REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1990

No. 3

(CIVIL)

GOVERNMENT OF KERALA

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1989-90 and other points arising from audit of financial transactions of the Government of Kerala. It also includes:

(i) certain points of interest arising from the Finance Accounts for 1989-90; and

(ii) comments on the Sub Plan for the development of tribal areas, functioning of District Hospitals, National Literacy Mission, Weights and Measures Department, Drought and Flood relief works, Rural Landless Employment Guarantee Programme, Controlled Cloth Scheme, Technology Mission on Drinking Water and Janatha Cloth Scheme.

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

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during 1989-90 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 1989-90 have also been included wherever considered necessary.

OVERVIEW

The Audit Report for the year ended 31 March 1990 contains 68 paragraphs and 9 reviews. The points highlighted in the Report are given below:—

I. Accounts of the Government of Kerala

The revenue deficit during 1989-90 had increased to Rs. 250.45 crores from the budgeted level of Rs. 188.81 crores consequent upon a decrease in revenue receipts and increase in revenue expenditure. As there was surplus on Capital Account and a net increase in receipts under Public Account, the year ended with an overall surplus of Rs. 7.32 crores as against the overall deficit of Rs. 53.79 crores anticipated in the budget.

(Paragraph 1.2)

The assets were in excess of the liabilities by Rs. 86 crores in 1985-86. But during subsequent years, the liabilities progressively exceeded the assets and, at the end of 1989-90, the liabilities were in excess of the assets by Rs. 755 crores, attributable to the steady increase in revenue deficit over the five years. The growth of revenue receipts had not kept pace with the growth of revenue expenditure during four of the five years. There were heavy arrears in collection of revenue and the revenue deficit each year represented 20 *per cent* to 51 *per cent* of the arrears of uncollected revenue at the end of the year.

(Paragraphs 1.3, 1.11 and 1.12)

The liabilities on account of public debt, small savings and provident funds increased by 70 *per cent* from Rs. 2,320 crores in 1985-86 to Rs. 3,942 crores in 1989-90. Consequently, the interest payments increased by 130 *per cent* and constituted 9 *per cent* to 13 *per cent* of the revenue expenditure during the

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All abbreviations used in this Report are listed alphabetically and expanded in the Glossary at Appendix 11 (Page 212).

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period. During the period from 1986-87 to 1989-90, the outgo on account of repayment of earlier Central loans was more than the loans received in 1988-89, and ranged from 95 *per cent* to 97 *per cent* of the loans received in the remaining three years. Consequently, the net accrual of Central assistance in the form of loans was negligible.

(Paragraphs 1.15 and 1.16)

The dividend received from investments in the share capital of Statutory corporations, Government companies, etc., was negligible, being less than half a *per cent*, during the five-year period from 1985-86. There were heavy arrears in recovery of loans. There was excessive dependence on overdraft during three of the five years. Government had to shoulder a liability of Rs. 498.78 lakhs during the period as a result of invocation of guarantees given by them for repayment of loans raised by Statutory corporations, Government companies, etc. and payment of interest thereon.

(Paragraphs 1.17 to 1.20)

II. Appropriation Audit and control over expenditure

As against the total provision of Rs. 4,029.02 crores obtained during 1989-90, the actual expenditure was Rs. 3,810.52 crores, resulting in overall saving of Rs. 218.50 crores. There were excesses aggregating to Rs. 44.35 crores in 14 voted grants/ charged appropriations requiring regularisation under Article 205 of the Constitution. In the case of 16 grants (Revenue : 7 and Capital : 9), the expenditure in each case fell short by more than Rs. 1 crore and also by more than 10 *per cent* of the total provision. Out of Rs. 234 crores surrendered, Rs. 230 crores (98 *per cent*) were surrendered only on the last day of the financial year.

(Paragraphs 2.1 and 2.2)

There was inordinate delay in surrender of funds provided for discontinued schemes.

(Paragraph 2.4)

III. Development of backward areas-Sub-Plan for development of tribal areas

The Tribal Sub Plan concept conceived during 1974-75 was primarily intended to improve the quality of life of tribal communities.

Project reports prepared for four Integrated Tribal Development Projects were not made use of for formulation of individual schemes. Funds totalling Rs. 181 lakhs were drawn in advance of requirements and deposited in bank accounts. Unspent balances retained in 437 deposit accounts at the end of September 1990 totalled Rs. 58.26 lakhs. Construction of 1,374 houses out of 8,073 houses sanctioned between 1975-76 and 1987-88 remained to be completed in October 1990. Work on 730 partially constructed houses on which expenditure totalling Rs. 28.11 lakhs was incurred had to be abandoned. An amount of Rs. 3.12 lakhs drawn for the construction of 26 houses for tribals in Palakkad district had been kept outside Government account for over four years and construction had not commenced. Rupees 7.57 lakhs drawn for the establishment of a tape recorder-cum-radio unit continued to remain unutilised in the absence of the requisite licence for the import of plant and machinery.

(Paragraph 3.1)

IV. Working of District Hospitals

There are eleven District hospitals and four General hospitals in the State rendering preventive, curative and promotional health care services under the allopathic system of medicine.

Though the average daily admission of in-patients was in excess of the bed strength in all hospitals, the bed strength was marginally raised only in four hospitals; admission in excess of the bed strength even after such increase ranged between 21 and 62 *per cent*. Emergency kits provided in all the hospitals did not have the complete stock of all specified injections or medicines. Periodical fumigation of operation theatres was not ensured in all the hospitals. No definite proposals had been formulated for the utilisation of the accumulated balances in the Hospital Development Fund (Rs. 15 lakhs) and Personal Deposit accounts (Rs. 13 lakhs).

(Paragraph 3.2)

V. National Literacy Mission

The National Literacy Mission (NLM) was set up in May 1988 with a view to overcoming the shortcomings in the various adult education programmes launched during 1978-80 and to place special emphasis on provision of literacy in the age group 15 to 35 years. The schemes implemented under NLM included Rural Functional Literacy Project (RFLP), opening of *Jana Shikshan Nilayams* (JSNs), strengthening of administrative structure and establishment of State Resource Centre (SRC).

There was no system of periodical evaluation of the performance of learners in the Adult Education Centres (AECs) under RFLP. The skills acquired by those stated to have become literate by joining the RFLP centres were also not evaluated. Expenditure totalling Rs. 10.60 lakhs incurred on the 300 AECs under RFLP in Ernakulam district was avoidable because the learners enrolled under the RFLP were also included in the Total Literacy Scheme launched in the District in January 1989. The average daily attendance of learners under RFLP/JSN was very low. Expenditure totalling Rs. 27.24 lakhs incurred upto 1986-87 on strengthening of administration had not been reimbursed by the Government of India as no district level administrative structure was sanctioned. An amount of Rs. 5.42 lakhs including interest remained unutilised out of grants totalling Rs. 16 lakhs released by the Government of India for the preparation of literacy kits.

(Paragraph 3.3)

VI. Cash Management in Tourism Department

Average revenue collections in 10 State owned guest houses ranged between 5 and 39 *per cent* of the average expenditure incurred. There were instances of unauthorised retention of cash as well as of inordinate delays ranging from 15 days to over a year in the remittance of revenue collections into treasuries. Revenue collections to the extent of Rs. 5.33 lakhs were misappropriated in five guest houses. Advances to the tune of Rs. 22.57 lakhs given in 116 cases were pending settlement and the identities of payees were not available in respect of advances totalling Rs. 11.67 lakhs. Advances amounting to Rs. 106.67 lakhs paid to officers of other Departments were also pending adjustment.

(Paragraph 3.4)

VII. Working of the Weights and Measures Department

The Weights and Measures Department is responsible for enforcement of the provisions of the Kerala Weights and Measures (Enforcement) Act, 1958, and the rules made thereunder and the Standards of Weights and Measures (Packaged Commodities) Rules, 1977.

The administration and enforcement of these provisions could not be considered to have been effective. This was attributable primarily to financial constraints, which had an inevitable impact on the availability of the necessary manpower resources, working standards and other infrastructural facilities and the training of enforcement personnel. This, in turn, adversely affected the accuracy and quality of the verification work done by the personnel of the Department. Further, in the absence of legal personnel, follow-up action on prosecution cases launched under the enactments was also inadequate.

(Paragraph 3.5)

VIII. Drought/Flood Relief Works

Funds aggregating to Rs. 35.17 lakhs allotted for drought relief works and Rs. 6.39 lakhs allotted for flood relief works were diverted. Funds to the extent of Rs. 1.08 crores pertaining to drought relief credited in Treasury Savings Bank accounts remained unutilised. In the Chempukayal reclamation work, funds to the extent of Rs. 31.95 lakhs and an interest of Rs.5.09

lakhs earned thereon remained unutilised as the work was suspended from June 1989 following protests against the implementation of the scheme by the local inhabitants. Employment to the extent of Rs. 2.16 lakhs only was generated till then against the labour content of Rs. 10.33 lakhs envisaged in the scheme. Damages caused to works as a result of agitation by local inhabitants were assessed at Rs. 13.83 lakhs out of work done for Rs.16.99 lakhs. An overpayment of Rs. 3.38 lakhs was made on 1239 metres of frame work.

(Paragraph 3.6)

IX. Rural Landless Employment Guarantee Programme

The Rural Landless Employment Guarantee Programme aimed at improvement and expansion of employment opportunities for the rural landless labour with a view to providing guaranteed employment upto 100 days in a year to at least one member of every rural landless household and creation of durable assets for strengthening the rural infrastructure.

Food grains valued at Rs. 2.21 lakhs were issued in bulk without assessing the value of work done. Forty-five beneficiaries misutilised assistance amounting to Rs. 1.84 lakhs in two districts. A project for the restoration of the eco-system in Idukki district on which a total expenditure of Rs.110.45 lakhs was incurred upto 1988-89 was closed down due to poor physical progress. In the case of 29 road works in three districts, semi-grouting was resorted to instead of chipping carpet entailing additional expenditure of Rs. 7.74 lakhs.

(Paragraph 7.4)

X. Controlled Cloth Scheme

The objective of the Controlled Cloth Scheme was to supply popular varieties of cloth to weaker sections of the society at reasonable rates.

The Kerala State Co-operative Consumers' Federation (Federation), the sole agency responsible for implementation of the scheme in the State defaulted in payments to the extent of Rs. 126.53 lakhs to the National Co-operative Consumers' Federation of India (NCCF). Following heavy accumulation of arrears, supply of controlled cloth to the Federation was discontinued from November 1988. A sum of Rs. 141.97 lakhs was due to the Federation from the wholesale societies against supplies of controlled cloth. Releases of controlled cloth during the period 1985-86 to 1988-89 by NCCF were less than the projected demand and the shortfall ranged from 4 *per cent* to 58 *per cent*.

(Paragraph 7.5)

XI. Technology Mission on Drinking Water

The objective of the Technology Mission was to improve the performance and cost effectiveness of the ongoing programmes in the field of rural drinking water supply.

In 15 cases of drilling of 110-mm diameter borewells, the State Ground Water Department claimed higher rates of drilling charges resulting in an excess expenditure of Rs. 2.52 lakhs. The larger 150-mm diameter borewells were also drilled indiscriminately. Drilling of 150-mm diameter borewells for the installation of handpumps when only 110-mm diameter borewells were envisaged, resulted in a wasteful expenditure of Rs. 47.02 lakhs.

(Paragraph 7.6)

XII. Janatha Cloth Scheme

The Janatha Cloth Scheme was introduced with the twin objectives of making available cloth at affordable prices to the poorer sections and of providing sustained employment.

The percentage of shortfall in the production of Janatha cloth *vis-a-vis* targets ranged from 59 to 94. The restriction placed on utilisation of outlets other than the public distribution system had an adverse impact on the distribution even of the meagre production of Janatha cloth. Due to financial constraints, the Kerala State Handloom Weavers' Co-operative Society

Limited, an agency implementing the scheme, could not ensure timely payments for cloth supplied by its member societies; Rs.119.70 lakhs were due to 44 primary societies which included charges relating to Janatha cloth.

(Paragraph 7.20)

XIII. Other interesting points

Delays on the part of the department in handing over the site initially and in awarding the incomplete works to another contractor subsequently resulted in an extra expenditure of Rs. 39.37 lakhs. Though Government orders envisaged that the liability of defaulting contractors should be fixed and the amounts recovered within one year of the termination of the contract, the liability of Rs. 9.14 lakhs fixed against the first contractor had not been recovered even eight years after the termination of the contract.

(Paragraph 4.1)

Failure to exclude the arbitration clause from the tender notice/agreement in accordance with the instructions of the Government and stoppage of work by the contractor and subsequent delay in awarding these works to another contractor resulted in an unfruitful expenditure of Rs. 4.08 lakhs.

(Paragraph 4.2)

Failure to accept the lowest tender within its validity period resulted in an extra expenditure of Rs. 4.78 lakhs on the reconstruction of a bridge.

(Paragraph 4.3)

Enhancement, without adequate justification, of the agreed upon rate for the blasting and removal of rock in an irrigation project resulted in an excess payment of Rs.8.77 lakhs.

(Paragraph 4.7)

Irregular payment, outside the terms of the contract, for additional protective measures and blasting under wet conditions in the Kanhirapuzha Irrigation Project, resulted in an additional expenditure of Rs. 8.18 lakhs.

(Paragraph 4.8)

Non-adherence to the procedure prescribed for the recovery of the cost of empty cement bags from contractors resulted in a lower realisation of Rs.3.93 lakhs from the subsequent sale of these bags by the Kallada Irrigation Project Divisions.

(Paragraph 4.9)

Adoption, by the Harbour Engineering Division, Kozhikode, of rates higher than those prescribed in the Schedule of Rates for the supply and spreading of granite/armour stones resulted in an excess payment of Rs.6.37 lakhs.

(Paragraph 4.13)

Stock accounts had not been prepared in the Printing Department from 1982-83 onwards. Physical verification of stock had also been not conducted after 1983. Obsolete publications valued at Rs. 2.21 lakhs and Public Service Commission forms valued at Rs. 5.59 lakhs were held in stock. Three machines costing Rs.10.13 lakhs had not been put to use in three Government Presses.

(Paragraph 5.1)

Failure on the part of the Health and Family Welfare Department to purchase their requirements of bandage cloth from the Central Prison, Thiruvananthapuram at their quoted lower rate resulted in an extra expenditure of Rs. 3.70 lakhs.

(Paragraph 5.2)

Supply of sub-standard uniform cloth by a firm, which was exempted from furnishing security deposit by the Forest and Wildlife Department, resulted in an unfruitful expenditure of Rs. 4.16 lakhs.

(Paragraph 5.3)

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Rejection by the Kerala Water Authority of the negotiated offers of two firms for the supply of AC pressure pipes for a water supply scheme and subsequent purchase at higher prices from another firm after the period of validity of its offer had expired resulted in an overall extra expenditure of Rs. 18.61 lakhs.

(Paragraph 7.7)

Expenditure of Rs.3.97 lakhs incurred by the Kerala Water Authority on the construction of an Inspection Bungalow in Mala had become infructuous as the site selected was unsuitable for its construction.

(Paragraph 7.8)

Physical verification of the materials at site conducted in an Accelerated Rural Water Supply Scheme for Neyyattinkara revealed shortages in respect of 51 items having a book value of Rs. 6.10 lakhs attributable to the non-adherence to the codal provisions relating to issue of materials. An additional expenditure of Rs. 5.50 lakhs incurred on the completion of the related civil works abandoned by a contractor had also not been recovered from him.

(Paragraph 7.9)

Non-acceptance of the negotiated offers of small scale industries units by Government resulted in an extra expenditure of Rs. 3.55 lakhs on local purchases of alum.

