

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

FOR THE YEAR ENDED 31 MARCH 1997

NO. 3

(CIVIL)

GOVERNMENT OF TAMIL NADU

COMMISSIONER OF LANDS

REPORT

OF

FOR THE YEAR ENDING 31ST MARCH 1882

OF 1881

COMPTROLLER AND AUDITOR GENERAL
REPORT OF THE

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PREFATORY REMARKS

This Report for the year ended 31 March 1997 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 1996-97 together with other points noticed during audit of financial transactions of the Government of Tamil Nadu. It also includes certain points of interest emerging from the Finance Accounts for 1996-97.

2. This Report includes *inter alia* Audit reviews on Inventory procedure and material management in Public Works Workshop and stores, Production and Distribution of Seeds and Development schemes for Major crops, Review of selected activities of Fisheries Department, Shanmuganadhi Reservoir Project, Tamil Nadu Agricultural Development Project, Tamil Nadu Integrated Nutrition Project II and Total Literacy Campaign besides other points arising out of audit of bodies and authorities conducted under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

3. Observations of Audit for the year 1996-97 on Revenue Receipts and on Statutory Corporations, Boards and Government companies are presented in separate Reports.

4. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1996-97, 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 1996-97 have also been included, wherever considered necessary.

The first of these is the fact that the
 system is not a simple one, but a complex one.
 It is a system of many parts, each of which
 has its own function, and all of which
 are interrelated. The second is the fact
 that the system is not a static one, but a
 dynamic one. It is a system that changes
 and grows, and it is a system that is
 constantly in motion. The third is the fact
 that the system is not a closed one, but an
 open one. It is a system that is in contact
 with the outside world, and it is a system
 that is constantly exchanging matter and
 energy with the outside world. The fourth
 is the fact that the system is not a simple
 one, but a complex one. It is a system of
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 a static one, but a dynamic one. It is a
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 closed one, but an open one. It is a system
 that is in contact with the outside world,
 and it is a system that is constantly
 exchanging matter and energy with the
 outside world.

OVERVIEW

This Report includes two chapters containing Audit observations on Finance and Appropriation Accounts of Government of Tamil Nadu for the year 1996-97 and five other Chapters on seven Audit Reviews and 53 paragraphs arising from the audit of financial transactions of Government of Tamil Nadu. A synopsis of findings contained in the audit Reviews and important paragraphs is presented in this overview.

1. Review of the State's finances

The assets of the State Government grew by 74 *per cent* from Rs 6273.17 crore to Rs 10917.38 crore during 1992-93 to 1996-97, while the liabilities grew by 70 *per cent* from Rs 10258.34 crore to Rs 17410.64 crore during the same period. The excess of liabilities over the assets increased from Rs 3985.17 crore at the end of 1992-93 to Rs 6493.26 crore at the end of 1996-97. This was mainly due to continuing revenue deficit during the last five years.

During 1996-97, the revenue receipts of the State Government were Rs 11961.27 crore against which revenue expenditure was Rs 13064.88 crore, resulting in a revenue deficit of Rs 1103.61 crore.

The interest payment on the borrowings of the Government increased by 114 *per cent* from Rs 688.47 crore to Rs 1475.63 crore during 1992-93 to 1996-97.

Assistance to local bodies during the last three years (1994-95 to 1996-97) ranged between 15 and 26 *per cent* of the tax and non-tax revenue receipts.

The capital expenditure of the State Government increased from Rs 322.36 crore in 1992-93 to Rs 919.64 crore in 1996-97 and the increase was 185 *per cent* over the span of these five years.

Despite the increase of 44 *per cent* in the investment made by Government during 1992-97, the return on Government investments was insignificant and far below the rate at which Government was borrowing from the open market, affecting adversely the financial position of the State. In 46 Government companies, in which Government had invested Rs 336.38 crore as on 31 March 1997, the accumulated loss was Rs 545.49 crore up to March 1996 (the period for which accounts were rendered).

Revenue realised from 5 major and 47 medium irrigation projects with a total capital outlay of Rs 1439.75 crore was only 0.24 *per cent* of the capital outlay and was not sufficient to cover even the direct working expenses of Rs 28.31 crore.

The revenue deficit, which decreased from Rs 1526.20 crore in 1992-93 to Rs 311.32 crore in 1995-96, had again increased significantly to Rs 1103.61 crore in 1996-97. Though the fiscal deficit decreased from Rs 1749.06 crore in 1992-93 to Rs 1255.86 crore in 1995-96, it went up to Rs 2444.97 crore in 1996-97.

Addition to internal debt during the years 1992-93 to 1996-97 decreased considerably. However, the net inflow, of funds from internal debt, during the last 3 years was 11, 26 and 15 *per cent* only of the total additions during the respective years due to debt service.

Addition in small savings, provident funds, deposits etc., increased from Rs 4496.37 crore in 1992-93 to Rs 6351.49 crore in 1996-97. The net inflow of funds from these sources was also meager though it had increased from 2 *per cent* of the addition in 1994-95 to 9 *per cent* during 1996-97.

Loans and advances received from Central Government which had shown an increasing trend during 1992-93 to 1994-95 declined during 1995-96. However, during 1996-97, it went up by Rs 318.30 crore (32 *per cent*) over the additions during the last year. The net inflow of funds after taking into account the debt service, which ranged from 56 to 105 *per cent*, considerably decreased from Rs 663.79 crore during 1994-95 to Rs 97.51 crore during 1996-97.

During 1996-97, the Government gave guarantees for Rs 7880.79 crore for which an amount of Rs 0.69 crore was received as guarantee commission whereas guarantee commission outstanding for recovery as on 31 March 1997 amounted to Rs 2.52 crore from 10 Government companies. The total outstanding guarantees amounted to Rs 4339.38 crore as on 31 March 1997.

(Paragraphs 1.1 to 1.10)

2. Appropriation Audit and Control over expenditure

During 1996-97, expenditure of Rs 15636.66 crore was incurred against the total grants and appropriations of Rs 17629.85 crore resulting in a saving of Rs 1993.19 crore (11 *per cent*). The overall saving was the result of saving of Rs 2277.51 crore in 43 grants (Rs 738.16 crore) and 51 appropriations (Rs 1539.35 crore), off-set by excess of Rs 284.32 crore under 17 grants (Rs 284.20 crore) and 8 appropriations (Rs 0.12 crore). The above excess of Rs 284.32 crore required regularisation by the Legislature under Article 205 of the Constitution.

Supplementary provision of Rs 1972.64 crore obtained during 1996-97 constituted 13 *per cent* of the original budget provision of Rs 15657.21 crore. In 8 grants and 10 appropriations, supplementary provision of Rs 234.34 crore obtained proved unnecessary in view of the final saving in each grant/appropriation being more

than the supplementary provision obtained in March 1997. On the other hand, in 8 grants, supplementary provision obtained during the year proved insufficient by more than Rs 50 lakh in each case resulting in uncovered excess expenditure aggregating Rs 282.47 crore.

Persistent savings of 5 *per cent* and above were noticed in 11 grants and 6 appropriations during 1994-95 to 1996-97. Under Capital outlay on irrigation, saving occurred in all the preceding 18 years, the percentage of saving ranging from 10 to 45.

In 9 grants and 3 appropriations, expenditure during the year fell short by more than Rs 1 crore each and also by more than 10 *per cent* or more of the total provision.

Expenditure totalling Rs 53.09 crore incurred on 59 schemes attracted the limitation of New Service/New Instrument of Service for which approval of Legislature or advance from the Contingency Fund should have been obtained. In respect of 7 other schemes, against token provisions, Rs 18.50 crore were spent without specific inclusion in supplementary estimates.

In contravention of Financial Rules, Rs 482.33 crore withdrawn during the financial year were kept in personal deposit accounts for meeting expenditure in the ensuing financial year.

(Paragraphs 2.1 to 2.9)

3. Tamil Nadu Integrated Nutrition Project II

Tamil Nadu Integrated Nutrition Project II was being implemented in the rural areas of Tamil Nadu since 1990-91, with credit assistance from the World Bank. It covered 19 out of 23 districts in the State with a project outlay of Rs 321.34 crore. The main objectives of the Project were to ensure child survival by improving health and nutrition of mother, to secure further improvement in the nutritional and health status of children up to 6 years of age and to implement effective pre-school programmes for children in the age group of 3 to 6 years. A review of the implementation of the Project during 1992-93 to 1996-97 revealed the following significant points.

- Contrary to Government orders limiting the scheme to rural areas, Rs 80.99 lakh were spent on implementation of the project in the urban areas of Salem, Tiruchirappalli and Tirunelveli and 4 urban town panchayats in Madurai District.

- Contrary to the provisions of the Staff Appraisal Report, Rs 34.01 crore spent in 8 Project districts towards honorarium to Child Welfare Organisers and helpers in the noon meal centres and Rs 26.01 crore spent on spices, vegetables and condiments utilised in the noon meal centres in all the 19 Project districts were debited to the Project irregularly during 1992-97.

- Expenditure of Rs 60.96 lakh proved unfruitful due to purchase of sub-standard/damaged vessels and play materials.

- Against the envisaged 20574 community nutrition centres, only 19500 centres were established due to financial constraints and 24 *per cent* (86.44 lakh) of the target population was still left uncovered by the Project.

Against the envisaged objective of reduction of Infant Mortality Rate to 55 per thousand, compared to the prevailing rate of 59 per thousand in 1990, the Infant Mortality Rate in the 8 Health Unit districts covered by the Project ranged between 55.5 and 98.1 per thousand.

(Paragraph 3.25)

4. Total Literacy Campaign

'National Literacy Mission' was launched in January 1988 for imparting functional literacy. This was extended to the age group 6-14 from January 1989 under 'Total Literacy Campaign'. The objective of the scheme was to achieve 80 to 85 *per cent* literacy among the target groups. A Post Literacy Campaign was also launched with a view to maintain continuity and prevent the neo-literates from relapsing into illiteracy. The scheme was to cover 78 lakh people in the Eighth Plan period. Expenditure under the scheme was to be shared by Government of India and Government of Tamil Nadu in the ratio of 2:1 and in tribal sub-plan areas in the ratio of 4:1. A review of the implementation of the scheme for the period 1992-97 revealed the following significant points:

- There was short-release of funds by the state amounting to Rs 1.54 crore in the 6 test-checked districts.

- Diversion of scheme funds amounting to Rs 39.47 lakh on activities and purposes not connected with the scheme was noticed.

- There were delays ranging from 5 to 24 months in four districts test-checked in the completion of the scheme resulting in cost escalation of Rs 37.63 lakh. In Chennai, the scheme had not taken off due to meager participation of learners and non-mobilisation of voluntary instructors.

- As against the objective of achieving 80 to 85 *per cent* literacy among the target groups, the achievement ranged between 34 and 59 *per cent* only, the overall achievement being 57 *per cent*.

- Expenditure of Rs 85.94 lakh was incurred in 3 test-checked districts under the scheme of Non-Formal Education of learners. This did not help them in attaining the expected level of learning as they were not provided with separate learning materials as per Government of India guidelines.

- In Post Literacy Campaign, in two districts 2.31 lakh learners were not supplied with Primer-I Book affecting the achievement of objectives of the scheme.

(Paragraph 3.22)

5. Tamil Nadu Agricultural Development Project

Tamil Nadu Agricultural Development Project was implemented in the State with World Bank assistance, from 1991-92, with the main objectives of increasing the agricultural productivity and income, alleviation of rural poverty, protection of rain-fed areas under ecological stress, improvement in rural roads and ensuring availability of safe drinking water to rural population. The initial project outlay of Rs 309.29 crore was revised to Rs 409.52 crore during mid-term review in December 1994. As of March 1997, Rs 283.30 crore had been spent under the Project. A review of the implementation of the project during 1991-97 revealed the following significant points:

- Project funds of Rs 2.16 crore were diverted for works not covered under the project.
- Acceptance of bids with high tender premium ranging from 20 to 60 *per cent* over the estimates for rural road works, on non-sustainable grounds, led to an increase in the cost of works to the tune of Rs 16.65 crore and inadmissible payment of Rs 76.55 lakh was made to contractors on account of price variations.
- Forestry activities such as plantation, soil and moisture conservation works costing Rs 31.17 crore were carried out through contractors instead of through community participation as prescribed under the project.
- Extra expenditure of Rs 4.28 crore was incurred on drilling of 7242 borewells due to acceptance of unreasonably high rates of bids.
- Expenditure of Rs 1.05 crore proved wasteful due to planting of Vettiver slips on the bunds instead of on contours.
- Under alley cropping, instead of planting trees and shrubs, as intended, for supply of fodder to animals, economic trees were planted. So the expenditure of Rs 43.24 lakh did not serve the intended purpose.

(Paragraph 3.3)

6. **Production and distribution of seeds and development schemes for major crops**

In order to ensure production and genetic improvement of seeds of various crops for sustaining and increasing the productivity, schemes like Oil Seeds Production Programme, National Pulses Development Project, Integrated Cereals Development Programme for Rice, Minikit Programme for Rice, Jowar and Bajra and Oil Palm Development Programme were launched during VIII plan period in the State. A review of these programmes for the period 1992-97 revealed that

- Central assistance of Rs 0.89 crore was lying unutilised as of March 1997 under Oil Palm Development Programme.

- Rupees 13.17 crore were drawn and released to various implementing agencies during the last quarter every year during the period 1992-97 to avoid lapse of budget grant

- Delays ranging between one and eight months in the issue of administrative sanction by State Government resulted in non-achievement of targets fixed for Kharif season under Oil Seeds Production Programme every year and rush of expenditure during the last quarter under other programmes

- Under Oil Seeds Production Programme, diversion of Rs 3.76 crore was made towards ineligible components/schemes/items

- Rupees 1.07 crore provided under Oil Seeds Production Programme for purchase of inputs and implements were lying unutilised with Tamil Nadu Agro Engineering and Service Co-operative Federation Limited, as of March 1997.

- Truthfully labelled seeds of groundnut i.e., seeds which are not tested in the laboratories and certified for quality assurance were procured in large quantities to compensate for the huge shortage in procurement of certified seeds due to inadequate capacity of the State Seed Certification Department

- Despite instructions of GOI that old and obsolete varieties of seeds were not to be included in the seed mini-kits, old and obsolete varieties of seeds costing Rs 46.08 lakh were distributed in the mini-kits under Oil Seeds Production Programme in four districts during 1992-96.

- Zinc Sulphate valued at Rs 1.10 crore earmarked for distribution to farmers at subsidised rate was distributed free of cost to farmers under cyclone relief, without getting prior permission from Government of India.

(Paragraph 3.4)

7. Review of selected activities of Fisheries Department

A review of the selected activities of the Fisheries Department during 1994-95 to 1996-97 revealed that an expenditure of Rs 2 crore was incurred without obtaining provision through supplementary estimate. Rupees 2.50 crore were transferred to the Personal Deposit account of Tamil Nadu Fisheries Development Corporation and shown as final expenditure even though no expenditure was incurred from the Personal Deposit Account in that year.

- Revenue receipts under 'Rent' and 'Licence fee' during 1993-94 to 1995-96 were persistently underestimated, the shortfall ranging from 30 to 170 *per cent*.

- Orders for supply of 10,000 aluminium fish containers were placed with a Society which did not manufacture the containers and an advance of Rs 9.75 lakh was paid. The Society supplied only 4721 containers and retained Rs 5.15 lakh without supplying the balance.

- Rupees 83 lakh released as grant for discharging guarantee liabilities were retained by Tamil Nadu Fisheries Development Corporation. Rupees 19.51 lakh recovered by the Corporation from the fishermen during May 1986 to September 1990 towards repayment of loan were not remitted to Government account as of July 1997 and were utilised by the Corporation for its expenses.

- Due to delay in decision making, Central assistance of Rs 4.50 crore received for implementation of the scheme formulated in April 1994 for enforcing Marine Fishing Regulation Act remained unutilised as of July 1997.

- Rupees 30 lakh were drawn and kept in the Personal Deposit account of Tamil Nadu State Apex Fisheries Co-operative Federation without utilisation for the intended purpose.

- Rupees 1.90 crore released during 1992-93 to 1996-97 to Tamil Nadu State Apex Fisheries Co-operative Federation, without ascertaining the unspent balance, resulted in blocking of funds outside Government account.

Under the scheme of intensive inland fish culture in Villupuram District, stocking of fingerlings during 1994-95 to 1996-97 ranged between 17 and 65 *per cent* of target and exploitation ranged between 5 and 21 *per cent*, whereas the Department had spent Rs 55.72 lakh.

- Due to fixation of unrealistic target to cover 6107 crafts within a year under the scheme for "Development of Coastal Marine Fisheries through Motorisation of Traditional Crafts", Rs 7.26 crore were lying unspent in the Personal Deposit Account of Tamil Nadu Fisheries Development Corporation.

- Even while 3.85 lakh dhoties and 2.27 lakh sarees were available in Government stock, Commissioner of Fisheries purchased 1.94 lakh dhoties and 1.64 lakh sarees for distribution to fishermen and women, which resulted in unnecessary additional expenditure of Rs 1.95 crore.

(Paragraph 3.10)

8. Shanmughanadhi Reservoir Project

The Project was sanctioned in May 1986, at an estimated cost of Rs 6.95 crore which was increased to Rs 14.70 crore in March 1997. As of February 1997, only 24 per cent of the work had been completed and the project was expected to be completed by March 1999. Review of the records relating to the execution of the project revealed that 4 sub-divisions and one full division were engaged for the preliminary work instead of 2 sub-divisions as planned resulting in avoidable expenditure of Rs 45.94 lakh. The cost overrun as per the revised estimate of March 1997 was Rs 7.75 crore which was 112 per cent more than the original cost and, thus, the project had lost its economic viability.

(Paragraph 4.9)

9. Inventory procedures and material management in Public Works Workshop and stores

A Review of the inventory procedure and material management in Public Works Workshop and Stores revealed that out of the advance of Rs 6.52 crore made to suppliers during March 1993 to March 1997, Rs 64.28 lakh remained unadjusted. Stores were held in excess of the reserve stock limit during 1992-93 to 1996-97 resulting in unnecessary carrying cost of Rs 13.04 lakh.

Purchases made through centralised procurement of steel items by Central stores resulted in avoidable expenditure of Rs 57.90 lakh on storage, transportation and handling charges.

Rupees 3.95 crore were still pending under 'Cash Settlement Suspense Account' even though the system of adjustment through this account was abolished way back in April 1994.

(Paragraph 5.2)

10. Non-achievement of objectives of schemes/ programme

Due to non-application of proper checks and controls inherent in the Computerised System of Accounting, computerisation at the Chennai Metropolitan

Water Supply and Sewerage Board could not achieve the desired objectives of accuracy and efficient functioning, even after incurring a capital expenditure of Rs 50.51 lakh on machines. The outstanding arrears of Water Tax and Water Charges amounted to Rs 8.10 crore.

(Paragraph 6.15)

Establishment of Spawn Production Unit and Pasteurised Compost Production Unit sanctioned in February 1993 for increasing the yield of mushrooms by improving the quality of compost could not materialise even after a lapse of 4 years, besides blocking of Central assistance of Rs 44.50 lakh.

(Paragraph 3.6)

The objective of providing a computer system to Anna University for expeditious processing of applications and answer sheets for the Tamil Nadu Professional Courses Entrance Examination remained unachieved for more than 6 years, even after incurring an expenditure of Rs 23.43 lakh, due to the failure of the University to take proper precautions to ensure that the computer system was properly installed. Besides an additional expenditure of Rs 7.11 lakh was incurred for getting the answer sheets evaluated through outside agencies during 1993 to 1995.

(Paragraph 6.7)

11. Unfruitful/infructuous expenditure

Failure to provide Rs 4.25 lakh to raise the crest level of a weir resulted in the expenditure of Rs 8.66 crore incurred under the scheme of 'Excavation of High Level Channel' remaining unfruitful and loss of interest of Rs 2.46 crore on account of idle investment.

(Paragraph 4.10)

Due to construction of a tank in the rain-shade zone, no water was received in the tank and the objective of formation of the tank was not fulfilled, rendering the expenditure of Rs 62.34 lakh infructuous.

(Paragraph 4.12)

Due to location of the crematorium in a low lying area, the crematorium constructed at a cost of Rs 26.88 lakh at Madurai could not be put to use due to seepage of water and non-rectification of defects by Public Works Department.

(Paragraph 4.13)

12. Additional/avoidable expenditure

Delay of over 10 years in issue of a notification for acquisition of land for Tamil Nadu Housing Board resulted in an additional expenditure of Rs 32.33 lakh due to payment of increased compensation based on the market value and interest thereon

(Paragraph 6.9)

Despite the awareness of the commitment towards higher rate of interest and provision of funds therefor, Government's delay in repaying the advance of Rs 1.75 crore paid by the State Trading Corporation for the purchase of one Bell 412 HP helicopter resulted in an avoidable payment of interest of Rs 17.33 lakh

(Paragraph 3.19)

13. Unintended benefit to contractor

Allowing of price increase on quarry material, which was already compensated by another clause in the agreement, had resulted in an unintended benefit to the contractor to the tune of Rs 1.01 crore

(Paragraph 4.2)

Failure to verify the local conditions before entrusting the work and also to adjust the pending advances while releasing further advances to Tamil Nadu Construction Corporation Limited resulted in an unintended benefit of Rs 42.88 lakh.

(Paragraph 4.11)

Sanction of additional interest-free mobilisation advance over and above the limit prescribed in the agreement resulted in unintended aid of Rs 38.99 lakh to a firm.

(Paragraph 4.1)

14. Excess payment

Release of mobilisation advance of Rs 19.65 lakh and Rs 49.22 lakh for 2 works without deducting the value of departmental supply of material resulted in excess payment of advance of Rs 9.47 lakh and Rs 25.26 lakh to Tamil Nadu State Construction Corporation and the loss of interest on the excess advances worked out to Rs 5.63 lakh and Rs 5.51 lakh respectively.

(Paragraphs 4.3 and 4.4)

15. **Blocking of Government funds**

Failure of the Government and Commissioner of Sugar to ensure before release of funds, the consent of the Tamil Nadu Pollution Control Board and economic viability of the project, resulted in blocking of Rs 5 crore released for the establishment of a new co-operative sugar mill at Gummidipoondi, for over 2 years

(Paragraph 3.17)

Release of funds by Government to Tamil Nadu Small Industries Development Corporation Limited for purchase of land for setting up two functional industrial estates at Ambattur was injudicious resulting in blocking of Rs 4 crore outside Government Account. The interest of Rs 2.94 crore due from the Corporation was also not realised

(Paragraph 6.18)

Share capital assistance of Rs 2.50 crore was released to Electronics Corporation of Tamil Nadu Limited for establishment of an electronic city much in advance of requirement and was lying unutilised outside Government account for more than 3 years due to improper selection of site.

(Paragraph 3.18)

16. **Non-recovery of loan**

Under 'Tamil Nadu Harijan Welfare Loan Scholarship Scheme', Rs 6.39 crore were outstanding for recovery as of March 1995 which represented outstanding loans disbursed from 1971-72 onwards. The recovery of loan per year worked out to a mere 0.5 *per cent* of demands raised, during the period 1991-92 to 1995-96. The huge outstanding and poor recovery were attributed to non-availability of details of sanction, improper maintenance of records and change of addresses of beneficiaries.

(Paragraph 3.1)

17. **Other points of interest**

(i) **Seventh South Asian Federation Games**

The Seventh South Asian Federation Games in which 7 countries participated were held at Chennai during December 1995, incurring a total expenditure of Rs 84.22 crore. A multi-purpose indoor stadium, a hockey stadium, a tennis stadium, an aquatic complex and a shooting range were also constructed at a cost of Rs 57.98

crore, specially for the games. Only Rs 5.72 crore could be raised through sponsorship. An amount of Rs 2.10 crore was paid in excess in 14 cases and Rs 1.97 crore spent in 14 cases was unfruitful due to non-installation of equipment/excess procurement of items. Rupees 4.81 crore were paid for works after the games were over. 288 out of 560 flats constructed in the games village remained unsold blocking Rs 89.45 crore pertaining to Tamil Nadu Housing Board. Acceptance of the special condition imposed by the contractor engaged in the construction of games village resulted in a financial advantage of Rs 6.35 crore to the contractor.

(Paragraph 6.17)

(ii) Avoidable expenditure in the purchase of fire fighting vehicles and equipment

Several irregularities by Director of Fire Services in purchase of fire fighting vehicles and equipment during 1989 to 1992 were noticed. Some of these were:

- Acceptance of higher rate without assigning any reason resulted in a loss of Rs 23.20 lakh to the Department in the fabrication of 5 crash tenders.
- Finalisation of tender for construction of one hose laying tender, after the period of validity, resulted in an avoidable expenditure of Rs 10.81 lakh.
- Acceptance of tender of a firm for purchase of Emergency Rescue Tender, after excluding 2 sets of accessories to make it lower and subsequent purchase of the accessories from the same firm resulted in an extra expenditure of Rs 17.72 lakh.

(Paragraph 3.15)

(iii) Mother Teresa Womens' University

Due to incorrect planning in deciding the location of the Mother Teresa Womens' University, it was shifted to Chennai and again shifted back to Kodaikanal without solving the problems of functional amenities. This hampered the growth and development of the University besides resulting in the assets created at a cost of Rs 82.05 lakh at Kodaikanal remaining unutilised for over a year. An unfruitful expenditure of Rs 10.48 lakh was also incurred in shifting and reshifting of the University.

(Paragraph 6.8)

(iv) Sanction, procurement and utilisation of vehicles

Scrutiny of sanction, procurement and utilisation of vehicles in Animal Husbandry and Public Health and Preventive Medicine Departments revealed that

expenditure of Rs 56.26 lakh incurred by Animal Husbandry Department for purchase of vehicles included Rs 21.94 lakh released to Government servants towards purchase of two wheelers.

Four jeeps (cost: Rs 10.79 lakh) and one van were purchased in Public Health and Preventive Medicine Department in excess against the guidelines to restrict the purchase of new vehicles to 50 *per cent* of the vehicles condemned

Insulated van purchased (Cost: Rs.6.87 lakh) for safe transport of bacterial and viral vaccines was not put to optimum use due to failure of the refrigeration unit and the deep freezer unit. The generator had not been functioning from the date of purchase and stand- by generator was not provided at the time of delivery

Though five jeeps and two vans were already available in surplus with the Department, five jeeps and one van were purchased at a cost of Rs 15.02 lakh by the Public Health and Preventive Medicine Department in November 1995, which was avoidable.

In Public Health and Preventive Medicine Department, during the five year period ending March 1997, sub-optimal utilisation of vehicles resulted in wasteful expenditure of Rs 22.97 lakh on salary of idle drivers.

(Paragraph 3.13)

CHAPTER I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Introduction

1.1.1 Structure of the Government Accounts

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund and no amount can be withdrawn from the Fund without authorisation from the State Legislature. It consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans. etc.).

Part II Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs 150 crore.

Part III Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

1.1.2 Annual Accounts

The accounts of the State Government are compiled annually by the Principal Accountant General (Accounts and Entitlements), Tamil Nadu. These are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, on the other hand, present the details of amounts actually spent by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

1.1.3 Audit Report

The Finance Accounts and the Appropriation Accounts as well as various transactions in these accounts are audited by the Comptroller and Auditor General of India (CAG) in accordance with CAG's (Duties, Powers and Conditions of Service) Act, 1971. CAG certifies the accounts and also submits separate Audit Reports to the Governor of the State in terms of Article 151 of the Constitution of India.

CAG's Reports in respect of Government of Tamil Nadu for the year ended 31 March 1997 are structured as under:

Report Number		Containing observations on
1	of 1998	Commercial
2	of 1998	Revenue Receipts
3	of 1998	Civil

1.2 Price Trends

The trend of prices is dependent mainly on monetary and fiscal policies pursued at the national level. The wholesale price index in the State was not exactly comparable with the price index at national level due to variation in the basket of commodities taken to calculate national level index and State level index.

The average wholesale price index at State level calculated on the basis

of mainly agricultural commodities increased by 12 *per cent** during 1996-97 as against 8 *per cent* during 1995-96.

The analysis of the State Government Finance Accounts should ideally be viewed in the context of these prices.

1.3 Summarised financial position

The financial position of the Government of Tamil Nadu as on 31 March 1997, emerging from the Appropriation Accounts and the Finance Accounts for the year 1996-97 supplemented by the additional information collected separately, and the abstract of Receipts and Disbursements for the year is given in the following statements.

* Average wholesale price index for 1994-95, 1995-96 and 1996-97 taking the base year 1970-71=100 was 800.51, 864.86 and 968.94 respectively.

STATE

SUMMARISED FINANCIAL POSITION OF THE

Amount as on 31.03.1996	Liabilities	Amount as on 31.03.1997
..	External Debt	2.24
3015.02	Internal Debt -	3462.24
	Market Loans	
	bearing interest	3136.88
	Market Loans not	
	bearing interest	3.80
	Loans from LIC	130.05
	Loans from other	
	Institutions	191.51
	Ways and Means	
	Advances	..
	Overdrafts from Reserve	
	Bank of India	..
7539.72	Loans and Advances from	8532.53
	Central Government -	
	Pre 1984-85 Loans	300.86
	Non-Plan Loans	3211.98
	Loans for State	
	Plan Schemes	4921.77
	Loans for Central	
	Plan Schemes	36.05
	Loans for Centrally	
	Sponsored Plan	
	Schemes	61.87
149.68	Contingency Fund	144.70
1997.34	Small Savings, Provident	
	Funds, etc.	2187.73
1276.12	Deposits	1724.40
1155.21	Reserve Funds	1263.46
0.96	Advances	..
74.33	Remittance Balances	93.34
-----		-----
15208.38		17410.64

MENT I

GOVERNMENT OF TAMIL NADU AS ON 31 MARCH 1997

(Rupees in crore)

Amount as on 31.03.1996	Assets	Amount as on 31.03.1997
5063.11 ^(a)	Gross Capital Outlay on Fixed Assets -	5982.76
	Investment in shares of Companies, Corporations, etc.	994.22
	Other Capital Outlay	4988.54
3795.68	Loans and Advances -	4217.40
	Loans for Power Projects	1187.60
	Other Development Loans	2724.38
	Loans to Government Servants and Miscellaneous Loans	305.42
46.18	Reserve Fund Investments	46.08
	Advances	6.49
(-)11.43	Suspense and Miscellaneous Balances	(-)247.97
925.25	Cash -	912.62
	Cash in Treasuries and Local Remittances	14.45
	Deposits with Reserve Bank	60.25
	Departmental Cash Balance	1.40
	Permanent Advances	1.42
	Cash Balance Investment	835.10
5385.65	Deficit on Government Account -	6493.26
	(i) Revenue Deficit of the current year	1103.61
	(ii) Appropriation to Contingency Fund	..
	(iii) Miscellaneous deficit	0.06
	Accumulated deficit upto 31 March 1996	5389.59 ^(a)
15204.44 ^A		17410.64

^a Differs from balance shown in last year's account due to *pro forma* corrections^A Difference between assets and liabilities is due to *pro forma* corrections
as stated at @

Explanatory Notes:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. A revised classification structure of Government accounts was introduced from 1 April 1987. However, grants for meeting the expenditure during 1996-97 on certain services and schemes were obtained by Government under heads of account which did not conform to the revised classification structure. While correct classification had been adopted in respect of loan heads of account in the Finance Accounts of 1996-97, the matter in respect of heads under Revenue and Capital accounts was under correspondence with Government; pending a decision in this regard, expenditure on these items stood classified under the budgeted heads.

2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Statement-I, indicates the position on cash basis, as opposed to accrual basis of commercial accounting. Consequently, items payable and receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.

3. Although a part of revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of State Government remains unaffected by end-use.

4. Under Government system of accounting, revenue surplus or deficit is closed annually to Government account with the result that cumulative position of such surplus or deficit was not ascertainable. The balancing figure of Rs 533.61 crore as on 31 March 1983 was, therefore, treated as cumulative surplus for drawing up the first statement of financial position for 1983-84 which took the place of a Balance Sheet.

5. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of State and others pending settlement, etc.

6. There was an unreconciled difference of Rs 1.07 crore (net credit) between the figures reflected in the accounts (Rs 60.25 crore - net debit) and that intimated by the Reserve Bank of India (Rs 61.32 crore - net credit) under "Deposits with Reserve Bank". A net difference of Rs 41.40 lakh (credit) comprising a debit of Rs 26.34 lakh and a credit of Rs 67.74 lakh had been reconciled (July 1997) leaving a balance of Rs 65.46 lakh (net credit) (debit : Rs 120.86 lakh and credit: Rs 186.32 lakh).

STATE

ABSTRACT OF RECEIPTS AND

SECTION A - REVENUE

Receipts	
I.	Revenue receipts - 11961.27
	Tax revenue 7983.45
	Non-tax revenue 885.44^
	State's share of Union Taxes 2165.50
	Non-Plan grants 143.47
	Grants for State Plan Schemes 413.53
	Grants for Central and Centrally Sponsored Plan Schemes 369.88
II.	Revenue deficit carried over to Section B 1103.61

	13064.88

 lower rounding adopted

MENT II

DISBURSEMENTS FOR THE YEAR 1996-97

(Rupees in crore)

Disbursements			
I. Revenue expenditure - sector	Non-Plan	Plan	Total
<u>General services</u>	4084.51	11.01	4095.52
<u>Social services -</u>			
Education, Sports, Art and Culture	2357.19	159.68	2516.87
Health and Family Welfare	513.46	260.40	773.86
Water Supply, Sanitation, Housing and Urban Development	91.52	374.15	465.67
Information and Broadcasting	11.12	(-)0.29**	10.83
Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	129.57	224.79	354.36
Labour and Labour Welfare	63.45	6.63	70.08
Social Welfare and Nutrition	724.54	188.07	912.61
Others	16.95	0.12	17.07
<u>Economic Services -</u>			
Agriculture and Allied Activities	736.94	360.20	1097.14
Rural Development	138.36 ^A	260.58	398.94 ^A
Special Areas Programmes	0.16	15.92	16.08
Irrigation and Flood control	208.56	44.36	252.92
Energy	..	2.53	2.53
* Industry and Minerals	58.45*	269.83	328.28
Transport	322.71	30.69	353.40
Science, Technology and Environment	..	7.60	7.60
General Economic Services	1054.11	4.78*	1058.89
<u>Grants-in-aid and Contributions</u>	256.77	75.46	332.23
Total	10768.37	2296.51	13064.88

II. Revenue surplus carried over to Section B

13064.88

** Minus figure under examination

^A Lower rounding adopted

* Higher rounding adopted

ABSTRACT OF RECEIPTS AND**SECTION B - OTHERS**

		Receipts
III.	Opening Cash balance including Permanent Advances and Cash Balance Investment	925.25
IV.	Miscellaneous Capital receipts	
V.	Recoveries of Loans and Advances-	658.28
	From Power Projects	182.46
	From Government Servants	60.45
	From Others	415.37

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1583.53

DISBURSEMENTS FOR THE YEAR 1996-97 - contd.

(Rupees in crore)

		Disbursements		
III	Opening Overdraft from Reserve Bank of India			
IV.	Capital Outlay -			
	Sector	Non-Plan	Plan	Total
	<u>General Services</u>	4.65	25.17	29.82
	<u>Social Services -</u>			
	Education, Sports, Art and Culture	(-)0.26**	19.58	19.32
	Health and Family Welfare	1.02	19.63	20.65
	Water Supply, Sanitation, Housing and Urban Development	0.33	137.42	137.75
	Information and Broadcasting	0.75	0.06	0.81
	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	..	21.62	21.62
	Social Welfare and Nutrition	..	2.81	2.81
	Others	..	5.04	5.04
	<u>Economic Services -</u>			
	Agriculture and Allied Activities	(-)1.56**	83.97	82.41
	Rural Development		0.58	0.58
	Special Areas Programmes		12.13	12.13
	Irrigation and Flood Control	1.88	25.47	27.35
	Energy	133.75	..	133.75
	Industry and Minerals	0.05	37.62	37.67
	Transport	(-) 2.08**	387.50	385.52
	General Economic Services	..	2.41	2.41
	Total	138.53	781.11*	919.64
V.	Loans and Advances disbursed -			1080.00
	For Power Projects			235.00
	To Government Servants			115.14
	To Others			729.86
	Carried over to next page			1999.64

** Minus figures under examination

α Rs (-)1520 only

* Lower rounding

ABSTRACT OF RECEIPTS AND

SECTION B - OTHERS - conold.

Receipts		
	Brought forward from previous page	1583.53
VI.	Revenue Surplus brought down	..
VII.	Public debt receipts -	1779.99
	External debt	2.24
	Internal debt other than	
	Ways and Means Advances	
	and Overdraft	471.05
	Ways and Means Advances	..
	Loans and Advances from	
	Central Government	1306.70
VIII.	Appropriation to Contingency Fund	..
IX.	Amount transferred to	
	Contingency Fund	0.32
X.	Public Account receipts -	12387.69
	Small Savings	
	and Provident Funds	1150.28
	Reserve funds	221.88
	Suspense and Miscellaneous	3211.05
	Remittances	2795.91
	Deposits and Advances	5008.57
XI.	Closing Overdraft from	
	Reserve Bank of India	..
	Total	15751.53

STATE

SOURCES AND APPLICATION

Sources		
1.	Revenue receipts	11961.27
2.	Recoveries of Loans	658.28
	and Advances	
3.	Increase in Public debt other	1442.26
	than overdraft	
4.	Net receipts from Public Account -	
	Increase in Small Savings	190.39
	Increase in Deposits and	
	Advances	440.83
	Increase in Reserve Funds	108.35
	Net effect of Suspense	
	and Miscellaneous	
	transactions	236.48
	Net effect of Remittance	
	transactions	19.01
5.	Decrease in Closing Cash Balance	12.63
	Total	15069.50

DISBURSEMENTS FOR THE YEAR 1996-97 - conold.**(Rupees in crore)**

Disbursements		
	Brought forward from previous page	1999.64
VI	Revenue deficit brought down	1103.61
VII	Repayment of Public debt -	337.73
	External debt	
	Internal debt other than Ways and Means Advances and Overdraft	23.84
	Ways and Means Advances	
	Repayment of Loans and Advances to Central Government	313.89
VIII	Appropriation to Contingency Fund	
IX	Expenditure from Contingency Fund	5.30
X	Public Account disbursements -	11392.63
	Small Savings and Provident Funds	959.89
	Reserve Funds	113.53
	Suspense and Miscellaneous	2974.57
	Remittances	2776.90
	Deposits and Advances	4567.74
XI	Cash balance at end -	912.62
	Cash in Treasuries and Local Remittances	14.45
	Deposits with Reserve Bank	60.25
	Departmental Cash Balance including Permanent Advances	2.82
	Cash Balance Investment	835.10
	Total	15751.53

MENT- III**OF FUNDS FOR 1996-97****(Rupees in crore)**

Application		
1.	Revenue expenditure	13064.88
2.	Lending for development and other purposes	1080.00
3.	Capital expenditure	919.64
4.	Net effect of Contingency Fund transactions	4.98
	Total	15069.50

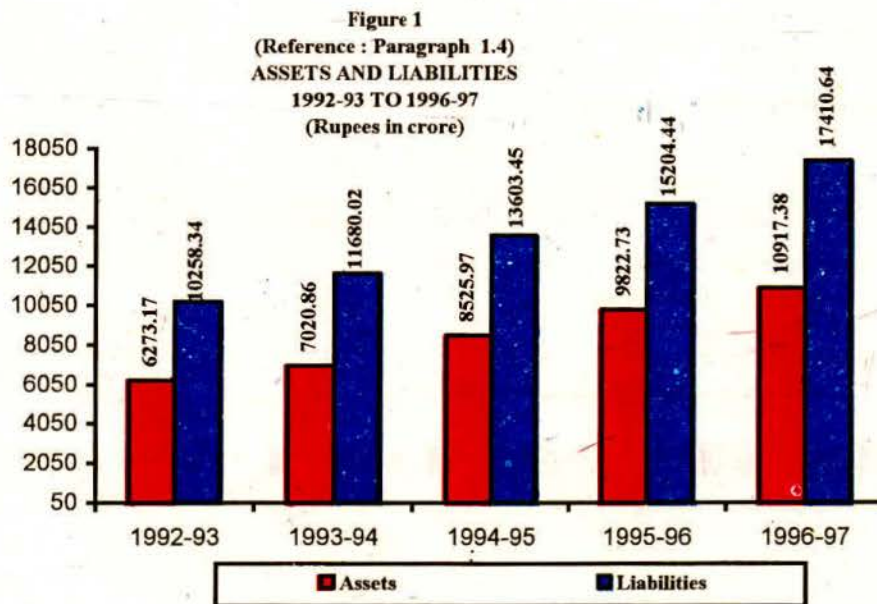
Based on these statements and other supporting data, the following paragraphs in this chapter present an analysis of the management of the finance of the State Government during 1996-97, relating it to the position obtaining in the preceding four years.

1.4 Assets and liabilities

Assets comprising of capital investments and loans advanced and total liabilities of the State Government as at the end of the last five years (Figure 1) were as under:

(Rupees in crore)			
Year	Assets	Liabilities	Difference
1992-93	6273.17	10258.34	(-) 3985.17
1993-94	7020.86	11680.02	(-) 4659.16
1994-95	8525.97	13603.45	(-) 5077.48
1995-96	9822.73	15204.44*	(-) 5381.71
1996-97	10917.38	17410.64	(-) 6493.26

* Due to *pro forma* corrections



The liabilities exceeded the assets in all the preceding five years; however, while the assets grew by 74 *per cent* during this period, the liabilities grew only by 70 *per cent*, thus, slightly narrowing down the difference between them in percentage terms. The excess of liabilities over assets increased from Rs 3985.17 crore at the end of 1992-93 to Rs 6493.26 crore at the end of 1996-97. This was mainly due to continuous revenue deficit during the last five years.

1.4.1 Financial position of the State

(i) Revenue receipts of the State Government were Rs 11961.27 crore against which revenue expenditure was Rs 13064.88 crore, thus, resulting in a revenue deficit of Rs 1103.61 crore constituting 9 *per cent* of the revenue receipts.

(ii) The revenue receipts of the State Government comprised tax revenue (Rs 7983.45 crore), non-tax revenue (Rs 885.44 crore), State's share of Union taxes and duties (Rs 2165.50 crore) and grants-in-aid from the Central Government (Rs 926.88 crore). The main sources of tax revenue were sales tax (67 *per cent*), state excise (13 *per cent*) and stamps and registration fees (8 *per cent*). Non-tax revenue came mainly from interest receipts (39 *per cent*) and economic services (30 *per cent*).

(iii) The revenue expenditure of Rs 13064.88 crore was on General Services (31 *per cent*), Social Services (39 *per cent*) and Economic Services (27 *per cent*) and Grants-in-aid contributions (3 *per cent*).

(iv) The capital expenditure of the State Government was Rs 919.64 crore which was distributed among General services (3 *per cent*), Social Services (23 *per cent*) and Economic Services (74 *per cent*).

(v) The public debt of the State Government increased by Rs 1442.26 crore during 1996-97 thereby increasing the burden of interest payment and servicing of debt. The interest payments (Rs 1475.63 crore) constituted 11 *per cent* of the revenue expenditure of the State Government.

1.4.2 Consolidated Fund

The receipts and expenditure under the Consolidated Fund of the State for 1996-97 as against the previous financial year were as under:

(Rupees in crore)

Receipts			Expenditure		
1995-96		1996-97	1995-96		1996-97
Revenue Account					
10599.25	Revenue receipts	11961.27	10910.57	Revenue expenditure	13064.88
311.32	Deficit	1103.61			
10910.57	Total	13064.88	10910.57	Total	13064.88
Capital Account					
..	Capital Receipts	..	590.94	Capital expenditure	919.64
406.56	Recoveries of Loans and Advances	658.28	760.16	Loans and Advances Paid	1080.00
1519.12	Receipts booked as Public Debt	1779.99	326.55	Repayment of Public Debt	337.73
..	Capital deficit	..	248.03	Capital Surplus	100.90
1925.68	Total	2438.27	1925.68	Total	2438.27
63.29	Deficit in Consolidated Fund	1002.71			

Receipts in the Consolidated Fund of the State increased from Rs 12524.93 crore in 1995-96 to Rs 14399.54 crore in 1996-97 which constituted an increase of 15 *per cent*. The public debt receipts (borrowed funds) constituted 12 *per cent* of the receipts in the Consolidated Fund.

Net deficit in Consolidated Fund of the State increased from Rs 63.29 crore in 1995-96 to Rs 1002.71 crore during 1996-97 due to large revenue deficit of Rs 1103.61 crore.

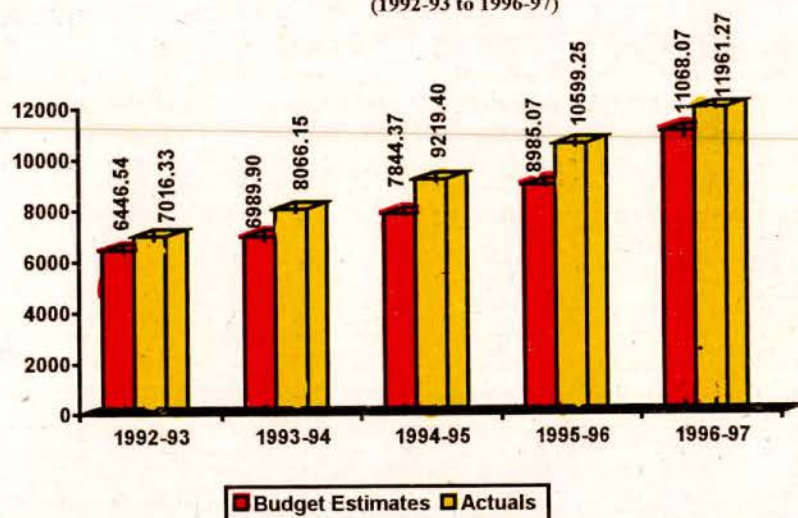
1.5 Revenue receipts

1.5.1 Trend of revenue receipts during the period of five years (1992-97) (Figure 2) was as under:

(Rupees in crore)

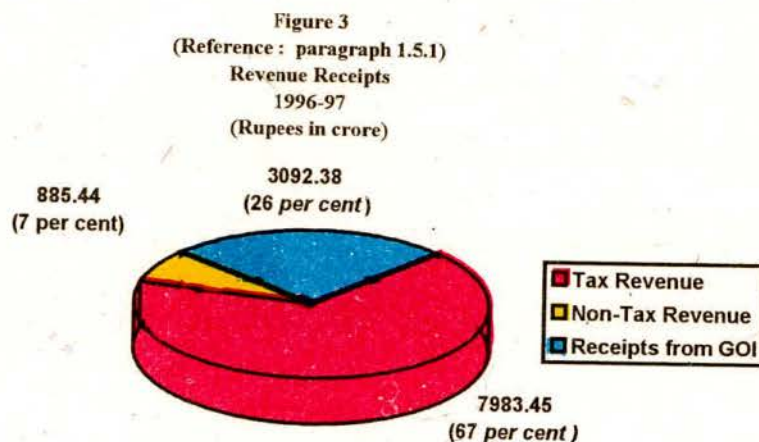
Year	Budget Estimates	Actual Revenue Receipts	Increase(+)/decrease (-) over the previous year	Percentage of increase	Percentage of Revenue Receipts to GSDP
1992-93	6446.54	7016.33	(+) 240.67	4	16.37
1993-94	6989.90	8066.15	(+) 1049.82	15	16.89
1994-95	7844.37	9219.40	(+) 1153.25	14	16.91
1995-96	8985.07	10599.25	(+) 1379.85	15	16.32
1996-97	11068.07	11961.27	(+)1362.02	13	16.06

Figure 2
(Reference : Paragraph 1.5.1)
Revenue Receipts - Budget Estimates and Actuals
(1992-93 to 1996-97)



Revenue receipts increased from Rs 7016.33 crore in 1992-93 to Rs 11961.27 crore in 1996-97 which constituted an increase of 70 per cent. However, the revenue receipts as a percentage of Gross State Domestic Product (GSDP) declined from 16.91 in 1994-95 to 16.06 in 1996-97.

The position of revenue raised by the State and the State's share of taxes and grants received during 1996-97 was as under (Figure 3).



1.5.2 Tax revenue

The growth of tax revenue mobilised by the State Government during the last five years (1992-97) was as under:

(Rupees in crore)

Year	Budget Estimates	Tax Revenue	Percentage of growth over the previous year	Percentage of increase with reference to revenue receipts	As a percentage of revenue receipts	As a percentage of GSDP
1992-93	4091.25	4162.06	11	6	59	9.71
1993-94	4248.48	4801.37	15	8	60	10.06
1994-95	4623.05	5833.76	22	11	63	10.70
1995-96	5694.35	7151.20	23	12	67	11.01
1996-97	7344.00	7983.45	12	7	67	10.73

Tax revenue had increased by only 12 *per cent* from Rs 7151.20 crore in 1995-96 to Rs 7983.45 crore in 1996-97, when compared to the increase of 22 and 23 *per cent* during the two preceding years mainly due to lesser growth rate for sales tax (14 *per cent*) and state excise (14 *per cent*) as compared to previous year's growth rate of 20 and 52 *per cent* respectively.

The analysis of tax-revenue raised by the State Government during the last five years *viz.*, 1992-93 to 1996-97 is given below:

(Rupees in crore)

	1992-93	1993-94	1994-95	1995-96	1996-97
1. Agricultural Income Tax	20.04 (1)	12.77	16.73	19.47	13.86
2. Sales Tax	2743.12 (66)	3209.99 (67)	3913.84 (67)	4689.27 (66)	5341.07 (67)
3. State Excise	564.86 (14)	568.82 (12)	614.64 (11)	934.66 (13)	1063.07 (13)
4. Taxes on Vehicles	292.96 (7)	313.70 (7)	372.45 (6)	392.21 (6)	425.42 (6)
5. Stamps and Registration Fees	291.82 (7)	383.69 (8)	506.69 (9)	613.01 (9)	590.60 (8)
6. Land Revenue	19.30	31.87 (1)	35.27 (1)	25.21	18.77
7. Taxes on Goods and Passengers	43.62 (1)	71.88 (1)	110.03 (2)	161.99 (2)	187.26 (2)
8. Other taxes	186.34 (4)	208.65 (4)	264.11 (4)	315.38 (4)	343.40 (4)
Total	4162.06 (100)	4801.37 (100)	5833.76 (100)	7151.20 (100)	7983.45 (100)

(Percentage share of individual taxes on the total is given in brackets)

Increase in sales tax was mainly due to increase in the existing rates and extending this tax to certain commodities which were not covered earlier. The increase in motor vehicle tax was mainly due to increase in the existing rates. Though no new taxes were levied in the case of State Excise, additional vend fee on indigenously manufactured foreign liquors (IMFL) were levied.

The items under which revenue receipts increased significantly over those in 1995-96 and the main reasons thereof are indicated in Statement 1 of Finance Accounts for 1996-97.

1.5.3 Non-tax revenue

The growth/decline of non-tax revenue during the last five years was as under:

(Rupees in crore)					
Year	Budget Estimates	Non-Tax Revenue	Percentage of growth over the previous year	Percentage of increase(+) / decrease(-) to revenue receipts	As a percentage of GSDP
1992-93	421.67	612.79	(-)45	(-) 7	1.43
1993-94	504.26	703.89	15	1	1.47
1994-95	560.71	772.66	10	1	1.42
1995-96	596.38	858.45	11	1	1.32
1996-97	715.70	885.44	3	0.23	1.19

The growth rate of non-tax revenue during the year 1996-97 had declined to 3 from 15 *per cent* during 1993-94 due to decrease in non-tax revenue receipts under Crop husbandry and Forestry and Wild life and due to lesser growth of interest receipts (8 *per cent*) as compared to last year's growth (23 *per cent*). Also as a percentage of GSDP, it decreased from 1.47 *per cent* in 1993-94 to 1.19 *per cent* in 1996-97.

1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

Trend of State's share of Union taxes and duties and the Central grants-in-aid for the last five years was as under:

(Rupees in crore)						
Year	State's share of		Grants-in-aid	Total	Percentage of Total to	
	Net proceeds of taxes on income other than corporation tax	Union Excise Duties			Revenue Expenditure	Revenue Receipts
1992-93	481.19	938.49	821.80	2241.48	26	32
1993-94	613.73	938.88	1008.28	2560.89	29	32
1994-95	678.88	1056.52	877.58	2612.98	27	28
1995-96	753.39	1052.20	784.01	2589.60	24	24
1996-97	897.53	1267.97	926.88	3092.38	24	26

The aggregate of State's share of Union taxes and grants from Central Government during the year 1996-97 was 26 *per cent* of the revenue receipts and 24 *per cent* of revenue expenditure. These receipts as a percentage of revenue receipts decreased from 32 *per cent* in 1992-93 to 24 *per cent* in 1995-96 and 26 *per cent* in 1996-97 and as a percentage of revenue expenditure, these decreased from 29 *per cent* in 1993-94 to 24 *per cent* in 1996-97.

1.5.5 Arrears of revenue

The position of arrears of revenue pending collection at the end of the financial year as against total revenue raised by the State Government during the period 1992-93 to 1996-97 is given below:

Year	Revenue raised (Rupees in crore)	Arrears of revenue at the end of the year		Percentage of arrears to total revenue raised	Percentage of growth of revenue raised over previous year	Percentage of growth of arrears over previous year
		Number of Heads of Revenue	Amount (Rupees in crore)			
1992-93	4774.85	19	1025.06	21	(-)2	35
1993-94	5505.26	18	1310.98	24	15	28
1994-95	6606.42	13	1714.46	26	20	31
1995-96	8009.65	13	2401.27	30	21	40
1996-97	8868.89	12	3471.05	39	11	45

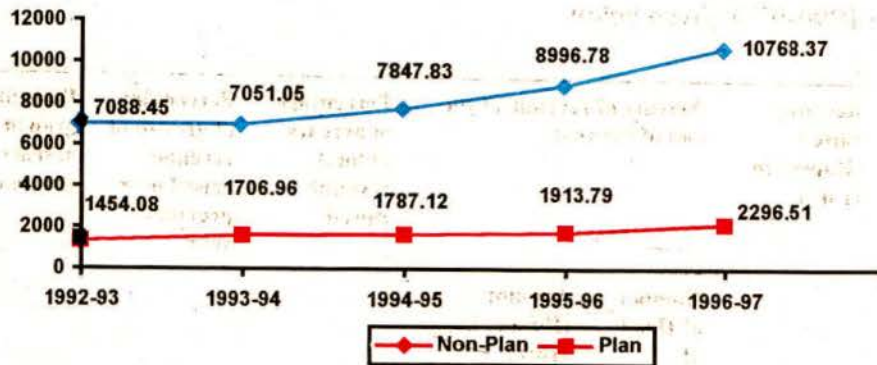
There was an overall deterioration in the position of arrears of revenue over the period 1992-93 to 1996-97. Of the arrears of revenue of Rs 3471.05 crore in respect of 12 heads of revenue as of March 1997, Rs 1148.20 crore (33 *per cent*) were pending for more than 5 years. The increase in arrears in collection under 'Mines and Minerals' (Rs 825.34 crore) and sales tax (Rs 242.83 crore) mainly contributed to the increase in the arrears of revenue during 1996-97.

1.6 Revenue expenditure

Trend of revenue expenditure of the State (Figure 4) during the five year period ending 1996-97 was as under:

(Rupees in crore)									
Year	Budget Estimates			Actuals			Increase(+) / decrease(-) over the previous year		Total Revenue expenditure as a percentage of GSDP
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	
1992-93	1225.77	6029.50	7255.27	1454.08	7088.45	8542.53	(+) 145.33	(-) 282.32	19.93
1993-94	1383.11	6917.76	8300.87	1706.96	7051.05	8758.01	(+) 252.88	(-) 37.40	18.34
1994-95	1592.58	7490.95	9083.53	1787.12	7847.83	9634.95	(+) 80.16	(+) 796.78	17.67
1995-96	1637.47	8273.15	9910.62	1913.79	8996.78	10910.57	(+) 126.67	(+) 1148.95	16.80
1996-97	2171.95	9934.75	12106.70	2296.51	10768.37	13064.88	(+)382.72	(+)1771.59	17.55

Figure 4
(Reference: Paragraph 1.6)
Growth of Plan and Non-Plan revenue expenditure
(1992-93 to 1996-97)
(Rupees in crore)



The revenue expenditure increased from Rs 8542.53 crore in 1992-93 to Rs 13064.88 crore in 1996-97 which constituted an increase of 53 *per cent* (plan expenditure: 58 *per cent* and non-plan expenditure : 52 *per cent*). However, as a percentage of GSDP, it decreased from 19.93 in 1992-93 to 17.55 in 1996-97.

Sector-wise revenue expenditure incurred under Plan and Non-Plan, during the last five years is given below:

(Rupees in crore)						
		Sector				
Year		General Services	Social Services	Economic Services	Grants-in-aid and Contributions	Total
1992-93	Plan	5.86	661.01	787.21	..	1454.08
	Non-Plan	2000.92	2499.94	2295.80	291.79	7088.45
	Total	2006.78	3160.95	3083.01	291.79	8542.53
1993-94	Plan	8.01	801.95	897.00	..	1706.96
	Non-Plan	2461.55	2784.13	1675.39	129.98	7051.05
	Total	2469.56	3586.08	2572.39	129.98	8758.01
1994-95	Plan	2.20	953.75	831.17	..	1787.12
	Non-Plan	2863.33	2893.87	1957.39	133.24	7847.83
	Total	2865.53	3847.62	2788.56	133.24	9634.95
1995-96	Plan	4.11	1077.04	832.64	..	1913.79
	Non-Plan	3404.14	3255.85	2124.32	212.47	8996.78
	Total	3408.25	4332.89	2956.96	212.47	10910.57
1996-97	Plan	11.01	1213.55	996.49	75.46	2296.51
	Non-Plan	4084.51	3907.80	2519.29	256.77	10768.37
	Total	4095.52	5121.35	3515.78	332.23	13064.88

Expenditure on General Services increased from Rs 2006.78 crore in 1992-93 to Rs 4095.52 crore in 1996-97 which constituted an increase of 104 *per cent*. The corresponding increase on Social Services and Economic Services were only 62 and 14 *per cent* respectively during this period. As a proportion of total expenditure, while the share of General Services increased from 23 *per cent* in 1992-93 to 31 *per cent* in 1996-97, the share of Social Services increased from 37 *per cent* in 1992-93 to 41 *per cent* in 1993-94 and then decreased to 39 *per cent* in 1996-97; the share of Economic Services declined from 36 *per cent* in 1992-93 to 27 *per cent* in 1996-97.

1.6.1 Interest payments

Trend of interest payments during the last five years was as under:

(Rupees in crore)						
Year	Interest paid on				Percentage of interest payments to Tax Revenue	Percentage to revenue expenditure
	Internal Debt	Loans received from the Central Government	Small Savings, Provident Funds, etc.	Others	Total	
1992-93	192.61	392.43	67.12	36.31	688.47	17
1993-94	230.37	496.02	192.64	37.49	956.52	20
1994-95	279.68	613.90	150.91	45.06	1089.55	19
1995-96	314.77	787.55	157.76	33.13	1293.21	18
1996-97	374.95	895.31	168.31	37.06	1475.63	18

The outflow of funds on account of interest payments had been gradually rising and increased by 114 *per cent* from Rs 688.47 crore in 1992-93 to Rs 1475.63 crore in 1996-97.

A comparison of interest received by the State Government with the interest paid revealed that the net burden on revenue on this account increased from Rs 477.28 crore during 1992-93 to Rs 1126.62 crore during 1996-97 as detailed below:

(Rupees in crore)			
Year	Interest payments	Interest receipts	Net burden on revenue
1992-93	688.47	211.19	477.28
1993-94	956.52	275.24	681.28
1994-95	1089.55	278.79	810.76
1995-96	1293.21	342.83	950.38
1996-97	1475.63	349.01	1126.62

1.6.2 Financial assistance to local bodies and others

The quantum of assistance provided to different local bodies etc., during the period of four years ended 1996-97 was as under:

	(Rupees in crore)			
Name of body	1993-94	1994-95	1995-96	1996-97
I. Universities and Educational Institutions	790.38	161.01	794.24	39.52
II. Municipal Corporations and Municipalities	18.03	1.48	0.96	105.96
III. Zilla Parishads and Panchayati Raj Institutions	26.72	22.91	190.74	928.33
IV. Development agencies	6.70	24.90	39.60	67.51
V. Hospitals and Other Charitable Institutions	0.02	1.76	1.20	3.10
VI. Other institutions	164.92	779.87	156.12	1135.03
Total	1006.77	991.93	1182.86	2279.45
Percentage of growth over previous year	62.00	(-)1.47	19.25	92.70
Revenue receipts (Tax and non-Tax)	5505.26	6606.42	8009.65	8868.89
Percentage of assistance to revenue receipts	18	15	15	26
Revenue expenditure	8758.01	9634.95	10910.57	13064.88
Percentage of assistance to revenue expenditure	11	10	11	17

Thus, the total assistance at the end of 1996-97 had increased by 126 *per cent* over the level of 1993-94.

1.6.3 (i) Loans and Advances by the State Government

The State Government had been advancing loans to Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions, etc., for developmental and non-developmental activities. A sum of Rs 4217.40 crore, disbursed as loans and advances by the Government was outstanding as on 31 March 1997. The position of disbursement of such loans and recovery thereof for the five years from 1992-93 to 1996-97 is given below:

	(Rupees in crore)				
	1992-93	1993-94	1994-95	1995-96	1996-97
Opening balance	3025.50	2925.99	3041.17	3442.08	3795.68
Amount advanced during the year	605.92	451.88	873.82	760.16	1080.00
Amount repaid during the year	705.43	336.70	472.91	406.56	658.28
Closing balance	2925.99	3041.17	3442.08	3795.68	4217.40
Net addition	(-) 99.51	115.18	400.91	353.60	421.72
Interest received and credited to Revenue	137.46	186.15	167.72	153.11	163.39

The net addition of loans and advances during 1993-94, 1994-95, 1995-96 and 1996-97 constituted 11, 25, 30 and 29 *per cent* respectively of the net receipts from the long term borrowings of the State under 'Public Debt'.

(ii) Recovery of loans

Out of loans advanced to municipalities, panchayat union councils, town panchayats and village panchayats, the detailed accounts of which were kept in the office of the Principal Accountant General (Accounts and Entitlements) and Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, recovery of Rs 125.33 crore (overdue instalments of principal: Rs 40.12 crore and interest: Rs 85.21 crore) was in arrears as on 31 March 1997.

Details of loans and interest thereon, outstanding as on 31 March 1997, in respect of loans, the detailed accounts of which were maintained by the departmental officers, had not been furnished to the Principal Accountant General (Accounts and Entitlements) by 68 heads of departments.

1.7 Capital expenditure

Assets are created mostly out of capital expenditure. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government (i.e. public sector undertakings (PSUs), corporations, etc) and loans and advances. Trend of capital expenditure for the last five years was as under:

(Rupees in crore)							
Year	Budget Estimates	Capital expenditure			Percentage of increase (+)/ decrease (-) over the previous year	Percentage of capital expenditure to total expenditure	Percentage of Capital expenditure to GSDP
		Plan	Non-Plan	Total			
1992-93	285.78	307.94	14.42	322.36	16	3	0.75
1993-94	324.54	334.84	215.67	550.51	71	6	1.15
1994-95	421.72	478.03	201.92	679.95	24	6	1.25
1995-96	535.15	587.13	3.81	590.94	(-)13	5	0.90
1996-97	759.61	781.11	138.53	919.64	56	6	1.24

Capital expenditure increased from Rs 322.36 crore in 1992-93 to Rs 919.64 crore in 1996-97 registering an increase of 185 *per cent* over the span of five years. As a percentage of GSDP, it increased from 0.75 *per cent* in 1992-93 to 1.24 *per cent* in 1996-97.

The sector-wise capital expenditure incurred during the last five years 1992-93 to 1996-97 is given below:

(Rupees in crore)					
Name of the Service	1992-93	1993-94	1994-95	1995-96	1996-97
General Services	12.74 (4)	26.58 (5)	18.08 (3)	32.46 (5)	29.82 (3)
Social Services	80.26 (25)	90.68 (16)	107.62 (16)	229.39 (39)	208.00 (23)
Economic Services	229.36 (71)	433.25 (79)	554.25 (81)	329.09 (56)	681.82 (74)
Total	322.36 (100)	550.51 (100)	679.95 (100)	590.94 (100)	919.64 (100)

(Figures in brackets indicate percentage to total expenditure)

A comparison with last year's capital expenditure revealed that while the expenditure under 'Transport', 'Energy' and 'Agriculture and Allied Activities' sectors (Economic Services) increased by 125, 100 and 61 *per cent* respectively, the expenditure under 'Education, Sports, Arts and Culture' (Social Services), 'Irrigation and Flood control' (Economic Services) decreased by 65 and 60 *per cent* respectively.

1.7.2 Investments and returns

(i) Investments in the shape of shares are made from out of the capital outlay by the Government to promote developmental, manufacturing, marketing and

social activities. The total investment of Government in shares, as per the details collected from various departments and accounts of Government companies, at the end of the year 1996-97 was Rs 994.22 crore, the investment during the year 1996-97 being Rs 175.87 crore. The sector-wise details of investments made and the number of concerns involved were as under:

Sector	Number of concerns	Amount invested	
		as on 31.03.1997 (Rupees in crore)	during 1996-97
(1) Statutory Corporations	1	3.81	..
(2) Government Companies	75	697.62	137.90
(3) Joint Stock Companies	6	1.93	..
(4) Co-operative Institutions	9532	290.86	37.97
Total	9614	994.22	175.87

The details of Government investments at the end of last five years and the total percentage of return realised during these years by way of dividend and interest as revealed by the respective Finance Accounts were as under:

(Rupees in crore)				
Year	Investment at the end of the year	Return	Percentage of return	Government borrowing rate per cent, from open market
1992-93	689.82	17.69	2.56	13.00
1993-94	757.22	14.41	1.90	13.50
1994-95	727.58	7.86	1.08	12.50
1995-96	820.84*	28.38	3.46*	14.00
1996-97	994.22	22.20	2.23	13.85 and 13.75

* Differs from the figures furnished in the last year's Report due to adoption of revised figures communicated by the departments.

Despite the increase of 44 *per cent* in the investments made by Government during 1992-97, the return on Government investments had been insignificant and far below the rate at which the Government was borrowing from the open market affecting adversely the financial position of the State.

The accounts rendered by the Government companies also disclosed that 46 of them, in which Government had invested Rs 336.38 crore as on 31 March 1997, were running under loss and the accumulated loss was Rs 545.49 crore upto March 1996 for which accounts were furnished.

1.7.3 Financial results of irrigation works

The financial results of 5 major and 47 medium irrigation projects with a total capital outlay of Rs 1439.75 crore at the end of March 1996 showed that revenue realised from these schemes during 1995-96 (Rs 3.48 crore) was only 0.24 *per cent* of the capital outlay and these were not sufficient to cover even the direct working expenses (Rs 28.31 crore). After meeting the working and maintenance expenditure (Rs 29.57 crore) and interest charges (Rs 55.71 crore), the schemes suffered a net loss of Rs 81.80 crore. Of this, Rs 53.70 crore pertained to loss incurred by the 5 major irrigation projects.

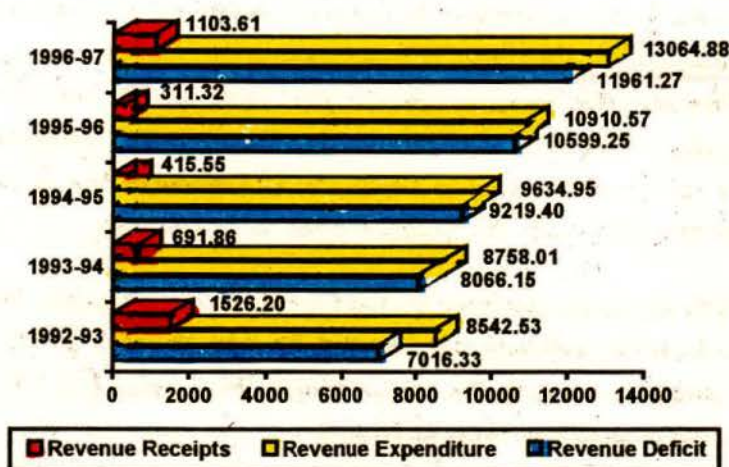
1.8 Deficit

1.8.1 Revenue deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts. Trend of revenue deficit for the last five years was as under:

(Rupees in crore)				
Year	Budget estimates	Revised estimates	Actual revenue deficit	Revenue deficit as a percentage of fiscal deficit
1992-93	808.73	1008.62	1526.20	87
1993-94	1310.98	1192.28	691.86	51
1994-95	1239.16	1051.72	415.55	28
1995-96	925.55	1168.62	311.32	25
1996-97	1038.63	1286.87	1103.61	45

Figure 5
(Reference : paragraph 1.8.1)
Growth of Revenue Receipts, Revenue Expenditure
and Revenue Deficit (1992-93 to 1996-97)
(Rupees in crore)



The revenue deficit, which decreased from Rs 1526.20 crore in 1992-93 to Rs 311.32 crore in 1995-96, had again increased substantially to Rs 1103.61 crore in 1996-97 due to the increase of Rs 2154.31 crore in revenue expenditure over 1995-96. The items under which the revenue expenditure increased significantly over those of 1995-96 were mainly under general education, pension and other retirement benefits, civil supplies and relief on account of natural calamities. The percentage of revenue deficit to fiscal deficit which showed a downward trend from 87 *per cent* in 1992-93 to 25 *per cent* in 1995-96 went upto 45 *per cent* in 1996-97.

During 1996-97, while the actual revenue receipts had increased by Rs 893.20 crore (8.07 *per cent*) over Rs 11068.07 crore estimated in the Budget, the actual revenue expenditure (Rs 13064.88 crore) had increased by Rs 958.18 crore over the estimated expenditure in the budget (Rs 12106.70 crore), resulting in the increase in the revenue deficit by Rs 64.98 crore over the anticipated revenue deficit.

The revenue deficit of Rs 1103.61 crore during 1996-97 was met out of the net available fund on account of net addition to public debt, etc. (Rs 1442.26 crore), net loans and advances recovered (Rs 658.28 crore) and net effect of adjustments under Small Savings and Provident Funds (Rs 190.39 crore), Reserve Funds (Rs 108.35 crore), Deposits and Advances (Rs 440.83 crore), etc.

1.8.2 Fiscal deficit

The fiscal deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received).

Position of fiscal deficit for the last five years was as under:

Year	Fiscal deficit (Rupees in crore)	As a percentage of GSDP
1992-93	1749.06	4.08
1993-94	1357.55	2.84
1994-95	1496.41	2.74
1995-96	1255.86	1.93
1996-97	2444.97	3.28

1.9 Public debt

The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit.

The details of the total liabilities of the State Government as at the end of the last five years are given below:

(Rupees in crore)					
Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities	Total liabilities
1992-93	2009.65	4682.14	6691.79	3326.37	10018.16
1993-94	2213.35	5523.12	7736.47	3688.30	11424.77
1994-95	2561.37	6800.81	9362.18	3986.13	13348.31
1995-96	3015.02	7539.72	10554.74	4382.51	14937.25
1996-97	3462.24	8532.53	11994.77	5129.52	17124.29

During the five year period, the total liabilities of the Government had grown by 71 *per cent*. The public debt of the Government registered an increase of 79 *per cent* from Rs 6691.79 crore in 1992-93 to Rs 11994.77 crore in 1996-97. The internal debt of the Government increased from Rs 2009.65 crore in 1992-93 to Rs 3462.24 crore in 1996-97 registering an increase of 72 *per cent*. During 1996-97, Government borrowed Rs 443.76 crore in the open market at interest rates of 13.85 and 13.75 *per cent* per annum repayable in the years 2006 and 2007 respectively.

The percentage of public debt receipts during 1992-97 constituted 12 to 21 *per cent* of the receipts in the Consolidated Fund.

1.9.1 Internal debt

Position of internal debt for the last five years was as under:

(Rupees in crore)							
Year	Opening balance	Additions during the year	Debt servicing + payment of interest			Closing balance	Percentage of Column 6 to Column 3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Principal	Interest	Total		
1992-93	1811.17	1295.30	1096.82	192.61	1289.43	2009.65	100
1993-94	2009.65	847.16	643.46	230.37	873.83	2213.35	103
1994-95	2213.35	619.55	271.53	279.68	551.21	2561.37	89
1995-96	2561.37	530.71	77.06	314.77	391.83	3015.02	74
1996-97	3015.02	471.05	23.83	374.95	398.79	3462.24	85

The additions towards internal debt during the years 1992-93 to 1996-97 had considerably decreased. It will be seen that the position of net inflow of funds, which was nil and negative, after meeting the debt service obligations in 1992-93 and 1993-94 respectively had improved during the last 3 years and was 11, 26 and 15 *per cent* during 1994-95, 1995-96 and 1996-97 respectively.

1.9.2 Other liabilities

Apart from the borrowings accounted for in the Consolidated Fund of the State, there are small savings, provident funds, reserve funds and deposits which are kept in a separate Public Account. The balances of Public Account are carried forward annually. These amounts add substantially to the liability of the State Government.

Trend of these liabilities for the last five years was as under:

(Rupees in crore)								
Year	Opening balance	Addition during the year	Debt Payment + Interest			Closing balance	Percentage of Column 6 to Column 3	Net inflow
			Principal	Interest	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1992-93	2407.22	4496.37	3577.22	103.43	3680.65	3326.37	82	815.72
1993-94	3326.37	4603.70	4241.77	230.12	4471.89	3688.30	97	131.81
1994-95	3688.30	5197.70	4899.87	195.97	5095.84	3986.13	98	100.85
1995-96	3986.13	5471.83	5075.45	190.90	5266.35	4382.51	96	205.48
1996-97	4382.51	6351.48	5604.47	205.37	5809.84	5129.52	91	541.65

The additions in small savings, provident funds, deposits, etc., increased from Rs 4496.37 crore in 1992-93 to Rs 6351.49 crore in 1996-97. The net inflow of these funds, which was 2 *per cent* of the additions in 1994-95 increased to 9 *per cent* during 1996-97.

