<u>1493.21</u>	
			8496.91
XI.	Cash Balance at end -		
	Cash in Treasuries, local remittances and Deposits with Reserve Bank of India	60.74	
	Departmental Cash Balance including Permanent Advance	1.93	
	Cash balance investment	<u>..</u>	
			62.67
			<u>10060.16</u>



## STATEMENT II

## SOURCES AND APPLICATION OF FUNDS FOR 1987-88

(in crores of rupees)

## I. Sources -

Revenue Receipts 3091.90

Increase in Public Debt, Small Savings,  
Deposits and Ways and Means Advances 652.44

## Adjustments -

Decrease in Suspense Balances (-) 10.92

Increase in Reserve Funds (+) 50.61

Effect on Remittance  
Balances (+) 3.1042.793787.13

## II. Application -

Revenue Expenditure 3374.82

Capital Outlay 179.54

Net lending for development  
and other programmes 197.49Reduction in Contingency  
Fund Balance 12.34

Increase in Cash Balance 22.94

3787.13

## 1.2. Audit comments

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

1.2.2. The abridged accounts in the foregoing statements have to be read with the comments and explanations in the Finance Accounts. With a view to correlating Plan schemes with Account Heads, a revised classification structure of Government accounts was introduced from 1st April 1987. However, grants for meeting the expenditure during 1987-88 on certain services and schemes were obtained by Government from the State Legislature/Parliament under heads of account which do not conform to the revised classification structure. Consequently, the expenditure on such services and schemes also stands classified in the accounts under these heads. The matter is under correspondence with Government and the misclassification of such expenditure under Capital and Loan Sections will be rectified in the accounts for 1988-89. Significant cases of such misclassified expenditure and their appropriate revised classification are indicated in Appendix I. Comments in the succeeding paragraphs on growth of expenditure under different sectors/Plan schemes/Major Heads are also subject to these observations.

1.2.3. There was an unreconciled difference of Rs.52.60 lakhs between the figures (Rs.7085.79 lakhs) as shown in the Accounts and that (Rs.7033.19 lakhs) intimated by the Reserve Bank of India under "Deposits with Reserve Bank". Difference to the extent of Rs.145.23 lakhs had been reconciled

(December 1988) leaving a balance of (-)Rs.92.63 lakhs still to be reconciled.

**1.2.4.** During the year, the balance of the State Government with the Reserve Bank of India fell short of the agreed minimum of Rs.110 lakhs on 106 days. The deficiency was made good by taking Ways and Means Advances totalling Rs.414.98 crores, of which Rs.331.38 crores were repaid during the year. On 6 days, the balance fell below the minimum even after taking Ways and Means Advances and Government had to obtain overdraft of Rs.15.36 crores, of which Rs.12.33 crores were repaid during the year. Interest paid on the advances and overdrafts during the year was Rs.0.95 crore and Rs.0.01 crore respectively.

**1.2.5.** The net additional Public Debt (as adjusted by the net effect of transactions under Contingency Fund, Remittances, Suspense and Reserve Funds) raised during the year was Rs.682.89 crores. Of this, Rs.197.49 crores were utilised for meeting the net additional loans and advances disbursed for development and other programmes. The balance of Rs.485.40 crores was utilised to meet capital expenditure of Rs.179.54 crores and revenue deficit of Rs.282.92 crores and the rest (Rs.22.94 crores) was reflected by corresponding increase in the closing cash balance.

**1.2.6.** The revenue raised by the State Government (Rs.2058.27 crores) accounted for 67 per cent of the total revenue receipts (Rs.3091.89 crores) during the year.

1.2.7. As against the net additional revenue of Rs.34.08 crores anticipated from taxation changes proposed during the year, the actual increase was Rs.38.23 crores. There was a net increase of Rs.4.90 crores in the Tax Revenue raised by the State Government from Rs.1757.06 crores in 1986-87 to Rs.1761.96 crores in 1987-88, increase being mainly under 'Sales Tax' (Rs.137.36 crores) due to increase in collection and upward revision of tax on certain commodities, 'Stamps and Registration Fees' (Rs.19.98 crores) due to increase in receipts of duty on impressing documents and other receipts, 'Taxes on Vehicles' (Rs.7.19 crores) due to upward revision of taxes on various categories of vehicles from 1.4.1987, 'Other Taxes and Duties on Commodities and Services' (Rs.4.34 crores) due to increased collection under Betting Taxes and Luxury Taxes, 'Land Revenue' (Rs.4.10 crores) due to increased collection. The increase was largely offset by decrease under 'State Excise' (Rs.166.40 crores) due to change in prohibition policy with effect from 1.1.1987 which resulted in non-sale of arrack and toddy.

1.2.8. The Non-Tax Revenue raised by the State Government increased by Rs.43.35 crores from Rs.252.96 crores in 1986-87 to Rs.296.31 crores in 1987-88. The increase was mainly under 'Interest Receipts' (Rs.8.07 crores) due to more receipts from departmental Commercial, Public Sector and other Undertakings, 'Police' (Rs.5.77 crores) due to more receipts towards service rendered to other Governments and increase in collection of fees, fines and forfeiture, etc., 'Crop Husbandry' (Rs.5.70 crores) due to more receipts from 'Plant protection services' and hire charges of agricultural implements, 'Other Social Services' (Rs.5.27 crores) due to more receipts from Civil Supplies Department.



1.2.9. The arrears of revenue at the end of the year, reported by 7 departments, were Rs.331.67 crores, of which Rs.82.57 crores were over five years old.

1.2.10. The total amount overdue for recovery as on 31st March 1988, against loans advanced, the detailed accounts of which are maintained in Accounts Office, was Rs.24.27 crores including Rs.10.87 crores on account of interest. The arrears position in regard to the recovery of loans, the detailed accounts of which are maintained by departmental officers, could not be indicated as necessary information had not been furnished by them.

1.2.11. The interest paid on Debt and other obligations was Rs.238.98 crores. The interest received was Rs.82.50 crores, including that from Departmental Undertakings and others. The net interest burden was, thus, Rs.156.48 crores.

1.2.12. The assistance received from Central Government as grant for State, Central and Centrally Sponsored Plan schemes was Rs.337.57 crores. The expenditure on such Plan schemes was Rs.1119.15 crores including State's share.

1.2.13. Against Plan provision of Rs.1008.81 crores under Revenue and Rs.218.77 crores under Capital, the actual expenditure on Plan Schemes was Rs.941.66 crores under Revenue and Rs.177.49 crores under Capital, resulting in a shortfall of Rs.67.15 crores under Revenue and Rs.41.28 crores under Capital. The shortfall under Revenue was mainly under "Water Supply, Sanitation, Housing and Urban Development" (Rs.40.26 crores) and "Social Welfare and Nutrition"

(Rs.6.92 crores), "Agricultural and Allied Activities" (Rs.6.63 crores). The shortfall under Capital was mainly under "Water Supply, Sanitation, Housing and Urban Development" (Rs.11.95 crores), "Agricultural and Allied Activities" (Rs.5.19 crores) and "Irrigation and Flood Control" (Rs.12.01 crores).

1.2.14. Plan expenditure rose from Rs.886:61 crores in 1986-87 to Rs.1119.15 crores during 1987-88.

1.2.15. With fresh investment of Rs.59.31 crores during the year in the various Corporations and Co-operative Institutions, the total investment of the Government in shares as on 31st March 1988 was Rs.436.52 crores. Dividend received on such investments during the year was Rs.1.10 crores, representing roughly 0.25 per cent of the investment.

1.2.16. Government had given guarantees for discharge of liabilities like loans, etc., by statutory Corporations, Companies, Co-operatives, etc., upto a maximum of Rs.2873.72 crores. Against this sum, Rs.1483.95 crores were outstanding on 31st March 1988, constituting contingent liabilities of Government. A sum of Rs.158.09 lakhs was paid by Government during 1987-88 towards discharge of liabilities under guarantees in respect of Tamil Nadu State Farms Corporation Limited.

1.2.17. In 14 cases, guarantee commission of Rs.60.48 lakhs was due for recovery as on 31st March 1988, the main defaulters being Poempuhar Shipping Corporation Limited (Rs.28.66 lakhs), Southern Structurals Limited (Rs.15.37 lakhs), Tamil

Nadu Small Industries Corporation (Rs.4.34 lakhs); Tamil Nadu Magnesite Limited (Rs.4.27 lakhs), Tamil Nadu Civil Supplies Corporation Limited (Rs.3.26 lakhs) and Tamil Nadu Minerals Limited (Rs.2.42 lakhs).

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

**1.2.19.** During the year, the non-plan expenditure of Rs.2435.21 crores constituted 68.5 per cent of the total expenditure of Rs.3554.36 crores under Revenue and Capital. The increase of Rs.377.16 crores over that (Rs.2058.05 crores) in 1986-87 was the net effect of increase of Rs.378.02 crores under Revenue and decrease of Rs.0.86 crore under Capital.

### **1.3. Budget and financial control over Receipts and Expenditure**

#### **Receipts**

There has been consistent under-estimation of Revenue Receipts during the five years from 1983-84 to 1987-88 as indicated in the table below:-

Year (1)	Budget plus additional taxation (2)	Actuals (3)	Variation between (3) and (2)	
			Amount (4)	Percentage (5)
(in crores of rupees)				
1983-84	1775.37	1962.51	(+) 187.14	11
1984-85	2094.83	2227.51	(+) 132.68	6
1985-86	2418.46	2638.32	(+) 219.86	9
1986-87	2680.60	2879.31	(+) 198.71	7
1987-88	2813.23	3091.89	(+) 278.66	10

This is further reflected by the fact that budgeted net deficit was more than the actual net deficit in 1986-87 and the remaining 4 years actually ended with surpluses.

The actual revenue surplus was less than the budgeted surplus during 1983-84, 1984-85 and 1986-87, while it was more in 1985-86; the actual revenue deficit was more than twice the budgeted deficit in 1987-88. However, against net budgeted deficit of Rs.180.58 crores, there was a net surplus of Rs.47.84 crores in 1987-88. Year-wise details are indicated below :-

Year (1)	Revenue surplus(+)/ deficit (-)		Net surplus (+)/ deficit (-)	
	Budget (2)	Actuals (3)	Budget (4)	Actuals (5)
(in crores of rupees)				
1983-84	(+)121.07	(+) 51.71	(-) 95.53	(+) 3.26
1984-85	(+)119.05	(+) 17.17	(-) 72.09	(+) 4.06
1985-86	(+) 53.60	(+)188.58	(-)228.33	(+)13.78
1986-87	(+)223.25	(+)103.61	(-) 4.79	(-) 4.16
1987-88	(-) 94.85	(-)282.92	(-)180.58	(+)47.84



## Expenditure

Government resorted to Supplementary Grants and Appropriations ranging from 15 to 52 per cent of the Original Grants and Appropriations during these 5 years. However, the provisions surrendered during these years ranged from 10 to 65 per cent of the Supplementary Grants and Appropriations obtained while the actual expenditure resulted in ultimate savings ranging from 9 to 67 per cent of the Supplementary Grants and Appropriations as indicated below :-

Year	Supplementary Grants and Appropriations	<u>Surrender</u>		<u>Savings</u>	
		Amount	Percentage of Supplementary Grants and Appropriations	Amount	Percentage of Supplementary Grants and Appropriations
(1)	(2)	(3)	(4)	(5)	(6)
		(amount in crores of rupees)			
1983-84	1288.85	133.74	10	120.59	9
1984-85	1043.42	352.75	34	367.34	32
1985-86	512.63	331.07	65	341.46	67
1986-87	507.17	207.15	41	204.02	40
1987-88	919.32	161.21	18	162.64	18

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

Over-estimation of expenditure is also further reflected by the fact that lumpsum provisions made for "Dearness allowance", "ex-gratia payments" and "unforeseen expenditure" had resulted in substantial surrender/savings on account of over-provisioning as under :-

**Lumpsum provision for Dearness allowance and Ex-gratia payments**

Year	Original provision	Amount of over-provision	Percentage of over-provision	Remarks
(1)	(2) (in lakhs of rupees)	(3)	(4)	(5)
1986-87	4986.00	2659.31	53	More details are indicated in paragraph 2.2. of this Report.
1987-88	7506.66	3119.29	42	

**Lumpsum provision for unforeseen expenditure**

Year	Provision	Surrender	Remarks
(1)	(2) (in lakhs of rupees)	(3)	(4)
1983-84	3616.06	3616.06	The purpose for which the lumpsum provision was made was not indicated in the Budget Memorandum. It was, however, stated that the lumpsum provision was to cover unforeseen expenditure like additional instalments of Dearness allowance and expenditure for natural calamities, etc.

(1)	(2)	(3)	(4)
1984-85	3400.00	3400.00	The purpose for which the lumpsum provision was made was not indicated in the Budget Memorandum. It was stated to cover unforeseen expenditure like sanction of additional instalments of Dearness allowance and implementation of the recommendations of the Fourth Pay Commission, etc. The entire provision was surrendered by reappropriation in March 1985, since no expenditure was incurred directly against this provision.
1985-86	17000.00	16999.35	The purpose for which the lumpsum provision was made was not indicated in the Budget Memorandum. It was stated to be mainly to cover unforeseen expenditure towards increase in Salaries and Allowances to Government staff.
1986-87	2500.00	2500.00	The purpose for the lumpsum provision had not been mentioned in the Budget Memorandum. Reasons for the surrender had not also been communicated.
1987-88	2500.00	2500.00	The purpose for the lumpsum provision was not indicated in the Budget Memorandum. The surrender was attributed to expenditure not having been incurred under the head of account. However, details of purposes and the heads of

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account under which the expenditure therefor was met were not furnished. Even after utilising the provision to meet excess expenditure under various heads in the grant, there was an overall saving of Rs.2259.73 lakhs in the grant.



## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1. General

The summarised position of actual expenditure during 1987-88 against Grants/Appropriations is as follows :-

	Original Grant/ Appropriation	Supple- mentary Grant/ Appropriation	Total Grant/ Appropriation	Expendi- ture	Variation Saving(-)/ Excess(+)
(in crores of rupees)					
I. Revenue -					
Voted	2713.11	535.88	3248.99	3148.16	(-) 100.83
Charged	<u>251.69</u>	<u>30.09</u>	<u>281.78</u>	<u>277.89</u>	(-) <u>3.89</u>
II. Capital -					
Voted	207.75	17.82	225.57	185.62	(-) 39.95
Charged	<u>0.04</u>	<u>1.72</u>	<u>1.76</u>	<u>1.06</u>	(-) <u>0.70</u>
III. Public Debt -					
Charged	<u>289.30</u>	<u>266.92</u>	<u>556.22</u>	<u>536.56</u>	(-) <u>19.66</u>
IV. Loans and Advances					
Voted	379.62	66.89	446.51	448.90	(+) 2.39
V. Contingency Fund	..	..	50.00	50.00	..
Grand Total	3841.51	919.32	4810.83	4648.19	(-) 162.64

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

2.2.1. Supplementary provision obtained during the year constituted 24 per cent of the original provision, as against 15 per cent in the year preceding.

2.2.2. Supplementary provision of Rs.4.11 crores obtained in 6 grants (Rs.3.94 crores) and 5 appropriations (Rs.0.17 crore) during March 1988 proved unnecessary in view of the final saving in each grant/appropriation being more than the supplementary provision (Appendix II ); it could, therefore, have been restricted to token provision for New Service items wherever necessary. In 5 grants, supplementary provision obtained during the year proved insufficient by more than Rs.50 lakhs each (ranging from Rs.63.70 lakhs to Rs.1284.07 lakhs) leaving an aggregate uncovered excess expenditure of Rs.21.68 crores (Appendix III).

2.2.3. The overall saving was Rs.185.29 crores in 51 grants (Rs.161.02 crores) and 42 appropriations (Rs.24.27 crores). The overall excess on the other hand, was Rs.22.65 crores in 8 grants and Rs.0.001 crore in 2 appropriations requiring regularisation under Article 205 of the Constitution (Appendix IV).

Excess, totalling Rs.109.27 crores, over grants/appropriations relating to the years 1983-84 to 1986-87 also remains to be regularised (Appendix V ).

2.2.4. In the following grants, the expenditure fell short by more than Rs.1 crore each and also by more than 5 per cent of the total provision:

Number and title of the grant	Amount of saving (in crores of rupees) (percentage of provision)	Main reasons for savings
(1)	(2)	(3)
1. Land Revenue Department	1.13 (5)	Excessive lumpsum provision for Dearness allowance and Ex-gratia payment (Rs.3.26 crores) and discontinuance of the Scheme of Updating of Registry from November 1987 (Rs.1.88 crores).
2. State Excise Department	2.23 (40)	(i) Over-provisioning for telephone calls and purchase of stationery and partial payment for printing Excise labels by the Commissioner of Prohibition and Excise (Rs.15.13 lakhs) and (ii) disbandment of staff in District Revenue Establishment and Distilleries and Bonded Warehouses and closing of toddy and arrack shops consequent on the new Prohibition policy (Rs.152.25 lakhs).

(1)	(2)	(3)
4. General Sales Tax and Other Taxes and Duties - Administration	1.56 (8)	Excessive lumpsum provision for Dearness allowance and Ex-gratia payment (Rs.2.90 crores).

Savings occurred persistently in the preceding 3 years as under :-

(in crores of rupees)

1984-85	0.29	(2 per cent)
1985-86	0.89	(5 per cent)
1986-87	1.03	(6 per cent)

16.Fire Services	1.21 (13)	Excessive provision of lumpsum towards Dearness Allowance and Ex-gratia payment (Rs.71.61 lakhs) and 'Fire Stations including Workshops and Mobile Repair Squads'.
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Savings occurred persistently during the preceding 4 years as under :-

(in crores of rupees)

1983-84	1.29	(21 per cent)
1984-85	0.56	( 8 per cent)
1985-86	0.85	(11 per cent)
1986-87	1.31	(15 per cent)

26.Handlooms and Textiles	3.30 (10)	Non-release of subsidy by Government of India for cloth supplied by Tamil Nadu Handloom Weavers Co-operative Society under the scheme for Production of Controlled Dhoties and Sarees (Rs.3.10 crores).
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(1)	(2)	(3)
29.Labour including Factories	3.04 (10)	Non-release of funds by Government of India for National Child Labour Programme (Rs.459.11 lakhs) and (ii) non-purchase of equipments, etc. under Modernisation of existing Industrial Training Institutes (Rs.26.79 lakhs).
33.Housing	6.13 (20)	Post-budget decision of Government to disburse only loan instead of subsidy for constructing houses under the Mass Housing Programme (Rs.229.35 lakhs) to Tamil Nadu Co-operative Housing Federation Limited; reasons for final saving of Rs.399.99 lakhs have not been communicated.
42.Pensions and other Retirement Benefits	10.54 (7)	Excessive lumpsum provision for Dearness allowance (Rs.1.13 crores), payment to Tamil Nadu Government Pensioners (Rs.3.43 crores), Pensions to Teachers of Aided Schools, Schools of Local Bodies, Aided Colleges and to Non-teaching Staff of Aided Schools (Rs.1.99 crores), commuted value of pensions to Teachers of Aided Schools and Schools of Local Bodies (Rs.1.52 crores), cost of remittance of pensions by Money Orders (Rs.0.63 crore) and Medical allowance to Pensioners (Rs.0.24 crore).

(1)	(2)	(3)
43. Miscellaneous	22.60 (7)	Reduction in contribution to Tamil Nadu Special Welfare Fund (Rs.3.09 crores), less payment of Raffle Prize Money (Rs.5.15 crores) and bonus to Raffle Agents (Rs.0.41 crore) than anticipated and over-provisioning for unforeseen expenditure.
44. Stationery and Printing	1.13 (6)	Non-procurement of papers, typewriters, duplicators, calculators, etc. under 'Stationery Office and Stores' (Rs.1.16 crores).
Savings occurred persistently during the preceding 4 years as under :-		
(in crores of rupees)		
1983-84 1.22 (11 per cent)		
1984-85 0.52 ( 3 per cent)		
1985-86 0.14 ( 1 per cent)		
1986-87 3.10 (16 per cent)		
45. Forest Department	1.12 (5)	Excessive lumpsum provision (Rs.1.00 crore) for Dearness allowance and Ex-gratia payment and non-payment of subsidy under the Scheme for Decentralised People's Nurseries (Rs.0.30 crore) due to non-availability of grown-up plants.

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Savings occurred persistently during the preceding 4 years as under:

(in crores of rupees)

1983-84	0.39	(3 per cent)
1984-85	0.38	(3 per cent)
1985-86	0.49	(4 per cent)
1986-87	0.52	(3 per cent)

49. Water Supply	33.41 (24)
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Non-implementation of the schemes by Government of Andhra Pradesh under Tamil Nadu Krishna Water Supply Project (Rs.29.98 crores), non-approval of terms of reference for World Bank assistance to Madras Water Supply Project. Specific reasons for savings under Minimum Needs Programme (Rs.11.95 crores), Madras Water Supply Project (Rs.2.40 crores) and on drought relief measures (Rs.1.41 crores) such as repair of bore wells, conversion of filter points into Mark II pumps, etc. and for various drinking water supply schemes in Madras City had not been communicated.

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Savings occurred during the preceding two years also as under :

(in crores of rupees)

1985-86 47.29 (37 per cent)

1986-87 54.65 (43 per cent)

52.Capital Outlay on Irrigation 13.41 (20)

Over-provision under "Percentage Charges for Establishment" (Rs.5.51 crores); reduction in ayacut for 'on farm development' works (Rs.96.07 lakhs), non-commencement of works for construction of Office Buildings and Staff Quarters (Rs.72.41 lakhs) under 'Agricultural Engineering' and non-execution of earth work (Rs.69.16 lakhs) due to heavy rain, Bridge work (Rs.8.52 lakhs) and Cross Drainages (Rs.2.10 lakhs) under Distributaries in respect of Improvements to Periyar System Phase II; reduced output in the manufacture of sand cement blocks for Canal Major Works (Rs.1.57 crores) under the scheme of Modernisation of Thanjavur Channels; non-supply of electrical motors and other accessories by Public Works Workshop and non-execution of work due to non-finalisation of tenders under Dam and Appurtenant Works of Periyar Project



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(Rs.1.34 crores); land acquisition charges had not been claimed by Revenue Department under Distributaries of Parambikulam Aliyar Project (Rs.0.88 crore); slow execution of works relating to Reservoir under Sothuparai Reservoir Scheme (Rs.0.73 crore) on account of heavy rain and non-formation of road; the proposed works were not executed under Golwarpatti Reservoir Scheme (Rs.0.74 crore).

There were persistent savings in the preceding 4 years as under:

(in crores of rupees)

1983-84	19.64	(30 per cent)
1984-85	6.61	(11 per cent)
1985-86	9.37	(14 per cent)
1986-87	11.63	(17 per cent)

53.Capital Outlay	18.65
on Public Works	(32)
- Buildings	

Non-construction of quarters for Armed Reserve and Police Personnel at Ramenathapuram and Pasuppon Muthuremalinger Districts due to belated issue of administrative approval by Government (Rs.8.05 crores); deferment of certain major works for want of administrative and technical sanctions and non-availability of sites

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(2)

(3)

(Rs.3.08 crores) and reduction in expenditure consequent on stoppage of certain works for want of cement and non-commencement of work for want of site (Rs.0.86 crore). Specific reasons for saving of Rs.2.99 crores due to non-transfer of establishment charges from the revenue major head have not been communicated (March 1989).

Savings occurred persistently in the preceding 4 years as under:

(in crores of rupees)

1983-84	6.78	(16 per cent)
1984-85	14.83	(30 per cent)
1985-86	10.48	(30 per cent)
1986-87	11.78	(25 per cent)

54. Capital Outlay  
on Roads  
and Bridges

2.47  
(7)

Non-execution of Road Works in Madras City under World Bank Project I (Rs.0.59 crore) due to non-execution of agreement and stay of acquisition of land by Court; transfer of materials to other works and imposition of cut in Plan expenditure under Hill Area Development Programme (Rs.0.49 crore).

(1)	(2)	(3)
56.Capital Outlay on Forests	2.37 (10)	Saving of Rs.0.54 crore (2 per cent) occurred during 1986-87 also.  Revision of Plan proposals under SIDA-aided Social Forestry Scheme(Rs.1.19 crores); non-com- pletion of certain works under 'Communications'; non-execution of works under schemes for National Wasteland Develop- ment (Rs.0.24 crore) due to non-formation of a new division; development of Mundanthurai Wildlife Sanctuary (Rs.0.19 crore); slow progress in work under Soil Conservation in Ponnaiar Basin (Rs.0.12 crore); non-finalisation of tenders for works for the creation of sanctuary for Lion-tailed Macaque at Kalakadu (Rs.0.12 crore).

There were savings in the grant during the preceding 2 years also as under:

(in crores of rupees)

1985-86	1.50	(9 per cent)
1986-87	0.87	(5 per cent)

(1)	(2)	(3)
58. Miscellaneous Capital Outlay	2.63 (12)	<p>Delay in commencement of work (Rs.34.29 lakhs) at Valinokkam port, non-execution of work (Rs.15.03 lakhs) at Thondi port, non-finalisation of sand quarry for the work at Chinna-muttam port (Rs.30.97 lakhs) and pendency of a decision on change of location of harbour at Kottaipattinam port (Rs.14.85 lakhs), non-issue of Government sanction for the construction of Rubble Mound Sea Wall (Rs.40 lakhs), non-implementation of the scheme of strengthening of share capital structure of Primary Weavers Co-operative Societies (Rs.50 lakhs) due to non-receipt of concurrence from Government of India, reduced purchase of debentures floated by Tamil Nadu Co-operative Central Land Development Bank (Rs.25 lakhs) and slow progress of works in Fish Seed Farms (Rs.78 lakhs).</p>

Savings occurred persistently during the preceding 4 years as under:



(1)

(2)

(3)

(in crores of rupees)

1983-84	16.37	(48 per cent)
1984-85	1.34	( 5 per cent)
1985-86	8.70	(34 per cent)
1986-87	2.60	(15 per cent)

2.2.5. In addition to those mentioned in paragraph 2.2.4. above, substantial surrenders totalling Rs.102.42 crores arose in 45 cases on account of either non-implementation or partial implementation of schemes. Details are indicated in Appendix VI.

### 2.2.6. Overprovisioning

(a) In 9 grants, original provision of Rs.402.85 crores was augmented by supplementary provision of Rs.28.39 crores; but the expenditure had not come up even to the original provision, resulting in a saving of Rs.72.56 crores (18 per cent) as detailed below:

Number and title of Grant	Supple- mentary provision (in crores of rupees)	Amount of saving (in crores of rupees) (percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
3.Motor Vehicles Act - Adminis- tration	0.02	0.14 (4)	Supplementary provision of Rs.1.70 Lakhs ob- tained in March 1988 was towards additional instalments of Dearness

(1)	(2)	(3)	(4)
4. General Sales Tax and Other Taxes and Duties - Administration	1.21	1.56 (8)	allowance and Ex-gratia payment. Saving was mainly due to excess lumpsum provision (Rs.9.90 lakhs) for Dearness allowance and Ex-gratia payment and reduction in ex- penditure on cash relief to traffic acci- dent victims (Rs.11.52 lakhs).  Vide - reasons against this Grant in para- graph 2.2.4.
13. Adminis- tration of Justice	0.90	0.98 (5)	Excess lumpsum provi- sion of Rs.36.92 lakhs for Dearness allowance and Ex-gratia payment and reduction in expen- diture on regular es- tablishments of Mf- fusil, Civil and Ses- sions Courts (Rs.29.02 lakhs).
16. Fire Services	0.60	1.21 (13)	Vide - reasons against this Grant in para- graph 2.2.4.

(1)	(2)	(3)	(4)
39.Roads and Bridges	1.20	2.07 (2)	Over-provision of Rs.0.76 crore for additional instalments of Dearness allowance and Ex-gratia payment, cut in non-Plan expenditure on District and Rural roads (Rs.4 crores) imposed by Government due to financial constraints, non-execution of bridge works due to heavy rains and transfer of cost of materials to other works (Rs.38.66 lakhs).
44.Stationery and Printing	0.03	1.13 (6)	Vide - reasons against this Grant in paragraph 2.2.4.
49.Water Supply	23.42	33.41 (24)	Vide - reasons against this Grant in paragraph 2.2.4.
52.Capital Outlay on Irrigation	0.83	13.41 (20)	Vide - reasons against this Grant in paragraph 2.2.4.

(1)	(2)	(3)	(4)
53. Capital Outlay on Public Works - Buildings	0.18	18.65 (32)	Vide - reasons against this Grant in paragraph 2.2.4.

(b) Lumpsum provisions totalling Rs.100 crores were made under 42 grants to meet additional instalments of Dearness allowance and Ex-gratia payments to the employees during the year. The entire lumpsum provisions were withdrawn in March 1988, as expenditure on additional instalments of Dearness allowance and Ex-gratia payments was met under the relevant sub-heads of the grants by reappropriation. The amount so reappropriated in 32 of these grants was less than the lumpsum provision of Rs.75.07 crores resulting in savings totalling Rs.31.19 crores. Thus, the lumpsum provisions were far in excess of requirements. Significant cases of such over-provision exceeding Rs.50 lakhs each totalling Rs.29.19 crores are mentioned in Appendix VII.

During 1986-87 also, out of Rs.49.86 crores of such lumpsum provision made in 35 grants, the amount reappropriated towards additional Dearness allowance, Ex-gratia payment, etc. was only Rs.23.64 crores indicating over-provisioning of Rs.26.22 crores. In 13 of these grants, the amount over-provisioned ranged from Rs.50 lakhs to Rs.509.09 lakhs each, aggregating to Rs.2162.75 lakhs (59 per cent), out of a total provision of Rs.3750 lakhs.



Serial number	Number and title of grant	Lumpsum provision	Amount reappropriated to relevant sub-heads	Over-provision
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1.	1. Land Revenue Department	208.00	115.74	92.26
2.	9. Head of State, Ministers and Headquarters Staff	270.00	187.23	82.77
3.	11. District Administration	266.00	121.15	144.85
4.	15. Police	756.00	246.91	509.09
5.	16. Fire Services	50.00	..	50.00
6.	18. Medical	666.00	402.56	263.44
7.	20. Agriculture	366.00	273.00	93.00
8.	22. Animal Husbandry	134.00	70.61	63.39
9.	23. Co-operation	110.00	14.65	95.35
10.	28. Community Development Projects and Municipal Administration	280.00	62.87	217.13
11.	38. Public Works - Establishment and Tools and Plant	194.00	76.65	117.35
12.	42. Pensions and other Retirement benefits	384.00	..	384.00
13.	44. Stationery and Printing	66.00	15.88	50.12
		<u>3750.00</u>	<u>1587.25</u>	<u>2162.75</u>

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

Serial number/ Title of Grant	1985-86		1986-87		1987-88	
	Amount (in crores of rupees)	Per- cen- tage	Amount (in crores of rupees)	Per- cen- tage	Amount (in crores of rupees)	Per- cen- tage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Fire Services	0.85	11	1.31	15	1.21	13
2. General Sales Tax and Other Taxes and Duties - Administration	0.89	5	1.03	6	1.56	7
3. Water Supply	47.29	37	54.65	43	33.41	24
4. Miscellaneous Capital Outlay	8.70	34	2.60	15	2.63	12
5. Capital Outlay on Forests	1.50	9	0.87	5	2.37	10
6. Capital Outlay on Irrigation	9.37	14	11.63	17	13.41	20
7. Capital Outlay on Public Works - Buildings	10.48	30	11.78	25	18.65	32

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

Number and title of grant	Amount of excess (in crores of rupees) (percentage of provision)	Main reasons for excess
(1)	(2)	(3)
17.Education	12.84 (2)	<p>Increase in expenditure on</p> <p>(i) Grants-in-aid to non-Government Elementary Schools (Rs.4.50 crores) (specific reasons therefor had not been communicated),</p> <p>(ii) Secondary Education towards payment of salaries (Rs.7.61 crores), travel expenses (Rs.0.03 crore), professional and special services (Rs.0.03 crore), grants-in-aid (Rs.0.13 crore) and other charges (Rs.0.09 crore) in respect of Government Secondary Schools (of which reasons for Rs.4.46 crores had not been explained), grants-in-aid to Non-Government Secondary Schools (Rs.6.52 crores),</p> <p>(iii) Chief Minister's Nutritious Meal Programme for elementary school children (Rs.4.26 crores, of which Rs.3.14 crores were towards wages to noon meal organisers, Rs.0.11 crore for supplies and Rs.0.97 crore</p>

(1)

(2)

(3)

on additional enrolment, specific reasons for which had not been communicated),

(iv) Examinations (Rs.2.96 crores) towards remuneration to examiners for additional examination and enhancement of rate of remuneration, travels, trunk calls, phonograms, etc. and

(v) grants-in-aid to private polytechnics (Rs.1.04 crores) towards arrears of Dearness allowance, Ex-gratia payments and festival advance to staff of private polytechnics and engineering colleges.

18. Medical

4.55

(3)

Increase in expenditure on

(i) Government General Hospital, Madras (Rs.2.32 crores),

(ii) Government Stanley Hospital, Madras (Rs.1.02 crores),

(iii) Institute of Child Health and Hospital for Children, Madras (Rs.0.83 crore),

(iv) Government Royapettah Hospital, Madras (Rs.0.72 crore),

(v) Other Urban Hospitals and Dispensaries (Rs.4.10 crores) and

(vi) Mofussil Teaching Hospitals (Rs.0.77 crore).



(1)	(2)	(3)
		Excess of Rs.0.76 crore (1 per cent) occurred during 1986-87 also.
31. Welfare of the Scheduled Tribes and Castes, etc.	1.26 (2)	Increase in expenditure on (i) Hostels for Scheduled Caste students (Rs.108.92 lakhs), (ii) post-matric scholarships (State and Central) to Scheduled Caste and Tribe students (Rs.97.19 lakhs), (iii) Opening and maintenance of Tribal Residential Schools and hostels (Rs.49.18 lakhs), (iv) stipends to Scheduled Caste trainees in Industrial Training Institutes (Rs.20.88 lakhs), (v) House sites for Adi Dravidars (Rs.85.41 lakhs) and (vi) District staff (Rs.78.72 lakhs).