(Paragraph 7.10)

Failure to implement, as scheduled, a scheme for the provision of sanitary latrine facilities to the rural population resulted in the non-utilisation of an assistance of Rs.6.75 lakhs extended by UNICEF for the purpose, depriving the rural population of the benefits of sanitary facilities. Further, UNICEF assistance to the extent of Rs 2.35 lakhs was not availed of in the absence of specific Government directions.

(Paragraph 7.11)

An expenditure of Rs. 55.05 lakhs incurred on a drainage scheme for Guruvayoor had been rendered unfruitful because the construction of the sewerage treatment plant entrusted to a contractor without a proper assessment of its environmental implications had to be abandoned following objections from the residents and a panchayat; 12 pump sets procured at a cost of Rs. 5.19 lakhs had also not been consequently installed for over 9 years.

(Paragraph 7.13)

A scheme for the provision of drainage facilities in Kollam Municipal area taken up for execution in 1980 at an estimated cost of Rs.468 lakhs had to be suspended in April 1988 due to paucity of funds, after incurring an expenditure of Rs. 412 lakhs. The delay in the resumption of the incomplete works to facilitate the commissioning of the scheme resulted in the project cost increasing to Rs. 812 lakhs. Unutilised materials valued at Rs. 21 lakhs had also been retained by the contractors since April 1988, while project funds to the extent of Rs. 63.38 lakhs were utilised on purchase of materials in excess of requirements.

(Paragraph 7.14)

Procurement of expensive HDPE pipes by a Public Health Division, which were found to be sub-standard at the time of installation for an Accelerated Rural Water Supply Scheme, resulted in the investment of Rs. 22.96 lakhs on their procurement remaining idle since 1984.

(Paragraph 7.15)

An expenditure of Rs.124 lakhs incurred on water supply schemes executed in four panchayats without the necessary prior sanctions and without observing codal provisions had been rendered unfruitful.

(Paragraph 7.16)

Failure to close down two uneconomic schools in time and retention of staff even when these schools had no pupils on their rolls resulted in an avoidable expenditure of Rs.2.65 lakhs on staff salaries.

(Paragraph 7.22)

CHAPTER I

ACCOUNTS OF THE GOVERNMENT OF KERALA

1.1. Summarised financial position

The summarised financial position of the Government of Kerala as on 31 March 1990 emerging from the Appropriation Accounts and the Finance Accounts for the year 1989-90 and the abstract of Receipts and Disbursements for the year are furnished below:—

I. Summarised financial position of the Government of Kerala as on 31 March 1990

Amount as on 31 March 1989 (Rs. in crores)		*Liabilities*	*Amount as on 31 March 1990 (Rs. in crores)*	
718.45		Internal debt including ways and means advances		905.03
	599.37	Market loans	738.35	
	45.25	Loans from Life Insurance Corporation of India	53.79	
	63.55	Loans from other Institutions	71.96	
	10.28	Ways and means advances	40.93	
1737.13		Loans and advances from Central Government		1895.82
	620.69	Pre- 1984-85 loans	580.47	
	400.64	Non-Plan loans	484.43	
	689.54	Loans for State Plan schemes	799.59	
	13.18	Loans for Central Plan schemes	14.99	
	13.08	Loans for Centrally Sponsored Plan schemes	16.34	
11.62		Contingency Fund		11.19
903.51		Small Savings, Provident Funds, etc.		1117.86
200.74		Deposits		186.97
..		Overdraft from Reserve Bank of India		23.16
2.25		Reserve Funds		2.81
	7.27	Gross	7.86	
	5.02	Less: Investments	5.05	
3573.70		Total		4142.84

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Amount as on 31 March 1989 (Rs. in crores)		*Assets*		*Amount as on 31 March 1990 (Rs. in crores)*
2206.88		Gross capital outlay on fixed assets		2439.17
	467.94	Investment in shares of companies, corporations, etc.	523.38	
	1738.94	Other capital outlay	1915.79	
707.83		Loans and advances		829.61
	304.00	Loans for power projects	372.10	
	371.59	Other development loans	422.46	
	32.24	Loans to Government servants and Miscellaneous loans	35.05	
1.88		Other advances		1.96
122.08		Remittance balances		90.31
26.27		Suspense and miscellaneous balances—other items (Net)		15.07
3.68		Cash		11.30
	5.68	Cash in treasuries	8.81	
	—0.40	Remittances in transit	—1.27	
	1.09	Departmental cash balance	1.38	
	0.15	Permanent cash imprest	0.15	
	7.66	Cash balance investment	7.67	
	—10.50	Deposits with Reserve Bank of India	—5.44	
	*	Deposits in other banks	*	
505.08		Deficit on Government Account		755.42
		Previous year deficit	504.51	
		Add: prior period adjustments	0.57	
		Net	505.08	
		Add: Revenue deficit during current year	250.45	
		Less: Miscellaneous adjustments	0.11	
3573.70		Total		4142.84

* Less than Rs. 1 lakh.

II. Abstract of Receipts and Disbursements for 1989-90

SECTION A—REVENUE

Receipts

1. Revenue Receipts

		(Rs. in crores)
(i)	Tax Revenue	1232.50
(ii)	Non-Tax Revenue	174.44
(iii)	State's share of Union taxes	455.90
(iv)	Non-Plan grants	31.92
(v)	Grants for State Plan schemes	74.30
(vi)	Grants for Central Plan and Centrally Sponsored Plan schemes	78.58
2.	Revenue deficit carried to Section B	250.45
	Total	2298.09

Disbursements

1. Revenue Expenditure

(*Rupees in crores*)

	Sector	*Non-Plan*	*Plan*	*Total*
(i)	General Services	808.55	0.19	808.74
(ii)	Social Services	918.25	164.14	1082.39
(iii)	Agriculture and Allied Activities	72.37	71.06	143.43
(iv)	Rural Development	25.09	35.37	60.46
(v)	Special Areas Programmes	..	6.04	6.04
(vi)	Irrigation and Flood Control	35.67	19.38	55.05
(vii)	Energy	..	1.35	1.35
(viii)	Industry and Minerals	21.96	12.33	34.29
(ix)	Transport	54.04	1.39	55.43
(x)	Science, Technology and Environment	0.13	1.98	2.11
(xi)	General Economic Services	14.64	5.11	19.75
(xii)	Grants-in-aid and contributions	29.05	..	29.05
		1979.75	318.34	2298.09

SECTION B-OTHERS

Receipts		*(Rs. in crores)*	*Disbursements*		*(Rs. in crores)*
1. Opening cash balance including permanent advance and cash balance investment .		3.68	1. Opening over draft from Reserve Bank of India		,,
			2. Capital Outlay		232.30
			(i) General Services	5.66	
			(ii) Social Services	25.55	
			(iii) Agriculture and Allied Activities	22.61	
			(iv) Special Areas Programmes	0.05	
			(v) Irrigation and Flood Control	86.43	
			(vi) Energy	,,	
			(vii) Industry and Minerals	33.85	
			(viii) Transport	56.59	
			(ix) General Economic Services	1.56	
2. Recoveries of loans and advances		18.81	3. Loans and advances disbursed		140.59
(i) From Government servants	5.31		(i) For power projects	68.43	
(ii) From others	13.50		(ii) To Government servants	8.14	
			(iii) To others	64.02	
			4. Revenue deficit brought down		250.45

SECTION B- OTHERS—*Concld.*

Receipts			*Disbursements*		
	(Rs. in crores)			*(Rs. in crores)*	
3. Public Debt receipts		1442.25	5. Repayment of Public Debt		1096.98
(i) Internal debt other than ways and means advances	183.29		(i) Internal debt other than ways and means advances	27.36	
(ii) Ways and means advances excluding overdraft	909.65		(ii) Ways and means advances excluding overdraft	879.00	
(iii) Loans and advances from Central Government	349.31		(iii) Repayment of loans and advances to Central Government	190.62	
4. Contingency Fund		3.38	6. Contingency Fund		3.81
5. Public Account receipts		2452.86	7. Public Account disbursements		2208.71
(i) Small Savings Provident Funds, etc.	916.87		(i) Small Savings, Provident Funds, etc.	702.51	
(ii) Reserve Funds	1.14		(ii) Reserve Funds	0.58	
(iii) Deposits and advances	590.30		(iii) Deposits and advances	604.15	
(iv) Suspense and Miscellaneous	211.80		(iv) Suspense and Miscellaneous	200.49	
(v) Remittances	732.75		(v) Remittances	700.98	
6. Closing overdraft from Reserve Bank of India		23.16	8. Cash balance at end		11.30
			(i) Cash in treasuries, deposits with Reserve Bank of India and other banks and Remittances in transit	2.10	
			(ii) Departmental cash balance including permanent advances	1.53	
			(iii) Cash balance investment	7.67	
Total		3944.14			3944.14

III. Sources and application of funds 1989-90

I.	**Sources**		*(Rs. in crores)*
1.	Revenue Receipts		2047.64
2.	Recoveries from loans and advances		18.81
3.	Increase in Public Debt		368.43
4.	Net receipts from Public Account		244.15
	(i) Increase in Small Savings	214.36	
	(ii) Increase in Reserve Funds	0.56	
	(iii) Increase in Deposits and Advances	(—) 13.85	
	(iv) Effect of Suspense Balance	(+) 11.20	
	(v) Effect on Remittance Balance	(+) 31.77	
	(vi) Miscellaneous adjustments	(+) 0.11	
		Total	2679.03
II.	**Applications**		
1.	Revenue Expenditure		2298.09
2.	Capital Expenditure		232.30
3.	Lending for development and other purposes		140.59
4.	Net expenditure from Contingency Fund		0.43
5.	Increase in cash balance including permanent advances, departmental cash balance and cash balance investment		7.62
		Total	2679.03

Explanatory Notes

1. The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. 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 the Government system of accounting, the revenue surplus or deficit is closed annually to Government account with the result that cumulative position of such surplus or deficit is not ascertainable. The balance figure of Rs. 184.56 crores as on 31st March 1982 was, therefore, treated as cumulative surplus for drawing up the first statement of financial position for 1982-83 which took the place of a Balance Sheet.

5. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of States and others pending settlement, etc. The balance under Suspense and Miscellaneous had decreased from Rs. 26.27 crores as on 31st March 1989 to Rs. 15.07 crores as on 31st March 1990.

6. The closing cash balance as per the accounts of the Reserve Bank of India was Rs. 29.43 crores (credit) against the figure of Rs. 5.44 crores (credit) reflected in the State Government accounts. The difference of Rs. 23.99 crores (net credit) is analysed below:—

(i)	Adjustment in respect of shortfall from the agreed minimum cash balance	—Rs 0.60 crore
(ii)	Adjustment in respect of overdraft	—Rs. 23.16 crores
(iii)	Difference	—Rs. 0.23 crore

Out of the items contributing to the difference of Rs. 0.23 crore (net credit), Rs. 0.39 crore (net debit) has since been cleared; the balance of Rs. 0.62 crore (net credit) is under reconciliation (May 1991).

7. The amounts as of 31st March 1989 in respect of 'Gross capital outlay on fixed assets', 'Loans and advances' and 'Deficit on Government Account' shown in this summary differ from those shown in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1989 No. 4 (Civil) due to *pro forma* adjustments carried out by Accountant General (Accounts and Entitlement) on the progressive balances consequent on conversion of loan into share capital (Rs. 8.49 crores), conversion of loan given to Kollam Municipality into grant-in-aid (Rs. 0.01 crore) and *pro forma* dropping of balance (Rs. 0.56 crore) from loan head relating to festival advances to employees of aided educational institutions. For details, please refer to Statements of Finance Accounts 1989-90.

1.2. Overall financial performance during 1989-90

There was an overall deficit of Rs. 27.81 crores during 1988-89. For the current year, an overall deficit of Rs. 53.79 crores was projected at the budget stage which was scaled down to Rs. 17.26 crores at the revised estimates stage against which the year ended with an overall surplus of Rs. 7.32 crores. Eventhough the revenue deficit has increased to Rs. 250.45 crores from the budgeted level of Rs. 188.81 crores owing to fall in revenue receipts (Rs. 29 crores) and increase in revenue expenditure (Rs. 33 crores) as compared to the budgetary anticipations, there was surplus on Capital Account and a net increase in receipts under Public Account. The increase in the revenue deficit was mainly due to shortfall in Central Grants as a result ofreplacement of NREP and RLEGP schemes by 'Jawahar Rozgar Yojana' and additional expenditure on account of pay revision for which only a token provision of Rs. 1 crore was made in the budget.

On the capital side, the net receipts on market loans and loans and advances from Central Government had increased by over Rs. 34 crores from the budgeted level. In Public Account, the increase was under the sector 'Small Savings, Provident Funds, etc.' due to impounding of arrears of pay and allowances payable to Government servants on revision of pay scales and grant of additional instalments of dearness allowance in the Provident Fund.

The net accretion from debt transactions (as adjusted by the effect of deposits, reserve funds, remittances and suspense balances) during 1989-90 aggregated Rs. 612.47 crores. Out of this, Rs. 232.30 crores were utilised for capital expenditure and Rs. 121.78 crores for net disbursement under loans and advances for development and other programmes. The balance (Rs.258.39 crores) together with Rs. 0.11 crore representing the net effect of miscellaneous adjustments on Government account aggregated Rs.258.50 crores. After setting off the revenue deficit of Rs.250.45 crores and expenditure of Rs.0.43 crore met from Contingency Fund pending recoupment at the end of the year, the transactions resulted in an increase of Rs.7.62 crores in cash balance (including permanent advances, departmental cash balances and cash balance investment).

An analysis of the management of the finance of the State Government during 1989-90 with that of the position obtaining in the earlier four years has been made in the succeeding paragraphs.

1.3. Assets and liabilities of the State

The assets comprising capital investments, loans advanced, etc., and the total liabilities of the State Government during the last five years were as under:

Year	*Assets*	*Liabilities*
	(Rupees in crores)	
1985-86	2544.58	2458.29
1986-87	2709.60	2775.54
1987-88	2947.23	3207.54
1988-89	3069.19	3573.70
1989-90	3387.42	4142.84

While the assets have grown by 33 *per cent* during the five years, the liabilities have grown by 69 *per cent*. In 1985-86 the assets were in excess of the liabilities by Rs. 86 crores but on account of continuing revenue deficits during subsequent years the liabilities progressively exceeded the assets and at the end of 1989-90, the liabilities were in excess of the assets by Rs. 755 crores. In all, there was a set back of Rs.841 crores during the period.