1.9.3 Loans and advances from the Central Government

The position of loans and advances from the Government of India for the last five years was as under:

(Rupees in crore)								
Year	Opening balance	Addition during the year	Repayment	Interest	Total	Net Flow	Closing balance	Percentage of Column 6 to Column 3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1992-93	3936.84	974.27	228.97	392.43	621.40	352.87	4682.14	64
1993-94	4682.14	1087.76	246.78	496.02	742.80	344.96	5523.12	68
1994-95	5523.12	1502.29	224.60	613.90	838.50	663.79	6800.81	56
1995-96	6800.81	988.40	249.49	787.55	1037.04	(-)48.64	7539.72	105
1996-97	7539.72	1306.70	313.89	895.30	1209.19	97.51	8532.53	93

The quantum of loans and advances received from Central Government which showed an increasing trend during the years 1992-93 to 1994-95, declined during 1995-96. However, during 1996-97 it went up again by Rs 318.30 crore (32 *per cent*) over the additions during the last year. The net inflow in this regard considerably decreased from Rs 663.79 crore during 1994-95 to Rs 97.51 crore during 1996-97.

1.9.4 Guarantees given by the State Government

Guarantees given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and co-operative institutions etc., and payment of interest and minimum dividend by them constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. The amount of guarantees for which Government had entered into agreement and sums guaranteed outstanding as at the end of each year during 1993-97 were as under:

As on 31 March	Amount guaranteed	(Rupees in crore) Amount out- standing
1993	5509.70	3205.04
1994	6303.23	3603.86
1995	3187.61	2128.37
1996	7134.82	3559.29
1997	7880.79	4339.38*

* Consists of Rs 4206.41 crore towards principal and Rs 132.97 crore towards interest.

While Rs 0.69 crore were received as guarantee commission during 1996-97, Rs 2.52 crore of guarantee commission were outstanding for recovery from 10 Government companies as on 31 March 1997.

1.10 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs 1.10 crore. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances/overdraft from the Bank. In addition, special ways and means advances are also made by the Bank whenever necessary.

No ways and means advance/overdraft was obtained during 1996-97.

The extent to which the Government maintained the minimum balance with the Bank during the period of 1992-93 to 1996-97 is given below:

	1992-93	1993-94	1994-95	1995-96	1996-97
(i) Number of days on which minimum balance was maintained					
(a) without obtaining any advance	257	308	347	364	365
(b) by obtaining ordinary ways and means advances	88	51	17	2	Nil
(c) by obtaining special ways and means advances	Nil	Nil	1	Nil	Nil
(ii) Number of days on which minimum balance was not maintained even after availing ways and means advances	Nil	Nil	Nil	Nil	Nil
(iii) Number of days on which overdraft was taken	20	6	Nil	Nil	Nil

The position of ways and means advances and overdraft taken by the State Government and interest paid thereon during the same period is detailed below:

(Rupees in crore)

	1992-93	1993-94	1994-95	1995-96	1996-97
(a) Ways and means advances:					
(i) Advances taken during the year (Gross)	789.61	352.66	217.29	56.79	Nil
(ii) Advances outstanding at the end of the year	83.60	35.21	Nil	Nil	Nil
(iii) Interest paid	2.29	0.72	0.21	0.08	Nil
(b) Overdraft:					
(i) Overdraft taken during the year (Gross)	183.05	143.91	Nil	Nil	Nil
(ii) Overdraft outstanding at the end of the year	44.04	Nil	Nil	Nil	Nil
(iii) Interest paid	0.13	0.21	Nil	Nil	Nil

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

The summarised position of actual expenditure during 1996-97 against grants/appropriations is as follows:

(Rupees in crore)					
	Original grant/ appro- priation	Supple- mentary grant/ appro- priation	Total	Actual expen- diture	Variation Saving(-) Excess(+)
I. Revenue-					
Voted	1,07,28.60	11,57.16	1,18,85.76	1,16,82.29	(-)2,03.47
<i>Charged</i>	<i>16,15.87</i>	<i>44.96</i>	<i>16,60.83</i>	<i>16,08.24</i>	<i>(-) 52.59</i>
II. Capital-					
Voted	7,68.37	3,90.61	11,58.98	9,28.40	(-)2,30.58
<i>Charged</i>	<i>0.66</i>	<i>0.01</i>	<i>0.67</i>	<i>..</i>	<i>(-)0.67</i>
III. Public Debt -					
<i>Charged</i>	<i>18,23.71</i>	<i>..</i>	<i>18,23.71</i>	<i>3,37.73</i>	<i>(-)14,85.98</i>
IV. Loans and Advances-					
Voted	7,20.00	3,79.90	10,99.90	10,80.00	(-)19.90
V. Contingency Fund-					
Grand Total	1,56,57.21	19,72.64	1,76,29.85	1,56,36.66	(-)19,93.19

2.1.1 Actual expenditure figures detailed above are gross expenditure figures without taking into account the adjustment of recoveries in reduction of expenditure except in respect of grant numbers 35, 36, 38 and 54. Hence, these figures differ from expenditure figures given in Chapter I.

2.1.2 The gross expenditure figures include Rs 482.33 crore transferred to Personal Deposit accounts. Out of this Rs 65.86 crore were drawn and kept in Bank accounts outside Government account to avoid lapsing of budgetary provision as discussed in paragraph 2.4. below.

2.2 Results of appropriation audit

The following results emerge broadly from the audit of appropriation accounts

2.2.1 Supplementary provision obtained during the year constituted 13 *per cent* of the original provision.

2.2.2 Supplementary provision of Rs 234.34 crore obtained in 8 grants (Rs 191.17 crore) and 10 appropriations (Rs 43.17 crore) (Appendix I) during March 1997 proved unnecessary in view of the final saving in each grant/appropriation being more than the supplementary provision obtained in March 1997. In 8 grants (Appendix II), supplementary provision obtained during the year proved insufficient by more than Rs 50 lakh each (ranging from Rs 1.10 crore to Rs 172.54 crore) leaving an aggregate of uncovered excess expenditure of Rs 282.47 crore.

2.2.3 The overall saving was Rs 2277.51 crore in 43 grants (Rs 738.16 crore) and 51 appropriations (Rs 1539.35 crore). The overall excess (Appendix III), on the other hand, was Rs 284.32 crore in 17 grants (Rs 284.20 crore) and 8 appropriations (Rs 0.12 crore) requiring regularisation under Article 205 of the Constitution.

2.2.4 In 9 grants and 3 appropriations (Appendix IV), the expenditure fell short by more than Rs 1 crore each and also by 10 *per cent* or more of the total provision.

2.2.5 Unnecessary supplementary grants

In 13 grants, detailed below, the original provision of Rs 4645.10 crore was augmented by supplementary provision of Rs 198.18 crore but the expenditure fell short of even the original provision.

(Rupees in crore)

Grant number	Original provision	Supplementary provision	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)
3	15.07	0.50	13.87	1.70
4	77.01	0.87	72.36	5.52
10	10.78	0.20	10.71	0.27
17	2553.87	140.62	2553.45	141.04
19	299.55	15.43	297.23	17.75
27	494.76	18.49	486.97	26.28
29	578.62	0.11	536.84	41.89

(1)	(2)	(3)	(4)	(5)
42	158.48	11.54	135.65	34.37
43	46.21	1.61	45.59	2.23
44	58.49	7.04	58.19	7.34
52	12.14	0.00*	7.49	4.65
54	236.50	0.00**	40.71	195.79
55	103.62	1.77	80.28	25.11
Total	4645.10	198.18	4339.34	503.94

* Rs 9,000 only

** Rs 3,000 only

Similarly, in the charged appropriation (under grant numbers 9, 30, Debt charges and Public Debt - Repayment), supplementary appropriations amounting to Rs 43.15 crore in March 1997 proved unnecessary as the expenditure (Rs 1934.23 crore) fell short of the original provision of Rs 3428.35 crore resulting in a saving of Rs 1537.27 crore.

In 7th other appropriations, though the original provision of Rs 0.12 lakh was augmented by supplementary provision of Rs 2.79 lakh, no expenditure was incurred resulting in saving of the entire provision of Rs 2.91 lakh.

2.2.6 Persistent savings

Persistent savings of 5 *per cent* and above during 1994-95 to 1996-97 were noticed in 11 grants and 6 appropriations (Appendix V). Under grant number 54 - Capital Outlay on Irrigation, saving occurred in all the preceding 18 years, the percentage of saving ranging from 10 to 45.

2.2.7 Substantial surrenders

Substantial surrenders (more than 50 *per cent* of the provision) were made in respect of 141 schemes on account of either non-implementation or slow implementation of the schemes. Out of the total provision amounting to Rs 2270.47 crore, Rs 2068.30 crore (91 *per cent*) were surrendered. Results of review conducted by Audit in respect of a few of these cases are given in Appendix VI.

2.2.8 Budgetary procedure and control over expenditure

(a) Inadequate control over expenditure

The Appropriation Acts specify the sum authorised by the Legislature under each grant for meeting expenditure during a financial year; the final modified

^{5a} Appropriation under grant numbers 2, 4, 10, 11, 22, 29 and 54.

grants authorised by Government are the sums to be spent up to 31 March with reference to the proposals of the 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 1996-97 but also in earlier years. Further, there had also been significant variations (excess or savings) between the final modified grant/appropriation and actual expenditure. Overall position for the 5 years from 1992-93 to 1996-97 is indicated below:

(Rupees in crore)					
Year	Sums authorised by the Legislature	Amount resumed (Surrender)	Final Modified Grant/Appropriation	Actual expenditure	Variation between (4) and (5) Excess(+)/Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)
1992-93	11711.53	542.55	11168.98	10956.34	(-) 212.64
1993-94	12584.23	1613.22	10971.01	10860.06	(-) 110.95
1994-95	13422.16	1721.78	11700.38	11844.28	(+) 143.90
1995-96	14902.18	1990.74	12911.44	12826.19	(-) 85.25
1996-97	17629.85	2212.39	15417.46	15636.66	(+) 219.20

Resumption of more than Rs 500 crore every year indicated over-estimation of expenditure and persistent significant variations between the final modified grant and actual expenditure, showed that estimates of expenditure prepared even in March, the last month of the financial year, were defective and the control over expenditure was inadequate.

(b) Inadequate/excess final modified grant

Rupees 2212.39 crore were surrendered out of the grants and appropriations authorised by the Legislature for expenditure during 1996-97 and resumed to Consolidated Fund on 31 March, 1997. However, in 11 grants (numbers 5, 8, 11, 20, 31, 33, 36, 39, 45, 56 and 57) and 3 appropriations (numbers 15, 19 and 47), original provision of Rs 1871.52 crore was reduced to Rs 1808.02 crore in the final modified grant/appropriation stage by surrendering Rs 63.50 crore. But, expenditure incurred under these grants/appropriations (Rs 1963.69 crore) was in excess of final modified grant/appropriation (Rs 155.67 crore) indicating utilisation of the amounts already resumed and also leading to an excess of Rs 92.17 crore over the amount authorised by the Legislature (original provision), requiring regularisation under Article 205 of the Constitution of India.

In 11 other grants^a and 4 appropriations (numbers 7, 39, 52 and Public Debt - Repayment) against Rs 1717.29 crore surrendered in March 1997, the saving was only Rs 1665.39 crore, resulting in excess expenditure over the final modified grant/appropriation.

In 32 other grants^b and 16 appropriations (numbers 4, 9, 11, 12, 13, 14, 17, 20, 22, 30, 31, 38, 42, 43, 55 and Debt Charges) against Rs 431.59 crore surrendered in March 1997, the saving was Rs 611.70 crore, indicating that the department had not utilised Rs 180.11 crore during 1996-97 out of the final modified grant/appropriation.

In 12 appropriations (numbers 2, 10, 16, 23, 29, 32, 33, 34, 36, 41, 44, and 60), though there were savings of Rs 0.40 crore, no amount was resumed during March 1997 indicating lack of control over expenditure.

(c) Unexplained reappropriations

A scrutiny of the reappropriation orders issued by the Finance Department revealed that in respect of 5,515 out of 12,244 items (45 *per cent*) at the first reappropriation stage and in respect of 8,490 out of 10,675 items (80 *per cent*) at the second reappropriation stage, reasons given for additional provision/withdrawal of provision were of general nature like "actual requirement" and "based on latest assessment".

(d) Defective/inaccurate budgeting

According to Rules, the estimates of expenditure prepared by the departments are those for the expenditure expected to be incurred in the ensuing financial year with reference to the existing sanction and include arrears for the past financial years. The estimates were found to have been inflated resulting in large savings in the following cases:

(i) Rupees 73.92 lakh were provided for construction of buildings, etc., for the formation of Police Academy at Veerapuram, Chengalpattu District under Grant number 15. Due to objection raised by Chennai Metropolitan Water Supply and Sewerage Board against reclassification of the land from agricultural use zone to mixed residential use zone, action to locate a suitable alternate site was initiated only in August 1997. Provision of funds before ensuring the availability of land resulted in the saving of the entire provision of Rs 73.92 lakh.

(ii) Rupees 1.39 crore provided for drinking water facilities to primary schools under Grant number 17 could not be spent as the project proposal was not

^a Grant numbers 1, 3, 7, 10, 13, 15, 17, 22, 30, 43 and 47.

^b Grant numbers 2, 4, 6, 9, 12, 14, 16, 18, 19, 21, 23, 24, 25, 27, 28, 29, 32, 34, 38, 40, 42, 44, 46, 48, 49, 51, 52, 54, 55, 58, 60 and 61.

approved by the Government. Thus, provision of Rs 1.39 crore even before getting the approval of Government resulted in saving of the entire provision.

(iii) In Grant number 15 saving of Rs 4.96 crore occurred as provision for payment of Dearness Allowance to 3000 ex-servicemen employed in Temple Protection Force, had been made even though they were entitled to only consolidated pay.

(iv) Saving of Rs 7.41 crore, Rs 4.74 crore and Rs 1.81 crore occurred in Investors' Incentive Scheme (Provision: Rs 20 crore), Agents' Incentive Scheme (Provision: Rs 12.56 crore) and Gift Coupon Scheme (Provision: Rs 6 crore) respectively under Grant number 42 due to the delay in issue (September 1996) of Government orders for continuance of the schemes and non-filling up of vacant posts of Personal Assistants (Small Savings and Raffles) to District Collectors in some districts.

(e) Funds flow for Centrally sponsored schemes

Government of India (GOI) implements various Centrally sponsored schemes by releasing funds either to the State Governments as grants or direct to the implementing agencies.

The details of unspent balance of Central assistance as of March 1996, the amount released during 1996-97, the expenditure incurred during 1996-97, amount kept in Civil Deposits, PLA/Personal Deposit accounts, bank deposits and by the executing agencies were called for from 63 Heads of Departments. While one Department did not furnish the details, 21 Departments furnished 'NIL' reports, and 10 Departments furnished incomplete information. The details furnished by the remaining 31 Departments are indicated in Appendix VII. It may be seen from Appendix VII that Central assistance of Rs 193.05 crore was kept unutilised as of March 1996 and the unspent balance increased to Rs 519.53 crore as of March 1997.

However, as revealed by the Finance Accounts, an amount of Rs 369.88 crore was received by the State Government as Central assistance during 1996-97 for implementing various Centrally sponsored schemes. Particulars of Central assistance received quarter-wise collected for 97 schemes (Rs 302.31 crore) revealed that no amount was received during the first quarter of 1996-97. Rupees 161.33 crore (53 per cent) had been received only in the IV quarter of 1996-97, out of which Rs 105.51 crore (65 per cent) had been received only in March 1997. Further, in respect of 38 out of 97 schemes, the entire Central assistance (Rs 42.74 crore) had been received only during the last quarter of 1996-97.

Analysis of the Budget provision *vis-à-vis* expenditure incurred in respect of Centrally sponsored schemes, cost of which was fully/partially met by the GOI revealed that no expenditure was incurred on 116 schemes (Budget provision : Rs 11.10 crore) due to non-implementation of schemes during the year. Also in respect of 64 such schemes, expenditure (Rs 6.26 crore) was incurred without any original/supplementary provision during 1996-97.

Test-check of records of Handloom, Handicrafts, Textiles and Khadi Department at Secretariat, Director of Handlooms and Textiles (DHT) and eight Handloom circles regarding utilisation of Central assistance revealed the following :

- (i) As against Rs 5.15 crore received from GOI during 1996-97 for implementing 7 schemes, the State Government issued expenditure sanctions for Rs 3.30 crore for implementing 4 schemes, of which sanction for Rs 2.40 crore (2 schemes) was issued on the last day of the financial year. It was further seen that only Rs 13.45 lakh (2.6 *per cent*) in respect of one scheme alone were spent during 1996-97 and the remaining amount of Rs 5.01 crore was retained by the State Government.
- (ii) The Handlooms Department did not maintain any record to watch full utilisation of the Central assistance received by them, through issue of sanctions by the State Government.
- (iii) State Government provided funds to the extent of Rs 55.21 crore during 1996-97 for implementing 16 schemes out of the Central assistance received during the earlier years, the details of which are given in Appendix VIII.
- (iv) DHT did not maintain any register showing the year-wise details of assistance received from GOI for various schemes, expenditure sanction issued by the State Government and actual expenditure incurred and unutilised balance. Consequently, the correctness of the unutilised balance as of March 1996 could not be verified in audit.
- (v) Detailed check of the utilisation of funds by the 8 test-checked Handloom circles revealed that out of Rs 34.90 lakh sanctioned in 1996-97, Rs 24.65 lakh were paid in 1997-98 to the co-operative societies under the control of Assistant Directors. Of this, Rs 11.70 lakh were kept unspent by the societies, as of June 1997. Besides, out of Rs 1.70 crore released to the societies during 1995-96, Rs 78.88 lakh were kept unspent as detailed in Appendix IX.
- (vi) Unutilised Central/State assistance

The Centrally sponsored scheme of "Integrated Handloom Development Villages" was sanctioned by GOI in December 1992 for providing a comprehensive support to the weavers in all areas like supply of raw materials, training of weavers, marketing support, supply of equipment and upgradation of technology,

housing, Community Development and upgradation of managerial skill in the selected villages.

GOI conveyed their approval for the implementation of the Scheme in the State in 13 selected villages during 1992-96 and the project cost of the Scheme in these 13 villages was Rs 4.06 crore, of which the shares of GOI and State Government were Rs 2.83 crore and Rs 91.91 lakh respectively and the assistance of Rs 31.30 lakh was from other sources.

GOI released Rs 1.48 crore as their share during 1992-96 (1992-93 : Rs 10 lakh; 1993-94: Rs 53.77 lakh; 1994-95: Rs 17.50 lakh and 1995-96: Rs 66.90 lakh) for the implementation of the Scheme in 13 villages. However, State Government had released (July 1993, March 1994 and April 1994) only Rs 47.18 lakh¹ (GOI share: Rs 37.50 lakh and State share : Rs 9.68 lakh) for the implementation of the Scheme in 2 villages viz., Vilagam (Kancheepuram District) and Pudupettai (Villupuram District). Though orders for the release of Rs 57.27 lakh relating to 6 villages² were issued by Government (July 1997), the amount was yet to be drawn by the Directorate of Handlooms and Textiles (August 1997). The remaining Central assistance of Rs 53.40 lakh received during 1994-95 (Rs 9 lakh) and 1995-96 (Rs 44.40 lakh) was lying with the State Government undistributed.

Test-check of connected records relating to the implementation of the Scheme in the 2 villages Vilagam and Pudupettai for which the amounts were released, revealed that the scheme was yet to take off even after 4 years as the infrastructural facilities so far provided under the scheme were partial and the supporting services like training were yet to be provided. Out of Rs 47.18 lakh (GOI share : Rs 37.50 lakh and State share :Rs 9.68 lakh) for these 2 villages, Rs 15.30 lakh only were utilised (June 1997) and the remaining amount of Rs 31.88 lakh was lying unutilised in the bank accounts of 2 Societies.

2.3 Expenditure on New Service/New Instrument of Service

(a) According to Article 205 of the Constitution, no expenditure should be incurred on service not contemplated in the Budget except after getting vote of the Legislature or by an advance from Contingency Fund.

The Public Accounts Committee had also recommended to Government various criteria and limits for determining items of New Service/New Instrument of Service.

¹ Vilagam:	GOI Share -	Rs 8 lakh (July 1993) and Rs 17 lakh (March 1994)
	State Share:	Rs 3.42 lakh (July 1993)
Pudupettai:	GOI Share :	Rs 12.50 lakh (April 1994)
	State Share:	Rs 6.26 lakh (April 1994)

² Ammapalayam (Rs 9.28 lakh), Karukkupalayam (Rs 9.27 lakh), Edgauna Salai (Rs 7.72 lakh), Koppayampatti (Rs 8.50 lakh), Bandarakottai (Rs 10 lakh) and Thugili (Rs 12.50 lakh),

During 1996-97, expenditure totalling Rs 53.09 crore was incurred on 59 schemes (Appendix X) which had to be treated as New Service/New Instrument of Service as the prescribed procedure for drawal had not been followed.

(b) In 7 other schemes (Appendix XI) receiving assistance from Government of India, autonomous bodies, etc., and in respect of expenditure on natural calamities though token provision was made in Budget, the expenditure of Rs 18.50 crore incurred during the year was not included in the supplementary estimates for regularisation by the Legislature as required.

2.4 Irregular drawal of funds

2.4.1 Under Financial Rules, all appropriations lapse at the close of the financial year. No attempt should be made, on any account, to reserve or appropriate funds by transfer to a deposit or any other head in order to prevent it from lapsing and use it for expenditure after the end of the year.

Three cases noticed in Audit where the amounts were drawn and kept outside Government account to avoid lapse of budget provisions are discussed below.

(a) Provision of Rs 2.27 crore was made in the Budget for 1996-97 under the scheme for payment of incentive for promoting low budget Tamil films of high quality with social content. Government sanctioned an advance of Rs 2.25 crore in December 1996. Rupees 1.32 crore were drawn and deposited in a Nationalised Bank as envisaged in Government sanction, by the Department on 7 March 1997 even before the acceptance of the recommendations of Screening Committee, by the Government. Government recommendations were issued only in July 1997 and Rs 1.20 crore were paid to 40 film producers in August 1997. The balance amount of Rs 12 lakh was not refunded to Government (October 1997). The retention of Government money of Rs 1.20 crore outside Government account resulted in a loss of interest of Rs 3.89 lakh (based on the difference of interest between the borrowing rate of interest in the open market and the rate of interest allowed on Savings Bank account).

(b) Under the Tamil Nadu Womens' Development Project, Government sanctioned (December 1996) Rs 2.40 crore to the Tamil Nadu Corporation for Development of Women Ltd. (TNCDW), for the development of poor rural women, during 1996-97. The amount was released on 27 March 1997 to TNCDW, by the Director of Social Welfare and Nutritious Meal Programme (DSW & NMP) without ascertaining the possibility of implementation of the scheme before the end of the year. The amount remained unutilised.

(c) Government sanctioned between August 1996 and November 1996 Rs 50.06 lakh for implementation of Village Works Programme and other schemes such as drinking water supply, electrification, construction of toilets etc., in primary schools in Dindigul District. The amount was drawn (March 1997) by the District Collector and kept in a nationalised bank even though the preliminary work such as identification of beneficiary schools, obtaining proposals for execution of works, preparation of estimates, finalisation of rate, etc., was not completed even as of August 1997.

2.4.2 Personal Deposit Accounts

Except in the cases of discharge of Government liabilities arising out of special enactments, Personal Deposit Accounts (PD Accounts) created by debit to the Consolidated Fund should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund.

A review of the transactions relating to minor heads 101, 106, and 800 under "8443 - Deposits" revealed the following :

(i) 8443 Civil Deposits - 101 Revenue Deposits

Revenue Deposits are a minor head under Public Account operated to accommodate revenue deposits made in Revenue Accounts in connection with the administration of Government Revenue. The position of Revenue Deposits during the last 3 years in the State is as given below :

(Rupees in crore)				
Year	Opening Balance	Receipts	Disbursements	Closing Balance
1994-95	14.50	5.91	2.51	17.90
1995-96	17.90	11.80	2.53	27.17
1996-97	27.17	19.39	2.79	43.77

Test-check of records relating to the revenue deposits made in the Treasuries at Chengalpattu and Tiruvallur by the District Revenue Officer (DRO), Sriperumbudur and eleven Special Tahsildars revealed the following.

(a) An amount of Rs 3.47 crore collected from State Industries Promotion Corporation of Tamil Nadu (SIPCOT) towards the cost of land to be acquired for them and the establishment charges of the special staff by DRO, Land Acquisition (LA), Sriperumbudur was deposited (September 1996, November 1996 and February 1997)

under the minor head Revenue Deposits. Of the budget provision of Rs 3.38 crore made for this purpose, Rs 2.21 crore were drawn and credited to Revenue Deposits without actually incurring expenditure which was irregular. This also resulted in double credit to Revenue Deposit of Rs 2.21 crore for the same purpose as Rs 3.47 crore collected from SIPCOT earlier had already been credited to it.

(b) Similarly, Rs 6.93 crore were collected from Indian Oil Corporation towards the cost of land to be acquired. Rupees 7.10 lakh, which were to be paid to the parties concerned, were drawn by debiting "2053 District Administration", and credited to Revenue Deposit without actual payment to the parties. This was irregular and the balance in the Revenue Deposits was inflated to this extent.

(c) Director of Adi Dravidar and Tribal Welfare released Rs 20.82 lakh to five Special Tahsildhars* for providing house site pattas to Adi Dravidar beneficiaries. The Special Tahsildhars drew the amount in March 1997 and credited to "101-Revenue Deposits" to avoid lapse of budget allotment. This was in violation of the scope for which the head is operated.

(ii) 8443 - Civil Deposits - 106 Personal Deposits

Personal Deposit (PD) Accounts were maintained by the various drawing officers to accommodate the transactions relating to the specified items (Appendix 19 of Tamil Nadu Financial Code, Volume II) in various Treasuries/Pay and Accounts Offices.

As per the particulars available with the Principal Accountant General (Accounts and Entitlements), there were 2,818 PD Accounts in 23 District Treasuries in the State as of 1 April 1997.

The position of the PD Accounts during 1996-97 was as under:

	(Rupees in crore)
Opening Balance as on 1 April 1996	598.34
Amounts transferred to the PD Accounts	346.53
Amounts withdrawn from PD Accounts	344.15
Closing Balance as on 31 March 1997	600.72

A review of the 199 PD Accounts with a balance of Rs 82.64 crore on 31 March 1997 maintained in 4 Pay and Accounts Offices (PAO) viz., PAO (East), PAO (North), PAO (South) and PAO (Secretariat) was conducted. The results were as under.

* Special Tahsildar (Land Acquisition) Adi Dravidar Welfare, Sriperumbudur: Rs 3.16 lakh; Kancheepuram: Rs 6.29 lakh; Tiruvallur: Rs 2.60 lakh; Maduranthagam: Rs 3.63 lakh and Tiruttani: Rs 5.14 lakh.

(a) Of the 199 PD Accounts maintained in these 4 PAOs, the details regarding the authority for the opening of the PD Accounts were available only in respect of 58 accounts (East: 6; North: 21 and South: 31).

(b) Only 76 accounts were closed on 31 March as required in the Government rules.

(c) 28 accounts remained inoperative for periods ranging from 2 1/2 years to 21 years and an amount of Rs.2.86 crore was remaining unutilised in these PD Accounts. As per Article 269 of Tamil Nadu Financial Code, Volume I, if a PD Account was not operated for a considerable period, the same should be closed in consultation with the Officer in whose favour the account was opened. However, no review was done by the concerned officers of the continued retention of such accounts, resulting in unnecessary blocking up of Government money out of its Consolidated Fund without any immediate use.

(d) Important points noticed during the test-check of records relating to certain PD Accounts of 8 Administrators having substantial closing balance of Rs 1 crore and more are given below:

(i) The PD accounts maintained by the Director of Agriculture (DOA), Director of Adi Dravidar and Tribal Welfare (DADTW), Financial Controller of the Office of Director of School Education (FCDSE), Director of Town and Country Planning (DTCP) and the Director of Medical Education (DME) were not closed at the end of each financial year, as required in the rules prescribed by State Government.

(ii) The authority under which the accounts were opened was not available for the PD accounts maintained by DOA, FCDSE and DTCP either with the departments or with the PAOs concerned.

(iii) No separate cash book was maintained as required, by the DADTW for the PD account maintained by him.

(iv) (a) In the PD account maintained by DOA, out of Rs 7.07 crore transferred to the account during 1992-93 to 1996-97, Rs 1.59 crore alone were disbursed and the closing balance in the PD Account as on 31 March 1997 was Rs 5.48 crore. Of this, Rs 0.59 crore were released towards adjustment of subsidy already provided to the farmers. The remaining amount of Rs 1 crore released and transferred (April 1996) to Tamil Nadu Agro Engineering and Service Co-operative Federation (ENCOFED) for purchase of tarpaulins was not utilised as of October 1997, since the Government decided (September 1996) to drop the scheme and directed the DOA to propose a new scheme of opening Agro service centres by selected Adi-Dravidar farmers. Final decision in this regard was yet to be taken (October 1997).

(b) In the PD account maintained by the Commissioner of Civil Supplies, an amount of Rs 2.12 crore was available as of March 1997 as per the records of PAO

(North). Perusal of records revealed that consequent on the formation of Civil Supplies Corporation, the department proposed to close the PD account with effect from 31 March 1976 and Government had issued orders for the closure of PD account and for the discontinuance of the account from April 1976. But the account was not closed as of March 1997.

The Department reported to Government that the balance amount available in the PD account was only Rs 50.18 lakh as per the records of Reserve Bank of India (RBI) and the difference of Rs 1.62 crore could not be reconciled due to destruction of the pass-books and PD ledgers from the years 1968-69 to 1976-77 by RBI due to efflux of time. Though the Department also confirmed the balance as reflected in the records of PAO (North), further instruction sought (April 1994) by the Department from Government was still awaited (August 1997). Thus, the amount of Rs 2.12 crore was not credited to the revenue of Government even after 21 years due to non-reconciliation.

(c) Rupees 64.16 lakh received from Government of India (GOI) during December 1995 to May 1996 were released by State Government only in January and February 1997 along with its share of Rs 45.84 lakh. The entire amount (Rs 1.10 crore) were drawn and deposited in the PD accounts for utilisation. Thus, Rs 64.16 lakh of Central Funds remained unutilised for periods upto 2 years.

(d) In the PD account maintained by the Official Assignee, High Court, Chennai, a difference of Rs 11.51 lakh was noticed between the closing balance of the PD account (Rs 2.47 crore) as per the records of the Administrator and that of PAO (North) as of March 1997. No reconciliation was done after March 1994, with the result, that the correct closing balance could not be ensured by Audit. The Department stated (October 1997) that PAO(North) did not furnish the monthly bank statement of account and the discrepancies pointed out by the Department were not reconciled by the RBI.

(e) In the PD account maintained by the DTCP, Rs 50.09 crore were available as closing balance as of March 1997. Perusal of the connected records revealed that out of Rs 4.52 crore transferred to the PD account during 1989-97 for the implementation of three plan schemes (Master Plan, New Town Development Plan and maintenance of parks and play fields), Rs 0.83 crore alone were released upto October 1997 due to delay in finalising the schemes, delay in taking a decision on the nature of assistance to be released to local bodies and delay in getting contribution from the local bodies concerned and private organisations.

Rupees 33.40 crore (Principal: Rs 10.24 crore and interest: Rs 23.16 crore) received during 1996-97 from the local bodies towards repayment of loans under the Centrally Sponsored Scheme of Integrated Development of Small and Medium Towns were transferred to the PD account of the DTCP instead of being credited to Consolidated Fund. Of this, Rs 28 crore were transferred (February 1997)

as adhoc loan to the Tamil Nadu Urban Finance and Infrastructure Development Corporation (TUFIDCO) for the implementation of the scheme for 1996-97. Further, the details of the scheme-wise unspent balance in the PD account were not available and the Department stated (October 1997) that these details were being worked out.

(f) In the PD account maintained by DME for depositing the proceeds collected towards sale of application forms etc., for admission to various medical courses the closing balance increased from Rs 15.52 lakh in March 1991 to Rs 1.13 crore in March 1997. The expenditure incurred during 1991-97 out of the balances in the PD account for meeting expenditure on printing of the application forms, admission/interview cards, prospectus etc., ranged from 30 to 60 *per cent*. Expenditure of Rs 43.50 lakh incurred from the PD account during 1996-97 for obtaining permission of GOI/Medical Council of India for increasing the seats for various courses in the Medical Colleges of the State, was not authorised as it was not covered under Government orders on the subject.

(g) In respect of a PD account maintained by the Chief Secretary of State Government for payments due to the legal heirs of those who died in foreign countries and payment of retirement benefits to the persons who settled in Tamil Nadu after their retirement in foreign countries, a consolidated register was not maintained to ensure that all the cheques received from various Embassies of India were taken to the cash book. The cash book was also not closed and the balance was not struck at the end of every month. No reconciliation between the balance as per cash book and RBI pass-book was made since April 1989. Audit could not check if the missing credit of Rs 17.70 lakh in the pass-book mentioned in the reconciliation statement of March 1989 had since been traced and credited. The entries in the RBI pass-book was also not got updated from March 1992.

(iii) 8443-Civil Deposits - 800 Other Deposits

During 1996-97, Rs 2471.60 crore (Rs 1874.04 crore towards Grants-in-aid/Subsidies and Rs 597.56 crore for implementation of various schemes) were transferred to PD accounts of various Corporations/Undertakings maintained under "8443- Civil Deposits-800 Other Deposits". Of this, Rs 486.36 crore remained in balance (Appendix XII) (including the unspent amount of Rs 2.52 crore of the previous years) in the PD accounts of Government Undertakings/Corporations at the close of the financial year 1996-97 without being written back to the Consolidated Fund as stipulated in the Financial Rules. This included Rs 442.36 crore earmarked for implementation of programmes during 1996-97 of which Rs 405.23 crore were drawn and credited to the PD account by departments during the last week of March 1997, mainly to avoid lapsing of budgetary provision. The unspent balances in the PD account included programmes for which Central assistance of Rs 56.94 crore had been received (Serial numbers 2,5,7,14,15,22,27 and 32). Further, even out of the drawings made

from the PD accounts, Rs 65.86 crore (Appendix XIII) were not utilised for the intended purpose but kept in the savings bank/current accounts or deposited in nationalised banks and other financial institutions. As the drawal had been shown as expenditure against the budget provision, the Appropriation Accounts of the Government were distorted.

(a) Certain specific instances of irregular credit to 8443 Civil Deposits to avoid lapsing of budget provision noticed during test-check were as under:

- (i) Government sanctioned Rs 50 crore on 31 March 1997 for the execution of preliminary work for the Mass Rapid Transit System Phase II. Though the amount was not required immediately, the same was drawn and deposited in the PD account of Chennai Metropolitan Development Authority (CMDA) on the same day. As of July 1997, only Rs 1.38 crore were spent (June 1997) towards land acquisition and Rs 48.62 crore were remaining unutilised in the PD account.
- (ii) Based on Government Order (March 1997), Rs 25.15 crore were drawn and credited between 14 March and 31 March 1997 to the PD account of Tamil Nadu Medical Services Corporation (TNMSC) for the purchase of sundry items like mattresses, pillows, pillow covers and bedsheets for 1996-97. As of June 1997, Rs 3.10 crore were spent and Rs 22.05 crore were available in the PD account.
- (iii) As per the Government orders issued in March 1997, the Director of Adi-Dravidar and Tribal Welfare (DADTW) drew Rs 90 lakh for the purchase of computers and Rs 50.80 lakh for the purchase of laboratory equipment, audio/video equipment and computers required for Adi Dravidar High/Higher Secondary Schools and credited to the PD account of Tamil Nadu Text Book Corporation (TNTBC). As the tenders for the purchase of equipment had not been finalised, Rs 1.41 crore remained in PD account unutilised as of July 1997.
- (iv) Out of Rs 103.03 crore available in the PD account of Metropolitan Infrastructure Development Corporation (MIDC) for implementing the "Megacity Programme" for the Urban Infrastructure Development for Chennai, only Rs 24.15 crore were spent as the borrowing agencies (Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB), Chennai Metropolitan Development Authority (CMDA), Chennai Municipal Corporation (CMC) and Alandur, Ambattur, Pallavaram and Tambaram Municipalities) did not approach MIDC for the release of loan. The balance amount of Rs 78.88 crore was deposited in interest-yielding deposits with banks and other financial institutions, in violation of the orders of Government issued in March 1997.

(b) Two cases of irregular drawal of funds from the PD account for making investments outside Government account noticed during test-check of records are given as under:

- (i) The Central share of Rs 10 crore released for the 'Tiruppur Area Development Programme' and credited (October 1996) to the PD account of Tamil Nadu Corporation for Industrial Infrastructure Development (TACID) was not transferred to the subsidiary company as the co-promoters did not contribute their share. TACID had invested (November 1996) the amount in short term deposits with Tamil Nadu Industrial Development Corporation (TIDCO) and earned an interest of Rs 1.12 crore upto September 1997. The Scheme was not commenced as the equity share from others and the proposed funding from USAID for the implementation of the Scheme was yet to be received (September 1997).
- (ii) Rupees 50 lakh were drawn and credited (August 1996) to the PD account of Tamil Nadu Pollution Control Board (TNPCB) based on Government sanction for the construction of Common Effluent Treatment (CET) plant for 47 industrial dye units at Karur. The work was not commenced due to a dispute on the selection of the site by public and the matter was under litigation. However, TNPCB drew (August 1996) the amount from the PD Account and kept it in the current account in a Nationalised Bank.

Similarly, Rs 50 lakh being the subsidy to Perumalpet industrial unit, was deposited (October 1996) in PD account based on Government sanction. The amount was drawn (November 1996) by TNPCB, Chennai and kept in current account even though they knew (June 1995) that the funds were not likely to be utilised immediately due to objections raised by the public against the construction of the CET Plant and by the Railways for the release of polluted water on their land.

Subsidies of Rs 30.28 lakh meant for 3 industrial units which were not to be released due to failure of these units to furnish utilisation certificates for subsidies released earlier, were also drawn (January 1997) by TNPCB from the PD account and kept in current account.

(c) Out of Rs 1 crore credited to the PD account of Madras Science City Authority during 1994-95, Rs 9 lakh were drawn by Vice-Chairman and the balance Rs 91 lakh remained unutilised in PD account as of March 1997. No accounts and audited statements were furnished for the amount of Rs 9 lakh drawn. Member-Secretary of the four member committee constituted subsequently for the establishment of the Science City requested (June 1997) the Higher Education Department to instruct the former Vice-Chairman to hand over the accounts for Rs 9 lakh drawn. In the absence of relevant accounts and audit certificate, the purpose for which the amount was drawn and utilised could not be ascertained. The remaining amount of Rs 91 lakh was still kept in the PD account due to non-establishment of "Science City 2000" proposed in stages.

(d) There were differences between the figures of the opening balance (two Corporations: Rs 50.34 lakh), receipt (two Corporations: Rs 41.91 lakh) and

expenditure (one Corporation: Rs 10 lakh) as per the PD accounts of these Corporations/Undertakings and the accounts maintained by the Pay and Accounts Offices concerned. Though these differences were noticed during 1995-96, they were not reconciled as of June 1997.

(e) As per the accounts, the amounts transferred to and transferred from "8443-Civil Deposits - 800- Other Deposits" during 1996-97 were Rs 2433.83 crore and Rs 2259.74 crore respectively. The difference existing between the booked figures and the figures of PAO was not reconciled and the PAOs were requested to reconcile the figures.

2.5 Reserve Funds

Reserve Funds are constituted by the State Government under any statutory provision or otherwise, either by allotment of sums from the Consolidated Fund of the State or from grants or contributions made by other Governments or outside agencies, with the object of expending the moneys accommodated in the funds on the specific and particular purposes for which they have been constituted

The accumulated balances in various Reserve Funds went up from Rs 1157.90 crore in 1995-96 to Rs 1266.42 crore at the end of 1996-97.

Review of the transactions under 'Reserve Funds' revealed as under :

- (i) one Reserve Fund (Milk scheme - Central dairy, Madhavaram under "8115 - Depreciation Reserve funds") had not been operated for more than 10 years and Rs 1.06 crore had accumulated under this fund;
- (ii) though the Urban Development Fund was abolished in September 1993, the accumulated balance of Rs 657.11 crore continued to exist in Government accounts;
- (iii) for want of balance, expenditure of Rs 21.61 crore incurred was not debited to the 'Religious and Charitable Endowments Fund'; and
- (iv) based on the recommendations of the Tenth Finance Commission, orders for continuance of "Calamity Relief Fund" (Fund) from 1995-96 to 1999-2000 were issued by Government of India (GOI) in July 1995. Though the accretions to the Fund were to be invested according to the pattern envisaged in the GOI, orders and subsidiary accounts were to be maintained by a State Level Committee constituted after consultation with the Accountant General, no amount was invested from the accretions to the Fund till 1996-97 and no consultation was made with the Accountant General

2.6 Advances from Contingency Fund

The corpus of the Contingency Fund placed at the disposal of Government of Tamil Nadu to meet unforeseen expenditure pending authorisation by the State Legislature was Rs 150 crore for the year 1996-97.

One hundred and fourteen sanctions were issued during 1996-97 advancing Rs 227.06 crore from the Contingency Fund. It was noticed that :

- (i) thirteen sanctions amounting to Rs 7.28 crore were neither operated nor cancelled ;
- (ii) the actual expenditure (Rs 30.44 lakh) against nine sanctions was less than 50 *per cent* of the amount sanctioned (Rs 1.33 crore) and
- (iii) against two sanctions, expenditure of Rs 5.30 crore incurred from the Contingency Fund remained unrecouped to the Contingency Fund till 31 March 1997.

2.7 Non-receipt of explanations for saving/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 803 sub-heads, the explanations for variations were not received in 574 cases (71 *per cent*) (October 1997).

2.8 Shortfall/excess in recoveries

Under the system of gross budgeting, 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 1996-97 also, such recoveries were anticipated at Rs 247.20 crore; actual recoveries during the year were, however, Rs 234.40 crore. Some of the important cases of shortfall/excess as compared to estimates are detailed in Appendix XIV.

During the previous 5 years actual recoveries were much less than anticipated, the percentage of variation ranging between 21 and 53 as given below:

Year	Recoveries anticipated	Actual recoveries	(Rupees in crore)
			Percentage of variation
1991-92	235.85	138.72	41
1992-93	325.72	159.73	51
1993-94	445.27	209.42	53
1994-95	205.46	159.43	22
1995-96	300.17	237.97	21

2.9 Reconciliation of departmental figures

Departmental figures of expenditure should be reconciled with those booked by the Principal Accountant General (Accounts and Entitlements) every month. The reconciliation had, however, remained in arrears in several departments.

The number of Controlling Officers who did not reconcile their figures and the amounts involved were as under:

Year	Number of controlling officers who did not reconcile their figures	(Rupees in crore) Amount not reconciled
1992-93	2	1.15
1993-94	10	29.44
1994-95	10	3.97
1995-96	18	166.47
1996-97	47	1141.79
Total	87	1342.82

Amounts exceeding Rs 10 crore in each case remained unreconciled during 1996-97 in respect of the following 12 controlling officers.

		(Rupees in crore)
	Controlling Officers	Amount not reconciled
1.	Chief Engineer, Agricultural Engineering, Chennai	18.07
2.	Chief Engineer (Public Works Department - Buildings), Chennai	17.79
3.	Director of Handlooms and Textiles, Chennai	152.73
4.	Director of Social Welfare (Integrated Child Development Scheme - Nutritious Meal Programme - II), Chennai	109.33
5.	Director of Social Welfare (Nutritious Meal Programme - III), Chennai	111.06
6.	Director of Town Panchayats, Chennai	10.00
7.	Engineer-in-Chief, DRO and Chief Engineer (General), Public Works Department, Chennai	19.60
8.	Principal Commissioner and Commissioner for Revenue Administration (Natural Calamities), Chennai	376.50
9.	Secretary to Government, Transport Department (TNTDFC), Chennai	160.02
10.	Commissioner of Commercial Taxes, Chennai	64.65
11.	Director of Animal Husbandry, Chennai	13.23
12.	Registrar, High Court, Chennai	32.59

CHAPTER III

CIVIL DEPARTMENTS

ADI DRAVIDAR AND TRIBAL WELFARE DEPARTMENT

3.1 Non-recovery of loan scholarship

Government have been sanctioning various types of loans to the people belonging to the Adi Dravidar and Tribal community. Director, Adi Dravidar and Tribal Welfare (DATW) Department administers the loan.

Under the scheme 'Tamil Nadu Harijan Welfare loan scholarship', interest-free loans were being granted since 1971-72 to students to enable them to meet the expenditure on higher studies and professional courses. The powers to sanction the loan were with DATW upto 1995-96 and with District Adi Dravidar Welfare Officers (DADWOs) from 1996-97 onwards. The recovery was to commence one year after the scholar had begun to earn or three years after termination of scholarship whichever was earlier. According to the scheme, loan was to be paid without any surety or security. However, the selected candidate was to execute a bond for abiding by the terms and conditions of the award and to pay the loan depending on his/her income. In case of any failure to repay any instalment within one month after the due date, the instalment due for the month with interest at 6 *per cent* from the due date was to be recovered as arrears of Land Revenue. DADWOs were responsible for the recovery of loan, which was to be made through the tahsildars concerned by sending an extract of loan ledger together with the connected documents, as and when the loan amount became due for recovery. The DATW was to control the expenditure and to furnish to the Accountant General (Accounts and Entitlements) monthly reconciliation certificate of receipt and expenditure and annual certificate of acceptance of balances. The DADWOs were responsible for maintaining accounts at district level and for furnishing to DATW monthly reconciliation of receipts and expenditure and annual certificate of acceptance of balances.

Test-check of records relating to disbursement/recovery of loans during 1992-93 to 1995-96 maintained in DATW, 3 DADWOs (Madurai, Kancheepuram and Vellore) and 4 taluk offices (Kancheepuram, Madurai (North and South), Melur and Vellore) revealed the following:

- (i) The details of loan sanctioned, demand raised and the recovery made during 1992-93 to 1995-96 for the State as a whole were as under:

(Rupees in lakh)							
Year	Opening balance	Loan disbursed during the year	Total	Demand raised	Collection	Closing Balance (Amount outstanding)	
						against the demand raised	of loans sanctioned upto the end of the year
upto 1991-92	-	-	-	484.67	2.57	482.10	633.36
1992-93	633.36	99.46	732.82	541.95	2.92	539.03	729.90
1993-94	729.90	90.29	820.19	597.61	3.08	594.53	817.11
1994-95	817.11	80.39	897.50	642.36	3.35	639.01	894.15
1995-96	894.15	367.76	1261.91	NA	4.36	NA	1257.55

NA: Not Available

The total amount of outstanding loan against the demand raised at the end of 31 March 1995 was Rs 6.39 crore. The outstanding amount represented loan disbursed from 1971-72 onwards. The recovery of loan per year ranged from Rs 2.57 lakh to Rs 4.36 lakh during 1991-92 to 1995-96 which worked out to a mere 0.5 per cent of demands raised during the period.

The huge outstanding and the poor recovery of loan were attributed by DATW (July 1992) to non-availability of details of sanction for the years 1971-72 and 1972-73, improper maintenance of records by DADWOs and change of address by beneficiaries.

Test-check of records disclosed that the poor collection was also partly due to delay in sending the details of loans by DADWOs to tahsildars for effecting recovery and non-maintenance of records in a complete shape, as detailed below.

In Vellore, one of the 3 test-checked districts, the extract of loan ledger together with the connected documents was sent to the tahsildar in October 1996 in respect of loans sanctioned during 1980-81 to 1983-84 after a delay of over 9 years and in May/June 1996 (after a delay of over 3 years) in respect of loans sanctioned during 1992-93. In another district (Madurai), the details were sent in October 1995 and September 1996 in respect of loans disbursed in 1988-89 and 1991-92 respectively (after a delay of over 3 years and one year). The details of the demands raised in respect of loans disbursed in 1989-90, 1990-91 and from 1992-93 onwards were not available.

Though instructions were issued by DATW (August 1995) that the records relating to candidates belonging to other districts should be sent to the DADWOs concerned and necessary entries regarding the amounts transferred should be made in the records of both the DADWOs, this procedure was not followed properly as indicated below.

In one district (Madurai), in respect of 21 cases (loans sanctioned during 1986-87 to 1988-89) received from other DADWOs in November 1994 and in another district (Coimbatore) 18 cases (loans sanctioned during 1992-93 to 1994-95) received in June and December 1995, no entries were made in the loan registers as of May 1997.

In another district (Kancheepuram), 11 cases (loans sanctioned during 1993-94 to 1994-95) received from other DADWOs in November 1995 and January 1996 were not entered in the register to arrive at the actual loan outstanding in the district.

(ii) The Public Accounts Committee while discussing the Report of the Comptroller and Auditor General of India - (Civil) - 1977-78 and Appropriation Accounts (1977-78) recommended that the procedure for recovery of loans and maintenance of the records be streamlined, so that, not only the collections got speeded up but also the Demand, Collection and Balance Statements were kept correct. Accordingly, Government issued orders in August 1987 making DADWOs responsible for compilation of demand, collection of dues and preparation of balance statements (month-wise and year-wise). Test-check of records disclosed that Demand, Collection and Balance Statements were not prepared by DADWOs and sent to DATW for annual acceptance of balance. Instead, booked figures available in the Office of the Accountant General (Accounts & Entitlements) were obtained and communicated by the DATW to all the DADWOs for acceptance. Most of the DADWOs neither reconciled nor confirmed the figures furnished by the DATW. DATW, however, accepted the balance as per the Accountant General's book, without obtaining confirmation of the balance from most of DADWOs. The procedure being followed was contrary to the order of the Government.

The Department generally accepted (October 1997) the above points and issued necessary instructions to the DADWOs to rectify the defects pointed out by Audit and to improve the position of recovery.

The matter was referred to Government in August 1997; reply had not been received (December 1997).

3.2 Delay in implementing the housing scheme for dispersed tribes

Government sanctioned construction of 200 houses at five places* for allotment to dispersed tribes, during 1992-93 to 1994-95, adopting the type design prescribed for Jawahar Vela Vaippu Thittam (JVVT).

A review of the construction of these houses revealed that construction of 25 houses was already completed during 1993-94 under a different scheme (JVVT) in Kaduguthadi.

Of the remaining 175 houses to be constructed under the scheme, 75 were completed during 1995-96 and 1996-97 and 60 were handed over to beneficiaries in June 1995. Construction of 60 houses was not commenced as of November 1997 due to non-vacation of the land by the hutment dwellers (10 houses); improper selection of sites in 'reserve forest area' where construction of building was banned (15 houses); want of additional funds (35 houses). Construction was incomplete as of May 1997 in respect of 20 houses in Konkadai village due to lack of transport facilities and 20 houses in Osur village due to dislocation of marking stone in the identified lands and delay in getting permission for quarrying stone. 15 houses constructed at Ambasamudram Taluk at a total cost of Rs 3.15 lakh during 1996-97 could not be handed over to the beneficiaries, due to non-production of pattas by beneficiaries thereby rendering the expenditure infructuous.

Thus, due to inadequate provision of funds, and also due to delay in sanction of additional funds, an amount of Rs 14.85 lakh remained blocked outside Government Account, Rs 3.15 lakh spent on construction of 15 houses remaining unfruitful and the objective of providing houses to dispersed tribes remaining largely unachieved.

The matter was referred to Government in July 1997; reply had not been received (December 1997).

AGRICULTURE DEPARTMENT, ETC.

3.3 Tamil Nadu Agricultural Development Project

3.3.1 Introduction

Tamil Nadu Agricultural Development Project (TNADP) was launched in Tamil Nadu with World Bank assistance from 1991-92 with the main objectives of (i) increasing the agricultural productivity and income, (ii) alleviation of rural poverty.

* 1. Konkadai - 80 houses, 2. Osur - 30 houses, 3. Kethesal - 15 houses.

4. Ambasamudram - 29 houses and 5. Kaduguthadi - 46 houses.

Abbreviations used in this review are listed in the Glossary in Appendix XXXII (page 313).

(iii) protection of rain-fed areas under ecological stress and (iv) improvement in rural roads etc., and ensuring availability of safe drinking water to rural population.

The components of the project implemented were upgradation and improvement of rural roads (in 6 selected districts)¹, forestry development (in 6 selected districts)², augmentation of rural water supply (in 9 selected districts)³, livestock development, integrated watershed development, seed production, agricultural extension and planning (in all the districts).

The project was to be completed by June 1998.

3.3.2 Organisational set up

The Monitoring and Co-ordination cell established in the Department of Agriculture of the State Secretariat headed by a Project Director was responsible for the overall monitoring and co-ordination of the project.

The executing agencies of the Project in Tamil Nadu are as detailed in Appendix XV.

3.3.3 Audit coverage

Implementation of the Project during 1991-92 to 1996-97 was reviewed (November 1996 to June 1997) by test-check of records of Agriculture Department of the State Secretariat and all Heads of departments/agencies implementing the TNADP schemes. Test-check covered implementation of Forestry development in 2 districts⁴ and the remaining components in 4 districts⁵ comprising 27 offices⁶. Results of review on certain major components are discussed in the following paragraphs.

¹ Cuddalore, Kancheepuram, Nagapattinam, Thanjavur, Tiruchirappalli and Vellore.

² Cuddalore, Dharmapuri, Dindigul, Madurai, Tiruchirappalli and Tiruvannamalai.

³ Cuddalore, Dharmapuri, Dindigul, Kancheepuram, Pudukkottai, Salem, Tiruchirappalli, Tiruvannamalai and Vellore.

⁴ Forestry development : Dharmapuri and Tiruchirappalli.

⁵ Rural Roads and Rural Water Supply : Cuddalore, Kancheepuram, Salem and Tiruchirappalli.
Agricultural and

Animal Husbandry : Coimbatore, Dharmapuri, Tiruchirappalli and Vellore.

⁶ (i) Director of Agriculture : 4 district offices, (ii) State Agricultural Extension Management Institute, Kudumianmalai, Pudukkottai District, (iii) Tamil Nadu Agricultural University, Coimbatore, (iv) Project Officer, Palar watershed, Vanianibadi, Vellore District, (v) Exotic Cattle breeding farm, Eachenkottai, (vi) District Livestock Farm, Hosur, (vii) Director of Animal Husbandry : 4 district offices, (viii) Principal Chief Conservator of Forests, (ix) Seed Technology Units in 2 districts, (x) Transfer Technology Unit at one district, (xi) Chief Engineer (NH 45) : one regional office, (xii) 4 divisional offices and (xiii) Director of Rural Development : 4 district offices.

3.3.4 Highlights

- Project funds of Rs 2.16 crore were diverted for works not covered under the project.

(Paragraph 3.3.5.3 (i), (ii), (iii) and (iv))

- Acceptance of bids with high tender premium ranging from 20 *per cent* to 60 *per cent* over the estimates for rural road works on non-sustainable grounds, led to an increase in the cost of works to the tune of Rs 16.65 crore.

(Paragraph 3.3.7.1)

- Inadmissible payment of Rs 76.55 lakh was made to contractors on account of price variations.

(Paragraph 3.3.7.2(i) and (ii))

- Plantation, soil and moisture conservation works under forestry development component of the Project (costing Rs 31.17 crore) were carried out through contractors instead of through community participation as prescribed under the Project.

(Paragraph 3.3.8.2)

- Water supplied from 37 *per cent* of 4,190 sources tested was found not potable.

(Paragraph 3.3.9.1 (ii))

- Extra expenditure of Rs 4.28 crore was incurred on drilling of 7,242 borewells under 52 packages due to acceptance of unreasonably high rates of bids.

(Paragraph 3.3.9.2)

- Shortfall in production of semen straws under the categories "Cross-bred" and "Murrah" bulls ranged between 53 and 81 *per cent*.

(Paragraph 3.3.10.1)

- Expenditure of Rs 1.05 crore proved wasteful due to planting of vetiver slips on the bunds instead of on contours.

(Paragraph 3.3.11.1)

- Planting of economic trees such as teak, cassia and neem instead of trees and shrubs which would supply fodder to animals under "Alley Cropping" resulted in expenditure of Rs 43.24 lakh not serving the intended purpose.

(Paragraph 3.3.11.2)

- Improvement of Management Information System through computerisation sanctioned in December 1995 had not been achieved even after incurring an expenditure of Rs 44.70 lakh.

(Paragraph 3.3.12.2)

3.3.5 Financial performance

3.3.5.1 Funding

The total project cost was estimated at US\$ 133.3 million (Rs 309.29 crore) of which the credit assistance extended by World Bank (IDA) amounted to US\$ 92.8 million and loan (by IBRD) of US\$ 20.0 million forming 86 *per cent*. The balance was to be borne by the Government of Tamil Nadu (US\$ 18.0 million) and project beneficiaries (US\$ 2.5 million).

The initial project outlay of Rs 309.29 crore was revised to Rs 409.52 crore during mid-term review in December 1994.

3.3.5.2 Budget provision and expenditure

Against the provision of Rs 283.02 crore in the budget, the expenditure incurred on the project implementation for the six years 1991-92 to 1996-97 was Rs 283.30 crore as per finalised accounts. However, the expenditure reported by the Project Director was Rs 285.03 crore of which Rs 193.11 crore was reimbursed by the World Bank.

The difference in the expenditure figures between accounts and reported by Project Director had not been reconciled for the period 1991-92 to 1996-97.

3.3.5.3 Diversion of funds

(i) In Salem District, Rs 7.04 crore released by the Director of Rural Development during 1991-92 to 1993-94 were deposited in the Post Office Savings Bank Account by the District Collector. The interest amount was kept apart and spent for works not covered under the project. In October 1994, when a Personal Deposit (PD) account was opened for retaining the project funds as per the instructions of the Government, the Collector transferred only the balance of principal

amount of Rs 3.42 crore as of October 1994 to the PD account and not the interest which was continued to be spent on schemes not covered under the Project. Amount so diverted during December 1994 to March 1996 amounted to Rs 30.01 lakh (Rs 6.18 lakh on construction of conference hall and Rs 23.83 lakh on water supply schemes).

(ii) The World Bank assistance under the project was intended for the improvement of only rural roads. But, Chief Engineer, National Highways 45 (CE, NH-45) sanctioned in March 1994 improvement of a major district road and construction of a bridge in Trichy-Kulumani-Jeeyapuram road (km 11 to km 16). The works, taken up in October and December 1994, were under progress and an expenditure of Rs 1.35 crore was incurred as of May 1997.

(iii) Improvement of the road from Ponvilaindhakalathur to Padalam sugar mill (Km o/o to Km 4/800) in Kancheepuram District was proposed (May 1991) by the Commissioner of Sugar at a cost of Rs 17.40 lakh and the cost of the work was to be met out of sugarcane cess fund. Due to paucity of funds, the proposal was dropped in March 1993. However, the Chief Engineer, Highways (East Coast Road and Rural Roads), who was executing both the project works and the sugarcane road works, decided to execute the work from out of project funds. The road was thereafter improved in December 1996 at a cost of Rs 27.86 lakh and the amount was not recouped to project funds as of July 1997.

(iv) The work of construction of a bridge at km 3/2 of Puthanatham-Kallupatty road was taken up in February 1996 under the project and completed in May 1997 at a cost of Rs 23.01 lakh. The rehabilitation and renovation programme approved by the World Bank did not provide for construction of a new bridge. Scrutiny of estimates revealed that no structure existed at the site of the proposed bridge and only a new bridge was contemplated. While forwarding the proposal to Government in November 1994, Chief Engineer (Highways and Rural Works) had misrepresented facts by stating that the existing bridge at the site was damaged in 1993 cyclone. Government issued the sanction in November 1994 based on the above proposal. The construction of a new bridge at a cost of Rs 23.01 lakh from project funds was irregular.

3.3.6 Physical performance

Physical targets set in respect of various components and achievements thereagainst as of March 1997 were as under :

Component	Target to be achieved by	Achievement as of 31 March 1997
(1)	(2)	(3)
1. Rural Roads-	772	600
(i) Construction and improvement to Rural Roads (Kilometre)	(To be completed by March 1997)	
(ii) Rehabilitation and renovation of roads and bridges damaged in 1993 cyclone	12 roads 24 bridges (To be completed by February 1997)	12 roads 1 bridge
Roads (Number) 12		
Bridges (Number) 24		
2. Forestry development-		
(i) Raising of plantation (Hectares)	25,005	25,137
(ii) Employment generation (in lakh man-days)	Not prescribed	48.33
(iii) Soil and moisture conservation (Number of works)	2,096	1,858
(iv) Fuel wood (metric tonnes)	1,40,000	*
(v) Poles and timber (cubic feet)	61,000	*
3. Rural Water supply-		
Supply of water through hand pumps at 40 litres per capita daily (habitations)	12,500	5,579
4. Livestock development-		
Annual increase in production of milk (million tonnes)	1	Maximum increase in production of milk was 0.19 million tonne during 1996-97. During all the remaining years increase was less than this level.
5. Integrated Watershed development		
(i) Palar: (hectares)	28,000	20,113
(ii) Vellar: (hectares)	26,000	20,761

* Achievement quantifiable only after yield-age of plantations.

The following reasons were given by the Department for the shortfall in achievements:

- (i) The shortfall in the construction and improvement of rural roads and construction of bridges was mainly due to poor response to bids.

The project works were rescheduled to be completed by June 1998.

The reasons attributed by the Department for the poor response were found not sustainable as discussed in the subsequent paragraph 3.3.7.1.

- (ii) The shortfall in drilling of borewells under rural water supply was attributed by the Superintending Engineer, State Level Technical Cell in September 1996 to the delay in finalisation of contracts for civil works and in procurement of stores required.

It was noticed in audit that there was delay in taking up the works in respect of 11,350 out of 12,500 works due to delay in finalisation of unreasonably high rates of bids by Government, as mentioned in paragraph 3.3.9.2.

- (iii) The shortfall in coverage under water supply at the minimum rate of 40 litres per capita daily (lpcd) was due to inadequate yield in the borewells. The Department also stated that though the hydrogeological studies were conducted with the available technology, adequacy of yield could not be ensured *per cent*.

The Department's reply only indicated that the studies conducted had not been effective.

- (iv) For the institutional development aspects namely agricultural planning and agricultural extension, social and environmental benefits and poverty alleviation and seed production, no physical targets were set.

3.3.7 Rural Roads

Rural roads component of the project aimed at augmenting the efforts of the Government in upgradation and improvement of rural roads to all weather standards covering areas and villages serving key marketing centres in selected districts. The main objective of the scheme was to link the inaccessible villages having potential for marketable surplus with the market centres by a good network of roads.

3.3.7.1 Acceptance of single bids with high premium

Scrutiny of records of Local Competitive Bids (LCB) relating to all the 27 packages and 5 slices⁷ awarded during the period 1992-93 to 1995-96 indicated that the bids evoked poor response (29 cases: 1 bidder and 3 cases: 2 bidders) from contractors. Also the trend of bids accepted revealed that the bid premium was very high as compared to estimates in all cases ranging from 20 *per cent* to 60 *per cent* in 31 cases and 18.50 *per cent* in one case.

⁷ Rural roads for execution were grouped into packages. In the event of nil response for packages, they were divided into smaller packages or slices for rebidding.

Some of the reasons attributed by CE, NH - 45 in March 1995 to justify the poor response and receipt of unreasonably high rates of bids were as under:

- (i) The market rates for labour and material were 15 to 20 *per cent* higher than the Current Schedule of Rates (CSR).
- (ii) Negotiation of rates with the bidders was not permissible as per the conditions of the bid which was based on the World Bank's procurement procedures for LCB.
- (iii) Even in response to rebids, only single bids were received with tender premium higher than even the earlier ones.
- (iv) Due to strict eligibility criteria prescribed by the World Bank in regard to the financial turnover and past physical performance, the participating contractors were few. If a contractor competed for more than one work, his bidding capacity would be reduced.

An analysis of the system and finalisation of the bids under various works, however, indicated that the contention of the Department was not tenable for the reasons furnished below :

- (a) In 29 out of the 32 works where only single bids had been received, the tender documents were sold to single contractors only. In a particular case (construction of a bridge at km 25/8-10 of Melur-Poovanthi-Thirupuvanam road) a contractor approached the Court seeking legal remedy for non-issue of tender documents for a bridge work included under the project. The tender documents were sold to the contractor when the Court sought for (May 1995) all the connected documents of the bid for perusal.
- (b) A comparison of the rates for the sugarcane road development works with the rural road development works under the project, both finalised by the Superintending Engineer, TNADP (Highways) Circle, Tiruchirappalli revealed that whereas in the former case the rates accepted were 4 to 20 *per cent* higher than the estimated rates, in the latter case, these were higher by 20 to 60 *per cent*, although the nature and scope of work in both the cases were the same. This was in spite of the fact that works under the project carried additional benefits like mobilisation loan, price escalation clause and longer period of execution.
- (c) The Department recommended bids with high tender premium stating that the market rates for labour and materials were higher than Public Works Department schedule of rates. As the rates were fixed annually by the Government/department only after a thorough study of the market trend, the reasons adduced by the Department for acceptance of higher tender premium were not valid.

(d) In respect of bids accepted for 5 packages of 20 rural roads during 1996-97, more than 2 contractors (4 to 7) purchased the bidding documents and all the bids were below the estimated rates (ranging from (-) 2.64 *per cent* to (-) 11.76 *per cent* over 1996-97 Schedule of Rates).

Three contractors who had earlier (1992-93 to 1995-96) offered their bids for ten works with high tender premium ranging from 22.46 *per cent* to 59.46 *per cent* offered their bids for three works for execution in January and April 1997 below the estimated rate which was also accepted by Government.

(e) The World Bank procurement guidelines provided for negotiated contracts for achieving a reasonable price and, therefore, the department's contention in this regard was not tenable.

(f) Out of 32 works 8 contractors were awarded more than one work (ranging from 2 to 4). This was contrary to the reasons adduced by the Department for poor participation by contractors.

The excess expenditure incurred by the Government on account of the huge tender excess over the estimated rates during 1992-93 to 1995-96 on rural road works was of the order of Rs 16.65 crore. However, the reasons furnished by the Department for award of works at rates far in excess of the departmental estimates were not at all justified. The possibility of collusion between the departmental officers and the contractors, therefore, could not be ruled out.

3.3.7.2 Inadmissible payment on price variation

(i) Agreements for construction of approach roads provided for payment of escalation charges on labour and materials where the stipulated period of completion was more than 12 months. The escalation was to be based on the index applicable to the quarter preceding the date of opening of the bid. Rates for any extra items would be as per mutually agreed rates based on the CSR and the escalation clause was not applicable to the extra items.

It was noticed that in 21 cases (20 packages and 1 slice) where new items of work were entrusted to contractors, escalation charges were paid during 1994-95 to 1996-97 on these new/extra items also based on the rates of the quarter preceding the date of opening the bids. The inadmissible payment made to contractors on this account worked out to Rs 33.82 lakh.

(ii) The work of construction of approach roads to three marketing centres⁸ (cost: Rs 7.69 crore) was awarded to Tamil Nadu State Construction Corporation Ltd. (TNSCC) on open tender basis. The three works (package numbers 4, 14 and 27)

⁸ Tirukoilur, Tiruchirappalli and Sankarapuram.

commenced in September 1994, October 1994 and December 1994 were to be completed by September 1996, October 1996 and December 1996 respectively. As per contract conditions, the TNSCC was to make its own arrangement for procurement of "road metal". TNSCC reported (March 1996) that due to shortage of funds and non-availability of "road metal" from the quarries, the work could not be completed in time and hence sought extension of time. Extension was granted upto March 1997 for two works and upto April 1997 for one work.

The terms of the contract also did not provide for payment of escalation charges (price variation cost) during the period extended for reasons solely attributable to the contractor. In spite of this, the Department allowed escalation on "road metal" also for the extended period, while disallowing it on other materials. Inadmissible payment of escalation due to price variation on "road metal" amounted to Rs 42.73 lakh.

3.3.7.3 Loss of interest on Mobilisation loan

Agreement for execution of road and bridge works under the project provided for payment to contractors of interest-free loans of 15 *per cent* of contract value (mobilisation loan) towards the cost of mobilisation of labour (5 *per cent*) and machinery (10 *per cent*). Rupees 10.80 crore were paid during 1992-93 to 1996-97 as mobilisation loan. As per codal provisions, interest on mobilisation loan was to be charged by the Department for all civil works at commercial rates fixed by Government from time to time.

The agreement or the Staff Appraisal Report of the World Bank did not specifically prohibit Government from levying interest on such loan. Further, it was noticed that for a building work executed (1993-94) by PWD under the project, the Department provided for interest at the rate of 14 *per cent* on such mobilisation loan. Interest fixed for 1994-95 by Government on such loans for departmental works was 17 *per cent*.

In view of the above, non-provision of a suitable clause for charging interest on mobilisation loan extended under TNADP was not in order.

The quantum of interest involved in the above rural road works executed under the project amounted to Rs 1.51 crore (worked out at 14 *per cent*). The departure from the established procedure viewed in the context of acceptance of high pitched bids by the Department as discussed in paragraph 3.3.7.1, needed a thorough investigation by Government.

3.3.8 Forestry development

The project also included rehabilitation of degraded reserve forests in 10 catchment areas, mainly on the Western Ghats and providing support for institutional development of the Forest Department.

The following points were noticed.

3.3.8.1 Procurement of fodder seeds

Fodder seeds were to be purchased at the lowest rate on the basis of quotations obtained from a minimum of three suppliers and were to conform to minimum seed certification standards with respect to purity, germination and moisture content. Test-check revealed that 21.04 tonnes of fodder seeds valued Rs 12.29 lakh were procured during June 1995 to August 1995 by District Forest Officers (DFO) of the project from two traders for the same variety of seeds, without obtaining quotations. The rates were finalised centrally by the Principal Chief Conservator of Forests (PCCF) as under :

Serial number	Name of seed	Rate per Kg offered by	
		Trader 1 Rs	Trader 2 Rs
1.	<i>Stylosanthes hamata</i>	54	52
2.	<i>Stylosanthes scabra</i>	90	86
3.	<i>Cenchrus ciliaris</i>	51	46

The purchases were made by the DFOs under the instructions issued by PCCF in February and April 1995. PCCF had also issued directions to DFOs in March 1995 forbidding the purchase of seeds from any other agency and cancelling the orders already placed on other agencies.

Records did not indicate the reasons for not calling for quotations. The sample test certificates for quality were also not produced by the traders.

Scrutiny of the records revealed that during the same year 1995-96, the certified seeds "*Stylosanthes hamata*" had been procured (August 1995) by the Deputy Director of Animal Husbandry (Cattle Breeding and Fodder Development), Tiruchirappalli under the project from a Sheep Breeders' Co-operative Union in Andhra Pradesh at a much lower rate of Rs 21.50 per kg and even for 1996-97, DFO of a Project Division (Krishnagiri) procured this seed from the Co-operative Union at Rs 24 per kg. Extra expenditure to the Department, incurred during 1995-96, amounted to Rs 5.53 lakh.

3.3.8.2 Engagement of contractors

With a view to protect the forest wealth from damages (grazing and collection of fuel-wood) caused by the local villagers, the project envisaged involvement

of the local people in the forestry activities carried out departmentally. Test-check of records revealed that all forestry activities such as plantation, soil and moisture conservation works etc. were carried out at a cost of Rs 31.17 crore during 1991-92 to 1995-96 by engaging contractors. The Department reported to Government in October 1996, generation of 48.33 lakh man-days under the component. In the absence of maintenance of nominal muster rolls and work-wise details of number of persons employed, correctness of the reported generation of man-days could not be verified in audit. By engaging contractors, the objective of community participation was not achieved by the Department.

3.3.9 Rural Water supply

3.3.9.1 Simple Water Supply Schemes (hand pumps)

(i) The project aimed at construction of simple water supply schemes (hand pumps) for providing a minimum of protected drinking water of 40 litres per capita daily (lpcd) in rural habitation having scheduled caste population of 37 to 117 or other caste population of 77 to 580. 12,500 habitations in nine districts* were to be covered during 1991-92 to 1995-96 by installation of hand pumps after digging suitable borewells. As of April 1997, out of 11,947 works taken up 11,272 works were completed and the balance works were under progress, even though the target date for completion was over. The slow progress was due to delay in finalisation of contracts and procurement of stores.

(ii) Supply of unpotable water: The project guidelines stipulated that before tendering for water supply works, adequate quantity of water and quality of water were to be ensured by Assistant Hydrogeologists and Executive Engineers. In October 1995, the World Bank Supervision Mission reiterated that the potability of water from the sources be tested and sources of unpotable water be put out of service. On the instructions of the Superintending Engineer (SE), (August 1996) State Level Technical Cell (SLTC), 5,772 water samples were sent for testing during December 1996 to April 1997. Results received in respect of 4,190 sources revealed that water from as many as 1,565 sources (37 per cent) was unsuitable for drinking. The borewells were, however, not taken out of service and the supply of unpotable water which might result in potential health hazards was permitted to continue contrary to project guidelines.

The objective of providing potable water to habitations from 1,565 borewell sources had not been achieved even after incurring an expenditure of Rs 5.61 crore.

3.3.9.2 Incorrect evaluation of unreasonably high rates of bids

During 1991-92 to 1995-96, estimates for rural water supply works were prepared adopting the Tamil Nadu Water Supply and Drainage Board (TWAD) and

* Cuddalore, Dharmapuri, Dindigul, Kancheepuram, Pudukkottai, Salem, Tiruvannamalai, Tiruchirappalli and Vellore.

PWD schedule of rates of the respective years. The rate for drilling was Rs 140 per metre for 115 mm dia borewell in hard rock, as approved by Government in April 1991, was adopted till 1995-96.

For drilling 3,039 borewells (October 1993 to December 1993)(20 packages - in all the 9 districts), the quoted rates varied from Rs 175 to Rs 220 per metre except one package (Tiruvannamalai : Rs 129.50 per metre). The Tender Processing Committee (TPC) revised (June 1994) the departmental estimated rate for drilling to Rs 180 per metre and sought Government's approval.