Excess occurred persistently during the preceding 2 years as under :

(in crores of rupees)

1985-86	1.58	(3 per cent)
1986-87	1.51	(3 per cent)

2.2.9. Provision by reappropriation in March 1988 proved significantly inadequate in the following cases:

Serial number (1)	Grant (2)	Head of account (3)	Reappropriation (4)	Final excess (5)
			(in lakhs of rupees)	
1.	11.District Administration	2053.094.I.AC. Ryotwari Village Service	102.59	76.07
2.	15.Police	2055.001.I.AA. Inspector General of Police	47.48	14.11
		2235.02.105.I.AB. District Establishment - Enforcement Wing	119.96	11.92
3.	17.Education	2202.01.102.I.AD. Grants to Non-Government Elementary Schools	107.58	342.49
		2202.01.800.I.AC. Chief Minister's Nutritious Meal Programme for Children - Pupils of Age group 5+ to 9+ inclusive of expenditure on Farmer Central Kitchen Vehicle Maintenance Workshop, Vikravandi	139.24	43.87

(1)	(2)	(3)	(4)	(5)
		2202.01.800.II.JB. Chief Minister's Nutritious Meal Programme in the Age Group 5+ to 9+ Additional Enrolment	69.92	26.99
		2202.02.109.I.AA. General	333.29	446.16
		2202.02.110.I.AA. General	315.25	324.38
		2202.02.800.II.JB. Additional Enrolment of Pupils of the Age Group 14 to 16	48.11	56.47
4.	18. Medical	2210.01.110.I.AA. Hospitals and Dispensaries	53.06	357.28
		2210.01.110.I.AJ. Government General Hospital, Madras	143.46	88.09
		2210.05.105.I.AA. Madras Medical College	29.70	25.87

(1)	(2)	(3)	(4)	(5)
5.	28. Community Development Projects and Municipal Administration	2515.001.I.AE. Block Headquarters	462.01	29.45
		2505.01.701.VI.UA. National Rural Employment Scheme	44.41	17.04
6.	31. Welfare of the Scheduled Tribes and Castes, etc.	2225.01.001.I.AD. District Staff - Adi-Dravidars and Tribal Welfare Department	68.61	10.11
		2225.01.277.I.AB. Educational Concessions	1.16	53.95
		2225.02.277.I.AG. Maintenance of Tribal Hostels	4.68	19.43
		2225.01.283.II.JA. House-sites for Adi-Dravidars	0.65	84.76
7.	36. Irrigation	2702.60.800.II.JF. Sinking of Open Wells in the beds of Minor, Medium and Major Irrigation Tanks in drought affected areas	4.08	44.45
8.	39. Roads and Bridges	3054.80.799.I.AC. Miscellaneous Public Works Advances	13.16	65.32



(1)	(2)	(3)	(4)	(5)
9.	43. Miscellaneous	2075.800.I.AC. Charges in connection with the visit of High Personages	45.33	18.25
10.	48. Rural Industries	2851.102.VI.UA. District Industries Centre	15.93	19.15
11.	49. Water Supply	2215.01.102.II.JE. Grants to Panchayat Unions for Water Supply Schemes in drought affected areas	41.34	102.53
12.	52. Capital Outlay on Irrigation	4701.01.207.II.JE. Suspense	34.20	44.94
		4701.03.204.II.JD: Spillway	39.58	12.23
13.	58. Miscellaneous Capital Outlay	4225.01.277.II.JH. Construction of Hostels for Scheduled Castes, Scheduled Tribes and other Backward Classes through the agency of The Tamil Nadu Adi- Dravidar Housing and Development Corporation Limited	0.59	50.00

(1)	(2)	(3)	(4)	(5)
14.	59.Loans and Advances by the State Government	7610.201.II.JA. Loans to Government Servants for Construction of Houses - 02. Advances to Other Government Servants	925.00	173.94
		6402.800.VI.UG. Loans for Ayacut Development - Controlled by the Chief Engineer (Agricultural Engineering)	0.24	45.65
15.	30.Social Welfare	2235.02.102.III.SA. Integrated Child Development Services Scheme	94.06	23.95
16.	37.Public Works - Buildings	2059.80.799.I.AC. Miscellaneous Works Advances (Public Works Department)	1.29	33.90

## BUDGETARY PROCEDURE AND CONTROL OVER EXPENDITURE

### 2.2.10. General

(a) The Appropriation Acts specify the sums authorised by the Legislature under each grant for meeting expenditure during a financial year; the final modified grant authorised by Government are the sums to be spent upto 31st March, with reference to proposals of Chief Controlling Officers (CCOs) based on actuals and anticipated expenditure; and the balance, which is resumed to the Consolidated Fund, is not available to CCOs for meeting any further expenditure. Such resumptions of funds under the grants were persistent and significant not only during 1987-88 but also in earlier years. Further, there had also been significant variations (excess or savings) between the final modified grant and actual expenditure. Overall position for the 5 years, 1983-84 to 1987-88, is indicated below:

Year	Sums autho- rised by the Legis- lature	Amount resumed (Sur- render)	Final Mdified Grant	Actual expen- diture	Variation between (4) and (5) <u>Excess(+)</u> Saving (-)
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1983-84	3780.26	133.74	3646.52	3659.67	(+) 13.15
1984-85	4025.48	352.75	3672.73	3658.14	(-) 14.59
1985-86	3929.00	331.07	3597.93	3587.54	(-) 10.39
1986-87	3926.28	207.15	3719.13	3722.26	(+) 3.13
1987-88	4760.83	161.21	4599.62	4598.19	(-) 1.43

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

(b) Rupees 161.21 crores were surrendered out of the grant authorised by the Legislature/Parliament for expenditure during 1987-88 and resumed to the Consolidated Fund on 31st March 1988. However, in 8 grants, though Rs.2.17 crores were surrendered, Rs.23.97 crores had been spent in excess of the final modified grant, indicating utilisation of the amounts already resumed and also leading to an excess of Rs.21.80 crores over the amount authorised by the Legislature/Parliament requiring regularisation under Article 205 of the Constitution of India; such excess occurred persistently in the preceding years in the following grants:

Serial number and title of grant  (1)	1985-86			1986-87			1987-88		
	S (2)	EG (3)	EFMG (4)	S (5)	EG (6)	EFMG (7)	S (8)	EG (9)	EFMG (10)
	(in crores of rupees)								
1.District Administration	0.73	0.66	1.39	0.64	0.86	1.50	..	0.63	0.63
2.Welfare of Scheduled Tribes and Castes,etc.	0.42	1.29	1.71	0.26	1.00	1.26	0.12	0.45	0.57



	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
3. Medical	..	..	..	..	2.35	0.76	3.11	0.94	4.55	5.49
4. Public Works - Buildings	..	..	..	..	0.06	1.64	1.70	0.07	0.40	0.47

'S' stands for surrender

'EG' stands for excess over grant approved by Legislature/Parliament

'EFMG' stands for excess over final modified grant

In 14 other grants, against Rs.88.51 crores surrendered in March 1988, the saving was only Rs.73.82 crores, resulting in excess expenditure over the final modified grant. Similar excess expenditure occurred in the following grants in the preceding years also as under:

Serial number and title of grant	1985-86			1986-87			1987-88		
	S	SG	EFMG	S	SG	EFMG	S	SG	EFMG
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Community Development Projects and Municipal Administration	35.49	34.00	1.49	9.84	9.27	0.57	5.85	5.06	0.79
2. Land Revenue Department	0.80	0.04	0.76	..	..	..	1.23	1.13	0.10
3. State Excise Department	..	..	..	0.07	0.02	0.05	2.24	2.22	0.02

(in crores of rupees)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
4.Agriculture	..	..	..	2.16	1.57	0.59	1.90	1.65	0.25
5.Stationery and Printing	..	..	..	3.31	3.10	0.21	1.47	1.14	0.33
6.Public Health	2.10	1.45	0.65	..	..	..	6.24	0.64	5.60

'S' stands for surrender

'SG' stands for saving in voted grant

'SFMG' stands for excess over the final modified grant

In 38 other grants, against Rs.70.32 crores surrendered in March 1988, the saving was Rs.110.40 crores, indicating that the Department had not utilised Rs.40.08 crores during 1987-88 out of the final modified grant. Such non-utilisation of provision (final saving) occurred persistently in the following grants.

Serial number and title of grant (1)	1985-86			1986-87			1987-88		
	S	SG	SFMG	S	SG	SFMG	S	SG	SFMG
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	(in crores of rupees)								
1.Capital Outlay on Irrigation	..	9.37	9.37	1.47	11.67	10.20	6.00	14.09	8.09
2.Capital Outlay on Public Works- Buildings	7.98	10.52	2.54	8.09	11.82	3.73	14.56	18.67	4.11
3.Miscellaneous Capital Outlay	8.39	8.70	0.31	1.62	2.60	0.98	2.58	2.63	0.05

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
4.General									
Sales									
Tax and									
Other									
Taxes and									
Duties -									
Adminis-									
tration	0.03	0.89	0.86	0.01	1.03	1.02	0.07	1.56	1.49
5.Stamps -									
Adminis-									
tration	0.08	0.09	0.01	0.07	0.09	0.02	0.01	0.05	0.04
6.Irrigation	0.78	1.98	1.20	..	..	..	1.48	4.04	2.56
7.Social									
Welfare	..	..	..	1.74	2.06	0.32	2.39	2.62	0.23
8.Animal									
Husbandry	..	..	..	0.06	0.09	0.03	0.42	0.82	0.40
9.Industries	0.05	0.07	0.02	..	..	..	0.10	0.12	0.02

'S' stands for surrender

'SG' stands for saving in voted grant

'SFMG' stands for saving in final modified grant

### 2.2.11. Expenditure without provision

According to financial rules, expenditure can be incurred from the Consolidated Fund of the State only after it has been sanctioned by the competent authority and also provision of funds therefor has been made in the Appropriation Acts for the financial year or by reappropriation of funds by competent authority. During 1987-88, expenditure totalling Rs.1444.70 lakhs had been incurred without provision of funds therefor in the relevant Appropriation Acts or by reappropriation of funds in 20 grants. Details are indicated in Appendix VIII .

2.2.12. A comprehensive review of budgetary procedures and control over expenditure was conducted by Audit in respect of the grants mentioned below.

- 15. Police
- 19. Public Health
- 23. Co-operation
- 28. Community Development Projects and  
Municipal Administration
- 30. Social Welfare
- 39. Roads and Bridges
- 45. Forest Department
- 49. Water Supply
- 52. Capital Outlay on Irrigation
- 53. Capital Outlay on Public  
Works - Buildings
- 56. Capital Outlay on Forests

Important points noticed are indicated in the succeeding paragraphs.

2.2.13. While the amount indicated in the Appropriation Acts for the year 1987-88 represents the expenditure authorised by Parliament/Legislature, the final modified grant represents the expenditure finally authorised by Government by the end of March 1988 on the basis of latest actuals and requirement, in exercise of their powers to reappropriate funds within each grant. Details of grants, grants as finally modified by Government in March 1988, expenditure actually incurred and variation in respect of these grants are as under:



Number and title of grant	Grant autho- rised in the Appro- priation Acts	Grant finally modi- fied by Govern- ment	Actual Expen- diture	Variation	
				Excess(+)/Saving(-) Between (2) and (4)	Between (3) and (4)
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
15. Police	13893.89	13473.80	13426.34	(-) 467.55	(-) 47.46
19. Public Health	7904.50	7280.34	7840.98	(-) 63.52	(+) 560.64
23. Co-operation	4475.74	4323.00	4289.35	(-) 186.39	(-) 33.65
28. Community Development Projects and Muni- cipal Admi- nistration	22305.63	21720.47	21799.89	(-) 505.74	(+) 79.42
30. Social Welfare	10604.21	10365.18	10342.55	(-) 261.66	(-) 22.63
39. Roads and Bridges	9271.00	9016.64	9064.16	(-) 206.84	(+) 47.52
45. Forest Department	2462.89	2359.11	2350.57	(-) 112.32	(-) 8.64
49. Water Supply	14120.37	10709.19	10779.73	(-) 3340.64	(+) 70.54
52. Capital Outlay on Irrigation	6778.37	6177.90	5369.39	(-) 1408.98	(-) 808.51
56. Capital Outlay on Forests	2260.23	2037.83	2023.03	(-) 237.20	(-) 14.80

2.2.14. Savings in these voted grants were the net result of excess and savings under a number of sub-heads in each grant as shown below:

Number and title of Grant	Excess		Saving		Overall Excess (+)/ Saving (-) (in lakhs of rupees)
	Number of heads	Amount (in lakhs of rupees) (percentage of voted grant)	Number of heads	Amount (in lakhs of rupees) (percentage of voted grant)	
(1)	(2)	(3)	(4)	(5)	(6)
15. Police	51	1087.81 (8)	21	1553.16 (11)	(-) 465.35
19. Public Health	92	1495.77 (19)	69	1559.27 (20)	(-) 63.50
23. Co-operation	28	620.16 (14)	46	806.54 (18)	(-) 186.38
28. Community Development					
Projects and Municipal Administration	54	1142.80 (5)	46	1648.53 (7)	(-) 505.73
30. Social Welfare	79	1198.16 (11)	54	1459.82 (14)	(-) 261.66
39. Roads and Bridges	43	557.48 (6)	22	764.28 (8)	(-) 206.80
45. Forest Department	46	181.80 (7)	45	294.23 (12)	(-) 112.43
49. Water Supply	17	1947.55 (14)	16	5288.19 (37)	(-) 3340.64
52. Capital Outlay on Irrigation	178	1115.53 (17)	106	2456.41 (37)	(-) 1340.88
56. Capital Outlay on Forests	18	118.17 (5)	36	355.37 (16)	(-) 237.20

The excess under each grant ranged from 5 to 19 per cent and the savings from 7 to 37 per cent of the total grant. Even after having met the excess out of savings under other heads, the net final savings in all these grants indicate gross over-provisioning, both in original and supplementary estimates, which enabled Government to meet substantial expenditure in excess of the sums voted by the Legislature besides altering the destination of the sums so voted.

**2.2.15.** In the following cases, relatively large sums were provided by Government by reappropriation in March 1988; the actual expenditure against such additional provision, which constituted significant percentage of the sums provided in the relevant Appropriation Acts, escaped the notice of the Legislature/Parliament. Such large scale diversion of funds within the grant was possible due to defective budgeting like over-provisioning, defective control over expenditure and delay in or non-implementation of schemes, etc. leading to large scale savings in a number of other sub-heads in the grants.

Title of grant and head of account	Provision as per the Appropriation Acts	Reappropriation (Percentage of voted grant)	Expenditure	Overall Excess(+) (Percentage to voted grant)	Final Excess(+)/ Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
<b>Police</b>					
2055.108.I.AB Law and Order	943.87	251.72 (27)	1172.52	(+228.65 (24)	(-)23.07
2055.108.I.AC Crime	202.68	48.52 (24)	247.40	(+ 44.72 (22)	(-) 3.80
Excess of Rs.17.31 lakhs (9 per cent) occurred during 1986-87 also.					
2055.108.I.AD Traffic	163.74	71.07 (43)	232.17	(+ 68.43 (42)	(-) 2.64
2055.111.I.AB Railway Police, Madras	0.71	93.51 (13170)	94.69	(+ 93.98 (13237)	(+ 0.47
2055.114.I.AA Police Radio Branch	343.82	59.16 (17)	396.83	(+ 53.01 (15)	(-) 6.15
Excess of Rs.89.74 lakhs (32 per cent) occurred in 1986-87 also.					
2235.02.105.I.AB District Establish- ment - Enfor- cement Wing	500.93	119.96 (24)	632.81	(+131.88 (26)	(+11.92



(1)	(2)	(3)	(4)	(5)	(6)
<b>Public Health</b>					
2210.03.101.I.AF Panchayat Union Sub-Centres taken over by Government	347.57	95.94 (28)	456.71	(+)109.14 (31)	(+)13.20
2210.03.103.I.BI Primary Health Centres	702.28	62.90 (9)	819.71	(+)117.43 (17)	(+)54.53
2210.03.103.I.BK Basic Health Staff in Primary Health Centres	719.66	157.02 (22)	887.20	(+)167.54 (23)	(+)10.52
2211.101.III.SA Rural Family Welfare Centres at Primary Health Centres	603.74	92.41 (15)	727.61	(+)123.87 (21)	(+)31.46
2211.102.III.SB Urban Family Welfare Centres run by Local Bodies and Voluntary Organisations	68.30	62.60 (92)	131.64	(+) 63.34 (93)	(+) 0.74
2211.200.III.SA	71.00	52.50 (74)	133.54	(+) 62.54 (88)	(+)10.04

(1)	(2)	(3)	(4)	(5)	(6)
<b>Co-operation</b>					
2425.001.I.AC District Staff	525.33	149.59 (28)	649.91	(+)124.58 (24)	(-)25.01
2425.101.I.AC District Staff	557.27	56.21 (10)	611.43	(+) 54.16 (10)	(-) 2.05
2425.107.I.AG Assistance to Central Co-ope- rative Banks towards Waiver/ Refund of Interest/Penal Interest on Loans to Agriculturists	621.84	378.16 (61)	1000.00	(+)378.16 (61)	..
<b>Community Development Projects and Municipal Administration</b>					
2505.60.102.III.SD Prime Minister's Employment Guarantee Scheme for Rural Landless Labourers	3919.80	125.24 (3)	4051.08	(+)131.28 (3)	(+) 6.04
2515.001.I.AE Block Headquarters	1876.57	462.01 (25)	2368.03	(+)491.46 (26)	(+)29.45

(1)	(2)	(3)	(4)	(5)	(6)
<b>Social Welfare</b>					
2210.06.112.II.JC Tamil Nadu Nutrition Project - Public Health Component	240.19	145.04 (60)	380.55	(+)140.36 (58)	(-) 4.68
2235.02.102.III.SA Integrated Child Development Services Scheme	338.35	94.06 (28)	456.36	(+)118.01 (35)	(+)23.95
2235.02.102.III.SB New Supplementary Nutrition Programme	..	124.48	103.00	(+)103.00	(-)21.48
2235.02.104.VI.UA Programme for Care of Destitute Children - Assistance to Pri- vate Institutions	83.00	85.63 (103)	168.45	(+) 85.45 (103)	(-) 0.18
2235.60.200.I.BB Supply of Dhoties and Sarees to the Landless Agricul- tural Labourers in drought affected areas	968.64	431.36 (45)	1402.91	(+)434.27 (45)	(+) 2.91

(1)	(2)	(3)	(4)	(5)	(6)
<b>Roads and Bridges</b>					
3054.04.800.II.JB					
Rural Roads Programme	540.00	102.00 (19)	645.30	(+)105.30 (20)	(+) 3.30
3054.80.001.I.AE					
Executive Establishment (Highways and Rural Works)	497.20	120.02 (24)	607.94	(+)110.74 (22)	(-) 9.28
<b>Water Supply</b>					
2215.01.101.II.JA					
Grants to Tamil Nadu Water Supply and Drainage Board	0.02	144.98 (724900)	145.00	(+)144.98 (724900)	..

## 2.2.16. Grant No.15 - Police

(in lakhs of rupees)

### Voted grant

Original	11787.73	
Supplementary	<u>2096.84</u>	
		13884.57
Surrender		419.88
Final modified grant		13464.69
Expenditure		13419.22
<u>Saving in</u>		

Voted grant	465.35
Final modified grant	45.47

In view of saving of Rs.465.35 lakhs, the supplementary grant of Rs.1691.43 lakhs obtained in March 1988 proved excessive.

There had been persistent surrenders and variations between actual expenditure and final modified grant in the voted grant, indicating over-estimation at budget/supplementary stage and defective control over expenditure at final modification stage as indicated below:

Year	Voted grant	Sur-render	Final modified grant	Expenditure	Variation [Excess (+)/ Saving(-)] between (2) and (5) (4)and(5)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1983-84	7626.50	476.87	7149.63	7155.42	(-)471.08	(+) 5.79
1984-85	8759.59	286.28	8473.31	8484.50	(-)275.09	(+) 11.19
1985-86	10633.32	352.44	10280.88	10413.67	(-)219.65	(+)132.79
1986-87	11904.15	102.39	11801.76	11849.47	(-) 54.68	(+) 47.71
1987-88	13884.57	419.88	13464.69	13419.22	(-)465.35	(-) 45.47

The excess over the final modified grant during the 4 years 1983-84 to 1986-87 indicates failure of Chief Controlling Officers to restrict the expenditure fixed by Government.

Saving in the voted grant during 1987-88 was the net result of excess of Rs.1087.81 lakhs under 51 heads and saving of Rs.1553.16 lakhs under 21 heads. The saving was mainly due to over-provisioning of Rs.601.35 lakhs towards lumpsum provision for Dearness allowance and Ex-gratia payments to staff. As against the provision of Rs.1300 lakhs, only Rs.698.65 lakhs were utilised towards Dearness allowance and Ex-gratia payments leading to a saving



of Rs.601.35 lakhs. This saving has been utilised for meeting excess expenditure under other sub-heads in the grant, which resulted in reducing the overall saving in the grant to only Rs.465.35 lakhs. A saving of Rs.151.79 lakhs occurred under District Police (2055.109.I.AA) also, for which a Supplementary Grant of Rs.1509.24 lakhs was obtained in December 1987 (Rs.22.44 lakhs) and March 1988 (Rs.1486.80 lakhs) towards creation of new police stations, out-posts, uniforms for police personnel, etc. The saving was attributed mainly to non-filling up of posts and non-payment of bills, etc.

The Committee on Public Accounts has emphasised the seriousness of the irregularity in spending money in excess of final grants. Government, therefore, required that timely action be taken to avoid excess or cover anticipated excess and to utilise additional provisions made. Significant excess over and savings in grants and final modified grants are mentioned below:

Serial number	Head of Account	Final modified grant	Actual Expenditure	Excess(+)/ Saving(-)
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1.	2055.108.I.AB Law and Order			
	O. 941.39			
	S. 2.48			
	R. 251.72	1195.59	1172.52	(-) 23.07

The excess was due to additional expenditure by reappropriation (Rs.251.72 lakhs) in March 1988 which constituted 27 per cent of the original plus supplementary

(1)	(2)	(3)	(4)	(5)
-----	-----	-----	-----	-----

grant voted by the Legislature. The saving of Rs.23.07 lakhs in final modified grant shows overestimation at the final modification stage or failure to utilise the additional funds. Excess of Rs.140.73 lakhs (15 per cent) occurred on this service during 1986-87 also.

2.	2235.02.105.I.AB Enforcement Wing of District Establishment			
	O. 390.60			
	S. 110.33			
	R. 119.96	620.89	632.81	(+ ) 11.92

Excess under this head (Rs.131.88 lakhs) was 26 per cent of the original plus supplementary grant voted by the Legislature. The final excess of Rs.11.92 lakhs indicates failure to provide for anticipated excess or to restrict expenditure to the final modified grant. Excess of Rs.15.49 lakhs (4 per cent) occurred under this service during 1986-87 also.

3.	2055.108.I.AD Traffic under State Head- quarters Police			
	O. 163.58			
	S. 0.16			
	R. 71.07	234.81	232.17	(- ) 2.64

The amount provided by reappropriation (Rs.71.07 lakhs) in March 1988 constituted 43 per cent of the original plus supplementary grant voted by the Legislature.

(1)	(2)	(3)	(4)	(5)
4.	2055.001.I.AA Inspector General of Police			
	O.	96.11		
	R.	47.48	143.59	157.70 (+) 14.11

The amount provided by reappropriation (Rs.47.48 lakhs) in March 1988 constituted 49 per cent of the grant voted by the Legislature and the overall excess of Rs.61.59 lakhs (64 per cent of the voted grant) resulted in a final excess expenditure of Rs.14.11 lakhs. This indicates that the latest assessment in March 1988 was defective. Excess occurred under this service during the preceding 2 years also as indicated below:

Year	Excess	
	Amount (in lakhs of rupees)	Percentage
1985-86	2.73	3
1986-87	27.25	28

### 2.2.17. Grant No.19 - Public Health

(in lakhs of  
rupees)

Voted grant

Original	7404.95	
Supplementary	<u>499.53</u>	
		7904.48
Surrender		624.15
Final modified grant		7280.33
Expenditure		7840.98
Saving in Voted grant		63.50
Excess over the Final modified grant		560.65

The saving of Rs.63.50 lakhs indicates that the supplementary grant of Rs.466.92 lakhs obtained in March 1988 was excessive. In view of the excess of Rs.560.65 lakhs over the final modified grant, surrender of Rs.624.15 lakhs proved injudicious and indicates lack of control over expenditure.

Saving of Rs.63.50 lakhs in the voted grant is the net result of savings totalling Rs.1559.28 lakhs in 69 heads and excess totalling Rs.1495.78 lakhs in 92 heads. The excess of Rs.560.65 lakhs over the final modified grant indicates gross under-estimation of expenditure even by March 1988. Cases of significant excess and savings are mentioned in subsequent paragraphs.

Expenditure under the following heads exceeded significantly the final modified grant indicating lack of control over expenditure and/or under-estimation of requirements even by March 1988.

Head of Account (1)	Final modified grant (2)	Expenditure (3)	Excess (4)
(in lakhs of rupees)			
2210.03.101.I.AF Health Sub-Centres under Rural Health Services (Allopathy) taken over by Government	443.51	456.71	13.20
2210.03.103.I.BI Primary Health Centres under Rural Health Services (Allopathy)	765.18	819.71	54.53

(1)	(2)	(3)	(4)
2210.03.103.I.BK Basic Health Staff in Primary Health Centres	876.68	887.20	10.52
2211.101.III.SA Rural Family Welfare Centres at Primary Health Centres	696.15	727.61	31.46
2211.102.III.SB Urban Family Welfare Centres of State Government	130.90	131.64	0.74
2211.200.III.SA Post-Partum	123.50	133.54	10.04

Significant savings under the following heads indicate that original and/or supplementary grants obtained were excessive.

Head of Account (1)	Total grant (2)	Expendi- ture (3)	Saving	
			Amount (4)	Percentage (5)
(in lakhs of rupees)				
2210.03.103.II.JM Primary Health Centres				
O. 257.22				
S. 161.67	418.89	322.93	95.96	23



(1)	(2)	(3)	(4)	(5)
2210.06.101.II.JK Institute of Vector Control and Zoonosis, Hbsur				
O.       5.60				
S.       13.22	18.82	15.58	3.24	17
2210.06.101.VI.UA Malaria Control - Headquarters				
O.       81.95				
S.       49.57	131.52	54.95	76.57	58
2210.06.101.VI.UC Malaria Control - Urban Malaria Scheme				
O.       21.67	21.67	5.81	15.86	73
2210.06.101.VI.UF National Filaria Control Programme				
O.       21.33	21.33	2.18	19.15	90
2211.101.III.SC Opening of addi- tional Sub-Centres in April 1981				
O.       129.24				
S.       166.45	295.69	267.57	28.12	10
2211.105.II.JA Expenditure exclusively met by State Govern- ment on Tubectomy				
O.       146.48	146.48	109.52	36.96	25

(1)	(2)	(3)	(4)	(5)
2211.105.II.JB Reimbursement of compensation paid by Local Bodies and Voluntary Health Institu- tions for Tubectomy cases O. 43.31	43.31	31.65	11.66	27
2211.105.III.SA Compensation for Tubectomy O. 855.00	855.00	584.42	270.58	32
2211.105.III.SC Assistance to Local Bodies and Voluntary Health Institutions O. 168.92	168.92	126.54	42.38	25
2211.200.III.SN Additional manpower Development for Health Services Delivery under DANIDA Project O. 90.14	90.14	3.85	86.29	96
2211.200.III.S0 Additional Health Sub-Centres under DANIDA Project O. 51.17	51.17	14.45	36.72	72

(1)	(2)	(3)	(4)	(5)
2211.200.III.ST Innovation Scheme under DANIDA Project				
0. 16.31	16.31	0.21	16.10	99
2211.200.III.SX Expanded Programme of Immunisation under DANIDA Project				
0. 15.98	15.98	0.68	15.30	96

Other cases of defective control over expenditure are indicated below:

The Rules require that the Controlling Officers should monitor expenditure against provision and also reconcile the Departmental figures of expenditure with those of the Accountant General (Accounts and Entitlements) and take prompt remedial action to rectify misclassification, if any, so that the Accounts presented to the Legislature represent a true and correct picture. The entire budget provision under the sub-heads in column (1) of the table below was withdrawn by reappropriation in March 1988 due to reclassification of expenditure under the heads mentioned in column (5). However, the expenditure incurred under these heads were not got transferred to the heads in column (5) which resulted in excess under the heads in column (1). This indicated the failure on the part of the Controlling Officers.

Head of account (1)	Provision (2)	Expen- diture (3)	Excess(+) (4)	Head of account (5)	
(in lakhs of rupees)					
2210.03.103. Primary Health Centres.II.JT. Health Services in Rural Areas	0. R.(-) Total	25.80 25.80 Nil	5.07	(+) 5.07	2210.03.103.II.JM
2210.03.103. Primary Health Centres.II.KO. Upgrading of Primary Health Centres	0. R.(-) Total	22.21 22.21 Nil	6.70	(+) 6.70	2210.03.103.II.JM
2210.06.101. Prevention and Control of Diseases.II.JG. Prevention and Control of Visual Impairment	0. R.(-) Total	5.68 5.68 Nil	3.44	(*) 3.44	2210.06.101.III.SD
2210.06.102. Prevention of Food Adulteration. I.AC.Food Laboratory	0. R.(-) Total	5.10 5.10 Nil	2.15	(+) 2.15	2210.06.102.I.AA

According to instructions issued by Government in respect of supplies received from other sources, the quantum of supplies effected during the year should be obtained telegraphically by the Chief Controlling Officers so that appropriate provision is retained or surrendered in March. In the following cases, failure to have followed the procedure resulted in surrender/inadequate provision of funds and consequent excess under the heads.

	Head of account	Provision	Expendi- ture	Excess(+)
	(1)	(2)	(3)	(4)
		(in lakhs of rupees)		
(i)	2211.103.III.SA.	O. 20.00	169.19	(+) 161.29
	Immunisation	S. 1.73		
	Programme	R.(-)13.83		
		Total 7.90		

The excess was under 'materials and supplies' (Rs.150.86 lakhs) and 'salaries' and 'office expenses' (Rs.10.43 lakhs).

Of the original provision of Rs.20 lakhs for materials and supplies, Rs.13.83 lakhs were surrendered in March 1988 leaving a provision of Rs.6.17 lakhs to meet the cost of supply of medicines and drugs made by Government of India. The cost of supplies actually met by Government of India during the year, which was Rs.148.75 lakhs, was adjusted in the Accounts with the consent of the Director of Family Welfare. Though the supplies were received throughout the year on monthly/quarterly basis by the Director of Public Health, the



Director of Family Welfare, who is the budget framing authority, did not make adequate provision due to lack of co-ordination between him and the Director of Public Health. This resulted in injudicious surrender and consequent excess expenditure under the head.

Under 'Salaries' and 'Office Expenses', provision of Rs.1.73 lakhs was made through Supplementary Grant obtained in March 1988. However, the actual expenditure was Rs.12.16 lakhs resulting in an excess of Rs.10.43 lakhs. Though expenditure under these heads was being incurred from April 1987 onwards and that it amounted to Rs.9.27 lakhs upto January 1988, the provision obtained through Supplementary Grant in March 1988 was only Rs.1.73 lakhs. The inadequate provision which resulted in excess expenditure indicates lack of close monitoring and control over expenditure.

	(1)	(2)	(3)	(4)
(ii)	2211.103.III.SB.	0.	5.00	70.48
	Schemes of			(+) 70.48
	Prophylaxis	R.(-) 5.00		
	against	Total Nil		
	Nutritional			
	Anaemia			

The budget provision was to cover the cost of medicines and drugs to be supplied by Government of India. The entire provision was withdrawn by reappropriation in March 1988, as the quantum of supplies effected during the year was not received by the Director of Family Welfare at the time of reappropriation in March 1988. Though the supplies were made by Government of India

throughout the year, lack of co-ordination between the Director of Public Health, who received the supplies, and the Director of Family Welfare, who is the budget framing authority, resulted in the surrender of funds leading to a final excess of Rs.70.48 lakhs.

	(1)	(2)	(3)	(4)
(iii) 2211.200.III.SE.	O.	35.00	173.13	(+)173.13
Conventional	R.(-)	35.00		
Contraceptives	Total	Nil		

The provision to cover the cost of contraceptives supplied by Government of India was surrendered by reappropriation in March 1988 due reportedly to non-receipt of particulars of supplies by the Director of Family Welfare. Supplies were however being received by the Director of Family Welfare throughout the year commencing from June 1987 onwards. The cost of supplies received could, therefore, have been either ascertained telegraphically from Government of India or worked out on the basis of the previous year and provision retained or increased to the extent necessary. Failure to have ascertained telegraphically the information has resulted not only in the surrender of entire provision but also in the ultimate excess expenditure of Rs.173.13 lakhs.

	(1)	(2)	(3)	(4)
(iv) 2210.200.III.SV	O.	16.07	35.40	(+) 17.64
Post-Partum - Other	R.	1.69		
than District	Total	17.76		
Hospitals, Medical				
College Hospitals				
and Hospitals in				
Madras City				

The excess relates mainly to purchase of motor vehicles during the year. Though 16 Diesel Ambulance Vans were ordered to be supplied to 16 Post-Partum centres (cost: Rs.15.39 lakhs) and orders placed with Director General of Supplies and Disposals in December 1987 by the Transport Commissioner at the instance of the Public Health Department, no provision was made for the committed expenditure on the purchase of the vehicles which were received in March 1988. Failure to make provision for a committed liability resulted in excess under this head.

### 2.2.18. Grant No.23 - Co-operation

(in lakhs of rupees)

#### Voted grant

Original	3773.50	
Supplementary	<u>702.23</u>	
		4475.73
Surrender		152.73
Final modified grant		4323.00
Expenditure		4289.35

#### Saving in

Voted grant	186.38
Final modified grant	33.65

In view of the saving of Rs.186.38 lakhs, the supplementary grant of Rs.592.76 lakhs obtained in March 1988 was excessive and saving of Rs.33.65 lakhs on the final modified grant proved that requirement was overpitched even in March 1988.

Savings occurred persistently in the grant during the preceding 7 years as under:

Year	Savings	
	Amount (in lakhs of rupees)	Percentage
1980-81	60.80	6
1981-82	80.44	1
1982-83	30.97	2
1983-84	28.98	1
1984-85	52.73	5
1985-86	156.04	9
1986-87	83.97	3
1987-88	186.38	4

This indicates consistent over-estimation of expenditure. The position of surrender, final modified grant, expenditure and variation for the five years, 1983-84 to 1987-88, is indicated below:

Year	Voted grant	Surrender	Final modified grant	Expenditure	Variation (Excess (+)/ Saving(-))	
					(2) and (5)	(4) and (5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(in lakhs of rupees)

1983-84	2725.16	12.12	2713.04	2696.18	(-) 28.98	(-) 16.86
1984-85	1154.16	55.14	1099.02	1101.43	(-) 52.73	(+) 2.41
1985-86	1664.19	156.90	1507.29	1508.15	(-) 156.04	(+) 0.86
1986-87	2670.15	72.23	2597.92	2586.18	(-) 83.97	(-) 11.74
1987-88	4475.73	152.73	4323.00	4289.35	(-) 186.38	(-) 33.65



Two cases of defective budgeting - are indicated below :

(i) The services of Senior Inspectors were being lent to Vegetable Growers Co-operative Marketing Societies either free of cost or at 50 per cent cost and provision towards this assistance representing their pay and allowances was being made under this grant. However, in October 1986, Government ordered that with effect from 1.4.1987, the pay and allowances of the Senior Inspectors should be borne by the Societies; hence no assistance was due from Government during 1987-88. However, provision of Rs.5 lakhs had been made for this purpose in the Budget (under the head 2425.108.II.JD) without correlating the orders issued in October 1986. This resulted in a surrender of Rs.4.60 lakhs (92 per cent) in March 1988.

(ii) A Supplementary grant of Rs.14.46 lakhs was obtained in March 1988 (under the head 2401.110. II.JA) for payment of subsidy to Small and Marginal Farmers participating in the Crop Insurance Scheme. Though proposals for payment of subsidy of Rs.10.05 lakhs were sent by the Registrar of Co-operative Societies in September 1987 and December 1987, sanction therefor was not accorded by Government on the mistaken impression that provision therefor had not been included in the supplementary estimate presented on 17th March 1988. Consequently, out of Rs.14.46 lakhs of supplementary grant obtained in March 1988, Rs.10.05 lakhs (69 per cent) had to be surrendered. This indicates lack of co-ordination.



**2.2.19, Grant No.28 - Community Development Projects and Municipal Administration**

(in lakhs of rupees)

Voted grant

Original	19256.86	
Supplementary	<u>3048.61</u>	
		22305.47
Surrender		585.16
Final modified grant		21720.31
Expenditure		21799.74
Saving in voted grant		505.73
Excess over final modified grant		79.43

In view of the saving of Rs.505.73 lakhs, the supplementary grant of Rs.2546.61 lakhs obtained in March 1988 was excessive.

The excess of Rs.79.43 lakhs over the final modified grant indicated lack of control over expenditure.

Surrenders occurred persistently and significant variations persisted between the final modified grant and expenditure during the five years from 1983-84 as indicated below:

Year	Voted grant	Sur-render	Final modified grant	Expenditure	Variation [Excess(+)/ Saving(-)] between (2) and (5)	(6)	(7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)

(in lakhs of rupees)

1983-84	16839.14	245.51	16593.63	16374.86	(-) 464.28	(-) 218.77
1984-85	22525.65	1933.12	20592.53	20644.76	(-) 1880.89	(+) 52.23
1985-86	23320.14	3549.31	19770.83	19919.79	(-) 3400.35	(+) 148.96
1986-87	19868.62	984.00	18884.62	18941.71	(-) 926.91	(+) 57.09
1987-88	23305.47	585.16	21720.31	21799.74	(-) 505.73	(+) 79.43

Except in 1983-84, expenditure persistently exceeded the final modified grant during the remaining four years and was not restricted to the provision made by Government.

Saving of Rs.505.73 lakhs in the voted grant is the result of savings (Rs.1648.53 lakhs) under 46 heads and excess (Rs.1142.80 lakhs) under 54 heads. Significant cases are indicated below:

Head of Account	Voted grant	Actual Expenditure	Saving	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

- 2515.800.III.SB.  
Installation  
of Bio-gas Plants 476.10    161.57    314.53    66
- 2702.02.800.VI.UC.  
Schemes for  
Minor Irrigation  
Wells and  
Pumps 1323.00    1031.55    291.45    22

Savings occurred persistently under this head during the preceding 3 years also as under :

Year	Saving	
	Amount (in lakhs of rupees)	Percentage
1984-85	350.08	28
1985-86	755.75	57
1986-87	609.08	68

The savings under items (1) and (2) were attributed to the reduction of assistance given by the Government of India for the schemes.

3. 2402.103.VI.UD.