1.4. Revenue Receipts

The actual revenue receipts during the five years ending 1989-90 are mentioned below:-

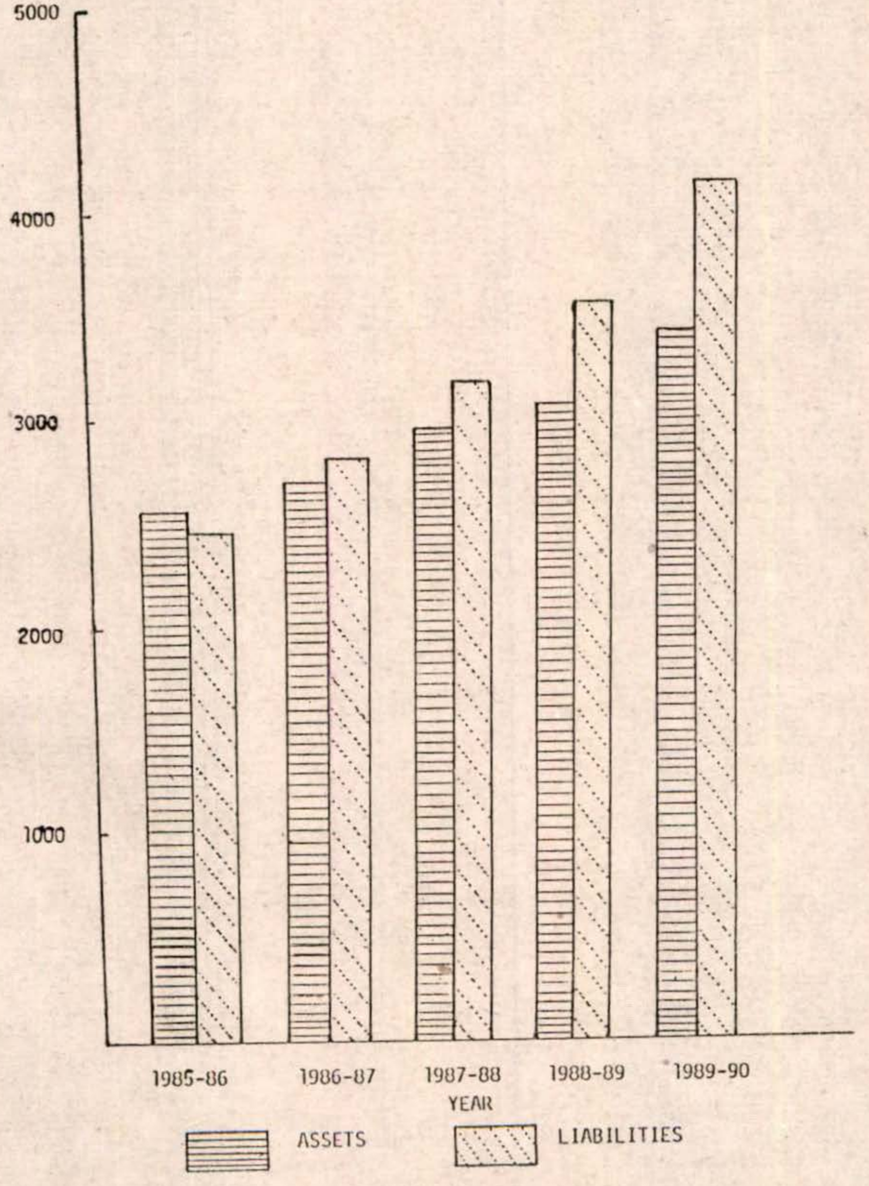
Year	*Budget Estimates*	*Revised Estimates*	*Actuals*		*Percentage of growth*
			Amount	*Growth over the previous year*	
			(Rupees in crores)		
1985-86	1156.30	1405.23	1371.17	..	..
1986-87	1418.88	1469.84	1502.53	131.36	10
1987-88	1602.92	1648.47	1586.09	83.56	6
1988-89	1803.41	1887.49	1897.06	310.97	20
1989-90	2076.72	2179.65	2047.64	150.58	8

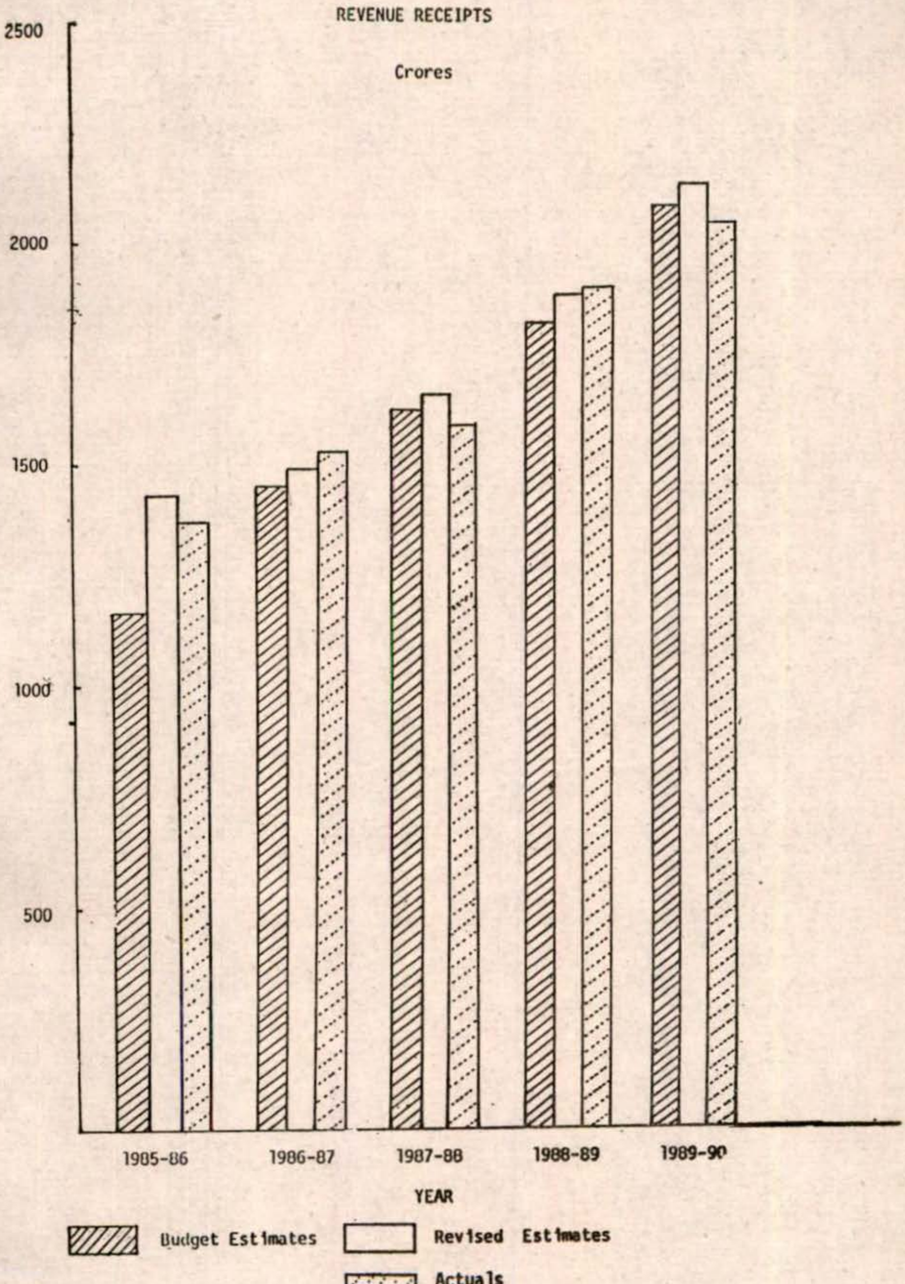
The position of revenue raised by the State and of the State's share of taxes, duties and grants received from the Government of India was as follows:-

	1985-86	1986-87	1987-88	1988-89	1989-90
			(Rupees in crores)		
I. Revenue raised by the State Government					
(a) Tax Revenue	730.50	813.91	925.22	1065.47	1232.50
(b) Non-Tax Revenue	141.73	163.86	188.54	181.36	174.44
Total	872.23	977.77	1113.76	1246.83	1406.94
II. Receipts from Government of India					
(a) State's share of:					
(i) Income tax, etc.	43.40	105.16	81.09	123.88	140.13
(ii) Union Excise Duties	165.09	234.02	208.24	312.92	315.77

ASSETS & LIABILITIES OF THE STATE

Crores




REVENUE RECEIPTS
Crores
2500
2000
1500
1000
500
1985-86
1986-87
1987-88
1988-89
1989-90
YEAR
Budget Estimates
Revised Estimates
Actuals

	1985-86	1986-87	1987-88	1988-89	1989-90
			(Rupees in crores)		
(b) Grants-in-aid	290.45	185.58	183.00	213.43	184.80
Total	498.94	524.76	472.33	650.23	640.70
III. Total receipts of State Government (Revenue Account)	1371.17	1502.53	1586.09	1897.06	2047.64
IV. Percentage of receipts from Government of India to total receipts	36	35	30	34	31

1.5. Tax Revenue

The growth of tax revenue raised by Government in the last five years was as indicated below:—

Year	*Tax Revenue (Rupees in crores)*	*Percentage growth over previous year*
1985-86	730.50	..
1986-87	813.91	11
1987-88	925.22	14
1988-89	1065.47	15
1989-90	1232.50	16

While the revenue receipts of the Government increased by 10, 6, 20 and 8 *per cent* during 1986-87, 1987-88, 1988-89 and 1989-90 respectively, the tax revenue raised by Government grew at 11, 14, 15 and 16 *per cent* over the previous years.

The analysis of tax revenue raised by the State Government through various sources and its percentage (in brackets) to the total tax revenue are furnished below:

		1985-86	1986-87	1987-88	1988-89	1989-90
				(Rupees in crores)		
1.	Sales Tax	458.42 (63)	516.72 (63)	599.65 (65)	690.41 (65)	768.74 (62)
2.	State Excise	104.07 (14)	117.60 (14)	145.69 (16)	167.92 (16)	174.68 (14)
3.	Taxes on Vehicles	47.11 (7)	53.36 (7)	55.19 (6)	62.85 (6)	69.92 (6)
4.	Stamps and Registration	46.27 (6)	54.43 (7)	66.67 (7)	95.41 (9)	113.05 (9)
5.	Land Revenue	5.83 (1)	6.14 (1)	6.96 (1)	11.59 (1)	11.04 (1)
6.	Taxes and duties on electricity	46.27 (6)	46.77 (6)	37.97 (4)	18.36 (2)	72.82 (6)
7.	Taxes on Agricultural Income	20.83 (3)	16.26 (2)	9.61 (1)	13.83 (1)	16.52 (1)
8.	Other taxes	1.70 (..)	2.63 (..)	3.48 (..)	5.10 (..)	5.73 (1)
	Total	730.50 (100)	813.91 (100)	925.22 (100)	1065.47 (100)	1232.50 (100)

1.6. Non-tax Revenue

The growth of non-tax revenue in the last five years is indicated below:

Year	*Non-tax revenue (Rupees in crores)*	*Percentage growth over previous year*
1985-86	141.73	..
1986-87	163.86	16
1987-88	188.54	15
1988-89	181.36	(—) 4
1989-90	174.44	(—) 4

It will be seen that while the growth of non-tax revenue had been more or less static during 1986-87 and 1987-88, it declined during 1988-89 and 1989-90, i. e. by about 4 *per cent* per annum. The decrease was mainly due to less receipt of interest from Public Sector and other undertakings and co-operative societies.

1.7. Revenue Expenditure

The revenue expenditure (Plan) during 1989-90 was Rs. 318.34 crores against the budget estimates (net) of Rs. 419.31 crores (including supplementary) disclosing a shortfall of Rs. 100.97 crores in expenditure. The Non-Plan revenue expenditure during the year was Rs. 1979.75 crores against the budget estimates (net) of Rs. 1990.32 crores (including supplementary) disclosing a shortfall of Rs. 10.57 crores in expenditure. The main reasons for shortfall in expenditure are given in Chapter II of this Report.

1.8. Growth of Revenue Expenditure

The growth of revenue expenditure (both Plan and Non-Plan) and revenue deficit in the last five years were as follows:-

Year	*Revenue Expenditure*			*Revenue deficit*
	Plan	*Non-Plan*	*Total*	
	(Rupees in crores)			
1985-86	200.44	1244.90	1445.34	74.17
1986-87	220.35	1434.41	1654.76	152.23
1987-88	259.09	1521.58	1780.67	194.58
1988-89	320.80	1740.20	2061.00	163.94
1989-90	318.34	1979.75	2298.09	250.45

The total revenue expenditure (both Plan and Non-Plan) went up from Rs. 1445 crores in 1985-86 to Rs. 2298 crores in 1989-90 showing an increase of 59 *per cent*.

1.9. Non-Plan Revenue Expenditure

The following table shows the details of Non-Plan revenue expenditure, other than interest payments, where there has been significant increase over five years:

	1985-86	1989-90	*Percentage increase*
	(Rupees in crores)		
Pension and other retirement benefits	103.02	209.58	103
Housing	1.45	3.56	146
Fisheries	1.76	4.48	155

The increase in pension and other retirement benefits was due to revision of pay and pension twice within a span of five years.

1.10. Interest payments

The quantum of interest payments in the last five years had been rising as indicated below:

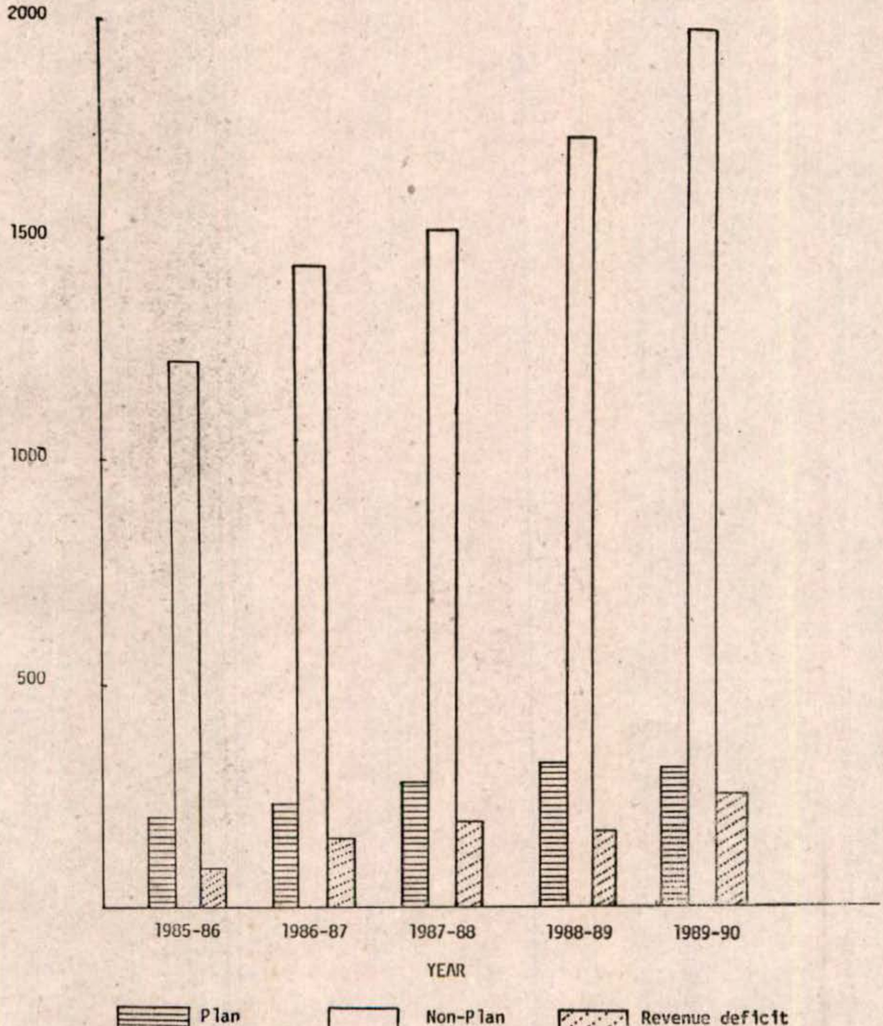
Year	*Interest payments*	*Opening balance of*					*Total*	*Percentage of interest to total*
		Internal debt	*Small savings, Provident Funds, etc.*	*Loans and advances from Central Government*	*Reserve Funds*	*Other obligations*		
		(Rupees in crores)						
1985-86	127.15	519.67	455.28	954.96	0.26	0.02	1930.19	7
1986-87	177.28	373.76	563.60	1382.13	0.29	0.02	2319.80	8
1987-88	213.17	466.28	634.80	1495.57	0.33	0.02	2597.00	8
1988-89	244.44	604.55	743.93	1615.93	0.38	0.02	2964.81	8
1989-90	293.00	718.45	903.51	1737.13	0.43	0.02	3359.54	9

1.11. Revenue deficit

An important premise of planned development is that there should be positive and rising savings on Government account. Its importance was once again emphasized by the observation

GROWTH OF REVENUE EXPENDITURE

Crores



(December 1989) of the Ninth Finance Commission that the revenue deficit on a large scale year after year, implies an infraction of one of the fundamental principles of sound public finance in any economy, particularly in a developing economy. This principle has been gradually eroded by the State Government which allowed the revenue expenditure to grow faster than the revenue receipt. This resulted in the State Government running into a revenue deficit every year since 1985-86.