Test-check revealed that

- (i) Out of 20 packages, in one package relating to Tiruvannamalai District (137 borewells) the rate offered and finalised was Rs 129.50 per metre only.
- (ii) In Cuddalore District, 170 borewells were subsequently drilled during 1994-95 at the rate of Rs 142 per metre only.
- (iii) During 1995-96 and 1996-97, construction of borewells (of the same dia 115 mm) was sanctioned for implementation of Drought Relief Scheme in the entire State (23 districts) at TWAD Board estimated rate of Rs 140 per metre only.
- (iv) The Agriculture Department in Government as well as the Finance Department had found the updated rate of Rs 180 per metre finalised by TPC not in conformity with the estimated rate of Rs 140 per metre currently adopted for all water supply works executed by Government. However, Finance Department cleared the proposal in October 1994 "merely as a means to resolve the deadlock in the award of works".

The extra expenditure incurred over the estimated rate of Rs 140 per metre worked out to Rs 4.28 crore on borewell works finalised for the years 1993-94 to 1995-96 (7,242 borewells in 52 packages).

3.3.9.3 Failed borewells

Out of 11,399 borewells drilled in hard rock areas during 1991-92 to 1996-97, failure of sources was reported by the Department in 300 cases even though drilling was done to the depth recommended by the hydrogeologists. In another 106 cases in Salem District, though the borewells had sufficient yield, hand pumps could not be installed due to deep water level. The SE, SLTC stated (June 1997) that the percentage of source failure was only 2.63 which could not be avoided due to heterogeneous conditions of hydrogeological formations and that provision of compensatory borewells for the failed borewells was not permitted under the project. In respect of borewells with deep water level, the SE stated (June 1997) that the District Collectors had been asked to provide power pump schemes in the borewells under other schemes and further action was pending.

Thus, in 406 rural habitations, water supply scheme had not taken off (June 1997) even after incurring an expenditure of Rs 83.37 lakh on drilling the borewells.

3.3.10 Livestock Development

The main objective of this component of the project was to strengthen the capacity of animal husbandry in the State to produce, procure and distribute frozen semen from both exotic breeds and stabilised cross-bred animals with a view to maintain a stabilised superior cross-bred population of 50 *per cent* of total cattle population.

3.3.10.1 Production of semen straws

Against the targeted production of 6 lakh semen straws from exotic bulls, 12.5 lakh semen straws from cross-bred bulls and 10 lakh semen straws from Murrah bulls per year, the shortfall in production of semen straws was more pronounced in the category of cross-bred and murrah bulls during 1990-91 to 1995-96 ranging from 53 to 81 *per cent*. The reasons for the shortfall were awaited (December 1997).

3.3.10.2 Artificial Insemination centres

According to the norms fixed by Director of Animal Husbandry (DAH), one Artificial Insemination (AI) centre was required for every 1,000 breedable cattle population. World Bank also observed while sanctioning the project that the then existing conception rate of AI at 3-4 inseminations per calf born was poor. Improvement of this conception rate was to be achieved among other things increasing the number of service points (AI centres).

It was, however, noticed that there was no significant improvement in the conception rate which ranged between 3.5 and 3.9 inseminations per calf born during 1991-92 to 1996-97. Scrutiny of records revealed that for the current breedable cattle population of 60.75 lakh (1995 census), 4,253 AI Centres were required after allowing for 30 *per cent* coverage by Tamil Nadu Co-operative Milk Producers' Federation. Against this, there were only 3,510 centres resulting in a shortfall of 743 AI centres. The shortfall was attributed to financial constraints. The Department, however, accepted (July 1993) that the shortfall would lead to physical stress for the cows in walking long distance after insemination and thereby adversely affecting the success rate of artificial insemination.

3.3.10.3 Defective implementation of cattle breeding policy

The State's livestock breeding policy stressed on the development of superior cross-bred stock having not more than 62.5 *per cent* exotic genes. This was to

be achieved by artificially inseminating local non-descriptive animals with the semen of pure breeds and cross-bred animals with that of cross-breeds only.

It was noticed during test-check that in 190 AI centres, out of 31,650 animals inseminated, 422 non-descriptive animals were inseminated with the semen of cross-breeds and 6,318 cross-bred animals were inseminated with that of pure breeds in total violation of the cattle breeding policy.

It was stated by the AI centres that the prescribed procedure could not be followed for want of particular semen straws (pure or cross) at the time of artificial insemination and due to insistence by cattle owners for particular kind of semen straws. The haphazard methods followed by the AI centres were likely to result in breeding of cattle above the prescribed level of exotic genes making them prone to reduced disease resistance, reduction in conception rate and milk yield and increase in food intake.

3.3.11 Watershed Development

The project provided for the development of the Integrated Watershed Development Programme (IWDP) with the objectives of increasing the productivity of arable and non-arable land and reverse the ecological degradation to ensure long term and sustained productivity. In the Palar and Vellar Watersheds identified under the scheme, against the proposed coverage area of 54,000 ha (Palar: 28,000 ha; Vellar : 26,000 ha), the area actually covered under this component upto 1996-97 as reported by the Additional Director of Agriculture, IWDP Chennai in June 1997 was 40,874 ha (Palar : 20,113 ha; Vellar: 20,761 ha). The Additional Director attributed in December 1997 that the shortfall in achievement was due to delay in demarcation and delineation of micro watershed plans in the project areas by soil survey unit, delay in deployment of staff, provision of office accommodation and other facilities.

3.3.11.1 Vegetative barriers

According to the scheme guidelines, 'Vettiver' slips were to be planted on the contours of the watershed areas to stop the run-off water for a while, so that moisture was retained for longer time preventing erosion of soil on slopes. This was to help increase the yield of dry land crops. However, in Palar and Vellar Watersheds, Vettiver slips were planted (1992-93 to 1996-97) on the bunds of the fields instead of on the contours at a cost of Rs 80.49 lakh. As the farmers protested that planting on the contours which passed through their lands would lead to reduction of their cultivable area, the field officials chose to plant the Vettiver slips on the bunds instead of contours merely to achieve the target of planting.

Similarly, in the Districts of Coimbatore, Dharmapuri, Vellore and Tiruchirappalli, Vettiver slips had been planted (1992-93 to 1996-97) only on the bunds at a cost of Rs 24.59 lakh. The above resulted in wasteful expenditure of Rs 1.05 crore incurred for unintended purpose.

3.3.11.2 Alley cropping

The concept of 'Alley cropping' was recommended mainly to increase the income of the dry land farmers by introduction of trees and shrubs in the alley of annual crops. The trees planted were to supply fodder to the animals and also fix atmospheric nitrogen. It was, however, noticed that in the Palar (Vellore District) and Vellar (Salem District) Watershed areas, only high value economic trees such as teak, cassia and neem were planted under alley cropping because of demand from the farmers. Thus, the objective of alley cropping was not achieved and the expenditure of Rs 43.24 lakh incurred on this component did not serve the intended purpose. In Vellore District, under "extension service", alley cropping was not at all implemented during 1995-96 due to its new technique.

3.3.12 Agricultural Planning

3.3.12.1 Conducting of studies

The Standing Committee formed in September 1991 in State Planning Commission was to conduct studies intended to facilitate analysis of economic/technical issues affecting the agriculture and allied sectors. It was noticed that out of 31 studies contemplated by the Department for the project period, only 11 studies were identified based on prevailing conditions and requirements and completed to the end of April 1997 at a cost of Rs 18.78 lakh. The policy matrices prepared by the State Planning Commission on the basis of such studies were awaiting approval of Government as of June 1997 when the project period itself was coming to an end in June 1998.

3.3.12.2 Non-realisation of objective of computerisation.

With a view to establish a computerised Management Information System (MIS), Government sanctioned in December 1995, Rs 2.50 crore towards computerisation in State Headquarters, 3 selected district headquarters (Coimbatore, Thanjavur and Tirunelveli) and all the testing laboratories. Initially, 4 computers for State Headquarters and 3 for districts were purchased (March to July 1996) for Rs 44.70 lakh. Of this, two computers procured for Coimbatore and Tirunelveli Districts were installed in June 1997 and July 1997 after a delay ranging from 11 to 14 months, as the computer rooms were not ready. In Thanjavur, computer was yet to be installed for the same reason. Thirty eight computers proposed for laboratories had not been procured as of June 1997 and, thus, the objective of establishing effective MIS had not fructified as of November 1997.

3.3.13 Monitoring and evaluation

3.3.13.1 Monitoring

An Empowered Project Co-ordination Committee (EPCC) was constituted (October 1990) under the chairmanship of Secretary to Government, Agriculture Department to review the progress of the scheme and take corrective action for problems identified. Though required to meet once in 3 months, the committee met only on 11 occasions as against the minimum of 24 occasions during 1991-92 to 1996-97.

A perusal of the minutes of the meetings conducted revealed that the deliberations were of only a routine nature. Other than considering proposals received from executing agencies for approval, there was no indication that specific implementational problems were critically reviewed and solutions offered for corrective action.

Technical Audit Committees (TACs) were constituted (1995-96 and 1996-97) to take up technical audit of all the components of the project. TACs on Forestry development, Rural Roads and Rural water supply had not met at all. Thus, the process of periodical identification of critical areas by TACs to suggest corrective measures had not been effective.

3.3.13.2 Evaluation

The overall project evaluation was entrusted to the Director of Evaluation and Applied Research (DEAR).

DEAR had taken up base-line surveys in respect of six components of the project except Agricultural planning and Watershed development and completed the same in 1992-93. Further, DEAR had taken up mid-term evaluation of 7 components (excluding Watershed development) during 1994-95 and completed the same in 1995-96 (4 components) and 1996-97 (3 components).

DEAR in their report (April 1996 and September 1996), *inter alia*, made the following observations.

As regards livestock development component, DEAR had found that cross-bred animals were being inseminated with the semen of exotic pure breeds, in total violation of State's breeding policy, due to availability of lesser number of cross-bred bull semen straws, defeating the main objective of maintaining a stabilised superior cross-bred population of 50 *per cent* of total cattle population. Regarding rural water supply component, DEAR had observed that delay in fixing agencies for various items such as geo-physical survey, civil works and supply of stores resulted in non-

achievement of the target fixed for drilling borewells. Variation in drilling rates from district to district against the uniform rate of Rs 140 per metre adopted by TWAD Board, about 9 *per cent* of hand pumps were not in use due to source failure and deep water level, about 22 *per cent* of hand pumps installed being seasonal, supply of non-potable water by 12.20 *per cent* of hand pumps and prevailing of water supply problem in about 40 *per cent* of habitations due to poor yield in the borewells were the other findings.

In respect of forestry development component, DEAR had observed that Village Forest Committees though established were not involved in the planning and implementation of forestry activities.

The above points were referred to Government in September 1997; reply had not been received (December 1997).

AGRICULTURE DEPARTMENT

3.4 Production and Distribution of Seeds and Development schemes for Major crops

3.4.1 Introduction

Ministry of Agriculture, Government of India (GOI) launched during VIII Five Year Plan various schemes viz., Oil Seeds Production Programme (OPP), National Pulses Development Project (NPDP), Integrated Cereals Development Programme for Rice (ICDPR), Mini-Kit Programme for Rice, Jowar and Bajra (MKP) and Oil Palm Development Programme (OPDP) to ensure production and genetic improvement of seeds of various crops for sustaining and increasing the productivity. The particulars of these schemes for major crops are furnished in Appendix XVI. A review of the implementation of these programmes in Tamil Nadu was done.

3.4.2 Organisational set up

The schemes were implemented by the Department of Agriculture with the Director of Agriculture (DOA) as the State nodal officer who was assisted by the Joint Directors (JDA) and Assistant Directors (ADs) of Agriculture at district and taluk level. The Indian Council for Agricultural Research (ICAR) was to arrange for the production of nucleus and breeder seeds through Tamil Nadu Agricultural University (TNAU) for oil seeds, pulses and rice. The Department of Agriculture distributed certified and truthfully labelled seeds* in all the districts. Tamil Nadu Co-operative Oil Seeds Growers' Federation Limited (TANCOF) was also permitted by the State

Abbreviations used in this review are listed in the Glossary in Appendix XXXII (page 313).

* Seeds which are not tested in the laboratories and certified for quality assurance.

Government to distribute certified and truthfully labelled oilseeds within their operational area in 5 Districts, viz., Kancheepuram, Tiruvannamalai, Vellore, Cuddalore and Villupuram.

The supply of implements for the programmes was entrusted to Tamil Nadu Agro Engineering and Service Co-operative Federation Ltd (ENCOFED) and Tamil Nadu Agro Industries Corporation Ltd. (TAI). The supply of inputs for OPP was entrusted to TANCOF from 1994-95.

3.4.3 Audit Coverage

The implementation of the programmes during the period from 1992-93 to 1996-97 was reviewed during December 1996 to May 1997 by test-check of records in the Department of Agriculture, Directorate of Agriculture, Tamil Nadu Agricultural University and five districts¹ for OPP and seven districts² for other programmes out of 21 districts.

Besides, details were also obtained from TANCOF, TAI, ENCOFED and their area/unit offices. The results of the review are discussed in the succeeding paragraphs.

3.4.4 Highlights

- Central assistance ranging between Rs 0.89 crore and Rs 1.30 crore during 1992-97 were lying unutilised from year to year under the Oil Palm Development Programme.

(Paragraph 3.4.5.2)

- Rupees 13.17 crore were drawn and released to various implementing agencies during the last quarter, especially during March in all the programmes to avoid lapse of budget grants during the period 1992-97.

(Paragraph 3.4.5.3)

- Delays ranging between one and eight months in the issue of administrative sanction by State Government took place every year under the programmes resulting in non-achievement of targets fixed for Kharif season under Oil Seeds Production Programme and rush of expenditure during the last quarter under other programmes.

(Paragraphs 3.4.5.4 and 3.4.6.2)

¹ Salem, Coimbatore, Tiruvannamalai, Kancheepuram and Vellore.

² Coimbatore, Cuddalore, Thanjavur, Tirunelveli, Kancheepuram, Vellore and Villupuram.

- Under Oil Seeds Production Programme, diversion of Rs 3.76 crore (Rs 26.42 lakh from seed component to non-seed component, Rs 58.34 lakh towards infrastructural development in seed farms not producing oilseeds mostly or exclusively, Rs 49.25 lakh towards ineligible items under infrastructure, Rs 89.99 lakh towards seed processing units which were not covered under the programme, Rs 32.30 lakh towards infrastructural facilities in the research centres of Tamil Nadu Agricultural University, Rs 1.20 crore towards development of ineligible infrastructural facilities) was made.

(Paragraph 3.4.5.5)

- Rupees 1.07 crore out of Rs 2.29 crore released by Government under Oil Seeds Production Programme during 1993-97 for purchase of inputs and implements, were lying unutilised with Tamil Nadu Agro Engineering and Service Co-operative Federation Limited.

(Paragraph 3.4.5.6(ii))

- Percentage of production of foundation seeds under Oil Seeds Production Programme was very low ranging between 41 and 67 of the target during 1992-93, 1994-95 and 1995-96. Truthfully labelled seeds of groundnut were procured in large quantities to compensate for the huge shortage in procurement of certified seeds due to inadequate capacity of the State Seed Certification Department.

(Paragraph 3.4.6.2(b)(i) and (ii))

- Old and obsolete varieties of seeds, costing Rs 46.08 lakh were distributed in the seed mini-kits under Oil Seeds Production Programme in four districts during 1992-96.

(Paragraph 3.4.6.3(b))

- 2,150 tonnes of Zinc Sulphate valued Rs 1.10 crore, earmarked for distribution to farmers at subsidised rate was distributed free of cost to farmers under cyclone relief without getting prior permission from Government of India.

(Paragraph 3.4.6.5(b))

- Despite the instruction of Government of India that seed mini-kits were to be issued free of cost under Oil Seeds Production Programme, Rs 40.05 lakh were collected during 1992-96 for mini-kits distributed and credited to State Government account.

(Paragraph 3.4.7)

- While the credit support as required under Oil Seeds Production Programme fell short of the target by 66 and 88 per cent during 1995-96 and 1996-97, there was no credit support under other programmes.

(Paragraph 3.4.9)

- Despite specific allocation of funds for Scheduled Castes/Scheduled Tribes farmers under Oil Seeds Production Programme and Oil Palm Development Programme, basic records with the particulars of Scheduled Castes/Scheduled Tribes assisted under the programme were not maintained.

(Paragraph 3.4.10)

3.4.5 Financial performance

3.4.5.1 Financial outlay and expenditure

The particulars of financial outlay, releases and expenditure incurred under the schemes for the period 1992-97 are furnished in Appendix XVII.

The Department stated (July 1997) that the details regarding the amounts released by GOI, due from GOI and unspent amount (reconciled figures) for the scheme ICDPR and NPDP would be furnished after finalisation of accounts.

3.4.5.2 Utilisation of Central assistance

The receipt of Central assistance and its utilisation during 1992-97 with the unspent assistance at the end of every year under the programmes (except ICDPR) are furnished in Appendix XVIII.

The reasons given by the Department for huge unspent balance under OPDP, out of GOI assistance, were non-deployment of staff and non-purchase of vehicles.

3.4.5.3 Drawal of funds in advance at the fag end of the year

Though the funds from GOI were being received regularly, funds were drawn and distributed to various agencies for supply of inputs, implements and for creation of infrastructural facilities at the fag end of the year with a view to avoid lapse of budget grants.

Funds to the tune of Rs 13.17 crore were drawn under OPP, NPDP and ICDPR and released to various implementing agencies like TANCOF, ENCOFED, TAI, TNAU and Assistant Executive Engineer (Soil Conservation Scheme) (AEE (SCS)) for supply of inputs, agricultural implements and for creation of infrastructural facilities in the months of February and March during the years 1992-93 to 1996-97.

Except the amounts (Rs 18.80 lakh) released to AEE(SCS) for works, the amounts released to other implementing agencies were only advances to the agencies, but booked as final expenditure under the programme head.

3.4.5.4 Delay in issue of sanction

(a) As per GOI guidelines, the State Government should allocate funds for various components under the programmes taking into account their specific requirements and targets to be achieved every year. The State Level Sanctioning Committee (SLSC) constituted to monitor OPP was empowered to take such decisions.

It was seen that since the SLSC meetings under OPP were convened only in the months of May to July, the administrative sanctions could be issued by the State Government only in the months of August or September of the years 1992-96 after a delay of 3 to 4 months. This delay resulted in non-achievement of targets in certain components like distribution of mini-kits and implements, certified seeds and plant protection chemicals earmarked for Kharif season for all the years during 1992-96 (as discussed in Paragraph 3.4.6.2 *infra*). The Agricultural Finance Corporation Limited (AFCL), Bombay had also pointed out this in their seasonal evaluation reports (October 1996 and March 1997) and had suggested that the financial sanction and the physical targets, componentwise might be issued within a month from the date of receipt of GOI approval.

(b) Delays ranging from 1 to 8 months were also noticed in the issue of proceedings intimating the districtwise physical and financial targets (componentwise) by the Directorate under the programmes NPDP, ICDPR and OPDP, to the districts.

Consequent on the delay in issue of Government sanction, the achievement and expenditure was not uniformly spread over the year resulting in rush of expenditure during the last quarter of the year.

3.4.5.5 Diversion of funds

The funds allotted under OPP were diverted from one component to another and utilised for ineligible schemes/purposes. Some of the cases noticed are given below:

(i) While communicating the allocation among various components of the programme annually, GOI stipulated that allocations made for seed component should not be diverted to other components. Funds to the tune of Rs 17.57 lakh and Rs 18.85 lakh were, however, diverted during 1995-96 and 1996-97 respectively from seed component to non-seed component under OPP. Though the approval for diversion of Rs 10 lakh during 1995-96 was obtained

from GOI, the approval for diversion of the remaining amount had not been obtained

- (ii) As per GOI guidelines, only such farms which produce oil seeds mostly or exclusively were to be selected for infrastructural development. Test-check of records revealed that Government incurred an expenditure of Rs 58.34 lakh during 1993-96 towards development of infrastructural facilities in 4 State seed farms not dealing with oil seeds and 7 coconut nurseries not producing mostly or exclusively oilseeds. This amounted to diversion of funds.
- (iii) Though GOI guidelines permitted construction of godowns and provision of irrigation facilities only under "Infrastructure Component", it was observed that Government spent Rs 49.25 lakh towards purchase of tractors (Rs 8.03 lakh), provision of fencing (Rs 23.26 lakh), drip irrigation facilities (Rs 11.46 lakh) and other works³ (Rs 6.50 lakh) during 1993-94 from the funds earmarked for the "Infrastructure Component". This was not in order. Similarly, an expenditure of Rs 89.99 lakh incurred on 4 seed processing units through TANCOF from the funds earmarked under "Infrastructure Component" was also not in order as the processing of seeds was not covered by the programme.
- (iv) An amount of Rs 32.30 lakh (1994-95 : Rs 10 lakh and 1995-96 : Rs 22.30 lakh) was given as grant to TNAU, the nodal agency, for supply of breeder seeds, for development of infrastructural facilities at their research centres at Tiruchirappalli and Tindivanam. As the component of production of breeder seeds was directly administered by ICAR and the requirement of breeder seeds was directly placed by ICAR with TNAU, funds for the development purposes in the farms under the control of TNAU had to be obtained directly from ICAR under 100 *per cent* Central assistance as per instructions included in the guidelines of GOI. The release of funds from the programme had not only deprived the State farms of assistance for development but also resulted in the State Government meeting an extra expenditure of Rs 8.08 lakh as its share, which was not in order.
- (v) Out of Rs 3.32 crore paid to TANCOF during 1993-96 (1993-94 : Rs 1.52 crore and 1995-96: Rs 1.80 crore) towards development of infrastructure, an amount of Rs 1.20 crore was spent towards construction of office buildings (Rs 1.16 crore), provision of fencing (Rs 3 lakh) and land development works (Rs 1.50 lakh). As the funds under this component were provided to create specific infrastructural facilities like irrigation facility, storage, etc., in State oilseed farms, utilisation of such funds by TANCOF on construction of office buildings and provision of fencing, etc., was contrary to GOI instructions.

³ Construction of implement shed, strengthening of steering wall and causeway to farm at Vadagarai.

3.4.5.6 Subsidy for Inputs and Implements

(a) Subsidies to farmers at prescribed percentages were allowed under OPP for supply of inputs like seeds and plant protection chemicals and infrastructural supports like agricultural implements. Perusal of records relating to the distribution of various subsidies under the programme revealed the following.

(i) Inadmissible subsidy

Though GOI permitted the payment of subsidy to farmers for procurement of Truthfully Labelled (TFL) seeds of groundnut and soyabean only, subsidy amounting to Rs 3.12 lakh was allowed for procurement of TFL seeds of sunflower, castor and gingelly during 1992-93 to 1995-96 in 3 districts viz., Salem (Rs 1.48 lakh), Coimbatore (Rs 0.17 lakh) and Tuticorin (Rs 1.47 lakh). This was irregular.

(ii) Unspent subsidy

An amount of Rs 1.07 crore was lying unutilised as of May 1997 with ENCOFED out of a sum of Rs 2.29 crore received from Government during 1993-94 to 1996-97 towards subsidy for various inputs and implements like sprayers, micro nutrient mixture and agricultural implements as furnished below:

(Rupees in lakh)				
Year	Particulars of funds released		Funds utilised by ENCOFED	Unspent balance
	Date of release	Amount		
1993-94	2 March 1994	30.00	28.45	1.55
	31 March 1994	120.00	75.00*	45.00
1995-96	27 February 1996	44.03	18.84	25.19
1996-97	11 December 1996	35.00	Nil	35.00
Total		229.03	122.29	106.74

* Refunded back to the Department.

The following observations are made:

The amounts released to ENCOFED by the State Government were shown as final expenditure in the progress reports sent to GOI every year.

Rupees 1.20 crore released by Government to ENCOFED on 31 March 1994 i.e., at the fag end of the year were not utilised by ENCOFED. The Directorate of Agriculture (DOA) in May 1994 issued orders for refund of the entire amount of Rs 1.20 crore. However, till February 1997, only Rs 75 lakh (April 1995:

Rs 30 lakh; November 1995: Rs 30 lakh and February 1996: Rs 15 lakh) had been refunded (August 1997). The balance amount of Rs 45 lakh was still lying with ENCOFED (August 1997).

For the amount of Rs 35 lakh released in December 1996 for the purchase of agricultural implements, no action had yet been taken by ENCOFED to procure the implements (May 1997).

Similarly, an amount of Rs 1.39 lakh was lying unutilised with TAI out of Rs 42 lakh paid during 1994-95 for the purchase of agricultural implements.

(iii) Avoidable expenditure towards subsidy

Government in 1994-95 entrusted the procurement and supply of various agricultural inputs and implements *viz.*, gypsum, seed treatment chemicals, pheromone traps and seed mini-kits to TANCOF to revitalise the sick federation. TANCOF, however, procured these items from the manufacturers in the market and supplied them to Government department at margins varying from 10 to 40 *per cent* of the cost. As TANCOF was not actually involved in the manufacture of any of the items, the purchase of these items directly from the manufacturers by the Department itself would have saved an amount of Rs 1.47 crore being the margin money paid to the agency for procurement of these items during 1994-95 to 1996-97.

It was noticed that despite the payment of such huge margin money, the inputs and implements were not supplied in time as observed by AFCL in their seasonal evaluation reports, resulting in non-achievement/belated achievement of the programme.

(iv) Infertuous expenditure on payment of subsidy

950 one way ploughs costing Rs 2.28 lakh were supplied by TAI to the field offices in Salem District during 1994-95 of which 461 ploughs were supplied to farmers and 489 were lying in stock as reported by ADs in Salem District. As the entire quantity of ploughs was of sub-standard quality, the amount of Rs 1.14 lakh, being the subsidy allowed on this implement, was infertuous.

(v) Stock of micro-nutrient mixture lying undistributed

A quantity of 162.86 tonnes of micro-nutrient mixture, valued Rs 26.35 lakh, procured by Department of Agriculture under the programme during the period 1993-96 was held in stock (March 1997) without distribution in the Agricultural Depots under the control of 24 Taluk Assistant Directors (ADs) in 7 Districts (Kancheepuram, Ramanathapuram, Sivaganga, Pudukkottai, Virudhunagar, Tiruvannamalai and Tuticorin). This was mainly due to excess procurement of micro-

nutrient mixture of 101.74 tonnes (cost: Rs.16.38 lakh) during 1995-96 out of the additional allotment provided for the year, without ascertaining the stock position from the field units.

(vi) Improper maintenance of basic registers

In the Office of the Agricultural Extension Centre, Tirupporur under the control of AD, Chengalpattu, the subsidy registers for the distribution of mini-kits, chemicals, etc., for the period 1992-96 were not properly maintained, indicating the names of beneficiaries and the extent of land holdings, etc.

(b) Excess payment of subsidy on Paddy seeds under ICDPR

An expenditure of Rs 97.99 lakh was incurred during 1993-94 by way of payment of subsidy to the cultivators in the distribution of 3,920 MTs of 'ADT 36' paddy seeds. The subsidy was allowed at the rate of Rs 250 per quintal as against Rs 100 per quintal admissible due to adoption of incorrect rate in the administrative orders conveyed by GOI. When this was brought to the notice of GOI by the State Government in January 1995, the GOI agreed (August 1995) to bear 75 *per cent* of the excess expenditure. Particulars of final reimbursement were yet to be received (November 1997). Regarding the State's share of 25 *per cent*, final orders were awaited. Thus, because of the issue of an erroneous order, the Department incurred Rs 58.80 lakh in excess towards subsidy for paddy seeds, which could have been avoided.

3.4.6 Physical performance

3.4.6.1 Production and productivity

Particulars of targets and achievements under area coverage, production and productivity in respect of the major crops during the period 1992-93 to 1996-97 are furnished in Appendices XIX, XX and XXI.

The following points were observed by Audit in this connection.

(A) Oilseeds Production Programme

The increase in productivity of oilseeds in 1996-97 over 1992-93 ranged from 6 to 102 *per cent*. The area of coverage of groundnut and soyabeans had declined in 1996-97 as compared to coverage in 1994-95 reportedly due to diversion of area under oilseed production to non-oilseeds. The "Area Approach" suggested by GOI by substitution of low economy crops with high yielding sunflower was not followed by the State Government and concerted efforts were not made to increase the overall productivity by expansion of selective crops like soyabean and sunflower.

(B) National Pulses Development Programme

The targets fixed for area coverage (except for 1994-95) production and productivity were not achieved in any of the years during 1992-93 to 1996-97. Though the area covered under pulses increased from 7.39 lakh ha in 1992-93 to 10.10 lakh ha in 1994-95, it subsequently decreased to 9.61 lakh ha and 9.54 lakh ha in 1995-96 and 1996-97 respectively. Similarly, production of pulses which increased from 3.42 tonnes in 1992-93 to 4.80 tonnes in 1994-95, declined to 3.59 tonnes and 4.45 tonnes in 1995-96 and 1996-97 respectively. The productivity declined from 463 kg per ha in 1992-93 to 373 kg per ha in 1995-96. Though the productivity subsequently increased to 466 kg per ha during 1996-97, it was still much below the national average of 586 kg per ha. When the reasons for shortfall were called for, the Department stated (June 1997) that the area coverage was on the increasing trend since 1970-71 gradually and the shortfall in production and productivity in all the years when compared to targets was due to seasonal conditions and lesser rainfall as pulses were mainly grown under rainfed conditions. It was, however, noticed that except the heavy downpour during November 1993, cyclone during December 1993 and the unusual rains during January and February 1994, rainfall during the rest of the period 1992-96 was normal, as observed from the rainfall data collected by Audit.

Further perusal of particulars relating to different pulses crop revealed that while the productivity of Gram and Arhar increased from 600 to 750 kg per ha and 546 to 750 kg per ha respectively during the period 1992-96, for 'Urad' and 'Moong', the productivity declined from 505 to 400 kg per ha and 467 to 420 kg per ha respectively during the above period. The specific reasons for decline and difficulties experienced were not furnished by the Department.

(C) Integrated Cereals Development Programme for Rice

The shortfall in production of Paddy during 1995-96 (52.06 lakh tonnes from 76.85 lakh tonnes in 1994-95) and productivity during 1995-96 (2,558 kg/ha from 3,288 kg/ha in 1994-95) were attributed by the Department to cyclone and adverse seasonal conditions respectively. The reply of the Department for the shortfall during 1995-96 was not tenable as rainfall during 1995-96 was only 4 *per cent* below normal.

3.4.6.2 Physical achievements

(A) Oil Seeds Production Programme

(a) Non-achievement of targets for Kharif season

The evaluation reports of the AFCL, Bombay for the years 1992 to 1996 revealed that during the years 1992-93 to 1996-97, the achievements of various components for Kharif season were very low as compared to Rabi season though overall annual targets in all these years were achieved. Even though groundnut, the major oilseed crop, was grown mainly in Kharif season, the farm implements, sprinklers, seed

treating chemical, micro-nutrient mixture and other inputs were distributed only in the Rabi season. The training of farmers was also arranged only during Rabi season every year. The Department stated in June 1997 that due to non-supply of inputs and implements in time by various agencies like TANCOF, TAI, ENCOFED, etc., and delay in issue of sanctions and approval of indenting agencies by Government/ Department, these items could not be supplied during Kharif season.

During 1996-97, TANCOF was paid (September 1996) Rs 30 lakh for procurement of groundnut seeds under seed village scheme for the entire State. TANCOF, however, refunded (December 1996) the amount expressing their inability to procure and supply the seeds due to want of time, man power and funds. The amount was then distributed (January 1997) by the DOA to the district officers for procurement of seeds, eventually resulting in non-achievement of the target fixed under procurement and supply of seeds for Kharif season of 1996. The decision of the Government to entrust the seed village component to TANCOF was taken in a SLSC meeting held in July 1996, which was also attended by the Chairman and Managing Director (CMD) of TANCOF and who did not mention about the difficulties faced by TANCOF in procuring and supplying the seeds.

(b) Production and distribution of seed

The production of seed was organised in a 3 stage multiplication chain. The initial nucleus seed is multiplied to give breeder seed which was then multiplied into foundation seed. The foundation seed is then further multiplied into certified seeds. In Tamil Nadu, ICAR was the nodal agency for arranging production of breeder seeds. After getting indents for breeder seeds from the States, ICAR allocated the requirements of breeder seeds to TNAU and other agencies. The following points were noticed.

(i) Foundation seed

An analysis of the achievement made for production of foundation seeds from breeder seeds during 1992-93 to 1996-97 revealed that the percentage of production against the target fixed was very low ranging from 41 and 67 during 1992-93, 1994-95 and 1995-96. DOA stated (June 1997) that the low multiplication ratio obtained in the State oilseed farms was the main reason for this poor achievement. Lack of enthusiasm on the part of the farmers, to whom certain types of multiplication of foundation seeds were entrusted, due to the availability of lesser subsidy for this purpose was the other reason attributed by DOA in May 1995 for the shortfall in 1994-95. Apart from low seed multiplication ratio obtained in Government seed farms, inadequate supply of breeder seeds with low seed germinating percentage to seed farms by TNAU and delay in supply of seeds were the other reasons given by the Department for the non-production of targeted quantity of seed.

Further analysis by Audit revealed that supply by TNAU of breeder seeds for groundnut, the major oilseed crop contributing 93 *per cent* of the total production of oilseeds in the state, was only 25 to 50 *per cent* of the target fixed for it. TNAU, to whom the supply was entrusted, reported (April 1997) that the demand for supply of breeder seeds in respect of groundnut was only 288 quintals per annum to cover 5 *per cent* of the area which was about 11.97 lakh ha, as per the target set by the State Government but the DOA was giving an abnormally high indent of 1500 to 1800 quintals per annum which could not be supplied by TNAU. This indicated that there was lack of co-ordination between State Government and TNAU.

It was also seen that the problem of low seed multiplication ratio obtaining in State seed farms was prevailing for the last 10 years and this was also commented upon in para 3.1 of the Civil Audit Report of Government of Tamil Nadu for the year ending 31 March 1990. Despite the recommendation of State Public Accounts Committee in May 1995, no remedial action was taken up for effective functioning of the State seed farms.

The remedial measures suggested by GOI in their guidelines on the programme every year like changing of cropping pattern involving Non-Governmental Organisations (NGOs) for seed distribution and formation of State Seed Corporation were also not taken by the State Government.

(ii) Certified Seeds

According to GOI instructions, the seeds tested in the laboratory and certified of their quality should be distributed to farmers. Only to make up any deficiency in the distribution of certified seeds, TFL seeds which are of good quality but not tested in the laboratory can be distributed. However, it was observed that the quantity of subsidised TFL seeds for all oilseeds distributed in the State during the period 1992-93 to 1995-96 ranged from 63,572 to 82,025 quintals, while the quantity of subsidised certified seeds distributed ranged between 5,528 and 11,185 quintals, covering only 8 to 12 *per cent* of total seeds distributed for all oilseeds.

It was also observed in audit that TFL seeds of groundnut were distributed in large quantities in all the districts with a view to compensate the huge deficiency of certified seeds.

While commenting on the non-distribution of targeted quantities of certified seeds and substitution of TFL seeds in their place, AFCL, Bombay in their seasonal evaluation reports (Rabi 1995-96 and Kharif 1996) suggested that the normal seed production programme of the State needed strengthening so as to make available the required quantities of certified seeds. While the requirement of certified seeds for oilseeds was of the order of 5,000 to 10,000 tonnes during 1992-97 as per the targets

fixed by GOI, the overall release of certified seeds by the Directorate of Seed certification in the entire State had increased only from 600 tonnes in 1992-93 to 1,700 tonnes in 1996-97. The capacity of the State Seed Certification Department was of the order of only 1,000 tonnes during 1993-96 and the Department programmed only to cover 2,000 tonnes and 2,500 tonnes under certification during 1996-97 and 1997-98.

(B) Mini-kit Programme

An analysis of physical targets and achievements under the programme revealed that the percentage of shortfall ranged from 5 to 57 during 1992-93 to 1996-97, except during 1994-95.

The Department stated in June 1997 that the shortfall was due to non-supply of seeds by National Seeds Corporation (NSC), Ambattur, Chennai, which was the only source for supply of seeds. Perusal of connected records revealed that while the shortfall during 1993-94 was due to the belated issue of Government Order in March 1994 and consequent delay in placing indent with NSC, the shortfall during 1996-97 was due to non-supply of 9,300 Kg of Jowar, Bajra and Maize seeds for mini-kits indented from NSC in July 1996.

3.4.6.3 (a) Supply of old varieties of breeder seeds

(i) Old varieties of breeder seeds, released more than 15 years back, were supplied by TNAU under OPP for multiplication and distribution to the farmers during 1992-93 to 1995-96 as shown below, despite the stress laid by the GOI on the supply of new varieties for enhancing the production and productivity.

Variety	Year of release	Quantity distributed during the years (in kg)			
		1992-93	1993-94	1994-95	1995-96
Gingelly (TMV 3)	1948	50	15	260	Nil
Groundnut(TMV 7)	1967	22,360	6,561	21,140	10,940

The negative qualities of these seeds were likely to deter the farmers in the State from using government supplied seeds in future.

(ii) Though 18 new varieties of certified seeds were released/identified in the State during the period 1985-94 and GOI communicated the names of these varieties in their guidelines every year with instructions to distribute the seeds of only these varieties, it was observed that only 6 out of 18 varieties (Groundnut: LVRI-1, VRI-2,

VRI-3; Gingelly; Paiyur-1, SVPR-1; and Sunflower: CO-2) were distributed under OPP during 1992-97. Also, in respect of Castor and Soyabean oilseeds, no new varieties were distributed under the programme. The Department had not undertaken adequate action to obtain breeder seeds of these varieties from TNAU for distribution to the farmers.

(b) Non-distribution of new varieties of certified seeds in the seed mini-kits

Though GOI instructed that old and obsolete varieties of seeds were not to be included in the mini-kits, it was found that in the test-checked districts, certified seeds introduced before the year 1983 (between 1940 and 1980) were included in the seed mini-kits under OPP. The value of such mini-kits which contained such old and obsolete varieties of seeds distributed during 1992-96 in 4 districts (Vellore, Tiruvannamalai, Salem and Thanjavur) was Rs 46.08 lakh.

The Joint Directors of Agriculture at Coimbatore, Salem and Tiruvannamalai stated (May 1997) that mini-kits containing the old varieties of seeds were issued due to non-availability of newly introduced varieties. TANCOF had also supplied 71,670 mini-kits, (1994-95 : 55,550; 1995-96: 16,120) for soyabean using old variety (cost: Rs 46.12 lakh) during 1994-95 and 1995-96 in the State.

3.4.6.4 Farm implements

(i) Non-supply of improved farm implements

GOI issued instructions to the State Government for distribution of improved farm implements to the small and marginal farmers at a subsidised rate under OPP with a view to pass on the benefits of the improved farm technology to the farmers. A list of 55 such implements was also forwarded by GOI along with the annual guidelines. It was, however, noticed by Audit that only 3 to 4 implements viz., one way plough, two way plough, decordicator and bund formers were distributed to the farmers during the period 1992-93 to 1996-97 in all the districts. As the cost of most of the remaining implements ranged between Rs 6,000 and Rs 25,000, the subsidy allowed by GOI for the implements i.e., the maximum of Rs 700 per implement (raised to Rs 1,500 from 1993-94) was found to be inadequate and the farmers found it difficult to procure these implements from their own resources. Thus, the envisaged objective of passing of improved farm technology through these improved farm implements could not be achieved. No action was also taken by the State Government for increasing the rate of subsidy for such implements.

Of the farm implements (Value Rs 40.28 lakh) purchased under OPP, NPDP and ICDPR for distribution to farmers during 1994-95 and 1995-96, implements valued Rs 16.33 lakh were lying in stock undistributed to the farmers in 7 districts viz., Kancheepuram, Salem, Tuticorin, Vellore, Tirunelveli, Ramanathapuram and Thanjavur.

(ii) Dal processors

Supply of Dal processors under NPDP with a subsidy of 50 *per cent* of the actual cost of the processor with not more than 1.5 HP, subject to a maximum of Rs 4,000 each, was permitted during 1995-96 with a view to help farmers in converting their produce into dal and in getting higher remunerative price in the market.

Out of Rs 12 lakh provided as assistance under NPDP during 1995-96 and 1996-97, only Rs 1.76 lakh were spent on procurement and supply of Dal processors.

3.4.6.5 Seed treatment chemicals

(a) Chemicals such as Chloropyrophos or quinalphos supplied for the control of root grub, the most dangerous disease attacking groundnut crops, were ordered by GOI to be used for seed treatment purposes under OPP for the most effective grub control. The chemicals (cost: Rs 66.59 lakh) were, however, found to have been used by the farmers invariably for plant protection purposes due to delayed supply of the chemicals by TANCOF during 1995-96 and 1996-97 as the sowing season was already over by the time the farmers received the chemical. The AFCL, Bombay had also mentioned in their seasonal evaluation report for Kharif 1994 that the use of these seed treating chemicals was negligible due to non-availability of the same in required quantity at the time of sowing.

Incidentally, the subsidy for distribution of plant protection chemicals was discontinued by GOI from 1994-95 because these were creating environmental pollution, health hazards, ecological imbalances and resistance in pests to pesticides. But, as seed treatment chemicals were eligible for 50 *per cent* subsidy, subsidy (Rs 33.29 lakh) was allowed for these chemicals, though used for plant protection purpose. The Department stated in June 1997 that the chemicals could also be used for plant protection depending on the needs of the location/stage of the crops. The reply was not tenable as the chemicals referred to were supplied only for seed treatment and if the same were utilised for plant protection, then, these were not eligible for subsidy.

(b) Free distribution of Zinc Sulphate

Zinc Sulphate was distributed at subsidised cost to the farmers every year under ICDPR. It was observed that 2,150 tonnes of Zinc Sulphate valued Rs 1.10 crore meant for distribution to farmers at subsidised cost during 1993-94 were distributed during 1993-94 free of cost to the farmers under Cyclone Relief Programme. The request (December 1994) of the State Government to GOI for allocation of Rs 1.10 crore already incurred as cyclone relief under the programme was rejected (April 1995) by GOI stating that there was no provision under ICDPR for distribution of Zinc Sulphate free of cost and the amount was to be met from State resources. The diversion of funds of Rs 1.10 crore from the Central scheme towards cyclone relief was irregular.

3.4.7 Mini-kits

(i) Collection of fee for Mini-kits

As per the instruction of GOI, seed mini-kits were issued free of cost to small and marginal farmers under OPP with a view to popularise new varieties of oilseeds. The State Government, however, had issued orders to collect 10 *per cent* of the cost of each mini-kit from the farmers as a nominal charge with a view to eliminate possibility of misuse of the kits by both the farmers and the Department and to credit the amounts so collected under the departmental State receipt. Accordingly, an amount of Rs 40.05 lakh was collected and credited to State receipt head during 1992-93 to 1995-96 which was against the instructions of GOI. The orders were subsequently revised by the State Government in 1996-97 to the effect that the mini-kits were to be distributed free of cost to the farmers.

(ii) It was observed by Audit from the report of the Joint director of Agriculture, Vellore that 998 sunflower mini-kits costing Rs 0.94 lakh (at the rate of Rs 105 per kit) were supplied under OPP by the Depot Manager, Agricultural Extension Centre, Arcot to the farmers without ascertaining the bonafides of the beneficiaries and without obtaining the recommendation slips from the field staff before distribution of mini-kits. The Department replied that disciplinary action would be taken against the officials responsible for the irregularity.

3.4.8 Training

Against the allocation of Rs 2.50 lakh for the training component under OPDP during 1993-94, an expenditure of Rs 10 lakh was incurred for undertaking a study tour of 1,092 farmers to Kerala State. The excess expenditure of Rs 7.50 lakh was not approved by GOI in September 1994. This expenditure accounted for under the

programme should be recovered from the State Government and credited to the programme fund.

3.4.9 Credit Support

Credit support actually availed of in the State as required under OPP during 1995-96 and 1996-97 (upto December 1996) fell short of the targets by 66 and 88 *per cent* respectively, due to the cumbersome process of getting loans from nationalised banks and default by farmers in paying the previous loans; no credit support was extended to the farmers under other programmes, though required under the scheme.

3.4.10 Coverage of Scheduled Caste (SC)/Scheduled Tribe (ST) farmers

Despite specific allocation for SC/ST farmers under Oil Seeds Production Programme and Oil Palm Development Programme, basic records with the particulars of SCs/STs assisted under the programme were not maintained due to the non-fixation of specific district-wise targets by the Department for the coverage of SC/ST farmers.

3.4.11 Monitoring

State Government was to arrange regular monitoring of the Programme, reporting and reviewing of performance and taking of corrective measures as and when required after getting progress reports on sowing, during Kharif and Rabi seasons.

However, no analysis of achievement season-wise was made in SLSC meetings conducted once in a year during June/July, though the annual achievements made during the previous years were analysed and approved in such meetings. Though a proposal to conduct a pre-Rabi season meeting during October 1993 was approved by the Committee (July 1993), no action was initiated to conduct such meetings.

3.4.12 Evaluation

AFCL, Bombay, an agency commissioned by GOI for evaluation of the programmes, viz., OPP and NPDP was conducting seasonal evaluation in the State during both Kharif and Rabi seasons and is forwarding separate evaluation reports for each season.

Despite some of the points being repeatedly observed as "areas of concern" like non-availability of breeder seeds, distribution of TFL seeds in the place of certified seeds, usage of old varieties of seeds in the mini-kits, belated issue of Government sanction, rush of expenditure during the last quarter and non-passing of the results of front line demonstrations organised by TNAU in these evaluation reports, no steps were taken by Government/Department to overcome the deficiencies.

The above points were referred to Government in September 1997; reply had not been received (December 1997).

3.5 Irregular release and utilisation of management subsidy

Under Command Area Development Programme (CADP) formulated in 1974-75 for supporting farmers' associations in their initial period of formation, a management subsidy was provided for meeting the managerial expenses at Rs 100 per hectare (ha) for the first two years and Rs 75 per ha for the third year, to be restricted, in either case, to the actual expenditure.

Test-check of records revealed that the Superintending Engineer (SE), Agricultural Engineering (AE), Coimbatore Region released management subsidy of Rs 67.88 lakh (Rs 28.14 lakh in 1993-94 and Rs 39.74 lakh during 1994-95) to 41 farmers' councils under Parambikulam - Aliyar Project. These councils invested the entire subsidy amount of Rs 67.88 lakh in fixed deposits in nationalised banks in April 1994 and during April-May 1995 (short term deposit: Rs 45.65 lakh and term deposit: Rs 22.23 lakh). The subsidy released was not utilised and only the interest accrued on the deposits was utilised by the councils.

As Government of India (GOI) clearly issued (November 1987) instructions to the effect that the management subsidy had to be paid to the farmers' association to the extent of actual expenditure incurred by them or Rs 100 per ha for the first 2 years and Rs 75 per ha for the third year whichever was less, the release of subsidy to councils without ascertaining the actual need for expenditure and investment of the same in fixed deposits without the prior approval of GOI was irregular. The SE(AE) stated (May 1996) that the statement of accounts had not been obtained from the farmers' councils to which the management subsidy was released to ascertain the actual expenditure incurred on the maintenance and repair of the field channels and field drains.

The Department stated (August 1997) that as there was no possibility of incurring maintenance and repair expenses immediately after the completion of works under CADP, producing the statements of accounts did not arise. Department further stated that the deposit of subsidy was justified as per the revised financing pattern given by GOI for 1996-97 and the statement of accounts would be obtained before the sanctioning of the second instalment. The reply of the Department was not tenable because (a) the subsidy was released prematurely without ascertaining the necessity and requirement (b) the revised guidelines of GOI permitting the subsidy to be deposited in bank from 1996-97 were applicable only to the "one time functional grant" allowed under this scheme from 1996-97 and (c) the Department should have obtained the details of actual expenditure incurred out of the subsidy released from the concerned councils, as the subsidy itself was to be restricted to the actual expenditure incurred, as per the guidelines.

As the pattern of assistance itself was revised from 1996-97, the Department should collect the unutilised amount out of the management subsidy released upto 1995-96 to various councils in the State and refund the same to Government of India.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

3.6 Delay in establishment of production units for spawn and compost for mushroom cultivation

In February 1993, Government of India (GOI) sanctioned establishment of two Spawn Production Units (SPUs) and two Pasteurised Compost Production Units (PCPUs) for 1993-94 and 1994-95 at a cost of Rs 8.50 lakh and Rs 20 lakh each respectively for increasing production and improving quality of mushrooms and also to help in providing spawn and compost to small and marginal farmers at a subsidised rate. Central assistance amounting to Rs 44.50 lakh was released to Government of Tamil Nadu (GTN) between March 1993 and March 1996 for implementation of the scheme.

In January 1994, GTN sanctioned the implementation of the scheme through the Director of Horticulture and Plantation Crops (DHPC) and accorded sanction for construction of one PCPU and one SPU at a total cost of Rs 28.50 lakh. Construction work of both Units including purchase and installation of machinery and equipment was scheduled to be completed by March 1995. A test-check of the records of DHPC revealed the following:

(a) Establishment of PCPU

As per original sanction (January 1994), the unit was to be established at Ambattur. In March 1994, location was shifted to Udhagamandalam due to non-availability of land at Ambattur and the Joint Director of Horticulture (JDH), Udhagamandalam was instructed (April 1994) by the DHPC to select a suitable site. Blue prints obtained in April 1994 from the National Centre for Mushroom Research and Training (NCMRT), Solan were sent to Chief Engineer (Buildings) for establishing the Unit at Doddabetta near Udhagamandalam. As there was no water supply and electricity at Doddabetta farm, the proposed location was changed again (September 1994) to Thummanatti at the instance of the JDH, Udhagamandalam. The location was shifted again (February 1997) to State Horticultural Farm (SHF), Colgrain considering the hazards of pollution in the surrounding villages of Thummanatti which might arise in future. Meanwhile, the estimated cost of the Project was revised (January 1995) to Rs 48.70 lakh and GOI was requested in January 1995 for additional allocation of Rs 28.50 lakh. In July 1996, GOI revised the cost of PCPU to Rs 28.50 lakh. Estimates for civil works for the units for Rs 12.26 lakh were sanctioned in March 1997. The work had not been taken up as of May 1997.

(b) Setting up of SPU

GTN approved (March 1994) establishment of one SPU at Madhavaram. Chief Engineer, Public Works Department (PWD) was requested by DHPC in May 1994 to execute the construction. The PWD requested the Department in October 1994 to hand over the site. In spite of repeated reminders, the Department could not transfer the land as it was sought by the Tamil Nadu Housing Board for housing purposes. It was only in August 1995, that the land measuring 1.70 acres was handed over to PWD. As of May 1997, the construction of the building was nearing completion and an expenditure of Rs 5.92 lakh had been incurred. In the meanwhile, the cost of SPU was revised in July 1996 to Rs 11.50 lakh. The equipment, chemicals, furniture, etc., required for the functioning of the SPU had not been procured as of May 1997.

Thus, due to delay of more than three years (February 1994 to February 1997) in selecting the place to locate the PCPU and a delay of ten months in handing over the site for construction of the SPU, the units scheduled to be made functional by March 1995 could not be completed as of May 1997. Out of Central assistance of Rs 44.50 lakh received upto March 1996 for the purpose, only Rs 5.92 lakh had been utilised and the balance of Rs 38.58 lakh remained unutilised as of November 1997 (Rs 15.08 lakh for more than 3 years and Rs 23.50 lakh for more than one year). Moreover, a cost overrun of Rs 2.32 lakh was also noticed in the construction of the building for SPU at Madhavaram as of May 1997 and the possibility of cost overrun for the remaining two buildings could not also be ruled out.

Government stated (May 1997) that the DHPC had intimated that the establishment of SPU and PCPU had been delayed mainly due to inadequate funds and identification of agency for construction work and the Joint Director of Horticulture, Udthagamandalam had been directed to depute an officer to learn the technologies and the machineries involved in SPU and PCPU to Solan in Himachal Pradesh in view of the fact that such technical expertise was not immediately available in the State. It was further stated by Government that the proposal for necessary staff to run the unit would be sent by the DHPC after the detailed study about the functioning of similar units elsewhere in the country. However, it was observed that the DHPC had sought for the sanction from the Government as early as in August 1993, for deputing 2 Assistant Directors of Horticulture and 2 Horticultural officers to NCMRT, Solan for taking up training in various aspects of spawn/pasteurised compost production and maintenance of machinery and equipment connected with mushroom production and no action was taken in this matter either by Government or by the Department. As the purchase of special and other equipment, raw materials, chemicals, etc. for these units after the construction of the building require technical expertise, no further action could be taken by the Department in the establishment of the units unless the required officers and staff were got technically trained.

Government further stated (October 1997) that the technical problems encountered by the Department could not be foreseen by it at the time of proposal for establishment of the SPU and PCPU and also stated that as there was much apprehension about the utilisation of these units as per the latest knowledge gained, the Joint Director of Horticulture and Plantation Crops had been directed to submit a feasibility report after studying the position in other States where such units were constructed and functioning.

The contention of Government was not tenable, since Government should have examined the feasibility of the Project before starting the construction of the building for the SPU and incurring of expenditure of Rs 5.99 lakh.

Thus, the establishment of SPU and PCPU sanctioned in February 1993 for increasing the yield of mushrooms by improving the quality of compost could not materialise even after a lapse of 4 years besides blocking of Central assistance of Rs 44.50 lakh without any useful purpose.

3.7 Delay in Establishment of Cashew Nursery

For the implementation of the Centrally Sponsored Integrated Development Programmes of Cashewnut, Government of India (GOI) sanctioned (December 1993), among other things, establishment of three Regional Nurseries during 1993-94 for production of cashew clones* with a view to undertaking plantation of cashew trees. One such nursery was proposed to be established by the Horticulture Department in the State Horticultural Farm (SHF) at Neyveli at an estimated cost of Rs 30 lakh (recurring: Rs 22 lakh; non-recurring grant: Rs 8 lakh) for the period 1993-94 to 1996-97. GOI would release Rs 12 lakh as a revolving fund after deducting Rs 18 lakh towards estimated sale value of grafts. A sum of Rs 12 lakh (Rs 8 lakh in March 1994 and Rs 4 lakh in April 1994) were released by GOI. The rate of survival of the plants was estimated to be 60 *per cent*.

Government released Rs 8 lakh to Director of Horticulture and Plantation Crops (DHPC) in February 1994 for provision of infrastructural and irrigation facilities at SHF, Neyveli. The work was entrusted (November 1994) by DHPC to Tamil Nadu Agro Engineering and Service Co-operative Federation Limited (ENCOFED) and Rs 8 lakh were released to ENCOFED in November 1994 with instructions to carry out the civil works for Rs 5 lakh as per the estimate approved by the Directorate of Cashewnut, Cochin.

Estimate for sinking borewell (Rs 4.69 lakh) received by DHPC in December 1994 from ENCOFED was revised in March 1995 for Rs 4.30 lakh which was technically approved in June 1995. The work of sinking of borewell was completed at the cost of Rs 4.60 lakh in March 1996.

* Cashew clones generated and multiplied through soft wood grafts.

Rupees 3 lakh were released by DHPC to ENCOFED in March 1995. The plans and estimates for augmenting the irrigation facilities in the SHF, Neyveli by supplying and erecting submersible motor and submersible pipes sent by ENCOFED in October 1995 for Rs 6 lakh were approved by Chief Engineer (Agricultural Engineering) (CE(AE)) only in October 1996 for Rs 5.06 lakh mainly because of the delay in getting the administrative and technical approval from DHPC. The work started in January 1997 was completed in May 1997 at a cost of Rs 5.06 lakh.

The following observations are made :

- (i) The Regional Nursery started functioning from November 1994. Though DHPC was well aware in December 1995 that the irrigation facilities already available in the farm were inadequate for meeting the requirement for raising the nursery, the Directorate did not take effective action in augmenting the irrigation facilities. The required works were taken up in piece-meal and there was delay in getting the estimates sanctioned by the CE(AE). As a result, the percentage of production of cashew clones which was ranging from 75 to 100 during 1993-94 and 1994-95 declined during 1995-96 to 30 *per cent* against the target fixed by State Government. In 1996-97, Government revised the target to show better achievement even though there was no improvement in achievement in absolute numbers.
- (ii) The estimated expenditure for the scheme for the period from 1993-94 to 1996-97 was Rs 30 lakh of which Rs 18 lakh was proposed to be met from the revenue to be accrued by the sale of grafts. However, Rs 6.57 lakh were only realised as revenue by the sale of grafts during the above period and even this amount of revenue was not utilised for incurring expenditure under the scheme as proposed but credited as revenue to the State.

The DHPC stated (July 1997) that since diversion of water pumped out from the mines was not possible because of long distance, they decided to sink the borewell after revising the plans and estimates and getting sanction which led to considerable delay. The reply of the Department was not tenable because the Department should have assessed the requirement of water and the source from which the water was to be drawn with necessary infrastructural facilities at the initial stage itself as it was well known that underground water resources were not available in adequate quantity in Neyveli, being a place of large scale mining activities.

Thus, the delay on the part of the Department to propose and provide all the irrigation facilities required within a reasonable period had resulted in the non-achievement of the objective even after four years from the date of sanctioning of the scheme in spite of incurring an expenditure of Rs 12 lakh.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

3.8 Delay in establishment of Integrated Pest Management Centre

In order to reduce over-dependence on use of pesticides, Government of India (GOI) sponsored during 1992-93 the Integrated Pest Management (IPM) scheme for strengthening bio-control laboratories and sanctioned in March 1993, a grant of Rs 12.50 lakh for setting up an IPM Centre in Tamil Nadu. The amount was credited to the State Government in March 1993. The State Government sanctioned (June 1994) Rs 12.50 lakh for purchase of equipment and furniture, rent, etc. In January 1995, three residential quarters in Madurai were taken for the purpose, pending certain modifications/repair works to be carried out in the building structure for fixing laboratory equipment, air-conditioner, etc. In April 1995, equipment and furniture worth Rs 10.05 lakh were purchased. Later, however, after realising that the quarters did not have three-phase electricity connection and that the rooms were too small to install some of the equipment, Department decided (July 1995) to utilise these quarters as hostel for trainees and the existing hostel as laboratory. The plans and estimates for the modification of the hostel buildings at a cost of Rs 0.98 lakh had not been approved (April 1997) by the Director of Agriculture, Chennai.

Thus, the delay of over 2 years in identification of a site coupled with selection of unsuitable premises and later on delay in carrying out the required modifications in the changed premises led to an inordinate delay of over four years in setting up of the IPM centre. Besides, the equipment and furniture procured at a cost of Rs 10.05 lakh were also kept without use.

The matter was referred to Government in April 1997; Government stated (August 1997) that the IPM Centre had started functioning from March 1995 and the entire Central assistance (Rs 12.50 lakh) had been spent fully.

The reply of Government was factually incorrect. It was stated by the Deputy Director of Agriculture (Water Management Training Centre), Vinayagapuram in April 1997 that the estimate submitted for conversion of hostel building into IPM bio-lab was not sanctioned as of March 1997. Only the residential quarters were provided with three phase electricity connection and the estimate for construction of IPM Training Centre was not received from Public Works Department and production of some bio-control agents would start only in 1997-98 for want of steam generator.

AGRICULTURE AND PUBLIC WORKS DEPARTMENTS

3.9 Defective construction of godown for storage of breeder foundation seeds

Codal provisions underline the necessity for preparation of estimates of any work only after conducting a thorough investigation at the site and departmental instructions issued by Chief Engineer (Buildings) in 1980 thereunder stressed the need

for adopting only under-reamed pile foundation with 30 centimetre (cm) earth filling for works in black cotton/clayey soils. Non-adherence to these instructions by the Public Works Department (PWD) in the construction of a seed godown for Agriculture Department was noticed as discussed below.

Government sanctioned (June 1981) construction of a temperature humidity controlled godown with cold storage facilities at Coimbatore for storage of breeder foundation seeds by the Agriculture Department. Technical sanction was accorded by the Chief Engineer (Buildings), PWD, Chennai in May 1982 for Rs 8.25 lakh. Due to delay in deciding the configuration of the cold storage plant, the building work scheduled to be completed in September 1982 could be completed only in January 1984 at a cost of Rs 5.47 lakh. The installation of cold storage plant (Rs 3.43 lakh) completed in August 1986 was taken over by Agriculture Department in December 1987 after testing. Meanwhile, in September 1986, cracks in the walls of the godown were noticed by the Joint Director of Agriculture, Coimbatore and PWD was requested to undertake the repair works. The Assistant Executive Engineer (AEE), (Agricultural Engineering), Seed Processing Unit (SPU), Salem who inspected the godown in December 1987, noticed cracks in the floors also, and requested PWD to rectify the defects.

Superintending Engineer (SE), Planning and Design Circle of PWD, Chennai who inspected the site only in August 1989 attributed the cracks on the walls to drying and shrinkage of the foundation soil and therefore recommended for major rectification works including redoing the flooring with slip joints and providing suitably designed structural flooring to the godown. However, only minor repair works in small portions (Rs 0.10 lakh) were carried out in February 1990. By then, the cold storage unit became non-functional due to its non-usage for a long time. Before it could be recommissioned, cracks again reappeared (November 1990) resulting in sinking of the floor and consequent disconnection of pipe line connections under the flooring of the humidity control plant room.

In June 1996, soil samples were taken from trial pits dug at the site and particulars thereon forwarded (November 1996) to the Soil Mechanics and Research Division, Chennai for testing and suggesting remedial measures for rectification of defects. Further report on the action taken was awaited (November 1996).

A sum of Rs 6.26 lakh towards repair works (buildings: Rs 5 lakh, electrical works : Rs 1.26 lakh) was sought for in revised estimate 1996-97. The defects had not been rectified and the godown had not been put to use so far (November 1997).

Records perused indicated that

- (i) no detailed investigation at the site was conducted by PWD before finalising the estimate,

(ii) while the site comprised black cotton soil, only conventional foundation consisting of earth filling upto 15 cm had been resorted to, though under-reamed pile foundation with 30 cm sand filling was specifically prescribed to prevent structural cracks endangering the safety of the building.

Thus,

(i) there was a delay of more than five years in completing the seed storage plant since September 1982 to December 1987.

(ii) permanent repair works had not been carried out so far (November 1997) to make the godown functional even after a lapse of ten years since the reporting of defects first in September 1986 and

(iii) non-adoption of proper foundation technique in the construction of the godown resulted in infructuous expenditure of Rs 10.83 lakh (including the cost of generator with generator room : Rs 1.83 lakh).

The matter was referred to Government in April 1997; reply had not been received (December 1997).

ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

3.10 Review of selected activities of Fisheries Department

3.10.1 Introduction

The Fisheries Department was established with the main objectives of exploitation of marine resources and culture of inland and brackish water fisheries so as to step up production and make fish available for public consumption at reasonable rates. Present activities of the Department included survey of new fishing grounds, mechanisation of traditional crafts, enforcement of Marine Fisheries Regulation Act, taking up of culturable inland waters for intensive fish culture, effective utilisation of brackish water spreads and implementation of various other socio-economic measures for welfare of fishermen.

3.10.2 Organisational set up

Animal Husbandry and Fisheries Department is headed by the Secretary to Government of Tamil Nadu (GTN). The schemes are implemented through the Commissioner of Fisheries assisted by three Joint Directors, one each for Marine Fisheries, Inland Fisheries and Research and five Deputy Directors (Marine/Inland/Mariculture/Engineering/Extension Service). At regional level, schemes

are implemented through Joint Directors in five Administrative Regions and at district level by sixteen Assistant Directors. There are four Inshore Fishing-cum-Survey Stations, six Fishermen Training Centres, three Extension Centres, two Brackish water survey and extension units. All these units are headed by Assistant Directors. Research wing of the Department is under the charge of a Joint Director (Research) who is assisted by seven Assistant Directors.

3.10.3 Audit Coverage

A review of selected activities of the Fisheries Department during 1994-95 to 1996-97 was conducted by test-check of records (April 1997 to July 1997) of the Animal Husbandry and Fisheries Department of the Secretariat, Commissionerate of Fisheries and 10 out of 35 regional/district level offices¹.

3.10.4 Highlights

- Rupees 2.50 crore were drawn by Commissioner of Fisheries in March 1995 against the voted provision of Rs 50 lakh in 1994-95 and transferred to Personal Deposit Account of Tamil Nadu Fisheries Development Corporation. Approval of the Legislature for the excess drawal of Rs 2 crore was not obtained through supplementary demands. The entire amount was shown as expenditure during the year though actually no expenditure was incurred in that year.

(Paragraph 3.10.5.2 (i))

- Government sanctioned in March 1997, Rs 11.76 lakh towards payment of increased insurance premium for the coverage of fishermen without providing funds in the supplementary estimates. The expenditure was, however, met from the funds provided by Government of India for the existing scheme.

(Paragraph 3.10.5.2 (iii))

- Revenue receipts under 'Rent' and 'Licence fees' during 1993-94 to 1995-96 were persistently underestimated with the shortfall ranging from 30 per cent to 170 per cent.

(Paragraph 3.10.5.2(iv))

- Commissioner placed orders in March 1995 in haste for purchase of 10,000 aluminium fish containers on a Society which was not a manufacturing

¹ (i) Regional Deputy Director, Nagapattinam; (ii) Regional Assistant Directors (3) : Chengalpattu, Cuddalore and Thanjavur; (iii) Assistant Director of Fisheries (Inshore Fishery Station), Pazhayar; (iv) Assistant Director of Fisheries, Fishermen Training Centre, Nagapattinam; (v) Assistant Director of Fisheries (Inland Fish culture and Marketing), Chidambaram and Villupuram; (vi) Development Officer, Cuddalore and (vii) Executive Engineer (Fishing Harbour Division), Thanjavur.

unit. Rupees 9.75 lakh were paid in advance. The Society supplied only 4721 containers as of November 1997 and retained the balance of Rs 5.15 lakh.

(Paragraph 3.10.5.3)

- Unutilised Government grant released for discharging guarantee liabilities totalling Rs 83 lakh was retained by the Tamil Nadu Fisheries Development Corporation for 3 to 9 years. Rupees 19.51 lakh recovered by the Corporation from fishermen during May 1986 to September 1990 towards repayment of loan were not remitted into Government account as of July 1997 and were utilised by the Corporation.

(Paragraph 3.10.5.4)

- Central assistance of Rs 4.50 crore for implementation of a scheme formulated in April 1994 for enforcing Marine Fishing Regulation Act, remained unutilised as of July 1997 due to delay in decision making.

(Paragraph 3.10.6.1(i))

- Rupees 30 lakh were drawn and kept in Personal Deposit account of Tamil Nadu State Apex Fisheries Co-operative Federation without immediate requirement for the implementation of the scheme for replacement of nets, which was a non-starter.

(Paragraph 3.10.6.1(ii))

- Under the Integrated Marine Development Project, funds were released during 1992-93 to 1996-97 to Tamil Nadu State Apex Fisheries Co-operative Federation without ascertaining the funds remaining unspent at the end of each year, resulting in blocking of Rs 1.90 crore outside the Government account.

(Paragraph 3.10.6.3 (i))

- Under the scheme of intensive inland fish culture implemented in three districts since 1984, in test-checked Villupuram District, stocking of fingerlings during 1994-95 to 1996-97 ranged between 17 and 65 *per cent* and exploitation ranged between 5 and 21 *per cent* even after reducing the targets. The Department had spent Rs 55.72 lakh on the scheme in the District.

(Paragraph 3.10.6.3 (ii))

- Department's unrealistic target to cover 6107 traditional crafts for motorisation within a year under the scheme "Development of Coastal Marine Fisheries through Motorisation of Traditional Crafts" resulted not only in shortfall in coverage of 4,510 crafts but also retention of Rs 7.26 crore in the Personal Deposit Account of Tamil Nadu Fisheries Development Corporation.

(Paragraph 3.10.6.4 (i))

- Even while 3.85 lakh dhoties and 2.27 lakh sarees were available in Government stock, Commissioner of Fisheries purchased 1.94 lakh dhoties and 1.64 lakh sarees for distribution to fishermen and women, which resulted in additional expenditure of Rs 1.95 crore.

(Paragraph 3.10.6.4 (ii))

- Lack of proper control in operation of staff on schemes already discontinued resulted in infructuous expenditure of Rs 76.83 lakh.

(Paragraph 3.10.7.1)

3.10.5 Financial Management

3.10.5.1 Utilisation of resources

Details of budget provision and expenditure incurred thereagainst during 1994-95 to 1996-97 were as under :

(Rupees in crore)

Year	Non-plan schemes		Plan schemes				Total	
			State plan		Centrally sponsored/ other assisted plan schemes			
	Budget Provision	Actual Expenditure	Budget Provision	Actual Expenditure	Budget Provision	Actual Expenditure	Budget Provision	Actual Expenditure
1994-95	14.30	13.78	8.18	8.62	17.11	19.24	39.59	41.64
1995-96	9.75	9.93	7.85	7.62	17.28	17.21	34.88	34.76
1996-97	11.11	11.09	17.98	17.60	25.01	24.67	54.10	53.36

Increase during 1996-97 under State Plan Schemes was due to increased allocation (Rs 10.13 crore) for construction of houses for fishermen and under Central Plan schemes (Rs 7.73 crore) due to increased allocation for the scheme of construction of mechanised fishing boats.

3.10.5.2 Budgetary procedure and expenditure control.

For watching the progress of expenditure under a grant and for keeping it within the sanctioned grant or appropriation, the budgetary rules and procedures laid down in the Tamil Nadu Budget Manual (Volume I) required certain specific regulations to be followed by the grant administering authority which, *inter alia*, included (i) proper formulation of the estimates, (ii) proper communication of appropriation to field officers and (iii) analysis of trend of expenditure and application of mind to the regulation of expenditure. It was clearly stipulated that the controlling officer was responsible to provide the additional funds required either by reappropriation or through supplementary estimates after obtaining necessary sanction of the Legislature. The procedure was found to be not effective in the Department and cases of non-compliance with the procedure for the budgetary and expenditure control, noticed by Audit during test-check were as under :

- (i) A Centrally sponsored scheme of mechanisation of traditional crafts was being implemented in the State since the Seventh Plan period with the objective of tapping the under-exploited marine and coastal sources and thereby increasing fish production.

Expenditure on the scheme was to be shared equally by Government of India (GOI) and the State Government. GOI released Rs 1.25 crore during 1994-95. While releasing the funds of Rs 2.50 crore (Rs 50 lakh in October 1994 and Rs 2 crore in March 1995) for the scheme implementation, GTN, pending provision of funds in the budget, instructed the Commissioner of Fisheries (COF) to draw and deposit the amount in the Personal Deposit (PD) Account of Tamil Nadu Fisheries Development Corporation (TNFDC). The entire amount was booked as expenditure even though there was provision for Rs 50 lakh only.

The transfer of Rs 2.50 crore to PD account of TNFDC and showing the entire amount as expenditure as against budget provision of Rs 50 lakh resulted in excess expenditure of Rs 2.00 crore under the Head "2405-103-VI-UC Construction of Mechanised Fishing boats" and under 'Grant 21 - Fisheries' for 1994-95, Rs 2.54 crore over the voted grant which was pending regularisation as of July 1997. COF, the Controlling Officer responsible for watching the progress of expenditure under the Grant and for keeping it within the sanctioned grant, stated in July 1997 that sanction orders were received only after presentation of estimates to the Legislature. However, sanction orders of Government (Animal Husbandry and Fisheries Department) for Rs 1.50 crore were already issued (Rs 0.50 crore on 11 October 1994 and Rs 1 crore on

21 March 1995 before the presentation of the final supplementary estimates (27 March 1995) and for Rs 1 crore issued (on 29 March 1995) 2 days after presentation of the supplementary estimates. Thus, the expenditure of Rs 2 crore was incurred by the COF without obtaining the approval of the Legislature through supplementary estimates in contravention of the prescribed budgetary procedure.

(ii) Under the sub-head "2225-03-283-II-JE - Construction of houses for fishermen", Superintending Engineer (SE), Fishing Harbour Project Circle and Assistant Directors (ADs) of Fisheries were incurring expenditure, the former for Civil Works (supply of materials) and the latter for making stage payments. COF in his express memorandum dated 24 February 1995 instructed the SE, Fishing Harbour Project Circle to utilise Rs 1.77 crore of additional provision proposed to be made in the Final Modified Grant through supplementary estimates for the year 1994-95 for execution of civil works relating to construction of houses for fishermen. However, only Rs 1.15 crore were approved by the Finance Department and got sanctioned through supplemental estimates. But, the expenditure was incurred by the SE, Fishing Harbour Project Circle, to the tune of Rs 1.66 crore on this component. This excess expenditure of Rs 0.51 crore contributed to the final excess of Rs 0.44 crore under the sub-head. The action of the COF in allowing the expenditure without securing suitable provision in the supplementary estimates was in gross violation of the prescribed budgetary procedure.

(iii) With a view to increase the amount of insurance coverage for 2.90 lakh active fishermen (from Rs 35,000 to Rs 50,000) on account of accidental death with effect from 25 March 1997 under the existing Centrally sponsored scheme, Government sanctioned Rs 11.76 lakh on 24 March 1997 towards payment of increased premium to be met out of State's funds. Government directed COF to draw and disburse the amount after the supplementary estimates were voted by the Legislature since additional funds would be provided for this purpose in supplementary estimates. The amount was drawn by COF and disbursed to United India Insurance Company on 25 March 1997.

It was seen that, the Legislative Assembly had already voted the final supplementary demands for 1996-97 on 17 March 1997. This indicated that the proposal was not included in the supplementary estimates sent to Finance Department. Moreover, though in the Government order the expenditure was intended to be incurred under State scheme after obtaining provision in the supplementary estimates, no separate head of account under State scheme was identified for the purpose and the expenditure as and when incurred, was ordered to be debited to the existing Centrally sponsored scheme head. The expenditure was, thus, incurred against the provision for the Centrally Sponsored scheme in the same Grant by wrongly booking the expenditure under the head "2405-00-800-Other Expenditure-III Centrally sponsored -SB Tamil Nadu Fishermen Group Insurance-11 -Subsidies".

(iv) According to Rules not merely should all items of revenue receipts that could be foreseen be provided in the Estimate, but these should also be estimated as accurately as possible. However, huge variations between the estimates and actuals were noticed during 1992-93 to 1995-96. Analysis of the variations revealed that there was persistent underestimation ranging from 30 *per cent* to 170 *per cent* of receipts under 'Rent' and 'Licence fees' which could have been estimated much more accurately.

3.10.5.3 Violation of financial norms in the purchase of aluminium containers

Government sanctioned (May 1994) Rs 10 lakh for purchase and distribution of aluminium fish containers to 10,000 fisherwomen to facilitate hygienic handling. Fifty *per cent* of the estimated cost of Rs 200 was borne by Government as subsidy and the balance was to be met by fisherwomen. The share of the beneficiaries was to be collected in advance by fisherwomen's co-operative societies and deposited with the Department before purchase.