Schemes for  
Land Develop-  
ment

378.00	162.27	215.73	57
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Though only Rs.179.02 lakhs were surrendered on 31st March 1988, there was a further saving of Rs.36.71 lakhs which indicated that even the final modified grant was not realistic.

4. 2217.80.191.II.KB

Assistance to  
Municipalities  
for Infra-  
structure  
Development

200.00	75.00	125.00	63
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The saving which represented the amount surrendered in March 1988 was attributed to reduction in payment of grants-in-aid to Municipalities on account of non-purchase of Public Health

and Tanker lorries. The Budget Estimates were to be made taking into account (i) the possibility and probability of schemes being implemented during the year, (ii) difficulties likely to be encountered in execution and (iii) all preliminaries and the extent to which the scheme could reasonably be expected to be executed. The surrender of more than 60 per cent of the grant voted by the Legislature indicates that the original Budget Estimate did not take into account all these aspects and after having obtained the vote of Legislature, it was not ensured that the funds provided were utilised and the intended object was achieved.

5. 2515.001.II.JB.

Purchase of  
Community  
Television  
sets by

Local Bodies	75.00	Nil	75.00	160
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The surrender of entire provision was due to non-payment of grants-in-aid to Local Bodies as the Television sets had not been purchased. According to instructions of Government in case of purchase of materials for the execution of the schemes, the various stages in procurement such as calling for tenders, placing of orders, issue of sanction orders, etc. involved in the execution of schemes should be planned and processed expeditiously to get the supplies in time and utilise the provision made in the Budget fully, thereby avoiding bulk surrender in the last month. The surrender of entire provision in March 1988 in this case indicates that the above requirement was not complied with.

	(1)	(2)	(3)	(4)	(5)
6. 3054.04.800.II.KG.					
Grants to					
Madras Corporation for					
construction					
of Roads,					
Bridges and					
Sub-Ways		105.00	62.62	42.38	40

Rupees 42.37 lakhs were withdrawn by reappropriation in March 1988 as there was reduction in payment of grant to the Corporation as the cost of construction of the Sub-Way in Madley Road had been shared by the Corporation and Railways. As the expenditure on such works are normally to be shared between the Corporation and Railways, the original provision was excessive by Rs.42.38 lakhs obviously on account of the failure of the Department to take into account the share of expenditure to be met by the Railways.

#### Excess

Head of Account	Voted grant	Actual Expenditure	Excess	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

1. 2515.001.I.AE.				
Block				
Headquarters	1876.57	2368.03	491.46	26

Rupees 462.01 lakhs of the excess expenditure were met by reappropriation while the final expenditure resulted in a further excess of Rs.29.45 lakhs.



(1)	(2)	(3)	(4)	(5)
2. 2505.60.102.III.SD. Prime Minister's Employment Guarantee Scheme for Rural Landless Labourers	3919.80	4051.08	131.28	3

The final expenditure resulted in an excess of Rs.6.04 lakhs over and above the amount of Rs.125.24 lakhs provided by reappropriation in March 1988.

3. 2505.01.701.VI.UA. National Rural Employment Scheme	6120.62	6182.07	61.45	1
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Though only Rs.44.41 lakhs were provided additionally by reappropriation in March 1988, there was a further excess expenditure of Rs.17.04 lakhs.

4. 2210.03.110.I.BR. Maintenance Grant for Maternity Centres for Local Bodies	160.00	205.48	45.48	28
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Reasons for the excess had not been communicated. Excess of Rs.60.46 lakhs (88 per cent) occurred under this head during 1986-87 also. This indicates defective estimation and lack of control over expenditure.

	(1)	(2)	(3)	(4)	(5)
5. 2515.800.VI.UC. Strengthening of Block Administration - Implementation of Anti-Poverty Programme		73.01	116.16	43.15	59

Though the additional provision by reappropriation in March 1988 was only Rs.39.36 lakhs, the actual expenditure against this provision was Rs.43.15 lakhs leading to a further excess of Rs.3.79 lakhs.

## 2.2.20. Grant No.30 - Social Welfare

(in lakhs of rupees)

### Voted grant

Original	9218.97	
Supplementary	<u>1385.24</u>	
		10604.21
Surrender		239.03
Final modified grant		10365.18
Expenditure		10342.55

### Saving in

Voted grant	261.66
Final modified grant	22.63

In view of the saving of Rs.261.66 lakhs in the grant, the supplementary grant of Rs.968.68 lakhs obtained in March 1988 was excessive. Persistent surrenders and variations between the voted/final modified grant and actual expenditure occurred during

all the 5 years 1983-84 to 1987-88 as indicated below. This indicates that original plus supplementary grants were overpitched, the estimation of the final modified grant was also defective and the Chief Controlling Officers did not ensure complete utilisation of provision approved in, or restrict expenditure to, the final modified grant.

Year	Voted grant	Sur-render	Final modified grant	Expenditure	Variation[Excess(+)/ Saving(-)] between	
(1)	(2)	(3)	(4)	(5)	(2)and(5)	(4)and(5)

(in lakhs of rupees)

1983-84	6209.66	778.52	5431.14	5399.45	(-) 810.21	(-) 31.69
1984-85	7319.91	1093.05	6226.86	6069.54	(-)1250.37	(-)157.32
1985-86	7886.49	100.42	7786.07	7797.28	(-) 89.21	(+) 11.21
1986-87	8307.08	174.19	8132.89	8100.70	(-) 206.38	(-) 32.19
1987-88	10604.21	239.03	10365.18	10342.55	(-) 261.66	(-) 22.63

The saving of Rs.261.66 lakhs during 1987-88 under the grant is the result of savings totalling Rs.1459.82 lakhs under 54 heads and excess totalling Rs.1198.16 lakhs under 79 heads.

Significant cases of savings are mentioned below :

Head of Account	Voted grant	Actual Expenditure	Saving	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

1. 2235.02.103.II.KL.

Free Supply of Footwears to poor working mothers in rural areas

1000.00	..	1000.00	100
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The scheme, sanctioned by Government in August 1987, had not been implemented during the year, as (i) enumeration of beneficiaries had not been completed till 31st March 1988, (ii) the appointed agencies had not taken up the manufacture of footwears for rural working women and Government ordered, in March 1988, the commencement of distribution of footwears after 31.3.1988 and completion of it by 31.12.1988. Consequently, the entire provision was surrendered in March 1988.

2. 2235.60.102.I.AC.

Old-Age Pensions to Physically Handicapped Destitutes and Destitute Widows

474.97	428.62	46.35	10
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Saving of Rs.15.62 lakhs (4 per cent) occurred under this head in 1986-87 also. Of the total grant of Rs.474.97 lakhs, Rs.31.59 lakhs were obtained through the Supplementary Estimates in December 1987 for the payment of Old-Age pension to

23039 persons waitlisted on 1st May 1986 in the State. An additional provision of Rs.3.23 lakhs was also made by reappropriation in March 1988. However, the final saving of Rs.49.58 lakhs indicates that the supplementary grant proved excessive and also the additional provision of Rs.3.23 lakhs by reappropriation in March 1988 was not necessary.

2235.60.200.I.AS.

Widows, Handicapped  
and Old-Age

Pensioners Free

Ration Schemes	159.81	127.24	32.57	20
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The total grant included Rs.17.10 lakhs obtained through the Supplementary Estimates in December 1987 for the expenditure towards supply of free ration to new old-age pensioners. Rupees 6.07 lakhs were withdrawn by reappropriation in March 1988 due, reportedly, to non-receipt of bills for supplies made from the Tamil Nadu Civil Supplies Corporation. However, there was a final saving of Rs.26.50 lakhs, reasons for which had not been communicated. This indicates that (i) the supplementary grant of Rs.17.10 lakhs obtained in December 1987 was excessive and (ii) even after the surrender of Rs.6.07 lakhs in March 1988, the Department was not able to utilise the provision of Rs.26.50 lakhs which was based on their own assessment. Savings occurred under this head during the preceding two years also as under:

Year	Saving	
	Amount (in lakhs of rupees)	Percen- tage
1985-86	9.78	9
1986-87	16.05	11



Significant cases of excess are mentioned below :

Head of Account	Voted grant	Actual expenditure	Excess	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1. 2235.60.200.I.BB. Supply of Dhoties and Sarees to the Landless Agricultural Labourers in drought affected areas	968.64	1402.91	434.27	45
<p>Rupees 431.36 lakhs of the excess expenditure was met by reappropriation in March 1988. As the entire grant of Rs.968.64 lakhs was obtained only in March 1988 for this purpose against the sum of Rs.1400.00 lakhs sanctioned by Government, the Department should have restricted the expenditure only to the Grant voted by the Legislature and the excess expenditure which constituted 45 per cent of the amount voted by the Legislature, mostly met by reappropriation, has escaped the notice of Parliament on account of improper exercise of the powers of reappropriation by Government.</p>				
2. 2210.06.112.II.JC. Tamil Nadu Nutrition Project - Public Health Component	240.19	380.55	140.36	58
<p>Rupees 145.04 lakhs were provided by reappropriation in March 1988, against which only Rs.140.36 lakhs were actually spent.</p>				

The increase was attributed, mainly, to Dearness allowance and Ex-gratia payments, purchase of medicines, purchase and supply of kits and equipments to additional Sub-Centres, etc. As the provision met by reappropriation and expenditure there-against constitute more than 50 per cent of the original grant voted by the Legislature, the original budget was not realistic and the excess amount of Rs.140.36 lakhs, which constituted 58 per cent of the grant met by reappropriation, escaped the notice of Parliament and also indicates improper exercise of powers of reappropriation by Government. Excess of Rs.71.09 lakhs (35 per cent) occurred under this head during 1986-87 also.

In the following cases, final excess or saving occurred due to withdrawal by reappropriation and non-reconciliation of figures with those of the accountant General.

Head of account	Final modi- fied grant	Expen- diture	<u>Excess(+)</u> <u>Saving(-)</u>
(1)	(2)	(3)	(4)

(in lakhs of rupees)

1.	235.02.103.I.AO.			
	Mahalir Mandrams			
	O. 49.83			
	R.(-) 23.25	26.58	37.46	(+) 10.88

Rupees 23.25 lakhs were withdrawn by reappropriation in March 1988, reportedly, based on assessment of requirements. However, expenditure of Rs.11.59 lakhs, incurred in four districts and reported already by the District Officers, had not been taken into account while assessing the requirement of funds, which led to final excess of Rs.10.88 lakhs.

	(1)	(2)	(3)	(4)
2(i)	2235.02.102.II.JA. Starting of Integrated Family and Child Welfare Centres O. 61.95 R. 4.27			
		66.22	72.18	(+) 5.96
(ii)	2235.02.102.II.JP. Applied Nutrition Programme with UNICEF Assistance O. 37.32 R. 2.76			
		40.08	61.35	(+) 21.27
(iii)	2235.02.102.II.JQ. Opening of Pre- Primary Schools in Tamil Nadu O. 3708.79 R.(-) 108.38			
		3600.41	3569.29	(-) 31.12
<p>The excess under (i) and (ii) was on account of misclassification of Rs.7.84 lakhs under (i) and of Rs.21.27 lakhs under (ii) instead of under (iii). Though the misclassifications occurred under (i) in December 1987 and (ii) in February 1988, reconciliation was not effected and the misclassification was not got rectified by the Director of Social Welfare before the closing of accounts in 1988, resulting in the saving of Rs.31.12 lakhs under the latter head.</p>				
3.	2235.60.102.I.AB. Other Compassionate Allowances O. 0.01 R. 0.01			
		0.02	47.04	(+) 47.02

The Commissioner for Revenue Administration, who is the Chief Controlling Officer for this head of account, attributed the excess to misclassification. Though the expenditure had been booked under this head by the Treasuries in all the months right from April 1987 onwards, the department did not reconcile the booked figures with the departmental figures and rectify the misclassification before the closing of the accounts in October 1988. This lapse on the part of the department resulted in presenting a distorted picture in the accounts.

### 2.2.21. Grant No.39 - Roads and Bridges

(in lakhs of rupees)

#### Voted grant

Original	9150.95	
Supplementary	<u>120.01</u>	
		9270.96
Surrender		254.36
Final modified grant		9016.60
Expenditure		9064.16
Saving in voted grant		206.80
Excess over final modified grant		47.56

In view of the saving of Rs.206.80 lakhs in the voted grant, supplementary grant of Rs.120 lakhs obtained in December 1987 was excessive. The excess of Rs.47.56 lakhs over the final modified grant indicates injudicious surrender to a significant extent and failure to restrict expenditure to the provision made by Government.

There was excess over voted grant during three years and savings in two years during the

five years from 1983-84 to 1987-88, while excess over the final modified grant occurred persistently in all these years as indicated below:

Year	Voted grant	Sur-render	Final modified grant	Expenditure	Variation [Excess(+)/ Saving(-)] between (2)and(5)	[Excess(+)/ Saving(-)] between (4)and(5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1983-84	8422.04	32.80	8389.24	8479.67	(+) 57.63	(+)90.43
1984-85	7224.69	239.99	6984.70	7006.02	(-)218.67	(+)21.32
1985-86	7787.12	6.65	7780.47	7835.05	(+) 47.93	(+)54.58
1986-87	9701.37	2.25	9699.12	9753.61	(+) 52.24	(+)54.49
1987-88	9270.96	254.36	9016.60	9064.16	(-)206.80	(+)47.56

Persistent excess indicated that the expenditure exceeded the final modified grant approved by Government due to either under-estimation or lack of control over expenditure by the Chief Controlling Officers.

### 2.2.22. Grant No.45 - Forest Department

(in lakhs of rupees)

Voted grant

Original	1658.50	
Supplementary	<u>804.38</u>	
		2462.88
Surrender		103.77
Final modified grant		2359.11
Expenditure		2350.45
Saving in Voted grant		112.43
Saving in final modified grant		8.66



In view of the saving of Rs.112.43 lakhs in voted grant, supplementary grant of Rs.363.76 lakhs obtained in March 1988 was excessive. Over-provisioning to the extent of Rs.103.77 lakhs had contributed to 92 per cent of the saving.

There had been persistent savings under voted grant during all the five years from 1983-84 to 1987-88 indicating over-estimation of expenditure. Persistent savings in the final modified grant during the past four years indicate that the estimation and provision of funds in March was also not realistic. The details are indicated below:

Year	Voted grant	Sur-render	Final modified grant	Expenditure	Variation [Excess(+)/ Saving(-)] between (2)and(5)	(4)and(5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1983-84	1261.38	55.20	1206.18	1221.90	(-) 39.48	(+)15.72
1984-85	1296.97	23.12	1273.85	1258.74	(-) 38.23	(-)15.11
1985-86	1355.13	31.18	1323.95	1305.69	(-) 49.44	(-)18.26
1986-87	1501.36	27.49	1473.87	1449.53	(-) 51.83	(-)24.34
1987-88	2462.88	103.77	2359.11	2350.45	(-)112.43	(-) 8.66

### 2.2.23. Grant No.49 - Water Supply

Effective from 1985-86, a new grant called Water Supply was obtained by Government; provision for the services under this grant were mostly made

years. Details of voted grant, surrenders, final modified grant, actual expenditure and variations for the years 1985-86, 1986-87 and 1987-88 are indicated below:

Year	Voted grant	Sur-render	Final modified grant	Expen-diture	Variation [Excess(+)/ Saving(-)] between	
					(2)and(5)	(4)and(5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(in lakhs of rupees)

1985-86	12851.87	2993.00	9858.87	8122.83	(-)4729.04	(-)1736.04
1986-87	12713.99	5458.66	7255.33	7249.23	(-)5464.76	(-) 6.10
1987-88	14120.37	3411.18	10709.19	10779.73	(-)3340.64	(+) 70.54

Thus, there were persistent savings in voted grant during all the 3 years ranging from 24 to 43 per cent; this indicates gross over-estimation of expenditure both at original and supplementary stages.

In view of the saving of Rs.3340.64 lakhs in the voted grant during 1987-88, supplementary grant of Rs.2341.64 lakhs obtained in December 1987 was excessive. The excess of Rs.70.54 lakhs over the final modified grant indicated lack of control over expenditure and the estimation in March 1988 was also not realistic.

There had been substantial surrenders under the following heads:

Head of account	Voted grant	Sur-render	Final modified grant	Expen-diture	Saving(-)/Excess(+)	
					Voted grant	Final modified grant
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(in lakhs of rupees)

## 1.2215.01.101.II.JN.

Capital Grants

to Andhra Pradesh

for Tamil Nadu

Krishna Water

Supply

Project

3000.00 3000.00 .. 2.28 (-)2997.72 (+)2.28

Surrenders and savings occurred in the preceding three years also as under:

	<u>Surrender</u>	<u>Saving</u>
	(in lakhs of rupees)	
1984-85	5000.00	5499.88
1985-86	3000.00	4796.46
1986-87	4500.00	4499.92

## 2.2215.01.101.II.JI.

Madras Water Supply

Project

600.00 547.50 52.50 52.50 (-) 547.50 ..

Savings occurred persistently under this head during the preceding four years as under:

Surrender                      Saving  
(in lakhs of rupees)

1983-84	500.00	500.00
1984-85	219.70	241.00
1985-86	245.70	245.70
1986-87	240.50	240.50

## 3.2215.01.102.II.JC.

Minimum Needs

Programme	2830.65	1194.96	1635.69	1635.80	(-)1194.85	(+)0.11
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## 4.2215.01.101.II.JG.

Grants to Madras

Metropolitan

Water Supply

and Sewerage

Board

1196.95	141.21	1055.74	1055.74	(-) 141.21	..
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In view of the surrender of Rs.141.21 lakhs , the supplementary grant of Rs.558.26 lakhs obtained in December 1987 was excessive.

## 5.2215.01.191.II.JP.

Grants for Water

Supply Schemes

to Town

Panchayats

405.91	104.98	300.93	305.68	(-) 100.23	(+)4.75
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Surrender of Rs.104.98 lakhs in March 1988 indicates that the original provision of Rs.405.91 lakhs was overpitched.

Schemes/Services under which there had been significant excess during 1987-88 are indicated below:

Serial number	Scheme/Service	Total voted grant	Expenditure	Excess (percentage)
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

1.	Grants to Municipalities for Water Supply in drought affected areas (2215.01.101.II.JJ)	449.96	517.24	67.28 (15)
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Though Rs.84.78 lakhs were provided by reappropriation in March 1988 for additional expenditure, the additional expenditure incurred was only Rs.67.28 lakhs resulting in a saving of Rs.17.50 lakhs in the final modified grant showing over-estimation of requirements in March 1988.

2.	Grants to TWAD Board for the execution of World Bank assisted Water Supply Scheme for Small Towns (2215.01.101.II.JR)	1200.00	1578.11	378.11 (32)
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3.	Grants to Panchayat Unions for Water Supply Schemes in drought affected areas (2215.01.102.II.JE)	1333.44	1477.31	143.87 (11)
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Out of the excess of Rs.143.87 lakhs, only Rs.41.34 lakhs were provided by reappropriation in March 1988, resulting in excess of Rs.102.53 lakhs over the final modified grant. This indicates failure either to limit the expenditure to the grant or to provide for such excess.



(1)	(2)	(3)	(4)	(5)
4.	Accelerated Rural Water Supply Programme (2215.01.102.III.SB)	4571.00	2582.75	1011.75 (64)

Such significant excess indicated defective control over expenditure.

#### 2.2.24. Grant No.52 - Capital Outlay on Irrigation

(in lakhs of rupees)

##### Voted grant

Original	6543.69	
Supplementary	<u>83.03</u>	6626.72
Surrender		575.38
Final modified grant		6051.34
Expenditure		5285.84

##### Saving in

Voted grant	1340.88
Final modified grant	765.50

Saving of Rs.1340.88 lakhs in the voted grant indicates that the supplementary grant of Rs.83.00 lakhs obtained in December 1987 was unnecessary and the original provision itself was over-pitched.

There had been persistent savings under this grant from 1977-78 onwards indicating consistent gross over-estimation as indicated below:

Year	Saving	
	Amount (in lakhs of rupees)	Percentage
1977-78	1319.76	42
1978-79	1004.00	34
1979-80	1168.52	37
1980-81	1713.79	45
1981-82	1032.75	31
1982-83	748.30	16
1983-84	1964.32	30
1984-85	661.27	11
1985-86	937.17	14
1986-87	1163.09	17
1987-88	1340.88	20

The gross over-estimation and lack of proper control and planning of expenditure are further confirmed by the fact that the overall saving in the grant during the above years significantly exceeded the amounts surrendered in March each year. This was due to the inability of the Department to spend even the amount provided in the final modified grant as late as in March of that year.

Year	Surrender	Saving	Final saving
(1)	(2)	(3)	(4)
		(in lakhs of rupees)	
1977-78	986.61	1319.76	333.15
1978-79	667.82	1004.00	336.18
1979-80	784.62	1168.52	383.90

(1)	(2)	(3)	(4)
1980-81	1274.68	1713.79	439.11
1981-82	576.84	1032.75	455.91
1982-83	183.93	748.30	564.37
1983-84	1093.54	1964.32	870.78
1984-85	32.72	661.27	628.55
1985-86	0.25	937.17	936.92
1986-87	147.45	1163.09	1015.64
1987-88	575.38	1340.88	765.50

Significant cases which contributed to the saving in the voted grant are discussed below:

Serial number	Head of account	Grant	Expenditure	Saving (percentage)
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

1.	Construction of Dam for storage of Krishna River water (4215.01.101.II.JB)	78.54	16.51	62.03 (79)
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Specific reasons for the surrender of Rs.51.07 lakhs in March 1988 and saving of Rs.10.96 lakhs in the final modified grant had not been communicated.

2.	Formation of canals for bringing water from Krishna River (4215.01.101.II.JC)	313.96	169.59	144.37 (46)
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The saving was attributed to non-execution of anticipated earth work on account of delayed receipt of environmental

clearance, and to delay in getting concurrence from Telugu Ganga Project authorities in respect of other works and non-finalisation of tenders and want of concurrence of Highways and Rural Works Department for cross drainage works.

3.	Periyar Project - Dam and Appurtenant Works (4701.01.201.II.JB)	198.95	64.84	134.11 (67)
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The saving was attributed, mainly, to non-supply of electrical motors and other accessories by Public Works Workshop and non-execution of work relating to concrete packing beyond elevation 75 feet to 145 feet as tenders for the work were not finalised (August 1988) as detailed below :

The tenders received with reference to the call made in February 1985 were rejected by the Chief Engineer, Irrigation (CEI), as the working estimates for the work had not been sanctioned and the call of tenders was premature. The tender recommended on the basis of the call made in January 1986 was rejected by the CEI as the earnest money was not deposited. The tender with reference to the call made in August 1986 was rejected by Government in March 1987 without assigning any reason. The tenders received with reference to the call in May 1987 were rejected by Government as registration of the contractors had to be revised. The tender received in response to the call made in October 1987 was rejected by Government for want of wide publicity. As the tenders were not finalised, Rs.134.26 lakhs had to be surrendered in March 1988.

(1)	(2)	(3)	(4)	(5)
4.	Modernising the Thanjavur Channels - Canals (4701.01.202.II.JA)	368.45	217.54	150.91 (41)

The saving was attributed to reduced requirement for manufacture of sand cement blocks and non-supply of cement in time by factories. The original provision was obviously made without ensuring the possibility of executing the work as per plan and availability of funds.

5.	Parambikulam Aliyar Project - Distributaries (4701.01.203.II.JQ)	161.65	79.17	82.48 (51)
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Rupees 87.67 lakhs were surrendered in March 1988 as Revenue Department had not claimed the land acquisition charges.

6.	Improvements to Periyar System Phase II - Canals (4701.01.207.II.JA)	95.56	41.42	54.14 (57)
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The provision in the budget was for the work "Rehabilitation of Peranai Regulator". The work was to be executed after model studies were conducted by the Irrigation Research Station, Poondi and in consultation with Public Works Workshop and World Bank. The study report was received from the Irrigation Research Station, Poondi, only in May 1988. The work could not be taken up for execution which resulted in the surrender of Rs.50.36 lakhs in March 1988. Apparently, provision was made without having finalised the preliminaries like estimates, etc.



(1)	(2)	(3)	(4)	(5)
7.	Improvements to Periyar System Phase II - Branches (4701.01.207.II.JB)	105.27	39.20	66.07 (63)

Original provision was for improving the irrigation tanks under the Scheme, based on model estimates for 430 categorised tanks. Ninety of these tanks did not require further improvement as they were found to be upto the standards and of the remaining 340 tanks, the cost of improvements was less than anticipated in respect of certain tanks. This led to a surrender of Rs.62.67 lakhs in March 1988. This is also a case of provision without detailed investigation/estimation of works proposed.

8.	Improvements to Periyar System Phase II - Distributaries (4701.01.207.II.JC)	466.78	352.58	114.20 (24)
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Rupees 62.56 lakhs were surrendered in March 1988 mainly on account of non-execution of earth work due to heavy rain, bridge work and cross drainages; reasons for the balance saving of Rs.51.64 lakhs had not been communicated.

9.	Improvements to Periyar System Phase II - Agricultural Engineering Works (4701.01.207.II.JJ)	350.67	161.80	188.87 (54)
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The saving was due to reduction in ayacut area of 'on-farm development works', non-execution of works as the agency for execution was not settled and for want of cement. Saving occurred similiary under this grant during the preceding two years also.

also as under:

Year	Saving		
	Amount (in lakhs of rupees)	Percentage	
1985-86	217.53	58	
1986-87	96.23	28	
10. Golwarpatti Reservoir Scheme - Reservoir (4701.03.237.II.JG)	116.00	42.06	73.94 (64)
11. Formation of a Reservoir across Varahanadi - Sothuparai Reservoir Scheme - Reservoir (4701.03.241.II.JF)	119.20	40.19	79.01 (66)

The original provision included Rs.70 lakhs for the work in respect of vertical gate arrangement. The work was stopped on account of stone throwing incident at the dam site and labour problem and the provision surrendered in March 1988.

The saving was mainly due to non-execution of works on account of non-receipt of the report of the geologist for 7 reaches, heavy rain in the catchment area during November-December 1987, siltation in a reach and litigation by the contractor for work at 2 reaches. Rupees 72.95 lakhs were, therefore, surrendered in March 1988. Savings occurred under this head during the preceding 2 years also as under:

Year	Saving	
	Amount (in lakhs of rupees)	Percentage
1985-86	11.46	32
1986-87	67.55	79

12. Percentage charges for Establishment transferred from Major Head "2059.Public Works"

	615.08	..	615.08
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The percentage charges for Establishment transferred from the Head "2059.Public Works" are being adjusted under the respective project Minor Heads in the accounts and hence no expenditure has been booked under this Head in the account. However, the amount of percentage charges for establishment adjusted under the respective project Minor Heads was only Rs.64.01 lakhs and reasons for the balance saving of Rs.551.07 lakhs have not been communicated by the Department. This contributed to 41 per cent of the saving under the grant. Such significant savings, even after adjusting establishment charges under the respective project Minor Heads, occurred persistently under this Head during the preceding 4 years also, which contributed to bulk of the overall savings under the voted grant as under and the Department has no explanation for such savings.

Year	Total provision	Adjustment under project Minor Heads	Balance saving	
			Amount	Percentage to overall saving
(1)	(2)	(3)	(4)	(5)
			(in lakhs of rupees)	
1983-84	761.49	38.80	722.69	37
1984-85	642.84	62.22	580.62	88
1985-86	859.57	53.35	806.22	86
1986-87	774.10	51.07	723.03	62

(1)	(2)	(3)	(4)	(5)
13.	Flood Control Projects			
	- Drainage Works	98.50	44.65	53.85
	(4711.03.103.II.JA)			(55)

Rupees 52.94 lakhs were surrendered in March 1988 mainly due to over-provision for spill over works, delayed submission of proposals to Government in July 1987 for new works and non-finalisation of land acquisition, want of concurrence of Collector, non-availability of labour for departmental work and inadequate supply of cement in respect of a few works taken up.

### 2.2.25. Grant No.53 - Capital Outlay on Public works - Buildings

(in lakhs of rupees)

#### Voted grant

Original	5724.15	
Supplementary	<u>17.62</u>	
		5741.77
Surrender		1453.01
Final modified grant		4288.76
Expenditure		3876.92

#### Saving in

Voted grant	1864.85
Final modified grant	411.84

In view of the saving of Rs.1864.85 lakhs in the voted grant, the supplementary grant of Rs.17.50 lakhs obtained in December 1987 was excessive and the original provision itself was over-pitched.

Substantial amounts were surrendered consistently and there were persistent savings in the voted grant from 1979-80 onwards as indicated below:

Year	Surrender		Saving in the voted grant		Variation between Final modified grant and <u>expenditure</u> Excess(+)/ Saving(-)
	Amount	Percentage of provision	Amount	Percentage of provision	
(1)	(2)	(3)	(4)	(5)	(6)
(amounts in lakhs of rupees)					
1979-80	267.36	21	226.24	17	(+) 41.42
1980-81	127.54	7	115.04	7	(+) 12.50
1981-82	761.20	23	779.86	23	(-) 18.66
1982-83	567.50	15	679.80	18	(-) 112.30
1983-84	491.91	12	677.95	16	(-) 186.04
1984-85	1298.97	27	1482.91	30	(-) 183.94
1985-86	794.33	22	1047.94	30	(-) 253.61
1986-87	805.17	17	1178.28	25	(-) 373.11
1987-88	1453.01	25	1864.85	32	(-) 411.84

Persistent surrenders and savings in the grant for 9 years indicate defective budgeting and gross over-estimation of requirements. Final excess during 1979-80 and 1980-81 and final savings during the remaining 7 years also indicate defective control over expenditure.

Persistent savings and excess occurred under the following heads:



Serial number	Head of account	1983-84	1984-85	1985-86	1986-87	1987-88
		(in lakhs of rupees)				
		<u>SAVINGS</u>				
1.	4216.01.107.II.JA. Police Housing	..	..	..	818.18 (100%)	810.39 (97%)
2.	4059.01.101.II.JF. Police	..	..	56.87 (95%)	69.63 (98%)	83.96 (73%)
3.	4059.01.101.II.JJ. Public Works	64.07 (65%)	35.92 (42%)	68.06 (64%)	66.87 (51%)	59.78 (43%)
4.	4210.04.200.JU. Buildings	..	..	4.40 (34%)	75.11 (89%)	53.38 (54%)
5.	4210.03.104.II.JA. Buildings	6.84 (31%)	8.25 (35%)	54.51 (79%)	27.48 (51%)	50.34 (74%)
6.	4202.01.203.II.JA. Buildings	..	..	..	51.80 (58%)	44.29 (74%)
		<u>EXCESS</u>				
1.	4401.104.II.JV. Buildings	..	..	22.90 (11%)	236.92 (484%)	50.79 (148%)

According to the rules in respect of new schemes for which provision is included in the Budget, pending scrutiny and issue of sanction, every effort should be made to issue the sanctions with the least possible delay for which demands for grants have been voted, at any rate before the end of April, so that the expenditure could be phased and the provisions utilised during the year. Cases of belated submission/non-submission of proposals, non-issue of administrative approval/technical sanction, etc. noticed by Audit in test check which resulted in substantial surrender or provisions are mentioned below:

Head of account (1)	Voted grant (2)	Expenditure (3)	Saving (Percentage) (4)
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(in lakhs of rupees)

1. 4210.03.105.II.JA. Buildings	583.49	254.20	329.29 (56)
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Original budget provision of Rs.583.49 lakhs was for 83 works of construction of buildings for Medical Education, Training and Research under Allopathy. Of this, Rs.93.01 lakhs (94 per cent of the original provision of Rs.99.22 lakhs) were withdrawn by reappropriation in March 1988 in respect of 26 works, reportedly, for want of sanctions and in respect of 32 other works provision of Rs.261.74 lakhs (61 per cent of the original provision of Rs.426.80 lakhs) was withdrawn by reappropriation in March 1988 for which specific reasons had not been communicated. Rupees 45.09 lakhs were provided by reappropriation in March 1988 for 29 works, for which there was no provision in the Budget. A study of Departmental files indicated the following:

Rupees 45.99 lakhs out of a total provision of Rs.48.50 lakhs were surrendered in respect of 11 works in the circumstances mentioned below:

Name of work (1)	Budget Sur- pro- render vision (2) (3)		Reasons (4)
(in lakhs of rupees)			
(i) Construction of new building for accident ward at Chengalpattu Medical College Hospital	5.00	5.00	Though the work was administratively sanctioned by Government in July 1987, the tenders were finalised only in February 1988. The

(1)	(2)	(3)	(4)
(ii) Construction of building for Obstetrics and Gynaecology Department in Tirunelveli Medical College Hospital	5.00	5.00	entire amount had been surrendered in March 1988 on the incorrect reason that administration approval was pending.
(iii) Provision for steam laundry in Thanjavur Medical College Hospital	3.50	3.50	The reason attributed for the surrender was want of administrative approval. However, the work had been administratively approved by Government in August 1987 itself. The detailed estimates for technical sanction forwarded by the Superintending Engineer, Madras Circle in January 1988 were pending approval by the Chief Engineer (Buildings) and tenders received on 3rd February 1988 could not be processed by the Superintending Engineer for want of technical sanction.
			The surrender was attributed by Government to want of administrative approval. However, the work was administratively approved in August 1987 itself. The technical sanction for the work was accorded by the

(1)	(2)	(3)	(4)
(iv) Construction of resting shed for attendants and waiting patients at Chengalpattu Medical College Hospital	2.00	2.00	Chief Engineer, Buildings only on 28.3.1988 and hence the surrender.
(v) Provision of Cobalt Unit at Arignar Anna Memorial Cancer Institute, Kancheepuram	10.00	10.00	In this case also, the surrender was attributed to want of administrative approval. But the work was administrative approved by Government in July 1987 itself and the surrender was on account of rejection of a single tender and call for fresh tenders to be received on or before 30th March 1988.  The original provision was made with reference to the proposal of the Medical Department which was not followed up resulting in surrender. It was stated in August 1988 that there was not such proposal under consideration of Government and the provision in Budget 1988-89 would also be surrendered. Apparently, inclusion of this work in new schemes was made without justification.

(1)	(2)	(3)	(4)
vi) Construction of new Orthopaedic Hospital at Artificial Limb Centre at K.K.Nagar	6.00	6.00	Rupees 6.00 lakhs each provided in 1985-86 and 1986-87 were surrendered as the location of the hospital was changed by Government to Nawab Garden beside the King Institute, Guindy, while according administrative approval in February 1987, as the vacant cite near the Artificial Limb Centre, K.K.Nagar was reported unsuitable by the Director of Medical Education. However, the Director of King Institute, Guindy, reported in May 1987 that (a) the proposed location of the hospital was adjacent to the Quality control and Release Department of the Institute, (b) that constant movement of people, traffic in the hospital complex and infection of the patients would contaminate the atmosphere and result in loss of sera and vaccine in the final stages of their release and (c) the patients in the hospital would be affected by the environmental pollution due to exposure to



(1) (2) (3) (4)

dangerous virus and bacteria used in the manufacture of vaccines. Consequently, Government ordered in March 1988 the location of the hospital behind the Peripheral Hospital, K.K.Nagar. Thus, the provision was made without adequate investigation about the suitability or otherwise of the original location which resulted in unnecessary provision and also non-establishment of the Orthopaedic Hospital intended for a social benefit

(vii) Construction of building for starting additional intensive medical care unit at Kilpauk Medical College Hospital	3.00	2.00	Though the work was administratively approved by Government in August 1987, the detailed estimates had not been prepared and technical sanction accorded before 31st March 1988. Only on 27.5.1988, the Chief Engineer (Buildings) had called for detailed estimates from the Superintending Engineer, Special Buildings Circle, Madras.
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(1)	(2)	(3)	(4)
(viii) Construction of shelter for 20 attendants of patients at Arignar Anna Memorial Cancer Hospital, Kancheepuram	2.00	1.99	The agreement for executing the work, decided after the second call of the tender was not accepted and hence the surrender.
(ix) Provision of additional lift for Neurology Block at Government General Hospital, Madras	2.00	2.00	Though the work was administratively approved by Government in June 1987, technical sanction had not been accorded due to delay in the preparation of plans and estimates.
(x) Provision of Angiograph Unit at Government Rajaji Hospital, Madurai	7.00	7.00	Though the work was administratively approved by Government in July 1987 itself, the Dean of the Hospital did not approve the proposal of the Electrical Engineer, PWD, Madurai, for air-conditioning the building with generator. The generator was essential for the Angiograph equipment, according to the Electrical Engineer. As its cost exceeded the amount administratively approved, the work could not be taken up and hence the surrender.