By the end of the Seventh Plan period (1989-90), the revenue receipts had grown by 49 *per cent* over the first year of this Plan period as against the growth of 59 *per cent* in the revenue expenditure during the same period. This has resulted in the revenue deficit growing by 238 *per cent* at the end of 1989-90 over the level obtaining in 1985-86. The position is summarised in the following table:—

Year	*Revenue*			*Percentage of increase over the previous year*		*Percentage of actual deficit to revenue receipts*
	Receipts	*Expenditure*	*Deficit*	*Revenue receipts*	*Revenue expenditure*	
	(Rupees in crores)					
1985-86	1371.17	1445.34	74.17	..	..	5
1986-87	1502.53	1654.76	152.23	10	14	10
1987-88	1586.09	1780.67	194.58	6	8	12
1988-89	1897.06	2061.00	163.94	20	16	9
1989-90	2047.64	2298.09	250.45	8	12	12

The increase of the revenue deficit in 1989-90 was mainly due to the growth in Non-Plan revenue expenditure under the services 'Interest Payments, Pensions and Miscellaneous, Police, General Education, Relief on account of natural calamities and Medical and Public Health' over those of the previous year.

The revenue deficit as envisaged in the Budget Estimates and the Revised Estimates *vis-a-vis* the actuals are furnished below:—

Year	*Revenue Deficit*		
	Budget Estimates	*Revised Estimates*	*Actuals*
		(Rupees in crores)	
1985-86	79.12	36.67	74.17
1986-87	102.11	142.49	152.23
1987-88	130.47	153.15	194.58
1988-89	139.14	140.66	163.94
1989-90	188.81	395.19	250.45

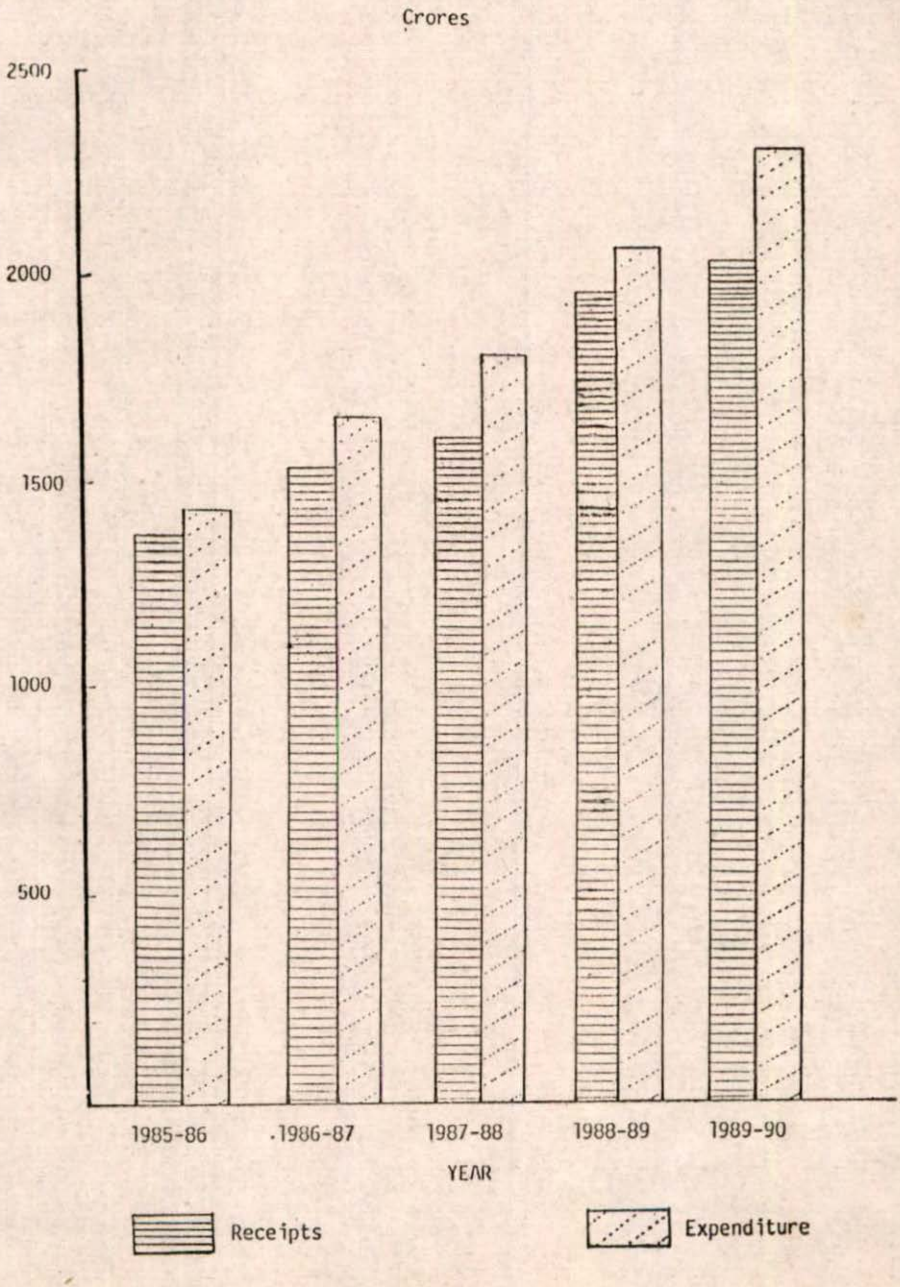
1.12. Arrears of revenue

The position of arrears of revenue based on information furnished by certain departmental officers as against the total revenue raised by the State Government during the period 1985-86 to 1989-90 is indicated below:—

Year	*Revenue raised*	*Arrears of revenue as at the end of the year*	*Percentage of arrears to revenue raised*	*Percentage of revenue deficit to arrears of revenue*
	(Rupees in crores)			
1985-86	872.23	379.90	44	20
1986-87	977.77	481.90	49	32
1987-88	1113.76	485.69	44	40
1988-89	1246.83	574.04	46	29
1989-90	1406.94	487.03	35	51

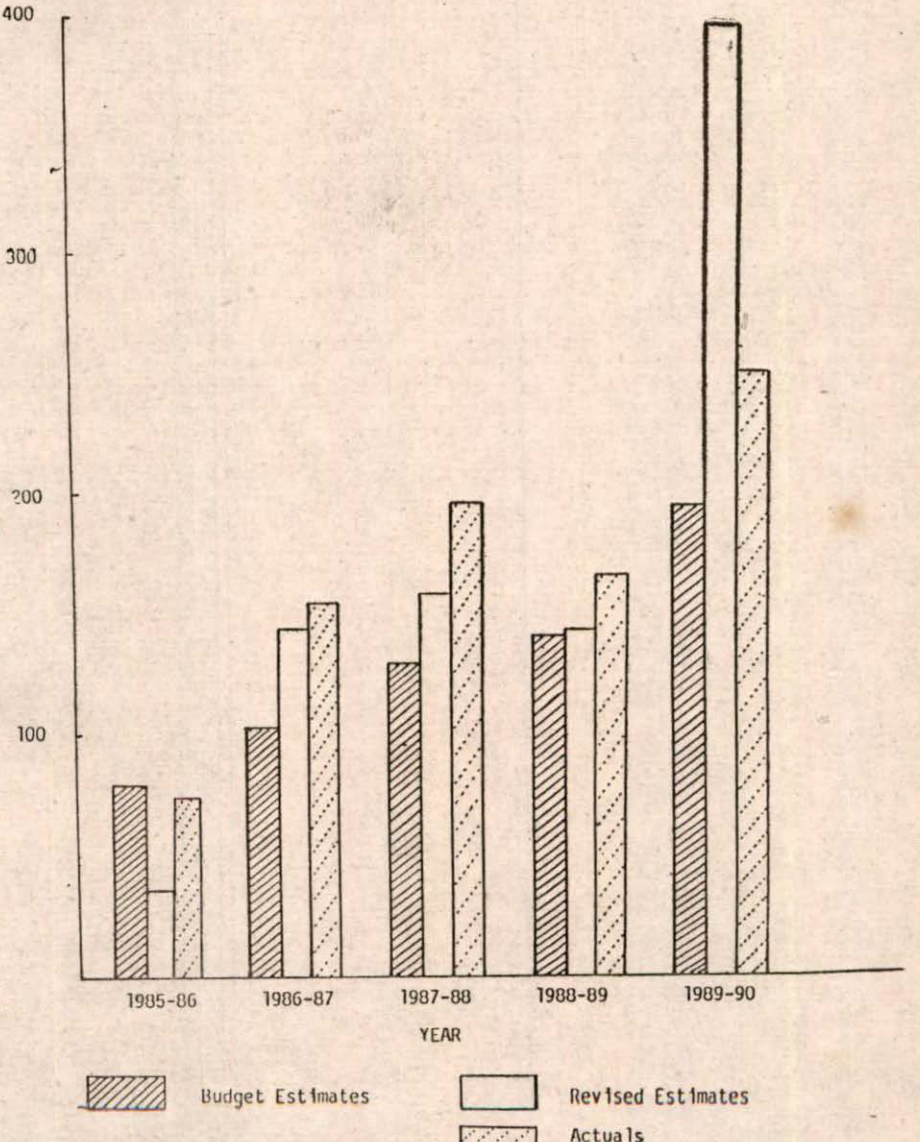
The major portion of the arrears at the end of each year related to electricity duty payable by the Kerala State Electricity Board. As the revenue deficit each year formed 20 to 51 *per cent* of the arrears of revenue pending collection, by adopting more effective methods for realisation of arrears, the revenue deficit could have been brought down.

REVENUE RECEIPTS - EXPENDITURE



REVENUE DEFICIT

Crores



1.13. Financial assistance to local bodies and others

The quantum of assistance by way of loans and grants provided to different bodies in the last five years is furnished below:—

	Name of body	1985-86	1986-87	1987-88	1988-89	1989-90
				(Rupees in crores)		
1.	Muncipalities, Corporations, Panchayats, Development Authorities, etc.	10.45	11.89	14.70	11.46	18.25
2.	Educational Institutions (Aided schools, Private Colleges, Universities, etc.)	233.28	274.21	291.45	318.45	356.40
3.	Co-operative societies and institutions	17.55	15.20	24.34	7.81	11.82
4.	District Rural Development Agencies	61.16	54.75	56.38	66.19	29.34
5.	Command Area Development Authority	1.45	4.00	5.02	8.02	11.03
6.	Kerala Water Authority	34.57	52.00	51.00	83.45	71.50
7.	Other Institutions	48.10	83.39	80.62	59.41	117.66
	Total	406.56	495.44	523.51	554.79	616.00
8.	Revenue Receipts (Tax and Non-Tax) (Rupees in crores)	872.23	977.77	1113.76	1246.83	1406.94
9.	Percentage of assistance to Revenue Receipts	47	51	47	44	44
10.	Non-plan revenue expenditure (Rs. in crores)	1244.90	1434.41	1521.58	1740.20	1979.75
11.	Percentage of assistance to non-plan revenue expenditure	33	35	34	32	31

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Thus the total assistance at the end of 1989-90 has grown by 52 *per cent* over the level of 1985-86. The major chunk of the assistance related to educational institutions which ranged between 25 and 28 *per cent* of the revenue raised during the period.

1.14. Capital Expenditure

The capital expenditure during 1989-90 was Rs. 232.30 crores against the budget estimates (net) of Rs. 283.26 crores (including supplementary) disclosing a shortfall in expenditure of Rs. 50.96 crores.

The main reasons for shortfall in expenditure are given in Chapter II of this Report.

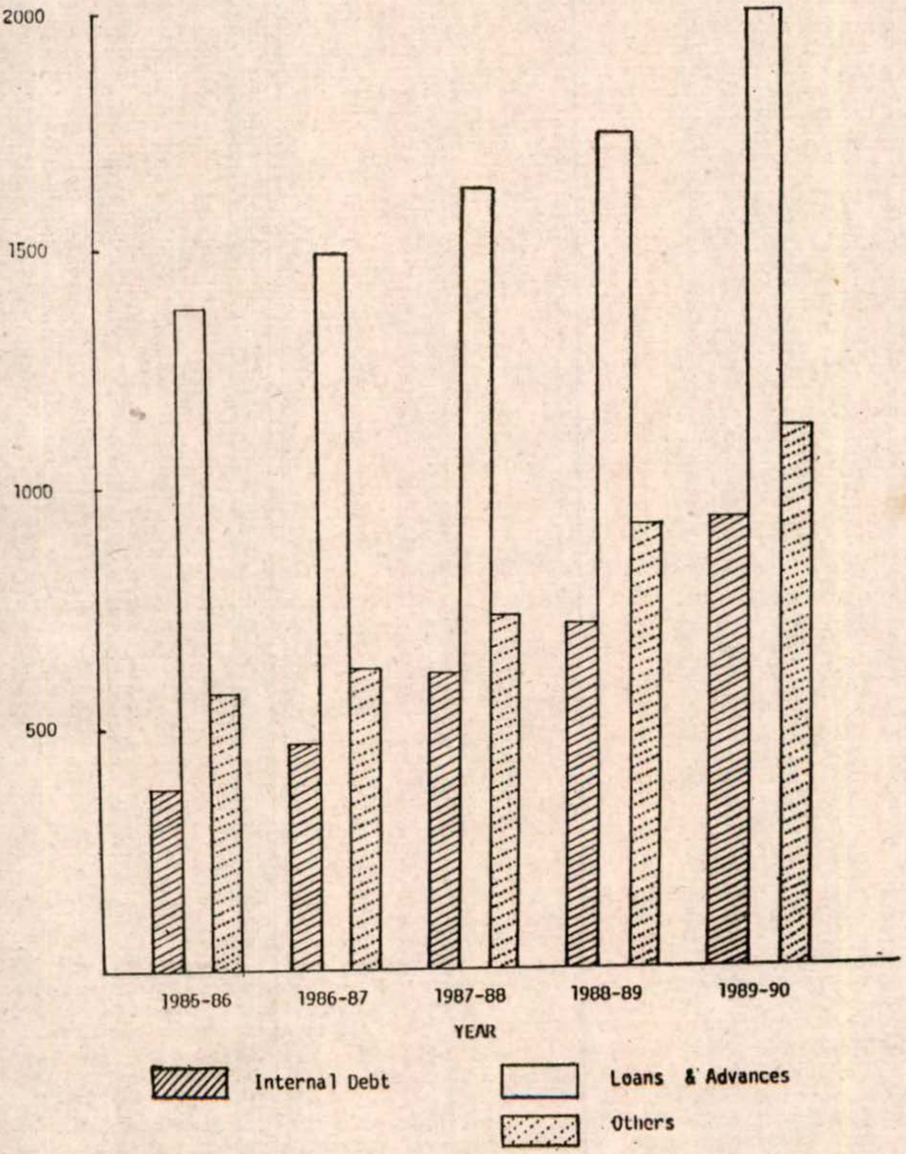
1.15. Public Debt

Under Article 293(1) of the Constitution of India, a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Act of the Legislature of the State. No law has been passed by the Kerala Legislature laying down such a limit.