The lowest offer from Society 'A' at Rs 167 per container was not considered as it was not manufacturing the containers. With a view to speed up the process, orders were placed in February 1995 with Society 'B', the second lowest offerer, which was also not manufacturing the containers, for supply of 2,709 containers at Rs 195 per container. The stipulated date of completion of supply was 4 March 1995. Society 'B' did not effect any supply and anticipating delay in supply, COF proposed in 14 March 1995 to Government to withdraw the sanctioned amount of Rs 10 lakh and deposit it with Tamil Nadu State Apex Fisheries Co-operative Federation (TAFCOFED).

While the proposal was pending and the supply order with Society 'B' had not been cancelled, COF considered the direct offer of another Society 'C' and placed orders on 24 March 1995 for supply of 2709 containers at the same rate of Rs 195 per container. Fifty *per cent* of the cost was also collected (Rs 2.64 lakh) from 2,709 beneficiaries in January 1995. The Society was to supply the containers by 31 May 1995. Rupees 2.64 lakh were paid to Society 'C' on 31 March 1995. Government approved on 30 March 1995 the proposal of COF for transferring the amount of Rs 10 lakh to TAFCOFED.

After paying Rs 2.64 lakh to Society 'C', the balance of Rs 7.36 lakh was drawn and deposited with TAFCOFED on 31 March 1995. On 7 April 1995, Rs 7.11 lakh were paid to Society 'C' for the supply of remaining 7291 containers also, even before identification of the beneficiaries and receipt of their 50 *per cent* contribution.

The containers were to be supplied direct to the respective ADs of Fisheries who would receive the same after making payment of the proportionate fifty *per cent* cost collected from the beneficiaries and effect distribution. The society

supplied only 4,721 containers by December 1995 after payment of beneficiaries' contribution to the tune of Rs 4.35 lakh. No supply was made thereafter. In June 1996, the department got verified that there was no manufacturing unit at the site address. The Department had filed a criminal complaint against Society 'C'.

The following observations are made :

- (i) Placing order in February 1995 on Society 'B' which also was not a manufacturing unit at an enhanced rate of Rs 195 per container was not in order because the department had earlier rejected the lowest offer of Society 'A' on the same ground.
- (ii) Action of COF to place orders with Society 'C' in March 1995, which was also not a manufacturing unit, even before cancelling the earlier order and getting the approval of Government and also without verifying the antecedents of the Society 'C' was hasty and lacked justification.
- (iii) The agreement executed with Society 'C' did not provide any penal clause for belated/non-supply, which put the Department in an unfavourable position in regard to recovery of cost of containers not supplied.
- (iv) There was no provision in the agreement to make advance payment and the action of the Department to advance the entire cost of the containers before the supply and without taking any safeguard, was questionable and imprudent.

Thus, Government funds of Rs 5.15 lakh spent in the process remained unproductive and the scheme objective also was not largely achieved.

3.10.5.4 Non-collection of dues

COF did not maintain the consolidated position of demand, collection and balance for all the revenue heads covering rent, sale of fish, lease, etc., as of March 1997. In reply to audit query, COF stated in October 1997 that this would be maintained in future.

Test-check of records revealed the following:

- (i) Government sanctioned in June 1988, January 1989 and June 1994 Rs 5.76 crore as grant to TNFDC towards discharge of guarantee liabilities of Government for bank loans sanctioned during 1974-75 to 1977-78 under the scheme for distribution of mechanised fishing boats to marine fishermen. The funds were released by Government based on the proposals of TNFDC and after discussions with the banks. TNFDC settled the entire bank dues totalling Rs 4.93 crore upto June 1994 and retained the unutilised grant of Rs 83 lakh as of March 1997.

Though, COF was the ex-officio Chairman-cum-Managing Director of TNFDC, government dues were not refunded.

(ii) While sanctioning the discharging of guarantee liabilities under the scheme, Government issued instructions in June 1988 that the amount recovered towards repayment of loan by the fishermen was to be remitted into Government account.

Though TNFDC collected Rs 19.51 lakh (during May 1986 to September 1990) towards loan repayment by the fishermen, the amount was not remitted into Government account as of July 1997 but was utilised for salary, travelling allowance to staff, legal expenses, etc., for collection of dues. COF did not furnish the reasons for not recovering from TNFDC Rs 19.51 lakh (July 1997).

(iii) Under the above scheme, Government also sanctioned 15 *per cent* margin money loan amounting to Rs 1.27 crore which was distributed to fishermen through TNFDC. The recovery of the loan was not effected by TNFDC and remitted into Government account as of July 1997. The TNFDC informed Government in July 1994 that the margin money loan was to be recovered from fishermen after the bank loan was cleared and as the Government itself had discharged its guarantee liabilities in June 1988 and June 1994, the question of recovery of margin money loan did not arise. As the Government had not issued any specific orders on the question of recovery/write off of the margin money loan due from the fishermen, the contention of TNFDC was not valid.

3.10.6 Programme/Scheme Management

The total fish production in the State declined from 4.09 lakh tonnes at the commencement of VII Plan (1984-85) to 3.64 tonnes by the end of VII Plan (1989-90). There was a marginal increase during VIII (1992-97) Plan to 4.58 lakh tonnes. But this was short of 5.20 lakh tonnes targeted for VII Plan. No specific target was projected for VIII Plan. The shortfall traceable to poor catches mainly from inland source was attributed to non-availability of perennial water sources, gap between the breeding season of the major carps and onset of north east monsoon and receipt of less discharge in the Cauvery water area after the Cauvery dispute.

The Department could have taken into account these constraints, while drafting the project programmes for the plan periods.

In this context, the programme management by the Department in formulating, monitoring and implementing the schemes was reviewed. Results of test-check were as under:

3.10.6.1 Formulation of schemes

(i) During 1993-94 to 1996-97, GOI released Rs 4.50 crore for purchase of patrol boats to enforce the Marine Fishing Regulation Act. COF proposed to

Government in April 1994 that 5 patrol boats would be based at Kanyakumari, Mallipatnam, Chennai, Rameswaram and Tuticorin for which boats were to be purchased and for the sixth base at Pazhayar existing (32 feet) boat would be utilised. Government's approval was accorded only in November 1995 after a delay of 18 months since the date of proposal (April 1994), after which tender was called for in December 1995. Approval of the Government for accepting the lowest tender was sought for by COF on 3 May 1996, with the validity of the tender expiring on 5 May 1996. The matter was under correspondence between COF and Government and further action was pending (July 1997). Thus, neither the boats had been purchased nor the unspent Central assistance refunded, as required by GOI in March 1997.

The scheme formulated as early as in April 1994 for enforcing the provision of Marine Fishing Regulation Act could not be implemented even after a lapse of 3 years and the Central assistance of Rs 4.50 crore remained unutilised (July 1997).

(ii) In March 1996, Government approved a scheme for payment of 10 *per cent* subsidy to marine fishermen for replacing the fishing nets every year. The scheme was to provide Rs 20 lakh as working capital assistance to TAFCOFED and Rs 2 crore towards the 10 *per cent* subsidy component to fishermen. The scheme was to be implemented by TAFCOFED through the Fishermen Co-operative Societies. As the sanction was issued at the fag end of the financial year, the scheme could not be implemented during 1995-96. In December 1996, Government revised the sanction to Rs 10 lakh and Rupees one crore towards the working capital assistance and subsidy component respectively without assigning any reason.

The modalities proposed by the COF in September 1996 for the implementation of the scheme had not been approved by Government as of July 1997. However, in March 1997, Rs 30 lakh (Share Capital assistance: Rs 10 lakh and Subsidy: Rs 20 lakh) were drawn and deposited in the PD account of TAFCOFED, kept with Government. COF stated (July 1997) that the amount was kept in PD account as the response from fishermen was awaited since the subsidy was only 10 *per cent*.

Retention of Rs 30 lakh in the PD account for a doubtful scheme without immediate requirement was irregular.

(iii) In September 1996, based on the proposal of COF (December 1995), Government sanctioned Rs 19.12 lakh towards the purchase of two mechanised fishing boats of 43 ft with equipment, for 2 Fishermen Training Centres (FTCs) (one each) at Chennai and Nagapattinam. The scheme was launched to impart practical training on modern techniques of deep sea fishing, at the FTCs with a total strength of 50 students each. Only at the time of drafting the tender conditions and specifications in March 1997, the Department noticed that the standard deep sea-worthy designs were to be of 43 ft 6 inches instead of the 43 ft design proposed, though TNFDC had been constructing such 43 ft 6 inches boats since 1970 onwards in the State. The Department

further observed that though the intention was to procure 43 ft 6 inches boat only, it was incorrectly mentioned as 43 ft in the proposal sent to Government and that it had been decided to inform Government accordingly. The Department decided (May 1997) to ascertain the type of boats available from the FTCs of neighbouring States.

The provision of Rs 19.12 lakh was surrendered in March 1997. Thus, without ascertaining the specifications of the boats to be purchased, the Department formulated proposal for the purchase of unsuitable specifications which ultimately resulted in continued denial of the training facility to the students of the two FTCs.

3.10.6.2 Monitoring and evaluation at the macro level

Government sought to ensure macro level monitoring and evaluation of all activities through framing of rules for performance budgeting. The main purposes sought to be achieved by performance budgeting were (i) to correlate physical and financial aspects of every programme, project and activity, (ii) to facilitate review and decision making at all levels of operations in the Government machinery as also by the Legislative Assembly, (iii) to make possible more effective performance audit and (iv) to measure progress towards long term and short term objectives as envisaged in the plan documents.

Scrutiny in audit of the performance budget for the years 1993-94 to 1996-97 prepared by the Department disclosed that only statistical relativity of the financial and physical target and achievement in respect of all the schemes implemented was available. The exact terms in which the policy decisions were sought to be translated into action and constraints in achieving the targets in respect of schemes were not brought out to make the performance budgeting comprehensive and more realistic.

In the absence of such a projection for macro level monitoring by the Department, an attempt was made in audit to assess the effectiveness of implementation of individual schemes. The results are mentioned in paragraphs 3.10.6.3 and 3.10.6.4 below.

3.10.6.3 Monitoring of scheme implementation

(i) In April 1992, Government approved implementation of the 'Integrated Marine Development Project' at a cost of Rs 15.88 crore with assistance from National Co-operative Development Corporation (NCDC). The scheme was formulated to provide catamarans, boats, vallams and infrastructural facilities to fishermen at 25 per cent subsidy. The scheme was to be implemented through 34 primary fishermen co-operative societies in 5 coastal districts (Chengalpattu, Chidambaram, Kanyakumari, Ramanathapuram and Thanjavur) with TAFCOFED as the nodal agency. NCDC was to reimburse the actual amount spent by TAFCOFED.

During 1992-93 to 1996-97, Rs 9.57 crore were released by Government to TAFCOFED. Expenditure of Rs 7.67 crore was incurred by TAFCOFED against which NCDC had reimbursed only Rs 7.27 crore to Government of Tamil Nadu as of 31 March 1997. The unspent balance of Rs 1.90 crore remained in TAFCOFED's bank account mainly due to dearth of demand for catamarans and small vallams among fishermen and non-execution of infrastructural facilities as of March 1997.

It was noticed that though the achievement in respect of these components at the end of 1996-97 was far below the targeted level, Government released the funds annually without ascertaining the unspent balance with TAFCOFED every year, resulting in blocking of Rs 1.90 crore outside the Government account.

(ii) The scheme of intensive inland fish culture and marketing was implemented in South Arcot and Madurai Districts from November 1984 by taking over all the inland waters for fishery exploitation. The objectives of the scheme were stocking of quality fingerlings, in about 20,000 ha in South Arcot District (later bifurcated into Villupuram and Cuddalore Districts) and 10,000 ha in Madurai District; exploiting 575 kg of fish per ha; and providing an assured annual per capita income of Rs 5000 to the inland fishermen. In Villupuram District, test-checked in audit during 1994-95 to 1996-97, total area covered for stocking ranged between 17 and 65 *per cent* and exploitation ranged between 5 and 21 *per cent* even after reducing the targets. An expenditure of Rs 55.72 lakh was incurred on the scheme in this District.

Poor stocking was attributed in June 1997 by the Department to the dependence on rainfeeding for most of the tanks and scarcity of fingerlings for stocking. Poor exploitation was attributed to improper conservancy operations and inadequate Government machinery to supervise the fishing operations.

However, it was observed that the scheme itself was ill-conceived and implementation defective for the following reasons:

(a) Success of the scheme depended on optimum level of stocking. While the entire District was rain dependent and received rain during North East Monsoon (October to December), the spawning period of major carp was between May and August during which period most of the inland water sources were dry as admitted by the Department. However, while proposing the scheme, the Department projected that irrigation and long seasonal tanks retained water for about 7 to 9 months in a year which was conducive to harvesting 575 kg per ha. The time gap between the spawning period of major carp and monsoon had not been taken into account while formulating the scheme.

(b) Though the Department was aware of the failure of the scheme ever since it was implemented in 1984 and the reasons for poor exploitation, no remedial action was proposed till July 1994. In August 1994, the Department proposed for

leasing of the tanks to individuals for a tenure of three years, which was accepted by Government in February 1995.

(c) The proposals of the Department did not contemplate the methodologies, conservancy operations and supervision of fishing operations. Records also did not indicate any guidelines issued for these purposes departmentally.

3.10.6.4 Review of selected schemes

(i) Under the scheme of Development of Coastal Marine Fisheries through motorisation of traditional crafts in operation for over two plan periods, assistance was provided to fishermen in the form of subsidy for purchase of outboard/inboard motors for fitment to catamarans and vallams and for fishing gears. Subsidy upto a maximum of Rs 12,000 for motors and Rs 6,000 for gears for each catamaran was to be shared equally by GOI and GTN. Against the targeted number of 5,000 crafts to be covered during VIII plan period, only 503 were covered upto 1993-94. For 1994-95, GOI released Rs 1.80 crore to cover 3,000 crafts. GTN released to COF Rs 2.50 crore (consisting of Rs 1.25 crore of State share) in 3 instalments (October 1994 and March 1995) to cover 2,500 crafts only. Rs 50 lakh were also released by GOI in March 1995. 2,486 crafts were covered during 1994-95.

In March 1996, COF reassessed the requirement for the period 1990-91 to 1996-97 as 11,000. As 4,893 crafts had already been covered upto 1994-95, the requirement of funds for the remaining 6,107 crafts was worked out as Rs 10.99 crore. Against its share of Rs 5.50 crore, GOI released Rs 4.45 crore after adjusting Rs 1.05 crore already lying unutilised with the State Government.

GTN, however, sanctioned Rs 8.89 crore in June 1996 (retaining a balance of Rs 2.10 crore which included Central grant of Rs 1.05 crore). This amount was drawn and kept in PD account of TNFDC in August 1996. As of July 1997, Rs 1.63 crore had been spent on motorisation of 1,597 crafts out of 6,107 and for supply of nets (gear) in 2 cases only. Balance of 4,510 crafts and nets in respect of 6,105 cases remained to be covered and Rs 7.26 crore remained unspent in PD account of TNFDC.

The following observations are made:

(a) The Department had not properly assessed the required number of crafts to be motorised over the years. The Department had covered 916 crafts during 1990-92. During VIII Five year plan, it had planned to cover 5,000 crafts but in March 1996 the Department had reworked the number to be covered as 11,000 for 1990-91 to 1996-97. The Department attempted to cover a difficult target of 6,107 crafts within a year, which resulted in non-coverage of 4,510 crafts and a huge unspent balance of Rs 7.26 crore lying in PD account of TNFDC.

(b) In the office of Deputy Director of Fisheries, Nagapattinam, the pass-book for Rs 96.50 lakh released by TNFDC and kept in bank was not made available to Audit. Details of interest earned on the balance from time to time and the final balance lying unspent could not, therefore, be ascertained. Reconciliation with the subsidiary cash book was also not possible. In reply to audit query, the Deputy Director of Fisheries, Nagapattinam stated (May 1997) that steps would be taken to obtain the pass-book from State Bank of India.

(c) The Department had not made any evaluation of the results of the scheme for taking remedial action. The prescribed returns furnishing the details of fishing operations and the quantity of fish landed had also not been watched and collected by the Department from the owners of the craft.

(ii) GTN sanctioned (November 1995) Rs 2.33 crore for the purchase and distribution of 2.07 lakh Janata dhoties and 2.03 lakh Janata sarees to the catamaram fishermen and women in Tamil Nadu during 1995-96. Orders for purchase of these items were placed by the COF (November 1995) with Co-optex, Chennai. In January 1996, number of dhoties and sarees to be supplied was revised by COF to 1.94 lakh and 1.64 lakh respectively, without assigning any reasons. The supply was completed by Co-optex at the cost of Rs 1.95 crore in January 1996. After distribution, it was found that 11,491 dhoties and 10,357 sarees remained undistributed. While the initial estimation of the beneficiaries was made by the Department based on the number of fishermen covered by Group Insurance Scheme, the reasons for subsequent downward revision and for the shortfall in distribution were not made available to Audit. The balance of undistributed dhoties and sarees had not been taken back by Co-optex, Chennai as stipulated in the supply order. The cost of undistributed dhoties and sarees amounted to Rs 11.93 lakh.

It was observed that 3.85 lakh dhoties and 2.27 lakh sarees procured under a different scheme were available in May 1995 with the Commissioner of Revenue Administration. This had, however, not been taken into account by the COF while placing the orders in November 1995. Failure to take into account the available stock of dhoties and sarees by the COF resulted in an additional expenditure of Rs 1.95 crore which was avoidable. The objective of providing dhoties and sarees to fishermen and women was not also fully achieved.

(iii) For improving brackish water development and shrimp culture in Tamil Nadu, nine demonstration farms had been functioning at various places since November 1986 in addition to demonstration activities being carried out in one regular farm at Killai, Cuddalore Region in South Arcot District. Out of the ten farms, two farms were leased out. Performance of two farms viz., Killai and Parangipettai of Cuddalore Region (South Arcot District) test-checked during audit revealed the following:

(a) Killai Farm: Year wise achievement against target fixed for five years from 1992-93 to 1996-97 was as under:

Year	Target	Achievement	Shortfall	Percentage of shortfall
	In kg	In kg	In kg	
1992-93	2500	1482.78	1017.22	41
1993-94	2500	125.00	2375.00	95
1994-95	2000	243.00	1757.00	88
1995-96	2000	201.40	1798.60	90
1996-97	1000	347.70	652.30	65

It was observed that the shortfall ranged from 41 *per cent* to 95 *per cent* during 1992-93 to 1996-97. For 1996-97, the achievement was only 35 *per cent* even against the reduced target of 1000 kg. The shortfall was attributed in April 1997 by Development Officer of the farm to damaged shutters which rendered it difficult to control the incoming water. The shutters were damaged during cyclone in 1993 and rectification works proposed for Rs 5.80 lakh in the estimate sent in April 1992 had not been carried out (April 1997).

(b) Parangipettai farm: The performance for the five years 1992-93 to 1996-97 was as under:

Year	Target	Achievement	Shortfall	Percentage of shortfall
	In Kg	In kg	In kg	
1992-93	800	149.45	650.55	81
1993-94	1000	300.70	699.30	70
1994-95	1000	100.60	899.40	90
1995-96	1000	45.80	954.20	95
1996-97	500	NIL	500.00	100

The shortfall of 90 *per cent* during 1994-95 and 95 *per cent* in 1995-96 was attributed in April 1997 by Development Officer of the Farm to heavy siltation, damage to sluice gates and seepage, etc., that occurred due to the cyclone in 1993. Though Rs 2.50 lakh were released in March 1996 to the Fishing Harbour Division, Thanjavur for carrying out repair works, as of April 1997, only 50 *per cent* of the repair works were completed. While the achievement was NIL during 1996-97, expenditure on salary of staff during 1996-97 was Rs 4.51 lakh which was 34 *per cent* more than that during the previous year 1995-96.

One of the two objectives *viz.*, fish production had not been achieved to the targeted level. For the other activities *viz.*, holding of demonstrations, no records were maintained.

3.10.7.1 Lack of control on Man Power deployment

(i) GTN sanctioned (July 1973) 2 posts (Inspector of Fisheries: 1 and Assistant: 1) for the implementation of the scheme of construction of mechanised fishing boats at Cuddalore and in May 1975, one post of Inspector of fisheries at Thanjavur.

It was noticed that the scheme was no longer in operation and Government had written off (June 1993) the outstanding loan with interest due from the fishermen under the scheme. However, the above staff were continued in the units. The Director of Fisheries (DOF) justified the continuance of the staff on the ground that the actual loss sustained by Government for each and every boat was to be arrived at for reconciliation and the staff were engaged in other schemes. In as much as the write off orders had been issued by the Government, evidently based on the reconciled amount due from the fishermen, the reply of the Department was not sustainable.

Similarly, against the discontinued scheme of construction of mechanised boats, six posts were continued to be operated by the Department in 5² other units. It was, thus, observed that the Department did not have adequate control on the man power requirement and its distribution/deployment. Expenditure incurred on pay and allowances of the staff of the discontinued scheme during 1994-95 to 1996-97 amounted to Rs 46.41 lakh.

(ii) The post of a Sub-Inspector at the Office of the Assistant Director of Fisheries (Regional), Cuddalore sanctioned originally under the scheme of supply of fishing requisites like net etc., continued to be operated and expenditure incurred even after the discontinuance of the scheme (1993-94). The Department stated (July 1997) that the services of the Sub-Inspector were utilised for the other schemes also. Ten such posts in 6³ other units also were continued against this discontinued scheme. Expenditure incurred on pay and allowances of the 11 posts during 1994-95 to 1996-97 amounted to Rs 30.42 lakh.

3.10.8 Response to audit

(i) Outstanding Inspection reports

Audit observations on financial irregularities and defects in initial records, noticed during local audit but not settled on the spot are communicated to heads of offices and to immediate superior authorities through Inspection Reports (IRs). Important irregularities are reported to Heads of Departments and Government as well.

² (i) DOF, Chennai, (ii) Assistant Director of Fisheries (ADF) (Regional), Chennai, (iii) ADF, Thanjavur, (iv) ADF, Tuticorin and (v) ADF, Nagercoil.

³ (i) DOF, Chennai, (ii) ADF, Chennai, (iii) ADF, Thanjavur, (iv) ADF, Ramanathapuram, (v) ADF, Tirunelveli and (vi) ADF, Tuticorin.

For expeditious settlement of outstanding paragraphs in Inspection Reports, Government constituted (March 1993) Departmental level Audit and Accounts Committee with the Secretary of the concerned department as its Chairman. It was noticed that the Committee had met only once from September 1995 till December 1997.

As of October 1997, 70 Inspection reports containing 224 paragraphs were pending settlement. Year-wise details of IRs pending settlement were as under :

Year	Number of IRs Pending	Number of Paragraphs pending
upto		
1991-92	18	39
1992-93	8	13
1993-94	15	57
1994-95	9	24
1995-96	8	34
1996-97	12	57
	70	224

Government issued orders in April 1967 fixing a time limit of 4 weeks from the receipt of IRs for furnishing first replies by Head of Office. However, it was noticed that as of October 1997, out of the above outstandings, there were 7 IRs (37 Paragraphs) relating to the period 1994-95 to 1996-97 for which first reply had not been received as shown below:

Year	First reply not received	
	Number of IRs	Number of Paras
1994-95	1	6
1995-96	2	9
1996-97	4	22
	7	37

(ii) Settlement of Public Accounts Committee recommendations

Based on the detailed replies received from Government, the paragraphs included in Audit Reports are discussed by the Public Accounts Committee (PAC) and suitable recommendations are made by the Committee.

Further follow-up action is required to be communicated by the Government in all these recommendations. Despite PAC's instructions to Government Departments for furnishing prompt reply to the pending recommendations, there were 14 recommendations (4 reports) relating to Fisheries Department pending final settlement as indicated below:

Year	Number of PAC Reports	Number of recommendations
1974-75 and 1975-76	1	1
1977-78 and 1978-79	1	2
1982-83 and 1983-84	1	4
1988-89	1	7
	4	14

The above points were referred to Government in September 1997; reply had not been received (December 1997)

3.11 Unfruitful expenditure on 160 houses for fishermen

Under 'Fishermen Free Housing Scheme' of Government of Tamil Nadu, 160 houses were constructed* in Manapadu Village during 1992-95 by Udangudi Panchayat Union at a cost of Rs 26.49 lakh. As and when the buildings were completed, the Project Officer, District Rural Development Agency (DRDA) addressed (November 1993) the Assistant Director of Fisheries (ADF), Tuticorin to take over the buildings. After repeated reminders, (November 1994 and February 1995) ADF, Tuticorin inspected the buildings in March 1995. During inspection, he pointed out various defects in construction like seepage of rain water through ceiling in 90 per cent of houses, improper flooring, poor quality of plastering etc., besides danger of rain water entering some houses.

The Panchayat Union after rectification of above defects, requested (June 1995) the ADF to take over the buildings. The additional Block Development Officer of the Panchayat Union had also reported (May 1995) to the DRDA that 125 out of 160 houses were illegally occupied by fishermen and certain unsocial elements had caused damage to the houses.

ADF stated (October 1996) that action would be taken to take over the buildings only after joint inspection of the rectification of defects. Finally, the ADF intimated to Audit (August 1997) that these 160 houses were taken over from the Union as the defects were rectified and fishermen had occupied these 160 houses from 3 June 1997. However, the certificates of handing/taking over and the details regarding

* November 1993 : 80 houses; November 1994 : 60 houses and February 1995 : 20 houses.

the selection of eligible beneficiaries and the fishermen who actually occupied the houses were not furnished by the ADF. No proposal for allotment of these houses to the beneficiaries was sent to the Director of Fisheries. To a specific audit enquiry regarding the details of defects rectified in these houses along with the actual expenditure incurred on rectification of defects, the ADF replied (August 1997) that no additional expenditure was incurred on rectification. The expenditure was met from the amount allotted for the construction of houses. It was observed by Audit from a reference of the ADF, Tuticorin in October 1995 to the Project Officer of the DRDA that the defects pointed out in the houses were not completely rectified and action had already been initiated for allotting these houses to the beneficiaries and once they had occupied these houses without any complaint, the houses would be taken over. In the absence of full details about rectification and occupation of these houses, Audit could not ascertain that the benefits of these constructed houses fully accrued to the beneficiaries. Government in September 1997 endorsed the reply of ADF (October 1996). However, details regarding the actual expenditure incurred on rectification of defects and action taken to remove the unauthorised occupants from the houses called for by Audit (September 1997) were not furnished (November 1997).

Thus, the expenditure of Rs 26.49 lakh incurred on construction of 160 houses remained unfruitful for more than 2 years because of the absence of proper supervision by the Union Engineer of Udangudi Panchayat Union, who was responsible for the technical supervision of the scheme in view of innumerable defects noted in the construction of the houses. Incidentally, it was observed that the Project Officer, DRDA, Tuticorin had reported (May 1992) to the Director of Rural Development that the then Union Engineer and Union Overseer of the Udangudi Panchayat Union were under suspension mainly due to the delay in the construction of the houses.

3.12 Delay in constructing Fish Breeder Ponds

In May 1992, Government of Tamil Nadu sanctioned Rs 5 lakh for construction of two fish breeder ponds and a Watchman quarters at Papanasam in Tirunelveli District under 'Fisheries sector' of the Western Ghat Development Programme'. The objective was to produce 80 lakh fish seeds and 20 lakh fingerlings per annum which could fetch an annual income of Rs 48 lakh.

In August 1992, Commissioner of Fisheries (COF) deposited Rs 5 lakh with Executive Engineer (EE), Chinnamuttam Project Circle, Nagercoil for the construction of the fish breeder ponds. Technical sanction for the estimate for Rs 5.30 lakh was given by Superintending Engineer (SE), Fishing Harbour Circle in October 1992. The agency for executing the work was settled through a tender for Rs 5.03 lakh and the site was handed over in January 1993 with the due date for completion as July 1993 which was later extended upto March 1994.

During his inspection in February 1994, Assistant Director of Fisheries (ADF), Tirunelveli observed that the floor concrete in the breeder ponds was in a

damaged condition and a portion of the floor was not concreted. The construction of the Watchman quarters was also not completed. The Assistant Executive Engineer concerned reported in May 1994 that the entire work was completed on 15 May 1994 and requested for extension of time upto 15 May 1994. Out of the total value of work done amounting to Rs 4.13 lakh, the contractor was paid Rs 3.33 lakh. Inspection of the work by ADF in July 1994, however, revealed that instead of using good quality clay, the contractor had spread soil of poor quality in the fish breeder ponds which was not suitable for fish breeding and the defects pointed out in February 1994 had also not been rectified. COF, therefore, instructed the EE, Chinnamuttam Fishing Harbour Circle, Nagercoil in March 1995 to complete all the works and rectify all the defects already pointed out. The SE informed (July 1997) COF that the repair works had been done by the Contractor and the pond would be handed over after testing of the ponds.

Further, at the estimate stage, no provision was made for inlet and outlet of water to the fish breeder ponds as it was proposed to fetch water from the adjacent "Kodaimelalagiyan Channel" by gravity flow. Subsequently, in May 1994, it was noticed that water from the channel was not available during the summer months. The Department sent to COF in June 1994 a revised estimate for Rs 6.10 lakh to provide for a 2 HP water motor, ring well and drainage arrangements. In October 1994, COF approached the District Collector for allotment of additional funds amounting to Rs 1.10 lakh. An additional amount of Rs 2 lakh was apportioned for the work under the decentralised District Plan for the year 1996-97. The additional work had, however, not started as of July 1997.

Thus, due to non-provision of water supply and drainage arrangements in the estimates and also due to bad workmanship in the breeder ponds constructed at a cost of Rs 4.13 lakh in May 1994 remained unutilised for over 3 years (July 1997). The objective of production of 80 lakh fish seeds and 20 lakh fingerlings with an earning potential of Rs 48 lakh annually was also not achieved.

The matter was referred to Government in March 1997; reply had not been received (December 1997)

ANIMAL HUSBANDRY AND FISHERIES AND HEALTH, INDIAN MEDICINE AND HOMOEOPATHY AND FAMILY WELFARE DEPARTMENTS

3.13 Sanction, procurement and utilisation of vehicles

3.13.1 Introduction

In order to see whether the acquisition and utilisation of vehicles in Government Departments was being done efficiently and effectively, the sanction,

procurement and utilisation of 154 out of 393 vehicles in Animal Husbandry (AH) Department and 146 out of 874 vehicles in Public Health and Preventive Medicine (PH & PM) Directorate during the period from 1992-93 to 1996-97 were examined. The results are discussed in the following paragraphs.

3.13.2 Financial Outlay and expenditure

The expenditure incurred by the two Departments towards purchase of vehicles, maintenance and Petrol, oil and Lubricants (POL) during 1992-97 as revealed from the accounts are as under:

	(Rupees in lakh)				
	1992-93	1993-94	1994-95	1995-96	1996-97
Animal Husbandry					
Purchase	90.96	31.24	56.26	17.66	0.13
Maintenance	32.20	11.28	17.00	10.05	1.51
POL	41.59	45.46	51.54	49.78	51.49
Public Health and Preventive Medicines					
Purchase	Nil	2.07	Nil	51.44	Nil
Maintenance	10.62	10.89	10.27	11.79	12.97
POL	46.27	47.75	52.12	44.36	48.19

The following observations are made:

- (i) The expenditure of Rs 20 lakh incurred during 1992-93 by the AH Department towards purchase of vehicles were wrongly classified under maintenance.
- (ii) The expenditure of Rs 56.26 lakh for 1994-95 for the purchase of vehicles by AH Department included Rs 21.94 lakh released to Government servants towards purchase of two wheelers for implementing the World Bank aided Tamil Nadu Agricultural Development Project. Though Government orders issued in August 1992 was for the purchase of two wheelers by Government for free allotment to officials who were implementing the project, the Department extended only loan assistance and wrongly booked the expenditure under the project. The recoveries effected were,

however, ordered to be accounted under '7610 - Loans and Advances to Government Servants' by the Director in July 1995.

(iii) The expenditure incurred towards maintenance of vehicles under the control of the two Departments were not separately maintained by Motor Vehicle Maintenance Department (MVMD) and Tamil Nadu State Health Transport Department (TNSHTD) the organisations responsible for maintenance of vehicle of these Departments. Hence, the actual maintenance expenditure incurred by the two Departments were not available. The figures given relate to expenditure incurred by the two Departments on minor maintenance.

3.13.3 Scrutiny of sanction

3.13.3.1 Excess sanction in contravention of Government guidelines

According to the guidelines issued by Government in November 1992 for condemnation and replacement of vehicle, the Administrative Departments were required to purchase new vehicles during 1992-93 and 1993-94 as replacement to the extent of 50 *per cent* of numbers of each type of vehicles actually condemned subject to the limit mentioned in the order (9 for AH and 90 in PH & PM Directorate). These guidelines were made applicable to subsequent years also in Government order issued in June 1994. Audit scrutiny revealed the following:

(a) Animal Husbandry Department

The Director proposed the purchase of 6 jeeps as replacement vehicles during 1992-93 and obtained Government sanction for the purchase. The jeeps were purchased at a cost of Rs.14.45 lakh during that year. It was, however, seen from the records of MVMD that 10 vehicles were condemned during 1992-93 out of which there were only 4 jeeps. Thus, there was excess sanction and purchase of 4 jeeps at a cost of Rs 9.63 lakh.

(b) Directorate of Public Health and Preventive Medicine

Government, in their order issued in November 1992, permitted the Directorate to purchase 89 new vehicles in replacement of 178 vehicles due for condemnation as per norms in the Primary Health Centres (PHCs). The Director, PH & PM sent proposals in January 1993 to the Government for purchase of 33 new jeeps in replacement of 33 jeeps available for condemnation relating to PHCs on the ground that there was a heavy shortage of vehicles in PHCs. The Government did not sanction these purchases. In December 1994, the Director sent another proposal for purchase of 20 jeeps for PHCs, in replacement of 33 jeeps condemned during May 1988 to May 1992

on the ground that State Planning Commission had approved the purchase of 20 vehicles and Rs 50 lakh were provided in 1995-96 budget for this purpose. Accordingly, Government sanctioned the purchase of 20 vehicles in April 1995 at a cost of Rs 46.13 lakh and one more vehicle in March 1996 at a cost not exceeding Rs 3.87 lakh as funds were available for such purchase. The Director purchased 20 jeeps (November 1995) and one (March 1996) van at a cost of Rs 49.62 lakh. The following observations are made:

(i) Though there was specific order to restrict the purchase of 50 *per cent* of vehicles actually condemned, sanction was issued for purchase of 21 vehicles against the condemnation of 33 jeeps. Thus, the sanction of 4 jeeps in excess of the norms at a cost of Rs 10.79 lakh was not in order. Besides, purchase of a van without condemning another van was also not in order.

(ii) Though the planning commission approved purchase of 20 vehicles under Tribal sub-plan and the Government also sanctioned the purchase under the same head in April 1995, the vehicles were actually not purchased under Tribal sub-plan but were purchased under the State Plan of PHCs by provision of funds by way of re-appropriation. Thus, the sanction was not according to the approval of State Planning Commission. Besides, one more vehicle was sanctioned on the ground that funds were available though only 20 vehicles were approved by State Planning Commission.

(iii) The Government, in June 1994, had ordered to obtain clearance from the High Level Committee (HLC) and Standing Finance Committee (SFC) for purchase of new vehicles as replacement under Government order issued in November 1992. Though Finance Department, while approving the purchase of 20 vehicles instructed the Administrative Department to follow the provisions of Government order of June 1994, the clearance from HLC and SFC was not obtained. The administrative department also advised the Director to follow the June 1994 instruction and the prescribed procedure. The Director, however, flouted the written instruction of the administrative department and purchased the vehicles without getting prior clearance from HLC and SFC.

3.13.3.2 Sanction of vehicles even before condemnation of old vehicles

Animal Husbandry Department

(i) In March 1992, Government sanctioned purchase of six jeeps with trailers at a total cost of Rs 1.72 lakh under Rinderpest Eradication Scheme with 100 *per cent* assistance from GOI against the condemnation of 5 jeeps and one van. The vehicles were purchased in July 1992. It was, however, seen from the records of MVMD that 5 out of six vehicles in replacement of which the jeeps were purchased were actually condemned during April 1993 to July 1994. Thus, the sanction and purchase of 5 jeeps even before the actual condemnation of the old vehicles was not in order.

(ii) In February 1996, Government sanctioned Rs 8.55 lakh for purchase of 2 tractors with trailers (Rs 6.25 lakh) and one jeep (Rs 2.30 lakh) on replacement basis. It was, however, seen from the records of MVMD that no tractor was condemned during 1992-96. The tractors were purchased in February 1996 at a cost of Rs 6.22 lakh. Thus, the sanction and purchase of tractors even before condemnation of old vehicle was not in order.

3.13.4 Procurement of vehicles

3.13.4.1 Unfruitful expenditure on the purchase of insulated van

Government sanctioned (May 1992), purchase of an insulated van for safe transport of various types of bacterial and viral vaccines produced by the Institute of Veterinary Preventive Medicine (IVPM), Ranipet, to the 10 centres in the State having cold storage facilities. Accordingly, Director, Animal Husbandry placed order in January 1993 with the lowest tenderer, a private firm for purchase of an insulated van with provision for refrigeration and deep freeze mechanism and a standby generator at a total cost of Rs 6.87 lakh. The break up details of cost of the van were as follows:

Tempo traveller delivery van	Rs 3.87 lakh
Charges for insulation, provision of refrigeration and freezer, standby generator etc.	Rs 3.00 lakh
Total	Rs 6.87 lakh

Before taking delivery of the vehicle, Assistant Engineer (Electrical)(AE) of the IVPM, inspected (October 1993) the van at the company's premises and reported to the Director, IVPM that the standby generator had not been provided in the van. He also expressed inability to test the deep freezer system due to frequent failure of the engine. Subsequently, in November 1993, the same AE furnished a different inspection report to the Director stating that the deep freezer and refrigeration systems were working satisfactorily and that the standby generator had been provided. AE's report of November 1993 did not refer to the earlier report of October 1993 when the facts reported were completely different. Based on this report, IVPM took delivery of the van in November 1993 and made full payment in February 1994.

On three separate occasions after the van was purchased, (February 1994, October 1994 and January 1995) the then Director, IVPM reported to Department that it was running satisfactorily. Based on his report, the Security Deposit of the firm amounting to Rs 0.65 lakh was refunded in February 1995.

It was seen that even after the purchase of the van, viral vaccines were transported to the cold storage centres by means of messengers deputed from the centres and the van was not utilised at all for that purpose. Besides, the van was utilised

to transport bacterial vaccines only on 14 occasions between January 1994 and November 1996 and thereafter was utilised for transportation of chemicals and other stores only due to the failure of the refrigeration unit. It was also seen that no fuel was used to operate the deep freezer unit indicating non-utilisation of the unit. Further, this unit was not serviced by the supplier though the condition of supply stipulated periodical maintenance services of this unit. The reports given by the Director were incorrect.

In reply to an Audit query, the present Director, IVPM, stated (July 1997) that the deep freezer unit and the connected generator had not been functioning from the date of purchase and the standby generator had not been provided at the time of delivery. It was, therefore, evident that the reports of the AE and the Director regarding the working condition of the deep freezer and provision of standby generator were incorrect. The Director, in September 1997, stated that action would be taken against AE only after decision was taken by the Government on the audit observation. Further, no action was taken to get the deep freezer unit repaired till November 1996 and the proposal sent in December 1996 to get the deep freezer and refrigeration units repaired was pending with Director, Animal Husbandry (September 1997). Thus, the purpose of purchase of the van was not fulfilled and Rs 6.87 lakh spent on purchase of the van remained largely unfruitful.

3.13.4.2 Avoidable purchase of 5 jeeps and one van

Based on a proposal (June 1994 and January 1995) by Project Director, Danish International Development Agency (DANIDA) Health Care Project, Government issued (April 1995) orders permitting the Project Director to transfer surplus vehicles available (consequent on the completion of the project in March 1995) to the common pool of MVMD for reallocation to needy Departments. Government, in June 1995, also directed Director, MVMD to take over the 9 surplus vehicles (6 jeeps, 2 vans and one car) identified by the Project Director. Out of these, one car was reallocated (July 1995) within the Department and one Jeep was transferred (November 1995) to Medical wing of the Department. The remaining 5 jeeps and 2 vans were not taken over by MVMD till date (July 1997) in spite of regular issue of reminders by Deputy Director of Health Services (DDHS), Salem. It was, however, seen that PH & PM Directorate purchased 20 jeeps and one van in November 1995 and March 1996 though 7 surplus vehicles (5 jeeps and 2 vans) were available with the Directorate. Thus, the purchase of 5 jeeps and one van at a cost of Rs 15.02 lakh was avoidable.

3.13.5 Utilisation of vehicles

The check of allotment and utilisation of the vehicles revealed the following.

3.13.5.1 Allotment of cars to non-entitled officers

According to norms prescribed by Government in February 1993, 4 officers (One Director and 3 Additional Directors in Chennai city) were entitled to staff cars in AH Department. It was, however, seen that only 3 cars and one jeep were allotted for use of these 4 entitled officers and the remaining 16 cars were allotted to non-entitled officers working in districts. Similarly, in respect of PH & PM Directorate, 3 officers (One Director and two Additional Directors) were entitled to staff cars whereas 11 cars were available and the remaining 8 cars were allotted by the Director to District level officers not entitled to these cars.

As the 24 District level officers who were allotted cars in the two departments were eligible for allotment of diesel driven jeeps only, the allotment of petrol driven cars to them had resulted in additional expenditure of Rs 6.96 lakh per annum on fuel as under:

Number of vehicles	Fuel allowed			Fuel entitled			Additional expenditure per annum (Rupees in lakh)
	Type	Quantity per month (in litres)	Rate per litre	Type	Quantity per month (in litres)	Rate per litre	
16 (AH Department)	Petrol	165	Rs 19.98	Diesel	110	Rs 6.92	4.87
8 (PH & PM Department)	Petrol	140	Rs 19.98	Diesel	90	Rs 6.92	2.09
						Total	6.96

3.13.5.2 Excess allotment of Vehicles

One van purchased by utilising the savings under State plan head relating to PHCs was allotted to Additional Director, PHCs who was stationed in the Directorate of Chennai. As the officer was entitled to staff car and 3 cars were available in the Directorate for use by the 3 entitled officers, the purchase of one van to the officer was not justified.

3.13.5.3 Under-utilisation of vehicles

The details of utilisation of 112 vehicles of 6 Health Districts of PH & PM Directorate revealed the following:

Name of office	Year	Number of vehicles	Utilisation of vehicles in number of days in a year					
			0-60	61-120	121-180	181-240	241-300	301-360
DDHS	1992-93	42	4	19	16	3	-	-
	1993-94	42	5	18	15	3	1	-
	1994-95	42	6	20	11	5	-	-
	1995-96	41	4	24	9	4	-	-
	1996-97	39	3	19	12	5	-	-
PHCs	1992-93	67	7	17	30	11	1	1
	1993-94	68	9	14	30	11	3	1
	1994-95	66	12	21	23	9	1	-
	1995-96	62	21	24	12	4	1	-
	1996-97	59	7	21	15	11	4	1

Thus, it may be seen from the above table that the vehicles were not put to optimum utilisation. While 55 to 64 *per cent* of vehicles in DDHS were utilised for 120 days or less during the 5 year period, the utilisation in PHCs for 120 days or less ranged between 33 to 73 *per cent*. The percentage of utilisation for 180 days or less in DDHS ranged between 87 and 93 and in PHCs ranged between 73 and 92. The log book of these vehicles, however, disclosed that these were in working condition and fuel allotment were largely utilised in full. The reasons for under-utilisation of the vehicles were awaited from the Department (September 1997).

During the five year period ending March 1997, 10 to 24 vehicles were utilised for 60 days or less and 32 to 47 vehicles were utilised for 61 to 120 days. Consequently, the services of the drivers were kept idle for 240 to 300 days or more in a year. The resultant wasteful expenditure on the basic pay of these drivers *viz.*, the proportionate expenditure on pay at the minimum of the scale of pay of the driver (Rs 975) for 5 years was Rs 22.97 lakh.

3.13.5.4 Unfruitful expenditure due to drivers kept idle

In 10 PHCs under the control of 3 DDHS, drivers attached to the 10 vehicles were kept idle for periods ranging from 12 to 35 months as the vehicles having

been recommended for condemnation, or being continuously off the road on account of major repairs.

The drivers were kept idle due to non-issue of diversion orders or late issue of orders diverting them elsewhere. The approximate expenditure incurred on their pay and allowances worked out to Rs 5.64 lakh (based on the minimum of the time scale only).

The details of actual expenditure on the pay and allowances called for in June 1997 had not been received (July 1997).

3.13.6 Repairs and maintenance

Government in July 1989 fixed a ceiling limit of expenditure on repairs and replacements of spares, according to which the ceiling on expenditure after tenth year of the vehicle being put on road was Rs 8,000 per year. Test-check of log books disclosed that in 96 cases involving 73 vehicles, which had completed 10 years, the expenditure incurred on repairs during 1992-97 was more than the ceiling limit ranging from 2 to 5 times as indicated below:

	Number of cases where the expenditure incurred was more than			
	2 times	3 times	4 times	5 times
AH Department	25	11	7	2
PH & PM Directorate	24	14	10	3

Whereas in the AH Department, proposals for regularisation of the amount spent beyond the limit fixed were sent to Government regularly, in the PH & PM Directorate, no such proposals had been sent. Further, Government had also not taken any steps to revise the ceiling limit fixed in July 1989.

3.13.7 Replacement and condemnation

According to 'The Tamil Nadu Departmental Motor Vehicles Disposal Rules' of October 1990, vehicles which had completed 10 years or had travelled 2.5 lakh km whichever occurred later should be condemned by sending proposals to MVMD. Action to condemn the vehicles was to be initiated within one year from the date on which the vehicle completed 10 years.

In the AH Department, as against 154 vehicles test-checked, 31 vehicles (Jeep: 20, Van: 9, Car: 1 and Lorry: 1) were proposed for condemnation by the Department. Of this, 21 vehicles were off the road for a period ranging from 2 to 6 years. Out of the 31 vehicles, 25 vehicles did not run the prescribed limit of 2.5 lakh km

though completed 10 years and the Department sent proposals for condemnation for 12 such vehicles prematurely. In respect of the remaining 6 out of 31 vehicles due for condemnation, proposals were sent for 3 vehicles only (as of June 1997) but even these vehicles were not condemned so far by MVMD (September 1997). Delay in condemnation would lead to further deterioration of the vehicle and, as a result, the vehicles would not fetch a reasonable price on auction.

3.13.8 Monitoring and Evaluation

(i) The nodal officers, functioning in the two Departments, were to keep data of all vehicles and monitor their performance closely. It was, however, seen that data like date of purchase, cost, stoppage of vehicle, stage of condemnation etc., were not available with the nodal officers. The performance of the vehicle regarding fuel efficiency and cost of maintenance was also not monitored by them.

(ii) No evaluation study regarding the performance, surplus or requirement of vehicle was conducted by both the Departments.

ENVIRONMENT AND FORESTS DEPARTMENT

3.14 Extra expenditure incurred in providing fencing in violation of the instructions of the Principal Chief Conservator of Forests

The Committee constituted for standardisation of various operations of afforestation schemes recommended (September 1990) model estimates for various species planted under major schemes. The model estimates so recommended for raising fuelwood (*viz.*, Achan, Neem, Velvel, Parambai, etc) plantations did not provide for fencing of the plantation as a separate item. The model estimate for minor forest produce (Neem, Nelly, Pungan, Silk Cotton etc.) plantations, however, provided for cattleproof brushwood fencing of 1 metre height around the entire plantation (4 km for the plantation of 10 hectares).

The Principal Chief Conservator of Forests (PCCF) while approving the model estimates (December 1990) issued instructions to take up the afforestation work after raising live hedge fencing along the periphery. The model estimates of fuelwood and minor forest produce plantations approved by PCCF in August 1993 for adoption from 1993-94 onwards also provided for live hedge fencing along the periphery.

A test-check of the above scheme in the office of District Forest Officer (DFO), Villupuram revealed that individual brushwood fencing were erected around 1.18 lakh out of 7.69 lakh fuelwood plants raised during 1992-93 to 1995-96 at a total cost of Rs 9.63 lakh in 962.5 hectares (ha) though such fencing was not provided for in the approved model estimates.

The Department stated (May 1995) that live hedge fencings were not raised in these plantations as it would absorb the moisture in the land depriving the seedlings of the water. The Department further stated (July 1995) that individual fencing for plants lying in the periphery of the plantations was provided in the estimates within the 'pro-rata' and executed, as the minor forest produce yielding plants (which were highly susceptible to browsing by cattle and damages by wildboar, porcupine etc.) were also planted in these plantations.

The contention of the Department was not acceptable as erection of individual fencing either for fuelwood plantations or for minor forest produce plantations was not allowed. As live hedge fencing ordered by PCCF was not provided, the Department should have adopted cattleproof brushwood fencing for the entire plantation instead of protecting individual plants in the periphery. Based on the forest schedule of rate of Rs 400 per km for such fencing for 1994-95 and the norm of 4 km fencing for 10 ha of plantation, the cost of fencing 962.5 ha of plantations would be Rs 1.54 lakh only. The additional expenditure in providing individual fencing worked out to Rs 8.09 lakh.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

HOME DEPARTMENT

3.15 Irregularities in the purchase of Fire-fighting vehicles and equipment

Director of Fire Services (DFS) awarded during the period from 1989 to 1992 four works to a Firm 'N' as per the details given below:

Name of work	Tender called for in	Number of firms participated in the tender	Approved Rate	Final Expenditure inclusive of Taxes and Duties (Rupees in crore)
1. Fabrication of 5 Crash Tenders	July 1989 (Fresh tender)	10	Rs 8.79 lakh per vehicle	0.46
2. Purchase of 50 Bachert portable pumps	July 1989	4	Rs 2.39 lakh per pump	1.54
3. Purchase of one Emergency Rescue Tender (ERT)	March 1990	3	Rs 12.26 lakh for ERT and Rs 19.30 lakh for one set of accessories	0.33
4. Purchase of 60 High Capacity portable pumps	July 1991	6	Rs 2.70 lakh per pump	1.77

The date of completion of work/supply of materials and the reasons given by the Directorate of Fire Service for the acceptance of the tender of the firm for the above four items were given as under seriatum:

	Date of completion of the work and supply of material	Reasons
1.	September 1990	Evaluation of tenders based on the cost.
2.	January 1990 to April 1990	Evaluation of tenders based on the cost and proto-type test of pumps.
3.	October 1991	Evaluation of tenders based on the cost.
4.	February 1992 to July 1992	Evaluation of tenders based on the cost and after conducting trial run of the pumps.

The firm 'N' being a registered Small Scale Industrial (SSI) unit for the manufacture of uniforms, caps, rain-coats, etc., only, with a monetary ceiling of Rs 5 lakh for participating in the tender, was not a manufacturer of any of the items tendered for in the above four works. Entrustment of the works to the firm, the cost of which was far in excess of monetary ceiling of Rs 5 lakh was irregular.

It was also observed that in 3 out of 4 works, the firm was allowed exemption by DFS from payment of Earnest Money Deposit/Security Deposit (EMD/SD) either on the plea that it was a SSI unit or that Principal was a registered National Small Industries Corporation (NSIC) unit. As per the orders (October 1980 and June 1982) of Government, SSI units were entitled to exemption from payment of EMD/SD only when they were manufacturers of the items tendered and had financial capacity to supply the items tendered. As the firm was not manufacturing the items tendered, it was not eligible for the exemption.

An examination of the case files relating to these works revealed the following:

(a) Fabrication of 5 Crash Tenders

A tender for (i) construction of one Hose laying Tender as per prescribed specifications and (ii) fabrication of 5 Crash Tenders as per prescribed specification on the chassis of the vehicles to be supplied by the Department, was called for in July 1989. Of the offers received from 3 tenderers for construction of Hose laying Tenders and 10 tenderers for fabrication of Crash Tenders, the offers for the fabrication of Crash Tenders alone were considered and the offer of firm 'N' for Rs 8.79 lakh per vehicle

plus taxes was accepted (February 1990). The following observations are made in this regard.

(i) Government orders issued in June 1974 stipulated that in all cases of finalisation of tenders for construction of vehicle bodies by the DFS, the participation of Works Manager, Central Workshop of Pallavan Transport Corporation (CWPTC) was to be ensured. In the present case, the Works Manager, CWPTC did not participate in the process of tender finalisation and, consequently, the expertise of the Pallavan Transport Corporation (PTC) in the field was not made use of.

(ii) Further, as per Government orders (December 1976), all Government Departments were to entrust their body building work to the Transport and Engineering Corporations (TECs) (State Government Undertaking) without calling for tenders. The work was to be given to private body building agencies only when TECs expressed their inability to undertake the work, due to prior commitments. In the present case, there was no evidence on records to show that this procedure had been followed.

(iii) Of the 7 valid tenders, the offer of two firms 'N' from Chennai and 'S' from New Delhi only were taken into consideration on the orders of DFS, without assigning any reasons, though five firms had quoted rates lower than these two firms. Compared to the lowest rate received, the rate of Firm 'N', which was finally accepted, was higher by 112 *per cent*.

(iv) The ground on which tender of Firm 'N' was accepted was that it was located at Chennai which would facilitate easy contact and supervision. This was despite the fact that the firm had specifically stated in its offer that the work would be carried out at its Principal's workshop at Ahmedabad.

(v) The rate of Rs 6.75 lakh quoted by firm 'S' for fabrication of Crash Tenders was lower than the rate of Rs 8.79 lakh of firm 'N' by Rs 2.04 lakh per vehicle. Firm 'S' had also offered a discount of 5 *per cent*, if the entire order was placed with them. The firm's offer also included 4 accessories as per ISI specification (cost Rs 0.91 lakh) and one ladder which were not included in the offer of firm 'N'. Thus, the selection of firm 'N' was not justified and resulted in a loss of Rs 10.20 lakh to the Department when compared with the rate offered by firm 'S' and of Rs 23.20 lakh when compared with the lowest offer (Rs 4.15 lakh) of firm 'U' of New Delhi.

(vi) While submitting its offer, firm 'N' had claimed 75 *per cent* interest free advance payment. The Department, after negotiations, brought this down to 50 *per cent*. While making payment of the advance, the Department also paid 50 *per cent* of the taxes included in the total value amounting to Rs 1.02 lakh which was inadmissible.

(vii) As per tender specifications, the pump to be installed in the Crash Tender was to have a capacity of 3,200 litres per minute (lpm). It was ascertained

(February 1990) from firm 'N' subsequently that the pump with the above capacity could not be installed in the chassis provided by the Department. The firm was then permitted to provide a pump with 2,250 lpm capacity. The value of the work was, however, not reduced proportionately and the accepted rate for 3,200 lpm was fully paid by the DFS.

(viii) The offer for construction of one Hose laying Tender was not considered at the initial stage in July 1989. After the lapse of the validity period of the offer, DFS decided (August 1990) to construct a water tender on the chassis procured for the purpose. Later, in September 1994, the construction of Hose laying Tender with the same specification was entrusted to the same firm based on its *pro forma* invoice obtained in September 1994, without calling for any fresh tenders, at a cost of Rs 12.56 lakh. The non-finalisation of the tender in July 1989 had, therefore, resulted in an avoidable expenditure of Rs 10.81 lakh compared to the lowest acceptable offer of Rs 1.75 lakh received in July 1989.

(b) Purchase of Bachert portable pumps

(i) The tender notice did not specify whether the pump should be of indigenous make or imported. The firm 'N' alone produced sample of an imported pump (cost Rs 2.39 lakh) while the other firms produced only indigenous pumps (cost ranging between Rs 0.58 lakh and Rs 2.19 lakh). DFS rejected the tenders of other firms and accepted the imported make offered by firm 'N' on the ground that the imported make would be advantageous. Because of the failure of the Department in not mentioning the make of the pump required in the tender notification itself, the benefit of competitive rate under the open tender system was lost as there was only one tender of firm 'N' which produced imported sample, was available and the rates quoted by other tenderers were for indigenous models and rates offered by them were not comparable.

(ii) Security Deposit of Rs 2.39 lakh was collected from the firm for the initial supply made. The balance amount of Rs 9.56 lakh due as Security Deposit for the remaining supply was not collected.

(iii) According to ISI specification, the pump should consist of suction Hose, coupling wrenches etc. and even though this was indicated in the tender notice, the offer of firm 'N' did not include supply of couplings, though the other firms had included it in their offer. The Department, without taking into consideration this aspect, placed the orders with the firm. The couplings were subsequently purchased, without resorting to open tender system, from the same firm under a separate supply order for Rs 1.58 lakh resulting in extra expenditure.

(c) Purchase of Emergency Rescue Tender (ERT)

Out of the three firms which responded, only 2 had furnished the details of accessories to ERT. After comparison of the rates, the offer of Rs 12.26 lakh of the

firm 'N' for the work of body building including 55 sets of accessories was approved, as it was lower after excluding 2 sets of accessories (items 15 and 16 of the Appendix to the specification). However, the offer of Rs 19.30 lakh of the same firm for one set of accessories (item 15) was accepted later on the ground that accessories being of imported make had an advantage over the indigenous item offered by the other firm. Thus, the comparison made was not proper since, had the cost of this item been included in the initial stage of acceptance of the tender for body building and supply of accessories, the offer of firm 'N' would not have been the lowest as it would have gone up to Rs 31.56 lakh against the offer of Rs 17 lakh of the other firm. Its approval, therefore, was not justified. The rate quoted for this item by the other tenderer was Rs 1.58 lakh only. The extra expenditure incurred on this account was Rs 17.72 lakh. Incidentally, it was noticed that the other set of the accessories (item No.16) was not at all procured with a view to reduce the expenditure. Records produced revealed that the offer of the selected firm for this imported item was Rs 13.62 lakh while that of the second firm was only Rs 1.31 lakh.

Government had specifically directed (June 1988) that the work should be entrusted to other agencies only when TECs were unable to take up the work. Though 2 TECs had expressed their inability, one TEC had requested the Department to furnish the specifications and drawing for the work. DFS, however, requested (September 1988) TEC to inform whether they were in a position to take up the work immediately. There was no evidence to show that DFS had supplied the required particulars to the TEC subsequently or obtained their response. DFS entrusted the work to firm 'N' through open tender system in December 1990, violating the Government orders.

(d) Purchase of 60 high capacity portable pumps

(i) There was no evidence that a comparative statement was prepared for evaluation of tenders for the purchase of this item.

(ii) The approved firm 'N' did not furnish the detailed specifications of the pump with illustrated pamphlets, as required in the tender notice, though the other firms had furnished these pamphlets.

(iii) As per the ISI specification mentioned in the tender notice, the engine for the pump was to be of "spark ignition" type i.e., petrol engine. While all the other firms quoted only for petrol engine, the selected firm quoted both for petrol and diesel engines but brought only the diesel engine for trial-run which was accepted and orders were placed. The reasons for non-insistence on the supply of petrol engine were not on record.

Government in general accepted the facts (October 1997).

INFORMATION AND TOURISM DEPARTMENT

3.16 Avoidable Payment towards electricity charges

In March 1994, Government stipulated that the average power factor* of high tension electrical installation should not be less than 0.90 lag. If the average power factor of the service connection was less than the stipulated limit of 0.90 lag, compensation charges would be levied by the Tamil Nadu Electricity Board (TNEB). As the power factor in the Government Branch Press, Madurai was less than the required minimum, the press made a reference (June 1995) to the Public Works Department, Electrical Division, Madurai which furnished (November 1995) an estimate of Rs 0.87 lakh for provision of capacitor bank for improvement of the power factor. The Director of Stationery and Printing, Chennai forwarded the estimate to Government in December 1995 for necessary administrative sanction and the same was finally accorded by Government in May 1997. Meanwhile the press paid compensation charges of Rs 4.24 lakh to the TNEB for the period from March 1995 to May 1997.

Thus, the delay in installation of the capacitors resulted in an avoidable expenditure of Rs 4.24 lakh.

The matter was referred to Government in April 1997; Government replied (July 1997) that action was being taken to install the capacitors. Further report in this regard was awaited (December 1997).

INDUSTRIES DEPARTMENT

3.17 Injudicious release of Government Assistance

In July 1990, Government of India (GOI) issued a Letter of Intent (LOI), valid for three years, for establishing a new Co-operative Sugar Mill (CSM) at Gummidipoondi taluk based on the application (December 1989) of Tamil Nadu Co-operative Sugar Federation (TNCSE). The project cost, tentatively estimated (December 1989) at Rs 28 crore, was to be met out of equity contribution of Government of Tamil Nadu (GTN) (32.5 *per cent*), Cane Growers' Contribution (7.5 *per cent*) and loans from financial institutions (60 *per cent*). The Site Selection Committee (SSC), constituted (June 1992) by Commissioner of Sugar (COS) to identify a suitable site, recommended a site at Pudukkottai considering various factors including suitability of soil for construction of buildings. GTN approved in December 1992 establishment of the CSM at Pudukkottai Village.

In March 1993, GTN released to CSM Rs 1 crore towards equity share contribution for purchase of land to establish the factory. Another instalment of

* Power factor is the ratio of Kilo Watt Hours consumed to the Kilo Volt Ampere Hours registered during a month.

Rs 1 crore was released in March 1994, for purchase of land and development charges, with the stipulation that proposals for further release of funds be sent to Government by COS only after finalisation of the project cost and approved financing pattern. However, pending finalisation of the firmed up project cost and institutional agency for finance, GTN released Rs 5 crore to the CSM in March 1995, through COS, based on the proposals (May 1994) of COS, towards preliminary works to speed up the establishment of CSM.

Audit scrutiny disclosed that as the Tamil Nadu Pollution Control Board (PCB) had rejected in December 1994 CSM's application of November 1994 for consent, since the unit was within 200 metres of a river, no civil works could be taken up. The revision petition filed by CSM was admitted (July 1996) by the Appellate authority with modifications proposed. However, consent was withheld (January 1997) by the PCB citing the Supreme Court order of August 1996 which banned the location of a new industry in prohibited areas. PCB, therefore, insisted on getting a special order from the green bench of High Court, Madras. Further, due to escalation forces and the poor soil condition at the site, the project cost was revised to Rs 58 crore in October 1995 and further raised to Rs 62.49 crore in March 1996. When COS sought (March 1996) the approval of GTN, for an investment of Rs 34.69 crore (Share capital of Rs 17.40 crore plus additional share capital or interest free loan of Rs 17.29 crore), GTN required (March 1996) Tamil Nadu Sugar Corporation (TASCO) to furnish the viability study report of the project. The validity of LOI was extended (January 1997) upto 31 December 1997. TASCO furnished (April 1997) viability report for Rs 65.13 crore with a co-generation facility to export 4.5 MW of power to Tamil Nadu Electricity Board (TNEB) grid and Government approved (June 1997) it for Rs 60 crore.

Out of the GTN contribution of Rs 7 crore and the cane growers' contribution of Rs 1.48 crore, an expenditure of Rs 2.55 crore had been incurred as of June 1997 by the CSM on the cost of land and pre-operative expenses. COS stated (December 1997) that it had been decided to implement the project by installing a 15 MW co-generation equipment, which would generate power both during season and off-season, at a revised total project cost of Rs 97.43 crore and Government's approval was awaited (December 1997).

Thus, the failure of GTN and COS to ensure before release of funds that the consent of PCB was obtained and the project was economically viable with reference to firmed up project cost, resulted in blocking of Rs 5 crore outside Government account for over two years, besides loss of interest of Rs 1.40 crore thereon at the borrowing rate of GTN.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

3.18 **Loss due to non-utilisation of Government share capital assistance for setting up of an electronic city**

In June 1991, Government approved a project sponsored by the Electronic Corporation of Tamil Nadu (ELCOT) for setting up of an electronic city by developing industrial plots in 280 acres of land and to provide industrial and other infrastructural facilities for promotion and growth of the electronic industry in the State. Out of the total project cost of Rs 40.65 crore, Government's contribution was fixed at Rs 2.80 crore towards share capital for acquiring 280 acres of land. Of this, Rs 2.50 crore had already been released by Government (Rs 1 crore in March 1992 and Rs 1.50 crore in December 1993). The amount was credited to the Personal Deposit (PD) account of ELCOT (March 1992 and January 1994) and subsequently drawn in November 1992 and January - March 1994 respectively.

A scrutiny of records revealed that 280 acres of land identified for the project in Sholinganallur village in Kancheepuram District could not be acquired as the Tamil Nadu Ex-Servicemen and Pensioners' Association had obtained an interim stay from High Court, Chennai in January 1993 against the Government's orders for taking possession of the land. Till July 1997, the stay had not been vacated.

An alternative site was located in the vicinity of the land proposed earlier by ELCOT in November 1993 and the District Collector was requested in October 1994 to take necessary action in acquiring the land.

In November 1993, ELCOT reported to Government that 107 entrepreneurs had booked for 163 acres of the proposed plots. To meet the additional urgent demand, a total of 300 acres of land would be required in and around Chennai city. ELCOT requested Government to sanction Rs 1.50 crore for purchase of land. Government released the money in December 1993 without ascertaining the utilisation of the first instalment of Rs 1 crore released in March 1992.

An expenditure of Rs 1 lakh only was incurred during 1991 to 1995. 54.72 acres of land identified (August 1995) for the second phase of the project had not been acquired (July 1997).

Thus, Rs 2.50 crore released by Government to ELCOT much in advance of requirement remained unutilised with them outside Government account for more than 3 years besides non-establishment of the electronic city. Government had lost the opportunity to use these funds for other important developmental activities. Government had also lost Rs 75 lakh by way of interest over the lesser amount of dividend received (at one and 1.5 per cent for 1993-94 and 1995-96 respectively) due to money remaining outside Government account without use.

The matter was referred to Government in June 1997; Government stated (August 1997) that ELCOT would utilise the amount for the acquisition of land located

by it and also the originally proposed land now under litigation immediately on vacation of stay and would ensure further releases only after ensuring proper utilisation of funds already released.

PUBLIC DEPARTMENT

3.19 Avoidable payment of interest in purchase of a helicopter

In December 1993, Government ordered purchase of one Bell 412 HP helicopter through the State Trading Corporation (STC) of India Ltd., Chennai and sanctioned in June 1994 Rs 19.69 crore for the purpose. Pending provision of funds, the expenditure was to be met by an advance from the Contingency Fund.

On 25 August 1994, STC informed the Government that unless initial payment (10 *per cent* of cost: Rs 1.75 crore) was made to the manufacturers latest by 31 August 1994, it would not be possible for the manufacturers to earmark and 'customise' the helicopter to the requirement of the Government of Tamil Nadu. To avoid any delay in delivery and likely increase in the prices, STC offered to arrange for the initial payment from its own funds which was to be refunded by Government with interest at the rate of 17 *per cent* per annum.

The initial payment of Rs 1.75 crore was made by STC on 30 August 1994. The Department neither ascertained from STC the details of payment made nor reimbursed Rs 1.75 crore to STC. The Government repaid the amount to STC only on 30 March 1995 along with second instalment towards 85 *per cent* of the cost of helicopter. The delay was attributed by Government (March 1995) to non-receipt of invoice from STC. Government, however, did not refer to STC the late receipt of the invoice and asked them to charge the interest from the date of receipt of the invoice. Interest amounting to Rs 17.91 lakh for the belated payment was paid by Government to STC in December 1995. Audit scrutiny of the records revealed that despite the awareness of the commitment towards higher rate of interest and provision of funds therefor, the Department/Government did not initiate prompt action to draw the amount from Contingency Fund of the State and extinguish the liability in time which had resulted in avoidable payment of interest amounting to Rs 17.33 lakh after allowing the minimum time required for completion of the process for drawal of advance from Contingency Fund.

The matter was referred to Government in July 1997; reply had not been received (December 1997).

REVENUE DEPARTMENT

3.20 Avoidable Expenditure in Land Acquisition

According to the Land Acquisition Act, 1894 (Act) of Government of India as amended in 1984, in addition to the market value of the land, an additional compensation at 12 *per cent* per annum on the market value was payable to the land owner from the date of notification under Section 4 (1) of the Act to the date of the award or date of taking possession of the land whichever is earlier, along with a solatium calculated at 30 *per cent* of the market value. As per Government of Tamil Nadu (GTN) order (September 1986), the award was to be passed within 186 days from the date of notification under Section 4(1) in respect of unobjectionable cases and 241 days in respect of objectionable cases. The orders were reiterated by periodical instructions of the Commissioner of Land Administration (CLA).

A test-check of records in four Revenue Divisional Offices (RDOs) at Madurai, Padmanabhapuram, Tirunelveli and Tuticorin revealed that in 19 cases, delays beyond the prescribed limit ranging from 204 days to 939 days occurred in passing the awards against the admissible period of 186 days (1 case) and 241 days (18 cases) resulting in payment of enhanced compensation of Rs 13.77 lakh as shown in Appendix XXII. The delay was attributed to (i) non-availability of any special staff to deal with such cases (RDO, Madurai), (ii) land acquisition was a complex and complicated process (RDO, Padmanabhapuram) and (iii) administrative reasons (RDO, Tirunelveli). The replies of the Department were not tenable as Government had prescribed the time schedule scientifically through Programme Evaluation Review Technique chart after taking into consideration all these constraints and allowing due time for processing the land acquisition cases. The proposal for additional staff sent in December 1996 by RDO, Madurai to District Revenue Officer, Madurai after the avoidable payment was pointed out by Audit in May 1996 had not been approved as of June 1997.

Non-adherence to the time schedule prescribed by Government for processing land acquisition cases had, therefore, resulted in an avoidable expenditure of Rs 13.77 lakh towards payment of additional compensation to the land owners.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

RURAL DEVELOPMENT AND LABOUR AND EMPLOYMENT DEPARTMENTS

3.21 **Idle infrastructure and staff due to non-conducting of TRYSEM training**

In order to strengthen the infrastructure facilities for training under the National Scheme "Training Rural Youth for Self-Employment" (TRYSEM), Government sanctioned (March 1990) Rs 4.29 lakh towards the construction of a workshop (Rs 3.84 lakh) and purchase of additional tools and equipment (Rs 0.45 lakh) for the Government Industrial Training Institute (ITI), Ulundurpet. The workshop constructed by the construction branch of the Department of Industries and Commerce was taken over by the ITI in March 1992 and the tools and equipment were purchased between March 1991 and November 1992. The staff sanctioned (one Part-time Principal, three Junior Training Officers (JTO), one Workshop Assistant and one Assistant) under the scheme in September 1980 were continued.

Between October 1992 and April 1993, i.e., after the additional facilities were in place, only 20 persons had been trained in the ITI. No training had been conducted after April 1993 till date (April 1997).

The Principal of the Institute attributed (April 1997) the lack of training programme to the non-sponsoring of candidates by the District Collector and the Project Officer, District Rural Development Agency (DRDA), Villupuram. The infrastructure facilities and the staff posted for the training were, thus, not utilised under the scheme for more than four years. The Principal of the institute stated (April 1997) that the services of Workshop Assistant and Assistant were utilised for regular functions of the ITI.

The expenditure of Rs 4.29 lakh incurred for strengthening the infrastructure facilities for conducting training under TRYSEM, therefore, remained unproductive for more than four years and expenditure on salary of staff, JTOs and Principal, amounting to Rs 1.11 lakh (upto March 1997) became infructuous.

Similarly, no TRYSEM training was conducted in ITI, Tiruvannamalai from February 1996 onwards due to non-sponsoring of candidates by the respective DRDA and salary (Rs 0.93 lakh) paid to staff from February 1996 to April 1997 became infructuous.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

SCHOOL EDUCATION DEPARTMENT

3.22 Total Literacy Campaign

3.22.1 Introduction

National Literacy Mission (NLM) was launched in 1988 for imparting functional literacy to adults in the 15-35 age group. The scheme was subsequently extended in January 1989 to the age group 6-14 also under 'Total Literacy Campaign' (TLC). The objective of TLC was to achieve 80 to 85 *per cent* literacy in each of the target/focus groups (separately among women, men, Scheduled Castes (SCs) and Scheduled Tribes (STs)). With a view to maintain continuity in the programme and to prevent the neo-literates passing out of TLC from relapsing into illiteracy, a Post Literacy Campaign (PLC) was also launched. The scheme was implemented in Tamil Nadu from 1991-92 in a phased manner (1991-92: 7 Districts, 1992-93: 6 Districts, 1993-94: 5 Districts and 1994-95: 5 Districts). Government of Tamil Nadu (GTN) proposed to cover 78 lakh people under the campaign in the eighth plan period.

3.22.2 Organisational set up

GTN constituted (August 1992) Tamil Nadu Literacy Mission Authority (TNLMA) under the Chairmanship of the State's Minister for Education for framing of policy, planning, development and promotional activities. At the district level, 'Arivoli Iyakkam' (AI) a body registered under Societies Act was formed with District Collector as the President to implement the scheme. The Project Co-ordinators were to implement the scheme in district through Block Project Co-ordinators and Assistant Project Co-ordinators at Block and Panchayat level respectively. Proposals of District Collectors were to be scrutinised by the Directorate of Non-formal and Adult Education (DNF and AE) and forwarded to GTN. Subsequently, GTN was to obtain the approval of Government of India (GOI) which approved individual projects for each district. Chennai Corporation was implementing the scheme in Chennai.

3.22.3 Audit coverage

Implementation of the TLC during 1992-93 to 1996-97 was reviewed (during December 1996 to May 1997) by test-check of records of TNLMA, School Education Department of the State Secretariat and Directorate of Non-formal and Adult Education. At the District level, records of 6 AIs (Chennai, Madurai, Pudukkottai, Cuddalore, Thanjavur and Tiruvannamalai) covering 102 blocks were test-checked. Results of the review are contained in the following paragraphs.

3.22.4 Highlights

- Though it was mandatory for Government of Tamil Nadu to release its proportionate share (one third) as and when Government of India released its share, there was short-release of funds amounting to Rs 1.54 crore in the 6 test-checked districts. Further, even the reduced share was released only after a lapse of 2 to 40 months. The shortfall was mainly due to adjustment of the cost of Government of Tamil Nadu staff on deputation to the Arivoli Iyakkam even though such adjustment was specifically prohibited by Government of India.