	(1)	(2)	(3)	(4)
(xi) Construction of out-patient block at the Institute of T.B. and Chest Diseases, Madras		3.00	1.50	Due to modification of the building plan for providing a lift by the Chief Architect, there was delay in starting the work which resulted in surrender of Rs.1.50 lakhs.

Head of account	voted grant	Expenditure	Saving (Percentage)
(1)	(2)	(3)	(4)

(in lakhs of rupees)

2. 4059.01.101.II.JF. Police	115.11	31.15	83.96 (73)
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Original provision of Rs.115.10 lakhs was for 21 works of construction of office buildings, police stations, etc. A token supplementary grant of Rs.1000 was obtained in March 1988 for constructing police stations at a cost of Rs.94.24 lakhs. Provision of Rs.54.33 lakhs was withdrawn by reappropriation in March 1988 in respect of 13 works due to their non-commencement and of Rs.27.38 lakhs consequent on stoppage of work for want of cement, etc. As indicated against item 2 in the preceding paragraph, there were savings of Rs.56.87 lakhs (95 per cent) and Rs.69.63 lakhs (98 per cent) respectively during 1985-86 and 1986-87 also.

## 2.2.26. Grant No.56 - Capital Outlay on Forests

(in lakhs of rupees)

## Voted grant

Original	2260.23
Surrender	222.40
Final modified grant	2037.83
Expenditure	2023.03

Saving in

Voted grant	237.20
Final modified grant	14.80

The saving of Rs.237.20 lakhs, which constituted over 10 per cent of the voted grant, and surrender of Rs.222.40 lakhs in March 1988 indicate over-estimation at the Budget stage.

Persistent savings occurred under the grant during the three years 1985-86 to 1987-88 and the surrenders made in March each year were also not realistic, as there were further savings in two years and excess over the final modified grant in one year as indicated below:

Year	Voted grant	Sur-render	Final modified grant	Expenditure	Variation [Excess(+)/ Saving(-)] between	
					(2) and (5)	(4) and (5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1985-86	1731.78	178.35	1553.43	1582.12	(-)149.66	(+)28.69
1986-87	1828.68	83.90	1744.78	1741.65	(-) 87.03	(-) 3.13
1987-88	2260.23	222.40	2037.83	2023.03	(-)237.20	(-)14.80

Persistent surrenders and savings under the heads mentioned below indicate over-estimation at the Budget stage and improper planning in execution of schemes and utilisation of provision.

Head of account	Year	Voted grant	Sur-render	Saving (Percentage)
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1. 4406.01.102.II.JE.	1983-84	715.28	28.33	33.52 ( 5)
SIDA-aided Social	1984-85	824.00	74.84	81.36 (10)
Forestry	1985-86	801.00	175.41	174.88 (22)
	1986-87	795.12	103.10	102.52 (13)
	1987-88	925.14	119.64	119.12 (13)

Rupees 119.64 lakhs were surrendered in March 1988 as the second phase of the Project had not been finalised and the decision to extend the first phase to 1987-88 was taken in October 1986. This shows that the provision in the original budget was without deciding the planning and execution of the first phase and the possibility of finalisation and taking up the second phase of the Project. The provision for the second phase in the Budget for 1987-88 could have been avoided as the decision was taken in October 1986 itself.



	(1)	(2)	(3)	(4)	(5)
2.	4406.01.070.II.JA.	1985-86	143.17	77.17	74.78 (52)
	Communications	1986-87	150.00	50.82	50.66 (34)
		1987-88	110.90	45.37	46.61 (42)
3.	4406.02.111.II.JF.	1986-87	150.00	1.00	21.88 (15)
	Shifting of Zoo	1987-88	165.00	45.00	45.04 (27)
	to Vandalur				
4.	4406.01.102.II.JF.	1986-87	57.00	41.07	44.89 (79)
	Raising of Fire	1987-88	62.70	17.60	24.17 (39)
	wood and Fodder				
	Plantation under				
	the Scheme of Natural				
	Wasteland				
	Development				

The surrender in 1987-88 was due to non-formation of a new division for implementing the scheme.

2.2.27. Under the following heads, the expenditure was not restricted to the final modified grant approved by Government leading to excess over the final modified grant. This showed not only defective control over expenditure but also lack of financial discipline to restrict the expenditure to the modified grant.

## Grant No.8 - Elections

(i) 2015.103.1.AA.

	(in lakhs of rupees)
Original plus supplementar grant	251.89
Withdrawal b reappropriation	4.86
Final modified grant	247.03
Expenditure	276.36
Excess over -	
Voted grant	24.47
Final modified grant	29.33

Though Rs.4.86 lakhs were surrendered in March 1988 and Rs.247.03 lakhs were fixed as the final modified grant by Government, Rs.29.33 lakhs were spent in excess of this modified grant and the excess was reportedly due to payment of remuneration to Enumerators and Section Writers (Rs.25 lakhs) and printing charges (Rs.4.73 lakhs) by certain Collectors and the Commissioner, Corporation of Madras.

(ii) 2015.104.1.AA

	(in lakhs of rupees)
Original plus supplementar grant	7.41
Reappropriation	7.21
Final modified grant	14.62
Expenditure	17.25
Excess over -	
Voted grant	9.84
Final modified grant	2.63

Though only Rs.7.21 lakhs were provided additionally by reappropriation in March 1988 and Rs.14.62 lakhs were fixed as the final modified

grant by Government, Rs.17.25 lakhs were actually spent resulting in a further excess of Rs.2.63 lakhs. The final excess was reportedly due to expenditure incurred by the Collector of Tirunelveli-Kattabomman District towards painting and repairing of ballot boxes (Rs.1.59 lakhs) and rent for godowns where the ballot boxes were stored (Rs.1.04 lakhs).

### Grant No.43 - Miscellaneous

01.80.101.H.JC.

	(in lakhs of rupees)
Voted grant	20.00
Withdrawal by reappropriation	20.00
Expenditure	20.00
Excess	20.00

Entire original budget provision of Rs.20 lakhs towards assistance to Micro Hydel Scheme under Hill Area Development Programme was surrendered in March 1988 and the surrender was attributed to want of forest and environment clearance. However, the Collector of Nilgiris District had already drawn the amount from the Treasury in September 1987 and disbursed it after one year in October 1988 to Tamil Nadu Electricity Board. The surrender of provision in March 1988 indicated failure on the part of the Chief Electrical Inspector to Government, who is the estimating, controlling and reconciling authority for this head of account. The surrender was ordered by Government based on the proposals of the Tamil Nadu Electricity Board. This indicates also lack of co-ordination between the Collector of the Nilgiris District, Tamil Nadu Electricity Board and the Chief Electrical Inspector to Government.

## Grant No.59 - Loans and Advances by the State Government

(i) 7610.201.II.JA.02.

	(in lakhs of rupees)
Original grant	1200.00
Reappropriation	925.00
Final modified grant	2125.00
Expenditure	2298.94
Excess over -	
Voted grant	1098.94
Final modified grant	173.94

Against the final modified grant of Rs.2125 lakhs approved by Government in March 1988 towards 'Advances to other Government servants' for construction of houses, the actual expenditure was Rs.2298.94 lakhs resulting in an excess of Rs.1098.94 lakhs (92 per cent) over the voted grant and of Rs.173.94 lakhs over the final modified grant. Additional provision of Rs.925 lakhs made by Government by reappropriation in March 1988 constituted 77 per cent of the grant voted by the Legislature, thus indicating defective budgeting. Provision of such large sums by reappropriation is against the principles of Legislative control over expenditure and the excess expenditure of Rs.1098.94 lakhs had also escaped notice/approval of the Legislature. The excess of Rs.173.94 lakhs over the final modified grant also indicates failure of the Departmental officers to restrict the advances to the amount provided by Government in the final modified grant and defective control over expenditure.

Such excess over voted and final modified grant under this head occurred during the preceding three years also as indicated below. This shows that the original estimates were not realistic and the Departmental Officers did not restrict expenditure not only to the sums voted by Legislature but also to the final modified grant fixed by Government.

year	Voted grant	Additional provision by reappropriation	Final modified grant	Expenditure	Excess	
					Voted grant	Final modified grant
(1)	(2)	(3)	(4)	(5)	(percentage) (6)	(percentage) (7)
(in lakhs of rupees)						
1984-85	900.00 (original)	..	900.00	1021.35	121.35 (13)	121.35 (13)
1985-86	1200.00 (original plus supplementary)	..	1200.00	1422.02	222.02 (19)	222.02 (19)
1986-87	1700.00 (original plus supplementary)	100.00	1800.00	1924.71	224.71 (13)	124.71 (7)



- (ii) 7610.202.1.AA.Gazetted Officers  
 AB.Other Officers  
 AC.All India Service Officers

	(in lakhs of rupee:)
Voted grant	175.00
Additional provision by reappropriation	275.00
Final modified grant	450.00
Expenditure	433.89
Excess over voted grant	258.89
	(148 per cent)
 Saving in final modified grant	 16.11

The provision was for payment of 'Advances to Government servants for purchase of Motor conveyances'. Additional provision of Rs.275 lakhs, which constituted 157 per cent of the original grant, made by reappropriation was attributed to the increase in the monetary limits for such advances and the number of eligible employees. The Director of Treasuries and Accounts (DTA), who is the estimating, controlling and reconciling authority for this Head, stated in March 1989 that his function is merely allotment of funds with reference to the provision made in the Budget and communicate them to the Heads of Departments who are the sanctioning authorities. The allotment of funds is valid for two months from the date of issue and advances are sanctioned by the Heads of Departments and the period of validity is extended for two months by revalidation by the DTA. If the sanctioning authorities fail to issue sanction orders and draw the amount

before the expiry of the due date or before the end of the financial year, the allotment of funds is taken as surrender and unutilised. This position would be known to the DTA only after the close of financial year. This explanation indicates defective control over expenditure and monitoring of utilisation of allotment besides failure of the sanctioning authorities to apprise the DTA for proper estimation and control of expenditure.

As the additional expenditure was necessitated by expansion or revision of policy to increase the monetary limits and also the eligibility to such advances, it has to be treated as New Instrument of Service requiring approval of Legislature. The huge additional expenditure met by reappropriation has thus escaped the notice of the Legislature. The fact that such huge sums were available for reappropriation within the grant would indicate that either the original provision was excessive or grants voted by the Legislature were withdrawn from other heads and provided for the purpose, thereby altering their destination.

There had been similar excess over the voted grant and savings in the final modified grant in the preceding 2 years also as under:

Year	Voted grant	Addi- tional provi- sion by reappro- priation	Final modi- fied grant	Expen- diture	Variation [Excess(+)/ Saving(-)]between	
					(2)and(5) (percen- tage)	(4)and(5) (percen- tage)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1985-86	100.00	80.00	180.00	172.31	(+)72.31 (72)	(-)7.69 (8)
1986-87	125.00	95.00	220.00	216.31	(+)91.31 (73)	(-)3.69 (3)

### 2.3. Expenditure on New Service

2.3.1. According to the Constitution of India, no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law passed by the Legislature after the demands for grants are voted by it. When a need has arisen during the current financial year for expenditure upon some new service, not contemplated in the Budget, or the sum authorised by Law for a particular service for that year is found to be insufficient, such additional sums should also be authorised by the Legislature through Supplementary Grants. The term 'New Service' appearing in Article 205(1)(a) of the Constitution has been held as referring to expenditure arising out of a new policy decision, not brought to the notice of Legislature earlier, including a new activity or a new form of investment. Likewise, relatively large expenditure arising out of important expansion of an existing activity is treated as a 'New Instrument of Service', which is a slight variant of the term 'New Service'. The basic principle is that expenditure could be incurred from the

Consolidated Fund on a 'New Service'/'New Instrument of Service' only with prior approval of the Legislature through Supplementary Grant or pending such approval, out of advance from the Contingency Fund. The powers of Government to reappropriate savings available under some sub-head(s) in a Grant for meeting additional requirements under other sub-head(s) within that Grant are, thus, subject to the limits prescribed on the recommendations of the Committee on Public Accounts for 'New Service'/'New Instrument of Service'. Expenditure totalling Rs.5439.07 lakhs was incurred on the Services/Schemes, which constituted New Service/New Instrument of Service, without the approval of the Legislature/Parliament during 1987-88. The expenditure also escaped the notice of the Legislature/Parliament as the prescribed procedure has not been followed in respect of these schemes as mentioned in the succeeding paragraphs 2.3.2, 2.3.3 and 2.3.4.

2.3.2. According to rules, a token provision can be obtained only through Supplementary Estimates in respect of expenditure, which constitutes a New Service or New Instrument of Service, sanctioned in the course of a financial year, if sufficient savings are available within the grant in the original budget already voted. However, in the cases mentioned below token provisions were made irregularly in the original budget and expenditure totalling Rs.332.68 lakhs on the Services/Schemes exceeding the limits prescribed for the New Service was incurred irregularly by reappropriation in March 1988.



Serial number	Title of grant	Scheme/Service (Head of account)	Provision			Expenditure
			O.	R.	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	District Administration	Establishment for Acquisition of Land for Nuclear Power Station in Chengalpattu (2053.094.I.AF)	0.02	5.44	5.46	5.46

As the expenditure exceeded Rs.5 lakhs non-recurring on a 'New object', it is a New Instrument of Service.

	Establishment for Acquisition of Land for Defence Department (2053.094.I.AT)	0.01	13.73	13.74	13.48
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As the expenditure exceeds the limit of Rs.10 lakhs prescribed for meeting it out of lumpsum provision in the Budget, it is a New Service.

2.	Agriculture	Training of Farm Women in Agriculture with assistance of DANIDA (2401.109.II.JN)	0.01	21.02	21.03	21.94
		Nilgiris Horticulture Development Project (2401.119.II.KH)	0.01	10.60	10.61	10.27
		Development of Horticulture (2401.119.II.KI)	0.01	13.22	13.23	13.03



(1)	(2)	(3)	(4)	(5)	(6)	(7)
3.	Social Welfare	Other Compassionate Allowances (2235.60.102.I.AB)	0.01	0.01	0.02	47.04
4.	Forest Department	Shifting of Zoo to Vandalur (2406.02.II.JA)	14.35	30.35	44.70	46.24

As the expenditure of Rs.30 lakhs has been transferred from Capital to Revenue section and exceeds the limit of Rs.3 lakhs recurring or Rs.5 lakhs non-recurring, it constitutes a New Service.

5.	Capital Outlay on Agriculture	Establishment of Tractor workshop (4401.113.II.JB)	0.01	(-)0.01	..	6.85
		Establishment of Large scale orchards for Tribals at Kolli and Kalrayan Hills (4401.796.II.JA)	0.01	3.32	3.33	3.33

As the expenditure on schemes indicated against serial numbers 2 to 5 exceeded Rs.3/5 lakhs each, they constituted New Service.

6.	Capital Outlay on Irrigation	Spill way of Kelavara-palli Reservoir Scheme (4701.03.219.II.JB)	0.15	35.71	35.86	45.62
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As the expenditure exceeded Rs.10 lakhs, it constituted a New Instrument of Service.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
7.	Capital Outlay on Roads and Bridges	Roads taken over from District Boards (5054.80.800. II.JC)	0.01	99.99	100.00	100.05

As the expenditure on road works met out of lumpsum provision exceeded Rs.10 lakhs, it constituted a New Service.

8.	Capital Outlay on Rural Industries	Establishment of Developed Plot Estate for Electrical and Electronic Instru- ments Industries at Lattice Bridge (4851.101.II.JD)	0.01	7.89	7.90	7.93
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As the expenditure on this scheme exceeded Rs.5 lakhs, it constituted a New Service.

9.	Miscellaneous Capital Outlay	Strengthening the share capital structure of State Co-operative Banks, Central Co-operative Banks and Village Credit Societies (4425.107.II.JE)	0.01	19.99	20.00	20.00
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As the expenditure towards investments in Co-operative Institutions exceeded Rs.10 lakhs, it constituted a New Service.

(2)	(3)	(4)	(5)	(6)	(7)
Development of Udhagamandalam Lake and provision of amenities and camping sites to tourists (5452.01.101. II.JM)		0.01	5.39	5.40	7.68

As the expenditure exceeded Rs.3/5 lakhs, it constituted a New Service.

(O - Original provision in the Budget, R - Reappropriation)

2.3.3. In respect of the following schemes for which there was no provision either in the Budget or in the Supplementary Estimates, expenditure totalling Rs.648.68 lakhs was incurred in excess of the limits prescribed for New Service, irregularly by reappropriation (R), in March 1988.

Serial number (1)	Title of grant (2)	Scheme/Service (Head of account) (3)	R. (4)	Expen- diture (5)
			(in lakhs of rupees)	
1.	Education	Fifth Survey of School Education (2202.02.800.III.SB)	7.10	6.46
2.	Agriculture	Procurement and Distribution of Oil Seeds and Oil Seedlings in drought affected areas (2401.108.II.KA)	5.00	7.51

(1)	(2)	(3)	(4)	(5)
		Construction of Percolation ponds in drought affected areas (2402.102.II.JJ)	36.59	35.84
		Package programme for Coconut Development in Thanjavur District (2401.108.II.KH)	5.97	5.99
		Natural Water shed Development Programme for Rain-fed Agriculture (2402.102.VI.UL)	17.77	18.50
3.	Social Welfare	New Supplementary Nutrition Programme (2235.02.102.III.SB)	124.48	103.00

As the provision made by reappropriation and the expenditure incurred on the schemes under serial numbers 1 to 3 exceeded the limit Rs.3/5 lakhs, it constituted a New Service.

4.	Loans and Advances by the State Government	Loan for Relief and Rehabilitation for Palmyra tappers to Tamil Nadu Khadi and Village Industries Board (6851.105.II.JA)	100.00	100.00
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As the loan exceeded Rs.5 lakhs, it constituted a New Service.

		Loans to Tamil Nadu Water Supply and Drainage Board for implementing Low Cost Sani- tation Schemes (6215.02.190.II.JB)	167.76	167.76
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(1)	(2)	(3)	(4)	(5)
		Loans to Tamil Nadu State Co-operative Land Development Bank for collection of cost of staff (6425.107.I.AG)	70.22	70.22

As the loan exceeded Rs.5 lakhs, it constituted a New Service.

		Loans for Aviation purposes (7053.800.I.AA)	3.00	3.00
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The expenditure represents loan to Coimbatore Flying Club, the like of which was not incurred in the past and exceeded Rs. 1 lakh. It, therefore, constituted a New Service.

		Loans for soil conservation in Nilgiris District - Small Farmers Coffee and Tea Plantation (6551.01.102.II.JE)	30.62	20.40
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		Loans to Poompuhar Shipping Corporation (7052.01.190.I.AA)	20.00	20.00
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		Loan to Corporation of Madras for construction of building at Moore Market (6515.102.II.JC)	90.00	90.00
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As the expenditure towards loan exceeded Rs.5 lakhs each in these cases, they constituted a New Service.



2.3.4. Expenditure totalling Rs.4457.71 lakhs was incurred over and above the sums voted by Legislature/Parliament on the following Services/Schemes which constituted New Instrument of Service without following the New Service procedure.

Sl. No.	Title of grant	Scheme/Service (Head of account)	Provision			Total	Expenditure
			O.	S.	R.		
(in lakhs of rupees)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Land Revenue Department	Scheme of Survey of Natham, Hill Villages and Town Survey etc. (2029.102.II.JB)		122.43	197.01	319.44	308.94

Token Supplementary Grant of Rs.1000, obtained in December 1987 for the Scheme, was augmented by another Supplementary Grant of Rs.122.42 lakhs in March 1988. As the additional expenditure met by reappropriation in March 1988 (Rs.186.51 lakhs), which was 152 per cent of the grant voted by the Parliament, exceeded Rs.3/5 lakhs, it constituted a New Instrument of Service and it, having been met irregularly by reappropriation in March 1988, has escaped the notice of Parliament.

2.	Education	Grants-in-aid to Non-Government Secondary Schools (2202.02.110. I.AA)	5686.67	1760.44	315.25	7762.36	8086.74
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As the excess expenditure on grants-in-aid (Rs.639.63 lakhs), of which Rs.315.25 lakhs were met by reappropriation, exceeded

the limits of Rs.2/5 lakhs, it constituted a New Instrument of Service and it, having been met irregularly by reappropriation in March 1988, has escaped the notice of Parliament. The final excess of Rs.324.38 lakhs also indicates that additional provision made by reappropriation was inadequate.

Additional Enrol- ment of Pupils of Age Group 14 to 16 (2202.02.800. II.JB)	168.38	..	48.11	216.49	272.96
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As the provision made by reappropriation and the additional expenditure incurred thereagainst on the Scheme in excess of the grant voted by the Legislature exceeded Rs.3/5 lakhs, it constituted a New Instrument of Service.

3.Fisheries Establishment of Fish Farmers' Development Agency (2405.101.VI. UA)	36.25	..	10.41	46.66	51.98
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Additional provision by reappropriation in March 1988 was mainly towards grants-in-aid (Rs.10.07 lakhs) to the newly formed Fish Farmers' Development Agency in Anna District. As the expenditure on grants-in-aid exceeded Rs.2 lakhs recurring and Rs.5 lakhs non-recurring, it constituted a New Instrument of Service.

4.Animal Assistance to Husbandry Small/Marginal farmers and Agricultural labourers for sheep production (2403.104.VI. UA)	16.84	..	27.94	44.78	45.36
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As the additional expenditure on grants-in-aid/subsidy exceeded the limit of Rs.5 lakhs, it constituted a New Instrument of Service.

5.Social Welfare	Programme for Care of Destitute Children (2235.02.104. VI.UA)	83.00	..	85.63	168.63	168.45
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As the additional expenditure of Rs.85.45 lakhs spent towards grants-in-aid to voluntary organisations for the years 1984-85 to 1986-87, met by reappropriation in March 1988, exceeded Rs.5 lakhs (non-recurring), it constituted a New Instrument of Service.

6.Irrigation	Sinking of Open wells in the beds of Minor, Medium and Major Irrigation tanks in drought affected areas (2702.80.800. II.JF)	..	..	4.08	4.08	48.51
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As the expenditure exceeds Rs.10 lakhs, prescribed in the Rules, it constituted a New Instrument of Service.

7.Water Supply	World Bank assistance to Low Cost sanitation Schemes in Small Towns (2215.02.107. II.JF)	..	..	110.90	110.90	110.90
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As the expenditure on the Scheme for which there was no provision in the Budget or Supplementary Estimates exceeded Rs.5 lakhs, it constituted New Service.

8.Capital Outlay on Forests	Raising fuel wood plantation in Chengalpattu, Tiruchirapalli, Anna and Dharmapuri Districts (4406.01.102. VI.UA)	56.25	..	41.10	97.35	91.37
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As the additional expenditure met by reappropriation exceeds Rs.5 lakhs, it constitutes a New Instrument of Service.

9.Miscella- neous Capital Outlay	Assistance towards share capital of Consumer Co-opera- tive Wholesale Stores and District Co-operative Supply and Marketing Societies for distribution of consumer articles in rural areas (4425.108. V.2Q)	0.01	114.78	35.16	149.95	149.95
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The additional provision by reappropriation in March 1988 and expenditure, thereagainst, of Rs.35.16 lakhs towards investments is a New Instrument of Service.

## 10.Loans and Loans to Government

Advances	Servants for				
by the	construction of				
State	houses -				
Government	Advances to other				
	Government				
	servants				
	(7610.201.II.				
	JA.02)	1200.00	..	925.00	2125.00 2298.94

The additional expenditure met by reappropriation in March 1988 exceeded the Budget provision by Rs.25 lakhs and also 10 per cent thereof. Therefore, it constituted a New Instrument of Service.

Loans to Co-operative Societies for purchase and distribution of Agricultural inputs

(6408.02.195.					
I.AB)	1135.00	..	306.00	1441.00	1441.00

As the additional expenditure met by reappropriation in March 1988 exceeded Rs.25 lakhs and also 10 per cent of the Budget provision, it constituted a New Instrument of Service.

Loans to Water Supply and Drainage Board (6215.01.190.

I.AA)	700.01	..	87.33	787.34	787.32
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The additional expenditure met by reappropriation in March 1988 was for loans for water supply to Local Bodies for repayment to Life Insurance Corporation.



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Loans for Ayacut Development in Cauvery Command Area Programme (6402.800. VI.UE)		50.00	..	56.15	106.15	103.87
	Loans for Ayacut Development in Parambikulam Aliyar Project Field Unit (6402.800. VI.UG)		54.96	..	0.24	55.20	100.85
	Loans to Co-operative Institutions and Banks (6425.107. II.JB)		6.26	..	34.36	40.62	40.62
	Loans for construction of godowns by Co-operative Credit Societies (6425.107. V.ZA)		33.52	..	51.47	84.99	84.99

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Loans to Co-operative Institutions and Banks (6425.108. II.JB)		30.50	..	25.68	56.18	56.18
	Advances for purchase of Motor Conveyance - All India Service Officers (7610.202. I.AC)		175.00	..	275.00	450.00	433.89
	Loans for Higher Education in Colleges and Polytechnics (7610.800. I.AB.22)		72.00	..	53.00	125.00	133.86

As the additional expenditure met by reappropriation in March 1988 under the above 7 schemes exceeded Rs.25 lakhs and also 10 per cent of the Budget provision, they constituted New Instruments of Service.

	Loans for Rural Housing (6425.108. II.JP)		75.00	68.62	1143.33	1286.95	1286.95
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As the additional expenditure towards loan exceeds Rs.25 lakhs, it constitutes New Instrument of Service.

2.3.5. According to rules, in respect of schemes receiving assistance from Central Government, autonomous bodies, etc., if a token provision has been made in the Budget, the expenditure need not be treated as New Service when the sanction issues. However, such cases should be brought to the notice of the Legislature by specific inclusion in the Supplementary Estimates. Expenditure totalling Rs.154.95 lakhs was incurred on the following schemes, against only token provision in the Budget, irregularly by reappropriation in March 1988 without specific inclusion in the Supplementary Estimates and hence escaped the notice of Legislature/Parliament.

Sl. No.	Title of grant	Scheme/Service (Head of account)	Provision			Expenditure
			O.	R.	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(in lakhs of rupees)			
1.	Head of State, Ministers and Headquarters Staff	Evaluation studies in Agricultural Census (2401.111.III.SE)	0.01	2.32	2.33	2.33
2.	Agriculture	Scheme for distribution of mini-kits, fertilizers and seeds in the holdings of Small and Marginal farmers-Special Component Plan for Scheduled Castes (2401.105.VI.UC)	0.01	16.21	16.22	11.06

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Improving irrigation facilities under Coconut Development Scheme	(2401.108.III.SN)	0.01	1.56	1.57	1.61
	Establishment of Farmers Agro-Service Centres	(2401.800.VI.UE)	0.01	19.96	19.97	20.16
	Development of Agricultural Marketing	(2435.01.101.III.SC)	0.01	13.19	13.20	13.20
	Construction of Rural Godowns	(2435.01.101.VI.UA)	0.01	8.99	9.00	9.00
	Establishment of Nursery at Horticulture Research Station at Kodaikanal under Western Ghat Development Programme	(2551.01.101.III.TG)	0.01	0.99	1.00	1.00
	Soil and moisture conservation of Manjalar Watershed under Western Ghat Development Programme	(2551.01.102.III.SG)	0.01	0.91	0.92	3.62

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Preparation of Status Report on the catchment areas of major hydro electric project in Western Ghat (2551.01.102.III.SI)	0.01	0.42	0.43	0.31
3.	Animal Husbandry	Assistance to Tamil Nadu Poultry Development Corporation for Poultry Development by Small/Marginal Farmers and Agricultural Labourers (2403.103.VI.UA)	0.01	35.14	35.15	35.15
		Vaccination of Cattle and Buffaloes in selected areas (2403.101.VI.UA)	0.01	5.99	6.00	6.00
4.	Capital Outlay on Public Works - Buildings	Construction of Medical Buildings under Hill Area Development Programme (4551.60.110.III.SU)	0.01	28.76	28.77	28.27
5.	Miscellaneous Capital Outlay	Assistance to Co-operative Marketing Societies for Rehabilitation and Improvement (4425.108.V.ZS)	0.01	18.99	19.00	19.00



(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Assistance towards the share capital of Fishermen's Co-operatives (4425.108.V.ZA)		0.01	2.65	2.66	3.14
	Assistance towards share capital of College students' Co-operative Stores for setting up of Semi-modern Shops (4425.108.V.ZR)		0.01	1.09	1.10	1.10

2.3.6. In the cases mentioned below, though provisions for expenditure exceeded the limits prescribed for New Service/New Instrument of Service, they were made irregularly by reappropriation in March 1988 by Government. Though no expenditure was incurred on these services, provision by reappropriation without a Supplementary Grant by the Legislature was *ultra vires* the Constitution.

Serial number	Number and title of grant	Head of account	Amount provided by reappropriation	Actual expenditure
(1)	(2)	(3)	(4)	(5)
			(in lakhs of rupees)	
1.	11.District Administration	2053.094.I.BP. Establishment for Acquisition and Transfer of Land for the Veterinary College in Namakkal Taluk of Salem District	3.22	..
2.	17.Education	2202.04.796.II.JA. Adult Education	9.85	..
3.	19.Public Health	2210.03.101.III.SV. Opening of Health Sub-Centres under Social Inputs Programme	9.04	..
		2210.06.110.III.SD. Prevention and Control of Blindness	8.35	..
4.	52.Capital Outlay on Irrigation	4701.80.001.II.JD. Tamil Nadu Public Works Engineering Corporation Limited - Liabilities taken over by Government	103.02	..

(1)	(2)	(3)	(4)	(5)
5.	53.Capital Outlay on Public Works - Buildings	4551.60,405.III.SA. Buildings	24.25	..

#### 2.4. Advances from Contingency Fund

The Corpus of the Contingency Fund placed at the disposal of Government to meet unforeseen expenditure, pending authorisation by the State Legislature, was Rs.50 crores; it was temporarily enhanced to Rs.100 crores from 21st September 1987 to 31st March 1988.

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

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

One hundred and eighty one sanctions were issued during 1987-88 advancing Rs.122.89 crores from

the Contingency Fund. It was noticed that -

(1) Four sanctions for Rs.0.11 crore were neither operated nor cancelled;

(2) The actual expenditure (Rs.0.76 crore) against 21 sanctions was less than 50 per cent of the amounts sanctioned (Rs.4.75 crores);

(3) In 4 cases, the amount drawn from the Contingency Fund (Rs.18.16 crores) exceeded the amount sanctioned (Rs.5.77 crores); and

(4) Nine advances amounting to Rs.14.99 crores sanctioned and drawn during March 1988 remained unrecouped to the Fund at the end of the year - vide - details given below:

	Major Head	Amount Rs.
1.	2217.Urban Development	2,50,000
	7615.Miscellaneous Loans	2,50,000
2.	2230.Labour and Employment	5,80,000
3.	2401.Crop Husbandry	4,48,247
4.	2851.Village and Small Industries	1,66,91,946
5.	3456.Civil Supplies	10,00,00,000
6.	4425.Capital Outlay on Co-operation	12,60,000
7.	4425.Capital Outlay on Co-operation	2,83,75,000
8.	6860.Loans to Consumer Industries	5,81,000
9.	6860.Loans to Consumer Industries	15,00,000
		<hr/>
		14,99,36,193
		<hr/>

## 2.5. Non-receipt of explanations for savings/excess

After the close of each financial year, the detailed appropriation accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the Controlling Officers requiring them to explain significant variations under the heads. Out of 322 heads, the explanations for variations were not received (March 1989) in respect of 200 heads (62 per cent).

## 2.6. Shortfall/Excess in recoveries

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 recoveries and credits are shown separately in the Budget Estimates. During 1987-88, such recoveries were anticipated at Rs.95.97 crores; actual recoveries during the year were, however, Rs.58.37 crores. Some of the important cases of shortfall/excess as compared to estimates are detailed in Appendix IX

## 2.7. Reconciliation of departmental figures

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

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



Year	Number of Controlling Officers who did not reconcile their figures	Amount not reconciled (in crores of rupees)
197475 to		
1983-84	23	57.17
1984-85	19	67.46
1985-86	30	131.50
1986-87	59	161.31
1987-88	123	1430.26
	<hr/>	<hr/>
	254	1847.70
	<hr/>	<hr/>

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

Controlling Officer	Amount not reconciled (in crores of rupees)
(1)	(2)
Chief Electrical Inspector to Government	60.06
Commissioner of Civil Supplies, Food and Consumer Protection	30.52
Commissioner of Revenue Administration	89.53
Deputy Chief Electoral Officer, Public (Elections) Department	24.86
Director of Agriculture	12.80

(1)	(2)
Director of Adi-Dravidars and Tribal Welfare	51.71
Director of Backward Classes	12.27
Director, Commercial Taxes Staff Training Institute, Madras	17.37
Director of Medical Education	80.73
Director of Rural Development	149.35
Director of School Education	572.10
Director General of Police	104.13
Public (Chief Minister's Nutritious Meal Programme) Department	30.81
Registrar, High Court of Madras	21.59
Special Commission of Enquiry, Prohibition and Excise Department	21.36

#### INFORMATION AND TOURISM DEPARTMENT

#### 2.8. **Withdrawal of funds in advance of requirement**

Government of India proposed in May 1982 to establish a hotel project under the name of "Tamil Nadu Ashok Hotel Corporation Limited" as a joint venture of India Tourism Development

Corporation (ITDC) and Tamil Nadu Tourism Development Corporation (TNTDC) for promoting tourism. The Company was to set up, in the first instance, a three star hotel and an economy hotel at Madras. The authorised share capital of the Company was Rs.100 lakhs, 51 per cent to be subscribed by TNTDC and 49 per cent by ITDC. Government of Tamil Nadu paid in April 1983 Rs.71.40 lakhs to TNTDC towards its share of equity capital of the project. The proposed project did not come up, as subsequently ITDC wanted a change in the capital structure of the project and was also not in favour of setting up economy hotel. Instead of refunding to the State Government the amount of Rs.71.40 lakhs, TNTDC invested it in term-deposit earning interest. The State Government ordered in March 1985 the TNTDC to refund the amount together with interest thereon at 12 per cent per annum. TNTDC refunded Rs.25 lakhs in April 1985 and the balance of Rs.46.40 lakhs only in April 1987 at the instance of Audit. The amount of interest due at 12 per cent per annum for the period of retention of Government funds was about Rs.28.27 lakhs; it has not so far been paid by TNTDC (July 1989).

The following points deserve mention:

(i) Government released (April 1983) funds to TNTDC towards equity capital of the project even before (a) a detailed project report was prepared; (b) an agreement was executed (May 1983) between TNTDC and ITDC; and (c) the new Company was formed. Thus, release of funds to TNTDC was far in advance of requirement.

(ii) As the authorised capital of the proposed Company was Rs.100 lakhs, the share of TNTDC was only Rs.51 lakhs (51 per cent). However, Government released Rs.71.40 lakhs. Thus, the amount paid to TNTDC was in excess of the requirement by Rs.20.40 lakhs.

(iii) When the project was given up in October 1983 itself, neither TNTDC refunded the amount to Government nor the Government required TNTDC to refund it immediately. It was only in March 1985, after a lapse of one and a half years, that the State Government required TNTDC to refund the amount with interest.

(iv) TNTDC informed Government in December 1985 that balance of Rs.46.40 lakhs, still with them, could be utilised for a new joint venture project with Non-Resident Indians, under consideration of Government and that the question of payment of interest did not arise as the funds were released towards share capital.

Government stated in June 1989 that the amount was sanctioned and kept ready with TNTDC so that the work could be taken up as soon as the new company was formed and interest payment, which was pending, would be settled soon.

## CHAPTER III

### CIVIL DEPARTMENTS

#### REVENUE DEPARTMENT

#### 3.1. Land acquisition by Government

##### 3.1.1. Introduction

Acquisition of land for public purposes and for companies and the amount of compensation to be paid are regulated by the Land Acquisition Act, 1894 (a Central Act) as amended considerably with effect from 24th September 1984.

The organisation or department requiring the land should apply, in the prescribed form, to the Collector of the District concerned with particulars of land and the reasons for its acquisition. The important stages of the process thereafter provided in the Act are described below :

A notification in the official gazette and two local dailies is issued by Government indicating the intention and necessity for acquisition of the land for the specific purpose, with full details, in addition to a public notice of the substance of the notification in the locality.

After hearing objections, if any, received from the interested public within 30 days from the date of notification, the Collector makes the report to Government, containing his recommendations on the acquisition.