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprises long term loans raised in the open market and loans received from the Life Insurance Corporation of India, National Bank for Agriculture and Rural Development and other institutions to finance projects, schemes, etc. This also includes ways and means advances from the Reserve Bank of India and other bonds issued by the State Government. Loans and advances from the Central Government represent loans received from the Government of India for execution of various Plan and Non-Plan schemes. Besides, the Government had other liabilities on account of funds raised through small savings, provident funds, etc.

PUBLIC DEBT

Crores



The details of the total liabilities of the State Government during the five years ending March 1990 are given below:—

Year ending	*Internal Debt*	*Loans and Advances from Central Government*	*Total Public Debt*	*Other liabilities*	*Total liabilities*
		(*Rupees in crores*)			
1985-86	373.76	1382.13	1755.89	563.60	2319.49
1986-87	466.28	1495.57	1961.85	634.80	2596.65
1987-88	604.55	1615.93	2220.48	743.93	2964.41
1988-89	718.45	1737.13	2455.58	903.51	3359.09
1989-90	928.19	1895.82	2824.01	1117.87	3941.88

It will be seen from the table above that the total liabilities of the Government has increased from Rs. 2319.49 crores in 1985-86 to Rs. 3941.88 crores in 1989-90 registering an increase of 70 *per cent* over a period of five years.

1.16. Debt Service

The State Government had not made any amortisation arrangements for open market loans floated by Government from 1975 onwards and also for repayment of loans taken from Government of India.

The outflow of funds on account of interest payments (gross) has been gradually rising with the interest payments in the last year (1989-90) being 130 *per cent* more than the level of outflow in the first year (1985-86). The position is summarised in the following table:—

Year	*Revenue Expenditure*	*Interest payments*	*Interest payment as a percentage of revenue expenditure*
	(*Rupees in crores*)		
1985-86	1445.34	127.15	9
1986-87	1654.76	177.28	11
1987-88	1780.67	213.17	12
1988-89	2061.00	244.44	12
1989-90	2298.09	293.00	13

102|9538|91|MC

Thus outflow of funds for payment of interest was between 9 to 13 *per cent* of the revenue expenditure during the period.

The repayment of Government of India loans and payment of interest thereon by the State Government during the last five years was as follows:—

Year	*Repayments*			*Loans received during the year*	*Percentage of repayment to loans received*
	Principal	*Interest*	*Total*		
	(*Rupees in crores*)				
1985-86	240.46	48.61	289.07	667.63	43
1986-87	171.34	104.28	275.62	284.78	97
1987-88	181.51	108.79	290.30	301.87	96
1988-89	167.98	126.53	294.51	289.18	102
1989-90	190.62	141.77	332.39	349.31	95

The net Central assistance to the State by way of loans during the years 1986-87, 1987-88 and 1989-90 after repayment of earlier loans and interest was negligible—i.e., 3 to 5 *per cent* of the receipt from the Government of India during the year. During 1988-89, the State Government had to repay more than that received from the Central Government.

1.17. Investments and returns

In 1989-90, Government invested Rs. 55.60 crores in the share capital of Statutory Corporations(Rs. 7.20 crores), Government companies (Rs. 33.46 crores) and co-operative banks and societies (Rs. 14.94 crores).

The investment of the Government in the share capital of different concerns at the end of 1987-88, 1988-89 and 1989-90 were Rs. 414.27 crores, Rs. 467.94 crores and Rs. 523.38 crores respectively. The dividend and interest received therefrom were Rs. 0.76 crore, Rs. 0.79 crore and Rs. 1.78 crores respectively which worked out to 0.18 *per cent* , 0.17 *per cent* and 0.34 *per cent* of the investment in respective years against the average rate of interest of 11.33 *per cent* on market borrowings during this period. The accumulated loss of 52 companies and two statutory corporations in which Government investment as on 31 March 1990 was Rs. 347.32 crores, as disclosed in the accounts rendered by them for various years from 1982-83 to 1988-89 was Rs. 493.56 crores. Seven institutions with Government investment of Rs. 0.56 crore were under liquidation.

The share of dividends and interest received from Statutory Corporations, Government companies, Joint Stock companies and Co-operative institutions is indicated below:—

	1985-86	1986-87	1987-88	1988-89	1989-90
			(*Rupees in crores*)		
Statutory Corporations	0.05	..	..	..	..
Government Companies	0.38	0.28	0.44	0.50	1.35
Other joint stock companies	0.10	0.16	0.16	0.19	0.23
Co-operative banks and societies	0.11	0.42	0.16	0.10	0.20

1.18. Loans and advances by State Government

The State Government have been advancing loans to Government companies, Corporations, autonomous bodies, Co-operatives, non-Government institutions,. etc., for developmental and non-developmental activities. The position of such loans for the five years 1985-86 to 1989-90 is given below:

	1985-86	1986-87	1987-88	1988-89	1989-90
			(*Rupees in crores*)		
Opening balance	462.90	505.04	580.23	648.99	707.83
Amount advanced during the year	60.64	109.23	103.78	90.36	140.59
Amount repaid by the beneficiaries during the year	18.31	31.73	17.68	22.46	18.81
Closing balance	505.23	582.54	666.33	716.89	829.61
Net addition	42.33	77.50	86.10	67.90	121.78
Interest received and credited to revenue	14.85	24.90	29.30	16.24	7.08

The net loans and advances disbursed during the five years ranged between 15 and 38 *per cent* of the net receipts of the Public Debt of the State.

Recoveries in arrears

In respect of loans and advances, the detailed accounts of which are maintained by Accountant General (Accounts and Entitlement) an amount of Rs. 238.20 crores was in arrears as on 31 March 1990 as shown below:—

		Principal	*Interest*
		(Rupees in crores)	
1.	Kerala State Electricity Board (KSEB)	11.46	141.13
2.	Kerala State Road Transport Corporation	15.68	20.73
3.	Kerala Water Authority	15.82	24.80
4.	Other institutions	3.51	5.07

During 1988-89 and 1989-90, the State Government granted six loans totalling Rs. 80.10 crores to the KSEB. Out of this, Rs. 79.95 crores represent loans granted towards conversion of electricity duty due to Government. As the terms and conditions of the loans aggregating Rs. 68.58 crores have not been fixed by Government (March 1991), the arrears of principal and interest could not be worked out.

According to the orders issued by Government in March 1961, each head of the department has to intimate the Accountant General (Accounts and Entitlement) every year by 15th July, the arrears (as on 31st March preceding) in recovery of principal and interest on the loan, the detailed accounts of which are maintained by the departmental officers. Out of 39 departmental Officers from whom statements were to be received for the year 1989-90, 37 departmental officers had not yet furnished the statements (March 1991). The position of arrears in recovery of principal and interest based on information furnished by two departmental officers was as follows:—

Name of department	*Arrears as on* 31 *March* 1990	
	Principal	*Interest*
	(*Rupees in lakhs*)	
Dairy Development Department	89.18	129.33
Food Department	839.59	1034.30

1.19. Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government has to maintain with the Bank a minimum daily cash balance of Rs. 60 lakhs. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ways and means advances/overdraft from the Bank.

The extent to which the Government maintained the minimum balance with the Bank during the period 1985-86 to 1989-90 is given below:—

	1985-86	1986-87	1987-88	1988-89	1989-90
(i) Number of days on which minimum balance was maintained					
(a) without obtaining any advance	182	279	41	52	58
(b) by obtaining ways and means advances	3	76	222	233	197
(ii) Number of days on which there was shortfall from the agreed minimum balance	Nil	1	3	4	4
(iii) Number of days on which overdraft was taken	180	9	100	76	106

The position of ways and means advances, shortfall and overdraft taken by the State Government and interest paid thereon during 1985-86 to 1989-90 is detailed below :—

	1985-86	1986-87	1987-88	1988-89	1989-90
	(Rupees in crores)				
Ways and Means Advances					
(i) Advances taken during the year	2.59	142.99	493.02	661.77	599.13
(ii) Advances outstanding at the end of the year	..	3.44	37.06	10.28	40.33
(iii) Interest paid	2.71	0.36	2.13	2.11	2.10
Shortfall					
(i) Amount obtained during the year	0.60	1.63	7.80	7.80	12.15
(ii) Amount outstanding at the end of the year	..	..	..	..	0.60
(iii) Interest paid	0.04	*	0.01	0.01	0.02
Overdraft.					
(i) Overdraft taken during the year	459.47	27.61	311.01	265.28	321.54
(ii) Overdraft outstanding at the end of the year	..	..	..	..	23.16
(iii) Interest paid	14.88	0.02	0.42	0.39	0.36

1.20. Guarantees given by the Government

The position of contingent liability for guarantees given by the State Government for repayment of loans and payment of interest thereon raised by Statutory Corporations, Government companies, local bodies, etc., was as follows:—

As on 31 March	*Maximum amount guaranteed (Principal only)*	*Amount outstanding*	
		Principal	*Interest*
	(Rupees in crores)		
1986	1158.28	626.55	29.24
1987	1273.06	740.52	24.90
1988	1508.77	876.51	37.16
1989	1438.27	914.98	73.03
1990	2211.56	1040.26	61.64

*less than a lakh.

There had been an increase of 68 *per cent* in the amount of guarantees outstanding (including interest) during the last five years.

During 1989-90, Government paid Rs. 15.98 lakhs to Kerala Financial Corporation as subvention towards guaranteed minimum dividend.

Eight other cases where Government had to clear the liabilities amounting to Rs. 498.78 lakhs arising from invocation of guarantee during 1985-90 are listed below:—

	Name of institution	*Amount paid by Government (Rupees in lakhs)*
1.	Trivandrum (North) Regional Fish Marketing Co-operative Society Limited, Anjengo	62.84
2.	Kozhikode Regional Fish Marketing Co-operative Society Limited, Pudiappa	33.26
3.	Regional Fish Marketing Co-operative Society, Parappanangadi	127.06
4.	Kerala Fisheries Corporation Limited	66.39
5.	Joint Farming Co-operative Society for cultivation in Q, S and T blocks in Kuttanad	32.06
6.	Foam (Mattings) India Limited	20.00
7.	Kairali Beedi Workers Central Co-operative Society Limited, Shoranur	18.79
8.	Trivandrum Rubber Works Limited	138.38

No law under Article 293 of the Constitution has been enacted by the State Legislature laying down the limits within which Government may give guarantee on the security of the Consolidated Fund of the State.

An amount of Rs. 1.67 crores was received as guarantee fee during 1989-90. Guarantee fee amounting to Rs. 10.61 crores was in arrears as on 31st March 1990 in respect of guarantees given in favour of 31 institutions.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary of expenditure

2.1.1. The summarised position of actual expenditure during 1989-90 against provision is as follows:—

	Original grant/ appro- priation	*Supple- mentary grant/ appropri- ation*	*Total*	*Actual expen- diture*	*Variation Savings(—) Excess(+)*
			(*Rs. in crores*)		
1. Revenue					
Voted	2012.81	131.11	2143.92	2031.59	(—) 112.33
Charged	*295.25*	*12.99*	*308.24*	*301.40*	(—) *6.84*
2. Capital					
Voted	212.90	66.77	279.67	233.00	(—) 46.67
Charged	*6.15*	*2.89*	*9.04*	*6.95*	(—) *2.09*
3. Public Debt					
Charged	*458.64*	*678.09*	*1136.73*	*1096.98*	(—) *39.75*
4. Loans and Advances					
Voted	127.18	24.24	151.42	140.60	(—) 10.82
Total	3112.93	916.09	4029.02	3810.52	(—) 218.50

Two pie-charts showing separately the provision and expenditure under revenue, capital, public debt and loans and advances are given in Figure-1.

2.1.2. In addition to the above, Rs. 15 crores were authorised for transfer from Consolidated Fund to Contingency Fund by an Ordinance issued on 2nd November 1989 under Article 213 of the Constitution and adjusted in accounts. This Ordinance was not replaced by an Act of the Legislature and lapsed with effect from 2nd March 1990. Consequently, the adjustment was reversed in the accounts for 1989-90.

PROVISION AND EXPENDITURE DURING 1989-90

(Reference: Paragraph 2.1.1)

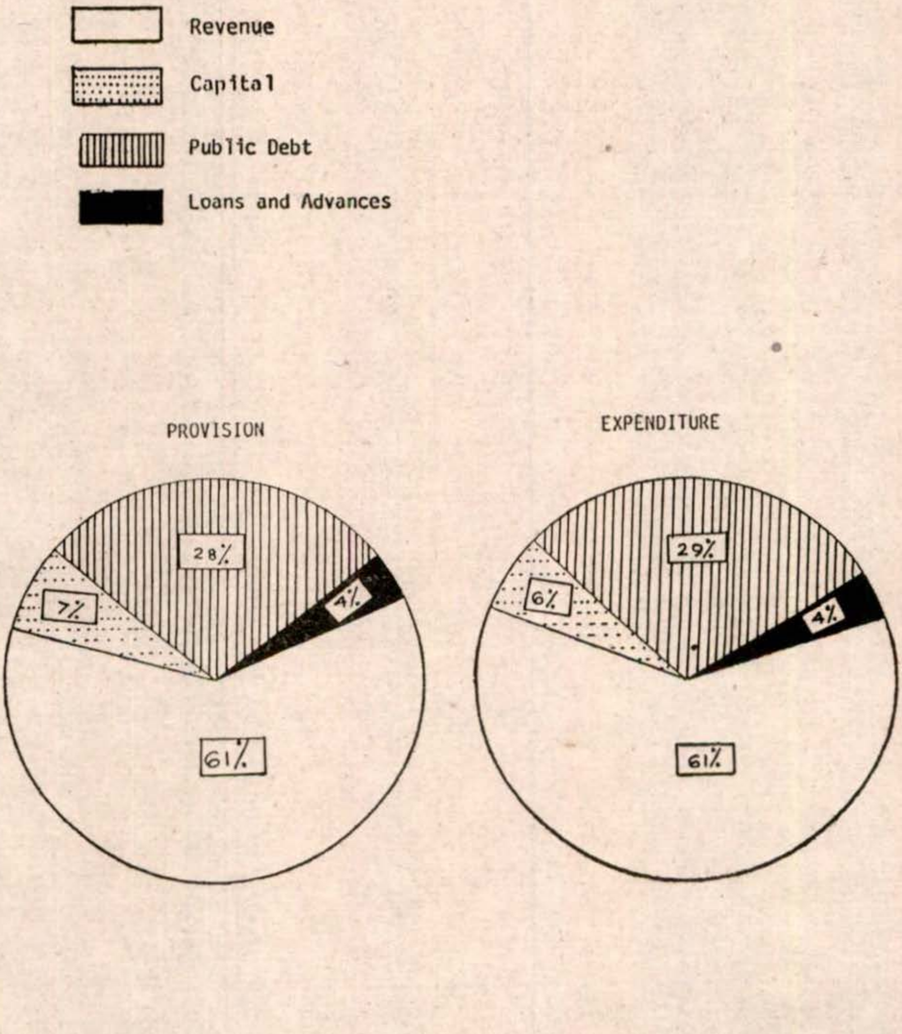


figure 1

2.2. Results of Appropriation Audit

The broad results emerging from Appropriation Audit are set out in the following paragraphs:—

2.2.1. Supplementary provision

Supplementary provision obtained during the year worked out to 29 *per cent* of the original budget provision as against 38 *per cent* in the preceding year.