(Paragraph 3.22.5.1(ii))

- Diversion of Total Literacy Campaign grants amounting to Rs 39.47 lakh on various activities not connected with the scheme and on purposes prohibited by Government of India was noticed in test-checked districts.

(Paragraph 3.22.5.1(iii))

- Though Total Literacy Campaign projects were to be completed within one year from the date of sanction, in 4 test-checked districts, delays ranging from 5 to 24 months were noticed resulting in increase in cost of the projects by Rs 37.63 lakh. In Chennai, the scheme had not taken off due to meagre participation of learners and non-mobilisation of volunteer instructors.

(Paragraph 3.22.5.1(iv))

- Against the objective of achieving 80 to 85 *per cent* literacy in each of the target groups namely Women, Men, Scheduled Castes and Scheduled Tribes, the achievement ranged between 34 and 59 *per cent* only, the overall achievement being 57 *per cent*.

(Paragraph 3.22.5.2)

- The shortfall in the number of Volunteer Instructors actually trained in four test-checked districts ranged from 6 to 47 *per cent*.

(Paragraph 3.22.5.4)

- In Tiruvannamalai District, 0.72 lakh learners were not provided with Primer-I books and 0.43 lakh learners were not supplied with Primer-II books, due to short-procurement, contributing to the non-attainment of the prescribed level of learning by all the learners passing out of Total Literacy Campaign.

(Paragraph 3.22.5.5(ii))

- Avoidable expenditure of Rs 12.08 lakh was incurred on procurement of learning materials in four test-checked districts.

(Paragraph 3.22.5.6)

- Expenditure of Rs 85.94 lakh incurred in three test-checked districts (Madurai, Tiruvannamalai and Pudukkottai) under Non-Formal Education of learners in 9 to 14 age group did not help them in attaining the expected level of learning as they were not provided with separate learning materials developed by National Council of Education, Research and Training as per Government of India guidelines.

(Paragraph 3.22.6)

- Though Post Literacy Campaign was to be completed within 2 years as per Government of India guidelines, delay ranging from 20 to 29 months was noticed in 2 test-checked districts.

(Paragraph 3.22.7.2)

- 2.31 lakh learners (1.43 lakh in Tiruvannamalai and 0.88 lakh in Madurai) were not supplied with the Primer-I book for Post Literacy Campaign.

(Paragraph 3.22.7.3)

3.22.5 Total Literacy Campaign

The cost of the project was borne by GOI and GTN in the ratio of 2:1 and in Tribal sub-plan areas in the ratio of 4:1.

3.22.5.1 Financial performance

(i) Release of funds and utilisation

Funds were released by GOI direct to AIs. The particulars of funds released by GOI and GTN and the expenditure incurred district-wise had not been furnished.

The position in regard to release of funds, shortfall and unspent balance in the test-checked districts during 1992-97 was as under :

(Rupees in lakh)

District	Approved Project cost		Amount released by		Shortfall		Expenditure	Unutilised balance
	GOI Share	GTN Share	GOI	GTN	GOI	GTN		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Thiruvannamalai	213.52	106.76	160.00	72.44	53.52	34.32	221.27	11.17 7.39 @
Cuddalore	177.78	88.89	167.46	55.00	10.32	33.89	174.27	48.19
Madurai	145.60	72.80	135.00	65.00	10.60	7.80	155.06	44.94
Pudukkottai	125.26	62.63	115.00	40.73	10.26	21.90	131.18	24.55 3.55 @
Thanjavur	128.57	64.28	106.00	30.00	22.57	34.28	159.91	NIL *
Chennai	200.00	99.00	150.00	NIL	50.00	99.00	27.41	122.59 8.98 @
Total	990.73	494.36	833.46	263.17	157.27	231.19	869.10	251.44 19.92 @

@ Interest/other receipts

* Excess expenditure: Rs 23.91 lakh

(ii) Delay in release of State's share

Although it was mandatory for GTN to release its proportionate share (one third) as and when GOI released its share of assistance, there was short-release of funds amounting to Rs 1.54 crore in the 6 test-checked districts with delay in release ranging from 2 to 40 months. The shortfall was mainly due to the adjustment of the cost on account of GTN staff on deputation to the AIs even though such adjustment was specifically prohibited by GOI.

In respect of Thanjavur District, while GOI released assistance on the basis of approved per learner cost of Rs 65, GTN released its share restricting the per learner cost to Rs 60.

(iii) Diversion of funds

Diversion of TLC grants amounting to Rs 39.47 lakh on various activities not connected with the scheme and on purposes prohibited by GOI was noticed in test-checked districts as under:

- (a) Based on GTN orders (September 1993), Rs 15.28 lakh were diverted to TNLMA for creation of a corpus fund for meeting expenditure on propagation and publicity of the programme. Despite GOI instructions (October 1995), the amount had not been refunded as of April 1997.
- (b) Pudukkottai AI diverted Rs 1.83 lakh for a trade fair (Rs 0.40 lakh) and for installation of airconditioner etc., for computer in the Collector's camp office (Rs 1.43 lakh).
- (c) Diversion of Rs 22.36 lakh was also noticed in the under-mentioned districts in contravention of specific instructions by GOI issued in January 1992.
- (1) Purchase of tarpaulins for community halls (Pudukkottai: Rs 13.13 lakh and Cuddalore: Rs 4.31 lakh);
 - (2) Construction of free petitioners' hall and honorarium to volunteers at Pudukkottai: Rs 0.89 lakh and
 - (3) Children's park: Rs 4.03 lakh

- (iv) Extra expenditure due to delay in completion of TLC

TLC projects were to be completed normally within one year from the date of sanction. Extension of time was granted by GOI when sought for under specific circumstances. The extent of delay in the 5 test-checked districts, contributing to the increase in expenditure on the projects was as under :

District	Time span prescribed	Actual date of completion	Delay	Increase in cost (Rupees in lakh)
Tiruvannamalai	August 1993 to July 1994	September 1995	14 months	5.29
Cuddalore	July 1993 to June 1994	June 1996	24 months	16.70
Madurai	November 1991 to November 1992	June 1993	7 months	4.50
Thanjavur	February 1994 to May 1995	October 1995	5 months	11.14
Chennai	October 1995 to September 1996	Still under implementation as of June 1997		
Total				37.63

The increase in expenditure was mainly on account of the pay and allowances of the staff employed during the extended period.

Reasons for the delay in completion for more than a year in 3 districts were stated by the AIs as under:

(a) Tiruvannamalai: Poor enrolment of learners in the beginning due to difficulty in contacting them and delay in release of GOI share leading to delay in commencement. It was, however, noticed, that the belated commencement and completion of the course was mainly due to delay in enrolling the learners and identification of the Voluntary Instructors (VIs) only.

(b) Cuddalore: Delay in conducting survey for identification of illiterates for want of survey forms and delay in supply of primer books.

The reasons were attributable only to the AI and, therefore, the delay was avoidable.

(c) Chennai: The first phase of TLC was started only in April 1996 with a meagre participation of learners (30,000) against 3.15 lakh learners enrolled, due to poor implementation of environment building activities and non-mobilisation of VIs on account of South Asian Federation games, general and local body elections, as stated (July 1997) by the Commissioner of Chennai Corporation. The reasons attributed did not have any apparent bearing on the implementation process and, therefore, were not sustainable.

(v) Non-investment of unutilised amount.

In Chennai, against the approved cost of Rs 2.99 crore for the targeted 4.6 lakh learners, Rs 1.50 crore were released by GOI in October 1995. The amount was received and deposited in Savings Bank Account in a nationalised bank in January 1996. Commissioner, Chennai Corporation who was implementing the scheme, worked out the number of illiterates at 3.15 lakh after a survey made in January 1996. The first phase of TLC - Primer-I course commenced in April 1996, but teaching and learning materials were provided only in October 1996 (Rs 0.81 lakh). The Primer-I course was completed in November 1996 and 2,505 learners completed the course. The teaching campaign did not progress further for want of volunteer instructors. The Corporation deposited Rs 50 lakh in October 1996 in term-deposits. It was noticed that as of June 1997, after incurring an expenditure of Rs 45.21 lakh towards establishment, training, etc., Rs 54.79 lakh remained in the Savings Bank Account of the Corporation without being suitably invested in short-term deposits as stipulated in the GOI guidelines. Loss of interest on the additional sum of Rs 50 lakh not so invested from October 1996 to June 1997 amounted to Rs 1.68 lakh.

3.22.5.2 Physical performance

The targeted and the actual number of learners covered during 1992-93 to 1996-97 throughout the State under TLC projects were as under :

	Target	Enrolment	Achievement	Percentage of achievement <i>vis-à-vis</i> target
(Number of learners in lakh)				
Total	90.49	75.06	51.33	57
Male	35.00	28.49	18.64	53
Female	55.49	46.57	32.69	59
SC	29.21	26.94	12.71	44
ST	2.66	1.91	0.91	34

(i) While the overall achievement was 57 *per cent*, the achievement in respect of individual target groups ranged between 34 and 59 *per cent* only as against the objective of 80 to 85 *per cent* literacy in each group.

(ii) The poor performance amongst STs was due to the low achievement in 6 districts (Chengalpattu: NIL; Coimbatore: 6 *per cent*; Dharmapuri: 12 *per cent*; Kanyakumari: 27 *per cent*; Nilgiris: NIL and Cuddalore: 15 *per cent*).

Specific reasons for the poor performance were awaited.

(iii) The shortfall was due to significant number of drop-outs during the campaign process as indicated below:

District	Target	Enrolment	Primer Stage			Percentage of learners enrolled who completed Primer-III
(Number of learners in lakh)						
			I	II	III	
Cuddalore	4.10	4.94	3.12	2.16	1.16	23
Madurai	3.28	3.08	2.79	2.66	2.03	66
Pudukkottai	2.90	2.45	2.30	2.20	1.86	76
Chennai	4.60	3.15	0.03	*	*	..

* Campaign stage yet to take-off.

The targeted level was achieved in Thanjavur District (85 *per cent*) and Tiruvannamalai District (91 *per cent*).

The poor performance in Cuddalore District was attributed by the District Project Co-ordinator in February 1997 to lack of interest among illiterates and slow grasping on account of their pre-occupation in agriculture. In Chennai, the pace of implementation was sluggish even after a lapse of 18 months from the date of sanction and incurring an expenditure of Rs 27.41 lakh (March 1997). Commissioner, Chennai Corporation stated (December 1996) that poor implementation was due to lack of interest among the target group and difficulty in getting volunteers. The reply was not tenable as it was for the Corporation to devise ways and means to implement the project.

3.22.5.3 Environment Building

The action plan for TLC formulated by GOI prescribed a well laid down environment building programme as a strategy for motivation and mobilisation of learners and volunteers. Such "environment building" was essential to be carried out to coincide with the commencement of literacy courses. In Tiruvannamalai District, jathas meant for creation of awareness and motivation of learners were held as early as in May and September 1993 but the teaching phase commenced only in March 1994. In Cuddalore District, jathas were conducted during March and December 1993 itself while the teaching phase commenced only in March 1994. Despite heavy drop-outs during the TLC phases, jathas were not organised in Cuddalore District throughout the campaign period as stipulated in the guidelines, except once during December 1994.

3.22.5.4 Training

As per the training programme prescribed by GOI, one Voluntary Instructor (VI) was required for every 10 learners, 1 Master Trainer (MT) per 25 to 30 volunteers and one Resource Person (RP) per 25 to 30 Master Trainers. These trainers were to be imparted training for a duration of 9 days for each category spread over four rounds covering three primer courses and the final evaluation phase (4+2+2+1). The number of personnel trained in respect of test-checked districts was as under:

District/Targeted Trainees		Number Required to be trained	Number actually trained	Shortfall (Percentage) with reference to number required to be trained
Tiruvannamalai	VI	50,000	35,000	30
5 lakh	MT	2,000	1,750	12
	RP	80	119	NIL
Cuddalore	VI	41,000	21,739	47
4.10 lakh	MT	1,640	1,259	23
	RP	66	124	NIL
Madurai	VI	32,800	30,850	6
3.28 lakh	MT	1,312	1,500	NIL
	RP	52	NFAI	NFAI
Pudukkottai	VI	29,000	25,000	14
2.90 lakh	MT	1,160	1,900	NIL
	RP	46	120	NIL
Thanjavur	VI	30,000	30,552	NIL
3 lakh	MT	1,200	1,760	NIL
	RP	48	106	NIL
Chennai	VI	46,000	Not significant	
4.60 lakh	MT	1,840	Yet to take off.	
	RP	74		

NFAI : Not furnished by AI.

The shortfall in the number of VIs actually trained varied from 6 to 47 *per cent* in 4 test-checked districts.

(i) In respect of Madurai District, while no specific reasons were furnished for the shortfall in training, the scheme was carried on by drafting the services of National Service Scheme, National Cadet Corps cadres, Balwadi and Anganwadi workers etc., as stated by AI.

(ii) In respect of Tiruvannamalai District, the shortfall was attributed to non-receipt of funds at the appropriate time and due to drop-out of VIs. Reasons for the shortfall in other districts were not furnished.

3.22.5.5 Distribution of Teaching and Learning materials

(i) Delay in supply: In 3 test-checked districts, learning materials like rolling rexine black boards, chalk pieces, slates, slate pencils and pencils were supplied

two to ten months after the commencement of teaching phase due to piecemeal procurement (Tiruvannamalai District), delayed supply by the supplier (Cuddalore District) and delay in placement of orders (Madurai District).

(ii) Non-supply: (a) In Tiruvannamalai District, against the requirement of 5.50 lakh Primer-I books (5 lakh for learners and 0.50 lakh for VIs), the AI procured only 4.72 lakh books from Tamil Nadu Text Book Society (TNTBS) in December 1993. Out of 4.72 lakh books received, 0.50 lakh books were distributed to VIs and the remaining 4.22 lakh books were supplied to learners. But, the AI reported that 4.94 lakh learners had completed Primer-I level which indicated that 0.72 lakh learners were not provided with Primer-I books.

(b) Further, in Tiruvannamalai District, for the learners in Primer-II stage, against a requirement of 4.93 lakh books, the number procured were only 4.50 lakh spread over the period from July 1994 to October 1994 leaving 0.43 lakh learners without Primer-II books. The above contributed to the non-attainment of the prescribed level of learning by all the learners passing out of TLC.

(iii) In Pudukkottai District, black boards and chalk pieces necessary for writing practice were not procured and distributed as it was not found feasible to use them as the TLC centres were held under a lamp post or in front of a hut.

3.22.5.6 Procurement of learning materials

An expenditure of Rs 3.93 crore was incurred on procurement of learning materials in 5 test-checked districts. Of this expenditure, Rs 12.08 lakh was avoidable as discussed below:

(i) State Resource Centre (SRC) quoted, in November 1993, Rs 4.25 per book including transportation which was not accepted by AI, Tiruvannamalai as its request for reduction of the rate was not conceded by SRC. The AI subsequently placed (December 1993) orders with TNTBS to supply 5 lakh books at a tentative rate of Rs 4.25. TNTBS supplied 4.72 lakh books in February - March 1994 at the final cost of Rs 4.72 per book. This resulted in an avoidable expenditure of Rs 2.22 lakh. The AI, Tiruvannamalai stated in January 1997 that the purchase from TNTBS was made as per Government order issued in January 1993. As the Government order favoured such purchases only if it was economical, reply of the AI was not tenable.

(ii) Tenders were called for in February 1992 by AI Madurai, for supply of 4.20 lakh plastic slates. 16 tenderers responded. Some of them quoted rates both for plastic and stone slates. At the time of finalisation of tender, it was decided that stone slates were preferable to plastic slates. Taking into account the learners actually enrolled, fresh quotations were, therefore, invited from all the 16 suppliers and ultimately orders were placed (April 1992) with Firm 'A' for supply of 2.10 lakh stone

slates at Rs 2.60 each. Supplies were made during April to June 1992. Again in May 1992, fresh tenders were called for and orders were placed with 6 firms for supply of 1.10 lakh stone slates at the rate of Rs 3.50 each. It was noticed that even at the time of first tender in February 1992, 2 firms, B and C had quoted a reduced rate of Rs 2.05 and Rs 2.40 each for stone slates, but were not considered as the tender was for supply of plastic slates at that time.

The failure of the AI in deciding the type of slate in February 1992 itself resulted in avoidable expenditure of Rs 2.75 lakh in the purchase of 3.20 lakh stone slates. Splitting up of supply order during April 1992 and May 1992 alone without availing the lower rate of Rs 2.60 per slate resulted in extra expenditure of Rs 0.99 lakh.

(iii) During October and November 1991, 2.90 lakh slates were procured by AI, Pudukkottai at the rate of Rs 3.80 per slate based on the lowest quotation out of the offers of 3 firms. Despite institutional preference insisted by Government, a voluntary offer of Tamil Nadu Small Industries Development Corporation (not invited to quote) to supply the slates at a lower rate of Rs 2.25 each had not been considered without specific reasons on record resulting in an avoidable expenditure of Rs 4.49 lakh.

(iv) In Thanjavur, against the proposal of the Society to cover 3.19 lakh learners, GOI approved in September 1995 coverage of 3 lakh learners only. While the Society ought to have procured only about 3.31 lakh and 2.98 lakh Primer-I and Primer-II books respectively, including books for VIs and MTs, it actually procured 3.60 lakh and 3.22 lakh books resulting in additional expenditure of Rs 2.62 lakh.

3.22.6 Non-provision of expected level of learning to 9 to 14 age group

According to the guidelines of GOI, children in the age group 9 to 14, who were not able to attend whole day schools due to economic or family compulsions, should be provided with Non-formal Education (NFE). Learning material for NFE was developed by National Council for Education, Research and Training (NCERT). The programme was restructured to consist of four semesters each of six months duration to enable the children to attain a Minimum Level of Learning (MLL). The restructured NFE programme was taken up simultaneously with the adult literacy programme under TLC/PLC. After the TLC campaign, while adults were required to move on to PLC, children in the age group of 9-14 years were required to continue with NFE semesters II, III and IV to reach MLL for the primary stage. These subsequent semesters were to be organised by setting up regular NFE centres or continuing the NFE programme as part of PLC programme.

It was noticed in 3 test-checked districts (Madurai, Pudukkottai and Tiruvannamalai) that 1.23 lakh NFE learners were taught only three Primers I, II and III as applicable to adults with no separate learning materials provided to them by NCERT as per the guidelines. Records did not indicate the continuation of the separate educational programme for these learners with suitable learning materials. Thus, an expenditure of Rs 85.94 lakh (Madurai: Rs 3.75 lakh, Pudukkottai: Rs 56.55 lakh and Tiruvannamalai: Rs 25.64 lakh) incurred on the NFE learners brought under the literacy scheme did not help them in attaining the expected level of learning.

3.22.7 Post Literacy Campaign

3.22.7.1 Financial performance

Funds were released by GOI on the basis of Rs 80 per neo-literate for the course period of 2 years. TLC had not been completed in five districts including Chennai. Out of 18 districts where TLC was completed, funds released by GOI and GTN and the expenditure incurred during the period 1992-97 for implementing PLC in 15 districts were as under as reported by DNF and AE.

(Rupees in crore)									
Unspent balance of TLC	Approved project cost for PLC		Actual funds released by			Shortfall in release		Expenditure	Unutilised balance
	GOI Share	GTN Share	GOI	GTN	TOTAL	GOI	GTN		
3.70	19.59	9.71	12.21	3.30	15.51	7.38	6.41	15.06	4.15

* Implementation of PLC was yet (March 1997) to be taken up in two districts (Dharmapuri and Thanjavur) and details in respect of one district (Tiruchirappalli) was not made available.

Unutilised balance in 9 districts amounted to Rs 4.94 crore and excess expenditure in 6 districts was Rs 78.80 lakh. Reasons for excess/shortfall in expenditure were awaited.

As of March 1997, PLC had been completed in 7 districts. Unspent balances in the test-checked districts, where PLC had been completed were as under :

(Rupees in lakh)

	Un-spent balance	Approved project cost for PLC		Actual release for PLC			Shortfall in release of funds		Expenditure	Un-spent balance
District		GOI Share	GTN Share	GOI	GTN	TOTAL	GOI	GTN		
Pudukkottai	28.10	127.54	63.78	95.67	30.00	125.67	31.87	33.78	153.70	3.28 *
Madurai	44.94	97.30	48.70	73.00	20.00	93.00	24.30	28.70	151.21	5.65 *

* Arrived at after taking into account the interest and receipts from other sources Rs 3.21 lakh and Rs 18.92 lakh respectively in Pudukkottai and Madurai Districts.

3.22.7.2 Delay in implementation of PLC

According to the GOI guidelines, PLC was to be completed within a span of 2 years from the date of completion of TLC. The extent of delay in test-checked districts was as under:

District	Time-span for PLC	Date of completion of TLC	Date of commencement of PLC	Date of completion of PLC	Extent of delay
Tiruvannamalai	October 1995 to October 1997	September 1995	October 1995	Under progress . Due for completion in October 1997.	-
Cuddalore	October 1995 to September 1997	June 1996	July 1996	Under progress. Due for completion in September 1997.	-
Madurai	June 1993 to May 1995	June 1993	July 1993	February 1997	20 months
Thanjavur	NA	October 1995	Not yet commenced	-	-
Pudukkottai	June 1992 to May 1994	May 1992	June 1992	October 1996	29 months
Chennai	TLC itself yet to take-off.				

The delay in completion was due to the reasons discussed below :

- (i) In respect of Cuddalore and Tiruvannamalai, PLC was still in progress as the commencement itself was delayed due to belated completion of TLC as discussed in paragraph 3.22.5.1(iv).
- (ii) In Thanjavur District, 2.55 lakh learners had completed Primer-III stage in October 1995. The PLC project, however, could not be commenced for want of release of sufficient funds by GOI and GTN. Based on the proposal sent by AI in October 1995, GOI approved the Project cost for Rs 2.42 crore (at per learner cost of Rs 46.20 per year) for the proposed coverage of 2.62 lakh learners (including learners who completed Primer-II). GOI released in December 1995, Rs 25 lakh towards mobilisation grant. Due to a dispute about the per learner cost to be adopted, GTN insisted on the revision of the Project cost and released (February 1997) only Rs 12.50 lakh against its commitment to release one third of the project cost. After prolonged correspondence, a revised proposal for Rs 1.68 crore at per learner cost of Rs 32 per annum was submitted to GOI through GTN for approval. Approval of GOI was awaited and PLC had not been commenced (May 1997) even after a lapse of 19 months since the date of completion of TLC. Thus, 2.55 lakh learners who had completed TLC had not been brought under PLC and the possibility of their relapsing into illiteracy could not be ruled out.
- (iii) Delay in completion of PLC in Madurai and Pudukkottai was attributed partly to delay (6 to 8 months) in providing Post Literacy (PL) Primer-I (PL-I) and library books respectively.
- (iv) In Chennai, TLC itself had not taken off due to reasons indicated in paragraph 3.22.5.1 (iv).

3.22.7.3 Non-supply of PL primer books

- (i) In Tiruvannamalai District, PLC was commenced in October 1995. As a minimum period of 45 days was anticipated for getting the PL-I book printed, it was decided in October 1995 to procure another book namely "Arivom Vanga" from SRC as an interim measure and orders were placed (October 1995) with SRC for 3 lakh books. Subsequently, in November 1995, orders were placed with TNTBS for the supply of 3.5 lakh copies of the prescribed PL-I book. The books ordered with SRC were received during January and February 1996 while the books from TNTBS were received in March 1996.

It was noticed that the total number of learners in the district was 4.93 lakh against which only 3.50 lakh PL-I books were supplied resulting in non-supply of books to 1.43 lakh learners. Further, the expenditure of Rs 11.33 lakh incurred by the Department on 3 lakh copies of "Arivom Vanga" books did not serve the intended objective of maintaining continuity of the campaign as these could be got printed only in January and February 1996.

(ii) In Madurai District, TLC was completed in June 1993 and PLC was commenced in July 1993 to cover 1.80 lakh learners. Instead of procuring PL-I books intended for the PLC, AI procured in June and August 1993, 2 lakh copies of "bridge book" from TNTBS and a private firm at a total cost Rs 5.90 lakh.

Subsequently, in January 1994, orders were placed with TNTBS for supply of one lakh copies of the prescribed PL-I books which were supplied in February and March 1994 at a cost of Rs 4.66 lakh. Further, in January 1995, one lakh copies of another "bridge book" were procured at a cost of Rs 1.80 lakh.

The above shows that AI had not supplied PL-I books to 0.88 lakh learners taking into account the additional number of learners (0.08 lakh) who were brought under PLC subsequently. Thus, even after incurring an expenditure of Rs 12.36 lakh, the continued education to neo-literates was not ensured as per the guidelines.

The above points were referred to Government in August 1997; reply had not been received (December 1997).

3.23 Irregular appointment of part-time vocational instructors

In 1978, the Government introduced vocational courses in higher secondary schools. Sanction for the creation of two posts of part-time vocational instructors for each vocational course was accorded in September 1978. This sanction did not cover the higher secondary schools which had already employed bifurcated course* staff for the purpose. Government, however, clarified in July 1979 that only when any teacher of the bifurcated courses deployed for the vocational courses leaves service, the resultant vacancy may be filled up with two part-time instructors.

An examination in audit (October 1995) of the records of an aided school in Madurai for the years 1990-91 to 1994-95 disclosed that consequent on the introduction of three vocational courses in the higher secondary schools, the existing teachers of bifurcated courses were redeployed for vocational courses. In addition, 6 part-time vocational instructors were also appointed between September 1979 and November 1987 for these courses. Salary of these part-time teachers in addition to the redeployed bifurcated course teachers was paid to the aided school as teaching grant. The annual sanctions for staff accorded by Chief Educational Officer (CEO), Madurai did not include the part-time posts.

On this being pointed out, the aided school stated in November 1995 that the matter would be referred to the CEO, Madurai.

* Technical subjects like engineering course taught at High School level before the introduction of vocational course.

The failure to regulate the teaching grant with reference to admissible teaching strength had resulted in excess payment of teaching grant of Rs 7.05 lakh for the period September 1979 to May 1996.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

SMALL INDUSTRIES DEPARTMENT

3.24 Non-recovery of inadmissible subsidy from a small scale industrial unit

A subsidy of 15 *per cent* of capital invested (on land, buildings, plant and machinery), subject to a maximum of Rs 15 lakh, was available to all Small Scale Industries (SSI) set up in backward taluks under the "State Capital Investment Subsidy" Scheme. The Scheme came into force from 7 July 1989. Subsidy was available for existing eligible units which undertook substantial expansion/diversification after 7 July 1989.

Government clarified in April 1990 that SSI units which had commenced construction of building or placed orders for purchase of machinery prior to 7 July 1989 were not eligible for the subsidy.

The application of a firm made (October 1990) to the District Industries Centre (DIC), Ramanathapuram, for sanction of subsidy for the manufacture of 2 chemicals (Precipitated Calcium Carbonate (PCC) and Activated Calcium Carbonate (ACC)) was rejected (November 1990) by the DIC as the investment on plant and machinery (Rs 54.17 lakh) exceeded the ceiling of Rs 35 lakh prescribed then.

In January 1991, the firm submitted a revised application for fresh registration for manufacture of only one chemical (PCC) and indicated details of investment on plant and machinery as Rs 34.96 lakh. The firm was provisionally registered (February 1991) as an SSI Unit and subsidy of Rs 8 lakh, calculated on the value of building and machinery, was paid in March 1991 (Rs 6.80 lakh) and November 1991 (Rs 1.20 lakh) subject to the condition that all the fixed assets should be utilised exclusively for the manufacture of PCC only.

In April 1991, Government enhanced the ceiling limit for investment on plant and machinery of SSI units to Rs 60 lakh. In May 1992, the firm again got registered as an SSI unit for the manufacture of both the products (PCC and ACC) and applied for subsidy for additional investment of Rs 38.54 lakh. Treating the investment as an expansion of the existing unit, additional subsidy of Rs 5.78 lakh was released to the firm in September 1992 (Rs 3.07 lakh) and November 1992 (Rs 2.71 lakh).

It was observed that the firm was not eligible for subsidy under the scheme since it had started construction of building in April 1988 and placed orders for machinery in February 1989 well before the commencement of the scheme. The information was available with the Department in November 1990 itself.

Since the purchase of plant and machinery for manufacturing both PCC and ACC was made in February 1989 itself by the firm, the firm was not eligible for release of additional subsidy of Rs 5.78 lakh treating it as a case of expansion of existing unit.

Thus, a subsidy of Rs 13.78 lakh was irregularly sanctioned to the industrial unit which did not fulfil the eligibility criteria.

The irregular sanction of subsidy was referred to Government in August 1993. In April 1994, Government confirmed the irregular sanction and stated that the DIC was requested to recover the irregular payment. However, the DIC again paid subsidy of Rs 4.59 lakh to the unit between August 1993 and January 1994 towards additional capital subsidy for having employed more than 30 *per cent* of women workers in the unit even though SSI units started on or after 19 September 1991 only were eligible for such subsidy. Yet another sum of Rs 0.45 lakh was also paid to the unit in December 1994 treating additional investment made in December 1993 as a second expansion.

Though the ineligibility of the unit for the sanction of subsidy was confirmed by the Government in April 1994 itself, as of November 1996, the inadmissible subsidy of Rs 13.78 lakh paid to the unit remained unrecovered for more than 31 months. Despite the awareness of the Government and Department of the non-eligibility of the unit, a further inadmissible subsidy of Rs 5.04 lakh was also paid, perpetuating the irregularity. No action was taken against DIC who went on giving more and more inadmissible subsidies to the unit. Government stated (August 1997) that the firm had obtained an interim stay from the High Court in March 1997 against recovery of the subsidy. No action was taken to file counter-affidavit for vacating the stay (December 1997).

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

3.25 Tamil Nadu Integrated Nutrition Project II

3.25.1 Introduction

Tamil Nadu Integrated Nutrition Project II (TINP II) was launched in the rural areas of Tamil Nadu in 1990-91, with credit assistance from the World Bank, in 5 phases covering 19 out of 23 districts in the State. The total project outlay was Rs 321.34 crore.

The main objectives of the Project were to ensure child survival by improving health and nutrition of mother, further improvement in the nutritional and health status of children upto 6 years of age and implementing effective pre-school programmes for children in the age group of 3 to 6 years.

The Project was to be implemented upto 31 December 1997 in accordance with the Staff Appraisal Report (SAR) prepared in May 1990 by the World Bank. A Development Credit Agreement (DCA) between India and the International Development Association (IDA) and a Project Agreement between the IDA and the State Government were signed in September 1990.

3.25.2 Organisational set up

The overall administrative control of the Project was vested with the Social Welfare and Nutritious Noon Meal Programme (SWNMP) Department with the Secretary of the Department as the Chief Project Coordinator. A Project Coordinator (PC) was responsible for the coordination of various activities envisaged under the Project. The administrative control of the personnel relating to Nutrition component was vested with Director of Social Welfare (DSW). For the Health Component of the programme, Director of Medical and Rural Health Services (DMRHS) was responsible for personnel working in the Primary Health Centres (PHCs) and Director of Public Health and Preventive Medicine (DPHPM) was responsible for the functioning of health sub-centres. The other components were being looked after by the PC.

An Empowered Committee (EC) headed by the Chief Secretary to Government was constituted (August 1990) for approving the annual plans and reviewing the progress of the Project. EC had also been given financial powers upto certain limits.

District Project Nutrition Officers (DPNOs) were implementing the nutrition component at District and Block level through the assistance of Community Nutrition Instructresses (CNIs), Community Nutrition Supervisors (CNSs), Community Nutrition Workers (CNWs) and Child Welfare Organisers (CWOs). Deputy Directors of Health Services (DDHS) were implementing the Health Component with the assistance of Medical Officers (MOs) of PHCs, Community Health Nurses (CHNs), Sector Health Nurses (SHNs) and Village Health Nurses (VHNs).

3.25.3 Audit Coverage

A review of the implementation of the Project during the period 1992-93 to 1996-97 was conducted between December 1996 and July 1997 in the SWNMP Department in the Secretariat and in the offices of PC, DPHPM, DSW, 4 out of 19

DPNOs* and 8 out of 36 DDHS^a. Besides, records of 307 Community Nutrition Centres (CNCs) and Child Welfare Centres (CWCs) under the selected 4 DPNOs and 26 PHCs and 126 Health Sub-centres (HSCs) under the selected 8 DDHSs were also test-checked during the period. The results of the review are discussed in the succeeding paragraphs.

3.25.4 Highlights

- Even though Government had ordered the implementation of the Project in Rural Development blocks only, Rs 80.99 lakh were spent on implementation of the Project during 1994-95 to 1996-97 in the urban areas of Salem, Tiruchirappalli and Tirunelveli and 4 urban town panchayats in Madurai District during 1992-96.

(Paragraph 3.25.5.2(a))

- Even though the Staff Appraisal Report of the World Bank provided that the noon meal given to the children aged 3 to 6 years covered under the pre-school programme should not be funded by the project, Rs 34.01 crore spent in 8 TINP Districts towards honorarium to Child Welfare Organisers and helpers performing duties in the noon meal centres and Rs 26.01 crore spent on spices, vegetables and condiments utilised in the noon meal centres of 19 TINP Districts were debited to the project irregularly during 1991-97. The expenditure (Rs 45.02 crore) was, therefore, ineligible for assistance from World Bank.

(Paragraphs 3.25.5.2(b) and 3.25.5.2(c))

- Expenditure of Rs 28.60 lakh and Rs 32.36 lakh incurred on the purchase of vessels and play materials respectively were unfruitful due to the receipt of sub-standard vessels and sub-standard/damaged play materials and, thus, ineligible for assistance from World Bank.

(Paragraphs 3.25.5.3(a) and (b))

- Temporary advances to the tune of Rs 3.09 crore drawn by Project Coordinator during 1991-97 were pending adjustment as of May 1997. Despite the fact that large number of previous advances were pending adjustment, Government permitted the Pay and Accounts Officer (South) for honouring the advance bills presented by the Project Co-ordinator.

(Paragraph 3.25.5.5)

* Tiruvannamalai, Vellore, Salem and Madurai.

^a Tiruvannamalai, Cheyyar, Vellore, Tiruppathur, Namakkal, Salem, Madurai and Periyakulam.

- Against the envisaged 20,574 Community Nutrition Centres, 19,500 only were established due to financial constraints; 86.44 lakh population (24 per cent) was still left uncovered by the Project.

(Paragraphs 3.25.6.1(a) and (b))

- Of the 500 buildings for Community Nutrition Centres taken up for execution during 1992-96, only 265 buildings were completed as of March 1997 and 150 buildings were in different stages of construction; construction of 85 buildings was yet to commence. Out of the 265 Community Nutrition Centre buildings constructed, 35 were yet to be handed over for occupation.

(Paragraph 3.25.6.1(c))

- Against the envisaged objective of reduction to 55 per thousand, the Infant Mortality Rate in the 8 Health Unit Districts ranged between 55.5 and 98.1 per thousand. The major causes of infant death were asphyxia, prematurity and low birth weight of infants at birth.

(Paragraph 3.25.7.2(a))

3.25.5 Financial performance

3.25.5.1 Budget provision and expenditure

(a) A total expenditure of Rs 356.88 crore was incurred on the Project from 1990-91 to 1996-97 as against budget provision totaling Rs 361.23 crore.

(b) As against the claims preferred for Rs 222.55 crore by the PC upto March 1997, Rs 208.40 crore were received as additionality from the Government of India (GOI) by the State Government.

3.25.5.2 Ineligible expenditure

(a) Expenditure on the Project in Urban areas.

(i) Despite Government orders (March 1991) that the Project was to be implemented in rural development blocks only and contrary to the provisions of SAR, expenditure to the tune of Rs 67.53 lakh (cost of food items utilised : Rs 45.21 lakh and payment of salary for CNWs and helpers : Rs 22.32 lakh) was incurred under the Project during the period 1994-95 to 1996-97 on the programme of feeding of children, pre-natal (PN) and ante-natal (AN) mothers in 155 CNCs of the urban areas of Salem, Tiruchirappalli and Tirunelveli. This expenditure was ineligible under the project and inadmissible for the claims.

(ii) Test-check of records in Madurai District also revealed that the Project was implemented in 4 urban town panchayats viz., Palamedu, Alanganallur, Sholavandan and Vadipatti, contrary to the orders of the Government and 2.05 lakh children and 1.28 lakh AN and PN mothers were fed during 1992-96. The expenditure of Rs 13.46 lakh incurred on the feeding of these beneficiaries was ineligible and the expenditure was also not eligible for assistance from the World Bank.

(b) Expenditure on Honorarium

Government permitted (March 1992) the PC to debit to the TINP head, the expenditure incurred on honorarium of CWOs and helpers working in Child Welfare Centres from July 1991, contrary to the provision in the SAR which *inter alia* provided that children aged 3 to 6 years would continue to receive noon meal as part of the established pre-school package funded outside the Project. This resulted in the incurring of an expenditure of Rs 34.01 crore in eight TINP districts during 1992-97 (Cuddalore, Madurai, Salem, Tiruvannamalai, Tirunelveli, Tuticorin, Vellore and Virudhunagar) towards honorarium to CWOs and helpers.

The expenditure of Rs 34.01 crore incurred was, thus, ineligible for assistance from World Bank and the amount of Rs 25.51 crore (75 per cent) claimed in this regard from the World Bank was inadmissible. The amount of expenditure incurred in this connection throughout the State, called for (February 1997), had not yet been received (July 1997).

(c) Expenditure on local materials

Government accorded sanction (April 1991) for establishment of 729 CNCs and 600 Nutritious Noon Meal (NMP) centres in Phase I area of the Project implemented in the 11 blocks of Periyakulam Taluk in Madurai District. The Government sanction included an amount of Rs 14.53 lakh towards the cost of local material and sanctioned under "Centre Cost". Government further accepted (March 1992) a proposal of the PC to debit under TINP head the expenditure incurred on honorarium of organisers and helpers and cost of other materials like vegetable, fuel and condiments in the NMP centres in the Phase II areas viz., Madurai, Dindigul, Erode and Salem Districts from July 1991 under the centre cost. The same procedure was adopted in the remaining districts covered under phase III to V. As it was specifically mentioned in the SAR that the children aged 3 to 6 years would continue to receive noon meal as part of the established pre-school package funded outside the project and consequently, providing of noon-meal to such children was not covered under TINP, the orders of Government were contrary to this provision and all expenditure on providing noon-meal to such children was inadmissible under TINP. The circumstances under which this proposal was accepted by Government could not be ascertained as the file concerned was not produced to Audit despite repeated requests.

* Centre Cost is the cost incurred for each centre towards Honorarium, Rent, Contingencies, food and other non-recurring expenditure for play materials, vessels, etc.

Similarly, the expenditure incurred for Old Age Pensioners (OAP) towards vegetables, fuel and condiments in the noon meal centres was also irregularly debited to the TINP head of account.

The inadmissible expenditure towards cost of local materials (condiments) so incurred under the centre cost during 1991-97 in the entire State (19 TINP Districts) was Rs 26.01 crore.

The amount so debited irregularly under the Project was ineligible for assistance and as such, claims of Rs 19.51 crore (at 75 *per cent*) made in this regard from the World Bank were not in order.

3.25.5.3 Unfruitful expenditure

(a) Supply of vessels

(i) SWNMP Department instructed (January 1992) the PC, TINP to place orders on 4 Industrial Co-operative Societies (ICS) for supply of vessels to 5,789 NMP centres under Phase I and II areas of the Project with a view to procure the vessels with least delay and to ensure utilisation of maximum amount before March 1992. The particulars of supply made by the societies, the balance to be supplied and the quantity found sub-standard out of the quantity supplied are given below:

(In numbers)						
District	Name of the society which made the supply	Number of centres	Quantity for which orders placed	Quantity supplied	Quantity not supplied	Quantity found sub-standard out of supplies made
Madurai	Mettupalayam	1,200	1,132	1,132	NIL	1,132
Dindigul	Thiruvallur	1,088	1,631	1,272	359	NIL
Erode	Thiruvallur	700				
Salem	Ambattur	1,800	1,433	1,433	NIL	NIL
Madurai	Karuvam-palayam	335				
Salem	Karuvam-palayam	287	1,001	1,001	NIL	1,001
Erode	Karuvam-palayam	229				
Dindigul	Karuvam-palayam	150				
Total		5,789	5,197	4,838	359	2,133

An amount of Rs 80.84 lakh* was paid (March 1992) as 90 *per cent* advance to the Chief Executive Officer, Tamil Nadu Khadi and Village Industries Board

* Ambattur : Rs 25.77 lakh; Karuvampalayam : Rs 5.39 lakh; Mettupalayam : Rs 20.35 lakh and Thiruvallur : Rs 29.33 lakh.

(TNKVIB), Chennai against the total value of orders placed for Rs 89.82 lakh. Though three societies had completed full supply by April 1993, the final bill was not paid to the two societies because all the 2,133 vessels (Cost Rs 28.60 lakh) supplied by them were of sub-standard quality. These had not been replaced so far (July 1997). Another Society had supplied only 1,272 vessels (78 *per cent*) out of 1,631 vessels for which orders were placed.

Due to the absence of specification of vessels in the quotations and supply orders, Audit could not ensure whether the Societies had supplied vessels of required specification.

Thus, Rs 32.20 lakh given as advance towards the supply of vessels, to the 3 societies remained unfruitful as of July 1997 due to the receipt of vessels of sub-standard quality/non-receipt of the entire quantity. The expenditure of Rs 28.60 lakh on sub-standard vessels was also not eligible for credit assistance as per the Aide-Memoir (July 1996) of the World Bank.

(ii) A penalty at 2 *per cent* of the total amount involved was prescribed in the supply order for each month of belated supply and this was incorporated in the agreement entered into with the suppliers. Though the Society at Ambattur had completed supply only in April 1993, i.e. 13 months after the due date (25 March 1992), final payment was made without collecting the penal charges of Rs 6.87 lakh for the delay in supply.

(b) Purchase of play materials

Government accorded sanction, between April 1991 and August 1992, for procurement of toys and play materials at a cost of Rs 2.15 crore for 13,613 CWCs for the implementation of pre-school services. Government obtained quotations for this purchase from 13 co-operative societies and forwarded them (February 1992) to the PC, directing him to place orders for the supply of toys and materials. A scrutiny of the records in the office of the PC, TINP revealed that the PC placed orders (March 1992) with 5 ICSs, whose quotations were the lowest. Necessary agreements were also executed (March 1992) with these societies and Rs 32.36 lakh were paid as 90 *per cent* advance to these 5 societies.*

All the 3,595 sets supplied (June 1992 to August 1993) by these 5 Societies were sub-standard/not as per specification or damaged.

It was reported (June 1997) to Audit that only after completion of supply it was noticed that the materials were of sub-standard quality and the balance amount of 10 *per cent* was not paid.

* Coimbatore : Rs 8.73 lakh; Karuvampalayam : Rs 5.95 lakh; Mettupalayam : Rs 4.79 lakh; Thiruvallur : Rs 3.98 lakh; and Thathampalayam : Rs 8.91 lakh.

It was seen that the societies were not the units of TNKVIB but only registered with TNKVIB and did not have any share capital contribution from the Government. As such, as per the then existing Government orders, they were not eligible for any priority in Government purchases without adopting the tender system. Thus, purchase of materials without ascertaining their previous experience, financial and manufacturing capacity etc., and payment of 90 *per cent* advance were irregular. The reply of PC that the societies had been presumed to be the units of the TNKVIB on the basis of their letter heads was not tenable as the cheques for advance payment had been made in favour of the societies and not in favour of TNKVIB. A complaint against the defaulting societies had also been lodged by the PC with Additional Director General of Police (Economic offences wing), Chennai in April 1997. Further action in this regard was awaited.

As the sub-standard materials had not been replaced so far by the societies, the entire amount of Rs 32.36 lakh paid to the societies remained unfruitful and was not eligible for assistance from the World Bank. Besides, the objective of pre-school services could not be achieved fully.

3.25.5.4 Unproductive expenditure

The expenditure of Rs 33.47 lakh incurred on the surveillance study and a mid-term review conducted during April 1992 to October 1993 and December 1995 to October 1996 respectively became infructuous as the data and particulars collected from these studies could not be utilised for the project period, which came to an end in December 1997.

3.25.5.5 Non-adjustment of temporary advances

Register of temporary advances pending adjustment under the Project, called for in November 1996 was not made available (July 1997) to Audit by the PC, TINP. However, information collected from the Pay and Accounts Officer (South), Chennai, the bill passing officer for the office of PC, TINP, revealed that 21 advances to the tune of Rs 3.09* crore drawn by the PC, TINP during the period 1991-92 to 1996-97 were pending adjustment as on 31 May 1997. It was also noticed that Government, in utter disregard of the specific provision of the Tamil Nadu Financial Code (TNFC) regularly permitted the Pay and Accounts Officer (South) to honour the advance bills presented by PC despite a large number of previous advances pending. Reasons for non-adjustment of the temporary advances pending for the period ranging from 14 to 60 months as of May 1997, were not furnished by the PC, TINP. The non-adjustment had resulted in an irregular drawal of credit assistance from the World Bank on the drawal of advances for which actual final expenditure was not available and reporting of incorrect financial performance under the Project besides violation of financial codal provisions prescribed in this regard.

* Age-wise breakup of advances pending: 1991-92 - Rs 0.04 crore, 1992-93 - Rs 1.33 crore, 1993-94 - Rs 0.64 crore, 1995-96 - Rs 1 crore and 1996-97 Rs 0.08 crore.

Incidentally, it was observed during test-check of records relating to the Internal Audit Wing of the Office of the PC that only Rs 51.72 lakh were shown pending towards temporary advances during the period of audit (November 1990 to March 1995). This was at variance with the figures of PAO (South) and indicated that the Office of the PC was not even aware of the correct amount of temporary advances drawn and paid to the various implementing agencies for incurring expenditure. It was not clear as to how the recoveries in these cases were being watched. No reconciliation between the two sets of figures had been attempted so far (July 1997).

3.25.5.6 Expenditure under Health Component

Despite 635 posts sanctioned by Government (Joint Directors of Health Services - 14; DDHS - 4; SHN - 490 and CHN -127) for the project the expenditure on the pay and allowances of health staff was not booked under the project, but was debited to the regular head of the Health Department. Consequently, the funds provided under the TINP for salary under the health component were surrendered by PC without utilisation, resulting in the non-drawal of the earmarked assistance from the World Bank. This also revealed that there was no effective co-ordination between the PC and the Health Department.

3.25.5.7 Audit Certificate

An Audit Certificate was issued to the PC every year based on the expenditure statements relating to the Project compiled from the Accounts.

An amount of Rs 18.61 crore under the following categories had been disallowed as being ineligible for reimbursement while issuing the Audit Certificate for 1995-96.

Category	Amount disallowed (Rupees in crore)	Reasons for disallowing
(i) Civil Works	1.25	90 <i>per cent</i> advance payment made in March 1996 towards construction of 140 centres was shown as final expenditure.
(ii) Equipment	0.01	Amount of Sales tax paid to a firm on "Second Sales".
(iii) Incremental operating cost	11.45	Amount of honorarium paid to CWOs and helpers for provision of noon meal in TINP centres (Paragraph 3.25.5.2(b) <i>supra</i>).
(iv) Medicines	5.90	Amount relating to procurement of medicines in violation of World Bank guidelines.

A comment on procurement of medicine (item (iv)) had already been included in paragraph 3.21 of Civil Audit Report for the year ended 31 March 1996. For item (iii), World Bank requested (July 1997) the PC to refrain from claiming further reimbursement of this till a final decision was taken. Action taken in respect of the items (i) and (ii) was awaited from the PC (November 1997).

3.25.6 Physical performance

Under the Project the project inputs would be primarily delivered through a CNC, run by a CNW assisted by one local 'Dai'. The existing noon meal centres were also brought into the ambit of the Project and these centres were run by CWOs assisted by an 'ayah'. The CNWs and CWOs render services such as giving supplementary feed to malnourished children of the age group of 0 to 36 months and the eligible pre-natal and ante-natal women besides weighing of all children in the age group of 6-36 months and other health and pre-school activities.

50.95 lakh beneficiaries (41.49 lakh children and 9.46 lakh pre/ante-natal women were "growth monitored" and supplied with feeding under the Project during the period 1990-91 to 1996-97.

3.25.6.1 Nutrition Component

(a) Shortfall in establishment of CNCs

Government ordered (March 1991) establishment of 20,574 CNCs under the Project TINP II. As on 31 March 1997, 19,500 CNCs were functioning under the project in the 19 project implementing districts covered under 5 phases.

Phase	Number of CNCs	
	Proposed	Established
I	657	729
II	4,101	6,088
III	5,457	7,790
IV	4,584	2,521
V	5,775	2,372
Total	20,574	19,500

It was observed that against the proposed number of CNCs in each phase, the number of CNCs established were more in the first three phases but much less in the next 2 phases, because, after the III phase, Government restricted the number of new centres due to financial constraint and sanctioned CNCs in the existing CWCs only. This resulted in the cumulative shortfall of 1,074 CNCs. This could have been avoided had the irregular drawal of credit assistance towards noon meal programme not taken place.

(b) Population not covered

As of January 1996, in the 19 districts covered under the scheme, out of a total population of 3.64 crore, 24 *per cent* (86.44 lakh) had not been covered under TINP II.

In view of the stress laid by the Review Mission of the World Bank on the need to fully complete all planned activities under the Project and on the basis of the proposal of PC, TINP, Government sanctioned (March 1997) establishment of 1,400 CNCs in 11 districts and for expenditure upto Rs 3.24 crore. However, Government subsequently deferred the establishment of these CNCs due to the impending closure of the Project in December 1997.

(c) Construction of CNCs

Based on the proposals of the PC, TINP Government sanctioned construction of buildings for 500 CNCs during 1992-93 (125), 1993-94 (200) and 1995-96 (175) at a cost of Rs 4.95 crore (1992-93: Rs 1.24 crore; 1993-94 : Rs 2.33 crore and 1995-96 : Rs 1.38 crore). An amount of Rs 4.78 crore was released to 18 District Collectors concerned (1992-93 : Rs 1.07 crore; 1993-94 : Rs 2.33 crore and 1995-96 : Rs 1.38 crore), who were entrusted with the construction work under Jawahar Rozgar Yojana (JRY).

As of March 1997, construction had been completed only in respect of 265 CNCs and for 150 CNCs, the works were in progress; construction of 85 CNCs (estimated cost : Rs 84.15 lakh) was yet to commence (March 1997).

Out of the completed 265 CNCs, 35 CNCs (estimated cost : Rs 34.65 lakh) were yet to be occupied (March 1997), the reasons for which were not available in the records produced to audit. However, the PC, TINP reported (July 1997) to audit that the respective District Collectors had been addressed to hand over the constructed buildings to the TINP officials concerned.

Even in respect of 265 CNCs completed, the actual expenditure incurred was not known to the PC, TINP. PC, TINP reported to audit that action had already been taken to collect the expenditure details from the respective District Collectors. Out of 170 CNCs sanctioned and taken up in the 4 districts test-checked (Madurai, Salem, Vellore and Tiruvannamalai), 136 CNCs were completed and 34 works were in progress. As per the reference (December 1996) of the Chief Secretary to the GTN to the District Collectors, the construction was very slow and unsatisfactory and he had requested the District Collectors to review the progress of work immediately and take effective steps to get the buildings completed in all aspects by 31 March 1997.

Difficulty in locating the sites and in getting the orders for land allotment were the reasons attributed (February 1997) by the PC, TINP for the delay in commencement of work. As the entire amount released in advance was taken as expenditure for the purpose of claiming assistance from the World Bank, the release of amount without ascertaining the immediate requirement was, thus, resorted to, to merely avail the credit assistance and also to avoid lapse of grant.

The unutilised amounts were kept in fixed deposit account in 2 districts test-checked (Vellore and Cuddalore) and even the interest of Rs 5.34 lakh earned on these was not refunded to the PC, TINP.

3.25.6.2 Composition of Food

(a) As per the agreement between the IDA and the State Government, the State was to, by 1 January 1991, (a) adopt and apply beneficiary selection criteria and methodology mutually agreed to by the IDA and the State for provision of therapeutic supplements to children under 36 months of age and pregnant and lactating women in the Project area and (b) thereafter maintain the provision of therapeutic nutritious supplements which had composition satisfactory to the IDA.

The IS 7021/1973 prescribed specification for protein rich food supplements for infants and pre-school children between 18 months and 5 years of age.

The Project was not adopting the above IS specification till June 1996.

When the tender schedules for the purchase of Weaning Food (WF) and Special Supplement Food (SSF) for the year 1996 were sent to the World Bank for approval, the World Bank requested (September 1995) the PC to send a copy of the technical specification on the basis of which the proposal for therapeutic food was prepared by Central Food Technological Research Institute (CFTRI), Mysore. PC intimated (September 1995) that the connected file containing specifications for WF and SSF of CFTRI was not readily available and the same would be transmitted on receipt of details regarding the correctness of the components proposed and characteristic requirements. Simultaneously, CFTRI was addressed (September 1995) by PC, requesting them to offer their specific remarks whether composition of the foods adopted so far was suitable and, if not, recommendations given for a new recipe. CFTRI reported (October 1995) to the PC that minimum protein content had to be increased from 14 to 15 *per cent*, vitamin pre-mix from 0.2 gm to 50 gm and Calcium Carbonate (mineral mix) from 200 gm to 500 gm and Ferrous Sulphate from 20 gm to 50 gm so that final product contained specifications as per IS 7021/1973. The revised specification was adopted by PC in the tender for 1996, concurrence of the World Bank obtained and the tenders were approved by Government in August 1996. Therefore, the specifications adopted by the Project upto June 1996 were at variance with those recommended by CFTRI as per IS 7021/1973 as detailed below:

Name of the composition	As adopted by the Project	As recommended by CFTRI
a) Protein by mass minimum	14 <i>per cent</i>	15 <i>per cent</i>
b) Vitamins prefix	0.2 gram	50 grams
c) Mineral Premix		
-Calcium Carbonate	200 grams	500 grams
-Ferrous Sulphate	20 grams	50 grams

Vitamin "B" and "D" groups were not analysed at the CFTRI due to non-availability of required facilities in the Institute.

The records showing the quality of vitamins and minerals added to each batch and the declaration about the vitamin and mineral contents by the firm "C" which supplied the food, as required in the executed agreement, were not made available to Audit.

The PC, TINP stated (June 1997) that the food specification had been carefully examined by nutrition experts in TINP and the World Bank; that the present formula was accepted for children, pregnant and lactating mothers, and that the specification at the ISI standard were prescribed by the World Bank only from 1996 onwards which were adhered to.

The reply of PC was not tenable as the food supplied under the project till June 1996 did not have the full nutritive value mainly due to lesser content of protein, the main input for eradication of malnutrition and likely to result in procurement of food far in excess of requirement, especially in respect of children who are normally expected to graduate in 90 days, resulting in extra expenditure on the food.

(b) The firm C, the supplier of food upto November 1995 for the project was blacklisted by the PC for financial irregularities during the period December 1995 to February 1996. The PC had arranged procurement of food from co-operative societies during this period. As per the test results given by the CFTRI on the samples of food supplied by the co-operative societies, 19 out of 61 samples contained lesser percentage of protein (5 with protein less than 10 *per cent* and 14 with protein above 10 *per cent* but below 14 *per cent*). Even though the cost of food supplied by the societies (Rs 8.24 crore) was yet to be paid, the fact remained that the food with low protein content was continued to be supplied under the project during the period from December 1995 to February 1996.

3.25.7 Health component

3.25.7.1 Key indicators

The SAR indicated various Project objectives based on the kinds of coverage that should be achievable with the package of interventions and the service delivery infrastructure proposal under the project.

The percentage of achievement relating to the main key indicators in respect of 41 Health Unit Districts (HUDs) including urban areas under the Project during the last 3 years viz., 1994-95, 1995-96 and 1996-97 as reported by DPHPM has been furnished in Appendix XXIII.

The achievement under the important components/activities during the last 3 years viz., 1994-95 to 1996-97 in the 8 test-checked HUDs has been given in Appendix XXIV. No specific reasons were furnished for the shortfall by the DDs, HS of Cheyyar, Namakkal, Salem and Madurai HUDs. DDHS Tiruvannamalai reported that the shortfall in Ferrous Sulphate Tablets (FST) (Small) and low birth weight was due to short supply and malnutrition respectively.

3.26.7.2 Health Key indicators

(a) Infant Mortality Rate

One of the objectives of the Project was reduction in Infant Mortality Rate (IMR) to 55 per 1000 live births as against prevailing IMR of 87 in 1987. At the start of the Project in 1990 the IMR was 59 per thousand. The Chief Minister had also directed in March 1996 to reduce the IMR to 50, 40 and 30 per 1000 live births by 1995, 1998 and 2000 respectively.

It was observed that although the IMR for the State as a whole during 1995 was 54.8 per 1000, it was much higher in the 8 districts covered under the Project, ranging from 55.5 in Villupuram to 98.1 in Dharmapuri.

According to DPHPM (June 1997), the major causes for high IMR for the State as a whole were asphyxia (21 *per cent*), prematurity (14 *per cent*), low birth weight (10 *per cent*), social causes (9 *per cent*) and respiratory infection (7 *per cent*).

In his reply (April 1997) furnished to Audit, the PC, TINP made an attempt to disclaim (April 1997) responsibility for monitoring the IMR on the plea that data regarding IMR was not taken for reference purposes. The reply of PC was not acceptable as ensuring child survival was one of the main objectives of the project and the PC, TINP was responsible for the co-ordination of various activities including health services under the project. Though instructions were also issued by the PC, TINP in

April 1996 to DPNOs regarding reduction of IMR to the expected level, no further monitoring was done.

b) Referral System

Referral of cases failing to respond to supplementation was one health input special to the project. The referral chain included identification and referral of a case by the CNW to the MPHWP, diagnosis by screening of the cases for medical and non-medical causes by the MPHWP, treatment and further upward referral, if necessary, till the treatment of the illness was complete.

The particulars furnished by the PC, TINP on the working of the referral system during 1995-96 and 1996-97 revealed that the referral system had not emerged as successful.

Year	Number of districts from which particulars received	Total number of referral cases			Number of districts in which percentage to feed back was nil	Number of districts in which percentage of feed back was less than 50
		referred to Health staff (in lakh number)	for which feed back received (in lakh number)	Percentage of feed back		
1995-96	17	12.02	3.47	29	3	11
1996-97	18	3.22	0.87	27	3	10

The reasons for the same were lack of basic health training for CNW, limited capacity for diagnosis and treatment at the referred centre and loss of wages and time for the referred person.

3.25.8 Supervision

In order to ensure effective supervision of the implementation of the Project, the CNIs, VHNs and SHNs (jointly with CNSs) were required to visit 180, 52 and 96 CNCs per year. However, significant shortfall in the visits of these officials, as compiled with reference to particulars furnished by them, was noticed in two test-checked districts as indicated below:

Name of the district	Number of Blocks/CNCs for which particulars compiled	Total number of visits to be made per annum	Total number of visits actually made			Number of Individual visits ranged between	Percentage of shortfall		
			1994-95	1995-96	1996-97		1994-95	1995-96	1996-97
Visit of CNIs									
Vellore	19 Blocks	3420 @ 180 per year	1488	1866	2193	23 and 178	56	45	36
Visit of VHNs									
Vellore	93 CNCs	4836 @ 52 per year	1400	1350	1407	Nil and 39	71	72	71
Salem	70 CNCs	3640 @ 52 per year	335	361	334	Nil and 25	91	90	91

Similarly, shortfall was also noticed in 3 districts during 1995-96 and 1996-97 in the joint visits of SHNs and CNSs to CNCs as given below :

Name of the District	Number of CNCs from which particulars compiled	Total number of visits to be made @ 96 per year	Total number of visits actually made		Number of Individual visits ranged between	Percentage of shortfall	
			1995-96	1996-97		1995-96	1996-97
Salem	114	10944	3870	4150	Nil and 89	65	62
Madurai	95	9120	4571	4471	Nil and 94	50	51
Tiruvanna-malai	71	6816	1687	1939	Nil and 78	75	72

The reasons for shortfall in the visits of CNIs in Vellore District were attributed (February 1997) by the DPNO, Vellore to other duties like drawing of bills, conducting review meetings, attending block/district level meetings convened by superiors and conducting training to CWOs, refresher and co-ordination trainings attached. However, the PC, TINP reported (May 1997) that the reasons adduced by the DPNO, Vellore were not acceptable and action was being initiated against the erring officials.

3.25.9 Monitoring

State/District/Block level monitoring committees were constituted for monitoring and reviewing the implementation of the Project. In the test-checked districts, the District level committees had not met quarterly as prescribed by Government and the Block Level Committee did not meet at all. PC, TINP stated (July 1997) that the need for the meeting of the State Level Committee had not been felt as the required aspects under the Project were discussed during the meeting with Secretary of SWNMP Department as and when required.

The above points were referred to Government in September 1997; reply had not been received (December 1997).

3.26 Unfruitful expenditure due to injudicious selection of tenderer for purchase of trailers and avoidable expenditure on transportation of energy food

Government sanctioned in August 1992, Rs 15 lakh for procurement of 30 trailers to be attached to the Jeeps already donated by UNICEF for 30 blocks in Kancheepuram District for uninterrupted transportation of energy food from blocks to Anganwadi centres under the scheme of "Integrated Child Development Services". The amount was drawn as advance in March 1993 and kept in bank account by the Director of Social welfare (DSW).

DSW called for tenders in September 1992. The lowest offer of Rs 0.22 lakh per trailer received from a Co-operative Society (Society)* was accepted. Orders were placed in October 1992 stipulating the delivery period as six weeks. The Society supplied only 22 trailers between February 1994 and May 1995. DSW paid the full cost of Rs 4.84 lakh between February 1994 and March 1996 and out of the remaining amount, the Department procured 650 bicycles for Rs 8.39 lakh during April 1993 to August 1993. The balance of Rs 1.77 lakh was refunded to Government in March 1996.

While 6 trailers had not functioned since the date of supply, others worked only for a short period and as of August 1996, 21 out of 22 trailers were not functioning and lying idle due to inherent defects such as (i) shortfall in load bearing capacity, (ii) spring plates not in working condition and (iii) other miscellaneous defects.

The following points were observed in Audit.

* Adyar Electronic Electrical Wiring Servicing Painting Lime and Stationery Articles Producers' Co-operative Society Limited.

- (a) Sanction of Rs 50,000 per trailer was not based on any proper assessment. The finalised cost was only Rs 22,000 per trailer.
- (b) Though the supply of trailers and bicycles could be effected only after March 1993, the action of the Department in withdrawing the advance of Rs 15 lakh in March 1993 merely to avoid lapse of grant, keeping it outside Government account (Savings Bank account) and adjusting it after three years was not in order.
- (c) The tender was finalised without any detailed specification given by the Society.
- (d) Though the Society was a registered unit under the TNKVIB, the antecedents were not verified either with the Board or otherwise before finalisation.
- (e) The Department pleaded inability to take action on the supplier on the ground that no agreement had been executed. This was not acceptable because the penal provisions of the tender conditions were also not invoked.
- (f) While the final balance of 5 *per cent* was to be paid only after the expiry of warranty period (i.e., 12 months from the date of supply), full payment was made to the supplier at the time of supply.
- (g) Transportation charges paid in 16 blocks alone during April 1994 to March 1997 where trailers supplied were not functioning amounted to Rs 7.75 lakh.

Thus, the injudicious selection of the supplier and non-enforcement of the tender conditions in the procurement of trailers resulted in an expenditure of Rs 4.62 lakh on 21 trailers remaining unfruitful and an avoidable expenditure of Rs 7.75 lakh on transportation charges.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

3.27 Excess payment due to incorrect adoption of rate on purchase of pulses

The Director of Social Welfare and Nutritious Meal Programme (DSWNMP) obtained quotations in April 1995 from two co-operative societies for the supply of peas, green gram, bengal gram and 'karamani' (a variety of beans) for feeding children in the age group of 2+ to 5 with "sundal" (boiled pulse) towards supplementary feeding under Integrated Child Development Services. The lower rates of Rs 24 per kg for bengal gram and Rs 23 per kg for the other three pulses, quoted by Thiruthani Co-operative Agricultural Marketing Society (Society), were approved (April 1995) by the DSWNMP and orders were placed (April 1995) for supplying the requirements of Anganwadi Centres located in 3 Districts (Kancheepuram, Pudukkottai and Nilgiris) for the period from May 1995 to October 1995.

It was observed that Rs 12.20 crore were paid by DSWNMP to the Society on two occasions in September and November 1995 for supply of 508.50 tonnes of peas and 'karamani' at a rate of Rs 24 per kg instead of Rs 23 per kg approved by the Department, which led to an excess payment of Rs 5.09 lakh.

The matter was referred to Government in July 1997; reply had not been received (December 1997).

GENERAL

3.28 Misappropriations, losses, etc

(i) Cases of misappropriation of Government money reported to Audit to the end of March 1997 and on which final action was pending at the end of June 1997 were as under:

	Number of cases	Amount (Rupees in lakh)
Cases reported to the end of March 1996 and outstanding at the end of June 1996	458	144.05
Cases reported during April 1996 to March 1997	28	3.35
	486	147.40
Cases cleared during July 1996 to June 1997	30	3.90
Cases outstanding at the end of June 1997	456	143.50

Departmentwise and yearwise analyses of the pending cases are furnished in Appendix XXV. In all these cases, report on the departmental action taken and results of the proceedings against Government servants responsible, required to be sent to Audit according to Financial Rules, were awaited (December 1997).

(ii) In addition, 365 cases (Rs 1.14 crore) of theft, damages to properties, etc., reported to Audit upto March 1997 by departments other than Public Works and Highways Departments and 4,533 cases (Rs 15.70 crore) either reported by or noticed during audit of Public Works and Highways and Rural Works Departments upto 1996-97 were pending finalisation as on 30 June 1997. Departmentwise and yearwise analyses of these cases are contained in Appendix XXVI.

3.29 Write off/waiver of losses, irrecoverable loan/interest, etc

In 139 cases, details of which were made available to Audit, losses and irrecoverable loans/interest, etc., amounting to Rs 28.72 lakh were written off/waived by Government during 1996-97.

Departmentwise details are indicated below :

Department	Written off		Waiver	
	Number of items	Amount (Rupees in lakh)	Number of items	Amount (Rupees in lakh)
Agriculture	1	0.21	--	--
Animal Husbandry and Fisheries	16	0.25	--	--
Commercial Taxes and Religious Endowments	113	0.42	--	--
Home	1	0.08	1	27.14
Legislative Assembly	1	0.52	--	--
Municipal Administration and Water Supply	--	--	1	0.03
Public	--	--	3	0.02
Public works	1	0.04	--	--
Revenue	1	0.01	--	--
Total	134	1.53	5	27.19

FINANCE DEPARTMENT

3.30 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial records, noticed during local audit but not settled on the spot, are communicated to Heads of Offices and to immediate superior authorities through Inspection Reports (IRs). Important irregularities are reported to Heads of Department and Government.

Government issued orders in April 1967 fixing a time limit of 4 weeks, from the date of receipt of IRs, for furnishing first replies by Heads of office.

In view of large number of outstanding IRs and paragraphs, Government constituted at both State level and departmental level, Audit and Accounts Committees for consideration and settlement of outstanding paragraphs. During 1996-97, in 10 sittings of the Committee, out of 159 IRs with 337 paragraphs discussed, only 4 IRs and 26 paragraphs were settled.

(a) (i) As of June 1997, 8,536 IRs (issued upto December 1996) containing 32,693 paragraphs were pending settlement. Yearwise details of IRs pending settlement were as under:

Year	Number of IRs pending	Number of paragraphs pending
Upto 1992-93	3,327	9,379
1993-94	1,203	4,113
1994-95	1,247	4,757
1995-96	1,580	7,601
1996-97 (Upto December 1996)	1,179	6,843
Total	8,536	32,693

(ii) Out of 8,536 IRs and 32,693 paragraphs outstanding, a review of outstanding IRs of Industries, Revenue and Public Works Departments revealed as under :

Serial number	Department	Outstanding		Number of IRs for which first replies were not received
		IRs	Paragraphs	
1.	Industries	86	268	16
2.	Revenue	340	1,296	57
3.	Public Works	558	2,316	21

(b) Apart from the general observations on the inadequate financial control, failure of system, procedure, etc., out of the IRs issued during 1983-84 to 1996-97 (upto December 1996), 2,125 paragraphs (Rs 134.02 crore) in Public Works Department, 216 paragraphs (Rs 18.01 crore) in respect of Industries Department and 521 paragraphs (Rs 159.61 crore) in respect of Revenue Department on specific cases of irregularities were pending settlement as of June 1997. The category-wise paragraphs pending and amount involved are detailed in Appendix XXVII.

CHAPTER IV

WORKS EXPENDITURE

HIGHWAYS DEPARTMENT

4.1 **Unauthorised aid to the contractor due to sanction of interest-free mobilisation advance beyond the terms of contract**

The work of improvement of East Coast Road from kilometre (km) 11/8 - km 95/0 (Package S8) and km 95/0 - km 178/4 (Package S9) was entrusted to a firm in March 1991 for Rs 63.05 crore (Rs 30.29 crore for package S8 and Rs 32.76 crore for package S9). The agreements entered into with the firm provided for payment of interest free advance, equivalent to 10 *per cent* of the letter of acceptance (contract value), to the contractor exclusively for the purpose of meeting the mobilisation expenditure. Accordingly, the firm was paid, in May 1991, Rs 3.03 crore for package S8 and Rs 3.28 crore for package S9. The work, commenced in May 1991, was to be completed by May 1995.

According to provisions of agreements, the recovery of mobilisation advance was to be made in 24 equal instalments and was to commence on completion of 10 *per cent* of contract value or one third of the period of completion. Accordingly, the recovery was commenced in October 1992 for package S8 and in July 1992 for package S9. In January 1993, the firm made a representation for deferment of recovery to ease the strain on the working capital. The Department agreed (April 1993) to consider the proposal if the firm agreed to pay 18 *per cent* interest for deferred period and the firm accepted the condition in October 1993.

When the proposal was under consideration of the Government, the firm again represented to Government (July 1994) to reschedule the recovery of the advance, reimburse the amount already recovered and to sanction additional interest free mobilisation advance for both the packages at 5 *per cent* of the contract value. The first two proposals were not accepted by the Chief Engineer, East Coast Roads and Rural Roads (CE). Instead, CE recommended to Government (August 1994) for postponement of recovery of the unrecovered portion of the advance pending upto April 1994 as there was delay in handing over additional stretches of road from August 1993 to April 1994 due to a stay granted by the High Court, Chennai on environmental grounds. In the interest of speeding up the execution of the works, the CE also recommended sanctioning of additional mobilisation advance at 5 *per cent* of contract value at 18 *per cent* interest. The CE further observed that the firm did not utilise the original advance sanctioned for package S8 for purchase of equipment.

During the review meeting held by the Chief Secretary in August 1994, it was decided to recover the unrecovered portion of the advance from the bills of August 1994 to April 1996. It was also decided that payment of additional interest free mobilisation advance was not possible because any additional advance over and above 10 *per cent* would have to bear interest. Alternatively, it was suggested to pay interest free mobilisation advance of Rs 3 crore calculated at 10 *per cent* of the revised cost of the Project less the amount already spent on the Project after deducting the unrecovered part of the advance already with the firm.

The Government, in February 1995, sanctioned Rs 3 crore as additional interest free mobilisation advance for both the packages subject to the conditions that the works should be completed within a stipulated time and the firm should produce evidence for procuring equipment for package S8. The firm was paid Rs 2.50 crore for package S8 and Rs 0.50 crore for package S9 in March 1995. The amounts were recovered during April 1995 to September 1996 (package S8) and April 1995 to August 1995 (package S9). As of February 1997, the work in both the packages had not been completed.

It was observed in audit that the sanction of additional interest free mobilisation advance was over and above the limit prescribed in the agreement and hence the advance should have borne interest. The unintended aid to the firm by way of interest at 18 *per cent* worked out to Rs 38.99 lakh. Besides, Government sanction did not specify any time limit for completion of the work while sanctioning the additional mobilisation advance and the works remained incomplete defeating the purpose of sanctioning the additional advance. No penalty for delay in completion of the works as per contract conditions was levied.

The matter was referred to Government in June 1997; the Government, in July 1997, stated that the advance was paid to the firm as the firm faced financial strain due to extreme financial situation in the entire country and the termination of the contract would have increased the project cost several fold. The contention of the Government was not tenable as Government themselves accepted that the payment of advance over and above what was contemplated in the agreement should bear interest. Besides, in similar circumstances, Government of India had sanctioned additional mobilisation advance to the same firm at 18 *per cent* interest.

4.2 Unintended benefit to the contractor on price variation for seigniorage fee

The work of improvement to East Coast Road from Kilometre (Km) 11/8 to Km 95/0 (Package S8) and from Km 95/0 to 178/4 (Package S9) sanctioned in November 1989 under the loan assistance of Asian Development Bank was entrusted in March 1991 to a firm for Rs 63.05 crore. The work commenced in May 1991 was in progress as of January 1997 although the scheduled date of completion was May 1995. The total expenditure incurred on the work upto January 1997 was Rs 65.66 crore.

According to clause 70.1 of the agreement executed with the firm, the contract price was subject to adjustment on account of variation in price of general materials based on price indices. All materials other than special materials such as steel, cement and bitumen were classified as general materials. The cost of general materials for the purpose of Clause 70.1 was to be taken as 15 *per cent* of the contract value on Indian inputs. Clause 70.2 of the agreement provided for reimbursement of extra expenditure incurred by the firm due to changes to or introduction of any National or State statute, ordinance, decree or other law or regulation or bye-law of any local or other duly constituted authority. The reimbursement under this clause was to be made only if such expenditure was not covered under Clause 70.1.

It was noticed in audit that the road work required quarry materials like sand, earth, gravel and blue metal in addition to special materials. Hence the quarry material formed part of general material and the firm had to make own arrangements to procure them. The rates quoted by the firm for quarry materials were based on the market value and inclusive of seigniorage fee payable to Government. In the monthly bills (May 1991 to January 1997), the firm was paid price escalation of Rs 2.88 crore for general materials under clause 70.1. Thus, any increase in seigniorage fee was covered under this clause.