Thereafter, a declaration of Government that the land should be acquired for the specific



purpose, is published in the official gazette and two newspapers, in addition to a public notice of the substance of the declaration in the locality. Failure to publish the declaration within the specified time limits (3 years or 1 year as the case may be) will lead to lapse of proceedings. Necessary enquiries on objections raised by the interested parties regarding measurements, value and claims in respect of land mentioned in the declaration are conducted and the Land Acquisition Officer makes an award indicating the area of the land, the compensation to be allowed for the land and the amount payable. This award should be made within a period of two years from the date of publication of the declaration and, if no award is made within that period, the entire proceedings for the acquisition of the land shall lapse.

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After the compensation is paid, the land is taken over by Government and possession handed over to the organisation or department which applied for the land. However, in case of urgency and, if Government so directs, the Collector can take possession of any land needed for a public purpose, before an award is made under the Act.

The Act also permits application by any interested person to the Collector within the prescribed period, against the award or land acquisition, requiring reference of the matter by the Collector for determination by court.

The dates of publication of notification and the relevant declaration, mentioned in the first

and third stages above, as defined in the Act, are last of the three dates, namely, date of publication in official gazette, date of publication in two local dailies and date of public notice of the substance in the locality and the award has, therefore, to be passed within two years of the dates of publication (and on or before 23rd September 1986 in a case where a declaration was published prior to 24th September 1984, the date of amendment of the Act) to avoid the lapsing of the entire acquisition proceeding.

In view of the time restrictions laid down in the Act, Government prescribed, in September 1986, the following time schedule for progress in acquisition of land :

Nature of process	Unobjectionable cases	Objectionable cases
1. Issue of declaration after notification	3 months and 20 days	5 months and 15 days
2. Passing of award after notification	11 months and 6 days	13 months
3. Completion of all work	17 months	19 months

The amount of compensation to be awarded for the land acquired consists of :

- (a) market value of the land on the date of publication of the notification,

- (b) solatium, which is a sum calculated at 30 per cent on such market value in consideration of the compulsory nature of the acquisition (15 per cent prior to 24th September 1984) and
- (c) an addition to market value calculated at 12 per cent per annum on such market value for the period from the date of notification to the date of award of the Collector or the date of taking possession of the land, whichever is earlier, for cases finalised on or after 30th April 1982.

Interest is payable if compensation awarded is not paid or deposited on or before the date of taking possession of the land, at 9 per cent per annum for the first year of delay and at 15 per cent per annum thereafter.

### **3.1.2. Organisational set up**

All acquisition of lands under the Act are made by the District Collectors, assisted by Land Acquisition Officers (LAOs) under the administrative control of the Commissioner of Land Administration with Government in the Revenue Department in overall charge.

### **3.1.3. Audit coverage**

The records relating to cases of land acquisition initiated during the period 1982-83 to 1986-87 were scrutinised by Audit between April and June 1988 in Revenue, Social Welfare, Transport and Public Works Departments of Government Secretariat, Office of the Commissioner of Land

Administration (CLA) and Collectorates of Coimbatore, Madurai, Periyar, Pudukottai, Salem, Thanjavur and Tiruchirapalli Districts. Important points noticed are mentioned in the succeeding paragraphs.

#### 3.1.4. Highlights

- Failure to comply with the statutory time limits led to lapse of proceedings for acquisition of land necessitating fresh action and escalation of cost of land in 6 cases (paragraph 3.1.6).

- Rupees 46.78 lakhs were paid as compensation on lapsed notifications (paragraph 3.1.7).

- Erroneous notification in respect of 63.62 hectares of land acquired in Erode and Surampatti Village for Erode Housing Unit in March 1973 resulted in quashing of the proceedings by the High Court of Madras in 1982 leading to fresh notification in March 1988. This led to increased liability towards compensation and interest thereon from the date of take over of land. The amount payable could not be assessed as the award stage had not been reached (paragraph 3.1.8).

- Irregular adoption of higher rate for determining the market value of land measuring 34.03 hectares under Noyyal Orathupalayam Reservoir Scheme resulted in excess payments of compensation amounting to Rs.1.28 lakhs (paragraph 3.1.10).

- Lands acquired at a total cost of Rs.3.68 lakhs for public purpose under the "urgency" clause of the Land Acquisition Act, 1894 had not been utilised even after 5 years of their acquisition rendering



expenditure unfruitful and delaying the flow of intended benefits from the related schemes (paragraph 3.1.11).

- Fifteen bridges and 8 roads, which were completed/nearly completed at a total expenditure of Rs.501.89 lakhs, could not be thrown open to traffic due to non-acquisition of lands in the bridge approaches and intervening road sections on account of delays in approaching and obtaining approval from Forest Department for transfer of forest land, and in approaching Revenue Department by Highways Department for the required land and settling discrepancies in the details of lands to be acquired (paragraph 3.1.13).

- Rupees 45.58 lakhs were pending recovery towards cost of staff including leave salary and pension contribution of Revenue Department employed for acquisition of lands (paragraph 3.1.14).

### 3.1.5. Delay in publication of Notifications/Declarations

There had been delays in publication of notifications (11 LAOs) and declarations (6 LAOs) as detailed below:

	Notification		Declaration	
	Number of cases	Delay (in months)	Number of cases	Delay (in months)
Publication in official gazette	11	1 to 6	1	12
Publication in daily newspapers	16	2 to 11	2	10 to 14
Public notice in the locality	9	1 to 9	7	2 to 7



Such delays postponed the implementation of schemes for which the lands were required and also led to increases in amount of compensation payable, which were based on the market rates prevailing at the time of notification and also the extended periods between the dates of notification and award. It was not possible to quantify the extra liability.

### 3.1.6. Escalation of cost of land due to lapse of proceedings

Under the Act, as amended from 24th September 1984, the declaration should be published within 3 years of notification published prior to 24th September 1984 and 1 year of notification published on or after 24th September 1984. In 6 cases, the failure to comply with the statutory limit led to lapse of proceedings, necessitating fresh action from the beginning. The compensation payable with reference to the market value prevailing on the dates of proposals for issue of fresh notifications was more than the amount payable based on original notifications, due to rise in market value during the interval as indicated below :

Name of Scheme (1)	Cost of land		Increase in cost (4)
	Original proposal (2)	Revised proposal (3)	
(in lakhs of rupees)			
1. Kumbakonam Neighbourhood Housing Scheme	65.87	230.86	164.99

(1)	(2)	(3)	(4)
2. Construction of Bus Depot-cum-Work Shop, Perunthurai	5.22	5.93	0.71
3. State Seed Farm, Danishpet	5.80	7.77	1.97
4. Coimbatore Municipal Sewage Farm, Block I	2.88	6.38	3.50
5. Coimbatore Municipal Sewage Farm, Block IV	1.82	4.25	2.43
6. Coimbatore Municipal Sewage Farm, Block III	2.02	23.46	<u>21.44</u>

Except in respect of items 2 and 3 above, fresh notifications were yet to be issued (May 1988).

### 3.1.7. Irregular processing of lapsed notifications

In Coimbatore, Madurai, Pudukottai and Salem Districts, 10 LAOs irregularly processed 17 cases of lapsed notifications. Besides, an amount of Rs.46.78 lakhs was paid as compensation in five cases after processing lapsed notifications.

### 3.1.8. Extra expenditure due to erroneous notification

Out of about 63.62 hectares of land acquired in Erode and Surampatti Village for Erode Housing Unit, the notification was published in March 1973 only for 63.47 hectares, omitting an area of 0.15 hectare of land in Surampatti Village. However, in the corresponding declaration published in March 1976, the entire extent of 63.62 hectares was mentioned. Subsequently, in December 1978,

Government issued an errata to the notification issued in March 1973 to include the land omitted to be included in original notification, but it was declared null and void by the High Court of Madras in September 1982, mainly on the ground that the State Government could not acquire the land by issuing an errata 5 years after the date of publishing original notification.

The Housing Board had, however, already occupied the land and constructed the foundation and wall upto a height of 3 feet in respect of 'A' type houses and a septic tank on the site. Government have issued in March 1988 a fresh notification for the acquisition. As the compensation for this land will now be based on market value prevailing on the date of fresh notification published 15 years later in March 1988, Government will have to pay increased compensation. Besides, interest will also be payable on the above amount from the original date of take over of the land. The total extra expenditure could not, however, be assessed, as the proceedings have not yet reached the award stage and the amount of compensation to be awarded is not known.

### **3.1.9. Unfruitful expenditure on pumping scheme**

Out of 0.95 hectare of land required for Kollukadu Pumping Scheme in Thanjavur District, only 0.55 hectare was occupied by the Public Works Department (PWD) in March 1982. A pump house was constructed on that land and a motor was installed at a total cost of Rs.8.79 lakhs. The construction of the related supply channel, necessary to make the scheme functional, had not

been taken up (June 1988), as the required land (0.40 hectare) could not be acquired due to the lapsing of the notification, on account of its publication after the statutory time limit. Only in March 1988 fresh proposals for acquisition of this land had been initiated. Consequently, the expenditure of Rs.8.79 lakhs remained unfruitful so far (May 1988).

### 3.1.10. Irregular fixation of market value

Land measuring 34.03 hectares was acquired by Revenue Department under Noyyal Orathupalayam Reservoir Scheme and handed over to PWD between April 1987 and March 1988. The market value of land was determined at the notification stage at Rs.14,615 per hectare on the basis of sale value of a piece of irrigated garden land in Orathupalayam Village indicated in the records of the Registration Department. However, the award passed and compensation paid for the lands acquired were on the basis of market value at the rate of Rs.17,500 per hectare, with reference to sale value of another piece of irrigated garden land in the next village, Kodumanal, recorded by the Registration Department. The higher rate was attributed to dumping of construction materials, sand, stones, etc. by PWD in the land and coming up of huts of labourers employed in the dam. However, the Act prohibits cognizance of such developments, taking place after the publication of the notification. The adoption of higher rate for determining the market value of the land was irregular and resulted in excess payments of compensation amounting to Rs.1.28 lakhs (March 1988).



### 3.1.11. Delay in utilisation of lands taken over under 'urgency' clause

Lands acquired at a total cost of Rs.3.68 lakhs for public purposes under the "urgency" clause of the Act had not been utilised (June 1988), even five years after their acquisition, rendering the expenditure unfruitful and delaying the flow of intended benefits from the related schemes as below :

Name of the Scheme	Month of taking over under urgency clause	Area of land (hectares)	Cost of acquisition (in lakhs of rupees)	Reasons for non-utilisation and impact of delay
(1)	(2)	(3)	(4)	(5)
1. Provision of house sites to members of Backward Classes in Pollachi Town	August 1983	3.27	2.02	The layout sketch for the land had not been approved by the Director of Town and Country Planning, Tamil Nadu, as it included 0.77 hectare of land already marked for public purpose under the Town Planning Scheme of Pollachi. The lands could not be allotted to the members of the Backward Classes for house sites.



(1)	(2)	(3)	(4)	(5)
2. Providing house sites to 154 Adi Dravidars in Singanallur Village, Coimbatore District	March 1983	2.07	1.66	Due to changes in the number of house sites to be provided and also change in the utilisation of the lands for other purpose leading to non-approval of the layout by the Director of Town and Country Planning. The intended house sites could not be provided to the Adi Dravidars.
TOTAL			<hr/> 3.68 <hr/>	

### 3.1.12. Stoppage of proceedings under a Special Act

With a view to quickening the process of acquisition of land for harijan welfare schemes, the Tamil Nadu Acquisition of Land for Harijan Welfare Schemes Act, 1978 was passed by the State and brought into force with effect from 24th September 1979. However, the Act was struck down by the High Court of Madras in September 1981 as ultra vires the Constitution of India. The Supreme Court of India ganted in December 1981 special leave to appeal against the judgement of the High Court and ordered 'status quo as of 10th December 1981 to continue regarding the, dispossession of any party whatsoever, subject to notice of motion'. Further

proceedings were, therefore, stopped by Government in respect of lands already taken possession under the impugned Act upto the date of the order of the Supreme Court, pending its final order though the lands so acquired vested in Government.

One thousand three hundred and eighty three proceedings had been initiated by the Collectors under the impugned Act for acquiring lands measuring 1340.57 hectares involving awards totalling Rs.184 lakhs. According to the information made available by Government, 821.67 hectares of land were taken possession by Government and 13,426 houses had been constructed on some of the lands and handed over to harijans. Though the legislation itself was made to quicken the process of acquisition of land for Harijan Welfare Schemes, the Supreme Court had not been moved by Government for urgent disposal of the case, even 7 years after the interim orders of the Court.

### **3.1.13. Unproductive expenditure due to delay in land acquisition**

The Chief Engineer (Highways and Rural Works) (CEH) had reported to Government in September 1987 that 15 bridges and 8 roads, which had already been completed or were nearly completed at a total expenditure of Rs.501.89 lakhs, could not be thrown open to traffic due to non-acquisition of lands for the bridge approaches and intervening road sections. District-wise details are indicated in Appendix X. An analysis of 4 of these works showed that delays occurred at the following stages :

- (i) Delay in approaching and obtaining approval from Forest Department for transfer of Forest land;
- (ii) Delays on the part of Highways Department in approaching Revenue Department for acquisition of land required for the works;
- (iii) Delay in settling discrepancies in the details of lands to be acquired.

#### 3.1.14. Arrears in recovery of cost of staff

A total amount of Rs.40.17 lakhs towards cost of staff and pensionary charges connected with land acquisition is pending recovery from the concerned organisations/departments of Government as indicated below :

Serial number	Name of organisation/department	Amount (in lakhs of rupees)
(1)	(2)	(3)
1.	Salem Steel Plant	4.90
2.	Tamil Nadu Housing Board	1.79
3.	Sugarcane Development Fund	1.14
4.	Co-operative Societies	1.07
5.	Marketing Committee, Tamil Nadu Electricity Board, Municipalities, Town Panchayats and others	1.61
6.	Post and Telegraph	0.76
7.	Railways	12.14

(1)	(2)	(3)
8.	Public Works	16.13
9.	Forest	0.55
10.	Police	0.08

Besides, even demands for recovery of such charges had not been raised for a total amount of Rs.5.41 lakhs as below :

Serial number	Name of organisation/department	Amount (in lakhs of rupees)
1.	Tamil Nadu Electricity Board	3.43
2.	Cheran Transport Corporation Limited	1.35
3.	Marketing Committees, Pollachi and Tirupur	0.45
4.	National Highways	0.18

The matter was reported to Government in October 1988; their reply has not been received (August 1989).

#### RURAL DEVELOPMENT DEPARTMENT

### 3.2. Assistance to Small and Marginal farmers for increasing Agricultural Production

#### 3.2.1. Introduction

With a view to increasing the agricultural yields of the small and marginal farmers, Government



of India (GOI) launched in May 1983 the Centrally sponsored scheme of Assistance to Small and Marginal farmers for increasing Agricultural Production (SMFP). For the purpose of coverage, a farmer whose land holding was two hectares or less but more than one hectare was termed as a small farmer and a farmer whose land holding was one hectare or below was taken as marginal farmer. In case of class-I irrigated land, a farmer having one hectare or less but more than 0.5 hectare was considered as small farmer and one having upto 0.5 hectare was considered as marginal farmer. Eligibility for assistance was in terms of either ownership or cultivation of land holdings of the prescribed size. Unlike in the case of Integrated Rural Development Programme, income from other than farm was not reckoned. The components of the Scheme were :

(i) subsidy for Minor Irrigation (MI) works like constuction of wells,

(ii) distribution of minikits of seeds and fertilizers for oil seeds, pulses and coarse grain crops to encourage the use of improved varieties of seeds,

(iii) subsidy for Land Development (LD) works and

(iv) distribution of seedlings for plantation of fruit and fuel trees in their fields (discontinued from 1985-86).'

The subsidies for MI and LD components were to be supplemented by bank loans on the pattern of Integrated Rural Development Programme. The ceiling costs for MI works were those laid down



by National Bank for Agricultural and Rural Development. The rates of subsidy were 25 per cent to Small Farmers, 33 1/3 per cent to Marginal Farmers and 50 per cent to SC/STs, of the cost of the work, limited respectively to Rs.3,000, Rs.4,000 and Rs.5,000 upto 1984-85 and without limit thereafter. The minikits were distributed free of cost upto 1985-86 and, thereafter, at a nominal cost of Rs.5 per kit for pulses, Re.1 per kit for coarse grains and 10 per cent cost for kits for oilseeds. Seedlings of fruit and fuel trees were supplied free of cost or at subsidised cost ranging from 10 paise to Rs.2, depending on the varieties.

The State Government implemented the Scheme from July 1983 except in one block during 1983-84 and extended it to the whole State from 1984-85 onwards.

### **3.2.2. Organisational set-up**

Rural Development Department of Government is the nodal Department for implementation of the Scheme. The MI and LD components are implemented through the District Rural Development Agencies (DRDAs) to whom funds for the Programme are passed on. Distribution of minikits and seedlings of fruit and fuel trees was organised by the Agriculture Department of Government through the Director of Agriculture (DA), Director of Oilseeds (DOS) and Director of Horticulture and Plantation Crops (DH & PC) at the State level and their subordinate officers at the lower levels.

### **3.2.3. Funding**

The expenditure on the scheme is shared

equally by GOI and the State Government. An annual outlay of Rs.5 lakhs was to be provided per block to end of 1986-87, which was reduced to Rs.2.64 lakhs for 1987-88, due to paucity of funds, with the following break up.

Components	1983-84	1985-86	1987-88
	and 1984-85	and 1986-87	
	(in lakhs of rupees)		
(i) Subsidy on MI works	3.50	3.50	1.85
(ii) Subsidy on plantation of - fruit and fuel trees	0.50	..	..
(iii) Free distribution of minikits of seeds and fertilizers for oilseeds and pulses, land develop- ment and cost of staff	1.00	..	..
(iv) Free distribution of minikits of seeds for oilseeds, pulses and coarse grain crops	..	0.50	0.26
(v) Land Development including cost of staff	..	1.00	0.53

#### 3.2.4. Audit coverage

A review of the Programme was conducted between February 1988 and June 1988 at the Rural Development and Agriculture Departments of the Secretariat of the Government, Offices of the Director of Rural Development (DRD), DA and the DOS,

4 DRDAs (Chengalpattu, Madurai, North Arcot and Tiruchirapalli) covering 101 blocks and the offices of 4 Joint Directors of Agriculture and 4 Deputy Directors of Oilseeds in Chengalpattu, Madurai, North Arcot and Tiruchirapalli Districts.

### 3.2.5. Highlights

- Areas to be covered under the Scheme had not been identified.

- Annual action plans for implementing the Scheme were still to be approved by Government in respect of 2 out of 4 districts test checked in Audit even from 1983-84 (paragraph 3.2.6).

- There were variations between the figures of expenditure reported to GOI and those as per the audited accounts of 2 DRDAs (paragraph 3.2.7).

- Six hundred and ninety seven pumpsets installed under the Scheme in 13 districts were yet to be energised. Expenditure on new irrigation potential created was less than 50 per cent prescribed by Government.

- Subsidy amounting to Rs.16.83 lakhs was paid in respect of 871 inadmissible works in 2 districts.

- Out of Rs.38.42 lakhs provided out of Special Central Assistance for payment of differential subsidy to SC beneficiaries for the year 1983-84, Rs.13.77 lakhs had been refunded without utilisation (paragraph 3.2.8).

- Average staff cost per annum per block exceeded prescribed limit of Rs.4,000; excess ranged from 29 to 44 per cent of the total expenditure and led to reduction of funds for land development works (paragraph 3.2.9).

- Only 11 per cent of the minikits supplied contained Rhizobium culture against the prescribed cent per cent (paragraph 3.2.10).

- Under the scheme of distribution of seedlings of fruit and fuel trees for plantation, only 20 to 22 per cent of the beneficiaries were SC/STs against the prescribed 30 per cent during 1986-87 and 1987-88 (paragraph 3.2.11).

- Forty one per cent of the loan applications recommended by the blocks were rejected by the banks (paragraph 3.2.12).

- Monitoring at the State level was not effective, as the State Committee did not meet regularly as prescribed (paragraph 3.2.14).

### 3.2.6. Deficiencies in overall planning

Government had to identify the areas to be covered under the Programme in each block, preference being given to the mini-water sheds in dry land farming areas. However, no such planned identification was attempted.

Further, in 3 out of 4 districts test checked in Audit, annual action plans were yet to be got approved (May 1988) by Government for the years 1983-84 and 1984-85 in all the 3 districts and for 1985-86, 1986-87 and 1987-88 in 2 districts.



### 3.2.7. Financial progress

Details of Central assistance received for the Programme and utilisation thereof are given below :

Year	Central assistance received	Funds made available			Expenditure reported	Cumulative balance
		out of Central assistance	State Government share	Total		
(in lakhs of rupees)						
1983-84	734.26	734.26	734.26	1468.52	1005.06	463.46
1984-85	696.92	696.92	696.92	1393.84	1413.28	444.02
1985-86	709.64	521.64	521.64	1043.28	1248.41	238.89
1986-87	400.72	329.75	329.75	659.50	956.35	(-) 57.96
1987-88	498.96	633.19	633.19	1266.38	1064.16	144.26
	<u>3040.50</u>	<u>2915.76</u>	<u>2915.76</u>	<u>5831.52</u>	<u>5687.26</u>	

Against the annual outlay of Rs.5 lakhs per block prescribed under the Scheme, the amount actually provided was Rs.3.90 lakhs in 1983-84, which further declined to Rs.1.74 lakhs in 1986-87 as under :

Year	Average allotment per block (in lakhs of rupees)
1983-84	3.90
1984-85	3.69
1985-86	2.76
1986-87	1.74



In 2 out of the 4 DRDAs test checked in Audit, the expenditure reported by the State Government to GOI was at variance with the expenditure on payment of subsidy as per the audited accounts of DRDAs as indicated below :

Year	North Arcot		Madurai	
	Expenditure reported by the State Government to GOI	Expenditure as per audited accounts of DRDA	Expenditure reported by the State Government to GOI	Expenditure as per audited accounts of DRDA
	(in lakhs of rupees)			
1984-85	104.91	70.59	85.62	80.76
1985-86	121.45	106.17	56.63	51.09
1986-87	72.90	75.89	51.75	54.73

The reasons for the variations were not ascertainable.

### 3.2.8. Defects noticed in implementation of Minor Irrigation Component

In 13 districts, 697 pumpsets installed under the Scheme were yet to be energised (March 1988) as no specific direction had been issued for giving priority to energise the pumpsets provided under the Programme.

In October 1984, Government ordered that 50 per cent of the funds provided for MI component should be earmarked for creation of new irrigation potential in all the districts except Tiruchirapalli, Periyar and Coimbatore. However, in North Arcot and Madurai Districts, funds utilised for creation

of new irrigation potential was much below 50 per cent during 1985-86 and 1986-87.

In October 1984, Government ordered that steining of wells (lining the well walls with stone) should not be taken up under the Scheme in isolation but should be linked to deepening of wells or provision of platforms. However, in North Arcot and Madurai Districts subsidy amounting to Rs.16.83 lakhs had been paid to 871 beneficiaries in 21 blocks for steining of wells executed in isolation during 1985-86 to 1987-88.

To enable the SC beneficiaries to avail of higher subsidy of 50 per cent under the Scheme, Government sanctioned in December 1985 Rs.38.42 lakhs towards the differential subsidy for 1983-84. The amount was released in May 1986 to 15 DRDAs to reduce the loan liability of the SC beneficiaries. However, as at the end of August 1988, only Rs.12.40 lakhs were utilised for the purpose and Rs.13.77 lakhs had been refunded. Reports covering the balance of Rs.12.25 lakhs were yet to be received (September 1988).

A test check conducted in Audit in the DRDA, Vellore disclosed that out of Rs.1.01 lakhs received by it in May 1986 and released to 17 blocks in July 1986 only one block, which received Rs.0.03 lakh, used it to reduce loan liability of 3 SC beneficiaries. In the remaining 16 blocks, the differential subsidy of Rs.0.98 lakh was yet to be credited to the loan accounts of the SC beneficiaries (March 1988), even 20 months after the amount was received. The reasons for non-adjustment were not on record.

### 3.2.9. Deficiencies in implementation of LD Component

The Scheme envisaged that staff costs should be restricted to Rs.4,000 per block per annum so that adequate funds were available for the works portion of land development. However, the actual average staff cost exceeded Rs.4,000 per annum and constituted 29 to 44 per cent of the total expenditure on LD as below :

Year	Average expenditure on staff per block	Percentage of expenditure on staff to total expenditure on LD
(in rupees)		
1984-85	15,497	44
1985-86	15,786	29
1986-87	16,587	32
1987-88	18,960	38

No physical targets were laid down to check whether the physical outputs were commensurate with the expenditure.

### 3.2.10. Minikit distribution

The target set for distribution of minikits for the years 1983-84 and 1984-85 could not be achieved but achievements substantially exceeded the targets thereafter as indicated below :

Year	Pulses and Coarse		Oilseeds	
	Target	Achievement	Target	Achievement
	(minikits in numbers)			
1983-84	67,271	61,278	75,600	70,393
1984-85	86,110	77,026	75,600	54,444
1985-86	2,34,285	3,47,199	75,600	1,09,089
1986-87	2,89,965	3,71,171	75,600	1,06,235
1987-88	1,71,420	1,91,331	NA	NA

NA : Not available

One packet of Rhizobium culture was recommended to be included in each groundnut/soyabean minikit. In the 4 districts test checked in Audit, out of 36,170 minikits of groundnut/soyabean seeds issued in the years 1983-84 to 1987-88, only 3,905 kits (about 11 per cent) contained Rhizobium culture. Reasons for non-issue of Rhizobium culture in each kit were not on record.

### 3.2.11. Distribution of seedlings of fruit and fuel trees for plantation

The physical achievements in the distribution of seedlings by Agriculture Department varied from targets as below :

Year	Target	Achievement
	(in lakhs)	
1983-84	226.20	226.65
1984-85	310.92	607.18
1985-86	121.84	106.22

Similar data about distribution by Horticulture Department were not made available.



Though purchase of farm equipment was not envisaged in the Scheme, farm equipments were purchased in 2 districts for Rs.11.10 lakhs in March 1985. The details of purchases made in other districts were not furnished.

Under the Scheme, atleast 30 per cent of the beneficiaries covered should be those belonging to SC/ST. However, the coverage in the State was only 20 and 22 per cent during 1986-87 and 1987-88. Government stated in March 1989 that 30 per cent suggested by Government of India for SC and ST was for the whole country and that, since the SC/ST population in Tamil Nadu is only 18 per cent, SC/ST coverage has been fixed at 18 per cent for all Centrally Sponsored Schemes and 30 per cent for minikits. It was also stated that the field staff were facing problems in getting SC and ST farmers to the required percentage.

### **3.2.12. Loans by the Banks - High rejection of application for subsidy**

In the 4 districts test checked, out of 83,759 applications recommended by Block Development Officers during 1983-84 to 1987-88, 34,445 applications (41 per cent) were rejected by the banks. The blocks attributed the rejection of applications by the banks mainly to non-observance of prescribed spacing norms for irrigation works, non-viability of the projects and unwillingness of the people to get bank loans.

In November 1984, the DRD instructed the blocks to utilise the services of the union engineers attached to the blocks for the preparation



of estimates, verification of assets created, preparation of completion reports, etc. However, in none of the blocks in the 4 districts test checked, the Union Engineer was involved in the Scheme, resulting in defective processing of loan applications; ultimately majority of the applications were rejected by banks.

### **3.2.13. Defective maintenance of records**

In March 1985, the DRD instructed the blocks to maintain a set of registers with a view to monitoring the loan applications and taking further follow up action regarding utilisation of subsidy for the intended purpose, creation of asset, etc. by the beneficiaries and also assessing the financial and physical achievements correctly. These registers were also required to be brought upto date from the beginning of the Scheme. In the 4 districts test checked in Audit, the registers were either not maintained or were maintained improperly. It could not, therefore, be ensured in Audit that the subsidies were properly utilised and assets created were available and used by the beneficiaries.

### **3.2.14. Monitoring**

In September 1983, Government constituted a State Level Committee for implementation, supervision and monitoring of the Programme. The Committee was required to meet once a month. The Committee met only twice - in December 1983 and in June 1984. In June 1985, the Committee was reconstituted and was required to meet once in a quarter. The reconstituted Committee, however, met only once, in July 1985, till date (June 1988).

### 3.2.15. Evaluation

A study of the impact of the Programme was taken up in December 1986 by the Evaluation and Monitoring Cell of the Department of Evaluation and Applied Research. The report of the Cell has not been made available to Audit. Government stated in March 1989 that action was being taken on the recommendations of the Cell, wherever necessary.

### 3.3. Irregular payment of multiple wages

A number of works taken up under National Rural Employment Programme (cost shared equally by Central and State Governments) and Rural Landless Employment Guarantee Programme (fully financed by Central Government) are executed departmentally by engaging labourers on Nominal Muster Rolls (NMRs).

In Vilathikulam Panchayat Union, Chidambaranar District, 65 houses for Adi Dravidars were constructed under these programmes in 3 villages. A test check of the NMRs relating to the works for the period from November 1984 to May 1986 disclosed that names of 67 labourers appeared regularly in more than one muster roll on the same day, some of them appearing in as many as 30 rolls and they were paid wages at the daily rate of Rs.8 on each of those muster rolls for the same day. The extra expenditure on this account amounted to Rs.0.60 lakh.

In the same Panchayat Union, one labourer was employed for watering 19 nurseries and another labourer for watering 10 nurseries for 130 days

between December 1985 and April 1986 under Rural Landless Employment Guarantee Programme. However, instead of paying them wages of Rs.0.02 lakh in all at the rate of Rs.8 per day per head for 130 days, an amount of Rs.0.30 lakh was shown as paid to them.

The matter was reported to Government in July 1988; their reply has not been received (August 1989).

#### PUBLIC DEPARTMENT

### 3.4. Rehabilitation of Sri Lanka Repatriates

#### 3.4.1. Introduction

Under the Indo-Sri Lanka Agreements of 1964 and 1974, 6 lakhs out of 9.75 lakh Stateless persons of Indian origin living in Sri Lanka were to be repatriated to India along with their natural increase. It was further reduced to 5.06 lakhs, as Sri Lanka Government agreed in January 1986 to grant citizenship to another 0.94 lakh. The repatriates, after arrival in India at Rameswaram, were accommodated in transit camps at Mandapam and Kottappattu which were functioning under Special Deputy Collectors. While in transit camps, they were given cash doles ranging from Rs.110 to Rs.357.50 per month depending on the size of the family for 1 to 3 months and supplied rice at subsidised rate of 57 paise per kg. The repatriates were provided necessary assistance in the form of loans/grants and sent to the places selected for their resettlement.



The expenditure on the rehabilitation of repatriates except the expenditure on the staff was met by Government of India in the form of straight and relending loans and grants to State Government. The straight loans were given to State Government for capital expenditure and investments in Government Corporations and other Government bodies for securing employment to repatriates and relending loans for assistance to the repatriates for business, housing, agricultural and other forms of resettlement. The expenditure on staff other than those in Secretariat, relief provided in transit camps and certain items of resettlement assistance was met by grants from Government of India. The expenditure on staff employed on the work in Secretariat was shared equally by Government of India and the State Government.

### **3.4.2. Organisational set up**

The Programme of resettlement of the Sri Lankan repatriates under the Indo-Sri Lanka Agreements was implemented by the Director of Rehabilitation assisted by 3 District Revenue Officers (Rehabilitation), 6 Special Deputy Collectors (Rehabilitation) and 47 Revenue Divisional Officers.

### **3.4.3. Audit coverage**

The implementation of the Programme during 1964-65 to 1975-76 was reviewed in 1976 and commented upon in paragraph 35 of the Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil) - Government of Tamil Nadu. The Public Accounts Committee

in its 59th Report presented to the Assembly on 7th April 1987 had expressed concern over the delay in verification of the utilisation of the loans by the repatriates and indicated that the Department should gear up its machinery and ensure verification of utilisation and collection of summary recoveries ordered in all the pending cases.

A further review of the Programme implemented during 1980-81 to 1987-88 was conducted between December 1987 and June 1988 at the Secretariat, office of the Director of Rehabilitation and 14 out of 56 implementing offices.

#### 3.4.4. Highlights

- Out of 15,293 cases of business loans disbursed, utilisation of the first instalment was not verified by the Department in 12,002 cases and of the second instalment in 3,266 cases (paragraph 3.4.7).

- Three dairy schemes, on which Rs.15.34 lakhs had been spent, did not achieve the objective of providing rehabilitation to 132 repatriate families (paragraph 3.4.8).

- Two land colonisation schemes, on which Rs.35.33 lakhs were spent to resettle 396 families, were not successful as only one family could engage itself in agriculture (paragraph 3.4.9).

- Expenditure of Rs.131.80 lakhs did not achieve the purpose of providing permanent



employment to 1,335 repatriate families (paragraph 3.4.10).

In 5,643 cases, only the first 2 instalments of housing loans amounting to Rs.271.05 lakhs were paid; further instalments were not applied for even after 2 to 7 years. The Department had no information about the stage of construction of the houses. Out of 179 families to whom housing loans of Rs.6.59 lakhs were granted, construction was not taken up in 69 cases and it was left incomplete in 110 cases. In another case of 87 families to whom Rs.4.45 lakhs were paid, houses were not constructed as the families had migrated to other places. Payment of assistance of Rs.1.26 lakhs to 54 families towards cost and development of house sites was irregular, as the families had already been allotted sites free of cost (paragraph 3.4.11).

### 3.4.5. Outlay and Central assistance

The assistance provided by Government of India for implementing the rehabilitation programme was fully utilised by the State Government during 1980-81 to 1987-88 as shown below :

Year	Central Assistance			Expenditure incurred by the State Government			
	Loan	Grant	Total	Revenue	Capital	Loan	Total
	(in lakhs of rupees)						
1980-81	341.60	63.12	404.72	98.60	38.47	389.95	527.02
1981-82	551.85	74.38	626.23	114.11	180.98	421.60	716.69
1982-83	543.73	153.24	696.97	212.70	54.26	374.69	641.65
1983-84	374.84	177.51	552.35	130.94	55.47	439.24	625.65
1984-85	493.77	240.93	734.70	187.26	51.87	375.50	614.63
1985-86	246.62	505.39	752.01	361.64	21.70	282.18	665.52
1986-87	327.82	420.92	748.74	375.61	131.42	250.32	757.35
1987-88	75.00	436.50	511.50	379.28	311.12	145.37	835.77
<b>TOTAL</b>	<b>2955.23</b>	<b>2071.99</b>	<b>5027.22</b>	<b>1860.14</b>	<b>845.29</b>	<b>2678.85</b>	<b>5384.28</b>

### 3.4.6. Progress of Repatriation

As against 5.06 lakh stateless persons covered in the Agreement, 2.58 lakhs reached India upto March 1980. Between April 1980 and March 1988, another 0.76 lakh persons had come bringing the total to 3.34 lakh persons (1.16 lakh families) by March 1988.

Out of the above, 0.96 lakh families had been rehabilitated under various schemes implemented for the purpose; 0.05 lakh families were not eligible for any rehabilitation assistance as they had brought assets in excess of the prescribed limit and 0.15 lakh families did not seek any assistance. This implies completion of the work. However, test check of records disclosed that the rehabilitation was not complete in many cases as discussed below :

### 3.4.7. Poor utilisation of Business Loans

Loans not exceeding Rs.7,500 (Rs.5,000 prior to June 1985) were to be paid to each repatriate family in two instalments. The repatriates were to set up business within 6 months of the receipt of the first instalment and apply for the second instalment within one year. The second instalment was to be released by the Department after verifying utilisation of the first instalment. During 1980-81 to 1987-88, loans totalling Rs.978.99 lakhs were paid to 29,518 families.

Out of 15,293 families to whom the first instalment of the loan was paid during 1980-81 to 1986-87, the second instalment was not released to 11,975 families (78 per cent). Utilisation of the first instalment by these was also not verified. Out of 3,318 families to whom the second instalment was released, utilisation of the first instalment was not verified in case of 27 families before releasing the second instalment. In 3,266 cases, utilisation of second instalment was not verified (March 1988). Thus, only for 52 out of 15,293 families, the Department could provide evidence of full utilisation of both the first and second instalments. No follow up action was taken by the Department to verify whether the beneficiaries had set up business with the loan assistance. Thus, effective rehabilitation of repatriate families could not be ensured. The Department attributed its failure to non-availability of adequate staff and lack of information about the whereabouts of the beneficiaries.

### 3.4.8. Unsuccessful Dairy Scheme

Under dairy scheme for self-employment of repatriates, initiated in July 1980, a business loan of Rs.5,000 was granted to the repatriate family as a deposit with a nationalised bank for 7 years, against which the bank was to provide loans to the repatriates for purchase of milch animals, fodder development and dairy maintenance after the family had constructed a house and a cattleshed. In addition, loans and grants amounting to Rs.9,572 per family were to be provided by Government for construction of house, cattleshed, well, etc.