2.2.2. Savings from/excess over provision

The net saving of Rs. 218.50 crores was due to an overall saving of Rs. 262.86 crores in 90 voted grants/charged appropriations offset by excess of Rs. 44.36 crores in 14 voted grants/charged appropriations. Excesses of Rs. 44,35,30,182 under 13 voted grants and Rs. 14,204 under 1 charged appropriation as detailed in Appendix 1 required regularisation under Article 205 of the Constitution.

2.2.3. Unnecessary/excessive/inadequate supplementary provision

In 10 cases final saving was more than the supplementary provision obtained on 26th March 1990. In these cases, the supplementary provision aggregating Rs. 20.40 crores obtained on 26th March 1990 were wholly unnecessary or could have been limited to token amounts to satisfy new service cases.

In one of the above cases, the supplementary grant of Rs. 1016.32 lakhs obtained under the Grant No.XXXVII-4860-Capital outlay on Consumer Industries-Investments in Public Sector and other undertakings-Kerala State Cashew Development Corporation-Investments on 26th March 1990 for adjustment of loan and interest paid to Kerala State Cashew Development Corporation as share capital remained wholly unnecessary as the provision had already been obtained in the supplementary grants (March 1986) and adjustment effected in 1985-86 accounts. This indicated lack of proper scrutiny of proposals for supplementary grants at various levels of administration before they are included in the Supplementary Demands for Grants to be presented to Legislature.

In 21 other cases, out of the supplementary provision aggregating Rs. 125.61 crores obtained on 26th March 1990, the actual utilisation was only Rs. 45.15 crores (36 *per cent*), resulting in saving of more than Rs. 25 lakhs in each case. In 6 cases, though supplementary provision totalling Rs. 7.02 crores was obtained on 26th March 1990, the provision proved insufficient by more than Rs. 25 lakhs in each case, leaving an aggregate uncovered excess expenditure of Rs. 43.73 crores.

2.2.4. Major savings

In the following grants, the expenditure in each case fell short by more than Rs. 1 crore and also by more than 10 *per cent* of the total provision.

Sl. No.	*Number and name of grant*	*Amount of saving (Rs. in crores) and its percentage to provision (in brackets)*	*Main reasons for saving*
	REVENUE (VOTED) SECTION		
1.	XV—Public Works	13.35 (13)	
2.	XIX—Family Welfare	16.83 (32)	Due to limiting of expenditure to the extent of Central assistance received.
3.	XXVII—Co-operation	8.94 (34)	Non-release of assistance to Kerala Kera-Karshaka Sahakarana Federation Limited (Rs. 6.99 crores) for Integrated Project for Coconut Development, Processing and Marketing as it was not eligible for the assistance and release of Rs 1.98 crores by way of loans to Kerala State Co-operative Bank for conversion of short term loans into medium term loans in connection with flood relief.

Sl. No.	*Number and name of grant*	*Amount of saving (Rs in crores) and its percentage to provision (in brackets)*	*Main reasons for saving*
4.	XXXIV—Forest	11.81 (32)	Due to economic constraints on payments, wrong inclusion of funds for land acquisition/construction under 'Revenue', non-commencement of civil works by some divisions, non-availability of building materials, etc. (Rs. 3.04 crores) and non-finalisation of rules for Kerala Forest Development Fund (Rs.1.50 crores).
5.	XXXVI—Community Development	40.70 (47)	Due to the changed pattern of assistance under 'Jawahar Rozgar Yojana' introduced from 1st April 1989 replacing the 100 *per cent* Centrally Sponsored Schemes of NREP and RLEGP. Please see paragraph 2.4 also.
6.	XLII—Tourism	1.95 (29)	
7.	XLIII—Compensation and Assignments	11.96 (29)	Due to less requirement of funds for payment of compensation to local bodies.
	CAPITAL (VOTED) SECTION		
8.	XIX—Family Welfare	3.55 (32)	Due to wrong inclusion of provision for revenue expenditure in the capital section owing to an error in the Plan allocation fixed by the State Planning Board.
9.	XX—Water Supply and Sanitation	13.08 (43)	Due to release of less loans to Kerala Water Authority.
10.	XXI—Housing	1.37 (18)	Due to delay in finalising the design of staff quarters at the premises of Travancore House, New Delhi, non-arrangement of works, less requirement of funds for works completed.
11.	XXIX—Agriculture	1.92 (14)	Due to less demand for community irrigation tube wells and slow progress of works.
12.	XXX—Food	2.50 (32)	Partly due to reduction in the assistance received from National Co-operative Development Corporation.

Sl. No.	*Number and name of grant*	*Amount of saving (Rs. in crores) and its percentage to provision (in brackets)*	*Main reasons for saving*
13.	XXXIV—Forest	1.08 (24)	Due to non-achievement of targets on fuel plantation schemes, economy orders issued by Government, etc.
14.	XXXVII—Industries	12.62 (19)	Due to non-utilisation of Rs. 10.16 crores provided in the Supplementary Demands for Grants in March 1990 for adjustment in accounts of the loan and interest accrued thereon to KSCDC as share capital. Please see paragraph 2.2.3 also.
15.	XLI—Transport	12.09 (43)	Due to non-implementation of the Central Sector scheme 'National Waterway improvements to Westcoast Canal from Quilon to Cochin'.
	CAPITAL (CHARGED) SECTION		
16.	XXXVIII—*Irrigation*	*1.78* (*22*)	*Delay in settling certain arbitration awards in the High Court and delays in arriving at final decision by Government/High level Committee.*

2.2.5. Significant cases of savings in Plan expenditure

In the following cases substantial savings of not less than Rs. 1 crore each had occurred owing to non-implementation or slow implementation of Plan schemes:

Sl.No.	*Number and name of grant*	*Name of scheme*	*Amount of saving (Rs. in crores) and its percentage to provision (in brackets)*
	REVENUE (VOTED) SECTION		
1.	XVII—Education, Sports, Art and Culture	(i) National Policy on Education (100 *per cent* Centrally Sponsored Scheme)	3.01 (60)
		(ii) Operation Black Board (100 *per cent* Centrally Sponsored Scheme)	1.59 (40)
2.	XVIII—Medical and Public Health	Prevention and control of diseases—Leprosy Control (100 *per cent* Central assistance)	1.07 (51)
3.	XIX—Family Welfare	(i) Compensation—Medicines	2.37 (75)
		(ii) City and District Family Welfare Bureau	2.16 (70)
		(iii) Other Services and Supplies—Medicines	4.23 (99)
		(iv) Regional Family Welfare Training Centres	1.97 (93)
		(v) Maintenance and Supply of Vehicles to Primary Health Centres	1.70 (85)
		(vi) Training of Health Visitors, A.N.Ms and DAIS	1.58 (84)

Sl. No.	Number and name of grant	Name of scheme	Amount of saving (Rs. in crores) and its percentage to provision (in brackets)
4.	XXIV—Labour and Labour Welfare	World Bank Project for modernising, diversifying and restructuring vocational programmes (50 *per cent* Centrally sponsored scheme)	1.32 (71)
5.	XXV—Social Welfare including Harijan Welfare	Economic development schemes for scheduled castes utilising Special Central Assistance	1.23 (27)
6.	XXVII—Co-operation	Integrated Project for Coconut Development Processing and Marketing (100 *per cent* NCDC)	6.99 (100)
7.	XXXIV— Forest	Eco Development (World Bank assisted Social Forestry)	3.04 (31)
		Special component plan for scheduled castes	1.28 (80)
8.	XXXVI—Community Development	National Rural Employment Programme (50 *per cent* Central assistance)	30.88 (100)
		Rural Landless Employment Guarantee Programme (100 *per cent* Central assistance)	12.37 (49)
	CAPITAL (VOTED) SECTION		
9.	XX—Water Supply and Sanitation	Loans to Kerala Water Authority	13.08 (44)
10.	XXIX—Agriculture	Community Irrigation Tube Wells	2.25 (98)
11.	XXXVII—Industries	Kerala State Cashew Development Corporation—Investments	10.16 (100)
		Special Refractories Project	1.95 (98)

Sl. No.	Number and name of grant	Name of scheme	Amount of saving (Rs. in crores) and its percentage to provision (in brackets)
12.	XXXVIII—Irrigation	(i) Anti-Sea Erosion Project works	5.32 (70)
		(ii) Direction and administration	1.06 (70)
13.	XLI—Transport	National Waterway improvements to West coast canal from Quilon to Cochin (100 *per cent* Centrally Sponsored scheme)	12.00 (100)
	CAPITAL (CHARGED) SECTION		
14.	XXXVIII—*Irrigation*	*Kallada Irrigation Project Major Works*	*2.73* (*69*)

2.2.6. Significant savings in Non-Plan expenditure

Substantial savings exceeding 10 *per cent* of the provision and Rs. 1 crore each occurred in the following Non-Plan items:—

Sl.No.	Number and name of grant	Nature of activity	Amount of saving (Rs. in crores) and its percentage to provision (in brackets)
	REVENUE (VOTED) SECTION		
1.	XII—Police	Special Police—Armed Police	1.88 (16)
2.	XV—Public Works	Roads and Bridges—Suspense	7.48 (87)
3.	XVI—Pensions and Miscellaneous	Commuted value of Pensions	29.95 (39)
		Gratuities	8.42 (26)

Sl. No.	*Number and name of grant*	*Nature of activity*	*Amount of saving (Rs. in crores) and its percentage to provision (in brackets)*
4.	XVIII—Medical and Public Health	Primary Health Units and Health Centres	1.83 (21)
5.	XXXIV—Forest	Timber and other produce removed by Government Agency	2.13 (44)
		Transfer of net proceeds to Kerala Forest Development Fund	1.50 (100)
6.	XLIII—Compensation and Assignments	Compensation to Local Bodies	11.82 (51)

2.2.7. Persistent savings

Savings exceeding Rs. 25 lakhs each were noticed persistently in all the three years from 1987-88 in the following voted grants/charged appropriations:—

Sl.No.	*Number and name of grant/ appropriation*	*Amount of savings (Rs. in lakhs)/ percentage of savings to total provision (in brackets)*		
		1987-88	1988-89	1989-90
	REVENUE SECTION			
1.	II—Heads of States, Ministers and Headquarters Staff	145.92 (10)	139.03 (9)	108.45 (6)
2.	V—Agricultural Income Tax and Sales Tax	100.30 (10)	109.19 (9)	90.90 (7)
3.	VI—Land Revenue	57.67 (2)	141.84 (5)	282.96 (8)
4.	VIII—Excise	51.08 (7)	131.39 (15)	63.67 (7)
5.	*Debt charges*	*426.34 (2)*	*762.62 (3)*	*591.94 (2)*

Sl.No.	*Number and name of grant/ appropriation*	*Amount of savings (Rs. in lakhs)/ percentage of savings to total provision (in brackets)*		
		1987-88	1988-89	1989-90
6.	XII—Police	157.86 (2)	157.04 (2)	193.89 (2)
7.	XIV—Stationery and Printing and Other Administrative Services	426.77 (21)	317.87 (15)	57.24 (2)
8.	XV—Public Works	225.41 (3)	1344.05 (12)	1335.13 (13)
9.	XVI—Pensions and Miscellaneous	2533.38 (11)	1951.21 (8)	2583.28 (10)
10.	XIX—Family Welfare	881.34 (32)	1814.05 (43)	1683.09 (32)
11.	XXI—Housing	77.08 (19)	68.41 (7)	31.65 (3)
12.	XXVII—Co-operation	187.88 (10)	285.94 (17)	894.48 (34)
13.	XXX—Food	99.40 (14)	47.96 (8)	66.05 (9)
14.	XXXIV—Forest	806.13 (24)	1035.35 (28)	1180.78 (32)
15.	XXXV—Panchayat	214.66 (14)	185.04 (14)	120.89 (7)
16.	XXXVII—Industries	241.65 (11)	243.52 (7)	309.05 (8)
17.	XLII—Tourism	79.26 (18)	192.41 (33)	195.42 (29)
	CAPITAL SECTION			
18.	XV—Public Works	1079.15 (22)	446.95 (9)	214.97 (4)
19.	XVII—Education, Sports, Art and Culture	49.86 (13)	277.48 (37)	136.39 (17)

Sl. No.	*Number and name of grant/ appropriation*	*Amount of savings (Rs. in lakhs)/ percentage of savings to total provision (in brackets)*		
		1987-88	1988-89	1989-90
20.	XXI—Housing	58.36 (14)	81.34 (15)	137.25 (18)
21.	XXV—Social Welfare including Harijan Welfare	72.16 (22)	130.85 (42)	84.73 (22)
22.	XXVII—Co-operation	106.15 (18)	152.64 (11)	141.34 (7)
23.	XXIX—Agriculture	271.23 (25)	151.72 (12)	192.18 (14)
24.	XXX—Food	194.75 (28)	33.64 (6)	249.67 (32)
25.	XXXIII—Fisheries	331.44 (38)	167.69 (25)	42.11 (6)
26.	XXXVII—Industries	653.30 (15)	259.98 (4)	1262.13 (19)
27.	XXXVIII—*Irrigation*	*79.06* (*28*)	*154.44* (*27*)	*178.38* (*22*)
28.	XLI—Transport	202.70 (17)	68.06 (4)	1208.69 (43)

2.2.8. Persistent excesses

In the following voted grants persistent excesses were noticed in all the three years from 1987-88:—

Sl.No.	*Number and name of grant*	*Amount of excess (Rs. in lakhs) and its percentage to total provision (in brackets)*		
		1987-88	1988-89	1989-90
	REVENUE SECTION			
1.	VII—Stamps and Registration	36.26 (5)	62.12 (8)	29.17 (3)
2.	XXXI—Animal Husbandry	10.37 (0.6)	49.66 (3)	59.71 (3)

2.2.9. Surrender of savings

All anticipated savings should be surrendered as soon as the possibility of savings is envisaged. However, out of Rs.233.67 crores surrendered during 1989-90, surrender of Rs.230.04 crores or 98 *per cent* was made only on the last day (31st March 1990) of the financial year.

In the following grants, savings exceeding Rs.1 crore each remained unsurrendered:—

Sl. No.	*Number and name of grant*	*Total grant*	*Actual expenditure*	*Saving*	*Unsurrendered saving and its percentage to total saving (in brackets)*
			(Rupees in crores)		
	REVENUE SECTION				
1.	VI—Land Revenue	34.52	31.69	2.83	2.83 (100)
2.	*Debt charges*	*298.92*	*293.00*	*5.92*	*5.92* (100)
3.	XI—District Administration and Miscellaneous	18.70	17.43	1.27	1.27 (*100*)
4.	XII—Police	89.46	87.52	1.94	1.79 (92)
5.	XV—Public works	104.72	91.36	13.36	12.43 (93)
6.	XVI—Pensions and Miscellaneous	271.26	245.43	25.83	6.95 (27)
7.	XIX—Family Welfare	52.12	35.29	16.83	4.68 (28)
8.	XX—Water Supply and Sanitation	60.89	58.60	2.29	2.29 (100)
9.	XXV—Social Welfare including Harijan Welfare	110.60	107.39	3.21	2.43 (76)

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Saving	Unsurrendered saving and its percentage to total saving (in brackets)
			(Rupees in crores)		
10.	XXXIV—Forest	37.29	25.48	11.81	5.40 (46)
11.	XXXVII—Industries	37.22	34.13	3.09	1.76 (57)
12.	XXXVIII—Irrigation	36.53	34.49	2.04	2.04 (100)
	CAPITAL SECTION				
13.	XV—Public Works	53.42	51.27	2.15	1.57 (73)
14.	XVII—Education, Sports, Art and Culture	8.22	6.86	1.36	1.18 (87)
15.	XXXVII—Industries	67.07	54.45	12.62	11.56 (92)
16.	XXXVIII—Irrigation	78.26	76.05	2.21	2.20 (99.5)

2.2.10. Injudicious surrenders

(a) In the following voted grants where surrender of funds exceeding Rs. 25 lakhs in each case was made on 31st March 1990, there were eventual excess indicating injudicious estimation of saving and surrender of funds.