During execution, the firm requested the Department to arrange for quarries for extraction of general materials. Accordingly, the Department arranged quarries through the District Collector, collected seigniorage fee fixed by the Government and remitted this to Government. In their monthly bills, the firm claimed price increase under clause 70.2 of the agreement on the ground that the seigniorage fee for quarry materials were increased by the Government at the time of actual extraction. The Department allowed the claim and had paid Rs 1.01 crore on this account as of January 1997.

As the price variation on quarry materials was already compensated under clause 70.1 of the agreement, the payment of Rs 1.01 crore under clause 70.2 of the agreement for the same purpose constituted an unintended benefit to the contractor.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.3 Overpayment of Mobilisation advance

In May 1992, Government approved the work of 'Construction of a bridge at km 1/8 of Tiruchi-Kulumani Jeeyapuram Road' at the cost of Rs 30 lakh. As there was no response to tender calls made in May 1993 and July 1993, the Department obtained rated offer from Tamil Nadu State Construction Corporation Limited (TNSCC). The offer of TNSCC for Rs 39.30 lakh included payment of interest free advance at 50 *per cent* contract value as ordered by Government in December 1992 for

works entrusted to TNSCC. The advance was to be recovered *pro rata* from the bills. Government, in May 1994, accepted the offer and ordered payment of advance to TNSCC at 50 *per cent* of the contract value. Accordingly, Rs 19.65 lakh were paid to TNSCC in June 1994.

After executing works for a value of Rs 2.48 lakh, TNSCC stopped the work in December 1994 and proposed an alternative alignment in June 1995 which was approved by the Chief Engineer (Highways and Rural Works) in October 1995. After protracted correspondence, TNSCC agreed to execute the work at the rates already quoted and resumed the work in June 1997. As of November 1997, TNSCC executed work for a value of Rs 16.12 lakh and Rs 4.03 lakh were recovered towards mobilisation advance.

Audit scrutiny revealed that the agreement for the work contemplated departmental supply of material *viz.*, cement and steel for a value of Rs 18.94 lakh. As TNSCC was not required to incur any expenditure on mobilising the materials, the value of departmental supply was to be deducted from the contract value for arriving at the quantum of advance payment. This failure resulted in excess payment of advance of Rs 9.47 lakh to TNSCC. The loss of interest on the excess-advance at 17 *per cent*, the rate charged by the State Government for providing working capital support to Public Sector Undertakings, worked out to Rs 5.63 lakh as of November 1997.

When pointed out by Audit (December 1995), the department contended that the departmental supply was not excluded as the Government order was silent about it. The contention was not tenable as the Chief Engineer (National Highways), Chennai, while replying to a similar observation, accepted (May 1995) that the value of departmental supply of material should be deducted for assessing 50 *per cent* mobilisation advance to TNSCC.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.4 Excess payment of interest-free Mobilisation advance

In March 1992, Government of India approved the construction of a causeway across river Palar connecting Attur and Orakkadupet in Chengai-MGR District at an estimated cost of Rs 1.03 crore under Central Road Fund. The scheme aimed at providing shorter access for 8 villages to the nearby towns. Government accorded administrative approval to the project in February 1993. The work was split into works contract and supply contract. Under supply contract, pipes and collars required for issue to the civil work contractor free of cost for use in the work, were purchased at a cost of Rs 22.10 lakh between October 1993 and February 1994. The civil work of construction of causeway was entrusted in March 1994, to Tamil Nadu

State Construction Corporation Limited (TNSCC) for Rs 98.43 lakh. The site was handed over in March 1994 and the Department paid interest free mobilisation advance of Rs 49.22 lakh to TNSCC (50 *per cent* of the contract value) between March and July 1994.

TNSCC executed works for a value of Rs 17.90 lakh and abandoned the work from October 1994. Eventhough extension of time upto May 1996 was given, TNSCC did not come forward to execute the work and informed the Department in June 1996 that there was no possibility of completing the work due to severe financial constraints. The contract was determined in July 1996 at the risk and cost of TNSCC. Out of the mobilisation advance of Rs 49.22 lakh, a sum of Rs 4.94 lakh alone was recovered (February 1997). Tenders for the balance work had not been finalised as of March 1997 and an expenditure of Rs 1.03 crore had been incurred on work as of March 1997.

Audit scrutiny revealed the following.

- (i) The value of mobilisation advance (Rs 49.22 lakh) together with the departmental supply (Rs 50.51 lakh) exceeded the value of the contract (Rs 98.43 lakh) and, therefore, the amount of advance was excessive. The Chief Engineer (National Highways), Chennai, while replying to an audit objection, stated (May 1995) that the value of departmental supply of materials should be deducted from the contract value for assessing the 50 *per cent* of advance to TNSCC. The non-deduction of the departmental supply resulted in excess payment of interest free advance of Rs 25.26 lakh to TNSCC. The loss of interest on the excess advance payment for the period from August 1994 to March 1997 worked out to Rs 11.45 lakh at 17 *per cent* per annum, the rate charged by the Government for loans to Public Sector Undertakings for working capital support.
- (ii) Though TNSCC abandoned the work in October 1994, the Department paid an advance of Rs 16.20 lakh in March 1995 to Tamil Nadu Cements Corporation Limited (TANCEM) for the supply of cement for the work. However, TANCEM had neither supplied cement nor had the Department claimed refund of advance till March 1997. This resulted in blocking of Government funds with TANCEM for two years. The loss of interest worked out to Rs 5.51 lakh at 17 *per cent* per annum.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.5 Extra expenditure due to provision of higher pavement thickness

The work of 'Widening and strengthening the Southern Sector of the Inner-ring road from kilometre (km) 5/0 to km 9/350 upto Old Mahabalipuram road

including cross drainage works' was entrusted to a contractor in September 1993 and completed in March 1995 at a cost of Rs 2.01 crore.

Audit scrutiny of records relating to the execution of the work revealed the following :

(i) According to the departmental investigation, the crust thickness of the existing road, the total pavement thickness required based on the 'Indian Roads Congress' (IRC) specifications and the balance pavement thickness required were as under:

Description	Km 5/0-6/0	Km 6/0-7/0	Km 7/0-8/0	Km 8/0-9/0	Km 9/0-9/350
Existing Pavement Thickness	530 mm	440 mm	470 mm	500 mm	460 mm
Total Pavement thickness required as per standards	600 mm	580 mm	610 mm	600 mm	570 mm
Pavement thickness to be provided	70 mm	140 mm	140 mm	100 mm	110 mm

mm - millimetre

According to the specifications prescribed by Ministry of Surface Transport (MOST), the thickness of single layer of Dense Bituminous Macadam (DBM) should be 40 mm to 75 mm and that of asphaltic concrete 25 mm or 40 mm. Hence, as per standards, the required pavement thickness worked out to 80 mm (40 mm DBM and 40* mm asphaltic concrete) for km 5/0 - km 6/0, 100 mm (60 mm DBM and 40 mm asphaltic concrete) for km 8/0 - km 9/0 and 110 mm (70 mm DBM and 40 mm asphaltic concrete) for km 9/0 - km 9/350. As against this, the Department provided a uniform thickness of 140 mm on all reaches comprising 100 mm of DBM and 40 mm of asphaltic concrete. The additional expenditure due to the provision of extra thickness of DBM in these reaches worked out to Rs 14.45 lakh.

(ii) According to the specifications prescribed by MOST, the rate for Profile Corrective Course (PCC) should include the rate for providing tack coat over the existing bituminous surface. However, the Department while calling for the rates for PCC as per MOST specifications, also obtained separate rate for laying tack coat over the existing bituminous surface and made payments to the contractor accordingly resulting in an undue benefit to him of Rs 1.18 lakh.

When the matter was reported in April 1997, Government stated that the additional future traffic anticipated was 21 Million Standard Axles (MSA) and the

* 40 mm asphaltic concrete was adopted as per IRC specifications.

minimum bituminous surface required as per IRC specification was 40 mm AC and 100-150 mm DBM. It was also stated that payment for tack coat was made as per MOST specification only. The reply was not tenable since the traffic anticipated for 10 years as 21 MSA was the overall requirement and not additional requirement as stated by the Government. Further, the MOST specification does not provide separate payment for tack coat for profile corrective course.

4.6 Avoidable expenditure due to injudicious rejection of an offer

In October 1991, Government sanctioned the work of construction of bridge across Sanganurpallam at Kilometre (Km) 4/2 of Thudiyalur - Kanuvai road in Coimbatore District at a cost of Rs 30 lakh. Tenders invited by the Department in July 1992, August 1992, November 1992, January 1993, February 1993 and March 1993 elicited no response due to the sophisticated type of foundations required and scarcity of skilled labourers around Coimbatore.

Since Tamil Nadu State Construction Corporation Limited (TNSCC), a State Government Undertaking, had the required men and machines to execute the work, the Department obtained an offer from them in July 1993. The offer of Rs 62.22 lakh, for executing the work on a turn-key basis, was reduced to Rs 51.89 lakh (48.53 *per cent* above 1993-94 schedule of rates) through negotiations in July and September 1993 and was recommended to Government in September 1993 by the Chief Engineer, Highways and Rural works (CE) for acceptance.

In January 1994, Government, however, desired that the excess be brought down below 20 *per cent*. TNSCC extended the validity of the offer till June 1994. They were, however, not prepared to reduce the rates and finally withdrew the offer in September 1994. As there was no possibility of getting favourable response through open tender, the Department again requested (August 1995) TNSCC to give a fresh offer. The offer of Rs 64.38 lakh (30.54 *per cent* above 1995-96 schedule of rates) was recommended by the CE (February 1996) and was approved by Government in June 1996. The work entrusted to TNSCC in August 1996 was scheduled to be completed by August 1997. As of March 1997, an expenditure of Rs 47.84 lakh had been incurred.

The decision of the Government to reject the negotiated rate of TNSCC without considering all aspects of the case resulted in an extra liability of Rs 12.49 lakh.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

4.7 Avoidable commitment due to delay in finalisation of tender

In May 1992, Government sanctioned construction of a bridge across river Chittar at kilometre (km) 0/4 of Tenkasi-Ayiraperi road at a cost of Rs 40 lakh.

Tenders for the work were called for in January 1993. The single tender for Rs 37.46 lakh received and negotiated for Rs 36.97 lakh (18.57 *per cent* above Rs 31.18 lakh, the estimated cost put to tender) was recommended (June 1993) by the Chief Engineer (Highways and Rural Works), Chennai (CE) to Government for acceptance. The validity of the tender expiring on 10 June 1993 was got extended upto 31 August 1993.

Government did not finalise the tender even within the extended period of validity. As the tenderer refused to extend the validity period further, the CE in October 1993 withdrew the tender proposals sent to Government and ordered (November 1993) for retender. There was no response for the subsequent three tender calls and the single tender received in the fifth call was also rejected by the CE due to high tender premium. The work was finally entrusted by Government to Tamil Nadu State Construction Corporation Limited (TNSCC) in August 1996 for a negotiated value of Rs 47.27 lakh. The work was not commenced till March 1997 eventhough the site was handed over to TNSCC in October 1996. An expenditure of Rs 49.58 lakh had been incurred as of March 1997 towards procurement of material (Rs 39.75 lakh), advance payment to TNSCC (Rs 4.73 lakh) and advertisement, quality control and contingencies (Rs 5.10 lakh).

According to the orders of Government issued in May 1982, tenders should be finalised within a month from the date of receipt at Government level. The reasons for the failure of Government to finalise the evaluated tender even within the extended validity could not be verified in audit due to non-production of records. Government stated (July 1997) that the relevant records were not traceable. The failure to finalise the tender resulted in extra financial commitment of Rs 10.30 lakh to Government besides non-achievement of the objective of construction of a bridge even after five years of sanction. Further, eventhough the estimate provided for only Rs 3 lakh towards construction of approach road to the bridge which required bitumen, the Divisional Engineer (Highways and Rural Works) Tirunelveli procured bitumen costing Rs 30.34 lakh during December 1992 to January 1997 resulting in blocking of Government funds. Out of this, bitumen valued at Rs 27.62 lakh was procured even before the entrustment of work to TNSCC.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.8 Fictitious expenditure on special repair works

Superintending Engineer (National Highways), Chennai (SE) sanctioned five estimates in January 1996 for Rs 4.96 lakh for urgent repairs to the carriage way of National Highways (NH) 45 in stretches from kilometre (Km) 19/240 to Km 27/0. Considering the urgency, the work was entrusted to five contractors in February 1996 for Rs 4.65 lakh without calling for tenders and was completed in March 1996 at a cost of Rs 4.29 lakh.

The following observations are made:

- (i) While seeking allotment of funds for the work, SE informed the Chief Engineer (NH), Chennai (January 1996) that no improvements such as strengthening, periodical repairs or special repairs were carried out in these stretches for the past 10 years. Further, SE also stated though the above stretches had been handed over to the Chief Engineer (CE), Tamil Nadu Urban Development Project (TNUDP), Chennai during 1993-94 for taking up widening and strengthening works, no work had been executed and the riding surface of the road had deteriorated due to continuous rain during October and November 1995. It was, however, noticed in audit that repair works had been carried out by NH wing in the same stretches during 1994-95. Further, the work of profile correction course was executed under TNUDP in the stretch from Km 19/240 to Km 25/800 during September 1995 to March 1996 at a cost of Rs 3.35 lakh. Hence, execution of any repair work by NH wing in this stretch was not warranted.
- (ii) The quantity estimated for each item of work by the NH wing during January 1996, the quantity arrived at as per pre-levels taken by NH wing before the execution of work in February 1996 and the quantity based on which the payments were made in March 1996 were found to be the same. As the work was executed after one month of preparation of estimates, there was no possibility of executing the same quantity as mentioned in the estimate.
- (iii) The offers of the five different contractors in respect of each item of work were the same and all offers were 0.31 *per cent* below the estimated cost.
- (iv) In February 1996, CE (NH) informed CE (TNUDP) about the decision to carry out special repairs and requested him to recover the cost of repairs from the contracting agency carrying out the original work. Based on this information the Divisional Engineer, TNUDP Division II, Chennai (DE) instructed the field officers to take pre-levels in these reaches. When the details of pre-levels taken were called for by Audit, the DE stated (July 1997) that the pre-levels were not taken as no work was executed by NH wing. In reply to a specific Audit query (April 1997), Superintending Engineer, TNUDP also stated that the NH Division had not carried out any repair work in the stretches mentioned and the NH wing did not furnish the details of expenditure for recovering the cost from the contractor.

It may, therefore, be inferred from the above details that no special repair works were executed by NH wing in these stretches and the expenditure of Rs 4.29 lakh was not actually spent on the works. The matter also required investigation at Government level.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

PUBLIC WORKS DEPARTMENT

4.9 Shanmuganadhi Reservoir Project

4.9.1 Introduction

Government sanctioned (May 1986) Shanmuganadhi Reservoir Project (Project) for an estimated cost of Rs 6.95 crore. The Project contemplated formation of a reservoir across the river Shanmuganadhi in Royappanpatti Village of Theni District to irrigate 1,640 acres of new dry ayacut with an anticipated additional food production of 1,586 metric tonnes (MT). Technical sanction was accorded by Chief Engineer (Irrigation) for Rs 7.65 crore in June 1986. The Project consisted of :

- (i) Construction of earth dam for 561 metres (m)
- (ii) Uncontrolled masonry spillway for 44 m and connected river training works
- (iii) Construction of head sluice for 5 m
- (iv) Non-overflow masonry dam for 28 m and
- (v) Excavation of canal for a length of 18.13 kilometre (km).

The Project, scheduled to be completed in four years, was taken up for execution only in September 1993 due to delay in land acquisition. As of February 1997, 24 *per cent* of work had been completed at a cost of Rs 6.34 crore. According to the revised estimate prepared in March 1997, the Project cost had increased to Rs 14.70 crore and the Project was expected to be completed by March 1999.

4.9.2 Organisational set up

For execution of the Project, one special division was formed in December 1986. As the main work could not be taken up due to non-acquisition of land, the Division (except one sub-division for attending to land acquisition works) was wound up in May 1990. The sub-division was placed under the control of Executive Engineer, Periyar Dam Special Division, Cumbum who executed the project. One more sub-division was deployed from May 1993. The execution of the Project was supervised by Superintending Engineer, Periyar - Vaigai Basin Circle, Madurai and Chief Engineer (Irrigation).

4.9.3 Audit Coverage

The records relating to the execution of the Project from inception were test-checked by Audit during January 1997 to March 1997 in the offices of the Executive Engineer, Periyar Dam Special Division, Cumbum (EE), Superintending Engineer, Periyar Vaigai Basin Circle, Madurai (SE), Chief Engineer (Irrigation) (CE) and the Public Works Department at the Secretariat.

4.9.4 Highlights

- While the Project was being executed by only two sub-divisions, four sub-divisions under one full division were engaged for the preliminary work of the Project resulting in avoidable expenditure of Rs 45.94 lakh. The cost overrun as per the estimate revised in March 1997 was Rs 7.75 crore which was 112 *per cent* more than the original estimate of Rs 6.95 crore. Due to increase in the cost, the Benefit Cost ratio had come down from 1.95:1 to 0.526:1 and the Project had lost its economic viability.

(Paragraph 4.9.6)

- While four sub divisions had been set up for implementation of the Project, staff for land acquisition work, which was a pre-requisite for starting the Project, was sanctioned after a delay of over two years. The delay of 6 years in land acquisition led to time and cost overrun.

(Paragraph 4.9.7)

- Though the agreements were finalised for 47 canal works during 1994-95 and 1995-96 the contractors had not commenced the works and the Division had also not taken any action for timely commencement and completion of the works.

(Paragraph 4.9.7(iii))

- There was avoidable extra expenditure of Rs 6.17 lakh due to non-utilisation of excavated earth in forming inspection track, wrong classification of rock and procurement of cement from private suppliers.

(Paragraphs 4.9.8.1(ii), 4.9.8.2 and 4.9.9.1)

4.9.5 Financial Performance

The Project was funded by the State Government. As against Rs 7.12 crore allotted for the Project during 1986-87 to 1996-97, expenditure of Rs 6.34 crore was incurred.

Scrutiny revealed that:

- (i) Petty supervision expenditure of Rs 1 lakh pertaining to Cumbum Valley Sub-Project for the period from July 1995 to February 1996 was booked against the expenditure of this Project.
- (ii) Vehicles and steel mould valued at Rs 4.68 lakh purchased/transferred from other divisions between March 1988 and June 1988 were retransferred to other divisions during May 1990 to September 1990 but the depreciated value was not realised and credited to the Project.
- (iii) An advance of Rs 4 lakh paid to Revenue Department in March 1988 to avoid lapse of fund was outstanding as of March 1997. In the absence of maintenance of 'Register of lands', utilisation of the funds by the Revenue Department could not be verified.
- (iv) Rupees 2 lakh paid as advance to Tamil Nadu Small Industries Corporation Limited (Rs 1.60 lakh), Tamil Nadu Cements Corporation Limited (Rs 0.25 lakh) and Tamil Nadu Electricity Board (Rs 0.15 lakh) for supply and erection of Nishan Shed, supply of cement and provision of street light respectively during 1987-88 to 1989-90 had not been adjusted. It was not clear whether the supply had actually been made or the services rendered.

4.9.6 Cost overrun

The estimated cost of the Project increased from Rs 6.95 crore (May 1986) to Rs 14.70 crore as per the estimate revised in March 1997. The increase in cost by Rs 7.75 crore which was 112 *per cent* more than the original estimate was mainly due to the following :

- (i) Increase in the amount of compensation payable for land acquisition (Rs 1.42 crore).
- (ii) Increase in the cost of establishment (Rs 1.19 crore).
- (iii) Adoption of new design for energy dissipating arrangements which increased the provision of river training works (Rs 1.52 crore).
- (iv) Increase in the number of cross drainage works (Rs 64.60 lakh) due to change in alignment of canals and
- (v) General increase in the cost of labour, material and minor changes in design (Rs 2.98 crore).

The following observations are made :

(i) Government sanctioned (November 1986) a full fledged division, with four sub-divisions, for executing the Project. The Division executed preliminary works like construction of residential and non-residential buildings and approach roads by obtaining consent letters from the land owners through the Revenue Department and conducted exploratory bore works, trial pits etc. Subsequently, as the land owners refused to give consent letters for entering upon their land for constructing the reservoir for the Project without completion of the acquisition proceedings and payment of compensation, EE recommended (September 1988) closure of the Division. CE, however, ordered its closure only in April 1990 after retaining one sub-division (under the control of a nearby division) for attending to land acquisition work.

The Project work was resumed in May 1993 with only two sub-divisions under the control of Periyar Dam Special Division, Cumbum. Work valued at Rs 3.40 crore was executed during the 4 year period (1993-97). It was seen that the preliminary work could have been done by only one sub-division rather than one full division with four sub-divisions which executed, during December 1986 to March 1990, works valued at Rs 80.26 lakh only against the establishment cost of Rs 57.42 lakh. Had this been done, 80 *per cent* of the establishment cost (Rs 45.94 lakh) could have been avoided.

(ii) Though a full-fledged division with four sub-divisions, was set up to implement the Project as early as in December 1986, exclusive staff for land acquisition work, which was a pre-requisite for the Project, was sanctioned only in March 1989. The land required for the commencement of the Project was acquired and handed over only in October 1992. The delay of over six years in acquisition of land combined with the failure to conduct proper investigation and model studies well in advance before finalising the design for the earth dam and uncontrolled spillway resulted in increase in the cost of land acquisition, material and labour.

(iii) Due to the increase of Project cost from Rs 6.95 crore to Rs 14.70 crore, the Benefit Cost ratio came down from 1.95:1 in the original estimate to 0.526:1 in the revised estimate. The project had become economically unviable.

4.9.7 Time overrun

The Project was targeted for completion in December 1990. The various components of the Project were, however, still in progress as of February 1997 as shown below:

Component	Percentage of completion					
	Earthwork	Embankment	Concrete	Masonry	Side-lining	Cross drainage
Earth dam	82.65	65.63	Nil	Nil	NA	NA
Uncontrolled Spillway	100.00	NA	41.38	56.86	NA	NA
Surplus Course	24.45	NA	Nil	Nil	NA	NA
River Training works and Head Sluice	13.50	NA	Nil	Nil	NA	NA
Non-overflow Masonry dam	Nil	NA	Nil	Nil	NA	NA
Canal	8.32	NA	18.65	NA	17.68	52.27
Distributaries	Estimates to be prepared					
NA - Not applicable						

As per the revised estimate, the Project was proposed to be completed by March 1999.

In this connection the following observations are made :

(i) There was a delay of 6 years in the commencement of the Project due to delay in acquisition of land. It was seen that though the Department had taken up the matter of forming special land acquisition wing for the Project with Collector in February 1987, the special staff were sanctioned only in March 1989 by the Revenue Department. The reason for the delayed sanction was not known. By October 1992, 133.14 acres out of 258.72 acres were acquired and handed over to the Department and the Project commenced only in September 1993 after obtaining special powers from Government to split up the works into convenient reaches.

(ii) Even though the Department conducted geological survey, trial pits and borewell tests during 1987-89 and decided the designs for the earth dam, uncontrolled spillway, river training works and head sluice, the designs required changes when the works were taken up in 1994-95 and 1995-96 due to reasons mentioned in the succeeding paragraphs.

(a) The construction of earth dam between stretch 400 m to 425 m was stopped in June 1994 as the original design of connecting the earth dam to the earth mound, which existed in that location, could not be adopted due to pervious nature of soil. Consequently, it was decided to core the earth dam within the earth mound. The work had not been taken up as of March 1997. The existence of the earth mound was

known to the Department even at the investigation stage of the Project as revealed from the investigations conducted as per the instructions issued by SE, Investigation Circle, Trichy in July 1982. Even though the Department conducted geological survey, trial pits etc. during 1987-89 to decide the design for the earth dam, the pervious nature of the soil in the earth mound was not found out resulting in stoppage of work and change of design during June 1994. The failure of the Department to investigate and evolve the correct design for the earth dam had resulted in avoidable delay in completion of the earth dam work.

(b) The work of construction of uncontrolled spillway was stopped when the existence of weathered rock and faulty shear zone between rock formation was found during the excavation of foundation (June 1996). The design for the spillway had not been decided as of March 1997. The project management could not explain as to why the existence of weathered rock could not be detected during preliminary investigation by trial bore and it appeared that the investigation done earlier was not adequate.

(c) Superintending Engineer, Designs Circle, Chennai had proposed (August 1989) two alternatives for designing the energy dissipating arrangements for the river training works and suggested that the final decision on the design could be taken after conducting model studies. As the natural ground level was deepening uniformly and since the reservoir was small, CE ordered in September 1989 that the model studies need not be conducted. However, the CE, in January 1993, ordered to conduct model studies to evolve the design and the studies taken up in April 1993 were completed in February 1995. During the execution of the work of removal of top soil in August 1995, the existence of faulted weather rock along the down stream side of the uncontrolled spillway was noticed requiring a change in design. The design had not been finalised as of March 1997. Thus, there was delay of more than 3 years in taking decision to conduct the model studies.

(iii) The executing agencies in respect of 47 works for formation of canal (total length 8.70 km) had been finalised and agreements executed in 1994-95 and 1995-96. As of March 1997, however, these works had not even been started by the contractors. The division stated (March 1997) that the contractors had failed to execute the work. The reasons for not taking up the work by the contractors were not furnished. The Division had also not taken any steps to ensure that the works were started and completed in time except to issue routine reminders to the contractors.

(iv) As of March 1997, the land schedules for acquiring 55.23 acres of land for distributaries had not been finalised by the Department. The Department stated (July 1997) that the localisation of ayacuts under each distributary duly identifying the survey numbers of land to be irrigated had since been done and the land plan schedule sent to Collector in March 1997. The reasons for not taking up the land acquisition proceedings for distributaries along with the requirement for other components were not, however, furnished.

The above factors viz. delay in land acquisition and defective investigation contributed to the delay in completion of the Project and even after three and half years of execution only 24 *per cent* of the work had been completed.

The above delays led to the time overrun which in turn resulted in cost overrun by way of increase in cost of material, labour and land cost etc.

4.9.8 Execution of works

The following points were noticed in the execution of works.

4.9.8.1 Formation of earth dam

The work of formation of earth dam was divided into 56 sub-works. Out of this, 40 sub-works were completed between January 1994 and June 1994 and 3 sub-works between January 1995 and February 1995. 4 sub-works in the Longitudinal Section (LS) from 400m to 425 m were stopped due to change in designs during execution due to existence of pervious soil in the earth mound and the remaining 9 sub-works from LS 425 m to 456 m and from LS 542 m to 561 m in the river course and the reach adjacent to the spillway were not taken up for execution.

(i) Execution of works not substantiated by records

The work of formation of earth dam from LS 0 m to 400 m was awarded to a contractor in December 1993 for Rs 16.36 lakh. The work involved excavation of cut-off trenches, filling up the trench with suitable earth and formation of the earth dam duly compacted. The work was commenced in January 1994 and was completed in May 1994 at a cost of Rs 15.88 lakh.

It was noticed that the contractor had been paid (March 1994) for 29,555 cubic metre (cu.m) at Rs 6.30 per cu.m for watering and consolidation and the compaction was done from 22 January 1994 onwards by using contractor's own roller and from 4 February 1994 by using Departmental roller. However, in the Measurement Book (M.Book) the excavation of cut-off trench had been recorded on 8 February 1994. As compaction could be done only after filling the cut-off trench, the contractor could not have used the rollers for compaction before the measurement of cut-off trench. Further, since the Departmental roller was used only for 134 hours after 8 February 1994, the contractor could have compacted only a maximum of 7,119 cu.m. at the prescribed out turn of 425 cu.m. for 8 hours. As such, the payment of Rs 1.41 lakh for compaction of 22,436 cu.m of earth was inadmissible with reference to the records of the Division. It was also noticed that the Division did not conduct the proctor density test in proof of achievement of the required compaction, as was done for the rest of the reaches from 400 m to 561 m. The Executive Engineer before making

payment had not verified the compaction. In the absence of such test, the quality of the work was doubtful.

It was evident that the entries in M.Book which form the basic record for making payments were not dependable and the possibility of payment without execution of work could not be ruled out. The Division stated (March 1997) that the matter would be examined in consultation with the Engineer who executed these works.

(ii) Avoidable expenditure on non-utilisation of excavated earth

For the work of forming inspection track and for providing causeway-cum-bunding in the water spread area, 7,009 cu.m. of earth was transported during March 1994 from a distance of 1 km at a cost of Rs 2.38 lakh. It was noticed that in the work of excavation of cut-off trenches executed prior to this work, 23,365 cu.m. of earth had been transported to a distance of 1 km. When non-utilisation of the excavated earth for the formation of inspection tracks and causeway-bunding was pointed out, EE stated in March 1997 that the soil excavated in the cut-off trenches was loose and porous and unfit for inspection track. The suitability of the soil was, however, not tested by the Division. Further, since the temporary inspection track had been formed in the water spread area with 10 cu.m. thick gravel soling, duly consolidated, the nature of soil had no bearing on the work. Non-utilisation of the earth already available in site, thus, resulted in avoidable expenditure of Rs 2.38 lakh.

(iii) Injudicious construction of rock toe filter before construction of earth dam

The work of formation of rock toe filter to the earth dam in the stretch from LS 439 m to LS 475 m above the ground level was taken up and completed at a cost of Rs 2.33 lakh in June 1994 though the formation of earth dam above ground level in the reaches LS 400 m to LS 456 m was not taken up. Consequently, the toe filter to the extent of 20 m between LS 439 m to LS 475 m was washed away by floods in November 1994.

Thus, the construction of rock toe filter even before formation of earth dam above ground level was far in advance of necessity and the injudicious decision resulted in wasteful expenditure of Rs 1.29 lakh based on the proportionate cost of 20 m length of toe filter.

4.9.8.2 Improper classification of rock removed by blasting

For the formation of uncontrolled spillway from LS 561 m to LS 605 m and approach channel to head sluice and for the construction of barrel base for head sluice, 1,553.22 cu.m. of surface rock upto foundation level was blasted and removed

during 1995-96. The rock was classified as hardrock and payments were made accordingly. However, in another work for removing the weathered rock between LS 561m to LS 566 m below foundation level of spillway, sanctioned in November 1995 and executed in June 1996, the rock removed was classified as medium rock and dense medium rock.

Test-check revealed that Chief Engineer, Madurai, during site inspection in June 1996, had observed that the foundation below surplus weir body wall had many joints and fault zones and hence geologist might be consulted before finalising the foundation design. Accordingly, Geological Survey of India (GSI) was requested to study the site. The site was inspected by GSI in July 1996 and in their opinion the rock exposed at the site from LS 581 m to LS 605 m was weathered rock. GSI also reported existence of weathered rock along the surplus course down stream of the spillway.

Since the rock exposed at site during the study conducted by GSI was only weathered rock and not hard rock, the surface rock removed earlier could have been medium and dense medium rock only. The extra expenditure due to wrong classification of the rock worked out to Rs 1.84 lakh.

4.9.8.3 Infertuous expenditure on construction of canal trough section and undertunnel

The estimate for 'Earthwork excavation and construction of masonry trough section of Shanmuganadhi Reservoir Main Canal from LS 0 m to LS 100 m' was sanctioned by EE in October 1993. The cross masonry work of providing undertunnel at LS 42 m was also sanctioned in November 1993. The model studies were undertaken to evolve the design for energy dissipating arrangements and spillway in April 1993. Even though there was no necessity to take up the works of cross masonry from head sluice and undertunnel at LS 42 m in the absence of the design for head sluice, spillway and river training works were entrusted in November 1993 and December 1993 to a contractor by calling open tenders. These works were completed at a cost of Rs 0.98 lakh and Rs 0.56 lakh respectively in February 1994.

Based on the results of model studies received in February 1995 for designing the river training works, Joint Chief Engineer observed (February 1995) that the arrangement of providing masonry trough section from LS 0 m to LS 100 m of main canal and undertunnel at LS 42 m was not suitable for the site and, therefore, a portion of the canal from head sluice should be excavated afresh involving high cutting. A revised design, based on the model studies, was approved by CE in October 1995. As of March 1997, detailed estimate had not been prepared.

In view of the above, the works already executed before finalising proper design for spillway works, were required to be dismantled and executed afresh and the expenditure of Rs 1.54 lakh became infertuous.

4.9.9 Other points of interest

4.9.9.1 Procurement of cement from private suppliers

According to the orders of Government issued in September 1989 purchase of cement for Government work should be made directly from Tamil Nadu Cements Corporation Limited (TANCEM), a Government of Tamil Nadu Undertaking, at the rates fixed by the Government periodically.

It was, however, noticed that 600 Metric Tonne of cement was procured by SE, Periyar Dam Circle, Madurai in October 1994 and July 1995 from two private suppliers at higher rates than the TANCEM rates resulting in extra expenditure of Rs 1.52 lakh. In addition, expenditure of Rs 0.43 lakh was also incurred on advertisement charges towards procurement of cement through open tender system. Thus, the procurement of cement from private suppliers had resulted in avoidable extra expenditure of Rs 1.95 lakh.

4.9.9.2 Idle materials

The project, which was originally proposed to be completed by December 1990, had actually commenced in September 1993. According to the revised estimate, the project was targeted for completion by March 1999. It was, however, seen that steel trusses, steel sheets, pipes and shutters valued at Rs 5.14 lakh were purchased during 1994-95 for the construction of a view point and canal works and were kept idle for more than two years due to non-completion of erection work by the contractor and change in alignment of the canal. Besides, blasted stones costing Rs 1.10 lakh retrieved during excavation for surplus course in 1995 were also not disposed of.

The above points were referred to Government in July 1997; reply had not been received (December 1997).

4.10 Blocking of Government money due to non-execution of balance work for want of funds

Government in March 1986, sanctioned the scheme "Excavation of High Level Channel (HLC) from the right side of Madurantagam Tank" to feed a chain of 30 tanks at an estimated cost of Rs 4.30 crore. The Scheme proposed to achieve the objective by storing additional water in the Tank by raising the crest levels of the existing five weirs by providing shutters and diverting the surplus water thus stored through the HLC to the 30 tanks. The Scheme aimed at producing additional food grains of 2,672 tonnes of paddy and 2,122 tonnes of ragi every year. The Scheme was scheduled to be completed in four years. The work was executed by the Madurantagam High Level Channel (MHLC) division.

During execution, Superintending Engineer, Krishna Water Supply Project, among other things, proposed in July 1987 to raise the crest level of one more weir which was constructed by Kancheepuram division under flood relief work in 1986-87 (after the preparation of the scheme report) so as to achieve the objective of storing surplus water. The Executive Engineer (EE) MHLC, however, called for the completed plans of this weir from EE, Kancheepuram division only in December 1993 to prepare the design. The estimate for the works was sanctioned by the Chief Engineer in October 1994 and the work was entrusted to a contractor in March 1995. As of March 1997, the work was not taken up for want of funds.

In the meanwhile, most of the works under the scheme were completed by December 1994 at a cost of Rs 8.48 crore and MHLC division was closed in June 1995. As of May 1997, an expenditure of Rs 8.66 crore had been incurred on the scheme, but water was not released in the HLC due to non-completion of the work of raising the crest level of one weir.

Thus, there was a delay of more than six years in taking action to evolve the design for the work and the work estimated to cost Rs 4.25 lakh was not taken up even after two years for want of funds. It was, however, seen that the Department surrendered Rs 48.61 crore and Rs 179.46 crore during 1995-96 and 1996-97 respectively under the Grant "Capital outlay on Irrigation". The failure of the Department to provide a meagre amount of Rs 4.25 lakh had resulted in the expenditure of Rs 8.66 crore, remaining unfruitful and loss of interest of Rs 2.46 crore (at 12 *per cent* per annum) on account of idle investment of Rs 8.48 crore from January 1995 to May 1997. Besides, the surplus water during 1995-96 and 1996-97 could not be utilised to achieve the contemplated additional food production.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.11 Unintended benefit to the contractor due to sanction of interest-free mobilisation advance

In order to arrest sea erosion in the Ennore Express Highway at North Chennai, Government, in May 1992, entrusted the work of construction of protective walls in 8 reaches* at a cost of Rs 3.82 crore to the Tamil Nadu State Construction Corporation Limited (TNSCC). Government also ordered release of 50 *per cent* of the estimated cost as interest free mobilisation advance to TNSCC.

The Executive Engineer, B Canal Division, Chennai (EE) entered into agreements with TNSCC and paid a total amount of Rs 1.90 crore as advance during

* Kilometre (km) 4/870 to km 4/970, km 5/100 to km 5/240, km 5/300 to km 5/365, km 5/750 to km 6/020, km 10/020 to km 10/185, km 10/250 to km 10/300, km 11/800 to km 12/200 and km 12/600 to km 12/700.

June 1992 and July 1992. According to the agreements, the advances were to be recovered *pro-rata* from every running account bill and the division was responsible to hand over the site after clearing all encroachment and to provide sufficient working space for stationing and movement of machinery and equipment. The EE, however, could not hand over the site in three reaches viz. km 5/100 to km 5/240; km 5/300 to km 5/365 and km 11/800 to km 12/200 due to the presence of cluster of fishermen hut, non-availability of approaches for movement of heavy machinery and also steep difference in bed levels between the approach road and sea bed. Out of the advance of Rs 87.50 lakh pertaining to these three reaches (paid in July 1992), Rs 54.50 lakh were recovered in September 1993 (Rs 26.50 lakh) and October 1993 (Rs 28 lakh) by way of adjustment towards advances payable in respect of two additional reaches (km 9/755 to km 9/960 and km 11/320 to km 11/520) entrusted to TNSCC. The EE, however, did not recover the balance advance of Rs 33 lakh (February 1997) from the advance of Rs 35 lakh paid for the work in one more reach (km 11/520 to km 11/720) entrusted to TNSCC in January 1994 on the ground that the work was to be taken up immediately and Government orders (December 1993) for payment of advance for this reach did not contemplate recovery of advances paid for earlier reaches. The contention of EE was not acceptable as the advance of Rs 33 lakh paid for the works in two reaches where works could not be taken up were lying with TNSCC and should have been adjusted.

Thus, the payment of advance of Rs 87.50 lakh could have been avoided had the division verified the local conditions before entrusting the work. Even after entrusting the work, the division could have recovered the advance when the site could not be handed over. Further, the division also failed to adjust the pending advance of Rs 33 lakh while releasing further advance for the work entrusted to TNSCC in January 1994. These failures had resulted in an unintended benefit of Rs 42.88 lakh to TNSCC at the interest rate of 19.5 *per cent* prescribed by Government for mobilisation advance.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

4.12 Infertuous expenditure on formation of an irrigation tank

Mention was made in Paragraph 4.7 of Report of the Comptroller and Auditor General of India for the year 1985-86 on the delay in implementation of the scheme "Formation of a tank in Varadampalayam Village of Periyar District". The matter was not discussed by the Committee on Public Accounts as the department reported completion of the work.

Further scrutiny of the records by Audit revealed that though the work was completed in March 1989 at a cost of Rs 62.34 lakh, water was not released for irrigation (March 1996) to achieve the objective of irrigating a new ayacut of 292 acres thereby increasing the estimated food production by 216.52 tonnes per annum. It was noticed that there was insufficient storage of water in the tank. The water was stored in

the tank only during March 1989 to December 1989, November 1992 to May 1993 and November 1994 to December 1994. No water was stored after December 1994. As against the requirement of 38.90 million cubic feet (mcft) of water to irrigate 292 acres, the maximum storage of water was 19.45 mcft in March 1989, 14.39 mcft in November 1992 and 6.48 mcft in November 1994.

The Department attributed (May 1994) the non-receipt of water in the tank to scanty rainfall. It was, however, seen that there was sufficient rainfall recorded in the nearest rainfall station, the data of which were considered for designing the tank. When the failure of the Department to analyse the correct reasons for the poor storage was pointed out by Audit in December 1996, the Department attributed (March 1997) the following reasons:

- (i) There were blockages along the drains during rainy days in the catchment area
- (ii) Encroachments in areas above the water spread area, along the streams, waterways etc.
- (iii) Construction of five percolation ponds by the Agriculture Department across the streams, upstream of the tank during 1990-95 without the knowledge of the Department.
- (iv) Catchment area was in hilly beds which was a rain shade area whereas the nearest rainfall station was in plain area.

The Department further contended that the tank would receive sufficient water when the catchment area received heavy rainfall of 600 mm to 700 mm within one or two days and all blockages were cleared in the flash flood.

It was, therefore, evident that the non-receipt of water in the tank was only due to bad planning as the catchment area of waterways from which water was expected to fill the tank was in the rain shade zone and this fact was not considered by the Department while preparing the design for the tank. Further, the Chief Engineer (Agricultural Engineering), Chennai, in October 1997, stated that non-receipt of water in the tank was not due to construction of five percolation ponds as these were constructed in the upper reaches of the catchment area.

Thus, the objective of the formation of the tank was not fulfilled even after 7 years rendering the expenditure of Rs 62.34 lakh as infructuous.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

4.13 Unfruitful expenditure on construction of an electrical crematorium

Corporation of Madurai (Corporation) entrusted construction of an electrical crematorium at Thathaneri in Madurai, approved by Government in March 1988 for Rs 27.60 lakh, to the Public Works Department (PWD) and deposited Rs 26.75 lakh for the work between June 1989 and July 1993. The site was handed over to PWD in May 1989. In June 1989, the Corporation brought to the notice of PWD the non-functioning of a similar crematorium at Chennai due to seepage of water in the basement where the furnace was installed and requested PWD to take necessary precautionary measures. The work, taken up in February 1990, was completed in July 1993.

During the trial run conducted in August 1993, leakage of heat from the furnace and emanation of bad odour were noticed. Shortly after, in November 1993, equipment such as motors and blowers were damaged due to stagnation of flood water. The crematorium was handed over to the Corporation in August 1994 after carrying out the repair works costing Rs 0.74 lakh.

Though the crematorium started functioning from November 1994, seepage of water in the basement was again noticed and the Corporation requested PWD (November 1994) to arrest the seepage. After being put to occasional use, the crematorium could not be used since August 1995 due to non-rectification of defects by PWD. The PWD informed (April 1996) that the rectification work could not be carried out as the funds deposited by the Corporation had already been spent on the work and the rectification works needed more funds. As of April 1997, Rs 26.88 lakh had been spent on the work by the PWD.

The PWD stated (December 1996) that the crematorium was located in a low lying area and the sewage water got stagnated around the building whenever pumping of sewage by the Pumping Station, located on the rearside of the crematorium, was stopped. This reply was not tenable since the fact of the location of the crematorium in a low lying area was known to the PWD before it undertook work. The Corporation had also cautioned PWD way back in June 1989 regarding the possibility of seepage. The PWD should, therefore, have taken proper precaution to arrest possible seepage before taking up the work.

The failure of the PWD to provide suitable design for the crematorium and to rectify the defects had rendered the expenditure of Rs 26.88 lakh incurred on the work largely unfruitful for over four years.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.14

Blocking of Government funds on construction of quarters

The Amaravathy Sub-Project, a component of 'National Water Management Project', provided for construction of 6 quarters for Assistant Engineers (AEs) and 28 quarters for Canal Operators (COs) under "Operation and Maintenance", at a total cost of Rs 23.88 lakh. Accordingly, the Department constructed between January 1991 and May 1991 5 quarters for AEs at 5 places and 24 quarters for COs at 10 places at a cost of Rs 28 lakh. Of these, 2 quarters for AEs and 16 quarters for COs, constructed between January 1991 and March 1991 at a cost of Rs 16.16 lakh, remained unoccupied from the date of completion of construction.

The Department attributed (January 1997) this to non-provision of water supply in the AE quarters and non-filling up of the post of COs. To a specific query by Audit whether the posts of COs had been sanctioned, the Department stated (May 1997) that orders were awaited. As a result, Rs 16.16 lakh spent on these quarters constructed from out of loan assistance from World Bank remained unfruitful for over 6 years.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

CHAPTER V

STORES AND STOCK

HEALTH, INDIAN MEDICINE AND HOMOEOPATHY AND FAMILY WELFARE DEPARTMENT

5.1 Injudicious purchase of medicines

Five supply orders were placed on various suppliers between October 1992 and May 1993 by Director of Medical Education (DME) under the Direct Purchase System for supply of medicines to various institutions. The medicines were procured and issued between February 1993 and September 1993 to various institutions without assessing their requirement. DME also instructed (January 1993) the institutions not to refuse the supply on account of non-requirement or on the pretext that they had not asked for them or for want of space.

Test-check of the receipt and utilisation of four medicines supplied to Government Raja Mirasdar Hospital, Thanjavur during February 1993 to September 1993 revealed as under:

Serial number	Name of the medicine	Quantity received by the hospital	Quantity utilised/ transferred to other institutions as of March 1997	Quantity remained unutilised/life-expired	Value of unutilised/ life-expired medicines (Rupees in lakh)
1.	Injection Vitamin B Complex (Vials)	55,200	20,026	35,174	1.64
2.	Injection Protamine Sulphate (Vials)	600	101	499	0.46
3.	Nasal drops (Bottles)	13,000	1,210	11,790	2.42
4.	Soda lime indicator (in kg)	1,275	230	1,045	0.93
Total value					5.45

The medicines were lying undistributed as of March 1997 as these became life-expired between December 1994 and April 1995. It was observed that the hospital placed indents to DME for a requirement of 16,000 vials of injection Vitamin B Complex and no indents were placed for the remaining 3 items. The entire excess medicines supplied were not transferred to other institutions before their life-expiry even though the Dean of the hospital had requested the DME periodically to get the medicines transferred to other needy institutions.

The supply of medicines without ascertaining the exact requirement from the hospital led to stocking of life-expired medicines in the hospital and an infructuous expenditure of Rs 5.45 lakh.

The matter was referred to Government in July 1997; reply had not been received (December 1997).

PUBLIC WORKS DEPARTMENT

5.2 Inventory procedure and material management in Public Works Workshop and stores

5.2.1 Introduction

Public Works Workshop and Stores, Chennai consists of Public Works Workshop which renders services to various Public Works Divisions throughout the State and Central Stores responsible for procurement and supply of various items of stores such as steel, galvanised iron pipes, mild steel/polyvinyl chloride pipes, structures, steam pipes, generators, motors, paints etc. The purchase and maintenance of the stores are governed by the provisions of Tamil Nadu Financial Code (TNFC), Public Works Stores Manual and other Codes and Manuals prescribed by the Public Works Department (PWD).

5.2.2 Organisational set up

Public Works Workshop and Stores is under the administrative control of the Chief Engineer, Public Works Department, Water Resources Organisation, Operation and Maintenance, Chennai (CE) and is headed by a Superintending Engineer (SE) who is assisted by General Superintendent for Workshop and by Executive Engineer, Purchase and Stores (EE) for Central Stores.

5.2.3 Audit Coverage

The records relating to Central Stores for the period from 1992-93 to 1996-97 were reviewed during April 1997 to June 1997. The audit findings are indicated in the succeeding paragraphs.

5.2.4 Highlights

- Out of the advance payment of Rs 6.52 crore made to suppliers in the month of March during 1993 to 1997, an amount of Rs 64.28 lakh remained unadjusted as of June 1997.

(Paragraph 5.2.5)

- The Central Stores held stock in excess of the reserve stock limit ranging between Rs 2.41 crore and Rs 4.68 crore during the period 1992-93 to 1996-97 which resulted in unnecessary carrying cost of Rs 13.04 lakh.

(Paragraph 5.2.6)

- Failure to consolidate the indents defeated the purpose of centralised purchase since price advantage on bulk procurement did not accrue.

(Paragraph 5.2.7)

- Even though there was no advantage from a centralised purchase of steel items due to rates of steel for Tamil Nadu Steels Limited, Arakkonam having been fixed by Government, the purchases made by Central Stores resulted in avoidable expenditure of Rs 57.90 lakh on storage, transportation and handling charges.

(Paragraph 5.2.8.1)

- Procurement of stores at higher rates in local market when the materials were available with Government Undertakings, manufacturers and under Director General of Supplies and Disposals rate contracts at lesser rates resulted in extra expenditure of Rs 12.36 lakh on local purchase.

(Paragraph 5.2.8.2)

- Rupees 3.95 crore were pending under 'Cash Settlement Suspense Account' even though the system was abolished as early as in April 1994.

(Paragraph 5.2.9.1)

5.2.5 Funding

As against the budget provision of Rs 44.63 crore during 1992-93 to 1996-97, the expenditure incurred by Central Stores was Rs 43.70 crore. The expenditure included Rs 8.65 crore outstanding as of March 1997 under the head 'Advance payment to suppliers'. The expenditure did not include Rs 6.30 crore outstanding under the head 'Purchases' which represented the cost of materials received and taken to stock but for which payment was not effected. The Central Stores did not

carry out the reconciliation between these two heads to arrive at the amount of advance for which the materials were to be received. The Central Stores also did not have the year-wise break-up and item-wise details for the pending amount under these heads. Hence, the actual balance of advance pending with suppliers could not be ascertained.

It was noticed that during the period from 1993 to 1997, Rs 6.52 crore were advanced to suppliers in the month of March. While Rs 1.78 crore were adjusted after a delay of one to three years, Rs 64.28 lakh (1992-93: Rs 9.40 lakh; 1993-94: Rs 0.48 lakh; 1994-95: Rs 0.11 lakh; 1995-96: Rs 1.23 lakh; 1996-97: Rs 53.06 lakh) had not been adjusted as of June 1997.

5.2.6 Synopsis of Stores Accounts

A synopsis of the stores accounts showing the value of receipts, issues and closing balance held by Central Stores for the period from 1992-93 to 1996-97 is given below

(Rupees in crore)					
Year	Opening Balance	Receipts	Issues	Closing Balance	Average Monthly closing balance
1992-93	2.07	7.97	7.65	2.39	3.51
1993-94	2.39	6.71	6.34	2.76	3.33
1994-95	2.76	5.50	5.52	2.74	2.60
1995-96	2.74	5.99	6.32	2.41	2.40
1996-97	2.41	4.57	5.76	1.22	1.57
Total		30.74	31.59		

Government in November 1996 increased the value of reserve stock limit for the Central Stores from Rs 60 lakh to Rs 1.20 crore retrospectively from the year 1989-90. It was noticed that the closing stock held by the Central Stores as well as the average monthly closing balance exceeded the prescribed limit in all the years for the period 1992-93 to 1996-97. A detailed scrutiny of the Stock Account revealed that the Central Stores had held stock more than the prescribed limit during 58 out of the 60 months and the highest value of stock held during the years 1992-93 to 1996-97 ranged between Rs 2.41 crore and Rs 4.68 crore. The carrying cost of the stock held in excess of reserve stock during the five years worked out to Rs 13.04 lakh.

5.2.7 Assessment of the requirement

The Stores Manual provides for approval by the CE of a list of stores and the minimum quantity in respect of each category of stores to be maintained in the

Central Stores. The TNFC provides for obtaining indents from the various user divisions and consolidation of the indents for purchase by the Central Stores. The Central Stores, however, did not follow the provisions of codes and manuals and instead, purchased stores as and when the indents were received from the Divisions. This procedure followed by the Central Stores defeated the very purpose of centralised purchase of stores since price advantage on bulk procurement did not accrue and resulted in accumulation of stores over and above the limit prescribed for reserve stock due to non-lifting of materials by the indenting divisions. Incidentally, it was seen that there was no system of obtaining 'No objection certificate' from the Central Stores by the Divisions before resorting to local purchase.

5.2.8 Purchase performance

According to the provisions of TNFC, the purchasing officer should purchase articles manufactured by the Government owned Corporations, firms on rate contract with the Director General of Supplies and Disposals (DGS&D) without calling for tenders.

The purchasing officers may also enter into rate and running contracts with the firms after calling for tenders. The Stores Manual provides that the purchaser should maintain a list of the rate and running contracts entered into by the DGS&D and compare the rates with tendered rate before finalisation of tenders and if the DGS&D rates are favourable, the purchases should be effected only through DGS&D. In cases of purchases through tenders, price preference as per orders existed was to be given for products manufactured within the State.

The purchases made from different sources during 1992-93 to 1996-97 were as under:

(Rupees in lakh)					
Details	1992-93	1993-94	1994-95	1995-96	1996-97
Purchase from State Government Undertakings and Principal Manufacturers	635.95	722.45	479.29	249.78	470.85
DGS&D rate contract	-	-	0.84	0.32	-
Annual rate contract entered by the Central Stores	-	-	-	-	0.79
Local Purchases	141.50	64.17	69.49	89.80	31.93
Total	777.45	786.62	549.62	339.90	503.57

It may be seen that apart from purchasing stores from Government Undertakings and manufacturers, the Central Stores purchased stores mainly through local purchase. While the Central Stores did not purchase any stock during 1992-93, 1993-94 and 1996-97 from firms approved by DGS&D, it purchased meagre stores from this source during 1994-95 and 1995-96. The Central Stores did not maintain the list of the rate and running contracts entered into by DGS&D to verify whether any extra expenditure was incurred due to non-purchase of stores from firms covered by DGS&D rate contract.

Further, the Central Stores had not entered into annual rate contract during the period upto 1995-96 which deprived it of the price advantage.

The following observations were made.

5.2.8.1 Avoidable expenditure on centralised purchase of steel

As per Government instructions (June 1979 and September 1992), all Government departments were required to purchase steel from Tamil Nadu Steels Limited (TNSL), Arakkonam at the prices fixed by Government. Since there was no price advantage in a centralised purchase, the indenting divisions could have purchased the steel directly from TNSL and avoided expenditure on transportation, loading/unloading, storage etc. However, it was noticed that the Central Stores purchased during 1992-93 to 1996-97, steel worth Rs 22.60 crore and incurred an avoidable expenditure of Rs 57.90 lakh (Storage : Rs 53.51 lakh; Loading/unloading : Rs 4.39 lakh).

The system of central purchase of steel as outlined above goes, in the final analysis, to inflate the works expenditure in the respective Divisions. It also resulted in the inflation of revenue of the State in the accounts.

5.2.8.2 Extra expenditure on local purchase

(i) Contrary to the instructions of the Government to purchase steel only from TNSL, the Central Stores purchased during 1992-97, 128,208 MT of steel from various private firms at much higher rates resulting in extra expenditure of Rs 7.20 lakh.

It was stated by EE in June 1997 that the purchases made from private firms were in small quantities. The reply was not tenable since this situation arose on account of the Central Stores not following the prescribed procedure of consolidating the requirements for bulk procurement.

(ii) Central Stores purchased, between March 1992 and March 1996, 1.60 lakh numbers of mild steel welding electrode from local firms at rates ranging from Rs 3.53 to Rs 4.95 each. It was noticed that the Central Stores had procured 4,250

numbers of the same type of electrode from a manufacturing firm at Rs 3 each in December 1996 indicating that the earlier rates were on the higher side. The extra expenditure incurred on the purchase of electrode from traders instead of manufacturers worked out to Rs 2.08 lakh.

The EE stated in May 1997 that the availability of the product at lesser rate was not known to them. The reply showed that the purchases were being made in an unsystematic manner and without exploring all avenues.

(iii) Central Stores purchased 7,066 metres of galvanised iron pipes of various sizes (May 1992 and February 1996) from local firms at rates higher than DGS&D rates (difference ranged between Rs 5.78 per metre and Rs 78.59 per metre) resulting in avoidable extra expenditure of Rs 3.08 lakh.

The EE stated in May 1997 that GI pipes were procured from local firms as the quantities were very small. The reply was not tenable since the relevant records revealed that out of 75 instances of local purchases, purchase was resorted to in small quantities in 66 cases to bring the monetary limit within the powers of the EE.

(iv) In the following illustrative cases where local purchase was resorted to by the Central Stores, there were wide variations in the price at which the stores were purchased at short intervals.

Items	Month of Purchase	Rate per metre (Rupees)
PVC Casing pipe 200 mm	January 1992	829
	February 1992	587
ERW Black Steel Tube 175 mm	April 1992	790
	April 1992	1097

5.2.9 Custody and Accounts of Stores

5.2.9.1 Cash Settlement Suspense Account

The cost of supplies/services rendered to the Divisions are initially debited to the suspense head '8658 - Suspense Accounts - Cash Settlement Suspense Account' (CSSA) and the amounts as and when received are credited to the same head. As of March 1997, the net debit balance under CSSA was Rs 3.95 crore (Debit : Rs 8.92 crore ; Credit : Rs 4.97 crore). Scrutiny of the records relating to CSSA maintained in the Central Stores revealed the following :

(i) According to Government instructions, claims under CSSA should be settled by the stores receiving divisions within a period of 10 days of the receipt of claim. It was, however, noticed that as of March 1997, Rs 3.95 crore representing 406 items were outstanding under CSSA even though the Government had introduced a cash and carry system (supply of materials on receipt of cash) as early as in April 1994. The CSSA register was posted upto February 1997 only. The Central Stores had also failed to maintain division-wise details of transactions. Further, the suspense head contained transaction of both Workshop and Central Stores and the break-up details of balances were not available.

(ii) The operation of CSSA was to be restricted to the Public Works Divisions. It was noticed that the Central Stores had erroneously classified Rs 12.49 lakh, the amount due in respect of other Civil departments, Boards, Bodies, etc., under this head instead of under 'Miscellaneous Works Advance' (MWA).

(iii) Being a debit head, no minus balance (credit balances) should accrue under this head. It was, however, seen that a sum of Rs 4.97 crore had been exhibited under minus balances due to misclassification in accounts.

When this was pointed out, the General Superintendent of the Workshop stated in June 1997 that action had been taken in April 1997 to request the various divisions which received the materials to apply for special letter of credit to settle the balances under CSSA. It was also stated that the misclassification in accounts would be rectified after the completion of posting of registers. The non-clearance of balance under this head would result in under-statement of works expenditure to that extent by the divisions.

5.2.9.2 Miscellaneous Works Advances (MWA)

According to the provisions of Tamil Nadu Account Code in cases of works done or supplies made by a division to a Civil Department, the latter should deposit in advance the estimated cost of the job or supplies and the expenditure incurred should be limited to the amount of deposit. Expenditure in excess of deposit should be kept under the suspense head 'MWA'.

It was noticed that, as of March 1997, Rs 2.03 crore were outstanding under the head 'MWA' representing the cost of materials issued by the Central Stores during the period from 1982-83 to 1996-97 to other departments. Year-wise, item-wise and party-wise details in respect of these had not been prepared.

The failure of the Central Stores to collect the amount from the civil departments in advance had resulted in huge pendency and non-recovery of Rs 2.03 crore.

On this being pointed out, the EE stated in June 1997 that action would be taken to address the departments concerned. It was also stated that the procedure of getting advance payment would be followed in future.

5.2.9.3 Public Works Deposits

The deposits received from various divisions towards supply of material and deposits received from the contractors such as Security Deposit, Earnest Money Deposit etc., are accounted for by the Central Stores under the head '8443 - Civil Deposits - Public Works Deposits'.

As of March 1997, the closing credit balance under the head 'Public Works Deposits' as per the accounts rendered by the Central Stores to the Accountant General was Rs 1.54 crore whereas it was noticed from the year-wise details furnished to audit that the closing balance was Rs 2.20 crore. The Central Stores stated in July 1997 that the discrepancy would be reconciled and that the huge balance under this head was mainly due to the delay in supply of steel materials by TNSL.

5.2.9.4 Non-revision of issue rates

Tamil Nadu Public Works Account Code requires that variation in cost of material should be watched and if they are appreciable, the issue rate should be revised. It was, however, noticed that the Central Stores had not revised the issue rate based on market value in respect of slow moving items. Since the estimates for the works are prepared based on current Schedule of Rates (which are based on market rates), the non-revision of issue rate would result in the savings in the estimate and under-statement of the cost of work executed. Hence, there was possibility of divisions diverting the savings in the estimate to unauthorised works.

5.2.10 Stores Verification

According to the provisions of TNFC, all stores were to be physically verified once a year. It was noticed that stores valued Rs 3.79 lakh were not physically verified during 1993-94 and 1994-95. On this being pointed out, the Central Stores stated in May 1997 that the verification could not be carried out for want of men and machinery. The reply was not tenable since it violated codal provisions.

5.2.11 Non-adjustment of Accountant General's adjustment memo

In respect of purchases made through DGS&D, Accountant General passes on the claim to the Central Stores for adjustment. It was noticed that as of March 1997 Accountant General's adjustment memo for a total purchase value of Rs 21.54 lakh relating to the period from 1982-83 to 1996-97 were pending adjustment.

On being pointed out, the Central Stores adjusted Rs 17.73 lakh in July 1997 leaving a balance of Rs 3.81 lakh unadjusted.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities, by and large, receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc., to implement certain programmes. The grants were intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

During 1996-97, financial assistance of Rs 2279.45 crore was paid to various autonomous bodies and others broadly grouped as under:

(Rupees in crore)				
Serial number	Name of institution	Amount of assistance paid		
		Grant	Loan	Total
1.	Universities and Educational Institutions	38.12	1.40	39.52
2.	Municipal Corporations and Municipalities	30.77	75.19	105.96
3.	Zilla Parishads and Panchayat Raj Institutions	926.26	2.07	928.33
4.	Development Agencies	1.56	65.95	67.51
5.	Hospitals and Other Charitable Institutions	2.97	0.13	3.10
6.	Other Institutions	174.79	960.24	1,135.03
Total		1174.47	1104.98	2279.45

6.2 Delay in furnishing Utilisation Certificates

Financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by departmental officers from grantees and after verification, these should be forwarded to Accountant General within one year from the date of sanction unless specified otherwise.

Of 1,73,450 Utilisation Certificates due in respect of grants aggregating Rs 2026.38 crore paid during the period from 1981 and earlier years to March 1996, only 1,63,306 utilisation certificates for Rs 1649.43 crore had been furnished by 30 September 1997 and 10,144 certificates for an aggregate amount of Rs 376.94 crore were in arrears. Department-wise break-up of outstanding utilisation certificates was as given below :

Serial number	Department	Number of Certificates	Amount (Rupees in lakh)
(1)	(2)	(3)	(4)
1.	Adi Dravidar and Tribal Welfare	905	989.63
2.	Agriculture	24	468.96
3.	Animal Husbandry and Fisheries	7	379.22
4.	Co-operation, Food and Consumer Protection	88	366.74
5.	Finance	2	0.73
6.	Handlooms, Handicrafts, Textiles and Khadi	14	161.35
7.	Health, Indian Medicine and Homoeopathy and Family Welfare	82	98.94
8.	Highways	10	10.00
9.	Housing and Urban Development	157	580.66
10.	Municipal Administration and Water Supply	1,256	11196.39
11.	Public Works	76	110.95
12.	Revenue	608	1539.46
13.	Rural Development	492	19351.23
14.	School Education	20	2.91
15.	Social Welfare and Nutritious Meal Programme	6,403	2437.23
Total		10,144	37694.40

(i) Review of records of Rural Development Department, relating to Local Roads Grants released during 1992-93 to 1996-97, revealed that out of Rs 87 crore released, Utilisation Certificates for Rs 51.95 crore were not furnished (November 1997).

The delay in furnishing Utilisation Certificates ranged from 2 to 4 years. While the Utilisation Certificate for 1994-95 was furnished by the District Collector, Chengalpattu, in January 1997, the Utilisation Certificate for 1993-94 was furnished only in October 1997. For the Grants released for the years 1992-93 to 1995-96, Utilisation Certificates were furnished by the District Rural Development Agency, Tiruchirappalli, only in June 1997.

It was observed that out of Rs 65 crore released between 1992-93 and 1995-96 under the Local Roads Grant, Rs 11.38 crore remained unutilised as of October 1996.

(ii) In respect of grants released for Rural Water Supply Scheme, it was noticed that Utilisation Certificate in respect of grants released to District Collector, Dindigul for 1992-93 (Rs 1.45 lakh) and District Collector, Virudhunagar for 1994-95 (Rs 3.75 lakh) were not furnished as of November 1997. Utilisation Certificates for grants released during 1995-96 were not furnished by District Collectors, Kancheepuram (Rs 1 lakh), Kanyakumari (Rs 2 lakh), Perambalur (Rs 4 lakh) and Tirunelveli (Rs 4 lakh), the reasons for which were not on record.

6.3 Delay in Submission of accounts

In order to identify institutions which attract audit under Section 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government/Heads of Departments are required to furnish to Audit, every year, detailed information about financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. Information for the year 1995-96 called for in December 1996 was awaited as of June 1997 from 14 departments of Government and their respective Heads of departments. Of the defaulting departments, the following had not furnished information for a number of years as indicated below:

Serial number	Name of the department	Year from which information has not been furnished
1.	Agriculture	1988-89
2.	Commercial Taxes and Religious Endowments	1993-94
3.	Education, Science and Technology, Educational institutions and Miscellaneous institutions	1987-88
4.	Municipal Administration and Water Supply	1990-91
5.	Housing and Urban Development	1995-96
6.	Rural Development	1984-85
7.	Social Welfare and Nutritious Meal Programme	1995-96
8.	Miscellaneous Institutions	
	(i) Bodies or Authorities which have received Grants exceeding Rs 25 lakh	1994-95
	(ii) Bodies or Authorities from whom Accounts are due but have received Grants less than Rs 25 lakh	1984-85

Particulars regarding Government Companies are featured in the Report of the Comptroller and Auditor General of India (Commercial), Government of Tamil Nadu, every year.

Audit of accounts of the following bodies had been entrusted to the Comptroller and Auditor General of India for the period of 5 years as detailed below:

Serial number	Name of body	Period of entrustment	Date of entrustment
1	Tamil Nadu Water Supply and Drainage Board, Chennai	1992-93 to 1996-97	3 January 1994
2.	Tamil Nadu State AIDS Control Society, Chennai	1995-96 to 1999-2000	15 February 1996

6.4 Audit arrangement

Primary audit of local bodies, educational institutions and others is conducted as detailed below:

Serial number	Name of the Institution	Audit conducted by
1.	Panchayat Raj Institutions	Director of Local Fund Audit
2.	Educational Institutions	
(a)	Schools	Internal Audit of the Directorate of School Education
(b)	Colleges	Internal Audit of the Directorate of Collegiate Education
(c)	Polytechnics	Chief Internal Auditor and Statutory Boards Audit
(d)	Universities	Director of Local Fund Audit
3.	Co-operative Institutions	Director of Audit of Co-operative Societies
4.	Miscellaneous Institutions	Chartered Accountants

6.5 Audit findings

Of 223 bodies/authorities, whose accounts for 1995-96 were received, 70 bodies/authorities attracted audit under the provisions of Section 14 of the Act. Of these 19 bodies/authorities were audited.

Certain interesting points arising out of audit are mentioned in the succeeding paragraphs.

HANDLOOMS, HANDICRAFTS, TEXTILES AND KHADI AND MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENTS

CORPORATION OF CHENNAI

6.6 Non-supply of cement concrete slabs and kerbs by Tamil Nadu Khadi And Village Industries Board

In August 1992, an order for the supply of 50,000 cement concrete slabs and 40,000 cement concrete kerbs was placed by the Corporation of Chennai (COC) on

the Tamil Nadu Khadi and Village Industries Board (TNKVIB). An advance of Rs 11.81 lakh (August 1992: Rs 6.41 lakh, November 1992: Rs 5.40 lakh) being 90 *per cent* of the cost of the slabs and kerbs was also paid to TNKVIB for this purpose. TNKVIB, in turn, entrusted the work to 4* Industrial Co-operative Societies (Societies) working under their control based on the availability of infrastructural and water facilities and manpower required for the manufacture of these items and distributed the advance payments to these societies during September 1992 and December 1992, through the Assistant Directors (ADs), Khadi and Village Industries (KVI) with instructions to complete the supply within 30 days failing which the Societies were to refund with interest the advance amounts received.

The Societies did not supply the cement concrete slabs and kerbs. COC, therefore, directed the TNKVIB in December 1992 and June 1993 to refund the advance payment with 15 *per cent* interest. Except for the part supply of 7,431 cement concrete slabs (value: Rs 1.06 lakh) by two societies, no other supply was made by these societies as of March 1997. It was stated by the AD-KVI, Kancheepuram in March 1997 that 22,378 slabs were manufactured by two Societies (Thirumazhisai and Ambattur) of which 7,431 numbers only were taken delivery by COC and the COC had been requested to make necessary arrangements to take delivery of the remaining 14,947 slabs manufactured since the place of supply had not been mentioned. Besides, Rs 1.58 lakh refunded by Ambattur Society (July 1996: Rs 0.57 lakh and March 1997: Rs 1.01 lakh) to the Board had not been refunded to COC as of March 1997.

Thus, the failure of the TNKVIB to take effective action through the ADs concerned to monitor the work of the Societies and to get the slabs manufactured by them as per the prescribed schedule had resulted in an amount of Rs 7.32 lakh remaining unutilised and blocked with the Societies for more than 4 years outside the Government accounts. Besides, 14,947 slabs costing Rs 1.85 lakh, though manufactured and kept at the premises of Thirumazhisai Society had not been taken delivery of by the COC due to non-mention of the place of supply either by COC in their references or by the Board in their supply orders. Also, an amount of Rs 1.58 lakh refunded to the Board by Ambattur Society had not been returned to COC as of March 1997.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

* (a) Thirumazhisai
(b) Ambattur
(c) Kannadiyarpalayam
(d) Thatchampattu

HIGHER EDUCATION DEPARTMENT

6.7 Infertuous expenditure on purchase of Computer System

For speedy scrutiny of applications and evaluation of the answer sheets for the Tamil Nadu Professional Courses Entrance Examination (TNPCEE), Anna University floated a tender in November 1990 for the purchase of a Computer System. The lowest offer of firm "A" (a private firm) was accepted by the purchase committee of the University on technical and cost comparison.

In February 1991, the University placed orders with firm "A" for supply of the system at a cost of Rs 27.79 lakh. The system was to be put into operation by April 1991 and used for TNPCEE 1991. According to the contract, 30 *per cent* of the cost was to be paid along with the purchase order, 60 *per cent* on or before August 1991 subject to installation and satisfactory commissioning of the system and the balance 10 *per cent* in October 1991.

The University paid in February 1991, Rs 8.34 lakh towards 30 *per cent* of the value of the system while placing orders for the supply.

Though the system was to be commissioned by April 1991, the firm completed installation and test-run of the system only in November 1991. The system was tested (January 1992) by the Computing Centre of the University and the University found that all the four Mark Sense Readers (MSRs) supplied were defective and the system required further improvement in hardware and software features. The firm completed calibration of the machines by May 1992 and sent completion report on installation and test-run by themselves in July 1992. In September 1992, all the items of the system duly tested by the Computing Centre of the University (except the four MSRs which were still defective), were taken over by the University.

The firm was paid Rs 15.09 lakh including the cost of MSRs in two instalments in October and November 1992 without getting the system satisfactorily commissioned. The firm took back the 4 defective MSRs for servicing, returned only 3 and as of April 1997 did not return the remaining one MSR. As MSRs were not working satisfactorily, the University asked the firm in February 1994 to take back the MSRs and refund the cost of all MSRs which was not acceptable to the firm. As of January 1997, components worth Rs 12.68 lakh only could be put to effective alternative use by the University.

The following observations are made in this regard:

- (i) Even though 60 *per cent* cost of the system was payable to the firm only on installation and satisfactory commissioning of the system, Rs 15.09 lakh was paid by the University in September 1992 without getting the system satisfactorily commissioned, in violation of the terms and conditions accepted by the firm. This eventually resulted in an infructuous expenditure of Rs 10.75 lakh excluding the value of components (Rs 12.68 lakh) which were put to effective use by the University.
- (ii) In addition to the payment made for the system, the University incurred an expenditure of Rs 7.11 lakh for getting the answer sheets evaluated through outside agencies during the period 1993 to 1995. This expenditure could have been avoided had the University taken proper precautions to ensure that the computerised system was properly installed.

Thus, the objective of providing a computer system for expeditious and accurate processing of applications and evaluation of the answer sheets remained unachieved for more than 6 years even after incurring an expenditure of Rs 23.43 lakh for the computer system.

The matter was referred to Government in July 1997; reply had not been received (December 1997).

6.8 Incorrect planning in location of Mother Teresa University

The Mother Teresa Womens' University was established (1984) under an Act of the State Legislature with the main aim of research and studies on Womens' Welfare. According to the Act, the headquarters of the University was to be located within the limits of Kodaikanal Panchayat Union. The High Power Committee constituted (April 1982) to select a location for the University suggested a few places and also recommended that the location be decided based on factors like accessibility, weather conditions to make it possible for year round work, availability of 100 acres of land, adequate water supply, access to library outside the locality and intellectual and cultural contacts.

Records did not reveal whether such a study was made before selecting Kodaikanal to locate the University in the first instance. Pending acquisition of land for permanent location, the University started functioning (April 1984) temporarily at the Tamil Nadu Small Industries Corporation (TANSI) building at Kodaikanal. The land and building, belonging to TANSI, were purchased (May 1987 and April 1988) on outright basis and Rs 10 lakh were paid to TANSI. An expenditure of Rs 82.05 lakh was also incurred upto September 1997 on construction of additional buildings.

In May 1990, Government issued an order to shift the University to Chennai due to the unwillingness of the women staff and students to stay at Kodaikanal, non-availability of suitable site, difficulty in getting adequate water supply and need for heavy investment to locate the University Campus in the hill. The reasons adduced for shifting the location of the University to Chennai were present even at the time of its initial location at Kodaikanal. It was, therefore, obvious that the initial location of the University at Kodaikanal was not a well thought out action. Based on the decision taken by the then Chief Minister, the University was shifted to Chennai. The University started (June 1990) functioning in a rented building at Chennai, after incurring an expenditure of Rs 4.42 lakh towards shifting charges. The infrastructure at Kodaikanal was utilised by two centres of the University, which were also shifted to Chennai in May 1992. Thereafter, the infrastructure at Kodaikanal was not leased out to any agency, but was kept unutilised.

Subsequently, based on the decision of the then Chief Minister, Government ordered (February 1993) to reshift the University to Kodaikanal with effect from May 1993. The reasons attributed were that most of the post-graduate courses of the University were conventional and not job-oriented, similar to the courses available in other colleges in the city and there was not enough response from city students. It was clear from the records that the Government had not ensured that the problems, which caused the shifting of the University from Kodaikanal earlier, were overcome before reshifting it to Kodaikanal. However, Government reiterated (November 1993) its earlier orders to shift the University back to Kodaikanal and the shifting was effected in January 1994. An amount of Rs 6.06 lakh was spent towards reshifting charges. However, II year M.A. and III year M.C.A. courses continued to be conducted at Chennai from January 1994 to January 1995.