For 3 dairy schemes at Kundrakudi, Kailasapalayam and Thammanaickenpatti for resettlement of 250 families, the Government sanctioned in September/October 1983 Rs.35 lakhs towards loans. However, only 132 families were sent to the scheme-sites during 1983-85 with Rs.15.34 lakhs paid as assistance for their resettlement. The schemes were not implemented successfully as described below :

(i) Of the 132 families, 25 families deserted the places between October 1985 and December 1986, as they were not accustomed to the profession and also due to drought conditions. The assistance paid to these 25 families amounted to Rs.0.70 lakh.

(ii) Only 7 out of 107 families were provided with one milch animal against 3 animals each contemplated in the Scheme. The Director of Rehabilitation reported (October 1988) that the remaining families were not interested in dairy scheme either due to their more profitable employment elsewhere or due to lack of water supply, grazing facilities, etc. Thus, though Rs.6.6 lakhs were sanctioned as business loans to 132 families (including the 25 families



which deserted the sites) and deposited with 3 banks during 1983-85, only one bank sanctioned loans to 7 repatriate families to the extent of Rs.0.17 lakh (business loans deposited with this bank : Rs.1 lakh) leaving a balance of Rs.6.43 lakhs unutilised even after 3 to 4 years.

(iii) Business premises loans of Rs.1,000 each paid to 52 families settled at Thammanaickenpatti were not utilised by them for the purpose. Government stated (April 1989) that the repatriates did not utilise the business premises loans as they were employed in powerlooms. Government, however, did not indicate the action taken to recover the unutilised business and business premises loans given to them. Information regarding utilisation of the business premises loan of Rs.1,000 each paid to the 46 families at Kailasapalayam was not furnished to Audit.

Thus, the 3 dairy schemes, on which Rs.15.34 lakhs had been spent, did not achieve the object of providing rehabilitation to the repatriate families.

#### **3.4.9. Failure of land Colonisation Scheme**

Under this Scheme, land was allotted to repatriate families for carrying out agricultural operation and construction of houses. Besides this, they were also given assistance in the form of loans and grants for reclamation of lands, sinking wells, purchase of inputs for carrying out agricultural operations, construction of houses and subsidiary occupation like rearing of milch animals/sheep. Implementation of such schemes at K.Royapuram and Thiruvarankulam was sanctioned in January/April 1974 for settlement of 420 families and 3 acres of



Government dry lands were allotted to each of 396 families actually sent to the scheme-sites. A total assistance of Rs.35.33 lakhs (loan : Rs.32.30 lakhs and grant : Rs.3.03 lakhs) was paid to the repatriates during 1975-76. The implementation was, however, not a success as detailed below :

(i) Out of 396 families settled originally in the colonies, 233 left the place after taking assistance of Rs.6.52 lakhs. The Department did not have information as to their whereabouts or eventual rehabilitation.

(ii) The remaining 163 beneficiaries reclaimed land at a cost of Rs.3.56 lakhs in 1975-76. Six borewells were sunk in 1978 and 5 pumpsets were purchased in March 1981 at a total cost of Rs.9.70 lakhs. But only one pumpset was erected in December 1984 as pumphouses for the remaining 4 pumpsets were not constructed for want of funds. With one borewell put to use, only one repatriate was irrigating his land (June 1988). The lands of the other 162 repatriates could not be irrigated due to non-erection of pumpsets and non-provision of overhead tank and pipelines.

(iii) Out of 253 houses (cost : Rs.7.59 lakhs), constructed in the 2 colonies with Government assistance, 163 were occupied by the repatriates and the remaining 90 (cost : Rs.2.70 lakhs) were lying vacant (November 1988).

### 3.4.10. Inadequate employment through Tamil Nadu State Farm Corporation

In August 1976, land was purchased, with full Central loan assistance, at a cost of Rs.17.79 lakhs from Neyveli Lignite Corporation for allotment to eligible repatriate families. However, instead of assigning the land to the repatriate families, Government leased it out to Tamil Nadu State Farm Corporation (SFC), a State Government Company, for 35 years on the condition that the Corporation should employ 800 repatriate families.

Eight farm schemes (3 at Neyveli and one each at Thiagarajapuram, Musarayakkam, Vellavidhudhi, Kalur and Tirapidingi) were sanctioned to be implemented by the SFC at a total cost of Rs.414.70 lakhs for providing permanent employment to 1,335 repatriate families with Central assistance of Rs.107.13 lakhs. A total assistance of Rs.131.80 lakhs (cost of land : Rs.17.79 lakhs; Investment : Rs.80.13 lakhs; housing and other infrastructure : Rs.33.88 lakhs) was disbursed to the Corporation.

As against 1,335 families envisaged to be employed, only 1,043 families were employed by SFC in its farms during 1977-78. Of these, 255 families deserted the farms during 1978-82 and only 788 families were working in the farms at the end of August 1982, when SFC was wound up as unviable.

Consequently, all the lands purchased out of Central assistance were distributed to 4 Government Departments for their projects. No repatriates were employed in those projects. The 788 repatriate families, who remained with SFC in August 1982, were paid compensation totalling Rs.39.40 lakhs at Rs.5,000 each to enable their rehabilitation in other walks of life. GOI observed (October 1985) that the unilateral decision of the State Government to close down the SFC and transfer the lands to other departments was contrary to its commitment and the compensation of Rs.5,000 paid to each of the families, who were suddenly thrown out of jobs, was meagre and requested the State Government to retrieve the lands and formulate suitable rehabilitation schemes. The lands had not yet been retrieved (November 1988).

Thus, the expenditure of Rs.131.80 lakhs did not achieve the purpose of providing permanent employment to 4,335 repatriate families.

### 3.4.11. Unproductive assistance for Housing

Loans for purchase/construction of houses were sanctioned to all repatriate families, other than single member families on their application made within one year from the date of arrival in India or sanction of first instalment of business loan. They were given loans at Rs.8,000 each for urban and at ~~Rs.3,300~~ for rural areas from July 1982; the rates were raised respectively to Rs.10,000 and Rs.4,800 from April 1985. In addition, a grant of Rs.1,200 (Rs.700 prior to 10th April 1985) was also payable towards land development charges in



rural areas. The loan, released in 4 instalments, was repayable in 25 years with an initial moratorium period of 3 years. During 1980-81 to 1987-88, housing assistance amounting to Rs.1613.46 lakhs was paid to 18,224 families. This expenditure did not prove fully productive for the following reasons :

(i) The houses were to be completed within 18 months from the date of first instalment of loan. Second and subsequent instalments were to be released, on application by the beneficiaries, after verification of the progress of work by the Department. However, in 9 offices, out of 9,478 housing loans sanctioned during 1980-81 to 1985-86, the first two instalments only, amounting to Rs.271.05 lakhs, were released in 5,643 cases (60 per cent), as the beneficiaries had not applied for further instalment. The Department had no information about the stage of construction of these houses.

(ii) Loans amounting to Rs.6.59 lakhs disbursed to 179 families during March 1986 to October 1987 remained unutilised as construction was not taken up in 69 cases and it was left incomplete in the remaining 110 cases.

(iii) In one village, Rs.4.45 lakhs were disbursed to 87 families during December 1979 to September 1980. Test check of 70 cases disclosed that the third and fourth instalments were disbursed in 44 cases without verifying the utilisation of the amounts already disbursed. However, the Special Deputy Collector, Musiri who inspected the site

in November 1987 reported to District Revenue Officer, Tiruchi that, in all the 87 cases, only the basement was visible, all the repatriates had migrated to other places and the contractor entrusted with the work had left the work incomplete and his whereabouts were not known.

(iv) In Pollachi Revenue Division, house sites were allotted by Government free of cost to 54 families. They were, therefore, not entitled to assistance for purchase and development of land. However, loans amounting to Rs.1.26 lakhs were paid irregularly to them, between September 1982 to March 1987 towards cost of land (Rs.600 each for 54 families) and development (Rs.1,800 each for 52 families) after collecting a nominal amount of Re.1 towards cost of land.

#### 3.4.12. Recovery of Loans

Rupees 3549.82 lakhs were paid by Government to the repatriates as loans under the various rehabilitation schemes during 1968-69 to 1983-84. Of this, only Rs.16.57 lakhs were recovered. The balance of Rs.3533.25 lakhs outstanding on 1st April 1985 was written off by Government in August 1988 consequent on Government of India writing off all re-lending loans to State Governments for rehabilitation purposes given upto 1983-84 and outstanding on 1st April 1985 as per the recommendations of the Eighth Finance Commission.



### 3.4.13. Monitoring and Evaluation

A State Level Advisory Committee was constituted in January 1978 (reconstituted in February 1981) under the Chairmanship of the Chief Minister to monitor the implementation of the rehabilitation programmes. A Committee of Direction under the Chairmanship of the Chief Secretary was also constituted in August 1978 to identify new schemes and monitor their implementation. The Committees were to meet atleast once in six months. While the Committee of Direction did not meet after April 1981, the State Level Advisory Committee met only twice between January 1978 and June 1981 and did not meet thereafter. Though the Programme is implemented in the State from 1964-65, no comprehensive evaluation of the implementation of the Programme was conducted by Government (June 1988) to assess the impact of the Programme on effective resettlement of the repatriates.

## LABOUR AND EMPLOYMENT DEPARTMENT

### 3.5. Implementation of Apprentices Act, 1961

#### 3.5.1. Introduction

The Apprentices Act, 1961 was enacted by Parliament with the object of regulating the Programme of training of apprentices in industry so as to conform to the syllabi, period of training, etc. prescribed by the Central Apprenticeship Council and fully utilising the facilities available in the industry for imparting practical training with a view to meeting the requirement of skilled workers

in the industries. The Act was implemented from 1963. The Act makes it obligatory for the employers to engage trade apprentices according to a prescribed ratio of apprentices to workers, other than unskilled, in designated trades and pay them stipends at not less than the rates prescribed by Government of India. The Programme of training trade apprentices in the State and private sectors is looked after by the respective State Governments through State Apprenticeship Advisers.

The apprentices are paid stipends at rates prescribed by the Government of India from time to time. Fifty per cent of the stipend paid to apprentices other than those who have already passed recognised trade tests, engaged by establishments with less than 500 workers is reimbursed by the State Government. The cost of imparting related instructions to the apprentices is met by the State Government.

### **3.5.2. Organisational set up**

In Tamil Nadu, the Programme is implemented by the Director of Employment and Training, as State Apprenticeship Adviser, assisted by one Joint Director, 6 Deputy Directors and 12 Assistant Directors.

### **3.5.3. Audit coverage**

A test check of the implementation of the Act was conducted during April-May 1988 in the Directorate of Employment and Training and offices of one Deputy Director and 3 Assistant Directors.

#### 3.5.4. Highlights

- Out of 1,817 industrial establishments having facilities for training Apprentices, 369 establishments including 3 public sector undertakings, 3 local bodies and one government department, did not make available the facilities for training apprentices (paragraph 3.5.6).

- There was under-utilisation of training places due to non-implementation of programme and shortfalls in engagement of apprentices by certain establishments (paragraph 3.5.7).

- The quota of training places reserved for SC, ST and the physically handicapped was not fully utilised due to non-availability of suitable candidates (paragraph 3.5.8).

- Employment of all apprentices after training in the industrial establishments was not ensured (paragraph 3.5.9).

#### 3.5.5. Expenditure

During the 6 years from 1982-83 to 1987-88, an expenditure of Rs.170.72 lakhs was incurred on implementation of the Act including Rs.13.22 lakhs of stipend reimbursed to employees as below :



Year	Budget provision	Expenditure	Saving (-) Excess (+)	Stipend reimbursed (included in figures under Col.3)
(in lakhs of rupees)				
1982-83	21.98	17.52	(-) 4.46	0.22
1983-84	26.13	21.02	(-) 5.11	1.06
1984-85	26.05	25.86	(-) 0.19	3.08
1985-86	32.10	29.15	(-) 2.95	0.98
1986-87	35.88	36.29	(+) 0.41	3.96
1987-88	36.36	40.88	(+) 4.52	3.92
	<hr/> 178.50	<hr/> 170.72	<hr/> (-) 7.78	<hr/> 13.22

### 3.5.6. Utilisation of training facilities

Under the Act, it is obligatory on the part of employers to train the apprentices in 139 designated trades according to the ratio of trade apprentices to skilled workers prescribed by Government of India for each designated trade. In Tamil Nadu, 7,152 industrial establishments had come under the purview of the Act as on 31st March 1988; of these, 1,817 establishments had facilities to train apprentices in the designated trades. However, only 1,448 establishments were providing the apprenticeship training. The Department stated that, though the remaining 369 establishments had also been instructed to take on apprentices as fixed by it, they had not done so, for reasons of sickness, unwillingness of candidates, etc. The defaulting establishments included 3 Public Sector Undertakings,

3 local bodies and one Government department. No action was taken by the State Apprenticeship Adviser to enforce the statutory responsibility of the employers by invoking the penal provisions of the Act. Thus, the available training facilities were not fully utilised.

Government stated in December 1988 that 369 establishments, which did not implement the provisions of the Act as on 31st March 1988, were not permanent defaulters and that the number of actual defaulters was fluctuating. Government also stated that as 90 per cent of the training facilities could be utilised by persuasion, the establishments need not be provoked by invoking the penal provisions of the Act.

### 3.5.7. Engagement of apprentices

The strength of apprentices fixed for engagement in each year was never fully utilised (except in one year by private sector). The shortfall was comparatively higher in State Sector. Details are given below :

As on	Number to be engaged		Number actually engaged		Percentages of shortfall in employment	
	State sector	Private sector	State sector	Private sector	State sector	Private sector
31.03.1983	3856	7384	3169	7221	18	2
31.03.1984	4237	7659	3387	7119	20	7
31.03.1985	4162	8038	3444	7526	17	6
31.03.1986	4608	8992	3821	8559	17	5
31.03.1987	5201	8819	3932	8828	24	-
31.03.1988	5417	8955	4343	8671	20	3



Under-utilisation of training places was due to some establishments not implementing the Programme and shortfalls in engagement of apprentices in certain other establishments. Test check of records disclosed that shortfall in engagement of apprentices was more pronounced in Public sector establishments and Government departments. During 1987-88, in 15 such establishments the shortfall was 50 per cent, as only 280 out of 564 places were utilised.

### 3.5.8. Poor utilisation of reserved places

The Rules framed under the Act provide for the reservation of training places for Scheduled Castes and Scheduled Tribes at  $16\frac{2}{3}$  per cent and 5 per cent respectively besides 3 per cent reservation for the physically handicapped. Actual utilisation of these reserved places during 1982-83 to 1987-88 was much below these percentages as indicated below :

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Seats located	11,240	11,896	12,200	13,600	14,020	14,372
Seats utilised	10,390	10,506	10,970	12,380	12,760	13,014
Scheduled Caste						
Seats	1,205	1,241	1,302	1,566	1,471	1,690
Percentage	11.60	11.81	11.87	12.65	11.53	12.97
Scheduled Tribe						
Seats	8	163	58	69	15	43
Percentage	0.08	1.55	0.53	0.56	0.12	0.33
Physically Handicapped						
Seats	40	54	63	51	33	82
Percentage	0.38	0.51	0.57	0.41	0.26	0.63
Women	195	172	180	199	154	320

The under-utilisation of reserved places was attributed to non-availability of suitable candidates.

### 3.5.9. Employment of trained apprentices

Out of 39,191 apprentices who had successfully completed training during 1982-83 to 1987-88, only 6,808 persons (17 per cent) were absorbed by their employers. The Department did not have information regarding employment of the remaining trained apprentices. During 1983 to 1987, 38,985 trained apprentices registered themselves with the Employment Exchanges in the State; of whom, only 4,259 (11 per cent) secured employment. The Department did not take up adequate follow up action to ensure that the services of all the apprentices trained at a cost of Rs.170.72 lakhs during 1982-83 to 1987-88 were profitably utilised.

### 3.5.10. State Apprenticeship Council

The Act provides for constitution of the State Apprenticeship Council to settle the matters arising out of the implementation of the Act and to perform such functions as assigned to it by the Central Apprenticeship Council. The Council was to meet atleast once a year. The term of the Council constituted in June 1978 expired in 1981. The Council was reconstituted in June 1987; it has not met even once since 1978.

## ADI-DRAVIDAR AND TRIBAL WELFARE DEPARTMENT

**3.6. Irregular expenditure on Book Banks**

Assistance for the purchase of books under the Centrally Sponsored Scheme for establishment of book banks for Scheduled Castes (SCs) and Scheduled Tribes (STs) students in medical and engineering colleges is admissible only in respect of SC/ST students, who are in receipt of post-matric scholarships from Government of India. The scale of assistance is one set of books for 3 students from the year 1985-86 at the rate of Rs.5,000 per set of books or actual cost, whichever is less. Out of an expenditure of Rs.17.17 lakhs incurred by the Director of Adi-Dravidar and Tribal Welfare on the Scheme in 4 medical colleges and 2 engineering colleges during the years 1985-86 and 1986-87, disbursement of Rs.17.02 lakhs was irregular since the payment was towards purchase of books for students who were not in receipt of post-matric scholarships from Government of India. Payment was made without receiving details of number of SC/ST students in receipt of post-matric scholarships from Government of India from the heads of institutions to scrutinise and determine correctly the number of sets of books required taking into account the sets already available with them.

Similar irregular expenditure out of assistance of Rs.42.51 lakhs disbursed during 1985-86 and 1986-87 to 25 other Medical and Engineering Colleges could not be quantified, as the information regarding books purchased and number of beneficiaries



had not been furnished (December 1988) by the Department. It was also noticed that unspent assistance of Rs.5.74 lakhs disbursed in 1985-86 remained to be refunded by 20 out of these 31 colleges (November 1988).

The matter was reported to Government in July 1988; their final reply has not been received (August 1989).

#### GENERAL

#### 3.7. Non-receipt and delay in receipt of replies to draft paragraphs

The draft of a paragraph proposed for inclusion in the Report of the Comptroller and Auditor General of India is forwarded by the Accountant General to the Secretary to Government with a copy to the Head of the department concerned with a demi-official letter to ensure that the irregularity is brought to the personal notice of the officers who will have to appear as witnesses before the Committee on Public Accounts. According to the instructions issued by Government in April 1967, the reply should be sent normally within 6 weeks and within 3 months in any case.

The Committee on Public Accounts 1983-84 (Seventh Assembly) has also stressed in their 31st Report, presented in April 1984, the importance of timely reply to draft paragraphs. The Committee further observed that they would take a serious view of factual disagreement with the audit comments, if any, pointed out later on either in the explanatory

notes of the Committee or during oral evidence. These recommendations were again reiterated by the Committee - 1984-85 in their 33rd Report presented in March 1985.

Despite this background, replies to 55 to 82 per cent of the draft paragraphs and reviews included in the Report of the Comptroller and Auditor General of India (Civil) - Government of Tamil Nadu had not been received from Government even after the expiry of the prescribed time limit of 6 weeks and 3 months in exceptional cases and the Reports had to be finalised without replies of Government as indicated below :

Year of Report (finalised in ...)	Total number included <u>in the printed Report</u>			Number to which replies were not received till <u>finalisation of Report</u>			Month of issue (of paragraphs/reviews to which replies not received) to Government  (between)
	Para- graphs	Reviews	Total	Para- graphs	Reviews	Total	
1984-85 (November 1985)	41	12	53	22	7	29	February and September 1985
1985-86 (November 1986)	31	19	50	22	19	41	March and October 1986
1986-87 (December 1987)	24	16	40	19	11	30	May and October 1987



In respect of the Civil Report for the year 1987-88 also, out of 57 draft paragraphs and reviews issued to Government between April 1988 and January 1989, only in 13 cases replies were received; of which, replies in 6 cases came after 3 months. Replies to the remaining 44 cases issued between April 1988 and January 1989 have not yet been received (August 1989). The department-wise break up of draft paragraphs to which no replies were received is given in Appendix XI.

Government stated in June 1989 that series of meetings had been conducted with the Administrative Departments of Secretariat to expedite the settlement of draft paragraphs and the departmental officers concerned had been requested to expedite action and send replies to the draft paragraphs.

### **3.8. Misappropriation, losses, etc.**

Cases of misappropriation of Government money reported to Audit to end of March 1988 and on which final action was pending at the end of June 1988 were as follows :

	Number of cases	Amount (in lakhs of rupees)
Cases reported to end of March 1987 and outstanding at the end of June 1987	461	81.35
Cases reported during April 1987 to March 1988	42	15.02
	<u>503</u>	<u>96.37</u>
Cases cleared during July 1987 to June 1988	20	4.01
	<u>483</u>	<u>92.36</u>

Department-wise and year-wise analysis of the pending cases are given in Appendix XII. These cases were awaiting departmental action, criminal prosecution, recovery, etc.

In addition, 686 cases (Rs.103.43 lakhs) of shortages and theft, loss of stores, damages to vehicles, properties, etc. reported to Audit upto March 1988 by departments other than Public Works and Highways and Rural Works Departments and 544 cases (Rs.112.94 lakhs) reported by/noticed during Audit of Public Works and Highways and Rural Works Departments during 1987-88 were pending finalisation on 30th June 1988. Department-wise and year-wise analyses of these cases are given in Appendix XIII.

**3.9. Other miscellaneous irregularities, writes off of losses, etc.**

Rupees 114.98 lakhs representing mainly losses due to theft, fire, irrecoverable advances, etc. were written off/waived during 1987-88 by competent authorities. The details are given in Appendix XIV.

## **CHAPTER IV**

### **FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS**

#### **4.1. General**

This chapter deals with (i) results of audit of bodies and authorities substantially financed by grants and/or loans, (ii) scrutiny of procedure for watching fulfilment of conditions governing grants or loans paid for specific purposes, (iii) results of audit of accounts of statutory boards, (iv) financial assistance to Co-operative Societies and (v) other important points noticed in connection with the sanction of grants/loans.

#### **4.2. Financial assistance**

In 1987-88, Rs.507.18 crores were paid as assistance (grant : Rs.399.83 crores; loan : Rs.107.35 crores) by Government to various bodies, institutions and individuals (other than Government Companies and Tamil Nadu Electricity Board). Category-wise details are given below :

Serial number	Category of bodies/ institutions	Amount of assistance paid		
		Grant	Loans	Total
(in crores of rupees)				
1.	Statutory Boards/ Authorities	73.49	37.51	111.00
2.	Municipal Corporations/ Municipalities	35.42	27.06	62.48
3.	Other Local Bodies	48.32	9.46	57.78
4.	Co-operative Institutions	42.14	31.13	73.27
5.	Private Educational Institutions	157.68	..	157.68
6.	Other Institutions/ Individuals	42.78	2.19	44.97
TOTAL		<u>399.83</u>	<u>107.35</u>	<u>507.18</u>

#### 4.3. Utilisation Certificates

Under the financial rules, Utilisation Certificates showing that the grants have been utilised for the purpose for which they were released are required to be furnished by the departmental officers to the Accountant General within a reasonable time.

At the end of September 1988, 1,832 certificates for Rs.4554.85 lakhs were awaited for grants paid upto 30th September 1986. Department-wise and year-wise details of certificates outstanding as on 30th September 1988 are given in Appendix XV.



#### 4.4. Bodies and Authorities substantially financed by Government grants and loans

According to the provisions of Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (hereafter referred to in this Chapter as 'the Act'), receipts and expenditure of bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. For this purpose, a body/authority is deemed to have been substantially financed if the aggregate of grants and loans to it in a financial year was not less than Rs.25 lakhs (Rs.5 lakhs prior to 1983-84) and also was not less than 75 per cent of the total expenditure of that body/authority. The table below indicates year-wise total number of bodies/authorities which received grants and loans of not less than Rs.5 lakhs/Rs.25 lakhs and the number from which accounts were not received (February 1989) to determine the applicability of section 14 (1).

Year	Number of bodies/authorities which received grants/loans of not less than Rs.5 lakhs/Rs.25 lakhs in a year (latest figures adopted)	Number of bodies/authorities from which accounts were due
1980-81	811	3
1981-82	903	12
1982-83	980	66
1983-84	980	84
1984-85	801	127
1985-86	766	196
1986-87	640	231

Non-receipt of accounts from the bodies/ authorities was reported to concerned departments of Government (January 1988 to December 1988).

Important points noticed during Audit are given in the succeeding paragraphs.

#### RURAL DEVELOPMENT DEPARTMENT

#### 4.5. Assistance to Panchayat Unions

There were 384 Panchayat Unions as on 31st March 1988. 67 Panchayat Unions attracted audit under Section 14(1) of the Act. Audit of 57 Panchayat Unions conducted during 1987-88 covered the accounts of the following years :

Year of Account	Number of Panchayat Unions audited
1980-81	4
1981-82	11
1982-83	17
1983-84	35
1984-85	45
1985-86	47
1986-87	11

Important points noticed by Audit during test check are mentioned below :

## A. REVENUE

## (i) Quarry receipts not realised from Revenue Department

Under the Tamil Nadu Minor Mineral Concession Rules, 1959, proceeds from issue of permits and sale of lease rights for quarrying ordinary sand, ordinary clay, building stone and gravel from Government lands are to be paid to the Panchayat Unions in whose jurisdiction the lands are situated. The leasing is done and permits are issued by the Revenue Department and the lease amounts collected are initially credited to Government account and transferred to the accounts of the Panchayat Unions concerned at the end of each year. In respect of quarries lying within the jurisdiction of 5 Panchayat Unions, lease amounts totalling Rs.5.44 lakhs for the faslis 1384 to 1397 (July 1974 to June 1987), collected and credited to Government account, were not transferred so far (June 1988) to the funds of the respective Panchayat Unions.

## (ii) Market rent/lease amounts not realised

In Musiri Panchayat Union, shops constructed to augment its revenue were let out to Government departments, quasi-Government bodies and private individuals. Rent for the shops amounting to Rs.0.14 lakh pertaining to the years 1983-84 to 1986-87 remained unrealised (April 1989).

(iii) Advance payment of Local Cess, Local Cess Surcharge and Local Cess Surcharge Matching Grant remaining unadjusted/not disbursed

Under the Tamil Nadu Panchayats Act, 1958, each Panchayat Union Council is empowered to levy a Local Cess (LC) at the rate of 45 paise on every rupee of land revenue payable to Government in respect of any land and also a Local Cess Surcharge (LCS) at such rate as may be considered suitable but not exceeding 250 paise per rupee of land revenue for every fasli (1st July to 30th June). The LC and LCS due to each Panchayat Union are collected by the Revenue Department along with Land Revenue. Government pays such collections to the Panchayat Unions along with a Local Cess Surcharge Matching Grant (LCSMG) computed as a certain percentage fixed by the Government on the basis of classification of the Panchayat Union and the rate of LCS levied by it. Each Collectorate makes monthly payment as advances towards LC and LCS and quarterly towards LCSMG, to the Panchayat Union Councils under its jurisdiction subject to final adjustments based on actual figures.

A scrutiny of the connected records revealed that -

(a) In Madurai Collectorate, excess grant of Rs.62.37 lakhs relating to the period 1975 to 1985 remained unadjusted (April 1989).



(b) Vilathikulam Panchayat Union in V.O.Chidambaranar District has not been paid the cess and matching grant aggregating to Rs.2.68 lakhs for the years 1981 to 1985 (April 1989).

#### B. GRANTS

(i) Grants for maintenance of hand pumps/power pumps

Government ordered in November 1982 that the hand pumps and power pumps should be maintained by the respective Panchayat Unions and the expenditure on maintenance would be reimbursed according to the prescribed pattern by advance grants, subject to adjustment on the basis of actual expenditure.

In Morappur Panchayat Union in Dharmapuri District, Rs.1.14 lakhs representing maintenance expenditure over the advance grants released from 1982-83 to 1986-87 were yet to be reimbursed by the Government (April 1989).

(ii) Grant for additional school building

In Arni Panchayat Union in North Arcot District, out of the grant of Rs.0.60 lakh received from Government (1981-82) for the construction of additional school building, unspent balance of Rs.0.21 lakh was refunded to Government only in August 1988 after a delay of 6 years.



## (iii) Local roads grant

As per Section 131 of Tamil Nadu Panchayats Act, 1958, Government pays local roads grant to all Panchayat Unions for the maintenance of roads.

In Harur, Kangayam and Acharapakkam Panchayat Unions, out of Rs.17.45 lakhs received towards local roads grant during 1981-82 to 1986-87, Rs.6.65 lakhs remained unutilised (April 1989).

## (iv) Local Irrigation Grant

In Dindigul Panchayat Union, grants received for 1984-85 (Rs.0.27 lakh) and 1985-86 (Rs.0.15 lakh) were not utilised.

## (v) Excess drawal of grant

Government grant for works executed under Self-sufficiency Scheme such as school buildings, maternity and child welfare centres, roads, etc., is admissible at varying percentages of actual expenditure on each work subject to cost ceilings fixed by Government.

In 2 Panchayat Unions, grants aggregating to Rs.11.38 lakhs were released during 1981-82 and 1982-83 in excess of the ceiling and percentage fixed by Government. The Panchayat Unions were still to refund the excess amounts (April 1989).

## C. LOANS AND ADVANCES

## (i) Non-repayment of loans with interest

Rupees 90 lakhs were pending recovery from 6 Panchayat Unions towards overdue instalments (Principal : Rs.77 lakhs; Interest : Rs.13 lakhs) of Ways and Means Advances granted to them by Government during 1980-81 to 1982-83 for meeting their share of expenditure on works taken up under Self-sufficiency Scheme, along with penal interest (April 1989).

## (ii) Advances pending with officials, other departments, etc.

Rupees 7.38 lakhs paid by 5 Panchayat Unions to officials, other departments and Panchayat Presidents for purchase of materials, execution of work, etc. during 1962-63 to 1986-87 were pending adjustment (April 1989).

## D. MISCELLANEOUS

## (i) Grants from State Khadi and Village Industries Board not claimed

For starting and running Village Industries by Panchayat Unions, recurring and non-recurring grants were payable by the State Khadi and Village Industries Board on post-execution basis. In 2 Panchayat Unions, Rs.4.04 lakhs due from the Board as grants for rural arts and crafts pertaining to the years 1974-75 to 1986-87 were not obtained (May 1988).

(ii) Grant from Adi-Dravidar and Tribal Welfare Department not claimed

For works executed solely for the benefit of Adi-Dravidars under the Village Works Programme, grant from Rural Development Department is restricted to 90 per cent of expenditure on link roads and 85 per cent on rural water supply schemes and the balance of 10 and 15 per cent respectively is to be paid by the Adi-Dravidar and Tribal Welfare Department. In 3 Panchayat Unions, Rs.1.60 lakhs in respect of such works executed during 1975-76 to 1985-86 were still to be got reimbursed from Adi-Dravidar and Tribal Welfare Department (April 1989).

(iii) Materials purchased in 1981-82 to 1984-85 remaining unused

In 5 Panchayat Unions, steel and barbed wire purchased during 1981-82 to 1984-85 at a cost of Rs.1.74 lakhs for use on works were lying unused for over 2 to 7 years.

(iv) Outstanding recoveries of credit sales

In 9 Panchayat Unions, a sum of Rs.27.08 lakhs was pending recovery for periods ranging from 1 to 20 years, being the value of articles manufactured in Village Industries units and sold on credit to Government offices, Government aided institutions, local bodies and individuals. In 3 Panchayat Unions, the amount pending recovery was more than Rs.2 lakhs while in two others it was more than Rs.5 lakhs.

## (v) Finished/manufactured articles remaining unsold

Finished articles worth Rs.2.11 lakhs, manufactured between 1981-82 and 1986-87 by village industries units of 6 Panchayat Unions, remained unsold for periods ranging from 1 to 7 years due to lack of demand.

## (vi) Dispensaries without medical officers

Buildings for 3 rural dispensaries were constructed during 1982-83 at a cost of Rs.2.10 lakhs (Government grant : Rs.1.21 lakhs) in 3 Panchayat Unions. Two of them remained unutilised (June 1988), as the medical officers were not posted, while the other dispensary started functioning from November 1987 after a medical officer was posted.

## (vii) Outstanding recoveries of power/road roller hire charges

In 2 Panchayat Unions, hire charges of road rollers and power rollers amounting to Rs.0.23 lakh were pending recovery for over 3 years from Government Departments and local bodies.

## E. SHORTAGES, LOSSES AND AVOIDABLE EXPENDITURE

## (i) Shortage of foodgrains

In 6 Panchayat Unions, shortages of food grains allotted for distribution under National Rural Employment Programme and Rural Landless Employment Guarantee Programme valued at Rs.3.90 lakhs were noticed between March 1983 and January 1987 during



physical verification or at the time of handing over charge. The shortages were yet to be regularised (April 1989).

(ii) Shortage of steel and cement

In 3 Panchayat Unions, 12.4 tonnes of cement (purchased during 1983-84) and 6.416 tonnes of steel (purchased during 1982-83 and 1983-84) valued at Rs.0.97 lakh were found short during physical verification conducted in 1983-84. The shortages remained to be regularised (May 1989).

In Hosur Panchayat Union, 50 tonnes of cement were found adulterated (February 1983). Of this, 21 tonnes had already been used in a school building which had to be demolished and reconstructed with good quality cement. Responsibility for accepting the adulterated cement and the consequent loss of Rs.0.65 lakh was yet to be fixed (June 1988).

(iii) Excess issue of materials to contractors.

In 8 Panchayat Unions, 106.9 tonnes of cement and 3.104 tonnes of steel were issued to contractors for 16 works in excess of the theoretical requirement and cost thereof was recovered at the normal issue rate instead of double the issue rate provided for in the rules, resulting in short recovery of Rs.0.94 lakh (cement : Rs.0.62 lakh; steel : Rs.0.32 lakh).



- (iv) Infructuous expenditure due to continuance of post

After the merger of 13 Chief Minister's Noon Meal Programme blocks with Integrated Child Development Services project in July 1986, 13 posts of Accountants, rendered surplus, were continued upto November 1987 resulting in infructuous expenditure of about Rs.3 lakhs.

- (v) Irregular payment to conductresses

Conductresses, being part-time employees, were to be paid consolidated salary. However, in 3 Panchayat Unions conductresses, who had put in 10 years of service, were brought on to regular scale of pay for which they were not entitled to. This resulted in irregular payment of Rs.6.82 lakhs towards pay and allowances to 48 conductresses for the period from March 1983 to April 1987.

- (vi) Uneconomic working of village industries units

Three village industries units in 3 Panchayat Unions were having no work for 2 to 7 years, involving infructuous expenditure of Rs.1.81 lakhs on the salary of staff.

- (vii) Income Tax/Sales Tax not remitted to Government account

In 8 Panchayat Unions, Rs.0.76 lakh of Income Tax and Rs.0.33 lakh of Sales Tax collected during 1976 to 1986 from contractors and others were not remitted to Central and State Government accounts respectively.

(viii) Group-Insurance Schemes - contributions not remitted

In 10 Panchayat Unions, Group Insurance premia amounting to Rs.2 lakhs for periods ranging from 3 to 9 years were not paid to Government (June 1988).

HANDLOOMS, HANDICRAFTS, TEXTILES AND  
KHADI DEPARTMENT

4.6. Unutilised grants

According to the provision of Section 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the receipts and expenditure of any body or authority, where the grants or loans to such body/authority from the Consolidated Fund of the State in a financial year is not less than Rs.1 crore, are to be audited by the Comptroller and Auditor General of India with the previous approval of the Governor. The accounts of Tamil Nadu Khadi and Village Industries Board, which received grants/loans exceeding Rs.1 crore in 1983-84, were test checked by Audit under Section 14(2) of the Act and important points noticed are mentioned in the succeeding paragraphs.

Out of Rs.27.70 lakhs released to Tamil Nadu Khadi and Village Industries Board, Rs.13.25 lakhs remained unutilised even after 3 to 7 years as indicated below:

(i) Government released grants aggregating to Rs.15 lakhs between July 1981 and March 1984 towards subsidy to khadi weavers for construction

of houses. The Board could utilise only Rs.5.81 lakhs upto March 1988 and sought approval of Government in June 1988 for utilising Rs.5 lakhs for improving the existing houses of weavers. This was not agreed to by Government. The Board was directed in February 1989 to refund the unspent balance of Rs.9.19 lakhs. The non-utilisation of the grant was attributed to lack of interest on the part of khadi weavers in house construction.