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Excess	Amount surrendered on 31st March 1990
			(Rupees in crores)		
	REVENUE SECTION				
1.	XVII—Education, Sports, Art and Culture	600.11	638.57	38.46	6.51
2.	XXIV—Labour and Labour Welfare	34.05	34.23	0.18	0.41

(b) In the following cases, the surrender of funds made on 31st March 1990 exceeded the final saving by over Rs. 25 lakhs in each case and hence there was injudicious excess surrender of funds:—

Sl. No.	*Number and name of grant*	*Total grant*	*Actual expenditure*	*Saving*	*Amount surrendered on 31st March 1990*	*Amount surrendered in excess*
				(*Rupees in crores*)		
	REVENUE SECTION					
1.	XIV—Stationery and Printing and Other Administrative Services	23.52	22.95	0.57	1.32	0.75
2.	XVIII—Medical and Public Health	146.28	145.68	0.60	3.04	2.44
3.	XXIX—Agriculture	105.66	105.42	0.24	0.81	0.57
4.	XXXVI—Community Development	86.07	45.37	40.70	41.07	0.37
	CAPITAL SECTION					
5.	*Public Debt Repayment*	*1136.73*	*1096.98*	*39.75*	*71.70*	*31.95*

2.2.11. Injudicious re-appropriation of funds

Reappropriation is transfer of funds within a grant, from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Before withdrawal of funds from a head it is to be ensured that there is a definite or reasonable chance of saving under the head and that before additional funds are provided under a head, it is to be ensured that there is likelihood of increased expenditure under the head. Details of 16 cases where withdrawal of funds/additional provisions proved excessive by over Rs. 25 lakhs in each case are mentioned in Appendix 2.

2.2.12. Trend of recoveries and credits

During 1989-90, recoveries to be adjusted in accounts in reduction of expenditure were estimated at Rs. 49.61 crores (Revenue Section: Rs. 44.16 crores; Capital Section: Rs. 5.45 crores) against which the actual recoveries were Rs. 42.56 crores (Revenue Section: Rs. 34.90 crores; Capital Section: Rs. 7.66 crores). In the Revenue Section, there was major shortfall in recoveries under 'Public Works' (Rs.5.56 crores) and 'Irrigation' (Rs.3.16 crores), while in Capital Section the major excess was under 'Food' (Rs. 2.24 crores).

2.2.13. Failure to furnish reasons for variation

After the close of each financial year, the detailed appropriation accounts showing the final grant/appropriation, the actual expenditure and resultant variation are sent to the controlling officers by the Accountant General (Accounts and Entitlement) for furnishing promptly the reasons for variations in general and those under important sub heads in particular. However, the reasons for variations in respect of important sub heads were furnished to him on time (December 1990) by the controlling officers only for 195(less than half of 463) heads of accounts; explanations for major variations for the remaining sub heads were not received.

2.3. Irregular financial procedure

(1) State financial rules prescribe that all Personal Deposit (PD) accounts created by transfer of funds from the Consolidated Fund should be closed at the end of the financial year and the balance transferred back to the Consolidated Fund.

The unemployment assistance scheme is implemented by operation of PD accounts. For this purpose the budget provision is transferred to PD accounts opened in the name of various Employment Officers at the beginning of each year and disbursements are made therefrom. The provision for the year 1989-90 was Rs. 21.43 crores, including a supplementary provision of Rs. 3 crores obtained in February 1990.

In March 1990, Government accorded sanction to transfer the unspent balances in the PD accounts during 1989-90 to Savings Bank (SB) accounts opened for the purpose in treasuries outside the Consolidated Fund in order to make full utilisation of budget allotment. According to the information furnished by 28 Employment Officers (out of 35), in seven offices Rs.52.06 lakhs were transferred to SB accounts at the end of 1989-90. Out of this, Rs. 1 lakh wrongly drawn in excess over allotment by District Employment Officer, Thrissur was refunded and credited to revenue head in April 1990 and Rs. 16 lakhs were transferred from one office to another in May 1990. On the closure of SB accounts, the unspent balance of Rs. 6.02 lakhs was again transferred to the PD accounts opened for transactions during 1990-91. As the funds provided during 1989-90 and voted by the Legislature were for expenditure to be incurred during that year, the transfer of unspent balances at the end of the year to SB accounts instead of transferring back to Consolidated Fund was irregular.

On this being pointed out, Government stated (March 1991) that this procedure was resorted to in order to prevent lapse of funds provided in the Supplementary Demands for Grants. This had resulted in an overall excess of Rs. 18.14 lakhs under Revenue (Voted) section of the Grant No. XXIV-Labour and Labour Welfare, which could have been avoided had the unspent balance in PD accounts been remitted back to the Consolidated Fund.

(2) State financial rules prohibit opening of Treasury Public (TP) account for depositing money which is the property of Government or which has been drawn from the treasury for expenditure on account of Government. Even then, Government permitted (March 1988) the Commissioner for Entrance Examinations (CEE) to open a TP account for carrying out financial transactions of his office. Accordingly, from 1988-89 onwards, the entire budget provision under the various detailed heads, other than salaries, below the major/sub major/minor/ sub head '2202 General Education–03 University and other Higher Education–800–Other expenditure-10. Commissionnerate for Entrance Examinations for admission to professional

Colleges' was transferred to TP account and expenditure met therefrom. There was an unspent balance of Rs 5.19 lakhs and Rs 8.43 lakhs at the end of 1988-89 and 1989-90 respectively in the TP account which were utilised subsequently. The procedure adopted was against the prescribed budgetary practice. Further, as deposits in the TP account earned interest, Government had to pay interest on its money lodged in the TP account, thus inflating the revenue expenditure to that extent.

On this being pointed out (October 1989) by Audit, Government stated (December 1990) that till the end of 1987-88 the CEE was operating a Personal Deposit account and in view of the practical difficulties expressed by CEE to close the PD accounts every year, sanction was accorded to open a TP account and that Government was, considering reverting to PD account system allowing the PD account exemption from annual closing.

2.4. Unnecessary budget provision and its non-surrender

The Centrally assisted schemes of National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) were discontinued by the end of March 1989 and in their place a new scheme 'Jawahar Rozgar Yojana' (JRY) was introduced with effect from April 1989. According to the guidelines of JRY, the expenditure was to be shared between the Central and State Governments on 80:20 basis. While the Central share was released directly to the District Rural Development Agencies (DRDAs), the State share was to be provided in the budget of the concerned States.

In the budget for 1989-90, a total provision of Rs. 56.68 crores was made in 'Grant No. XXXVI—Community Development' for the two erstwhile schemes—NREP and RLEGP—under sub heads below the major/submajor /minor heads 2505-01-701 and 2505-60-101 and no specific provision was made for the new scheme (JRY). No provision was included for JRY in the three batches of supplementary demands for grants either. Even though the State Government was aware of the anticipated requirements of funds under JRY in April 1989 itself, no action was taken to modify the estimates in the budget already presented to the Legislature while moving the final demands for grants. As a result, funds were got voted unnecessarily on two erstwhile schemes. This has resulted in an overall saving of over 47 *per cent* in the revenue section of the voted grant. Moreover, the State share of expenditure on JRY of Rs. 13.14 crores was met from the head of account relating to a non-existent scheme (RLEGP). Hence the expenditure on the scheme could not be identified separately.

The State Budget Manual prescribes that appropriation which cannot be utilised to good effect should be surrendered without waiting till the end of the financial year. In this case, though Government was well aware as early as in April 1989 of the fact that bulk of the funds provided for the two erstwhile schemes would not be required due to the introduction of JRY and changed pattern of assistance therein, resumption of savings of Rs. 39.56 crores (70 *per cent* of provision) was made only on the last day of the financial year rendering redistribution of funds to other needy services almost impossible.

Government stated (April 1991) that, due to administrative reasons, the decision on the implementation of JRY was taken only by the end of June 1989 and that savings could not be surrendered sufficiently early as the inception of the scheme was sudden and the mode of implementation and allotment of funds was different.

2.5. Erroneous preparation of Supplementary Demands for Grants

According to State Budget Manual, Demands for Grants will be for gross expenditure, without taking into account recoveries to be accounted as reduction of expenditure. Such recoveries are shown separately under "Part III—Recoveries" of the Budget Estimates for which vote of Legislature is not required. In September 1980, Government intimated that whenever a supplementary grant was obtained or re-appropriation sanctioned to accommodate additional recoveries under a head of account, there was no necessity to revise the figures under "Part III—Recoveries".

However, in the Supplementary Demands for Grants obtained in February 1990 and March 1990, provision of Rs. 162.86 lakhs pertaining to 'transfer of establishment and tools and plant charges on percentage basis to 5054-Capital Outlay on Roads and Bridges' from '3054 Roads and Bridges' was included twice—once under the minor head '911—Deduct recoveries and deductions adjusted in accounts as reduction in expenditure' under revenue section and again under the capital section of Grant No. XV—Public Works. The amount included in the revenue section under "Recoveries" was also erroneously added to other amounts in the Supplementary Demands for Grants which was voted by the Legislature and stood included in the Appropriation Act. Thus Legislature had to vote an inflated figure under the revenue section of the grant due to an error in the preparation of Supplementary Demands for Grants, which has ultimately resulted in a large saving under the revenue section of the grant.

On this being pointed out (May 1990), Government admitted the mistake and informed (June 1990) that strict vigilance would be kept to avoid such mistakes in future.

2.6. Irregular drawal to prevent lapse of Central assistance

State financial rules prohibit drawal of funds at the close of the financial year and keeping it in deposit accounts with a view to preventing lapse of budget provision. Further, Treasury Public (TP) account cannot be opened for accommodating money which is the property of Government or which has been drawn for expenditure on account of Government. Three cases in which funds were drawn and deposited in TP account contrary to the provisions in the financial rules are given below. The irregular practice was adopted apparently to avoid lapse of Central assistance.

(a) In September 1988, Government of India sanctioned a grant-in-aid of Rs. 20 lakhs for the Centrally sponsored scheme 'Development and modernisation of blood banking and blood transfusion services' during 1988-89. Sanction for the implementation of the scheme was issued by the State Government only in February 1990 and Rs. 15 lakhs were provided through supplementary demands for grants, March 1990—Rs.10 lakhs for development of blood transfusion centres in two Districts Centres, Thiruvananthapuram and Kozhikode and Rs. 5 lakhs for development of blood bank in Medical College, Thiruvananthapuram. It was seen that the entire provision of Rs. 10 lakhs was drawn by the Director of Health Services and credited to TP account on 31st March 1990. The amount remained unutilised (August 1990). Also, a sum of Rs. 2.70 lakhs out of Rs. 5 lakhs, was drawn on 27th March 1990 and credited to 'Public Works Deposits' for construction of building for blood bank. Such prior deposit of funds for Government works was irregular.

(b) In March 1989, Government of India sanctioned Rs. 10 lakhs for the Centrally sponsored scheme of 'National AIDS Control Programme'. The amount was released in March 1989 itself. However, sanction for implementation of the scheme was issued by State Government only in February 1990 and funds were provided through supplementary demands for grants, March 1990. It was seen that the amount was drawn by the Principal, Medical College, Thiruvananthapuram, during March 1990 and credited to TP account. The amount remained unutilised (August 1990). The department stated (September 1990) that action had been taken to purchase the equipments; most of them were to be imported.

(c) In connection with floods 1989, Government of India approved a Plan-ceiling of expenditure of Rs. 198 lakhs to cover the State Government's share of contribution for conversion of short term co-operative loans into medium term loans. A sum of Rs. 198 lakhs was provided in the supplementary demands for grants, March 1990 and based on the sanction issued by Government, the Registrar of Co-operative Societies drew the amount in March 1990 and credited to TP account.

Out of this, Rs. 145.70 lakhs were released (October 1990) to Kerala State Co-operative Bank towards Government's share of the loans converted by National Bank for Agriculture and Rural Development (NABARD). The balance remained unutilised (October 1990). Government stated (October 1990) that the amount was drawn and deposited in the TP account to avoid lapse of funds provided in supplementary demands for grants.

2.7. Advances from the Contingency Fund

The Contingency Fund of the State is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances for meeting unforeseen expenditure, pending authorisation by the Legislature. Advances from the Fund are to be made only for meeting expenditure of an emergent character, the postponement of which, till its authorisation by the Legislature would be undesirable. The corpus of the Fund is Rs. 15 crores.

The corpus of the Contingency Fund was temporarily increased to Rs. 30 crores by an Ordinance promulgated by the Governor on 2nd November 1989. As the Ordinance was not replaced by an Act of the State Legislature within the prescribed time limit, it lapsed with effect from 2nd March 1990. Consequently, the corpus of the Fund stood reduced to Rs. 15 crores from that date.

Fifty-four sanctions were issued during 1989-90 advancing Rs. 32,28.14 lakhs from the fund, out of which the amount of four sanctions (Rs.137.50 lakhs) were later reduced by Rs.53.03 lakhs. Five sanctions advancing a total of Rs. 93.99 lakhs issued during June 1989 to January 1990 were not operated. Sanctions in these cases had thus been issued without ensuring that the advance was wholly required or that the expenditure was of an emergent nature. At the end of the year, an expenditure of Rs. 3,80,80,794 met from the Contingency Fund remained unrecouped.

In September 1989 Government sanctioned the payment of Rs. 18.75 lakhs towards subsidy to the Kerala State Co-operative Consumer's Federation Ltd., Ernakulam, for distribution of sugar at reduced price during Onam season, 1989. An advance of Rs. 17.68 lakhs was also sanctioned on 12th February 1990 from the Contingency Fund for this purpose. But the advance was drawn only on 20th March 1990 and credited to a Treasury Public Account. The amount was finally withdrawn on 11th April 1990 by the Federation. As there was sufficient time at the disposal of Government for obtaining necessary funds for the purpose through the supplementary demands for grants (February 1990), sanction of advance from Contingency Fund in February 1990 was totally unnecessary.

2.8. Arrears in departmental reconciliation

Departmental figures of expenditure are required to be reconciled every month with those in the books of the Accountant General (Accounts and Entitlement) in order to enable the departmental officers to exercise proper control over expenditure and to detect frauds and defalcations, if any, at an early stage. The reconciliation was in arrears in several departments. The number of controlling officers who had not reconciled (December 1990) their figures upto the end of 1989-90 and the number of reconciliation certificates due from them are indicated below year-wise:

Year	*Number of controlling officers*	*Number of monthly reconciliation certificates due*
1985-86	1	9
1986-87	3	36
1987-88	6	81
1988-89	7	152
1989-90	41	652
Total		930

The Department with heavy arrears was Revenue with 318 certificates due.