Thus, incorrect planning in deciding the location of the University, shifting of the University to Chennai without assessing the response for the courses at Chennai and its subsequent reshifting to Kodaikanal, without removing the problems of functional amenities, resulted in the assets already created at Kodaikanal being kept unutilised for more than 1 1/2 years since May 1992 and an unfruitful expenditure of Rs 10.48 lakh on shifting and reshifting of the University. Government also conceded (December 1997) that non-removal of the problems of functional amenities resulted in the stunted growth and development of the University, established with the aim of research and studies on Womens' Welfare.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

TAMIL NADU HOUSING BOARD

6.9 Avoidable additional expenditure on land acquisition

According to the provisions of the Land Acquisition Act, 1984 (Act), the compensation payable for the land proposed for acquisition should be based on the market value of land as on the date of issue of notification under section 4(1). In addition, 30 *per cent* solatium and 12 *per cent* per annum for additional market value from the date of notification to the date of award or taking possession whichever is earlier was also payable. Besides, interest at 9 *per cent* per annum for the first year and 15 *per cent* per annum thereafter was also payable from the date of taking over the land to the date of payment.

The Tamil Nadu Housing Board (Board) while preparing the layout for the 'Sites and Services' scheme at Kodungaiyur village, Chennai District in September 1979, inadvertently included 0.365 acres of private land which was not covered under the land acquisition proceedings. The Board came to know about the discrepancy only in October 1980 and obtained consent from the land owners for acquisition of the land on payment of suitable compensation.

Superintending Engineer, World Bank Circle, Chennai reported in October 1980 to the Board that the acquisition of the land was absolutely necessary for implementing the scheme and submitted proposals for land acquisition in July 1981 indicating the value of the land as Rs 16,000. When the Board sent requisition for acquiring the land in September 1983, the Revenue Department sought clarification whether the land was included in the proposals sent by the Board in May 1983 for acquiring 1.35 acres of the same village. After prolonged correspondence, fresh proposals were sent by the Board in February 1989. The notification was issued in August 1992 and the value of the land was fixed by the Collector (October 1994) as Rs 6.63 lakh. The compensation of Rs 36.52 lakh including interest of Rs 25.53 lakh from September 1979 to August 1995 was paid by the Board in June 1995 (Rs 35.76 lakh) and August 1995 (Rs 0.76 lakh).

The abnormal delay of over 10 years in issuing the notification resulted in payment of compensation based on the market value of the land in August 1992 and payment of interest for this amount from September 1979. It was noticed that the Board had initiated acquisition proceedings (July 1983) in respect of another small piece of land in the same area and the notification under Section 4(1) was issued in March 1985. The award was passed in November 1987 fixing the market value at Rs 2.91 lakh per acre. Had the Board taken initiative to include 0.365 acre also in the

notification issued in March 1985, the compensation payable in August 1995 would have worked out to Rs 4.19 lakh only. Thus, the delay in issuing the notification resulted in an additional expenditure of Rs 32.33 lakh.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

6.10 Wasteful expenditure due to unnecessary provision of asphaltic concrete

Government approved in March 1989 the Sites and Services Scheme (Scheme), a component of the 'Tamil Nadu Urban Development Project' (TNUDP) for implementation by the Tamil Nadu Housing Board (Board) in 10 selected project cities of the State. The scheme aimed at providing serviced residential plots, core housing and community facilities and shelter loans to low income households.

The work of black topping of the roads in the scheme area at Kalinjur, Vellore District, technically sanctioned by the Chief Engineer, TNUDP, Tamil Nadu Housing Board (CE) in November 1993, provided for surface dressing over the existing Water Bound Macadam (WBM) with premix carpet for 1.5 metres (m) to 9 m width roads and asphaltic concrete of 40 mm thickness for 12 m roads. The work was taken up in July 1994 and completed in June 1995 at a total cost of Rs.34.88 lakh. According to the final bill, 40569.78 square metres (Sq.m.) of premix carpet at Rs.27 per sq.m. and 24590.03 sq.m. of asphaltic concrete at Rs.78 per sq.m. were executed by the contractor.

The provision of 40 mm thick asphaltic concrete for 12 m road was not necessary for the following reasons:

- (a) The department had not assessed the anticipated traffic intensity for determining the road design and the provision of asphaltic concrete in 12 m roads was not based on any specifications.
- (b) The College of Engineering in their report on 'Road Design' for the scheme at Ambattur had recommended (June 1991) provision of premix carpet over the WBM layer on roads with 8-12 m width.
- (c) The estimate prepared by the Board in April 1994 for the scheme at Avadi provided premix carpet only for roads of 12 m width.
- (d) The Indian Roads Congress specification provided for laying asphaltic concrete on Dense Bituminous Macadam (DBM) only. The specifications prescribed by Ministry of Surface Transport (MOST) also provided for laying asphaltic concrete on bituminous surface. The Highways Research Station, while furnishing the design for the scheme at Dharapadavedu also opined that asphaltic concrete should not be provided over WBM layer. Thus, the design did not conform to the standards.

(e) The Board, before handing over the scheme area to the local body in July 1996, had carried out repair works on the roads and provided premix carpet only on the worn out portions of the 12 m roads which were laid with asphaltic concrete.

Thus, the sanction of defective estimate by the CE led to unnecessary provision of asphaltic concrete on the 12 m roads in the scheme area and resulted in wasteful expenditure of Rs 12.54 lakh. (24590.03 sq.m x (Rs 78 - Rs 27)).

The matter was referred to Government in April 1997; reply had not been received (December 1997).

6.11 Excess payment of compensation

Government issued orders in June 1988 for alienation of 98.78 hectares (ha) of Government land in Vellore District in favour of Tamil Nadu Housing Board (Board) for implementation of the sites and services component of Tamil Nadu Urban Development Project. The Board took possession of 96.91 ha of land, in December 1988 and December 1991. The land taken over was full of babul trees planted by Forest Department under Social Forestry scheme. Forest Department, therefore, claimed compensation (June 1992) for the potential loss to Government caused by the removal of the trees. Government, after consulting Forest Department and the Board fixed (December 1994) the compensation at Rs 34.74 lakh. The Board paid advance of Rs 1.44 lakh in July 1991 and the balance of Rs 33.30 lakh between February 1993 and September 1996.

It was noticed in Audit that the Forest Department while working out the compensation, took into account the entire plantation area of 144 ha instead of 96.91 ha actually handed over to the Board. This resulted in excess payment of compensation of Rs 11.28 lakh by the Board to Government. The Board had also not taken any action for obtaining the refund of excess amount paid (August 1997).

The matter was referred to Government in June 1997; reply had not been received (December 1997).

6.12 Loss due to delayed intimation of final cost of flats

Tamil Nadu Housing Board (Board) constructed 174 flats at the cost of Rs 20.09 lakh for allotment to Madura Mill workers at Madurai on the land gifted by the Mill for the purpose. The works, started in December 1973, were completed in July 1975 and final bills were settled in March 1977.

As only 68 mill workers were prepared to take up the flats, the Board decided to allot the balance 106 flats to the general public. The cost of the flats was fixed at Rs 12,600 per flat for mill workers and Rs 15,000 per flat for others. The

allotments were made between October 1976 and August 1978 and the flats were occupied between January 1977 and August 1978. Though no expenditure was booked under the scheme after September 1977, the completion report was recorded only in March 1984 and based on the final expenditure, the cost of the flats was revised at Rs 18,100 and Rs 20,750 per flat for mill workers and general public respectively. When the demand for the difference in cost was raised by the Board (October 1984), the allottees obtained interim injunction from the High Court, Chennai in March 1986, restraining the Board from collecting the additional cost. The stay was got vacated by the Board in July 1987 on technical grounds but allottees again obtained an interim injunction in September 1988. In its final judgement (February 1996), the High Court decreed that the additional cost should have been collected before the allottees had been given possession of the flats, as provided in the prospectus. The demand raised by the Board was quashed by the High court.

A test-check of the records of the Madurai Housing Unit of the Board by Audit (August 1996) revealed the following:

The lease-*cum*-sale agreement entered into with the allottees stipulated that the Board had to fix the final price taking into consideration the development charges, cost of amenities and building etc. within a period of 3 years from the date of allotment and this price would be subject to revision only on account of excess compensation, if any, awarded by the courts for the land. As the land was gifted by the Mill and final expenditure on the scheme was incurred in September 1977, the Board could have fixed the final cost by September 1979 (within three years from the date of first allotment) thereby avoiding litigation.

The Madurai Housing Unit stated that the delay in fixing the final cost was due to administrative reasons. As no expenditure was incurred after September 1977, there was no justification for recording the completion report after a delay of more than 6 years.

The failure of the Board to demand the excess amount from the allottees as per the provisions of the prospectus/lease-*cum*-sale agreement resulted in a loss of Rs 9.84 lakh to the Board.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

6.13 Wasteful expenditure on development works

Tamil Nadu Government Servants' Rental Housing Scheme (TNGRHS) was to be implemented by the Tamil Nadu Housing Board (Board) on Government lands and at Government cost. Government approved (October 1991) construction of 84 flats at Melamaiyur and 78 flats at Kakkalur in Tiruvallur District at a cost of

Rs 114 lakh and Rs 97 lakh respectively. The Executive Engineer, Korattur Division in consultation with the Collector identified 5.06 acres at Melamaiyur and 5.18 acres at Kakkalur for construction of the flats. Government, however, refused permission (in July and August 1995) to use the lands on the ground that the Melamaiyur land was situated in a water course and the Government policy was against construction of houses in a water course and the Kakkalur land had been under encroachment by poor Adi Dravidar people for the last thirty years and Government had no alternative site to relocate them. Meanwhile, the Board had spent out of the grants given by the Government, Rs 7.95 lakh on development works. The Board had not selected alternative site for implementing the scheme (March 1997).

When the wasteful expenditure of Rs 7.95 lakh was pointed out, the Board stated in April 1997 that the preliminary expenses were incurred as soon as the schemes were approved to complete them in time. The Board also contended that the chainlink fencing costing Rs 0.95 lakh would be used on future schemes and Rs 4 lakh incurred on work charged establishment was withdrawn and kept under 'suspense' for booking, when the works recommenced. The Board accepted that the remaining expenditure was wasteful. Government also concurred (October 1997) with the views of the Board.

The reply of the Board was not tenable as the preliminary expenses were incurred even before the permission to enter upon the land was received from the Government. Further, the re-booking of Rs 4 lakh would only result in wrongly boosting the works expenditure.

6.14 Delay in commissioning of sewage pumping station

The work 'Development of Industrial area in neighbourhood area-VII at Maraimalainagar' was undertaken by the Tamil Nadu Housing Board (Board) as a deposit work on behalf of the Chennai Metropolitan Development Authority (CMDA) in July 1983 at a cost of Rs 42 lakh. CMDA deposited Rs 30 lakh with the Board in June 1984 and January 1986. The work comprised, among other things, 'Construction of pumping station and sewage disposal arrangements' at an estimated cost of Rs 3 lakh.

One of the components of the work viz., supply, delivery and erection of sewage pumping machinery was awarded to a firm by the Board in March 1986 for Rs 3.56 lakh. The supply was completed by the firm and payment of Rs 3.13 lakh was made in October 1986. The erection work could not, however, be taken up by the firm due to non-execution of civil work and water-logging due to leakage in the pumproom.

The civil work, started in June 1985, was completed by the Board in November 1988 at a cost of Rs 3.12 lakh. Action to arrest the leakage in the pumproom was, however, not taken. Consequently, when the Board requested (August 1988) the firm to commence the erection work, the firm refused (September 1988), on the ground

of leakage in the pumphoom. The work of arresting the leakage was taken up and completed by the Board in July 1993 at a cost of Rs 0.61 lakh. As the firm did not come forward to complete the erection work even after the leakage was arrested, the Board terminated the contract at the risk and cost of the firm in February 1994. The balance work was awarded to another contractor in May 1994 for Rs 6.70 lakh and completed in August 1994. During the trial run in October 1994, however, it was found that the motor erected in the pumphoom was not capable of drawing the accumulated seepage water in the motor room during the rainy season. The motor was replaced in August 1995 at a cost of Rs 0.17 lakh. The total expenditure incurred on the work was Rs 19.80 lakh and the pumping station was handed over to the local body in May 1997.

The following observations are made

- (i) The delay in erection of sewage pumping machinery was mainly due to leakage in the pumphoom. Even though the firm had brought to the notice of the Board as early as September 1988 (when the pumphouse was about to be completed) that the erection work could not be started because of the leakage in the pumphouse, the work was taken up by the Board only in July 1993
- (ii) The estimate for the balance work entrusted to another contractor in May 1994 included replacement of missing and unserviceable materials costing Rs 1.90 lakh.
- (iii) The Board incurred an extra expenditure of Rs 3.14 lakh due to termination of the contract.
- (iv) There was failure on the part of the Board in providing the correct duty motor in the pumphoom which led to its replacement, causing further delay.

The Chief Engineer of the Board, in July 1997, stated that the seepage of water was mainly due to the change of location of the site for the pumphoom by CMDA in July 1985 and the Board, being an executing agency, had no say in the proposals. The delay in arresting the seepage water was attributed to administrative reasons. As regards loss of materials, the Board stated that the explanations obtained from the field staff were under scrutiny and the Board did not propose to recover any amount from the first contractor as the total cost of work including the extra expenditure would be recovered from CMDA.

The reply of the Board was not tenable as the change of location was made by CMDA in consultation with the Board. The failure of the Board to properly design the pumping station led to an extra expenditure of Rs 5.65 lakh on account of termination of contract, rectification works and missing and unserviceable material and also delay in achievement of the objective of providing sewage pumping station for over eight years.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

6.15 Inappropriate water tax collection system

6.15.1 Introduction

The Chennai Metropolitan Water Supply and Sewerage Board (Board) was established under the Madras Metropolitan Water Supply and Sewerage Act, 1978 (MMWSS Act) to take over from the Corporation of Chennai, the Water Supply and Sewerage functions in the city. The major source of revenue of the Board was Water and Sewerage Tax, from 3.5 lakh assessees and Water Charges from 1.75 lakh assessees. As of March 1996, the Board had computerised the functions relating to accounting of Water Tax and Charges, Financial Accounting, Payroll and Inventory. The entire city of Chennai was divided into 6 areas for accounting purpose.

During the current review, the requirement and availability of hardware, manpower, adequacy, efficiency and completeness of the application software were examined. The computerised accounts of Area 3 for the half year ending 31 March 1996 were taken up for detailed examination and the audit comments that follow pertain to this area/period.

6.15.2 Adequacy and requirement of hardware and infrastructure

Avoidable expenditure on Maintenance Charges

A recurring expenditure of Rs 6.02 lakh was incurred towards maintenance of machines based on the original price of computers and peripherals in spite of a continuous and appreciable reduction in prices of such equipment.

This amount included a sum of Rs 2.12 lakh per annum paid towards maintenance of two ECIL MINI computers and connected peripherals acquired/upgraded in April 1990. These machines being almost obsolete and considering the appreciable fall in prices, new machines with similar capability could have been purchased as early as in 1993-94 for an amount less than the Annual Maintenance Charges (AMC) paid. This would have resulted in a saving of at least Rs 1.80 lakh per annum.

6.15.3 Utilisation of manpower

The personnel deployed for the operation of the computer system included one Senior System Analyst and 2 System Analysts. The services of a System

Analyst is called for only for the development of a new system and in case of major changes in the existing systems. As all software were outsourced and as the Board did not go in for any major change in the system, the services of the 3 System Analysts were not required resulting in avoidable expenditure by way of their pay and allowances amounting to Rs 2.28 lakh per annum.

6.15.4 Efficiency and completeness of application software.

(i) The Tax and Water Charges System

The primary objective of computerisation in any organisation would be to enhance its overall efficiency. The computerisation of the functions of the Board commenced in 1987 and upgraded in 1990 at a total cost of Rs 50.51 lakh by way of machines alone apart from other charges on infrastructure. A recurring expenditure of Rs 4.07 lakh on AMC, Rs 6.05 lakh on stationery and Rs 14.93 lakh by way of staff salary per annum was also incurred. However, even after 10 years of inception, the effectiveness/efficiency of the system was not satisfactory. Though the Board totally depended on the computerised data for revenue assessment and collection, the existing system did not have even the accuracy/dependability possible in a manual system. The consequence of such deficiencies is discussed in the succeeding paragraphs.

(a) File organisation and dataflow

1.	Tax Master (A3295dem)	Contains details like the name, address, annual value, rate of Tax per half year etc., in respect of each assessee.
2.	Tax Arrear file (A3295cb)	Contains half yearly period wise Tax due from each assessee.
3.	Collection file (A3Coll)	Contains collections made in a half yearly period with complete details of collection
4.	Unposted file (A3295uc)	Is a suspense file containing collections which could not be posted against any particular assessee.
5.	Suspense Master (dupmas)	Is a temporary file containing details of assessees who were not allotted new Assessee Codes
6.	Suspense Arrear file (dubcb)	Contains details of arrears in respect of the above assessees.

(a)(iii) Inaccuracies in the posting of credits**A single receipt credited more than once to the same assessee**

The daily collection of Water Tax/Charges was consolidated in the "Collection" file. The assessee's accounts were periodically updated using this collection file. Due to incorrect multiple transfer of the receipts from the daily transaction file to the collection file, collections amounting to Rs 1.92 lakh (from 2,296 credits) were accounted for more than once in the assessee's accounts.

Inadequate System Control resulting in incorrect posting of credits

The amount of demand was not taken into account either at the time of collection of Tax or at the time of posting the credits. As a result, the amounts collected against an incorrect code was posted to the accounts of another assessee having that code. An incorrect amount reaching an account with a lesser demand left a minus balance in that account. At the close of 1995-96, the Tax/Charges arrear files indicated minus demands aggregating to Rs 182.66 lakh.

(a)(iv) Incorrect procedure adopted for adjustment of missing credits pointed by the assessee

In the event of a credit not reaching the account of the correct assessee and the same be held in the accounts of another assessee or in the unposted file, an adjustment was warranted. Such adjustments had to be made when the fact of the wrong posting was known to the Board. The credit had to be withdrawn from the incorrect account or from the unposted file and credited to the account of the correct assessee.

Arrears of Rs 18.40 lakh was reduced in the guise of adjustments, reportedly on the production of proof by assessee. Such adjustments were carried out without (1) withdrawing the amounts from their incorrect destinations (2) retaining any part of the proof of payment said to have been produced in support of the adjustment, and (3) obtaining the orders of any higher authority. Such adjustments amounted to a virtual write-off or accounting for one receipt twice.

(a)(v) Existence of multiple records in the master and in the arrear file for the same assessee/premises

All the permanent details of an assessee like Code, Name, Address etc were stored in the Master File. The basic control in any computer system should be to check against the duplication of records in the Master File. The Computerised Water Tax/Charges Collection System, however, permitted more than one code to the same

assessee. Such multiple records for the same assessee in the Master File resulted in raising demands in respect of all assessee codes separately, boosting the demand and the balances. This further affected the integrity of the data in the system rendering it unreliable.

(a)(vi) Non-assessment of tax for want of annual value

In respect of 1,339 identified assessee no demand was raised as the annual value of the property was not available from COC. The COC collected House Tax based on capital value of the property instead of annual value. Tax in respect of these assessee could have been assessed based on the capital cost under the provisions of Section 35 of the MMWSSB Act. Failure in this regard resulted in recurring loss to the Board.

(a)(vii) Incorrect accounting of dishonoured cheques in the computerised Tax collection system

Water Tax/Charges were collected either in cash or through cheques. In case of cheques, the amount concerned was treated as received as and when a cheque was received. Even though, cheques amounting to Rs 5.13 lakh were dishonoured, the original entries were not reversed resulting in a loss to the Board.

(a)(viii) Amounts collected towards Tax/Charges not credited to assessee's accounts or kept as unposted

An amount of Rs 1.31 lakh collected towards Taxes/Charges was neither credited to the individual assessee's account nor kept in the Unposted file. The omission remained undetected/corrected even at the close of the accounts for the year.

(a)(ix) Lack of Data Security in the computerised Tax collection system

For the data in a computer system to be authentic and accurate, the document forming the source for data entry should have been duly authenticated. However, adjustments like removal of Assessee (Rs 83.24 lakh) and reduction of annual value (Rs 9.65 lakh) reduction of demand (Rs 0.59 lakh) were done without approval of any authority. There was no document or file calling for such changes in the database.

(a)(x) Heavy pendency in collection of Water/Sewerage tax

In spite of enormous powers vested with the Board under Section 74 of the MMWSSB Act, to effect recovery from the defaulting assessee, an amount of Rs 528 lakh and Rs 282 lakh representing water/sewerage tax and water charges

respectively was pending collection from the assesseees as of March 1996. This included 843 assesseees who had not paid water tax from the formation of the Board in 1979-80 and 188 assesseees who had not paid water charges from 1986-87. Further, the pendency was on the increase year after year.

(a)(xi) Incorrect projection of figures in Final Accounts

The computerised financial accounting system had not been integrated with the computerised Tax/charges collection system. Consequently, the Board adopted a set of figures in the Final Accounts which did not bear any relevance to the actual figures as per the computerised Tax collection system as tabulated below.

Item	Figures as per Tax collection System (Rupees in lakh)	Figures as per Final Accounts (Rupees in lakh)
Opening arrears as on 1 October 1995	327.60	305.27
Demand for II half of 1995-96	133.09	128.22
Collection during II half of 1995-96	224.06	222.99
Closing Balance as on 31 March 1996	236.63	210.50

Thus, the final accounts did not present a true and fair picture of the state of affairs of the Board.

(a)(xii) Non-agreement of Closing Balance in the computerised demand collection and balance statement

The Opening Balance as on 1 October 1995 in respect of Tax and Charges after incorporation of the transactions during the half year ending 31 March 1996 did not tally with the closing balance as on 31 March 1996 indicating manipulation of computerised data. The actual balance of Rs 264.54 lakh in respect of taxes and Rs 295.06 lakh in respect of water charges had been altered to Rs 378.12 lakh and Rs 308.71 lakh respectively.

(a)(xiii) Loss of interest on account of belated entry of new assesseees in the computer system

In terms of the provisions of the CMWSSB Act, collection of water charges was to commence from the month of provision of water supply. However, due to belated entry of data in respect of 2,701 assesseees in the computer system, the collection of charges could not be made in time. The consequent delay in recovery, ranging from 1 to 9 years resulted in a loss of Rs 12 lakh by way of interest (calculated at 12 per cent per annum).

(a)(xiv) Deletion of assesseees - Discrepancies between Master and Arrear files

The removal of an assessee from the master file can be done only if he had paid all dues to the Board or after writing off all the dues from him. However, 466 assesseees were removed from the master file in spite of there being some arrears pending against them.

(a)(xv) Discrepancy in Computerised Data

In many instances the closing balance did not correspond to the opening balance and the transactions as follows:

- ⇒ Arrears were removed from the file when no collections were received (Rs 16.28 lakh).
- ⇒ Arrears of Rs 4.23 lakh left at zero when collections amounted to Rs 8.17 lakh.
- ⇒ Arrears of Rs 0.22 lakh increased to Rs 0.28 lakh in spite of a collection of Rs 0.24 lakh.
- ⇒ Arrears of Rs 0.15 lakh increased to Rs 0.25 lakh without any transactions.
- ⇒ Assesseees with dues amounting to Rs 6 lakh were inducted into the system without their being brought forward from the OB files or as a result of addition of assesseees through the system.

Since any authorised operation through the computer will not produce such discrepancies, these discrepancies could only be the result of unauthorised manipulation of data taking advantage of the inefficient data security.

(b) Inventory control system

Out of the 4 Storage Depots of the Board, the Depot at Nesapakkam had been fully computerised. As of March 1996, the computerised inventory control system had 493 items on stock. An examination of the system disclosed the following:

b(i) Discrepancies in the carry-over of balances of Stock from 1995-96 to 1996-97

Even though the carry-over of balances was a vital operation in any Inventory Control System, both quantity and value in respect of 117 items were incorrectly carried over, resulting in an unauthorised reduction of stock to an extent of Rs 23.80 lakh.

b(ii) Incorrect exhibition of "Nil" Values for stock items having a positive stock

Out of the 523 items on stock (March 1997) listed in the computer files, the values for 149 items were given as "Zero" in spite of there being a balance. Such incorrect information defeated the very purpose of computerisation and supplied faulty information to Financial Accounts etc.

6.15.5 Conclusion

Thus, even after incurring a capital expenditure of Rs 50.51 lakh on machines and a recurring expenditure of Rs 4.07 lakh on AMC, Rs 6.05 lakh on stationery and Rs 14.93 lakh by way of staff salary per annum, the computerisation of functions at the Board had not achieved the desired objectives of accuracy and efficiency, even after functioning for more than 10 years. The outstanding arrears to the Board as of March 1996 was Rs 8.10 crore.

The above points were referred to Government in January 1998; reply had not been received.

RURAL DEVELOPMENT DEPARTMENT

TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD

6.16 Short levy of centage charges

In August 1990, the Tamil Nadu Water Supply and Drainage Board (Board) approved the execution of the work 'Providing water supply scheme to the crude distillation facilities at Panangudi village in Thanjavur District' as a deposit work on behalf of Madras Refineries Limited (MRL). The estimated cost of Rs 2.88 crore approved by the Board included centage charges at 15.5 per cent. The Memorandum of Understanding (MOU), entered into by the Board with MRL in February 1991 for executing the work, provided for revision of the estimated cost on account of detailed estimation, price escalation, etc.

MRL remitted Rs 2.96 crore between February 1991 and December 1993 and also supplied materials valued Rs 3.88 lakh. The work commenced in April 1991 was completed in March 1997. The Executive Engineer, Maintenance Division, Tiruvarur, who executed the work, informed MRL in March 1997 that the final expenditure was Rs 3.24 crore viz Rs 2.81 crore as works expenditure and Rs 43.54 lakh towards centage charges at 15.5 per cent and claimed Rs 24.16 lakh spent by the Board in excess of deposit received. He also gave an undertaking that no further

claim would be made.

It was noticed that the Board, vide its order dated 11 March 1991 increased the centage charges from 15.5 *per cent* to 17.5 *per cent* with effect from April 1990 and further to 18.5 *per cent* with effect from April 1991. Though the increase of centage charges was under active consideration of the Board in February 1991, the Board did not include any specific clause in the MOU, signed with MRL, for recovery of centage charges revised from time to time. Further, the MOU provided for revision of the estimated cost which contained a provision of 15.5 *per cent* centage charges but the Board failed to claim the increased centage charges under this clause.

The failure of the Board to claim the increased centage charges resulted in short levy of centage charges by Rs 8.43 lakh (3 *per cent* on Rs 2.81 crore).

The matter was referred to Government in June 1997; reply has not been received (December 1997).

SCHOOL EDUCATION AND HOUSING AND URBAN DEVELOPMENT DEPARTMENTS

6.17 Seventh South Asian Federation Games

6.17.1 Introduction

The Seventh South Asian Federation Games (Games) sponsored by Government of Tamil Nadu were held at Chennai in which seven countries¹ participated between 18 December 1995 and 27 December 1995. Competitions in 14 disciplines and demonstrations in 2 disciplines were held during the games.

A review of records pertaining to organisation of the Games was undertaken during the period from November 1996 to May 1997 in 7 departments² of the Secretariat, 7 Government offices³, 6 Government Agencies/Undertakings⁴ and Corporation of Chennai (COC).

1 Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

2 Departments in Secretariat: (i) School Education, (ii) Municipal Administration and Water Supply, Transport, (iii) Health, Indian Medicine and Homocopathy and Family Welfare, (v) Home, (vi) Housing and Urban Development and (vii) Information and Tourism.

3 Government Offices: (i) Joint Transport Commissioner, Chempauk, (ii) Deputy Transport Commissioner, T.Nagar, (iii) Director of Medical Education, (iv) Director General of Police, (v) Commissioner of Police, Chennai, (vi) Superintendent of Police, Chengai MGR (East) and (vii) Inspector General of Police, Homeguards.

4 Government Agencies/Undertakings: (i) Sports Development Authority of Tamil Nadu (SDAT), (ii) Tamil Nadu Police Housing Corporation (TNPHC), (iii) Pallavan Transport Corporation (PTC), (iv) Dr. Ambedkar Transport Corporation (DATC), (v) Tamil Nadu Tourism Development Corporation (TTDC) and (vi) Tamil Nadu Housing Board (TNHB).

A multi-purpose indoor stadium, a hockey stadium, a tennis stadium, an aquatic complex and a shooting range were constructed specially for the Games. While the shooting range was constructed by Tamil Nadu Police Housing Corporation, the works on Stadia were entrusted to Sports Development Authority of Tamil Nadu (SDAT), which also undertook improvements to the Jawaharlal Nehru Stadium and the Basket Ball Stadium. A Games village consisting of 560 flats for accommodating sports persons was constructed by Tamil Nadu Housing Board (TNHB) with their funds and loans from Housing and Urban Development Corporation Limited (HUDCO).

6.17.2 Budget allocation and expenditure

The details of funds allocated and expenditure incurred on different components of the Games excluding the "Games Village", are furnished in Appendix XXVIII.

The following points were noticed.

- (i) Rupees 2.73 crore were received by SDAT for the Games (sponsorship Rs 0.93 crore, participation money : Rs 0.83 crore, interest receipts : Rs 0.95 crore and other receipts : Rs 0.02 crore). These being revenue receipts under the Games should have been remitted to Government Account by SDAT. However, this had not been done till July 1997.
- (ii) Of the Government grant of Rs 75.87 crore received for the Games, Rs 57.44 crore were released to SDAT for construction of stadia. The remaining Rs 18.43 crore were sanctioned (under 14 heads of expenditure) for organisation of the Games. While there were savings (Rs 1.55 crore) under 9 heads, there was excess (Rs 2.15 crore) under 4 heads. The savings and the revenue receipts were utilised to meet the excess expenditure incurred under certain components without getting any approval from Government.
- (iii) Expenditure of Rs 1.96 crore incurred on items not included in the budget had not yet been ratified by Government.
- (iv) Rupees 0.80 crore were appropriated by SDAT for its own use without the approval of Government.
- (v) Rupees 0.70 crore were spent on maintenance, telephone charges, water and electricity charges for the newly constructed stadia from 1 January 1996 (after the completion of the Games on 27 December 1995) from out of Games funds without the approval of the Government.

6.17.3 Sponsorship

(i) Failure in generation of revenue through sponsoring

Government planned to raise Rs 30 crore through sponsoring of the Games so as to fully meet the expenditure on their organisation. However, it could raise only Rs 5.72 crore while the actual expenditure on holding the Games was Rs 26.24 crore. The details are brought out in the subsequent paragraphs.

(a) Though the initial expectation was for Rs 20/15 crore with/without Television (TV) rights, the actual highest offer received without TV rights was only for Rs 3 crore from firm 'M'. The offer was accepted on the condition that the firm would make a down payment of Rs 5 lakh and the balance would be paid in three instalments by 5 January 1996. However, the firm paid only Rs 50 lakh (in December 1995 Rs 5 lakh and in January 1996 Rs 45 lakh) stating that it had not been able to realise the expected revenue and requested (April 1996) that it be allowed to settle its dues by paying Rs 50 lakh more and that the Government waive the remaining Rs 2 crore. Government waived Rs 2 crore in May 1996 stating that the advertisers did not have enough time for mobilisation of sponsorship. As the firm was already aware of the limited time available at the time of accepting the rate of Rs 3 crore, the reasons adduced by them were not acceptable and waiver of Rs 2 crore by Government was not correct. The firm had not paid even the remaining Rs 50 lakh till May 1997.

The total revenue realised by SDAT from sponsorship was only Rs 93.30 lakh, including Rs 50 lakh mentioned above.

(b) Another Rs 4.79 crore were realised through sponsorship of stadia (Rs 2.90 crore), sponsorship of games (Rs 1.80 crore) and advertisements in the Souvenir (Rs 9 lakh). The Sponsorship, Publicity and Souvenir Committee (SPS) consisting of Secretary to Government, Transport Department, Member Secretary, SDAT, Chairman and Managing Director (CMD), Tamil Nadu Minerals Limited (TAMIN), CMD, Tamil Nadu Industrial Development Corporation and others as members, had not submitted any account for this money to Government. One of the sponsors (TAMIN) stated (June 1997) that they had remitted Rs 1.25 crore directly to Tamil Nadu Basketball Association (TNBA) without routing it through SDAT. The amount had not been recovered by SDAT and remitted to Government.

(ii) Non-collection of sponsorship amounts on advertisement boards

With a view to publicise the Games, SDAT decided to put up "Reflecting boards" on electric poles in main thoroughfares of Chennai with the condition that the expenditure would be met fully with sponsorship and that no expenditure would be

incurred on making of the boards either by Government or by SDAT. The work of making and displaying the boards was entrusted to a private firm at Rs 1,495 per board. SDAT in turn was to collect Rs 1,500 per board from the sponsors.

It was seen that without fully tying up with the sponsors, SDAT purchased 3,255 boards (Rs 48.62 lakh paid by January 1996). It could, however, manage sponsorship for only 1,659 boards (Rs 24.88 lakh). As a result, Rs 23.86 lakh were spent from funds meant for the games.

It was also observed that (a) the receipt of the boards were not taken on store ledger by SDAT, (b) no information as to the location/placement of the boards was furnished by the supplier either to the Government or to SDAT, (c) the placement of the boards was not verified and certified by any responsible officer of SDAT before making payment, (d) the invoices of the supplier were not machine numbered and (e) no action was taken by SDAT to get back the boards after the Games for their disposal through public auction to the best advantage of the Government. In the absence of records, it was doubtful whether 3,255 boards had actually been purchased. In the absence of any authority authorising the payment, the payment was irregular.

6.17.4 Organisation

6.17.4.1 Travel expenses

Travel expenses including Travelling Allowance (TA) and Daily Allowance (DA) were payable by SDAT to the delegates and technical officials in the Games. The following points were noticed.

(a) Excess/irregular payments made by SDAT amounting to Rs 0.71 lakh were noticed in three cases detailed below:

Nature	Amount (Rupees in lakh)	Remarks
(i) Double payment to kabaddi delegates.	0.38	Payment made twice, first to the delegates and then to the Amateur Kabaddi Federation.
(ii) Over-payment to the neutral umpire for hockey.	0.10	As against the admissible amount of Rs 1.04 lakh, Rs 1.14 lakh were paid.
(iii) Irregular payment to 3 officials of Nepal contingent.	0.23	Amount was to be borne by Nepal Federation/ Nepal Olympic Committee.

(b) Out of the tour advance of Rs 0.50 lakh drawn (October 1995) by Additional Director, SAF Games an amount of Rs 0.15 lakh only was adjusted (January 1996) with the balance of Rs 0.35 lakh remaining unadjusted.

(c) Ineligible expenditure incurred out of Games funds

Rupees 0.89 lakh were spent out of Games funds on making models of newly constructed Stadia for placing them in the pavilion of SDAT at Trade Fair conducted after the Games. As the expenditure incurred was in no way connected to conducting of Games, the same was ineligible.

6 17 4.2 Cultural Programmes

(i) The artists of the cultural troupes invited to perform during the opening and closing ceremonies of the Games were entitled to performance allowances (PA) of Rs 150 per day (for rehearsal days and performance days) and food charges (FC) (Rs 60 per day) including travel days besides free accommodation. The payments were made initially by the South Zone Cultural Centre (SZCC) and reimbursed by SDAT to the SZCC. The following points were noticed.

(a) Rupees 8.22 lakh were paid in excess to six troupes as the payment was made to these troupes for their stay after the day of performance.

(b) Five groups belonging to SZCC and Tamil Nadu Rural Arts Development Centre (TNRADC) invited for participation in the cultural programmes during the opening ceremony, did not perform in the opening ceremony and left before the closing ceremony as seen from the TA bills wherein no performance allowances had been claimed. As such the expenditure of Rs 5.60 lakh incurred on their conveyance, food charges costumes and performance allowance (for the days of rehearsals) was unfruitful.

(c) (i) Advances to the tune of Rs 0.14 lakh paid to TNRADC, Madurai were pending adjustment.

(ii) Non-recovery of Rs 0.33 lakh from the advance paid to Uttar Pradesh troupe resulted in excess payment.

(d) Rupees 15 lakh were paid to a firm for supply of fireworks for display in closing ceremonies. The Director General of Police, who was in charge of engaging supplier for the fire works, did not give the details of actual quantity supplied and utilisation of the entire quantity and fairness of the price quoted. Since the bills issued by the supplier did not contain the details of crackers supplied and price charged unitwise, the fairness of price charged could not be ascertained.

6 17 4 3 Purchase of equipment

(a) Excess payment on installation of shooting equipment

Payment for shooting equipment purchased from Germany included installation charges (DM 1250) and expenses (DM 40) per day for 31 days while the engineer deputed to install the equipment stayed for only 17 days. The excess payment for 14 days worked out to DM 18060 (Rs 4.43 lakh at the rate of Rs 24.55 per DM) which had not been recovered from the supplier.

(b)(i) Avoidable expenditure due to non-installation of public address system before the Games

Following a decision to revamp the public address system at Jawaharlal Nehru Stadium in such a way that the new system was installed in the first week of December and could be used for rehearsals and opening ceremony, sealed quotations were called for from 4 reputed companies with last date for receipt of quotation as 8 November 1995. The lowest acceptable offer of the firm 'Y' was accepted for Rs 39.78 lakh (December 1995). The firm, during negotiation, also offered to supply a Compact Disc (CD) player and cassette deck free of cost and reduced the price by Rs 1.75 lakh.

The work order issued by Director, SAF Games was not dated and did not specify the date by which the work was to be completed. Fifty *per cent* advance payment (Rs 19.89 lakh) was made to the firm (December 1995). Though the firm reported that one month's time was required for installation of the equipment in the quotation itself, Government sanction was issued on 5 December and advance payment was made only on 14 December 1995.

The firm supplied equipment worth Rs 13.89 lakh on 11 December 1995 and Rs 20.73 lakh on 28 December 1995. Payments of Rs 7.03 lakh and Rs 8.88 lakh were made to the firm on 13 December 1995 and 28 December 1995 respectively.

Since the system could not be installed upto 17 December 1995, the rehearsal and the ceremonies relating to the Games were performed with the help of temporary arrangements made through a local electrical contractor at a cost of Rs 8.36 lakh during 7 December 1995 to 27 December 1995.

The failure of SDAT to indicate final date of supply of equipment led to delayed supply of equipment (soon after the games were over) and non-installation of the system. Thus, the expenditure of Rs 35.80 lakh incurred on it was unfruitful.

(ii) Excess payment on speech podia

Hire charges at different rates were paid to a local contractor for hiring speech podia on 16 December (Rs 1.50 lakh), 18 December (Rs 2.25 lakh) and 24 December (Rs 0.75 lakh). The excess payment calculated with reference to the minimum charge paid on 24 December worked out to Rs 2.25 lakh. No attempt was made to negotiate with the contractor to adopt uniform rate for all the days. SDAT did not fix the rate by calling open tender and arrive at a competitive rate for all the days, which resulted in the excess payment of Rs 2.25 lakh. Further, Rs 0.75 lakh were paid to the contractor for 17 December also though no speech podium was provided by the contractor on that day.

c) Unclaimed liquidated damages

Government accepted (June 1995) the tender of a firm at Chennai for Rs 3.99 crore (original tender amount of Rs 4.05 crore less 1.5 *per cent* rebate allowed during negotiation) for air-conditioning the new indoor stadium. Work order was issued by SDAT on 12 July 1995 according to which the work was to be completed by 26 November 1995. As per the tender condition, 80 *per cent* of the value was payable on delivery of material and the balance on installation. The agreement also provided for liquidated damages for delay in completion of work, at 5 *per cent* on the value of work pending. The system though not completed, was operated during the Games after obtaining a temporary certificate from the Chief Electrical Inspectorate.

Rupees 3.37 crore were paid to the firm (February 1996) which included Rs 94.63 lakh for 25 items supplied but not installed. Besides, 10 items costing Rs 13.81 lakh had not been supplied.

Though the work due for completion on 26 November 1995 had not been completed (May 1997), no action was taken by SDAT for claiming the liquidated damages of Rs 6.65 lakh (5 *per cent* of the value of pending works Rs 1.33 crore) from the contractor for the delay in completion of work.

d) Excess payment on warm-up track

The work for laying 200 metres four lane warm-up track for Jawaharlal Nehru Stadium was awarded to a firm 'X' Sports based in the United States of America, on the basis of quotations received, in anticipation of the approval of the Government due to urgency. The work order was placed in October 1995 and a Letter of Credit (LOC) for \$ 69268.20, based on the invoice dated 2 October 1995 of the firm, was opened on 20 October 1995. The invoice included cost of freight by sea. The due date for receipt of equipment was 12 December 1995. As the firm could not organise the

shipment through the scheduled vessel, it suggested (November 1995) air-lifting of the material. As the transportation of the material was the responsibility of the firm, the difference in the cost of shipping and air-lifting was to be borne by the firm. But Government sanctioned the entire amount claimed by the firm which resulted in an excess payment of Rs 3.88 lakh. Government sanctioned (February 1996) Rs 28.80 lakh.

Due to constraint of space and time, SDAT decided (November 1995) to reduce the length of the track. A revised invoice for supply of 120 m x 5.63 m straight four lane running track and 60 m x 3 m runway for the long jump and triple jump was called for from the same firm. The revised invoice dated 7 November 1995 was received for \$ 69268.20. The materials were received and the track was laid. The LOC was also closed on 27 November 1995 by payment of Rs 24.22 lakh (the exchange rate was Rs 34.97 per US \$). The following observations are made:

- (i) The cost of 1750 sq m of 12 mm dual density track and 10 gallon paint as per the first invoice dated 2 October 1995 was \$ 33562 and \$ 458.85 respectively. The area of the material as per the revised order (120 m X 5.63 m + 60 m X 3 m) was 855.60 sq m only. The cost including cost of paint based on the rates of original order would, therefore, be \$ 16633.28. However, in the revised invoice, the price quoted for the same was \$ 19572.65. As the supplier had suggested only air-lifting of the materials and had not mentioned a price rise, SDAT could have well approached them for the original price at the time of receipt of revised invoice. Since no action was taken in this regard by SDAT, an excess payment of \$ 2939.37 (Rs 1.03 lakh) was made by SDAT.
- (ii) As the quantity ordered was reduced, the supplier demanded restocking charges of 10 *per cent* of the cost of material that would not be shipped. The authorised agent of the supplier in New Delhi had assured Director, SAF Games in November 1995 that these charges would be reduced to 5 *per cent* which worked out to \$ 699.50. However, SDAT wrongly paid \$ 3356.20, based on 10 *per cent* of the total invoice price of \$ 33562 resulting in an overpayment of \$ 2656.70 (Rs 0.93 lakh).
- (iii) While the actual air freight was \$ 22707.30, SDAT paid \$ 23,350 based on the amount mentioned in the revised invoice resulting in an overpayment of \$ 642.70 (Rs 0.22 lakh).

Thus, an amount of Rs 2.18 lakh was paid in excess.

e) Payment of grant after the Games

(i) The Chief Patron and Chairman, Tamil Nadu Basketball Association (TNBA) submitted a proposal to the Director, SAF Games for special maintenance works and provision of various infrastructure in Dr. J.J. Indoor Basketball Complex

(Complex) at a cost of Rs 1.27 crore for making it fit for use during the Games. He also stated that he would get sponsorship from TAMIN for air-conditioning the Stadia at a cost of Rs one crore (subsequently revised to Rs 1.25 crore). The proposal was forwarded (November 1995) to Government by the Director.

Government sanctioned (January 1996) after the Games were over a grant of Rs 27.46 lakh for lighting, PA System and transformer. The amount was drawn and paid (February 1996) by SDAT to the association without ascertaining whether any works were actually carried out in the Complex. TNBA had not furnished (May 1997) either any accounts of the grant or utilisation certificate. Besides, Rs 27.46 lakh included Rs 3 lakh for provision of sound system while SDAT had already provided a PA system during the Games at a cost of Rs 0.15 lakh.

In the meantime, TAMIN had released Rs 1.25 crore (Rs 8 lakh on 15 December 1995 and Rs 1.17 crore on 5 February 1996) directly to the TNBA. As the contribution of TAMIN was on sponsorship basis, the amount should have initially been credited to Government and then passed on to the TNBA. Moreover, except for Rs 8 lakh, Rs 1.17 crore were released to the TNBA after the Games were over. This amount had also not been utilised (July 1997) by TNBA and the stadium had not been air-conditioned. TAMIN had initiated legal proceedings to recover the amount from TNBA.

6.17.5 Accommodation

(i) In five star hotels, 1458 room days were booked for VIPs/VVIPs of which only 864 days were actually occupied during the Games. The rent of Rs 24.74 lakh paid for 594 room days was thus wasteful. Records revealed that SDAT had failed to plan properly and was not aware of the exact requirement even till the commencement of the games.

(ii) Similarly, in respect of rooms reserved in other than five star hotels, Rs 11.74 lakh (33 *per cent*) out of the total expenditure of Rs 35.92 lakh were paid towards retention charges for the rooms not occupied leading to wasteful expenditure.

(iii) The Corporation of Chennai paid (December 1995) Rs 6.69 lakh to Hotel Park Sheraton towards boarding charges for 1055 VIPs/VVIPs at the rate of Rs 500 plus taxes per day per person. However, the actual number of occupants was only 569 resulting in an avoidable payment of Rs 3.08 lakh.

6.17.6 Security arrangements

Security equipment (20 metal detectors, one binocular, one Nikon camera and one video camera) worth Rs 4.82 lakh were delivered to Commissioner of Police on 26 December 1995, a day before the games were to be over. As such, these were hardly put to use and the expenditure was unfruitful.

6.17.7 Purchase of sports material and furniture

(a) Perusal of 56 files out of 91 files taken over by the Vigilance and Anti-corruption Department (VAC) from SDAT revealed that procurement of furniture, sports material, kit bags in 9 cases were made by SDAT on quotation basis even though the value involved in each of these purchases was more than Rs 25,000, which required as per Tamil Nadu Financial Rules, calling of open tenders for getting competitive rates. Also in 4 cases, though the value of purchase was more than Rs 10 lakh in each case, the approval of the Purchase Committee was not available in the concerned files produced to audit, though required as per the Government instructions (August 1995). The comparative statement of quotations received in 2 cases did not include all the quotations received. No reasons were recorded for this. In 2 other cases, orders were placed for Rs 19.62 lakh on firms whose names were not found in the comparative statement; no reasons were recorded for the same in these statements.

(b) Infertuous expenditure on uniform materials

Uniform materials such as jerkins, blazers, shoes, T shirts, socks, ties and caps were purchased for a total cost of Rs 1.22 crore for use by technical delegates and officials, press persons and staff members during the Games. It was, however, observed that except T shirts, other items were issued even after the Games were over. As on date (July 1997), materials worth Rs 46.70 lakh (38 per cent of the purchase) were still lying in stock of SDAT due to improper assessment of requirement.

6.17.8 House Keeping Items

(a) Non-recovery of furniture cost

Furniture required in the Games village were to be purchased by TNHB. Ten tables and 7 cup boards (cost: Rs 0.94 lakh) were, however, purchased (December 1995) by SDAT and supplied to Games village, utilising the funds for organisation purposes. The amount had not been recovered from TNHB (May 1997).

b) Irregular expenditure on catering

The catering in Games village was awarded to Hotel "P" at the rate of Rs 100 for breakfast, Rs 175 each for lunch and dinner excluding taxes. It was seen that the number of persons served breakfast, lunch and dinner on 15, 27, 28 and 29 December 1995 was more than the number of occupants, resulting in an irregular expenditure of Rs 2.15 lakh.

c) Items not returned to stock

House keeping items supplied to Games village were taken back to stock by SDAT after the Games. A perusal of the inventory revealed that there was short receipt of materials valued Rs 11.68 lakh in respect of 14 items⁵. Regarding curtain cloth (value Rs 30.14 lakh) purchased for the flats in the Games village, TNHB reported (February 1997) that Tamil Nadu Tourism Development Corporation Limited (TTDC), which was entrusted with the work, had taken back some curtains. However, TTDC reported (June 1997) that none of the items supplied to Games village was returned to them. SDAT also intimated (June 1997) that no curtains had been returned to stock (June 1997).

Also, 17 house keeping items⁶ valued Rs 9.38 lakh returned unused to SDAT during the Games were not disposed of by them (May 1997).

6.17.9 Other Points - Miscellaneous

The expenditure incurred (Rs 91.40 lakh) on purchase of sports material, house keeping items, organisation of Games and for cultural programmes were avoidable/infructuous due to purchase made and expenditure incurred without proper assessment of requirement details of which are given in the Appendix XXIX.

6.17.10 Games Village

Government entrusted (February 1994) TNHB with the construction of 560 flats, a dining hall - *cum* - kitchen, a shopping complex and an office complex in Games village self-financed by TNHB. The flats were to be sold to the public along with furniture after the completion of the Games.

TNHB awarded the work to firm "N" on a turn-key basis at a negotiated cost of Rs 61.99 crore in October 1994. The work was completed in November 1995. So far Rs 64.22 crore had been paid and the final bills had not yet been paid (March 1997). Some significant points noticed were as follows.

6.17.10.1 Loss due to acceptance of conditional tender

Though as per guidelines (1992) tenders for turn-key projects should be invited in two stages *viz.* pre-qualification bid (to assess the capability of the bidder) followed by technical and commercial bid and price bid, TNHB dispensed with the first

⁵ Mattresses, pillows, plain/printed bed-covers, pillow covers, bath towels, hand towels, mosquito mats, candle stands, big/small plastic buckets, dust-bins, cup and saucers and eagle flasks.

⁶ Plain/printed bed-covers, pillow covers, bed sheets, small/big bath towels, mosquito units, plastic water jugs, eagle flasks, candle stands, shoe-shiner, tooth-paste with brush, match box, shampoo, naphthalene balls, Odonil and bath head-cover.

stage on the grounds of urgency and issued (August 1994) tender documents to only two out of the ten contractors who had responded to the notice. Of the two offers, one was rejected (September 1994) by the Tender Committee without holding post-bid conference on the ground that the technical bid was commercially unviable and its price bid was not opened. The work was awarded to the other at a negotiated price of Rs 61.99 crore. Since this firm became virtually the single tenderer, it imposed certain special conditions which resulted in undue financial advantage of Rs 6.35 crore to it as detailed below:

(i) Liabilities to the tune of Rs 3.91 crore (Appendix XXX) were accepted and paid by TNHB even though, as per tender conditions, these should have been paid by the contractor.

(ii) Though not provided for in the tender condition, TNHB gave (November 1994) an interest-free advance of Rs 9.30 crore to the contractor as a special case. The loss of interest to TNHB was Rs 78.49 lakh.

(iii) TNHB/Government agreed to contractor's condition to accept bank guarantee and release the retention money withheld from the running account bills. The loss of interest on this account was Rs 42.34 lakh at the rate of 17 per cent.

(iv) (a) TNHB agreed to make lump sum payment for the works mentioned in the agreement irrespective of the quantity of work actually executed. As a result, TNHB paid Rs 1.75 crore even though the contractor provided only 148 street lights against 410 lights agreed upon. Subsequently, TNHB spent Rs 1.57 lakh on provision of halogen lamps due to street lights being insufficient. The over payment to the contractor was Rs 98.98 lakh.

(b) Rupees 40 lakh was paid for storm water drains even though the contractor firm provided only 2,628 m. of drains as against 3,700 m agreed upon. The excess payment amounted to Rs 4.75 lakh.

(v) According to the agreement, the price quoted by the tenderer was to be inclusive of all taxes, octroi or levies, sales tax, turnover tax, etc; to be paid by the tenderer of the work. According to the provisions of the Tamil Nadu Additional Sales Tax Act, 1970 (Act), no dealer was entitled to collect the additional tax payable under the Act. However, the Board reimbursed the contractor Rs 19.47 lakh, the amount of turnover/additional sales tax paid by the contractor. This reimbursement resulted in additional expenditure and the same was to be recovered from the contractor.

6.17.10.2 According to codal provisions, the quality of work/material used and specification of quantities executed should be measured and certified by the departmental officers before payment. However, the records produced indicated that payments were made on percentage basis without any measurement by the departmental officers. The Superintending Engineer (SE), TNHB stated (July 1997) that the

certificates had now been obtained from the field officers. This was not acceptable as certificates obtained long after the works had been completed could serve no worthwhile purpose. The reasonableness of works executed at a cost of Rs 64.22 crore (upto March 1997) could not, therefore, be vouchsafed in audit.

6.17.10.3 Procurement of Furniture

(i) Government decided (August 1995) to furnish all the flats with furniture. After the Games, the flats, along with furniture provided, were to be sold to the public. Government entrusted (November 1995) the work of procurement of furniture to Tamil Nadu Small Industries Corporation (TANSI) on payment of commission of 5 *per cent* of the total value of furniture purchased. TANSI supplied furniture for Rs 4.40 crore including taxes and commission charges. Since TANSI had also procured the furniture from outside, TNHB could have avoided payment of Rs 18.44 lakh as commission charges for procuring the furniture, by inviting tender.

(ii) As against the specification of teak wood of good quality, TANSI supplied furniture made of inferior quality wood. On being informed about this by TNHB (November 1995), TANSI requested (December 1995) that the furniture be accepted with reasonable deductions. According to an assessment made (January 1996) by the Executive Engineer (EE), TNHB, the value of furniture supplied was only Rs 3.13 crore as against Rs 4.40 crore claimed by TANSI. As against the excess value (Rs 1.27 crore) for substandard quality of furniture supplied, TNHB after discussions (March 1996) with TANSI, withheld only Rs 31 lakh and released Rs 4 crore between December 1995 and March 1996. TNHB also stated (February 1997) that as the furniture was supplied directly by TANSI at the time of occupation of the flats, there was no time to check the quality of furniture.

(iii) Despite Government instructions that TTDC should purchase house keeping items with reference to the actual number of sports persons occupying the flats, TNHB purchased 2,592 cots when the expected number of participants was around 1800. The actual number of participants turned out to be only 1,352. Even with a margin of 200, TNHB should have purchased only 2,000 cots. The excess expenditure on purchase of 592 extra cots worked out to Rs 25.92 lakh.

(iv) It was noticed that TANSI had supplied 560 teak wood centre tables of smaller size (3'x1'6"x1'4") at higher price (Rs 3,900 per table) than the price (Rs 2800) charged for 1,424 bigger (3'x2'x2'6") tables. The resultant excess payment amounted to Rs 7.36 lakh.

6.17.10.4 Sale of Flats

TNHB fixed the sale price of the flats by fixing the profit margin at 20 *per cent* as against 15 *per cent* adopted for similar flats in the Chennai Metropolitan

area. By including in the cost of development of land, the cost of construction of the administrative buildings, which were eventually retained by the Board for the maintenance of Tamil Nadu Government Servants Rental Housing Scheme, the cost of the land was inflated. Expenditure of Rs 16.48 lakh incurred for renovation of the flats after the Games, was also charged to the project which resulted in increase in the selling price of the flats. The amount of Rs 10.60 lakh released by Government for that purpose was also not credited to the project. Cost of 3 cars (Rs 8.21 lakh) was also charged to the project instead of taking their value to the assets account of TNHB which also inflated the cost of the flats.

As of March 1997, only 272 flats were sold out and the remaining 288 flats, the dining hall-*cum*-kitchen and one shopping complex consisting of six shops were not sold. An expenditure of Rs 21.70 lakh incurred on advertisements was also not helpful in ensuring the sale of the flats.

Thus, funds of TNHB to the tune of Rs 89.45 crore being the proportionate expenditure on these unsold flats including interest upto February 1997 remained locked up in the project.

To sum up, perusal of records relating to the execution of works/purchase of items revealed that

- (i) failure in generation of revenue through sponsorship resulted in spending of Rs 20.52 crore over the amount collected from the sponsors for holding the Games;
- (ii) while excess payment of Rs 2.10 crore was made in 14 cases, expenditure of Rs 1.97 crore in 14 cases was unfruitful;
- (iii) Rupees 4.81 crore were paid for two works after the Games were over and the works remained incomplete as of May 1997;
- (iv) equipment/materials issued for Rs 0.66 crore in 4 cases were either not utilised or not received back by SDAT after the Games were over;
- (v) acceptance of the special conditions imposed by the contractor engaged in the construction of Games Village resulted in undue financial advantage of Rs 6.35 crore to the contractor and
- (vi) 288 out of 560 flats constructed in the Games village remained unsold, blocking of Rs 89.45 crore of TNHB funds.

The above points were referred to Government in August 1997, reply had not been received (December 1997).

SMALL INDUSTRIES DEPARTMENT

6.18 Injudicious release of advance

Government sanctioned in June 1993 a loan of Rs 8 crore to the Tamil Nadu Small Industries Development Corporation Limited (SIDCO) for purchase of about 100 acres of land for setting up two functional Industrial Estates on "Auto ancillaries" and "Food processing" at Ambattur. The loan carried an interest of 14 *per cent* and was to be repaid in 2 years with a moratorium of one year on the principal amount. The amount was, however, not released to SIDCO.

In view of the urgency expressed (July 1993) by SIDCO for purchase of the land for setting up of the above industries, Government modified its earlier order and sanctioned and released in August 1993, Rs 8 crore as Ways and Means Advance with interest of 14 *per cent* per annum and a penal interest on the outstanding balance at 2 *per cent* more than this rate, pending conversion of the advance into a regular loan later. The advance was to be adjusted in 10 instalments within the year against subsequent release of funds to SIDCO. The Industries Commissioner and Director of Industries and Commerce (IC & DIC) drew the amount and disbursed it to SIDCO on 12 August 1993.

In October 1993, the Chairman and Managing Director (CMD) of SIDCO informed Government that the purchase of land was getting delayed in view of the delay in finalising the land value by the Private Negotiation Committee (PNC) headed by the District Collector. He also requested that SIDCO be allowed to fully avail of the moratorium of one year contemplated in Government sanction of June 1993 for repayment of the advance. Government rejected the request (February 1994) stating that due to change in circumstances namely flood damages and increased commitments, Government was unable to convert the Ways and Means Advance into regular loan. Government also did not approve the (February 1994) land price recommended by the PNC and suggested consideration of alternate sites. Government insisted on immediate repayment of the advance, since the land had not been purchased. The request (February 1994) of SIDCO to grant more time for repayment attributing the delay to Government was rejected. (March 1994)

SIDCO paid back Rs 4 crore in July 1994 and sought (September 1994) for waiver of interest by Government. The matter was under correspondence (April 1997)

The following observations are made:

1. While the cost of land to be finalised by PNC was subject to Government's approval, the release of funds by Government in August 1993 even before finalisation of land cost was not warranted.

2. It was stipulated by Government that advance of Rs 8 crore would be adjusted in 10 instalments within the year against subsequent releases. It was noticed that while there was no release during 1993-94 to 1995-96, Rs 1.70 crore was released during 1996-97 without any adjustment.

3. It was observed from the records of SIDCO that these funds were utilised by SIDCO for purchase of lands at a different place (Thirumudivakkam village) for a different purpose. This was not contemplated while granting the Ways and Means Advance to SIDCO and was at total variance to the purpose for which the advance was granted.

The injudicious release of funds by Government had, therefore, resulted in blocking of Government funds to the tune of Rs 8 crore for 11 months and Rs 4 crore for 41 months respectively as of November 1997 outside Government account, besides non-realisation of interest (14 *per cent*) amounting to Rs 2.94 crore. Regarding penal interest, the issue was under correspondence between the Department and SIDCO (April 1997).

The matter was referred to Government in July 1997; reply had not been received (December 1997).

6.19 Unfruitful expenditure on payment of State capital subsidy

In July 1992, based on a proposal of Madurai Hosiery Industries Association (Association), Government sanctioned 15 *per cent* State capital subsidy (subsidy) for setting up of an industrial estate at Uranganpatti in Madurai District exclusively for the manufacture of various hosiery items. The subsidy was to be granted in a phased manner as per Government Orders issued in February 1992 i.e., 25 *per cent* on completion of Civil works, 50 *per cent* on installation of Plant and Machinery and 25 *per cent* on commencement of commercial production. Tamil Nadu Industrial Investment Corporation (TIIC) was authorised for disbursing subsidy to units assisted by it from out of the budgetary provision placed at its disposal by the Industries Department.

A scrutiny of records regarding implementation of the scheme sanctioned for 1992-93 revealed the following:

The Association purchased and handed over 68.64 acres of land to SIDCO for development of the estate and construction of 150 worksheds. Firm 'A' was entrusted with the construction of worksheds in December 1992 and SIDCO undertook (June 1994) the works relating to land development, water supply, roads, sewerage works and all other infrastructural development. The firm 'A' completed the construction of the shed in February 1994 and the sheds were taken over by the units in the same month. SIDCO, however, did not provide any infrastructure facilities as of

May 1997. Between February 1993 and December 1994, TIIC disbursed Rs 1.51 crore representing 90 *per cent* of subsidy as Subsidy Bridge Loan (SBL) to 112 units. The amount was subsequently adjusted (January 1995) against the amount released by the Government towards payment of 100 *per cent* subsidy.

Out of 112 units, only 58 units commenced commercial production at a lower level of capacity. The entrepreneurs reported to TIIC (November 1995) that due to non-availability of processing facilities, they had to incur huge expenditure on transportation and hence, they could not compete with the hosiery market at Tiruppur. Inadequate transport facilities resulted in poor turnout of the labourers which seriously affected the production. The remaining 54 units did not install plant and machinery and start commercial production due to lack of infrastructural facilities such as drinking water, toilet and drainage (May 1997). The records produced to Audit did not reveal that TIIC, while releasing the subsidy to the units, ensured the feasibility of commercial production by the units with the infrastructural facilities then provided.

Thus, the release of subsidy to 54 units without ensuring installation of Plant and Machinery and commencement of commercial production resulted in subsidy of Rs 72.81 lakh becoming unfruitful.

The matter was referred to Government in July 1997; reply had not been received (December 1997).

6.20 Payment of subsidy to an ineligible unit

As per Government of India notification issued in May 1991, for an industrial undertaking to qualify as a small scale industrial (SSI) undertaking, its investment in fixed assets (Plant and Machinery) should not exceed Rs 60 lakh. Under the orders of the State Government (August 1989), SSI units were entitled to State Capital Investment subsidy of 15 *per cent*, subject to the maximum of Rs 15 lakh when the units were set up in industrial estates developed by Government agencies including State Industries Promotion Corporation (SIPCOT). Subsidy was also available for existing eligible units which undertook substantial expansion/diversification. Tamil Nadu Industrial Investment Corporation (TIIC) was one of the agencies authorised for disbursing subsidy to units assisted by it.

An existing industrial unit at the industrial estate established by SIPCOT, Ranipet, which was engaged in refining edible oil and had an investment of Rs 24.48 lakh in Plant and Machinery diversified (January 1993) for production of vanaspati by investing Rs 34.41 lakh in Plant and Machinery for the vanaspati section. The unit was sanctioned (February 1995) a State Capital subsidy of Rs 6.46 lakh which was paid in March 1995.

It was observed that the unit, while diversifying, had procured Plant and Machinery worth Rs 37.77 lakh which included second hand machinery worth

Rs 3.36 lakh. Although TIIC, Vellore was aware of this fact as early as in January 1994, it did not take it into account while sanctioning the subsidy. Had the total investment (Rs 62.25 lakh) on Plant and Machinery been taken into account, the unit would not have been eligible for the subsidy. To an audit enquiry, whether the unit had obtained permanent SSI Certificate for the manufacture of vanaspati, it was clarified in February 1997 by the District Industries Centre, Department of Industries and Commerce, Vellore, that the unit was issued permanent SSI registration Certificate in November 1985 for the activity of refined oil extraction from groundnut only and subsequently the unit had obtained amended SSI Certificate for additional line of extraction of edible oil by expeller only. From the reply given, it could be concluded that the unit did not have an SSI certificate for production of vanaspati. The subsidy of Rs 6.46 lakh paid to the unit was, therefore, not admissible and was to be recovered.

The matter was referred to Government in June 1997; Government stated (July 1997) that cost of transformer acquired through TIIC loan could be excluded to bring the cost of Plant and Machinery below Rs 60 lakh to make the unit eligible for getting the subsidy. In this connection, it was observed that as per GOI notification cost of transformer installed by a unit under a specific notification from the concerned State Electricity Board alone was to be excluded. But, in this case, the transformer was installed by the unit as part of their Plant and Machinery and the cost of the same was included in the total cost of Plant and Machinery by TIIC, SIPCOT for considering the eligibility of the unit for loan/refinance. Hence, the reply of Government that the transformer was installed as per the regulation of the State Electricity Board was only an afterthought to make the unit come under the ambit of SSI units. The reply was not tenable and the unit's investment under Plant and Machinery was more than Rs 60 lakh and hence not eligible for the subsidy.

CHAPTER VII

7

Commercial Activities	7	251

As on 31 March 1997, there were four departmentally managed commercial and quasi-commercial undertakings in the State. The results of working of these undertakings are compiled annually by preparing *pro forma* accounts irrespective of General Accounts of Government. The extent of arrears in the preparation of the *pro forma* accounts by each of these undertakings as at the end of November 1997 was as follows:

Serial number	Name of the Department/ Undertaking	Periods for which accounts were in arrears	Remarks
I Agriculture Department			
1.	Government Agricultural Engineering Workshop, Chennai	1996-97	-
2.	Scheme for Purchase and Distribution of Chemical Fertilisers, Chennai	1980-81 to 1996-97	The scheme was discontinued in 1978. Revised <i>pro forma</i> accounts for the year 1980-81 incorporating residuary transactions of the scheme called for in August 1989 were still awaited (November 1997). Since the various transactions of the scheme such as regularisation of shortages, settlement/realisation of dues, etc., had not been completed, preparation of <i>pro forma</i> accounts for the periods from 1980-81 to 1996-97 was shown as in arrears.
II Animal Husbandry and Fisheries Department			
3.	Chank Fisheries, Tuticorin	1994-95 to 1996-97	-
4.	Chank Fisheries, Ramanathapuram	1992-93 to 1996-97	Revised <i>pro forma</i> accounts for the periods from 1992-93 to 1995-96 called for in May 1997 were awaited.

The matter regarding delay in finalisation of the accounts was referred to the concerned Departments of the Government in August 1997; replies were awaited (November 1997).

The financial results of these four undertakings for the year upto which the accounts had been compiled and audited showed that losses aggregating Rs 1.39 crore (after charging interest on capital) had been incurred by these undertakings as per details in Appendix XXXI.

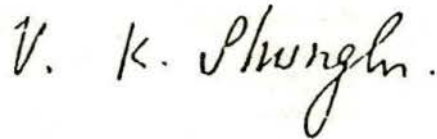


(NARENDRA SINGH)
Accountant General (Audit) I
Tamil Nadu and Pondicherry

Chennai
The

29 APR 1998

Countersigned



(V.K. SHUNGLU)
The Comptroller and Auditor General of India

New Delhi
The

4 MAY 1998

APPENDIX I

(Reference : paragraph 2.2.2; page 35)

GRANTS/APPROPRIATIONS WHERE SUPPLEMENTARY PROVISIONS
OBTAINED IN MARCH 1997 PROVED UNNECESSARY

(Rupees in lakh)			
Serial number.	Number and title of grant/appropriation	Supplementary grant/appropriation (March 1997)	Final saving
(1)	(2)	(3)	(4)
Voted grants-			
1.	1. Land Revenue Department	20.69	21.06
2.	4. General Sales Tax and Other Taxes and Duties - Administration	87.14	552.33
3.	17. Education	13735.19	14103.72
4.	19. Public Health	1543.24	1774.92
5.	27. Rural Development	1849.40	2628.35
6.	42. Miscellaneous	1052.47	3436.64
7.	43. Stationery and Printing	125.03	222.92
8.	44. Forest Department	703.39	733.95
Total		19116.55	23473.89
Charged Appropriations -			
1.	2. State Excise Department	0.22	0.23
2.	4. General Sales Tax and Other Taxes and Duties - Administration	1.03	1.05
3.	Debt charges	3569.58	4128.09

(1)	(2)	(3)	(4)
4.	9. Head of State, Ministers and Headquarters Staff	145.19	208.46
5.	10. Milk Supply Schemes	0.21	0.22
6.	11. District Administration	0.21	0.23
7.	22. Animal Husbandry	0.43	0.47
8.	29. Social Welfare	0.14	0.15
9.	30. Welfare of the Scheduled Tribes and Castes, etc.	599.97	792.99
10.	54. Capital outlay on Irrigation	0.55	0.56
Total		4317.53	5132.45

APPENDIX II

(Reference : paragraph 2.2.2; page 35)

**GRANTS WHERE SUPPLEMENTARY PROVISIONS OBTAINED
DURING 1996-97 PROVED INSUFFICIENT BY
MORE THAN Rs 50 LAKH EACH**

(Rupees in lakh)			
Serial number	Number and title of grant	Total supplementary grant	Final excess
(1)	(2)	(3)	(4)
Voted grants-			
1.	20. Agriculture	8974.94	2878.10
2.	31. Welfare of the Backward Classes, Most Backward Classes and Denotified Communities	561.45	114.61
3.	35. Irrigation	190.05	1795.16
4.	41. Pensions and Other Retirement Benefits	8980.62	17254.08
5.	45. Compensation and Assignments	12.08	2338.96
6.	53. Capital outlay on Industrial Development	2296.92	109.70
7.	56. Capital Outlay on Roads and Bridges	45.06	3557.50
8.	57. Capital Outlay on Road Transport Services and Shipping	18230.64	198.83
Total		39291.76	28246.94

APPENDIX III

(Reference : paragraph 2.2.3; page 35)

GRANTS/APPROPRIATIONS WHERE EXCESS REQUIRES
REGULARISATION

Serial number	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
	Voted grants-	Rs	Rs	Rs
1.	5. Stamps - Administration	5,86,12,000	5,94,92,837	8,80,837
2.	8. Elections	1,13,86,96,000	1,14,29,08,121	42,12,121
3.	11. District Administration	3,13,06,63,000	3,13,39,66,699	33,03,699
4.	20. Agriculture	8,36,80,95,000	8,65,59,04,784	28,78,09,784
5.	26. Khadi and Village Industries	12,91,74,000	12,91,75,266	1,266
6.	31. Welfare of the Backward Classes, Most Backward Classes and Denotified Communities	60,14,24,000	61,28,84,900	1,14,60,900
7.	33. Urban Development	45,25,82,000	45,25,84,695	2,695
8.	35. Irrigation	2,20,29,66,000	2,38,24,81,568	17,95,15,568
9.	36. Public works - Buildings	54,26,30,000	54,34,09,796	7,79,796
10.	39. Road Transport Services and Shipping	16,99,50,000	17,35,36,207	35,86,207
11.	41. Pensions and Other Retirement Benefits	9,07,56,72,000	10,80,10,79,564	1,72,54,07,564
12.	45. Compensation and Assignments	71,82,73,000	95,21,69,272	23,38,96,272

(1)	(2)	(3)	(4)	(5)
13.	50. Tourism	2,71,53,000	2,89,87,528	18,34,528
14.	53. Capital Outlay on Industrial Development	29,47,04,000	30,56,73,507	1,09,69,507
15.	56. Capital Outlay on Roads and Bridges	1,70,43,30,000	2,06,00,79,749	35,57,49,749
16.	57. Capital Outlay on Road Transport Services and Shipping	1,82,75,12,000	1,84,73,95,302	1,98,83,302
17.	59. Capital Outlay on Rural Industries	9,25,02,000	9,52,10,252	27,08,252
Total		30,53,49,38,000	33,37,69,40,047	2,84,20,02,047

Charged Appropriations -

1.	1. Land Revenue	1,000	93,150	92,150
2.	15. Police	23,61,000	24,42,735	81,735
3.	18. Medical	94,000	1,98,050	1,04,050
4.	19. Public Health	83,000	96,126	13,126
5.	35. Irrigation	25,000	2,60,850	2,35,850
6.	45. Compensation and Assignments	22,53,000	27,71,209	5,18,209
7.	46. Information and Film Technology	85,000	2,47,008	1,62,008
8.	47. Rural Industries	2,000	3,000	1,000
Total		49,04,000	61,12,128	12,08,128
Grand total				2,84,32,10,175

APPENDIX IV

(Reference: paragraph 2.2.4; page 35)

**STATEMENT SHOWING CASES WHERE EXPENDITURE FELL
SHORT BY MORE THAN Rs 1 CRORE EACH AND ALSO
BY 10 PER CENT OR MORE OF THE TOTAL PROVISION**

Serial number	Number and title of grant/appropriation	Amount of saving (Rupees in crore) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
Voted grants -			
1.	3. Motor Vehicles Acts - Administration	1.70 (11)	Saving mainly occurred under (a) 'Regional Transport Authority-Mofussil' (Rs 53.05 lakh), (b) 'Inspection and Flying Squad' (Rs 41.03 lakh) and (c) 'Regional Transport Authority - Chennai City' (Rs 46.62 lakh). Saving under (a), (b) and (c) was mainly due to non filling up of certain vacant posts.
2.	9. Head of State, Ministers and Headquarters Staff	12.83 (12)	Saving mainly occurred under 'Directorate of Vigilance and Anti-Corruption' (Rs 115.80 lakh). Specific reasons for which have not been communicated (October 1997).
3.	42. Miscellaneous	34.37 (20)	Saving mainly occurred under (a) 'Lumpsum Provision for unforeseen expenditure' (Rs 999.95 lakh) (b) 'Investors Incentive Scheme' (Rs 740.52 lakh) (c) 'Agents Incentive' (Rs 474.39 lakh) (d) 'Amount transferred to Tamil Nadu Special Welfare Fund' (Rs 653.30 lakh) (e) 'Payment of Raffle Prize Money' (Rs 300.47 lakh) and (f) 'Grants for settlement of Pensionary Benefits of Panchayat Union Staff' (Rs 300 lakh). Saving under (a) was due to non-incurring of any bulk expenditure on this account. Saving under (c) was mainly due to delay in approval of Government for continuance of the incentive schemes, non-presentation of claims and based on latest assessment of rewards. Saving under (e) was due to several number of prizes on the unsold tickets and latest assessment of requirement. Specific reasons for saving under (d) and (f) have not been communicated (October 1997).