(ii) Government released Rs.3.51 lakhs in August 1983 to the Board for establishing a silicate unit at Thiruvotriyur. The Board acquired land for the unit in March 1986 and started construction in December 1987. Expenditure of Rs.1.81 lakhs had been incurred to end of June 1988, but the unit has not been established. The delay of over 4 years in establishing the unit had pushed up the cost of civil works and machinery from Rs.3.20 lakhs to Rs.12.70 lakhs. The Board had requested Government (July 1988) to sanction additional grant of Rs.9.50 lakhs to meet the increase in cost. Government stated in April 1989 that the building had been completed in all respects and that the Khadi and Village Industries Commission had been approached for funds for the purchase of machinery.

(iii) Government released a grant of Rs.6 lakhs in March 1985 to the Board for establishing a common facility workshed for potters in Madurai region. Expenditure of Rs.4.32 lakhs was incurred out of the grant upto June 1988, leaving Rs.1.68 lakhs unutilised. The work was yet to be completed (June 1988).

(iv) In March 1985, Government released a



grant of Rs.2.86 lakhs to the Board for establishing a fibre collection-cum-sizing and brush making centre in Thennilai (Tiruchy District). The expenditure incurred upto June 1988 was Rs.2.51 lakhs leaving an unspent balance of Rs.0.35 lakh (June 1988).

(v) In February 1985, Government disbursed to the Board a grant of Rs.0.33 lakh towards subsidy to cover one third of the cost of jacquard boxes to be supplied to 200 weavers. The amount remained unutilised (June 1988) as the weavers were not interested in the jacquard boxes even at subsidised price. Government stated in April 1989 that the Board was taking action to refund the amount to Government.

#### 4.7. Grants or loans for specific purposes

Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, prescribes that where a grant or loan is given from the Consolidated Fund for any specific purpose, the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grant or loan was given. Important points noticed as a result of scrutiny conducted under Section 15(1) of the Act are given in the succeeding paragraph.

#### CO-OPERATION, FOOD AND CONSUMER PROTECTION DEPARTMENT

#### 4.8. Misutilisation of financial assistance

In may 1983, Government sanctioned financial assistance of Rs.1.20 lakhs as loan and Rs.0.80 lakh as subsidy to Dharmapuri Co-operative Marketing

Society for the establishment of a marketing yard with all attendant facilities to enable the Society to achieve an annual turnover of Rs.1 crore in marketing agricultural produce. The assistance was, however, declined by the Society in June 1983 for the reason that it neither owned any site nor had the requisite funds to acquire land for the purpose and that it did not apply for the assistance. Though the Department decided in July 1983 to withhold payment to the Society, it decided in November 1983 to pay the amount on the ground that outlay under co-operation should be achieved and provision made should, in no case, be surrendered. Accordingly, the amount was disbursed to the Society in February 1984 for utilisation within 3 months.

The Society did not initiate any action for construction of the marketing yard and used the amount for expanding its business. Despite becoming aware of this misutilisation, the Department did not take any action for 2 years to recover the misutilised amount forthwith. It was only in February 1986, on receipt of a public complaint regarding malpractices in the Society, that the Department ordered enquiry into the affairs of the Society under the Tamil Nadu Co-operative Societies Act, 1961. Action on the enquiry report, received by the Registrar of Co-operative Societies in January 1988, is yet to be finalised and the amount still to be recovered (June 1988) from the Society.

Government stated in April 1988 that the financial assistance was extended to the society with the good intention of placing it on sound lines and that suitable action would be taken against the persons responsible for the irregularities and also



to refund the assistance to Government. Government did not, however, explain the failure to recover the amount immediately after the misutilisation came to its notice.

The matter was reported to Government (July 1988) and their reply has not been received (August 1989).

#### 4.9. Statutory Board

The Audit of the accounts of Tamil Nadu Water Supply and Drainage Board has been entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Act. Important points noticed in Audit of the Board are given in the succeeding paragraphs.

### MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

#### TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD

#### 4.10. Reactivation of the Comprehensive Water Supply Scheme to Alandur Pallavapuram Municipalities

##### 4.10.1. Introduction

In January 1972, Government of Tamil Nadu sanctioned a comprehensive water supply scheme to benefit Alandur and Pallavapuram Municipalities, way-side Town Panchayats and institutions at a cost of Rs.173.32 lakhs. The Scheme envisaged drawal of water from two locations in river Palar, conveyance by pipes for a distance of about 59 kms. and distribution to the intended beneficiaries. The work

was entrusted to Tamil Nadu Water Supply and Drainage (TWAD) Board. The cost was revised to Rs.216.16 lakhs in June 1975.

After completion of major portion of the works except headworks at Walajabad, the Scheme was deferred in June 1977, as large scale leakages were noticed while commissioning the conveying main from Palayaseevaram headworks. A technical committee constituted by the Board concluded that the RCC Pipes used were substandard and unfit for service as pressure pipes.

The various irregularities in the implementation of the Scheme upto September 1977 were mentioned in paragraph 4.2 of the Report of the Comptroller and Auditor General of India for the year 1976-77 (Civil). The Committee on Public Undertakings discussed this paragraph as well as subsequent development and made recommendations in its 29th Report presented to the Legislative Assembly on 13th April 1983. The main recommendations were early completion of the Scheme and achievement of water supply and disciplinary/vigilance action taken against the delinquent officials responsible for the irregularities mentioned in the Audit Report. The Committee also recommended that the Board should take steps to ensure selection of experienced and reliable contractors, with proven record of performance.

#### 4.10.2. Reactivation Scheme

The Board submitted in September 1978 a proposal to Government for reactivating the Scheme using cast iron pipes in lieu of RCC pipes for

conveying mains and branch mains. In September 1979, Government accorded administrative sanction for reactivation of the Scheme at a total cost of Rs.708.07 lakhs including the expenditure of Rs.265.07 lakhs already incurred on the Scheme upto September 1979.

The reactivation scheme was taken up for implementation in five stages and technical sanction for Rs.481.30 lakhs (excluding expenditure incurred upto September 1979) for all the five stages was accorded by the Chief Engineer (CE) of the Board between April 1980 and April 1984. Though no specific target date for completion of the Scheme was fixed, the Committee on Public Undertakings was informed in June 1982 that one portion of the Scheme was expected to be completed by March 1983 and the other by the end of December 1983.

#### 4.10.3. Audit coverage

A review of the Scheme was conducted during August-September 1987, through test check of records in the Offices of Superintending Engineer, TWAD Board, Egmore and Urban Division Tambaram.

#### 4.10.4. Highlights

- The Scheme suffered heavy cost and time overruns. As against the cost estimated at Rs.173.24 lakhs in January, 1972, an expenditure of Rs.860.72 lakhs has already been incurred upto September 1987 and the latest estimated cost is Rs.950 lakhs. The reactivated Scheme, anticipated to be completed in December 1983, is still in progress in January 1989. It has been partly commissioned to supply



9.82 million litres of water per day as against 22.73 million litres envisaged (paragraph 4.10.5).

- Five service reservoirs were constructed with a total capacity of 6.2 million litres, against the reasonable requirement of 3.03 million litres, leading to extra expenditure of Rs.12.80 lakhs (paragraph 4.10.6).

- Modification of supply order for supply of cast iron pipes with conventional sockets instead of sockets suitable for tyton joints as initially stipulated, led to extra expenditure of Rs.2.53 lakhs (paragraph 4.10.7).

- Defects in pipes rendered infructuous the expenditure of Rs.21.58 lakhs on their purchase (paragraph 4.10.8).

- There was extra cost of Rs.1.41 lakhs due to execution of work through alternative agencies and recovery thereof from the original defaulting contractors is still to be effected (paragraph 4.10.9).

- Borewells and connected piping mains constructed at a cost of Rs.18.77 lakhs for interim water supply were not integrated and put to use under the reactivation Scheme (paragraph 4.10.10).

- The beneficiaries have paid only Rs.2 lakhs as against Rs.88.77 lakhs demanded by the Board which maintained the Scheme (paragraph 4.10.11).

#### 4.10.5. Cost and time overruns

The initial estimate of the cost of the

Scheme was only Rs.173.32 lakhs in January 1972. After detection of large scale leakages, the reactivation scheme using cast iron pipes estimated to cost Rs.708.07 lakhs was approved in September 1979. The revised estimates included expenditure of Rs.265.07 lakhs already incurred till September 1979. However, the expenditure upto September 1987 was Rs.860.72 lakhs, exceeding the revised estimate. In October 1984, the Board revised the estimate to Rs.950 lakhs but it has not been approved by Government. The escalation in the cost was attributed mainly to increase in the prices of cast iron pipes.

As against the expected completion of 2 portions of the Scheme by the end of December 1983, indicated to the Committee on Public Undertakings, the work is still incomplete (January 1989). The Scheme was partially commissioned in June 1983 having capacity to pump 9.82 million litres of water per day (mld) as against the provision of 11.82 mld. in the project estimate. The pumpsets for pumping 10.91 mld. from Walajapet headworks have not been commissioned and the Scheme has been supplying only 9.82 mld. of water, against 22.73 mld. envisaged. No fresh target dates have been fixed for completion of the work in all respects.

Thus, the Scheme has suffered heavy cost and time overruns.

#### 4.10.6. Extra expenditure on reservoirs

Due to limitations on drawal of water, the supply of water under the Scheme to Alandur Municipality was restricted to 9.09 mld. only. Based



thereon, the capacity of the service reservoir, normally fixed at one third of daily requirements of water assuming 3 fillings in a day, was only 3.03 million litres for Alandur Municipality. However, 5 service reservoirs with a total capacity of 6.2 million litres were constructed. The extra expenditure for the surplus capacity so provided is estimated at Rs.12.80 lakhs.

#### 4.10.7. Extra expenditure on lead joints

The estimates for the work of laying of pumping main contemplated provision of 52 lead joints and 1,496 tyton joints between cast iron pipes. Accordingly, in April 1980, orders were placed on 2 firms, each for a supply of 5,000 metres of cast iron pipes suitable for tyton joints. However, in May 1980, the supply order on one firm was amended to enable supply of pipes with conventional sockets for lead joints as it pleaded inability to supply tyton joint pipes within the stipulated time. This necessitated amending the purchase order for tyton joints to conventional lead joints, which were expensive. The company supplying pipes was obliged, resulting in extra expenditure of Rs.2.53 lakhs. This was not matched by any rebate from the company which supplied the conventionally socketted pipes instead of special pipes for tyton joints originally ordered.

#### 4.10.8. Infructuous expenditure due to defects in pipes

After laying the cast iron pipes supplied by the 2 firms and testing the pipeline, it was noticed that bursts occurred on a large scale due

to poor quality of pipes not conforming to standard specifications. The defective pipes had to be removed and the pipeline laid again with good pipes. The total cost of such defective pipes was Rs.21.58 lakhs. It was not clear why the Board did not ensure quality control over the pipes, particularly when the Scheme had suffered earlier due to procurement of substandard pipes.

Besides, though pipes weighing 195 tonnes were reportedly burst when pressure test was conducted, only 11 tonnes of cast iron scrap had been accounted for; the balance quantity (184 tonnes) valued at Rs.2.76 lakhs as scrap had not been accounted for.

Though the defects were noticed during 1981, such defective pipes continued to be received till July 1983. According to the terms of supply order, the firm is bound to replace such defective pipes but the question of replacement has not yet been taken up with the firm. Only in August 1987 the matter was reported to the Board with details of substandard supplies. Details of further action taken in the matter were not made available to Audit.

#### **4.10.9. Extra expenditure due to termination of contract**

The work of laying and jointing of the pumping main was split up into convenient reaches and given to different contractors. In respect of 3 reaches, the contractors failed to complete the works as per contract. Their agreements were terminated and the balance works were got executed through other agencies, resulting in additional

expenditure of Rs.1.41 lakhs. For 2 reaches, the Board had not initiated any action to recover the difference in cost of Rs.1.11 lakhs from the original contractors. In respect of the third reach, the difference in cost of Rs.0.30 lakh proved irrecoverable, as the agreement with the original contractor had no provisions for such recovery.

#### **4.10.10. Assets not put to use**

After the Scheme was deferred in 1977 due to defective execution, 4 borewells sunk in 1978 and pumping mains laid upto 1983 at an estimated cost of Rs.18.77 lakhs for supply of water to Alandur and Pallavapuram towns have not been integrated and put to use under the reactivated scheme. The expenditure of Rs.18.77 lakhs, thus, remained unproductive since 1983.

#### **4.10.11. Short realisation from beneficiaries**

Water was supplied under the Scheme from September 1983 onwards. Pending final decision of Government to hand over the Scheme to local bodies, the Board had incurred an expenditure of Rs.50.89 lakhs, on its maintenance from 1983-84 to 1987-88. However, only Rs.2.00 lakhs had been realised so far (June 1987) from the beneficiaries, against the demand of Rs.88.77 lakhs made by the Board towards water charges for the period 1983-84 to 1987-88.

The matter was reported to Government in June 1988; their reply has not been received (August 1989).



#### 4.11. Extra expenditure due to mistake in comparison

Kamuthi-Abiramam Water Supply sub-project, approved by Government in March 1985, contemplated laying Asbestos Cement (AC) pipes. The detailed estimate of the work, sanctioned in February 1987 by the Chief Engineer (TWAD), however, provided for PVC pipes in lieu of AC Pipes on the ground that PVC pipes were cheaper. The work was executed in 1987 with 2,735 metres of AC pipes and 9,465 metres of PVC pipes. The Chief Engineer (TWAD) justified in April 1988 that PVC pipes were not only cheaper but also found suitable for laying in the rocky soil found in about half the reach.

There was, however, a mistake in the comparison of the prices of the 2 varieties of pipes. The rate of R.147.26 per metre for PVC pipes was erroneously compared in April 1983 with the rate of Rs.149.61 per metre for AC pipes of a different specification instead of Rs.122.35 applicable to the AC pipes specified in the estimate of the work. Accordingly, PVC pipes were costlier by Rs.24.91 per metre. Even 3 years later, in December 1986, the rate for AC pipes was lower than that for PVC pipes by Rs.47 per metre.

It was also noticed in Audit that during execution, rocky soil was met with only in about 7 per cent of the total reach as against 50 per cent indicated by the Chief Engineer.

Thus, the erroneous assumption that PVC pipes were cheaper was based on incorrect comparison of prices resulting in extra expenditure of Rs.4.60 lakhs.

The matter was reported to Government in June 1988; their reply has not been received (August 1989).

#### 4.12. Unproductive outlay on a scheme

The Scheme for conversion of dry latrines into sanitary ones in Palani Municipality consisted of a central human-waste disposal unit, a net work of sewage pipes and house service connections. The work on the Scheme was taken up in June 1978, by the Board, at a cost of Rs.15.30 lakhs for which Central assistance of Rs.12.50 lakhs was received in March 1978. The Scheme, planned for completion before March 1979, was completed in July 1988 at a total cost of Rs.20.58 lakhs. However, works relating to power supply have not been carried out.

The house service connections, essential for the Scheme, have not been provided so far (September 1988). Although Government of India advised grant of loans to the Municipality by the State Government for providing assistance to needy house owners for provision of house service connections, the State Government did not release any loan to the Municipality on the ground that its financial position was sound. The Municipality, however, regretted its inability to give such assistance to house owners from its own funds. A detailed estimate of Rs.7.12 lakhs for providing house service connection is yet to be approved. The work thereon has not commenced so far (September 1988).

Due to non-provision of house service connections, the outlay of Rs.20.58 lakhs on the Scheme has failed to yield the benefit of sanitary



latrines to the house owners of Palani and remained unproductive till now.

The matter was reported to Government in July 1988; Government stated (September 1989) that the Board had agreed to start the work.

#### 4.13. Injudicious termination of a contract

The work of construction of a service reservoir at Ettayapuram Road in Tuticorin was entrusted to a firm in November 1984 at a cost of Rs.13.82 lakhs. During construction, the firm was ordered, with the approval of Chief Engineer (TWAD), to provide haunches at the junctions of columns and braces for additional reinforcement. This work was treated as 'authorised extra' payable at the agreement rate applicable to concrete for columns and braces, with a total payment of Rs.0.19 lakh.

The firm, however, did not accept this rate and demanded Rs.0.62 lakh. It also stopped further work and its contract was terminated in September 1985. In December 1985, the Chief Engineer ruled that haunches were not necessary and the termination was revoked in March 1986. The firm was agreeable to resume the work, only with an increase of 25 per cent over the agreement rates, involving an additional expenditure of Rs.1.15 lakhs. In October 1986, the firm offered to execute the balance work at the Schedule of Rates applicable for the year 1986-87. This offer was accepted in April 1987. Under a fresh agreement executed with the firm in June 1987, the work was completed in November 1988 at a cost of Rs.15.62 lakhs without provision of haunches.

The injudicious termination of the contract, over the issue of provision of haunches which were considered unnecessary later, resulted in extra expenditure of Rs.1.80 lakhs, apart from delay of over 3 years in construction of the reservoir and consequent postponement of the social benefits from it.

The matter was reported to Government in August 1988; their reply has not been received (August 1989).

#### **4.14. Extra expenditure due to adoption of uneconomical quarry**

The work of 'Composite water supply improvement scheme to Cumbum Valley towns', awarded to a contractor in January 1987 for a value of Rs.35 lakhs, envisaged extraction of stone from Alamaram quarry. Since the quarry was situated in a special tract, premia of 100 per cent on material and 50 per cent on conveyance were payable as per the Schedule of Rates.

It was noticed in Audit that there was another approved quarry at Kombai, at a distance of 31 km., located in ordinary tract, selection of which would have been economical. For instance, the cost of 1,437 cum. of metal from Alamaram quarry used for concrete works was Rs.2.35 lakhs, while it would have been only Rs.1.66 lakhs, had the metal been utilised from Kombai quarry.

The selection of Alamaram quarry, therefore, resulted in the extra cost of Rs.2.15 lakhs in respect of metal used in the work. The contention of the TWAD Board (June 1988) that the metal at Kombai quarry was not suitable was at variance

with the fact that this quarry had been adopted for similar works sanctioned in 1987-88 and 1988-89.

The matter was reported to Government in August 1988; their reply has not been received (August 1989).

#### 4.15. Extra expenditure on purchase of Alum

The Central Purchase and Stores Organisation of the Board invited tenders in November 1985 for the supply and delivery of alum to different field units of the Board under annual rate contract. The lowest rate out of ten tenders received was Rs.1242.84 per tonne from firm 'A'. However, a higher offer of Rs.1,570.88 per tonne, quoted by firm 'B', was accepted in February 1986 without any reasons on record. It was also seen in Audit that, on a reference from the Board, the Madras Metropolitan Water Supply and Sewerage Board had informed that firm 'A' had been a prompt supplier of alum to them.

The failure to accept the lowest offer led to an extra expenditure of Rs.4.55 lakhs in the purchase of 1,387 tonnes of alum between April 1986 and May 1987.

The matter was reported to Government in September 1988; their reply has not been received (August 1989).

#### 4.16. Irregularities in the purchase and use of pipes and specials

In paragraph 3.1.16 of Report No.5 of 1989 of the Comptroller and Auditor General of India



for the year ended 31st March 1988, mention was made of certain irregularities noticed in the procurement and utilisation of High Density Poly Ethylene (HDPE) pipes and specials in Udhagamandalam Water Supply Scheme under Hill Area Development Programme (HADP) implemented by TWAD Board. Similar pipes, specials and connected materials were procured for a total value of Rs.353 lakhs between April 1985 and March 1988 for the Rural Water Supply (RWS) Schemes in the same district. The irregularities noticed during test check of the records relating to purchases and use of these stores are described below:

(i) Extra expenditure on purchase

An order for supply of 62,500 metres of the pipes was placed on a firm on 25th January 1987 at a cost of Rs.17.59 lakhs under the same terms applicable to the rate contract placed by the Director General of Supplies and Disposals (DGSD), which had already expired on 14th January 1987. The Board was informed by DGSD in February 1987 that fresh rate contracts with lower prices had been entered into with the same firm from January 1987. But the Board did not take any action to amend the rates by invoking the 'price fall' clause in the supply order. The firm made the supply at the higher rates after extensions of delivery schedules. The failure to have the rates reduced led to an extra expenditure of Rs.1.03 lakhs.

(ii) Defects in pipes and specials

Out of the pipes supplied by the firm referred to above, 36,560 metres were received by

HADP Division, Udthagamandalam, and found to be substandard on testing. The specials supplied to this division were also found to be substandard. The Board instructed in February 1988 that they should not be used until further orders.

However, despite the detection of defects in the pipes and specials received by HADP Division, no efforts were made to test the quality of pipes and specials received in the RWS Division and take appropriate remedial measures.

(iii) Purchase of specials at exorbitant rates

The Executive Engineer, RWS Division, is empowered to make purchases upto a value of Rs.0.20 lakh at a time. However, he placed 1,136 separate supply orders between 1984-85 and 1986-87 for all the specials needed for the work, each of them being within his powers of purchase. Only limited tenders were invited in all these cases and these were received only from sole proprietorship firms which were not registered with the division. Some of the firms, which secured orders, were later found to be non-existent.

In these orders, the prices paid for flanges ranged from Rs.85.50 to Rs.188.60 each and for pipe ends from Rs.20.25 to Rs.49.75 each. But the corresponding market rates were lower and ranged from Rs.24.95 to Rs.41.30 and Rs.3.10 to Rs.15.60 respectively. Thus, the purchases of specials were made at exorbitant rates, resulting in extra expenditure assessed at Rs.150.00 lakhs by the Board.



(iv) Excess purchase.

As against the estimated requirement of 12,286 metres of pipe in Nanjanad Water Supply Scheme, 1,03,776 metres of pipe, valued at Rs.27.89 lakhs were purchased resulting in an excess expenditure of Rs.23.26 lakhs. The actual consumption of pipes was only 10,598 metres and surplus pipes are still lying unutilised.

Further, the sanctioned estimate did not provide for flange jointing and Rs.0.21 lakh only was provided for ordinary weld jointing. However, HDPE specials for Rs.5.35 lakhs were purchased for flange jointing. The surplus specials are also lying unused.

(v) Unnecessary purchase

The supply orders of specials included supply of bolts, nuts and washers also with the specials. However, bolts, nuts and washers were purchased separately at a cost of Rs.0.44 lakh. The recovery of this amount from the firms which were responsible for supply of specials has not been effected so far.

(vi) Excess issue

It was estimated that 3,716 flanges and 3,716 pipe ends would be required for jointing the pipes laid for a scheme. However, 6,650 flanges and 6,743 pipe ends had been issued, the value of excess issues being Rs.6.10 lakhs.

There was no record to show the circumstances in which materials were issued to the work

significantly in excess of the estimated requirements. No detailed investigation into the excess issues has also been made so far.

(vii) Irregular and costly purchase of chain link mesh

Each of the estimates for 127 water supply schemes provided less than Rs.1,000 for erection of fencing posts, chain link mesh and gates. However, assuming a requirement of Rs.0.20 lakh of chain link mesh for each scheme, the Executive Engineer, RWS Division, invited, in May 1987, 127 separate tenders for supply of chain link mesh for the water supply schemes. This splitting up of tenders enabled him to keep the value of each order within his financial powers i.e. Rs.0.20 lakh. Against the tenders invited, only the same 3 suppliers responded and all the lowest offers were from only one firm. The Executive Engineer placed 127 supply orders in June 1987 with the firm quoting the lowest rates, for a total value of Rs.25.17 lakhs. Of these, supplies had been received against 102 orders and payment of Rs.19.82 lakhs made till the end of August 1988.

The purchase of chain link mesh should have been made only from Government Undertakings according to instructions of the Board. One such Government Undertaking stated in March 1987 that the market rate was Rs.12.92 per square metre. The rate of Rs.64.99 per square metre, paid to the firm, was more than 5 times the market rate. Thus, the purchases of chain link mesh were made at exorbitant prices, leading to extra expenditure of Rs.20.18 lakhs.

(viii) Non-maintenance of proper accounts

The materials-at-site accounts and the stores accounts for the work were not maintained properly; therefore, it was not possible to verify whether stores valued at Rs.352.67 lakhs procured for the work had been correctly brought to account, issued and utilised on the work. Reports of physical verification of stores as well as annual certificate of balances of stores were also not available for audit scrutiny.

(ix) Based on the enquiry made by the Chief Vigilance Officer of the Board into allegations of criminal conspiracy in these transactions, the Board reported the matter to Government in July 1988. Government had directed (August 1988) the Vigilance and Anti-corruption Department to conduct a detailed enquiry into the allegations. The Board reported to Government in September 1988 that 2 Executive Engineers, who were in charge of the Division, had been placed under suspension.

The matter was reported to Government in January 1989; their reply has not been received (August 1989).

## CHAPTER V

### COMMERCIAL ACTIVITIES

5. There were 6 departmentally managed Commercial and Quasi-Commercial Undertakings in the State as on 31st March 1988. The results of their working are compiled annually by preparing pro forma accounts outside the general accounts of Government. Their pro forma accounts for 1987-88 are yet to be compiled (May 1989).

Their financial results for the latest years, for which accounts have been completed and audited, show that all of them incurred losses after charging interest on capital. Further details are given in Appendix XVI.

Of the 6, the two Undertakings under Agriculture Department have arrears in accounts, one of them having not compiled accounts from 1980-81 onwards. Further details of the Undertakings, whose pro forma accounts are in arrears (May 1989) are also given in Appendix XVII.



The delay in finalising the accounts was brought to the notice of the concerned Department/ Government in May 1988; their replies had not been received (July 1989).

Madras,  
The

(T. SRINIVASAN)  
Accountant General (Audit) I,  
Tamil Nadu and Pondicherry

Countersigned

New Delhi,  
The

(C.G. SOMIAH)  
Comptroller and Auditor General  
of India

## APPENDIX I

(Reference : paragraph 1.2.2; page 15)

STATEMENT OF SIGNIFICANT CASES OF  
MISCLASSIFIED EXPENDITURE AND THEIR  
APPROPRIATE CLASSIFICATION

Serial number (1)	Appropriate Sector/Sub-sector and Head of Account (2)	Expenditure (Rupees) (3)
<b>REVENUE ACCOUNT</b>		
<b>B. SOCIAL SERVICES</b>		
	(c) Water Supply, Sanitation, Housing and Urban Development	
1.	2217. Urban Development	8,60,00,000
	(g) Social Welfare and Nutrition	
2.	2236. Nutrition	48,26,89,282
<b>C. ECONOMIC SERVICES</b>		
	(c) Special Areas Programme	
3.	2551. Hill Areas	41,82,541
	(d) Irrigation and Flood Control	
4.	2705. Command Area Development	5,35,39,519
	(e) Energy	
5.	2810. Non-Conventional Sources of Energy	2,00,56,484

## APPENDIX I - conclud.

(1)	(2)	(3)
<b>D. GRANTS-IN-AID AND CONTRIBUTIONS</b>		
6.	3604. Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	22,78,82,508

CAPITAL ACCOUNT**C. CAPITAL ACCOUNTS OF ECONOMIC SERVICES**

(a) Capital Account of Agriculture and Allied Activities

7.	4407. Capital Outlay on Plantations	6,92,000
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**F. LOANS AND ADVANCES**

8.	6416. Loans for Agricultural Financial Institutions	1,45,00,000
9.	6705. Loans for Command Area Development	2,80,75,000

## APPENDIX II

(Reference : paragraph 2.2.2; page 27)

GRANTS/APPROPRIATIONS WHERE SUPPLEMENTARY  
PROVISION OBTAINED IN MARCH 1988  
PROVED UNNECESSARY

Serial number	Number and title of Grant/ Appropriation	Supplementary Grant/Appro- priation (March 1988)	Final saving
(1)	(2)	(3)	(4)
		(in lakhs of rupees)	
Voted Grants -			
1.	3. Motor Vehicles Acts- Administration	1.70	14.41
2.	4. General Sales Tax and Other Taxes and Duties- Administration	120.27	155.77
3.	13. Administration of Justice	90.03	97.75
4.	16. Fire Services	60.47	120.96
5.	35. Civil Supplies	119.05	443.92
6.	44. Stationery and Printing	2.84	112.98
		<u>394.36</u>	



## APPENDIX II - concl'd.

(1)	(2)	(3)	(4)
Charged Appropriations -			
1.	4. General Sales Tax and Other Taxes and Duties - Administration	<u>0.24</u>	<u>0.33</u>
2.	9. Head of State, Ministers and Headquarters Staff	<u>14.25</u>	<u>27.51</u>
3.	20. Agriculture	<u>0.75</u>	<u>0.83</u>
4.	35. Civil Supplies	<u>0.27</u>	<u>0.30</u>
5.	38. Public Works - Establishment and Tools and Plant	<u>1.10</u>	<u>1.10</u>
		<u>16.61</u>	

## APPENDIX III

(Reference : paragraph 2.2.2 ; page 27)

GRANTS WHERE SUPPLEMENTARY PROVISION OBTAINED  
DURING 1987-88 PROVED INSUFFICIENT BY MORE  
THAN RS.50 LAKHS EACH

Serial number	Number and title of Grant	Total Supple- mentary grant	Final excess
(1)	(2)	(3)	(4)
		(in lakhs of rupees)	
1.	11. District Administration	663.12	63.70
2.	17. Education	8803.35	1284.07
3.	18. Medical	518.13	455.43
4.	31. Welfare of the Scheduled Tribes and Castes, etc.	894.25	125.81
5.	59. Loans and Advances by the State Government	6688.85	239.30
		<u>17567.70</u>	<u>2168.31</u>

## APPENDIX IV

(Reference : paragraph 2.2.3 ; page 27)

GRANTS/APPROPRIATIONS WHERE EXCESS  
REQUIRES REGULARISATION

Serial number	Number and title of Grant/ Appropriation	Total grant/ appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
<b>1987-88</b>				
		Rs.	Rs.	Rs.
Voted Grants -				
1.	8. Elections	3,39,86,000	3,70,31,860	30,45,860
2.	11. District Administration	57,34,80,000	57,98,50,284	63,70,284
3.	17. Education	6,84,86,90,000	6,97,70,96,996	12,84,06,996
4.	18. Medical	1,45,68,77,000	1,50,24,19,967	4,55,42,967
5.	21. Fisheries	8,15,19,000	8,38,15,727	22,96,727
6.	31. Welfare of the Scheduled Tribes and Castes, etc.	60,05,23,000	61,31,04,359	1,25,81,359
7.	37. Public Works - Buildings	5,12,95,000	5,55,88,860	42,93,860
8.	59. Loans and Advances of the State Government	4,46,50,79,000	4,48,90,08,944	<u>2,39,29,944</u>
				<u>22,64,57,997</u>

## APPENDIX IV - conclud.

(1)	(2)	(3)	(4)	(5)
	Charged Appropriations -			
1.	7. State Legislature	<u>2,78,000</u>	<u>2,81,991</u>	<u>3,991</u>
2.	45. Forest Department	<u>1,000</u>	<u>11,499</u>	<u>10,499</u>
				<u>14,490</u>

## APPENDIX V

(Reference : paragraph 2.2.3 ; page 27)

GRANTS/APPROPRIATIONS WHERE EXCESS RELATING  
TO PREVIOUS YEARS REQUIRES REGULARISATION

Serial number	Number and title of Grant/Appropriation	Total grant/appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
	<b>1983-84</b>			
		Rs.	Rs.	Rs.
	Voted Grants -			
1.	4. General Sales Tax and other Taxes and Duties-Administration	11,65,63,000	11,75,44,348	9,81,348
2.	36. Irrigation	57,69,36,000	60,60,89,461	2,91,53,461
3.	37. Public Works-Buildings	5,21,19,000	7,19,90,869	1,98,71,869
4.	39. Roads and Bridges	84,22,04,000	84,79,66,942	57,62,942
5.	41. Relief on account of Natural Calamities	22,36,70,000	23,23,68,547	86,98,547
6.	42. Pensions and other Retirement Benefits	51,71,64,000	54,49,74,563	2,77,90,563
7.	46. Compensation and Assignments	24,69,96,000	25,55,88,971	85,92,971



## APPENDIX V - contd.

(1)	(2)	(3)	(4)	(5)
Charged Appropriations-				
1.	11. District Administration	<u>5,94,000</u>	<u>6,06,345</u>	<u>12,345</u>
2.	28. Community Development Projects and Municipal Administration	<u>1,000</u>	<u>17,215</u>	<u>16,215</u>
3.	43. Miscellaneous	<u>15,58,000</u>	<u>16,26,116</u>	<u>68,116</u>
4.	50. Capital Outlay on Industrial Development	<u>1,000</u>	<u>11,501</u>	<u>10,501</u>
5.	Public Debt - Repayment	<u>1058,18,36,000</u>	<u>1104,36,92,543</u>	<u>46,18,56,543</u>

## 1984-85

## Voted Grants -

1.	5. Stamps - Administration	1,21,51,000	1,15,29,565	2,78,565
2.	11. District Administration	39,55,90,000	40,44,78,935	88,88,935
3.	13. Administration of Justice	12,99,95,000	13,09,09,762	9,14,762
4.	32. Welfare of the Backward Classes, etc.	11,22,36,000	11,47,97,026	25,61,026

## APPENDIX V - contd.

(1)	(2)	(3)	(4)	(5)
5.	37. Public Works - Buildings	4,78,12,000	6,29,23,910	1,51,11,910
6.	40. Road Transport Services and Shipping	4,57,75,000	4,78,88,763	21,13,763
7.	42. Pensions and other Retirement Benefits	61,81,30,000	66,96,69,789	5,15,39,789
8.	46. Compensation and Assignments	27,40,00,000	28,55,93,240	1,15,93,240
9.	47. Information, Tourism and Film Technology	3,04,96,000	3,22,13,078	17,17,078
10.	50. Capital Outlay on Industrial Development	17,98,58,000	18,08,34,475	9,76,475
11.	55. Capital Outlay on Forests	17,66,15,000	17,76,82,124	10,67,124
	Charged Appropriations-			
1.	13. Administration of Justice	<u>1,69,18,000</u>	<u>1,72,47,096</u>	<u>3,29,096</u>
	<b>1985-86</b>			
	Voted Grants -			
1.	2. State Excise Department	5,33,61,000	5,40,94,191	7,33,191
2.	11. District Administration	46,93,30,000	47,60,03,831	66,73,831

## APPENDIX V - contd.

(1)	(2)	(3)	(4)	(5)
3.	13. Administration of Justice	14,97,44,000	15,68,05,109	70,61,109
4.	20. Agriculture	123,64,43,000	124,28,52,146	64,09,146
5.	22. Animal Husbandry	27,56,15,000	27,74,27,130	18,12,130
6.	31. Welfare of the Scheduled Tribes and Castes, etc.	50,95,48,000	52,53,21,806	1,57,73,806
7.	33. Housing	15,56,81,000	16,15,75,021	58,94,021
8.	54. Urban Development	58,62,86,000	58,67,43,968	4,57,968
9.	39. Roads and Bridges	77,87,12,000	78,35,04,517	47,92,517
10.	40. Road Transport Services and Shipping	5,55,38,000	5,63,08,665	7,70,665
11.	42. Pensions and other Retirement Benefits	79,34,72,000	86,95,44,185	7,60,72,185
12.	46. Compensation and Assignments	27,90,96,000	34,58,52,609	6,67,56,609
13.	54. Capital Outlay on Roads and Bridges	21,77,90,000	21,79,31,876	1,41,876
14.	55. Capital Outlay on Road Transport Services and Shipping	5,53,02,000	6,32,93,273	79,91,273

## APPENDIX V - contd.

(1)	(2)	(3)	(4)	(5)
	<b>1986-87</b>			
	Voted Grants -			
1.	6. Registration	7,51,62,000	7,57,05,185	5,43,185
2.	11. District Administration	51,68,69,000	52,58,41,218	89,72,218
3.	14. Jails	13,50,85,000	13,81,70,400	30,85,400
4.	18. Medical	134,43,31,000	135,19,74,043	76,43,043
5.	19. Public Health	70,17,26,000	72,28,12,338	2,10,86,338
6.	25. Cinchona	4,08,69,000	4,10,30,615	1,61,615
7.	31. Welfare of the Scheduled Tribes and Castes, etc.	59,09,31,000	60,59,37,815	1,50,06,815
8.	32. Welfare of the Backward Classes, etc.	12,91,04,000	15,28,94,509	37,90,509
9.	33. Housing	37,09,07,000	37,12,33,643	3,26,643
10.	37. Public Works - Buildings	5,49,13,000	7,21,11,422	1,71,98,422
11.	39. Roads and Bridges	97,01,37,000	97,53,61,475	52,24,475
12.	43. Miscellaneous	121,64,91,000	122,23,55,785	58,64,785
13.	46. Compensation and Assignments	37,04,77,000	38,03,81,522	99,04,522

## APPENDIX V - conclud.

(1)	(2)	(3)	(4)	(5)
14.	59. Loans and Advances by the State Government	484,39,33,000	497,65,53,415	13,26,20,415
	Charged Appropriations -			
1.	44. Stationery and Printing	<u>2,56,000</u>	<u>2,56,408</u>	<u>408</u>
2.	51. Capital Outlay on Industrial Development	<u>27,55,000</u>	<u>28,34,006</u>	<u>79,006</u>
				<u>109,27,55,310</u>



## APPENDIX VI

(Reference : paragraph 2.2.5 ; page 38)

STATEMENT SHOWING SUBSTANTIAL SURRENDERS  
ON ACCOUNT OF NON-IMPLEMENTATION OR  
PARTIAL IMPLEMENTATION OF SCHEMES

Serial number	Number and title of grant	Name of the Scheme (Head of account)	Amount of surrender (in lakhs of rupees)	Percentage of surrender
(1)	(2)	(3)	(4)	(5)
1.	1.Land Revenue Department	Updating of Registry (2029.102.II.JA)	198.16	28
2.	17.Education	Supply of Text Books to students (2202.01.108.II.JA)	391.69	39
Savings occurred in the scheme during the preceding 2 years also as under :				
		Saving (in lakhs of rupees)		
	1985-86	545.44 (47 per cent)		
	1986-87	536.90 (47 per cent)		
3.	17.Education	New Schemes for Vocational education in Schools (2202.02.800.II.JG)	91.94	92

## APPENDIX VI - contd.

(1) (2) (3) (4) (5)

Savings occurred persistently under the scheme from 1984-85 onwards as under :

Saving  
(in lakhs of rupees)

1984-85	989.09	(100 per cent)
1985-86	99.68	(100 per cent)
1986-87	96.19	(96 per cent)

4.	18. Medical	Supply of Tooth powder to rural children (2210.03.800.I.CA)	89.33	59
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Saving of Rs.117.68 lakhs (48 per cent) occurred under the scheme during 1986-87 also.

5.	22. Animal Husbandry	Cross-breed calf rearing by Small/ Marginal Farmers and Agricultural labourers (2403.102.VI.UA)	40.23	41
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The surrender was due to reducing the number of calves to be reared to 2500 against 5000 originally projected. Saving occurred under the scheme during the preceding 2 years also as under :

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
		Saving (in lakhs of rupees)		
	1985-86	18.60 (20 per cent)		
	1986-87	18.44 (25 per cent)		
6.	23.Co-operation	Assistance to Consumers' Co- operative Stores and Co-operative Supply and Mar- keting Societies for distribution of consumer articles in rural areas (2425.108.V.ZA)	44.04	95
7.	28.Community Development Projects and Municipal Administration	Installation of Bio-gas plants (2515.800.III.SB)	314.45	66
8.	28.Community Development Projects and Municipal Administration	Schemes for Minor Irrigation Wells and Pumps (2702.02.800.VI.UC)	291.45	22

Savings occurred persistently under the scheme from 1984-85 onwards as under :

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
		Saving (in lakhs of rupees)		
	1984-85	350.08	(28 per cent)	
	1985-86	755.75	(57 per cent)	
	1986-87	609.08	(68 per cent)	

9.	28. Community Development Projects and Municipal Administration	Schemes for Land Development (2402.103.VI.UD)	179.02	47
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There was a further reduction of expenditure (Rs. 36.71 lakhs) leading to a saving of Rs. 215.73 lakhs (57 per cent).

There was a saving of Rs. 35.57 lakhs (15 per cent) during 1986-87 also.

10.	28. Community Development Projects and Municipal Administration	Infrastructure Development by Municipalities (2217.80.191.II.KB)	125.00	63
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The Scheme was not implemented as the Municipalities did not purchase public health and tanker lorries.

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
11.	28.Community Development Projects and Municipal Administration	Purchase of Community Television sets by Local Bodies (2515.001.II.JB)	75.00	100
12.	29.Labour including Factories	National Child Labour Programme (2230.01.111.III.SA)	460.12	100
13.	30.Social Welfare	Free supply of Footwears to poor working mothers in rural areas (2235.02.103.II.KL)	1000.00	100

The Scheme was not implemented for want of orders of Government for implementing the Scheme.

14.	36.Irrigation	Strengthening the Ground Water Organisation in Tamil Nadu (2702.02.005.VI.UB)	144.00	67
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Saving occurred in this scheme during the preceding 2 years also as under :



## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
		Saving (in lakhs of rupees)		
	1985-86	59.99 (98 per cent)		
	1986-87	72.78 (97 per cent)		
15.	39.Roads and Bridges	District Roads (3054.04.800.I.AE)	250.00	13
16.	39.Roads and Bridges	Rural Roads (3054.04.800.I.AG)	150.00	8
17.	45.Forest Department	Scheme for setting up Decen- tralised School Nursery (2406.01.102.III.SA)	12.00	100
18.	48.Rural Industries	Scheme for development of Mulberry Cultivation (2851.107.II.KV)	12.88	100
19.	48.Rural Industries	Incentive for Bivoltine Silk (2851.107.II.KT)	11.22	100
20.	48.Rural Industries	Incentive for Bivoltine Reeling Cocoons (2851.107.II.KS)	11.09	99

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
21.	49.Water Supply	Tamil Nadu Krishna Water Supply Project (2215.01.101.II.JN)	3000.00	100

Savings occurred under the scheme persistently from 1984-85 onwards as under :

		Saving (in lakhs of rupees)		
	1984-85	5499.88	(92 per cent)	
	1985-86	4799.46	(80 per cent)	
	1987-88	4500.00	(100 per cent)	
22.	49.Water Supply	Madras Water Supply Project (2215.01.101.II.JI)	547.50	91
		Madras Water Supply Project (2215.02.107.II.JE)	240.00	86
23.	49.Water Supply	Water Supply Schemes in Town Panchayats (2215.01.191.II.JP)	104.98	26
24.	52.Capital Outlay on Irrigation	Modernising Thanjavur Channels (4701.01.202.II.JA)	150.57	41

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
25.	52.Capital Outlay on Irrigation	Formation of canals for bringing water from Krishna River (4215.01.101.II.JC)	146.76	47
26.	52.Capital Outlay on Irrigation	Periyar Projects - Dam and Appurtenant Works (4701.01.201.II.JB)	134.26	67
Saving of Rs.78.42 lakhs (47 per cent) occurred under the scheme during 1986-87 also.				
27.	52.Capital Outlay on Irrigation	Formation of a Reservoir across Varahanadhi (4701.03.241.II.JF)	72.95	61
Saving occurred under this scheme during the preceding 2 years also as under :				
Saving (in lakhs of rupees)				
	1985-86	11.46 (32 per cent)		
	1986-87	67.55 (79 per cent)		
28.	52.Capital Outlay on Irrigation	Golvarpatti Reservoir Scheme (4701.03.237.II.JG)	71.00	61

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
29.	52.Capital Outlay on Irrigation	Construction of Dam for storage of Krishna River Water (4215.01.101.II.JB)	51.07	65
There was a saving of Rs.5.50 lakhs (11 per cent) under the scheme during 1986-87 also.				
30.	53.Capital Outlay on Public Works - Buildings	Police Housing (4216.01.107.II.JA)	804.59	96
31.	53.Capital Outlay on Public Works - Buildings	Construction of buildings for Medical Education, Training and Research under Allopathy (4210.03.105.II.JA)	307.59	53
32.	53.Capital Outlay on Public Works - Buildings	Construction of staff quarters in Primary Health Centres and Operation theatre in PHC (4210.02.103.VI.UA)	46.83	60

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
33.	53.Capital Outlay on Public Works - Buildings	Constructing buildings for Inspection Bungalows/ Circuit House, Office Complexes, Research Station, Taramani, etc. (4059.01.101.II.JJ)	55.41	40

Saving occurred persistently from 1983-84 onwards as under :

## Saving

(in lakhs of rupees)

1983-84	64.07 (65 per cent)
1984-85	35.92 (42 per cent)
1985-86	68.06 (64 per cent)
1986-87	66.87 (51 per cent)

34.	53.Capital Outlay on Public Works - Buildings	Construction of buildings for Commercial Tax Offices (4059.01.101.II.JN)	45.52	49
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## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
35.	53.Capital Outlay on Public Works - Buildings	Construction of buildings for Health Sub Centres, Workshops, etc., for State Health Transport Department, Field Station under NMEP at Rameswaram and improvements to Key Divisions, Guindy (4210.04.200.II.JU)	44.01	45

Saving occurred during the preceding 2 years also as under :

	Saving (in lakhs of rupees)
1985-86	4.40 (34 per cent)
1986-87	75.11 (89 per cent)

36.	53.Capital Outlay on Public Works - Buildings	Construction of buildings for Siddha Wing in Government Hospitals and Government Siddha Colleges (4210.03.04.II.JA)	44.97	66
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Saving occurred persistently from 1983-84 onwards as under :

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
		Saving (in lakhs of rupees)		
	1983-84	6.84 (31 per cent)		
	1984-85	8.25 (35 per cent)		
	1985-86	54.51 (79 per cent)		
	1986-87	27.48 (51 per cent)		
37.	53.Capital Outlay on Public Works - Buildings	Construction of Law College at Trichy, Hostel for Law College, Coimbatore and new buildings in Government Arts Colleges (4202.01.203.II.JA)	39.82	66
Saving of Rs.51.80 lakhs (58 per cent) occurred during 1986-87 also.				
38.	54.Capital Outlay on Roads and Bridges	Road works under World Bank Project I (5054.80.800.II.JG)	59.46	53
39.	55.Capital Outlay on Transport and Shipping	Development of Rameswaram Port (5051.02.200.II.JA)	7.52	68
40.	55.Capital Outlay on Transport and Shipping	Development of Colachel Port (5051.02.200.II.JI)	13.55	99

## APPENDIX VI - contd.

(1)	(2)	(3)	(4)	(5)
41.	56.Capital Outlay on Forests	SIDA aided Social Forestry (4406.01.102.II.JE)	119.64	13
Saving occurred persistently from 1983-84 onwards as under :				
Saving (in lakhs of rupees)				
	1983-84	33.52 ( 5 per cent)		
	1984-85	81.36 (10 per cent)		
	1985-86	174.88 (22 per cent)		
	1986-87	102.52 (13 per cent)		
42.	56.Capital Outlay on Forests	Development of Mundanthurai Wild- life Sanctuary (4406.02.110.VI.UG)	18.59	'99
43.	58.Miscellaneous Capital Outlay	Development of Landing facilities (4405.103.VI.UA)	95.41	53
44.	58.Miscellaneous Capital Outlay	Special Projects for production of Fish Seed Farms (4405.101.II.JF)	78.66	87

Saving occurred under the scheme persistently from 1983-84 onwards as under :

## APPENDIX VI - conclud.

(1)	(2)	(3)	(4)	(5)
		Saving (in lakhs of rupees)		
	1983-84	24.22 (59 per cent)		
	1984-85	25.54 (81 per cent)		
	1985-86	22.22 (41 per cent)		
	1986-87	73.45 (58 per cent)		
45.	58. Miscellaneous Capital Outlay	Strengthening the share capital structure of Primary Weavers Co-operative Societies (4425.107.VI.UA)	50.00	100

Saving occurred under the scheme persistently from 1984-85 onwards as under :

	Saving (in lakhs of rupees)		
1984-85	8.00	(27 per cent)	
1985-86	2.19	(7 per cent)	
1986-87	2.10	(7 per cent)	
	TOTAL		<u>10242.28</u>

## APPENDIX VII

(Reference : paragraph 2.2.6(b) ; page 41)

STATEMENT SHOWING SIGNIFICANT CASES OF  
OVERPROVISION EXCEEDING RS.50 LAKHS EACH

Serial number	Number and title of Grant	Lumpsum provision	Amount reappropriated to relevant sub-heads	Excess provision	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1.	1. Land Revenue Department	346.67	21.10	325.57	The overall saving in the grant was only Rs.112.69 lakhs. The over-provisioning under 'Lumpsum provision' enabled Government to meet excess expenditure under other sub-heads of the grant without approaching the Legislature for additional funds.
2.	2. State Excise Department	60.00	3.98	56.02	The amount so over-provisioned constituted 25 per cent of the



## APPENDIX VII - contd.

(1)	(2)	(3)	(4)	(5)	(6)
					overall saving of Rs.222.55 lakhs in the grant.
3.	9. Head of State, Ministers and Headquarters Staff	450.00	307.48	142.52	The overall saving in the grant was only Rs.109.64 lakhs. The balance was apparently used for meeting excess expenditure under other sub-heads of the grant.
4.	11. District Administration.	443.33	143.69	299.64	The grant resulted in overall excess of Rs.63.70 lakhs. The amount of over-provision has apparently been utilised for meeting excess expenditure under other sub-heads of the grant.
5.	14. Jails	60.00	8.56	51.44	The overall saving in the grant was only Rs.14.35 lakhs. The balance has been utilised for meeting excess expenditure other sub-heads of the grant.

## APPENDIX VII - contd.

(1)	(2)	(3)	(4)	(5)	(6)
6.	15. Police	1300.00	698.65	601.35	The overall saving in the grant was only Rs.465.35 lakhs. The amount over-provisioned has apparently been utilised for meeting excess expenditure under other sub-heads of the grant.
7.	16. Fire Services	83.33	11.72	71.61	The amount of over-provision constituted 59 per cent of the overall saving of Rs.120.96 lakhs.
8.	18. Medical	1150.00	718.58	431.42	The grant resulted in overall excess of Rs.455.43 lakhs. The amount over-provisioned has apparently been utilised for meeting excess expenditure under other sub-heads of the grant.

## APPENDIX VII - contd.

(1)	(2)	(3)	(4)	(5)	(6)
9.	20. Agriculture	610.00	374.98	235.02	The overall saving in the grant was only Rs.164.25 lakhs. The balance of over-provision has been utilised for excess under other heads in the grant.
10.	22. Animal Husbandry	223.33	152.44	70.89	The amount of over-provision constituted 87 per cent of the overall saving of Rs.81.83 lakhs in the grant.
11.	29. Labour including Factories	176.67	118.23	58.44	The amount of over-provision constituted 19 per cent of the overall saving of Rs.303.69 lakhs in the grant.
12.	31. Welfare of the Scheduled Tribes and Castes, etc.	216.67	139.01	77.66	The grant resulted in overall excess of Rs.125.81 lakhs, indicating that the amount over-provisioned had been utilised for

## APPENDIX VII - contd.

(1)	2)	(3)	(4)	(5)	(6)
					excess expenditure under other sub-heads in the grant.
13.	35. Civil Supplies	100.00	37.06	62.94	The amount of over-provision constituted 14 per cent of the overall saving of Rs.443.92 lakhs in the grant.
14.	36. Irrigation	90.00	12.44	77.56	The amount of over-provision constituted 19 per cent of the overall saving of Rs.403.92 lakhs in the grant.
15.	38. Public Works- Establishment and Tools and Plant	323.33	254.97	68.36	The overall saving in the grant was only Rs.39.89 lakhs indicating that the amount of over-provisioning had resulted in its utilisation for excess under other sub-heads in the grant.

## APPENDIX VII - conclud.

(1)	(2)	(3)	(4)	(5)	(6)
16.	39. Roads and Bridges	236.67	160.70	75.97	The amount of over-provision constituted 37 per cent of the overall saving of Rs.206.80 lakhs in the grant.
17.	42. Pension and other Retirement Benefits	480.00	367.23	112.77	The amount of over - provision constituted 11 per cent of the overall saving of Rs.1054.03 lakhs in the grant.
18.	45. Forest Department	183.33	83.46	99.87	The amount of over provision constituted 89 per cent of the overall saving of Rs.112.43 lakhs in the grant.

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2919.05

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## APPENDIX VIII

(Reference : paragraph 2.2.11 ; page 56)

STATEMENT SHOWING GRANTWISE DETAILS OF  
EXPENDITURE INCURRED WITHOUT PROVISION

Serial number	Number and title of grant	Expenditure (in lakhs of rupees)
(1)	(2)	(3)
1.	3. Motor Vehicles Act - Administration	38.68
2.	8. Elections	0.67
3.	9. Head of States, Ministers and Headquarters Staff	2.40
4.	11. District Administration	5.29
5.	17. Education	0.32
6.	18. Medical	0.15
7.	20. Agriculture	1.18
8.	30. Social Welfare	26.79
9.	31. Welfare of the Scheduled Tribes and Castes, etc.	0.98
10.	36. Irrigation	72.20
11.	37. Public Works - Buildings	6.12
12.	39. Roads and Bridges	4.49
13.	45. Forest Department	7.46
14.	50. Capital Outlay on Agriculture	5.79
15.	52. Capital Outlay on Irrigation	103.93
16.	53. Capital Outlay on Public Works - Buildings	124.38

**APPENDIX VIII - concld.**

(1)	(2)	(3)
17.	54. Capital Outlay on Roads and Bridges	13.40
18.	56. Capital Outlay on Forests	11.01
19.	58. Miscellaneous Capital Outlay	5.63
20.	59. Loans and Advances by the State Government	1013.83
		<u>1444.70</u>

## APPENDIX IX

(Reference : paragraphh 2.6 ; page 151)

## SHORTFALL/EXCESS IN RECOVERIES

Number and title of Grant	Estimated recovery	Amount in excess(+)/shortfall(-) as compared to estimate	Main reasons for the excess/shortfall
(1)	(2)	(3)	(4)
(in crores of rupees)			
31.Welfare of the Scheduled Tribes and Castes, etc.	3.60	(-) 3.60	Due to non-adjustment under "2225.01.797.I.AA. <u>Deduct</u> - Amount met from Tamil Nadu Special Welfare Fund", reasons for which have not been communicated (March 1989).
34.Urban Development	30.40	(-) 30.40	Due to non-adjustment under "3604.797.I.AB. <u>Deduct</u> - Amount transferred from Urban Development Fund" on account of non-receipt of orders of Government.
38.Public Works - Establishment and Tools and Plant	20.08	(-) 7.61	Due to less adjustment under "Establishment Charges" transferred on percentage basis to various capital major heads.

## APPENDIX IX - conclud.

(1)	(2)	(-)	(3)	(4)
41. Relief on account of Natural Calamities	8.75	(-)	1.58	Due to transfer to the Famine Relief Fund of the actual expenditure during the year.
44. Stationery and Printing	1.07	( + )	2.88	Due to more recoveries from other Government Departments towards cost of Stationery and Printing than anticipated.
49. Water Supply	1.00	(-)	1.00	Reasons have not been communicated.
52. Capital Outlay on Irrigation	1.94	( + )	1.09	Due to more receipts and recoveries on capital account than anticipated.

## APPENDIX X

(Reference: paragraph 3.1.13; page 168)

DETAILS OF ROADS/BRIDGES NOT BROUGHT TO USE  
DUE TO DELAY IN LAND ACQUISITION PROCEEDINGS

Serial Number	District	Bridges			Roads		
		Number	Period of completion	Expenditure (in lakhs of rupees)	Number	Period of completion	Expenditure (in lakhs of rupees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Anna	1	NA	10.16	..	..	..
2.	Chengalpattu	3	April and May 1986 (2) (nearing completion)	78.59	..	..	..
3.	Coimbatore	1	NA	22.33	1	NA	19.02
4.	Dharmapuri	1	March 1987	6.30	..	..	..
5.	Kamarajar	1	NA	27.70	..	..	..
6.	Kattabomman	1	NA	53.23	..	..	..
7.	Madurai	2	May 1987 (1) NA (1)	30.01	..	..	..



## APPENDIX X - conclud.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8.	North Arcot	1	April 1986	84.76	..	..	..
9.	Periyar	1	June 1986	12.57	1	November 1983	29.65
10.	Pudukottai	2	March 1986 March 1987	41.26	1	March 1986	10.53
11.	Ramanathapuram	..	..	..	1	Nearing completion	20.98
12.	Salem	..	..	..	1	December 1984	4.84
13.	South Arcot	1	May 1987	16.30	1	August 1980	5.70
14.	Thanjavur	..	..	..	1	April 1986	6.96
15.	Tiruchirapalli	..	..	..	1	A reach of 1 Km. is pending	21.00
Total		<u>15</u>		<u>383.21</u>	<u>8</u>		<u>118.68</u>

## APPENDIX XI

(Reference: paragraph 3.7; page 207)

DEPARTMENT-WISE BREAK UP OF DRAFT PARAGRAPHS  
TO WHICH NO REPLIES WERE RECEIVED

Serial number	Subject of the draft paragraph/review	Date of despatch to Government (3)
(1)	(2)	(3)
<b>ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT</b>		
1.	Unnecessary expenditure on revetment	12.08.1988
2.	Avoidable expenditure on a Jetty	12.08.1988
3.	Injudicious purchase of Crane	19.09.1988
<b>BACKWARD CLASSES WELFARE, CHIEF MINISTER'S NUTRITIOUS MEAL PROGRAMME AND SOCIAL WELFARE DEPARTMENT</b>		
4.	Integrated Child Development Services Scheme in Tamil Nadu	21.09.1988
5.	Schemes for the Welfare of Destitute Children	18.11.1988
<b>CO-OPERATION, FOOD AND CONSUMER PROTECTION DEPARTMENT</b>		
6.	Mis-utilisation of financial assistance by a Co-operative Marketing Society	05.08.1988
<b>EDUCATION DEPARTMENT</b>		
7.	Non-utilisation of cycle shed and canteen block	05.08.1988

## APPENDIX XI - contd.

(1)	(2)	(3)
8.	Extra expenditure	09.08.1988
9.	Infructuous expenditure on surplus staff	10.08.1988
<b>ENVIRONMENT AND FOREST DEPARTMENT</b>		
10.	Extra expenditure on purchase of mud pots	30.03.1988
11.	Cashew plantations by improved technique of air layers	30.03.1988
<b>FINANCE DEPARTMENT</b>		
12.	Tamil Nadu Raffle Scheme	23.06.1988
<b>HANDLOOMS, HANDICRAFTS, TEXTILES AND KHADI DEPARTMENT</b>		
13.	Assistance to Khadi and Village Industries Board	21.11.1988
14.	Unutilised/under-utilised equipments	21.11.1988
<b>HEALTH, INDIAN MEDICINE AND HOMOEOPATHY AND FAMILY WELFARE DEPARTMENT</b>		
15.	National Malaria Eradication Programme	22.06.1988
16.	Delay in air conditioning Twin Operation Theatre	08.07.1988
17.	Sophisticated imported equipments lying idle	18.07.1988

## APPENDIX XI - contd.

(1)	(2)	(3)
18.	Irregular purchase of Electric Meters	19.07.1988
19.	Avoidable payment of penal charges on excess consumption of electricity	19.07.1988
20.	Non-utilisation of Tuberculosis wards in rural hospitals	05.08.1988
21.	Dialysis machine not put to use	08.09.1988
22.	Avoidable expenditure on Sales Tax	03.10.1988
<b>HOME DEPARTMENT</b>		
23.	Upgradation of Standards of Administration on Jails recommended by VII Finance Commission	01.09.1988
<b>MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT</b>		
24.	Extra expenditure on purchase of pipes	27.06.1988
25.	Unproductive outlay	07.07.1988
26.	Injudicious termination of a contract	11.08.1988
27.	Extra expenditure due to adoption of uneconomical quarry	31.08.1988
28.	Extra expenditure on purchase of Alum	06.09.1988
29.	Irregularities in the purchase of HDPE pipes and Specials and other materials for Rural Water Supply Scheme	10.01.1989

## APPENDIX XI - conclud.

(1)	(2)	(3)
<b>PUBLIC WORKS DEPARTMENT</b>		
30.	Extra expenditure due to delay in handing over the site	14.04.1988
31.	Avoidable expenditure on Cast Iron Pipes	27.07.1988
32.	Avoidable payment to Electricity Board	11.08.1988
33.	Unproductive expenditure on a new tank	26.08.1988
34.	Restoration of Aranvoyal anicut	31.08.1988
35.	Unproductive outlay on Special Minor Irrigation work	06.09.1988
36.	Non-utilisation of newly constructed Canteen Block	20.09.1988
37.	Unfruitful expenditure	01.11.1988
38.	Unproductive outlay on construction of a building	17.05.1988
39.	Anaikuttam Reservoir Project	24.03.1988
<b>RURAL DEVELOPMENT DEPARTMENT</b>		
40.	Irregular payment of wages	28.07.1988
41.	Avoidable expenditure on continuance of staff	26.09.1988
42.	Assistance to Panchayat Unions	21.11.1988
43.	Review on RLEGP	16.12.1988
<b>TRANSPORT DEPARTMENT</b>		
44.	Infructuous repairs	11.04.1988



## APPENDIX XII

(Reference: paragraph 3.8; page 208)

CASES OF MISAPPROPRIATION PENDING  
FINALISATION AS ON 30TH JUNE 1988

## (i) Department-wise analysis

Serial number	Department	Number of cases	Amount (in lakh of rupees)
(1)	(2)	(3)	(4)
1.	Agriculture	23	9.53
2.	Animal Husbandry and Fisheries	3	0.40
3.	Backward classes Welfare, CMNP and Social Welfare	7	2.45
4.	Commercial Taxes and Religious Endowments	13	0.88
5.	Co-operation, Food and Consumer Protection	1	1.21
6.	Education	24	16.43
7.	Environment and Forests	5	1.40
8.	Finance	4	4.16
9.	Health, Indian Medicine and Homoeopathy and Family Welfare	22	7.93
10.	Home	9	6.36

## APPENDIX XII - Concl'd.

(1)	(2)	(3)	(4)
11.	Industries	5	2.38
12.	Information and Tourism	2	0.09
13.	Labour and Employment	6	0.33
14.	Prohibition and Excise	2	6.64
15.	Public	1	0.35
16.	Public-"Sri Lanka Refugees" Rehabilitation	4	1.17
17.	Public Works	3	0.42
18.	Revenue	340	27.65
19.	Rural Development	8	2.57
20.	Tamil Development Culture	1	0.01
		<u>483</u>	<u>92.36</u>

## (ii) Year-wise analysis

Year			
Upto	1983-84	367	60.58
	1984-85	25	3.00
	1985-86	24	8.39
	1986-87	29	7.53
	1987-88	38	12.06
		<u>483</u>	<u>92.36</u>

## APPENDIX XIII

(Reference: paragraph:3.8 ; page 208)

CASES OF SHORTAGES AND THEFT OF STORES,  
DAMAGES TO PROPERTIES ETC., PENDING  
FINALISATION AS ON 30TH JUNE 1988

## (i) Department-wise analysis

Serial number	Department	Number of cases	Amount (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Adi-Dravidars and Tribal Welfare	1	0.12
2.	Agriculture	544	61.69
3.	Animal Husbandry and Fisheries	20	5.90
4.	Backward Classes Welfare, CMMP and Social Welfare	2	0.02
5.	Commercial Taxes and Religious Endowments	2	0.08
6.	Co-operation, Food and Consumer Protection	1	0.20
7.	Education	10	0.69
8.	Environment and Forests	10	2.62
9.	Finance	1	0.03
10.	Health, Indian Medicine and Homoeopathy and Family Welfare	28	6.41

## APPENDIX XIII - conclud.

(1)	(2)	(3)	(4)
11.	Home	6	2.64
12.	Industries	15	6.27
13.	Information and Tourism	1	0.46
14.	Labour and Employment	13	1.07
15.	Prohibition and Excise	1	..
16.	Public	2	9.87
17.	Public Works	518	82.32
18.	Revenue	5	0.11
19.	Rural Development	8	2.87
20.	Transport (Highways and Rural Works)	42	33.00
		<u>1230</u>	<u>216.37</u>

## (ii) year-wise analysis

	Year		
upto	1983-84	383	63.25
	1984-85	29	14.24
	1985-86	63	20.09
	1986-87	104	25.23
	1987-88	651	93.56
		<u>1230</u>	<u>216.37</u>

## APPENDIX XIV

(Reference: paragraph 3.9; page 209)

## STATEMENT SHOWING LOSSES, WRITES-OFF, ETC.

Serial number	Name of Department	Writes off of		<u>Waiver of recovery</u>	
		losses irrecoverable		Number	Amount
		<u>advances, etc.</u>		of items	Rs.
		Number of items	Amount Rs.		
(1)	(2)	(3)	(4)	(5)	(6)
1.	Agriculture	16	97,42,653	..	..
2.	Animal Husbandry and Fisheries	16	1,12,267	5	12,558
3.	Commercial Taxes and Religious Endowments	2	694	..	..
4.	Co-operation, Food and Consumer Protection	15	86,627	2	5,766
5.	Education	5	52,347	..	..
6.	Electronics, Science and Technology	..	..	1	12,815
7.	Environment and Forests	1	1,410	..	..
8.	Home	25	6,46,257	..	..
9.	Industries	4	23,360	..	..
10.	Labour	1	34	..	..
11.	Legislative Assembly Secretariat	1	3,888	..	..
12.	Public	15	2,71,164	14	92,579
13.	Revenue	1	4,523	..	..
14.	Rural Development	3	1,40,256	..	..
15.	Social Welfare	5	38,616	1	1,32,444
16.	Transport	6	1,17,823	..	..
		<u>116</u>	<u>1,12,41,919</u>	<u>23</u>	<u>2,56,162</u>



## APPENDIX XV

(Reference: paragraph 4.3; page 211)

STATEMENT OF UTILISATION CERTIFICATES DUE IN  
RESPECT OF GRANTS-IN-AID PAID UPTO  
30TH SEPTEMBER 1986 AND OUTSTANDING AS ON  
30TH SEPTEMBER 1988

Department	Year of grant	Due		Received		Outstanding	
		Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(amounts in lakhs of rupees)							
Agriculture@	1980-81 and earlier years	1*	0.09	..	..	1	0.09
Animal	1980-81	6*	4.61	..	..	6	4.61
Husbandry and Fisheries@	1981-82	3*	1.30	..	..	3	1.30
Co-operation,	1980-81 and earlier years	202*	84.05	..	..	202	84.05
Food and Consumer Protection	1981-82	29*	60.94	..	..	29	60.94
	1982-83	1	0.25	..	..	1	0.25
	1985-86	23	22.29	..	..	23	22.29
Education	1980-81 and earlier years	10	2.07	10	2.07	..	..
	1981-82	3	0.25	3	0.25	..	..
	1982-83	4	42.97	4	42.97	..	..
	1983-84	10	12.86	10	12.86	..	..
	1984-85	32	55.15	31	50.40	1	4.75
	1985-86	10	27.50	10	27.50	..	..
	1986-87	597	505.12	..	..	597	505.12

## APPENDIX XV - contd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Finance@	1979-80 and earlier years	2*	0.40	..	..	2	0.40
	1983-84	1	0.25	..	..	1	0.25
Handlooms, Handicrafts, Textiles and Khadi	1980-81 and earlier years	3*	1.30	..	..	3	1.30
	1982-83	4*	9.40	2	5.58	2	3.82
	1985-86	119	589.34	..	..	119	589.34
	1986-87	38	681.87	..	..	38	681.87
Health, Indian Medicine and Homoeopathy and Family Welfare	1983-84	36*	65.88	14	8.97	22	56.91
	1984-85	243	43.02	5	3.92	238	39.10
	1985-86	26	4.63	..	..	26	4.63
	1986-87	14	6.12	..	..	14	6.12
Law@	1980-81 and earlier years	1	0.04	..	..	1	0.04
Industries@	1980-81 and earlier years	8*	6.68	..	..	8	6.68
Municipal Administra- tion and Water Supply@	1980-81 and earlier years	54*	215.25	22	19.95	32	195.30
	1981-82	6*	28.31	5	27.64	1	0.67
	1982-83	10	550.24	10	550.24	..	..
	1983-84	1	0.06	1	0.06	..	..

## APPENDIX XV - concl'd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Revenue	1980-81 and earlier years	2*	0.75	1	0.50	1	0.25	
	1982-83	1*	0.06	..	..	1	0.06	
	1983-84	2*	0.02	2	0.02	..	..	
	1984-85	6	1.06	6	1.06	..	..	
Rural Development	1981-82	184*	596.34	..	..	184	596.34	
	1982-83	21*	615.31	..	..	21	615.31	
	1983-84	15*	161.21	..	..	15	161.21	
	1985-86	63	22.40	..	..	63	122.40	
	1986-87	138	778.94	..	..	138	778.94	
Backward Classes Welfare, Chief Minister's Nutritious Meal Programme and Social Welfare@	1980-81 and earlier years	36*	10.06	..	..	36	10.06	
	1981-82	3*	0.45	..	..	3	0.45	
Tamil Development and Culture@	1983-84	9	1.79	9	1.79	..	..	
TOTAL			<u>1977</u>	<u>5310.63</u>	<u>145</u>	<u>755.78</u>	<u>1832</u>	<u>4554.85</u>

\* Opening balance corrected after a review of outstandings.

@ Information in respect of grants disbursed in treasuries during 1984-85 to 30.09.1986 not available.

## APPEN

(Reference: para

## SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT

Serial number	Name of the Department/ Unit	Year of commen- cement	Period of accounts	Capital at close	Net Block of assets
(1)	(2)	(3)	(4)	(5)	(6)
					(in lakhs)
	<b>I. AGRICULTURE DEPARTMENT</b>				
1.	Government Agricultural Engineering Workshop, Madras	1952	1984-85	82.50	2.00
2.	Scheme for the purchase and distribution of Che- mical Fertilisers, etc**	1954	1979-80	435.96	..
	<b>II. ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT</b>				
3.	Chank Fisheries, Tuticorin	1909	1986-87C	110.76	4.79
4.	Chank Fisheries, Ramanathapuram	1978	1984-85	50.01	0.57
	<b>III. ENVIRONMENT AND FORESTS DEPARTMENT</b>				
5.	Government Cinchona De- partment Udhagamandalam	1861	1986-87C	1795.57	1068.14

## DIX XVI

graph 5 ; page 245)

## COMMERCIAL/QUASI-COMMERCIAL UNDERTAKINGS

Cumulative depreciation	Turn-over	<u>Net Profit(+)/Net Loss(-)</u>			<u>Percentage of return on mean capital</u>			Remarks
		Before charging interest on capital	After charging interest on capital	Mean capital	Before charging interest on capital	After charging interest on capital		
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
		of rupees)						
9.73	25.95	(+) 0.79	(-) 7.52	81.48	0.97	-	-	
-	18.14	(+) 2.83	(-) 18.83	375.39	0.76	-	-	
9.52	0.02	(-) 7.14	(-) 15.41	110.98	-	-	-	
0.29	-	(-) 1.63	(-) 5.64	45.63	-	-	-	
78.60	125.27	(-) 38.14	(-) 103.24	1697.82	-	-	-	



## APPENDIX

(1)	(2)	(3)	(4)	(5)	(6)
	<b>IV. INDUSTRIES DEPARTMENT</b>				
6.	Government Blacksmithy and Carpentry Unit, Arakonam	1967	1986-87 $\text{\textcircled{C}}$	12.51	0.80

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Note: \*\* The Government have subsequently ordered in August 1987 shortages of fertilisers that arose during the period 1967 to  $\text{\textcircled{C}}$  Provisional figures

## XVI - conclud.

(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.40	4.83 (-)	0.84 (-)	2.61	12.79	-	-	-

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write-off of an amount of Rs.93.24 lakhs representing value of 1977. The adjustment has to be carried out in the Pro forma Accounts.

## APPENDIX XVII

(Reference: paragraph 5; page 245)

LIST OF DEPARTMENTALLY MANAGED COMMERCIAL  
AND QUASI-COMMERCIAL UNDERTAKINGS WHOSE  
PRO FORMA ACCOUNTS ARE IN ARREARS

Serial number	Name of the Department/Undertaking	Period for which accounts are in arrears
(1)	(2)	(3)

**I. AGRICULTURE DEPARTMENT**

- |    |  |                    |
|----|--|--------------------|
| 1. | Scheme for purchase and distribution of Chemical Fertilisers, etc. | 1980-81 to 1987-88 |
| 2. | Government Agricultural Engineering Workshop, Madras               | 1985-86 to 1987-88 |

**II. ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT**

- |    |                                 |                    |
|----|---------------------------------|--------------------|
| 3. | Chank Fisheries, Tuticorin      | 1987-88            |
| 4. | Chank Fisheries, Pamanathapuram | 1985-86 to 1987-88 |

**III. ENVIRONMENT AND FORESTS DEPARTMENT**

- |    |  |         |
|----|--|---------|
| 5. | Government Cinchona Department, Udhagamandalam | 1987-88 |
|----|--|---------|

**IV. INDUSTRIES DEPARTMENT**

- |    |  |         |
|----|--|---------|
| 6. | Government Carpentry and Blacksmithy, Unit, Arakonam | 1987-88 |
|----|--|---------|



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