(1)	(2)	(3)	(4)
4.	44. Forest Department	7.34 (11)	<p>Saving mainly occurred under (a) 'Schemes of Community Wasteland Development Programme' (Rs 800.85 lakh), (b) 'District Establishment' (Rs 308.87 lakh) and (c) 'Forest Protection' (Rs 89.68 lakh) and (d) 'Scheme for implementation of Agricultural Human Resources Development Programme under World Bank Aid - controlled by the Chief Conservator of Forests' (Rs 48.33 lakh).</p> <p>Saving under (b) and (c) was partly attributed to non-filling up of certain vacant posts. Specific reasons for saving under (a) and (d) have not been communicated (October 1997).</p> <p>The saving was offset by excess under 'Raising of Fuel Wood and Fodder Plantation under the Scheme of National Wasteland Development' (Rs 686.74 lakh) specific reasons for which have not been communicated (October 1997).</p> <p>Net saving contributed by saving distributed under various other heads.</p>
5.	52. Capital Outlay on Agriculture	4.65 (38)	<p>Saving occurred under (a) 'Construction of Office Building Complex for Joint Director of Agriculture under Tamil Nadu Agricultural Development Programme (TNADP)' (Rs 398.89 lakh) (b) 'Construction of office building for Assistant Director of Agriculture under TNADP' (Rs 168.19 lakh) specific reasons for which have not been communicated (October 1997).</p> <p>The saving was offset by excess under 'Construction of checkdam for Water Management' (Rs 98.48 lakh) towards construction of checkdam in Nilgiris District under Centrally Sponsored Hill Area Development Programme.</p>
6.	54. Capital Outlay on Irrigation	195.79 (83)	<p>Saving occurred under the following heads:</p> <p>(a) 'Strengthening of Institutional Offices under Water Resources Organisation' (Rs 2550.60 lakh). Saving was mainly due to non-execution of works as proposed for the construction of new buildings for Water Resources</p>

(1)	(2)	(3)	(4)
			<p>Organisation and non purchase of Computer, plain paper copiers.</p> <p>(b) 'Percentage charges for establishment transferred from Major Head 2059-Public Works' (Rs 1768.59 lakh). Specific reasons for saving have not been communicated (October 1997).</p> <p>(c) 'Parambikulam-Aliyar Project System' (Rs 1093.21 lakh).</p> <p>(d) Modernisation and Rehabilitation under Water Resources, Consolidated Project (WRCP), Stage II, 'Periyar Vaigai Link Canal System' (Rs 693.42 lakh), 'Tamaraparani System' (Rs 645.27 lakh), 'Kodaganar System' (Rs 532.83 lakh), 'Sethiathope Anicut System' (Rs 279.53 lakh).</p> <p>(e) 'Vaigai System' (Rs 603.60 lakh).</p> <p>Saving under (c) to (e) was mainly due to non-taking up of works on account of non-finalisation of bid document for the works under WRCP and towards decrease in expenditure on documentation and advertisement charges.</p> <p>(f) 'Dam and Appurtenant works' (Rs 964.40 lakh) mainly due to non-finalisation of bid documents, non-execution of bore holes and trial pits and transfer of entire provision under 'Land' under WRCP to LAER Head.</p> <p>(g) 'Improvement to Veeranam Lake for water supply' (Rs 940.47 lakh), mainly due to non-execution of works on account of non-settlement of agency and reduced expenditure towards advertisement charges and preparation of bidding documents.</p> <p>(h) 'Equipment for operation and Maintenance under WRCP' (Rs 778.76 lakh) mainly due to non-taking up of works during the year as proposed, non-purchase of vehicles and restriction of purchase of machinery to immediate requirement.</p>

(1)	(2)	(3)	(4)
			<p>(i) 'Reservoir' (Rs 574.14 lakh), mainly due to non-finalisation of bid documents leading to non-finalisation of tenders and non-settlement of agency for head works under WRCP.</p>
			<p>(j) 'Strengthening of Institute of Hydraulics and Hydrology under WRCP' (Rs 530.94 lakh) mainly due to non-finalisation of bid documents for works under WRCP, non-proposal of purchase of new machinery and restriction on the preliminary works for construction of the building for upgradation of the Institute under WRCP.</p>
			<p>(k) 'Lower Bhavani Anicut System' (Rs 520 lakh) mainly due to non-execution of certain works due to Cauvery Water Dispute.</p>
			<p>(l) 'Institute of Water Studies' (Rs 468.20 lakh) mainly due to restriction of the expenditure on construction of building for the Institute and non-purchase of Photocopiers to immediate requirement.</p>
			<p>(m) 'Formation of canals for bringing water from Krishna River' (Rs 460.18 lakh) and 'Construction of dam for storage of Krishna River Water' (Rs 452.94 lakh) due to non-taking up of works on account of non-finalisation of bid documents for the works.</p>
			<p>(n) 'Implementation of World Bank Aided Hydrology Project - Surface Water Component' (Rs 401.89 lakh) mainly due to restriction on expenditure for purchase of new machineries to actual requirement and non-execution of many works.</p>
			<p>(o) 'Dam and Appurtenant works' (Rs 317.50 lakh) partly due to non-execution of uncontrolled weir works due to non-finalisation of bid documents for the works under WRCP and transfer of entire provision on 'Land' to LAER Head. Specific reason for saving (Rs 154.13 lakh) have not been communicated (October 1997).</p>

(1)	(2)	(3)	(4)
			<p>(p) 'Dam and Appurtenant Works' (Rs 311.16 lakh) mainly due to non-execution of certain works on account of non-finalisation of change in design by World Bank authorities and transfer of provision under 'Land' to LAER Head.</p> <p>(q) 'Canals' (Rs 297.86 lakh) mainly due to non-execution of works on account of non-completion of Preliminary Works as anticipated.</p> <p>(r) 'State Minor Irrigation Project - Zamindari Tanks' (Rs 280.81 lakh), mainly due to non-finalisation of bid documents for the works and non-execution of many works.</p> <p>(s) 'Implementation of World Bank Aided Hydrology Project - Ground Water Component' (Rs 272.47 lakh), mainly due to non-execution of many works for want of time, partly offset by increase in expenditure on purchase of new machinery and construction of office building under the Project.</p> <p>(t) 'State Minor Irrigation Project - Public Works Department Tanks' (Rs 270.08 lakh) mainly due to non-execution of works for want of time.</p> <p>(u) 'Environmental Action Plan under WRCP' (Rs 257.25 lakh) mainly due to non-purchase of plain paper copiers and non-finalisation of bid documents for the works under WRCP.</p> <p>(v) 'Special Minor Irrigation Programme' (Rs 244.20 lakh) mainly due to non-execution of works for want of time and non-finalisation of bid documents for the works.</p> <p>(w) 'Dam and Appurtenant Works' (Rs 227.43 lakh) due to non-finalisation of the land acquisition leading to non-taking up of certain works and due to transfer of entire provision under 'Land' to LAER Head.</p> <p>(x) 'Spillway' (Rs 215.93 lakh), due to non-settlement of agency for balance works under WRCP norms.</p> <p>Other items comprising net balance of saving are mentioned in the Appropriation Accounts.</p>

(1)	(2)	(3)	(4)
7.	55. Capital Outlay on Public Works (Buildings)	25.12 (24)	<p>Saving occurred under (a) 'Land Revenue' (Rs 836.13 lakh), (b) 'Director of School Education' (Rs 443.35 lakh), (c) 'Construction of Laboratory buildings for Higher Secondary Schools' (Rs 370.39 lakh) (d) 'Buildings' (Rs 382.67 lakh), (e) 'Buildings' (Rs 337.38 lakh) and (f) 'Buildings' (Rs 309.56 lakh).</p> <p>Specific reason for saving have not been communicated (October 1997).</p>
8.	58. Capital Outlay on Forests.	5.67 (11)	<p>Saving occurred under (a) 'Afforestation works under Tamil Nadu Agricultural Development Project Phase II' (Rs 322.76 lakh), (b) 'Project Tiger Scheme under World Bank Assistance' (Rs 132.35 lakh) and (c) 'Raising Fuel Wood Plantation' (Rs 108.48 lakh). Specific reasons for the saving have not been communicated. (October 1997).</p>
9.	60. Miscellaneous Capital Outlay	38.29 (11)	<p>Saving mainly occurred under (a) 'Modernisation of Police Force' (Rs 1370 lakh), (b) 'Police Academy, Veerapuram' (Rs 630 lakh), (c) 'Assistance to Tamil Nadu State Co-operative Banks, Central Co-operative Banks and Village Credit Societies for strengthening the Share Capital Structure' (Rs 651.96 lakh), (d) 'Modernisation of Equipment - World Bank Aided Skill Development Project' (Rs 430.44 lakh), (e) 'Assistance to Primary Land Development Banks for strengthening Share Capital Structure' (Rs 317.20 lakh) and (f) 'Share Capital investment in the Tamil Nadu Adi-Dravidar Housing and Development Corporation (TAHDCO) (Rs 318.50 lakh).</p> <p>Saving under (a) was due to non-execution of works on account of stay order of the Court and subsequent modification of the works by the Government and (b) was due to non-finalisation of land acquisition process. Saving under (f) was due to release of Government of India share directly to TAHDCO. Specific reasons for saving under (c), (d) and (e) have not been communicated (October 1997).</p>

(1)	(2)	(3)	(4)
Charged appropriations			
1.	9. Head of State, Ministers and Headquarters Staff	2.08 (20)	Saving occurred under 'Tamil Nadu Public Service Commission' (Rs 195.21 lakh). specific reasons for which have not been communicated (October 1997).
2.	30. Welfare of the Scheduled Tribes and Castes etc	7.93 (99)	Saving occurred under 'House-sites for Adi-Dravidars' (Rs 792.96 lakh). specific reasons for which have not been communicated (October 1997).
3.	Public Debt - Repayment	1485.98 (81)	Saving occurred under (a) 'Ways and Means Advances from Reserve Bank of India' (Rs 1100 Crore) and (b) 'Overdraft from the Reserve Bank of India' (Rs 40,000 lakh). Saving under (a) and (b) was due to non-availing of Ways and Means Advances and overdrafts and better management of resources.

APPENDIX V

(Reference : paragraph 2.2.6;page 36)

STATEMENT SHOWING PERSISTENT SAVINGS DURING 1994-95 TO 1996-97

Serial number	Number and title of grant	1994-95		1995-96		1996-97	
		Amount (Rupees in crore)	Percentage	Amount (Rupees in crore)	Percentage	Amount (Rupees in crore)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Voted grants -						
1.	2. State Excise Department	0.40	5	1.34	12	1.18	9
2.	3. Motor Vehicles Acts - Administration	3.38	25	2.49	18	1.70	11
		(Saving of 5 and 6 <i>per cent</i> occurred during 1992-93 and 1993-94 respectively)					
3.	4. General Sales Tax and other Taxes and Duties - Administration	6.13	10	20.91	26	5.52	7
		(Saving of 18 <i>per cent</i> occurred during 1993-94 also)					
4.	14. Jails	2.18	6	2.11	6	2.49	6
5	17. Education	106.33	5	142.16	6	141.04	5
		(Saving of 5 <i>per cent</i> occurred during 1993-94 also)					
6.	29. Social Welfare	23.50	5	49.31	9	41.89	7
		(Saving occurred in the preceding 4 years, the percentage of saving ranging from 5 to 12)					

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
7.	51. Tamil Development Culture	1.52	9	1.34	9	1.07	6
		(Saving occurred in the preceding 3 years, the percentage of saving ranging from 7 to 15)					
8.	52. Capital Outlay on Agriculture	1.91	14	3.11	27	4.65	38
		(Saving occurred in the preceding 3 years, the percentage of saving ranging from 36 to 77)					
9.	54. Capital Outlay on Irrigation	29.56	20	51.66	37	195.79	83
		(Saving occurred in the preceding 18 years, the percentage of saving ranging from 10 to 45)					
10.	55. Capital Outlay on Roads and Bridges	9.73	13	20.44	24	25.12	24
		(Saving of 11 and 22 <i>per cent</i> occurred during 1992-93 and 1993-94 respectively)					
11.	58. Capital Outlay on Forests	3.19	8	6.24	14	5.67	11
	Charged Appropriations -						
12.	9. Head of State, Ministers and Headquarters Staff	3.41	39	2.55	28	2.08	20
		(Saving occurred in the preceding 6 years, the percentage of saving ranging from 10 to 30)					
13.	13. Administration of Justice	0.70	9	1.09	11	0.85	8
		(Saving of 5 <i>per cent</i> occurred during 1993-94 also)					

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
14.	20. Agriculture	0.05	100	0.02	100	0.01	100
		(Saving of 100 <i>per cent</i> occurred during each of the preceding 6 years)					
15.	30. Welfare of the Scheduled Tribes and Castes, etc.	1.99	49	4.75	94	7.93	99
		(Saving of 73 and 89 <i>per cent</i> occurred during 1992-93 and 1993-94 respectively)					
16.	55. Capital Outlay on Public Works-Buildings	0.12	35	0.29	49	0.65	100
		(Saving occurred in the preceding 3 years, the percentage of saving ranging from 16 to 100)					
17.	Public Debt - Repayment	1276.26	72	1446.01	82	1485.98	81
		(Saving occurred in the preceding 4 years, the percentage of saving ranging from 15 to 50)					

APPENDIX VI

(Reference : paragraph 2.2.7; page 36)

STATEMENT SHOWING CASES WHERE SUBSTANTIAL
SURRENDERS WERE MADE DURING THE YEAR

Serial num- ber	Number and title of grant	Name of the scheme (Head of account)	Amount of surrender (Rupees in lakh)	Percentage of surrender
(1)	(2)	(3)	(4)	(5)
1.	42. Miscellaneous	Lumpsum provision for unforeseen expenditure 2075.800.I.AN	999.95	100
Withdrawal of provision by reappropriation in March 1997 was due to non-incurring of any bulk expenditure. Similar surrender occurred during 1994-95 and 1995-96 also.				
2.	43. Stationery and Printing	Cost of Printing by other sources- Director of Stationery and Printing 2058.00.104.I.AA	234.94	97
Provision (Rs 240 lakh) was made for the purpose of printing 'Patta Pass Books' in newly formed districts. The surrender was due to non-issue of Government orders till the end of the year, for implementation of the scheme.				
3.	56. Capital Outlay on Roads and Bridges	City traffic improvement works controlled by Chief Engineer (Highways and Rural Works) 5054.03.337.II.JD	159.63	100
Surrender of Rs 159.63 lakh was due to delay in furnishing (February 1997) technical estimate to the Chief Engineer (Highways), Designs for sanction and non-sending of proposal to Police Department for clearance.				
4.	60. Miscellaneous Capital Outlay	Modernisation of Police Force 4070.800.I.AB	1370.00	100
Despite the stay orders (December 1994) of High Court, Chennai prohibiting demolition of the existing building and construction of multi-storeyed complex for housing the Office of the Director General of Police in Kamarajar road, which was affirmed by the Supreme Court in March 1995, provision was made in the Budget estimate for 1996-97. Government, in supersession of earlier orders directed (March 1997) that the existing building need not be demolished and the same to be renovated. As the orders were issued only in March 1997, the entire amount was surrendered.				

(1)	(2)	(3)	(4)	(5)
5.	61. Loans and Advances by State Government	Loans to aided Polytechnics for implementing Technical Education Project under World Bank Project 6202.02.104.II.PA	370.60	74

The Director of Technical education attributed the surrender to delay in issue of Government orders (March 1997) regarding the procedure to be adopted in connection with the construction of civil works, supervision and procedure for payment etc., in respect of Government aided Polytechnics.

APPENDIX VII

(Reference: paragraph 2.2.8(e); page 39)

FUNDS RECEIVED FOR CENTRALLY SPONSORED SCHEMES DURING 1996-97

(Rupees in lakh)

Serial number	Departments	Unspent balance at the end of 1995-96	Amount released during 1996-97 by Government of India					Total	Amount booked as expenditure during 1996-97	Amount transferred to civil deposits, PLA, bank deposits and to executing agencies for which actual expenditure is not known or actual expenditure has not been incurred	Amount transferred in the last quarter/Month	
			I Quarter	II Quarter	III Quarter	IV Quarter	January/February				March	January/February	March
(1)	(2)	(2A)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	Animal Husbandary	73.87	5.27	42.75	5.00	Nil	246.32	373.21	377.32	Nil	Nil	Nil
2.	Agriculture	370.08	Nil	583.32	1194.58	166.00	230.51	2544.49	2121.12	668.88	Nil	248.00
3.	Adi Dravidar and Tribal Welfare	35.72	Nil	1593.58	Nil	0.28	Nil	1629.58	2120.38	Nil	Nil	Nil
4.	Archaeology	Nil	Nil	Nil	Nil	6.81	Nil	6.81	6.30	Nil	Nil	Nil
5.	Agricultural Engineering	Nil	Nil	232.20	725.78	285.53	838.48	2081.99	1337.99	Nil	Nil	Nil
6.	Co-operation	10.00	Nil	10.00	Nil	Nil	Nil	20.00	20.00	Nil	Nil	Nil
7.	Industries and Commerce	32.98	8.00	6.75	71.82	Nil	58.65	178.20	85.71	Nil	Nil	Nil
8.	Director of Sugar	Nil	Nil	Nil	Nil	Nil	31.20	31.20	75.20	Nil	Nil	Nil
9.	Rehabilitation	0.10	Nil	Nil	Nil	0.04	60.00	60.14	47.41	Nil	Nil	Nil
10.	School Education	554.27	Nil	Nil	Nil	Nil	Nil	554.27	Nil	Nil	Nil	Nil
11.	Teachers' Education Research and Training and Collegiate Education	28.00	Nil	Nil	Nil	483.10	248.94	760.04	725.33	24.85	Nil	24.85
12.	Horticulture and Plantation Crops	130.84	Nil	117.38	194.69	55.73	Nil	498.64	26.30	Nil	Nil	Nil
	Total	1235.86	13.27	2585.98	2191.87	997.49	1714.10	8738.57	6943.06	693.73	Nil	272.85

(1)	(2)	(2A)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Brought Forward	1235.86	13.27	2585.98	2191.87	997.49	1714.10	8738.57	6943.06	693.73	Nil	272.85
13.	Tamil Nadu Co-operative Milk producers Federation Limited	144.98	Nil	Nil	75.00	Nil	110.00	329.98	331.61	Nil	Nil	Nil
14.	Handlooms and Textiles	1845.50	13.45	Nil	Nil	Nil	257.75	2116.70	1833.28	Nil	Nil	Nil
15.	Medical and Rural Health Services	Nil	28.50	28.50	28.50	Nil	Nil	85.50	458.45	Nil	Nil	Nil
16.	Fisheries	452.72	Nil	Nil	Nil	30.28	80.75	563.75	54.55	Nil	Nil	Nil
17.	Survey and Settlement	96.83	Nil	Nil	Nil	Nil	Nil	96.83	625.23	213.94	Nil	Nil
18.	Police	203.07	Nil	297.00	Nil	Nil	Nil	500.07	Nil	Nil	Nil	Nil
19.	Forest	Nil	Nil	Nil	1370.34	15.00	Nil	1385.34	1008.02	Nil	Nil	Nil
20.	Municipal Administration	1121.67	15.00	Nil	455.56	1134.55	Nil	2726.78	1820.05	270.00	270.00	Nil
21.	Fire Service	Nil	Nil	Nil	Nil	Nil	0.80	0.80	0.30	0.50	Nil	0.50
22.	Non-formal and Adult Education	Nil	2.67	17.23	Nil	40.63	86.90	147.43	197.84	Nil	Nil	Nil
Total		5100.63	72.89	2928.71	4121.27	2217.95	2250.30	16691.75	13272.39	1178.17	270.00	273.35

(1)	(2)	(2A)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Brought forward	5100.63	72.89	2928.71	4121.27	2217.95	2250.30	16691.75	13272.39	1178.17	270.00	273.35
23	Tourism	16.35	Nil	Nil	2.5	86.30	82.05	187.20	60.60	Nil	Nil	Nil
24	Medical Education	5.42	Nil	Nil	Nil	Nil	Nil	5.42	10.19	Nil	Nil	Nil
25	Social Welfare and Nutritious Meals Programme	2482.28	425.86	491.21	3.70	Nil	169.91	3572.96	2718.42	Nil	Nil	Nil
26	Public Health and Preventive Medicine	6.43	341.00	312.68	347.21	322.28	88.90	1418.50	8694.11	Nil	Nil	Nil
27	Rural Development	11452.00	15311.85	5169.63	3212.94	15449.41	3759.11	54354.94	Expenditure could not be arrived at since the Central and State Funds involved	Nil	Nil	Nil
28	Forensic Sciences	9.35	Nil	9.35	25.68	Nil	Nil	44.38	19.98	Nil	Nil	Nil
29	Prison	176.00	25.00	195.00	Nil	Nil	Nil	396.00	Nil	Nil	Nil	Nil
30	Social Defence	52.04	Nil	Nil	Nil	Nil	Nil	52.04	Nil	Nil	Nil	Nil
31	Technical Education	4.49	Nil	Nil	11.15	Nil	Nil	15.64	10.17	Nil	Nil	Nil
Grand Total		19304.99	16176.60	9106.58	7724.45	18075.94	6350.27	76738.83	24785.86	1178.17	270.00	273.35

APPENDIX VIII

(Reference: paragraph 2.2.8.(e)(iii); page 40)

**DETAILS OF IMPLEMENTATION OF VARIOUS
CENTRALLY SPONSORED SCHEMES BY
HANDLOOMS AND TEXTILES DEPARTMENT**

Serial number	Name of the Scheme	Final Grant or Appropriation	Actual Expenditure
(1)	(2)	(3)	(4)
I	Centrally Sponsored	(Rs)	(Rs)
(1)	Scheme for Installation of Solar Water heater system at Tamil Nadu Co-operative Textile Processing Mills, Erode	--	2,70,000
(2)	The Handloom Weavers' Savings and Security Scheme Central Thrift Fund	1,42,15,000	1,42,18,164
(3)	Schemes for Margin Money Assistance to Destitute Weavers	19,26,000	20,35,520
(4)	Implementation of the Integrated Handloom Village Development Programme in Vilagam Village in Chengai -MGR District	--	63,450
(5)	Welfare Package Scheme for Handloom Weavers	79,84,000	77,14,093
(6)	Development Programme of Handlooms in Pudupatti Village in South Arcot - Vallalar Ramalingam District	--	--
(7)	Project Package scheme for setting up of Handloom Development Centre	4,49,10,000	4,49,10,500
(8)	Assistance to Co-optex for implementation of the Hank Yarn price subsidy scheme	11,17,93,000	11,17,92,955
(9)	Conduction of Joint Census of handlooms and powerlooms	25,00,000	23,31,384
II	Schemes shared between State and Centre		
(1)	Weavers' Housing Scheme	1,90,00,000	1,90,00,000
(2)	Assistance to Co-operative Handloom Weavers' Savings and Security Scheme	84,59,000	84,59,269

(1)	(2)	(3)	(4)
(3)	Rebate on sale of Handloom cloth	7,75,000	- 7,74,578
(4)	Marketing Development Assistance	30,94,05,000	30,93,98,745
(5)	Implementation of Project Package Scheme for Handloom Weavers	3,10,49,000	3,10,48,350
III Schemes in the Eighth Five Year Plan			
Schemes shared between State and Centre			
(1)	Silk and Art Silk Weavers' Co-operative Societies	37,000	37,329
Total		55,20,53,000	55,20,54,337

APPENDIX IX

(Reference: paragraph 2.2.8.(e)(iv); page 40)

**THE DETAILS OF UNSPENT GRANT OF CENTRAL
ASSISTANCE SANCTIONED FOR THE YEAR 1995-96
WHICH WERE KEPT WITH THE SOCIETIES**

(Rupees in lakh)				
Serial number	Districts	Unspent balance		
		Number of schemes	Amount	Balance as of
1.	Kancheepuram	2	14.35	7.7.97
2.	Vellore	2	4.08	28.7.97
3.	Cuddalore	3	14.89	4.8.97
4.	Salem	1	1.46	12.8.97
5.	Coimbatore	Nil	Nil	Nil
6.	Trichy	4	30.72	22.8.97
7.	Tiruchengode	2	1.74	28.8.97
8.	Erode	2	11.64	3.9.97
Total			78.88	

APPENDIX X

(Reference: paragraph 2.3(a); page 42)

STATEMENT SHOWING GRANTWISE DETAILS OF EXPENDITURE
INCURRED ON SCHEMES WHICH CONSTITUTED NEW
SERVICE/NEW INSTRUMENT OF SERVICE

(Rupees in lakh)					
Serial number	Grant/Appropriation	Head of Account Scheme/Service	Budget Provision	Reappropriation	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)
1.	4	2040.800.I.AH Reimbursement of Sales Tax and Surcharge paid by the Transport Corporations	..	63.56	63.56
2.	Debt charges	2049.03.104.I.AL Interest on deposits of Aided Technical Institution Teachers Provident Fund	0.01	151.99	152.00
3.	Debt charges	2049.60.101.I.AL Interest on Deposits of Tamil Nadu Transport Development Finance Corporation	0.01	192.73	192.74
4.	11	2053.094.I.BJ Establishment for acquisition of land for Madras Oil Refinery Project	..	..	17.08
5.	15	2055.104.I.AU Tamil Nadu Special Police Battalion - X Expenditure when stationed in the State	..	213.88	191.42
6.	19	2211.104.II.JG Provision for the purchase of Motor Vehicles in the place of condemned vehicles	..	..	48.55
7.	19	2211.104.II.TA Strengthening of staff for State Health Transport Organisation	..	..	16.61
8.	20	2401.001.VI.UA Integrated Cereals Development Programme-Rice	..	..	35.55
9.	20	2401.001.I.AV Provision for purchase of Motor Vehicles in the place of condemned vehicles - Director of Agriculture	..	..	20.68
10.	27	2505.01.702.II.JE Indira Awass Yojana	..	2327.77	914.22
11.	27	2505.01.702.II.JF Million Wells Scheme	..	691.94	305.58
12.	27	2515.001.I.AM Provision for the purchase of Motor Vehicles in the place of condemned vehicles	..	51.35	82.68

(1)	(2)	(3)	(4)	(5)	(6)
13.	27	2215.01.102.II.KD Self Sufficiency Scheme - Rural Water Supply Programme-Minimum Need Programme under Special Component Plan	..	..	63.76
14.	27	2515.102.II.JD Assistance to Town Panchayats	..	..	17.25
15.	29	2236.02.101.I.AE Tamil Nadu Government Nutritious Meal Programme for age group 10 to 14 in Corporation and Municipal Schools	..	..	64.44
16.	29	2235.60.800.I.AJ Reimbursement of loss due to issue of bus passes to freedom fighters	0.01	21.04	21.05
17.	29	2236.02.102.III.SA Integrated Child Development Service Scheme with assistance from Swedish International Development Authority	..	..	37.28
18.	29	2236.02.102.II.JW Feeding of children in the age group 2 to 4 under Puratchi Thalaivar M.G.R. Nutritious Meal Programme - Payment of cost to Tamil Nadu Civil Supplies Corporation for supply of food articles	..	..	29.02
19.	29	2236.80.800.I.AF Provision for the purchase of Motor Vehicles in the place of condemned vehicles	..	..	25.77
20.	29	2235.02.101.I.BC Assistance to persons permanently disabled in the course of hazardous occupations	..	..	15.69
21.	29	2236.02.101.I.AD Tamil Nadu Government Nutritious Meal Programme for children of age group 5 to 9 in Corporation and Municipal Schools	..	..	14.94
22.	30	2225.01.283.II.JN Amount placed at the disposal of Tamil Nadu Adi Dravidar Housing and Development Corporation for Adi Dravidar Housing Scheme	..	..	224.49
23.	30	2225.01.283.II.JP Narikuravars, Oddars, Navithar, Vannan and Backward	..	..	47.21
24.	30	2225.01.283.II.JG Fire Proof Housing Scheme for Scheduled Castes	..	..	19.74
25.	33	3604.797.I.AA Amount transferred to Urban Development Fund	..	..	62.71
26.	35	2701.03.180.I.AA Rehabilitation of existing works under Water Resources Consolidation Project	..	..	61.98

(1)	(2)	(3)	(4)	(5)	(6)
27.	38	3054.80.799.I.AC Miscellaneous Public Works Advances	..	119.59	164.71
28.	40	2245.02.193.I.AL Assistance to Tamil Nadu Salt Corporation for repairing of damaged huts	..	..	656.61
29.	40	2245.02.193.I.AA Repairs and Restoration of Electrical Installation belonging to Electricity Board	..	..	104.25
30.	40	2245.02.800.I.AH Assistance to Tamil Nadu Slum Clearance Board	..	..	101.73
31.	40	2245.02.193.I.AB Repairs and Restoration of roads, buildings of Municipalities	..	..	43.10
32.	40	2245.02.101.I.AL Fire Relief	..	..	30.00
33.	42	2551.60.135.III.SA Assistance to Rural Energy Conservation Scheme in Hill Area Development Programme	..	20.00	20.00
35.	45	3604.200.I.AB Payments to Inamdars and other guarantee	..	..	364.03
36.	48	2215.01.190.II.JA Assistance to Tamil Nadu Electricity Board for Energisation of Drinking Water installation in Rural Areas	..	..	62.50
37.	49	3604.200.I.AT Compensation grant in lieu of surcharge on Sales Tax to Corporation, Municipalities, Town Panchayats	..	..	36.83
38.	49	2515.102.II.KC Implementation of group scheme under Special Self Sufficiency Scheme in Town Panchayats	..	..	16.45
39.	49	2515.102.II.JP Special Programme for Rural Basic Services Water Supply	..	..	13.60
40.	55	4059.01.051.VI.UB Strengthening of Revenue Administration and updating of Land Records	..	152.73	80.29
41.	56	5054.04.800.II.JO Black Topping of Panchayat Union Roads - Chief Engineer (Highways and Rural Works)	..	16.20	22.31
42.	57	4070.800.II.JE Motor Vehicles Maintenance Organisation	..	26.62	27.35
43.	58	4406.01.070.II.PD Construction of Building and Civil Works under Tamil Nadu Agricultural Development Programme Phase I	0.01	(-) 0.01	41.78
44.	58	4406.01.102.II.PA SIDA Aided Social Forestry	0.01	(-) 0.01	13.93
45.	60	4225.02.277.II.JC Construction of Hostel Buildings for Scheduled Tribes (Boys)	0.01	74.99	75.00

(1)	(2)	(3)	(4)	(5)	(6)
46.	60	5465.01.190.II.JA Share Capital Assistance to Regional Rural Banks	0.01	40.95	40.95
47.	60	5452.01.101.II.JG Lumpsum provision for Centrally Assisted Tourism Promotion Schemes	0.01	27.64	27.65
48.	60	4202.04.800.II.KE Improvement of Government Manuscripts Library	0.01	13.31	13.32
49.	60	4210.80.190.II.JA Share Capital Assistance to Tamil Nadu Medical Plant Farms and Herbal Medicine Corporations Limited	..	..	100.00
50.	60	4711.02.103.II.JD Construction of Wall along Arabian Sea in Kanyakumari District	..	..	28.07
51.	60	4216.01.700.VI.UA Construction of quarters for Judicial Officers/Tamil Nadu Housing Board	..	..	24.80
52.	60	4425.107.II.JB Flotation of Special Debentures by the Tamil Nadu State Co-operative Land Development Bank	..	..	10.00
53.	60	4551.60.800.III.SI Desilting of Ooty Lake	..	53.63	53.63
54.	60	4202.03.800.II.JB Assistance to Sports Development Authority of Tamil Nadu for South Asian Federation Games	..	16.83	16.83
55.	60	4058.103.II.JA Government Central Press, Chennai	..	14.27	14.27
56.	61	6875.60.190.I.AA Loans for Construction	..	15.12	15.12
57.	61	6853.01.190.I.AA Loans for the Development of Magnesite Mining controlled by the Director of Geology and Mining	..	125.00	125.00
58.	61	6425.108.V.ZG. Loans to co-operative Institutions and Banks - controlled by the Director of Fisheries	0.01	165.59	165.60
59.	61	7615.191.I.AD. Loans to Municipal Corporations and Municipalities- Municipalities	0.01	53.49	53.50
Total					5309.21

APPENDIX XI

(Reference: paragraph 2.3(b); page 42)

**STATEMENT SHOWING THE GRANTWISE DETAILS OF SCHEMES
ASSISTED BY CENTRAL GOVERNMENT, AUTONOMOUS BODIES,
ETC., WHERE ONLY TOKEN PROVISION WAS MADE IN THE
BUDGET ESTIMATES**

(Rupees in lakh)					
Serial number	Grant	Head of account Scheme/Service	Budget provision	Reappropriation	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)
1.	40	2245.02.800.I.BC Purchase, Installation and maintenance of HAM	0.02	(-) 0.02	540.42
2.	40	2245.02.193.I.AK Repairs and Restoration of damaged Panchayat Union Buildings	0.01	..	466.61
3.	40	2245.02.800.I.AA Repairs and Restoration of damaged Government Panchayat Union Roads due to floods	0.01	..	216.23
4.	40	2245.02.193 I.AC Repairs and Restoration of Public Properties belonging to Panchayat Unions	0.01	..	166.83
5.	40	2245.02.800.I.AB Repairs and Restora- tion of damaged roads under Local Bodies	0.01	..	35.91
6.	61	6425.107 V.ZA Loans to Co- operative Institu- tions and Banks - controlled by the Registrar of Co- operative Societies	0.01	257.89	257.90
7.	61	6425.108.V ZG Loans to Co- operative Institu- tions and Banks - controlled by Director of Fisheries	0.01	165.59	165.60
Total					1849.50

APPENDIX XII

(Reference: paragraph 2.4.2(iii); page 47)

DETAILS SHOWING TRANSFERS TO "8443 - CIVIL DEPOSITS"

(Rupees in lakhs)

Serial number	Name of the Government Undertaking/ Corporation	Balance in Personal Deposit Account as of 31 March 1997 out of release in 1996-97	Amount earmarked for implementation of programmes during 1996-97	Amount released out of Column 4 during last week of March 1997	Government of India assistance out of column (4)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Tamil Nadu State Apex Fisheries Co-operative Federation	110.00	110.00	110.00	-
2.	Tamil Nadu Adi-Dravidar Housing and Development Corporation	6559.82	2744.32	2744.32	3914.29
3.	Tamil Nadu Agro Industries Corporation	214.64	213.50	150.00	-
4.	Tamil Nadu Agro Engineering and Service co-operative Federation	101.91	101.91	101.91	-
5.	Tamil Nadu State Aids Control Society	785.29	760.00	760.00	300.00
6.	Tamil Nadu Backward Classes Economic Development Corporation	3.59	NIL	NIL	-
7.	Tamil Nadu State Blindness Control Society	169.68	27.88	27.88	27.88
8.	Tamil Nadu Civil Supplies Corporation	5696.66	5696.66	4497.00	-
9.	Chennai Metropolitan Development Authority	5171.95	5171.29	5171.29	-
10.	Chennai Metropolitan Water Supply and Sewerage Board	0.21	0.21	0.21	-
11.	Tamil Nadu Co-operative Housing Federation	716.50	716.50	640.00	-
12.	Chennai Municipal Corporation	300.23	300.23	300.23	-
13.	Electronics Corporation of Tamil Nadu	868.00	868.00	200.00	-
14.	Tamil Nadu Energy Development Agency	306.50	55.94	55.94	50.55

(1)	(2)	(3)	(4)	(5)	(6)
15.	Tamil Nadu Fisheries Development Corporation	740.45	709.26	NIL	354.63
16.	Tamil Nadu Handloom Weavers' Cooperative Societies	3818.69	3818.69	3818.69	-
17.	Tamil Nadu Housing Board	164.14	164.14	83.63	-
18.	Tamil Nadu State Industries Promotion Corporation	325.00	325.00	325.00	-
19.	Tamil Nadu Industrial Investment Corporation	650.00	650.00	650.00	-
20.	Tamil Nadu Khadi and Village Industries Board	56.53	55.64	55.64	-
21.	Tamil Nadu Labour welfare Board	24.35	24.35	24.35	-
22.	Tamil Nadu Medical Services Corporation	5017.71	5017.71	4416.50	158.16
23.	Metropolitan Infrastructure Development Corporation	3872.00	3872.00	3872.00	-
24.	Tamil Nadu Police Housing Corporation	1263.14	1263.14	966.98	-
25.	Tamil Nadu Primary Weavers' Co-operative Society	130.57	108.50	108.50	-
26.	Science City 2000	91.00	NIL	NIL	-
27.	Sports Development Authority of Tamil Nadu	295.46	295.46	295.46	17.18
28.	Tamil Nadu Text Book Society	1834.90	1834.81	1834.81	-
29.	Tamil Nadu Tourism Development Corporation	15.80	NIL	NIL	-
30.	Tamil Nadu Wakf Board	18.71	18.71	NIL	-
31.	Tamil Nadu Urban Infrastructure Financial Services Limited	953.90	953.90	953.90	-
32.	Tamil Nadu Water Supply and Drainage Board	8358.69	8358.69	8358.69	871.74
Total		48636.02	44236.44	40522.93	5694.43

APPENDIX XIII

(Reference: paragraph 2.4.2(iii); page 48)

DETAILS OF AMOUNTS KEPT OUTSIDE
THE GOVERNMENT ACCOUNT

(Rupees in lakh)

Serial number	Name of the Corporation/Undertaking	Amount credited to Deposit account during March 1997	Balance in account at the end of March 1997	Amount kept in bank account
1.	Tamil Nadu Energy Development Agency	83.94	306.50	75.15
2.	Metropolitan Infrastructure Development Corporation	3872.00	3872.00	5115.17
3.	Tamil Nadu Primary Weavers' Co-operative Society	108.50	130.57	26.07
4.	Sports Development Authority of Tamil Nadu	346.36	295.46	236.20
5.	Tamil Nadu Palm products Development Board	Nil	Nil	3.20
6.	Tamil Nadu Pollution Control Board	Nil	Nil	130.28
7.	Tamil Nadu Corporation for Industrial Infrastructure Development	Nil	Nil	1000.00
Total		4410.80	4604.53	6586.07

APPENDIX XIV

(Reference : paragraph 2.8; page 51)

SHORTFALL/EXCESS IN RECOVERIES EXCEEDING Rs 1 CRORE

Number and title of grant	Estimated recovery	Amount of excess (+)/ Shortfall (-) as compared to estimates	Main reasons for the excess/shortfall
(1)	(2)	(3)	(4)
8. Elections	0.06	(+) 1.53	Mainly due to more recovery under the head of account "2015.104.I.AA Election to Lok Sabha and Legislative Assembly when held simultaneously" and recovery without any provision under "2515.00.I.AF Elections to Panchayats"
12. Administration of the Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959	13.59	(-) 1.78	Mainly due to less adjustment under Tamil Nadu Hindu Religious and Charitable Endowments Fund.
15. Police	7.16	(+) 2.09	Mainly due to more recovery under the Head of account "2055.108.I.AA. District Police"
17. Education	32.37	(-) 7.67	Mainly due to excess recovery under the Heads of account "2202.01.101.I.AC Salaries to Panchayat Union Elementary School Teachers", "2202.01.102.I.AD Grants to Non-Government Elementary Schools", "2202.02.109.I.AA General", 2202.01.101.I.AA Salaries of Municipal and Corporation Elementary School Teachers" and "2202.02.108.I.AA Examinations by the Director of Government Examinations"

(1)	(2)	(3)	(4)
18. Medical	4.63	(+) 2.44	Mainly due to recoveries made under the Head of account "2210.01.110.I.CQ Supply of drugs and surgical stores and supply to Government Medical Institutions under the control of Director of Medical Education through Tamil Nadu Medical Services Corporation"
20. Agriculture	21.61	(-) 14.82	Mainly due to less recovery made under the Heads of account relating to various soil conservation schemes and on-farm development works
27. Rural Development	1.61	(+) 4.38	Mainly due to more recovery under the Head of account "2505.01.702.II.JA Jawahar Vela Vaippu Thittam"
29. Social Welfare	5.03	(-) 3.32	Due to non-adjustment under "Girl Child Welfare Fund"
35. Irrigation	20.58	(-) 16.37	Mainly due to less adjustment of "Establishment Charges on percentage basis to various Capital Major Heads"
36. Public Works Buildings	14.84	(-) 2.78	Mainly due to less adjustment of "Establishment Charges on <i>pro-rata</i> basis to various Revenue Major Heads" and "on percentage basis to various Capital Major Heads"
40. Relief on account of Natural Calamities	37.88	(+) 21.47	Mainly due to more adjustment under "Calamity Relief Fund"
41. Pensions and Other Retirement Benefits	..	(+) 1.44	Mainly due to recovery made under the Head of account "2071.01.101.I.AA Payment to Tamil Nadu Government pensioners" against 'Nil' Budget Estimate

(1)	(2)	(3)	(4)
43. Stationery and Printing	1.56	(+) 5.71	Mainly due to more recovery made from other Government Departments towards the cost of stationery supplied and printing works done
48. Water Supply	3.02	(-) 3.00	Due to non-adjustment under "Tamil Nadu Special Welfare Fund"
54. Capital Outlay on Irrigation	2.22	(-) 1.27	Mainly due to less recovery under the Heads of account "4701.80.001.I.AC Public works" and "4701.80.001.I.AD Tamil Nadu Public Works Engineering Corporation Limited - Liabilities taken over by Government."

APPENDIX XV

(Reference: paragraph 3.3.2; page 58)

DETAILS OF EXECUTING AGENCIES

Serial number	Name of the Component	Executing Agency
1.	Rural Roads	Chief Engineer, National Highway - 45 (CE. NH-45)
2.	Forestry Development	Principal Chief Conservator of Forests (PCCF)
3.	Rural Water Supply	Director of Rural Development (DRD)
4.	Livestock Development	Director of Animal Husbandry (DAH)
5.	Watershed Development	Director of Agriculture (DOA)
6.	Seed production	(i) Tamil Nadu Agricultural University (TNAU) (ii) Director of Seed Certification (DSC) (iii) DOA
7.	Agricultural extension	DOA
8.	Agricultural Planning	(i) State Planning Commission (SPC) (ii) Director of Evaluation and Applied Research (DEAR) (iii) Monitoring and Co-ordination Cell (M&C Cell) (iv) DOA

APPENDIX XVI

(Reference: paragraph 3.4.1; page 74)

DETAILS OF CENTRALLY SPONSORED SCHEMES
IMPLEMENTED IN THE STATE

Serial number	Name of the Scheme	Objective	Places covered by the scheme	Pattern of funding	Names of Major crops covered
(1)	(2)	(3)	(4)	(5)	(6)
1.	Oilseeds production Programme (OPP)	Increasing the productivity of oilseed crops by adopting improved agronomic practices.	Entire State except Chennai and the Nilgiris.	Shared between Govt. of India (GOI) and State Government at 75 : 25	Groundnut, Soyabean, Sunflower, Gingelly and Castor
2.	National Pulses Development Project (NPDP)	Increasing the level of productivity and production of pulses through adoption of location specific varieties and improved production technology.	do	do	Blackgram, Greengram, Redgram, Horsegram and Bengalgram
3.	Integrated Cereals Development Programme for Rice (ICDPR)	Improving the productivity of Rice based cropping system as a whole, instead of the development of only rice crop and to disseminate the technologies supported by distribution of essential inputs at subsidised cost.	140 identified blocks	do	Rice
4.	Mini-kit Programme for Rice, Jowar and Bajra (MKP)	Promoting newly released varieties quickly and to find out the adaptability of pre-released varieties and building up of stock of improved seeds at farmers level.	Entire State except Chennai and Nilgiris	Fully borne by GOI	Rice, Jowar and Bajra

(1)	(2)	(3)	(4)	(5)	(6)
5.	Oil Palm Development Programme (OPDP)	Expansion of area under oil palm during VIII Five Year Plan in selected districts in a phased manner.	Nagapattinam, Thanjavur and Tiruchirappalli	Shared between GOI and State Government at 75 : 25 (except the component of drip irrigation which was funded fully upto 1994-95 and then at 80 : 20 in 1995-96 and at 90:10 in 1996-97	Oil Palm

APPENDIX XVII

(Reference: paragraph 3.4.5.1; page 77)

**PARTICULARS OF FINANCIAL OUTLAY, RELEASES AND
EXPENDITURE INCURRED UNDER THE SCHEMES DURING
1992-93 TO 1996-97**

(A) Oilseeds Production Programme

(Rupees in crore)

Year	Budget provision	Funds released by GOI	State share released	Total funds available	Expenditure incurred
1992-93	8.84	6.53	2.18	8.71	8.85
1993-94	19.19	14.25	4.75	19.00	19.10
1994-95	11.20	13.38	4.45	17.83	12.22
1995-96	18.53	9.51	3.17	12.68	18.26
1996-97	14.25	8.95	2.88	11.83	11.48
Total	72.01	52.62	17.43	70.05	69.91

(B) National Pulses Development Programme

Year	Budget provision	Funds released by GOI	State share released	Total funds available	Expenditure	
					As in Appropriation Accounts	Departmental figures
1992-93	1.16	0.80	0.24	1.04	1.17	1.19
1993-94	1.38	1.10	0.36	1.46	1.53	1.42
1994-95	1.80	1.37	0.48	1.85	2.05	1.92
1995-96	1.06	1.66	0.52	2.18	1.84	1.90
1996-97	2.00	1.34	0.50	1.84	2.31	2.20
Total	7.40	6.27	2.10	8.37	8.90	8.63

(C) Integrated Cereals Development Programme for Rice

Year	Budget provision	Funds released by GOI	State share released	Total funds available	Expenditure	
					As in Appropriation Accounts	Departmental figures
1992-93	9.30	6.67	2.35 [@]	9.02	9.40	9.18
1993-94	9.27	2.59	2.59 [@]	5.18	10.35	10.02
1994-95	5.05	5.68	1.16 [@]	6.84	4.73	4.83
1995-96	6.49	3.95	1.23 [@]	5.18	6.54	6.57
1996-97	6.79	7.50 [*]	1.63 [@]	9.13	6.81	7.29
Total	36.90	26.39	8.96	35.35	37.83	37.89

* Departmental figures.

[@] State share of expenditure incurred by the department

(D) Mini-kit Programme

(Rupees in crore)

Year	Budget provision	Funds released by GOI	State share released	Total Funds available	Expenditure incurred
1992-93	0.05	0.05	NIL	0.05	0.05
1993-94	0.14	0.13	NIL	0.13	0.13
1994-95	0.13	0.13	NIL	0.13	0.13
1995-96	0.10	0.09	NIL	0.09	0.09
1996-97	0.11	0.08	NIL	0.08	0.08
Total	0.53	0.48	NIL	0.48	0.48

(E) Oil Palm Development Programme

Year	Budget provision	Funds released by GOI	State share released	Total Funds available	Expenditure incurred
1992-93	0.75	1.08	0.27	1.35	0.91
1993-94	1.74	1.38	0.33	1.71	1.66
1994-95	2.42	1.98	0.53	2.51	2.54
1995-96	1.39	1.10	0.68	1.78	1.35
1996-97	4.95	1.53	0.44	1.97	2.24
Total	11.25	7.07	2.25	9.32	8.70

APPENDIX XVIII

(Referenc: paragraph 3.4.5.2; page 77)

PARTICULARS OF CENTRAL ASSISTANCE RECEIVED AND UTILISED UNDER THE SCHEMES DURING 1992-93 TO 1996-97**(A) Oilseeds Production Programme**

(Rupees in crore)

Year	Particulars of Central assistance				
	Opening Balance	Received during the year	Total	Utilised during the year	Closing Balance
1992-93	1.32	6.53	7.85	6.63	1.22
1993-94	1.22	14.25	15.47	14.17	1.30
1994-95	1.30	13.38	14.68	10.17*	4.51
1995-96	4.51	9.51	14.02	13.86	0.16
1996-97	0.16	8.94	9.10	8.59	0.51
Total	8.51	52.61	61.12	53.42	7.70

* Includes Rs 1.11 crore being the excess amount spent from 1984-85 to 1989-90 under National Oilseeds Development Programme and Oilseeds Production Thrust Programme adjusted in 1994-95.

(B) National Pulses Development Programme

1992-93	0.14	0.80	0.94	0.91	0.03
1993-94	0.03	1.10	1.13	1.06	0.07
1994-95	0.07	1.37	1.44	1.44	Nil
1995-96	Nil	1.66	1.66	1.43	0.23
1996-97	0.23	1.34	1.57	1.65	(-) 0.08
Total	0.47	6.27	6.74	6.49	0.25

(C) Minikit Programme

1992-93	NIL	0.05	0.05	0.05	NIL
1993-94	NIL	0.12	0.12	0.12	NIL
1994-95	NIL	0.13	0.13	0.13	NIL
1995-96	NIL	0.09	0.09	0.09	NIL
1996-97	NIL	0.08	0.08	0.08	NIL
Total	NIL	0.47	0.47	0.47	NIL

(D) Oil Palm Development Programme

1992-93	0.80	1.08	1.88	0.68	1.20
1993-94	1.20	1.38	2.58	1.28	1.30
1994-95	1.30	1.98	3.28	2.00	1.28
1995-96	1.28	1.10	2.38	1.28	1.10
1996-97	1.10	1.53	2.63	1.74	0.89
Total	5.68	7.07	12.75	6.98	5.77

APPENDIX XIX

(Reference: paragraph 3.4.6.1; page 82)

**DETAILS OF AREA COVERAGE, PRODUCTION AND
PRODUCTIVITY OF MAJOR OILSEEDS UNDER OILSEEDS
PRODUCTION PROGRAMME**

Name of the crop	Year	Area coverage (In lakh hectares)		Production (In lakh tonnes)		Productivity (In kg per hectare)	
		Target	Achievement	Target	Achievement	Target	Achievement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Groundnut	1992-93	NA	11.88	NA	17.66	NA	1486
	1993-94	10.78	11.58	13.16	18.65	1221	1611
	1994-95	13.50	11.70	18.51	19.68	1371	1680
	1995-96	13.50	11.16	20.25	19.11	1500	1712
	1996-97	13.50	11.29	20.25	18.03	1500	1597
Total		51.28	57.61	72.17	93.13	5592	8086
Gingelly	1992-93	NA	1.41	NA	0.69	NA	489
	1993-94	1.44	1.29	0.48	0.59	333	457
	1994-95	1.79	1.64	0.76	0.77	425	470
	1995-96	1.85	1.63	0.83	0.62	449	559
	1996-97	1.85	1.72	0.83	0.68	500	395
Total		6.93	7.69	2.90	3.35	1707	2370

NA: Not available

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sunflower	1992-93	NA	0.32	NA	0.22	NA	702
	1993-94	0.55	0.40	0.28	0.33	509	830
	1994-95	1.00	0.73	0.60	0.60	600	554
	1995-96	1.00	0.56	1.00	0.52	1000	901
	1996-97	1.00	0.43	1.00	0.45	1000	1047
Total		3.55	2.44	2.88	2.12	3109	4034
Castor	1992-93	NA	0.27	NA	0.09	NA	311
	1993-94	0.39	0.33	0.13	0.10	333	311
	1994-95	0.50	0.42	0.17	0.13	340	314
	1995-96	0.50	0.50	0.32	0.16	640	344
	1996-97	0.50	0.40	0.32	0.13	650	314
Total		1.89	1.92	0.94	0.61	1963	1594
Soyabeans	1992-93	NA	0.25	NA	0.12	NA	494
	1993-94	0.26	0.31	0.21	0.08	808	258
	1994-95	1.00	0.38	0.50	0.31	800	831
	1995-96	0.50	0.22	0.45	0.22	900	1083
	1996-97	0.01	0.20	0.42	0.18	1000	920
Total		1.77	1.36	1.58	0.91	3508	3586

NA: Not Available

APPENDIX XX

(Reference: paragraph 3.4.6.1; page 82)

**DETAILS OF AREA COVERAGE, PRODUCTION AND
PRODUCTIVITY OF PULSES UNDER NATIONAL PULSES
DEVELOPMENT PROGRAMME**

Year	Area covered (in lakh hectares)		Production (In lakh tonnes)		Productivity (In kilograms per hectare)	
	Target	Achie- vement	Target	Achie- vement	Target	Achie- vement
1992-93	10.00	7.39	6.00	3.42	600	463
1993-94	10.00	9.81	6.00	3.91	600	405
1994-95	10.00	10.10	6.00	4.80	600	359
1995-96	10.00	9.61	6.00	3.59	650	373
1996-97	10.00	9.54	7.00	4.45	700	466
Total	50.00	46.45	31.00	20.17	3150	2066

APPENDIX XXI

(Reference: paragraph 3.4.6.1; page 82)

**DETAILS OF AREA COVERAGE, PRODUCTION AND
PRODUCTIVITY OF PADDY UNDER INTEGRATED CEREALS
DEVELOPMENT PROGRAMME FOR RICE**

Year	Area under cultivation (in lakh hectares)		Production (in lakh tonnes)		Productivity (Kg per hectare)	
	Target	Achievement	Target	Achievement	Target	Achievement
1992-93	21.00	21.84	68.00	68.06	3238	3116
1993-94	21.00	23.06	68.00	67.49	3238	2926
1994-95	21.00	23.36	68.00	76.85	3238	3288
1995-96	21.00	20.35	68.00	52.06	3238	2558
1996-97	21.00	22.68	68.00	NA	3238	NA
Total	105.00	111.29	340.00	264.46	16190	11888

NA : Not available

APPENDIX XXII

(Reference: paragraph 3.20; page 136)

DETAILS SHOWING DELAY IN PASSING AWARDS FOR LAND ACQUISITION

Serial number	RDO's Office	Award number	12 per cent additional compensation amount paid	Date of notification	Date of passing of award	Time taken	Prescribed time	Excess	Avoidable payment of compensation
			Rs.				(in number of days)		Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Madurai	1/93	3,98,741	3.2.1990	2.2.1993	1096	241	855	3,11,062
2.	Madurai	2/93	20,750	14.1.1992	2.4.1993*	445	241	204	9,512
3.	Madurai	in 3 other cases							36,675
								Total	3,57,249
4.	Padmana-bapuram	1/95-96	34,085	1.6.1992	30.5.1995	1,094	241	853	4,94,401
5.	Padmana-bapuram	in 4 other cases							67,040
								Total	5,61,441
6.	Tirunelveli	4/92	20,218	26.12.1989	22.12.1992	1,093	186	907	16,777**
7.	Tirunelveli	1/93	1,74,108	20.6.1990	30.4.1993	1,046	241	805	1,33,993
								Total	1,50,770
8.	Tuticorin	2/93	2,35,449	13.9.1990	4.9.1993	1,088	241	847	1,83,295
9.	Tuticorin	in 6 other cases							1,24,351
								Total	3,07,646
								Grand total	13,77,106

* Date of taking possession of land.

** Unobjectionable cases

APPENDIX XXIII

(Reference: paragraph 3.25.7.1; page 167)

PERCENTAGE OF ACHIEVEMENT IN RESPECT OF MAIN KEY INDICATORS IN THE STATE (INCLUDING URBAN AREAS)

Name of the activity (Percentage fixed)	Target	1994-95	1995-96	1996-97	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
Total Ante-natal Registration	Full	96	104	100	-
Early Ante-natal Registration (Percentage on total Ante-natal registration)	90 <i>per cent</i>	45	53	62	Target fixed was not achieved
TT immunisation to pregnant women	80 <i>per cent</i>	99	104	100	-
Supply of FST tablet to pregnant women	60 <i>per cent</i>	81	26	87	-
Immunisation of children	100 <i>per cent</i>	104	108	104	-
DPT		104	108	104	
Polio		104	109	104	
Measles		102	105	102	
BCG		115	122	117	
Issue of Vitamin A megadose to children of 6-36 months	80 <i>per cent</i>	80	91	105	-

(1)	(2)	(3)	(4)	(5)	(6)
Total number of deliveries (percentage on ante-natal registration)	*	77	90	88	-
Total number of domicile deliveries (Percentage on total number of deliveries)	*	28	25	22	Very poor coverage of domicile deliveries
Total deliveries conducted by untrained Dais and others (Percentage on total number of deliveries)	*	7	6	4	-
Total number of live-births (Percentage on total number of deliveries)	*	99	99	98	-
Number of children born - less than 2.5 kg (Percentage on total number of deliveries)	*	25	21	17	-
Total number of infant deaths (Percentage on total number of deliveries)	*	3	3	3	-
Total number of maternal deaths (Percentage on total number of deliveries)	*	0.10	0.12	0.12	Percentage is in increasing trend

* No separate target fixed.

APPENDIX XXIV

(Reference: paragraph 3.25.7.1; page 167)

**PERCENTAGE OF ACHIEVEMENT IN RESPECT OF MAIN KEY
HEALTH INDICATORS IN THE TEST-CHECKED HEALTH UNIT
DISTRICTS**

Name of the component/ activity	Target	Year	Percentage of achievement in							
			Tiruvannamalai	Cheyyar	Namakkal	Periakulam	Salem	Madurai	Tiruppur	Vellore
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Early AN Registration	90	1994-95	40.23	44.13	NA	53	NA	59.80	47.23	44.13
		1995-96	44.96	56.69	63.20	61	53	61.75	62.59	55.69
		1996-97	53.95	58.13	65.60	70	60.54	64.56	NA	NA
Low Birth weight		1994-95	19.02	29.98	NA	17.83	NA	15.33	34.73	34.32
		1995-96	13.83	25.01	23.60	20.61	22.53	9.79	15.58	20.08
		1996-97	7.25	21.52	20.50	18.27	19.84	15.85	NA	NA
Consumption of FST (Large)	60	1994-95	110.00	NA	NA	131.43	100	141	163	152
		1995-96	60.00	77.69	100	96	100	95	120	115
		1996-97	NA	100.06	100	131	100	140	NA	NA
Consumption of FST (Small)		1994-95	95.49	NA	NA	61	NA	74	NA	NA
		1995-96	48.34	35.75	NA	98	NA	138	NA	NA
		1996-97	NA	60.00	NA	90	63.68	118	NA	NA
Full Immunisation	100	1994-95	88.32	NA	88.03	69	79.43	103	94	98
		1995-96	104.00	106.83	89.77	104.36	81.09	98.80	106	107
		1996-97	NA	102.22	100	99.11	100	93.56	NA	NA
Administration of Vitamin 'A'	80	1994-95	104.77	74.70	NA	106.68	NA	111.22	NA	NA
		1995-96	100	NA	NA	184.46	NA	219.15	78	110
		1996-97	NA	114.97	72.37	147.05	56.93	109.12	NA	NA

NA: Not Available

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
The average AN/PN visits in these districts during the last 3 years were as follows										
Average AN visit	1994-95	9.12	8.71	2.35	1.87	3.51	3.85	2.97	3.02	
	1995-96	8.34	7.51	2.31	1.96	3.62	3.51	1.70	2.37	
	1996-97	3.81	5.53	2.04	2.08	3.09	3.23	NA	NA	
Average PN visit	1994-95	6.55	9.20	2.12	1.58	3.51	3.50	1.60	1.66	
	1995-96	8.79	7.26	1.98	1.59	3.06	2.83	1.53	1.60	
	1996-97	3.73	5.32	1.83	1.82	2.98	2.50	NA	NA	

NA: Not Available

APPENDIX XXV

(Reference : paragraph 3.28(i); page 172)

CASES OF MISAPPROPRIATION PENDING
FINALISATION AS ON 30 JUNE 1997

(i) Department-wise analysis

(Rupees in lakh)			
Serial number	Department	Number of cases	Amount
1.	Agriculture	36	34.41
2.	Commercial Taxes and Religious Endowments	5	3.29
3.	Co-operation, Food and Consumer Protection	1	0.14
4.	Education	28	18.11
5.	Environment and Forests	3	1.67
6.	Finance	8	7.16
7.	Handlooms, Handicrafts, Textiles and Khadi	4	1.17
8.	Health, Indian Medicine and Homoeopathy and Family Welfare	29	17.50
9.	Home	3	1.51
10.	Information and Tourism	1	0.77
11.	Labour and Employment	3	0.19
12.	Personnel and Administrative Reforms	1	1.92
13.	Prohibition and Excise	1	6.62
14.	Public	1	0.03
15.	Public Works	4	0.76
16.	Revenue	311	34.07
17.	Rural Development	10	11.42
18.	Social Welfare and Nutritious Meal Programme	7	2.76
Total		456	143.50

(ii) Year-wise analysis

(Rupees in lakh)

Year	Number of cases	Amount
1991-92 and earlier years	348	96.39
1992-93	29	17.70
1993-94	26	15.78
1994-95	15	8.74
1995-96	19	2.06
1996-97	19	2.83
Total	456	143.50*

* In respect of two cases relating to the years 1988-89 and 1995-96, the amount involved was not reported by the Directorate of Collegiate Education.

APPENDIX XXVI

(Reference : paragraph 3.28(ii); page 172)

CASES OF SHORTAGES, ETC., PENDING
FINALISATION AS ON 30 JUNE 1997

(i) Department-wise analysis

(Rupees in lakh)			
Serial number	Department	Number of cases	Amount
1.	Agriculture	214	58.87
2.	Animal Husbandry and Fisheries	42	5.23
3.	Backward Classes	1	0.02
4.	Co-operation, Food and Consumer Protection	1	0.02
5.	Education	27	4.44
6.	Environment and Forests	9	5.11
7.	Finance	4	5.85
8.	Handlooms, Handicrafts, Textiles and Khadi	3	1.11
9.	Health, Indian Medicine and Homoeopathy and Family Welfare	35	24.27
10.	Home	1	0.97
11.	Labour and Employment	6	0.71
12.	Public	1	0.03
13.	Public Works	4,533	1,569.82
14.	Revenue	11	1.75
15.	Rural Development	10	6.12
Total		4,898	1684.32

(ii) **Year-wise analysis**

(Rupees in lakh)

Year	Number of cases	Amount
1991-92 and earlier years	189	55.50
1992-93	33	7.12
1993-94	37	6.70
1994-95	1,354	55.06
1995-96	543	154.89
1996-97	2,742	1,405.05
Total	4,898	1684.32*

* Does not include the value for damages to immovable properties (191 items) in Saidapet Division, Public Works Department during the year 1995-96 which was not furnished.

APPENDIX XXVII

(Reference: paragraph 3.30; page 175)

DETAILS OF SPECIFIC CASES OF IRREGULARITIES

(Rupees in lakh)			
Serial number	Subject	Number of paragraphs	Amount involved
(1)	(2)	(3)	(4)
I.	INDUSTRIES DEPARTMENT		
1.	Excess payment of State Capital Subsidy/ Power Tariff Subsidy/ Export Subsidy	90	562.68
2.	State Aid Loan/Rural Industries Project Loan/Interest Free Sales Tax Loan/Non-recovery of Loan from Industrial Co-operative Societies	19	96.81
3.	Irregularities in sanction/non-recovery of Interest Free Sales Tax Loan	14	52.43
4.	Irregular fixation of rate of recovery	19	96.71
5.	Margin Money Assistance/ Prime Ministers' Rozgar Yojana Scheme Irregularities/Avoidable Expenditure	7	7.22
6.	Misappropriation of Government Money	3	7.89
7.	Non-utilisation of subsidy	60	131.74
8.	Short collection of rent/recovery of land cost/lab testing charges/Non-collection of sugar cess	4	845.47
TOTAL		216	1800.95

(Rupees in lakh)			
(1)	(2)	(3)	(4)
II. REVENUE DEPARTMENT			
1.	Excess grant released/ paid to Panchayat Unions	26	773.00
2.	Dues to be recovered due to revision of rate of ration items	23	211.65
3.	Demand, Collection and Balance - Long pending dues to Government	55	4,580.48
4.	Educated Volunteers Scheme/Non-Formal Education - excess expenditure	5	17.74
5.	Excess payment of allowances/ interest - to be recovered	76	9.31
6.	Takkavi loans pending collection/ Rehabilitation of bonded labourers scheme	17	676.06
7.	Irregularities in effecting recovery, etc.	74	9,220.91
8.	Misappropriations/Utilisation certificates not received	6	5.68
9.	Loss of revenue due to delay in conducting auction of trees/delay in acquisition cases	20	135.64
10.	Loans to repatriates to be recovered/Loan Betterment levy pending collection/ housing loan	7	42.82
11.	Non-collection of establishment charges and Pension Contribution charges for undertaking land acquisition/excess payment of pay and allowances/Irregular fixation	33	79.75
12.	Excess sanction of Old Age Pension in excess of allotment/ excess issue of dhoties and sarees/ acknowledgement not obtained, etc.	60	48.75
13.	Tour/Festival advances pending	47	67.69

(Rupees in lakhs)

(1)	(2)	(3)	(4)
14.	Non-recovery of dues under Revenue Recovery Act/Court decree/House Rent/ Pauper suit/Village House Project Scheme	24	57.33
15.	Irregularities in maintaining records/ Loans and Advances/ Excess Road Grants	48	33.89
TOTAL		521	15960.70

III PUBLIC WORKS DEPARTMENT

1.	Excess payments	42	95.62
2.	Excess overpayments	66	1,048.50
3.	Want of sanction	39	434.50
4.	Irregular expenditure to be recovered	64	408.26
5.	Expenditure to be ratified by Government /Chief Engineer - Infructuous expenditure	252	3,997.91
6.	Recovery of salary payment	105	230.26
7.	Loss, Shortages, Theft, Stock not handed over etc.	152	494.46
8.	Recovery from the contractor	102	403.97
9.	Advance payment pending adjustment	70	1,638.57
10.	Miscellaneous recoveries/ objections	1233	4,650.03
TOTAL		2125	13402.08

APPENDIX XXVIII

(Reference: paragraph 6.17.2.1; page 234)

**BUDGET ALLOCATION AND EXPENDITURE INCURRED FOR
SEVENTH SOUTH ASIAN FEDERATION GAMES**

Component	Funds allocated	Expenditure incurred	Executing agency
(Rupees in crore)			
(i)(a) Organisation	18.43	22.51*	Sports Development Authority of Tamil Nadu (SDAT)
(b) Accommodation	3.37	1.59	Corporation of Chennai
(c) Transport	0.70	1.48	Pallavan Transport Corporation
(d) Medical Equipment	0.20	NIL	Director of Medical Education
(e) Security	0.20	0.11	Director General of Police
(f) Sight seeing	0.10	NIL	Tamil Nadu Tourism Development Corporation (TTDC)
(g) House keeping items for Games village	1.00	0.55	TTDC and Tamil Nadu Housing Board (TNHB)
(ii) Construction of Stadia and shooting range	59.18	57.98	SDAT and Tamil Nadu Police Housing Corporation
Grand Total	83.18	84.22	

* includes Rs 86.11 lakh incurred on purchase of house keeping materials such as mattresses, pillows etc., and unreconciled figure of Rs 0.50 lakh and advances pending Rs 1.30 lakh.

ANNEXURE XXIX

(Reference: paragraph 6.17.9; page 243)

AVOIDABLE/INFRUCTUOUS EXPENDITURE ON
SPORTS/HOUSE KEEPING MATERIALS

(Rupees in lakh)		
Serial number	Particulars	Amount
1.	Imported Electronic Score Board for Tennis not installed	10.06
2.	Avoidable expenditure on import of Barbell sets and other equipment for weight-lifting	6.94
3.	Sports equipment issued to Tamil Nadu Basketball Association not received back	15.00
4.	Purchase of 60 pairs Boxing gloves in excess of requirement	1.31
5.	Avoidable expenditure incurred on procurement of medals/ certificates	4.55
6.	Procurement of mattresses, pillows, etc., in excess of requirement for Games Village	32.24
7.	Pantry equipment purchased for Indoor stadium not installed	1.75
8.	Injudicious hiring of cutlery and crockery for Games Village	10.77
9.	Reimbursement of cost of costumes made in full to the cultural groups instead of restricting to 50 per cent	6.02
10.	Excess payment on procurement of cultural programme dress for 'Lambadi' and 'Chari' dances	1.99
11.	Avoidable expenditure on excess booking of one coach for Artistes' journey by train	0.41
12.	Over payments made on purchase of pigeons	0.36
Total		91.40

APPENDIX XXX

(Reference: paragraph 6.17.10.1(i); page 244)

DETAILS OF LIABILITIES ACCEPTED AND PAID BY TAMIL
NADU HOUSING BOARD

(Rupees in lakh)			
Serial number	Liability	Paid to	Amount
1.	Statutory fees	Chennai Metropolitan Water Supply and Sewerage Board	63.92 5.50
2.	Taxes, etc.	Corporation of Chennai	49.08 35.00
		Chennai Metropolitan Development Authority	4.19
3.	Statutory levies	Tamil Nadu Electricity Board	115.05
4.	Contract Tax		106.86
5.	Cost of Electrical Meters		5.95
6.	Cost of Cupboard Locks		0.57
7.	Expenditure on Art and beautification works		4.54
Total			390.66

APPENDIX XXXI

(Reference : paragraph 7; page 252)

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT COMMERCIAL/QUASI-COMMERCIAL UNDERTAKINGS

(Rupees in lakh)

Serial number	Name of the Department	Year of commencement	Period of accounts	Capital at close	Net block of assets	Cumulative depreciation	Turnover	Net Profit(+)/Net Loss(-)		Mean Capital	Percentage of return on Mean capital		Remarks
								Before charging interest on capital	After charging interest on capital		Before charging interest on capital	After charging interest on capital	
I	AGRICULTURE DEPARTMENT												
1.	Government Agricultural Engineering Workshop, Chennai	1952	1995-96	390.14	10.72	11.36	16.43	(-)45.64	(-)57.87	360.63	-	-	-
2.	Scheme for Purchase and Distribution of Chemical Fertilisers, Chennai	1954	1980-81	445.96	-	-	7.32	(-)14.26	(-)47.92	440.96	-	-	Provisional
II	Animal Husbandry and Fisheries Department												
3.	Chank Fisheries, Tuticorin	1909	1993-94	159.71	3.34	6.74	0.72	(-)11.38	(-)12.31	154.39	-	-	-
4.	Chank Fisheries, Ramanathapuram	1978	1995-96	105.61	0.29	0.64	-	(-)9.35	(-)20.98	95.21	-	-	Provisional
Total								(-)139.08					

APPENDIX XXXII**Glossary of Abbreviations**

AD	Assistant Director
ADF	Assistant Director of Fisheries
AE	Assistant Engineer
AEC	Agricultural Extension Centre
AEE	Assistant Executive Engineer
AH	Animal Husbandry
AI	Artificial Insemination
"AI"	"Arivoli Iyakkam"
AN	Ante-natal
CE	Chief Engineer
CFTRI	Central Food Technological Research Institute
CHN	Community Health Nurse
CNC	Community Nutrition Centre
CNI	Community Nutrition Instructress
CNS	Community Nutrition Supervisor
CNW	Community Nutrition Worker
COF	Commissioner of Fisheries
CSR	Current Schedule of Rates
CWC	Child Welfare Centre
CWO	Child Welfare Organiser
DAH	Director of Animal Husbandry
DANIDA	Danish International Development Agency
DCA	Development Credit Agreement
DDHS	Deputy Director of Health Services

DEAR	Director of Evaluation and Applied Research
DFO	District Forest Officer
DMRHS	Director of Medical and Rural Health Services
DNFAE	Director of Non-formal and Adult Education
DOA	Director of Agriculture
DPHPM	Director of Public Health and Preventive Medicine
DPNO	District Project Nutrition Officer
DRD	Director of Rural Development
DSC	Director of Seed Certification
DSW	Director of Social Welfare
EC	Empowered Committee
ENCOFED	Tamil Nadu Agro-Engineering and Service Co-operative Federation Limited
EPCC	Empowered Project Co-ordination Committee
FST	Ferrous Sulphate Tablet
FTC	Fishermen Training Centre
GOI	Government of India
GTN	Government of Tamil Nadu
HLC	High Level Committee
HRW	Highways and Rural Works
HSC	Health Sub-centre
HUD	Health Unit District
IBRD	International Bank for Rural Development
ICAR	Indian Council for Agricultural Research
ICDPR	Integrated Cereals Development Programme
IDA	International Development Association
IVPM	Institute of Veterinary and Preventive Medicine

IWDP	Integrated Watershed Development Programme
JDA	Joint Director of Agriculture
JDHS	Joint Director of Health Services
LCB	Local competitive bid
LPCD	Litres per capita daily
MIS	Management Information System
MKP	Mini-kit Programme for Rice, Jowar and Bajra
MLL	Minimum Level of Learning
MO	Medical Officer
MPHW	Multipurpose Health Worker
MT	Master Trainer
MVMO	Motor Vehicles Maintenance Department
NCC	National Cadet Corps
NCDC	National Co-operative Development Corporation
NCERT	National Council for Education Research and Training
NFE	Non-formal Education
NGO	Non-Governmental Organisation
NLM	National Literacy Mission
NPDP	National Pulses Development Programme
NSC	National Seeds Corporation
NSS	National Service Scheme
OAP	Old Age Pensioner
OPDP	Oil Palm Development Programme
OPP	Oilseeds Production Programme
PAC	Public Accounts Committee
PAO	Pay and Accounts Officer

PC	Project Co-ordinator
PCCF	Principal Chief Conservator of Forests
PHC	Primary Health Centre
PLC	Post Literacy Campaign
PN	Pre-natal
POL	Petrol, Oil and Lubricants
PWD	Public Works Department
RP	Resource Person
SAR	Staff Appraisal Report
SCS	Soil Conservation Scheme
SE	Superintending Engineer
SFC	Standing Finance Committee
SHN	Sector Health Nurse
SLSC	State Level Sanctioning Committee
SLTC	State Level Technical Cell
SPC	State Planning Commission
SRC	State Resource Centre
SSF	Special Supplement Food
TAC	Technical Audit Committee
TAFCOFED	Tamil Nadu Fishermen Co-operative Federation
TAI	Tamil Nadu Agro-Industries Corporation Limited
TANCOF	Tamil Nadu Co-operative Oilseeds Growers Federation Limited
TFL	Truthfully Labelled
TINP	Tamil Nadu Integrated Nutrition Project
TLC	Total Literacy Campaign
TNADP	Tamil Nadu Agricultural Development Project

TNAU	Tamil Nadu Agricultural University
TNFC	Tamil Nadu Financial Code
TNFDC	Tamil Nadu Fisheries Development Corporation
TNKVIB	Tamil Nadu Khadi and Village Industries Board
TNLMA	Tamil Nadu Literacy Mission Authority
TNSCC	Tamil Nadu State Construction Corporation Limited
TNSHTD	Tamil Nadu State Health Transport Department
TNTBS	Tamil Nadu Text Book Society
TPC	Tender Processing Committee
VHN	Village Health Nurse
VI	Voluntary Instructor
WF	Weaning food