2.9. Excess of earlier years pending regularisation

Under Artilce 205 of the Constitution, expenditure in excess of grants/charged appropriations authorised by the Legislature is to be regularised in the manner prescribed by the Constitution. As at the end of March 1991, excess expenditure in 44 voted grants and 11 charged appropriations relating to the period 1980-81 to 1988-89 was pending regularisation. The year-wise break-up is given below:—

Year	*Number of cases*		*Amount of excess*	
	Voted grant	*Charged appropriation*	*Voted grant*	*Charged appropriation*
			(*Rupees in lakhs*)	
1980-81	1	..	75.90	..
1981-82	2	..	84.94	..
1982-83	1	..	8.07	..
1983-84	4	..	628.47	..
1984-85	2	1	2946.00	3.64
1985-86	6	2	4343.26	561.21
1986-87	9	1	1384.47	0.25
1987-88	8	3	633.32	4293.82
1988-89	11	4	3258.76	7215.62

As per the procedure prescribed (February 1982), the notes seeking regularisation of excess should be furnished after getting them vetted by Audit, to the Committee on Public Accounts by 31st May of the second succeeding year of accounts or immediately after presentation of the Appropriation Accounts to the Legislature, whichever is later. However, the notes for regularisation of 21 excess (16 voted grants: Rs. 7768.87 lakhs;

5 charged appropriations: Rs. 22.91 lakhs) occurred during the period 1983-84 and 1985-86 to 1988-89 are yet to be furnished by the Government (August 1991) to the Committee.

2.10. Drawal of funds in advance of requirements

The financial rules of Government prohibit drawal of money from the treasury unless it is required for immediate disbursement. In the following cases substantial amount was drawn from treasury at the fag end of the year though not required for disbursement before the close of the year. In three of these cases, the amount was deposited in Treasury Savings Bank accounts.

Name of drawing/ disbursing officer, amount drawn and month of drawal (in brackets)	*Remarks*
SCHEDULED CASTE AND SCHEDULED TRIBE DEVELOPMENT DEPARTMENT	
1. Project Officer, Integrated Tribal Development Project Attappady, Agali, Rs. 18.51 lakhs—February 1989 (Rs.1 lakh) and March 1989 (Rs. 17.51 lakhs)	The amount was provided for implementing various schemes under Tribal Sub Plan such as Agricultural Development of Tribes, training of tribal women in handicrafts, training of tribal youth in driving light motor vehicle, etc. Even though bulk of the amount (Rs. 11.99 lakhs) was allotted during May 1988 to December 1988, the amount was drawn only at the fag end of the year and deposited in Treasury Savings Bank Account. As at the end of March 1990, a sum of Rs. 16.19 lakhs remained unutilised. Thus the drawal was mainly to avoid lapse of funds.
REVENUE DEPARTMENT	
2. District Collector, Idukki, Rs. 9.88 lakhs (31st March 1990)	Based on the suggestion made by the Chief Engineer, Buildings & Local Works to resume Rs. 9.88 lakhs which was not

Name of drawing/ disbursing officer, amount drawn and month of drawal (in brackets)	*Remarks*
	likely to be spent before 31st March 1990 from out of the flood relief funds allotted for expenditure on repair and restoration of Public Works Department buildings, Government allotted (31st March 1990) the amount to District Collector, Idukki, with instructions to draw and deposit the same in Treasury Savings Bank and later to place it with Executive Engineer, Buildings & Local Works for payment of the works already arranged by him. The amount which was kept in Treasury Savings Bank from 31st March 1990 had not been placed with the Executive Engineer so far (August 1990). Thus the drawal was solely to avoid lapse of funds which was irregular.
	Government stated (August 1990) that the amount was ordered to be drawn and kept under deposit to prevent lapse of Central assistance and for utilisation in the succeeding year on works committed already. It was also stated that Finance Department could not formally be consulted for want of time. Government also assured that all possible efforts would be made to guard against such irregular procedure.

HEALTH AND FAMILY WELFARE DEPARTMENT

3. Director of Health Services Rs. 5 lakhs (28th March 1988)	Based on the administrative sanction issued by Government in December 1987 for purchase of a boat with all accessories to function as a floating dispensary attached to Taluk Headquarters Hospital, Pulinkunnu, Kuttanad in Alappuzha district, the Director of Health Services drew a sum of Rs. 5 lakhs on 28th March 1988 and deposited in PD account. Subsequently tenders were invited in October

Name of drawing/ disbursing officer, amount drawn and month of drawal (in brackets)	*Remarks*
	1989 and orders for supply were placed in May 1990. The boat was supplied/ taken over by the department only in November 1990 and as a result the amount in the PD account remained unutilised for a period of more than 30 months. Thus the drawal of the amount was mainly to avoid lapse of funds which was irregular.

AGRICULTURE DEPARTMENT

4. Director of Agriculture Rs. 120.15 lakhs (August 1989—March 1990)	The funds provided in the budget were drawn and paid in three instalments—Rs. 38 lakhs in August 1989, Rs. 40 lakhs in February 1990 and Rs. 42.15 lakhs in March 1990—to Oil Palm India Limited (a Government company) towards share capital contribution of the State Government, subject to the condition that the amount will be kept in treasury savings bank account till matching contribution from Government of India was received. The matching contribution had not been released (July 1991) by Government of India pending approval of the revised investment cost by the Cabinet sub committee. In the meantime, Rs. 25 lakhs were withdrawn for payment of duty for a Digester and Screw Press imported. The balance amount remained unutilised (July 1991). Thus drawal of funds where the proposals for matching contribution were not even approved by Government of India was unnecessary and irregular. Government stated (April 1991) that the Company had already received global tenders for a 10 tonne factory and once the terms and conditions with the contracting firms were finalised, it had to pay a huge amount as mobilisation advance

Name of drawing/ disbursing officer, amount drawn and month of drawal (in brackets)	*Remarks*
	for supply of detailed designs, drawings etc., and that any delay in payment would adversely affect the execution of the project. According to Government, it was considered prudent to draw the funds and keep it in Treasury Savings Bank for utilisation as and when required. It was, however, seen that global tenders for the establishment of the factory were floated only in August 1990, long after drawal of funds and the validity period of the tender had also been extended upto October 1991.
	This was also violative of the instructions issued by Government in October 1989 wherein it was stipulated that only the minimum amount required should be released to Public Sector and other undertakings in cash in view of the fact that unnecessary release and deposit in Treasury savings bank account, apart from affecting the ways and means position of Government, also results in shouldering of additional liability by Government in the form of interest for its own money deposited.

GENERAL EDUCATION DEPARTMENT

5. (i) Director of Public Instruction, Thiruvananthapuram Rs. 223.44 lakhs (27th March and 31st March 1990)	Government sanctioned (October 1989) Rs. 223.44 lakhs for procurement of teaching/learning equipments from Small Industries Development Corporation Limited (SIDCO) and Kerala State Co-operative Consumers' Federation(KSCCF) as part of implementation of the second phase of Operation Black Board Scheme in 2243 schools. The entire amount was released as advance to SIDCO & KSCCF in March 1990 itself. The

Name of drawing/ disbursing officer, amount drawn and month of drawal (in brackets)	*Remarks*
	supply orders were, however, placed only in May-August 1990. Thus the drawal was mainly to avoid lapse of funds.
(ii) Director of Public Instruction, Thiruvananthapuram Rs. 199.43 lakhs (27th March and 30th March 1990)	In December 1989, Government sanctioned Rs. 199.43 lakhs for improvement of science education in schools to be implemented during 1989-90. The entire amount was released as advance to SIDCO & KSCCF in March 1990 towards cost of science kits and books. The supply orders were, however, placed only in May-July 1990. The drawal was to avoid lapse of funds.

CHAPTER III

CIVIL DEPARTMENTS
SCHEDULED CASTES AND SCHEDULED TRIBES DEVELOPMENT DEPARTMENT

3.1. Development of backward areas - Sub-Plan for development of tribal areas

3.1.1. Introduction

The Tribal Sub-Plan concept conceived during 1974-75 attempted to narrow the gap between the level of development of tribal and other areas and to improve the quality of life of tribal communities. The Seventh Plan proposed, *inter alia*, allеviation of poverty among scheduled tribes by raising productivity in the fields of agriculture, animal husbandry, forestry, village and small scale industries, etc., the provision of formal and non-formal education and adequate socio-economic infrastructure as well as the elimination of exploitation of tribals.

3.1.2. Organisational set up

The Tribal Development Department under a Director functions as the nodal Department supported by five (seven from April 1989) Integrated Tribal Development Project Officers and eight (seven from April 1989) Tribal Development Officers. Schemes for tribal upliftment formulated by other Departments are executed in consultation with the Tribal Development Department.

3.1.3. Audit coverage

A review of the implementation of the Tribal Sub-Plan during the Seventh Five Year Plan period (1985-90) was conducted during March-May 1989 and August-September 1990,

All abbreviations used in this Report are listed alphabetically and expanded in the Glossary at Appendix 11 (page 212).

with reference to the records in the Planning and Economic Affairs Department in the Secretariat, three Integrated Tribal Development Projects (Attappady, Nilambur and Idukki), two Tribal Development Offices (TDO) and four sectoral Departments.

3.1.4. Highlights

—Project reports prepared for four Integrated Tribal Development Projects (ITDPs) were not made use of for formulation of individual schemes. Funds totalling Rs. 181.01 lakhs were drawn in advance of requirements by three ITDPs and one TDO between 1985-86 and 1989-90 and deposited in Bank accounts. Unspent balances retained in 437 such accounts at the end of September 1990 totalled Rs. 58.26 lakhs. Construction of 1,374 houses out of 8,073 houses sanctioned between 1975-76 and 1987-88 remained to be completed in October 1990. Work on 730 partially constructed houses on which expenditure totalling Rs. 28.11 lakhs was incurred had to be abandoned. An amount of Rs. 3.12 lakhs drawn for the construction of 26 houses for tribals in Palakkad District had been kept outside Government account for over four years and construction had not commenced.

(Paragraph 3.1.6)

—Establishment of a radio assembly unit sanctioned for a Tribal Industrial Co-operative Society in Wayanad had to be shelved due to low demand for radios after incurring an expenditure of Rs. 1.75 lakhs. Further drawal of Rs. 7.57 lakhs for the establishment of a tape recorder-cum-radio unit also continued to remain unutilised in the absence of the requisite licence for the import of plant and machinery.

(Paragraph 3.1.7)

—Details of action taken to restore land lost by tribals as a result of alienation in 6,000 cases up to March 1988 were not available with the Department.

(Paragraph 3.1.8)

—Effective concurrent evaluation of family beneficiary programmes through spot visits was not undertaken.

(Paragraph 3.1.9)

3.1.5. Targets and achievements

The financial allocations made for the sub-plan and the expenditure incurred thereagainst during the Seventh Five Year Plan period (1985-90) are indicated in the following table:—

Schemes	1985-86		1986-87		1987-88		1988-89		1989-90	
	Allotment	*Expenditure*	*Allotment*	*Expenditure*	*Allotment*	*Expenditure*	*Allotment*	*Expenditure*	*Allotment*	*Expenditure*
	(*Rupees in lakhs*)									
State Plan	768.35	778.43	786.16	796.57	710.65	642.35	775.35	676.60	922.70	846.38
Special Central assistance and Centrally Sponsored Schemes	99.51	88.65	107.95	82.92	105.74	111.27	139.00	136.61	158.70	141.38
Non-Plan	239.83	286.20	351.00	380.61	469.93	406.91	488.46	458.35	546.05	509.61
Total	1107.69	1153.28	1245.11	1260.10	1286.32	1160.53	1402.81	1271.56	1627.45	1497.37

Source: Details furnished by the Director of Tribal Development and annual review reports submitted to the Government of India.

Physical targets in terms of employment potential, income generation, number of families expected to be brought above the poverty line, etc., were not fixed for each financial year. While targets for individual schemes were prescribed, such targets were shown to have been achieved immediately on drawal of funds regardless of whether the scheme was actually implemented or not.

The achievements reported to the Government of India were substantially higher than those reflected in the documents published by the nodal Department, as indicated below.

Name of Department	*Unit*	*Achievements*	
		As per TSP documents	*As reported to the Government of India*
Crop Husbandry	families	13,717	30,812
Animal Husbandry	families	1,220	2,103
Fisheries	persons	266	580
National Rural Employment Programme	man-days	14.18 lakhs	17.93 lakhs

Reasons for the wide variations were not furnished.

3.1.6. Implementation

(i) Of the five Integrated Tribal Development Projects (ITDPs) in the State, four ITDPs prepared project reports by August 1982. The reports were neither published nor were made use of for formulation of individual schemes. Details of the expenditure incurred on the preparation of these reports were not available except in the case of ITDP, Nilambur (Rs.1.97 lakhs). Reasons for non-utilisation of the reports had not been clarified.

(ii) Government ordered the creation of Project Advisory Committees for each project in June 1983 for giving general concurrence to the schemes and Annual Action Plans. No

Advisory Committee was, however, functioning in ITDP, Punalur during 1983-84 to 1985-86 and 1987-88 and in ITDP, Attappady, from 1986-87 onwards. No action plans were also prepared at any time in the latter ITDP.

(iii) Funds were drawn in advance in some cases to avoid their lapse and the financial targets were shown as having been achieved immediately on such drawal. Funds so drawn in advance of actual requirements by three ITDPs and one Tribal Development Office (TDO) during the period from 1985-86 to 1989-90 totalled Rs. 181.01 lakhs. In ITDP, Attappady alone, more than one thousand bank accounts were opened to deposit the amounts so drawn, and the unspent balances in 437 such deposit accounts shown to Audit totalled Rs. 58.26 lakhs at the end of September 1990. The registers produced to Audit did not contain details of all the bank accounts stated to have been opened by the Project Officer. The total amount drawn and kept outside the Government account, as well as the balances available, could not consequently be ascertained. No action to reconcile the balances reported by the banks was also taken by the Project Officer.

(iv) Under the Hamlet Development Schemes, each family was to be assisted with a scheme or a package of schemes so as to uplift it above the poverty line and sustain it on a continuing basis. Certain points noticed in audit in the implementation of the schemes are mentioned below:

(a) The number of families which had been brought above the poverty line was not correctly assessed by the Department.

(b) As against six hamlets selected for overall development in TDO, Kalpetta, during 1985-86 to 1988-89, 27 hamlets were selected by the Project Officer resulting in the benefits being spread thin. Further, instead of implementing only income generating schemes, more than 50 *per cent* of the allocation of Rs. 12.5 lakhs was utilised for purposes not envisaged in the scheme, such as digging wells (Rs. 4.65 lakhs), purchase of household utensils (Rs. 0.21 lakh), construction of ESP latrines (Rs. 0.76 lakh), repairs to houses (Rs.0.63 lakh), etc.

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(c) Of the sum of Rs. 3.46 lakhs released to ITDP, Attappady in 1986-87, Rs. 0.60 lakh were surrendered in the absence of suitable schemes and Rs. 0.90 lakh were deposited in a bank for implementing future schemes. An expenditure of Rs. 0.42 lakh was incurred on the erection of a wind mill, at the option of the supplier, in a location other than the one for which it was intended. The wind mill also went out of order within a short time and continued to remain inoperative.

(d) In Idukki district, seedlings required for raising rubber plantations were obtained free of cost from the Rubber Board and supplied to the tribal beneficiaries during 1986-87 and 1988-89. During 1989-90, however, such seedlings were purchased locally from private nurseries at a cost of Rs. 1.66 lakhs. The reasons for the purchase of seedlings from private nurseries, when these could have been procured free of cost from the Rubber Board, were not on record.

(v) A scheme to rehabilitate 50 landless tribals in Thrissur District (cost: Rs. 5.08 lakhs) sanctioned in 1981-82 envisaged the provision of a house with cattleshed, supply of a milch cow, poultry unit and utensils and an initial grant to the co-operative society implementing the scheme. The implementation of the scheme was entrusted to the Sholayar Girijan Service Co-operative Society on the condition that the work should be completed before December 1982. A sum of Rs.5.08 lakhs was also disbursed to the Society in 1981-82. The contractor entrusted with the construction of the houses and cattlesheds, and to whom an advance of Rs. 3.96 lakhs was paid by the Society, failed to execute the work. The contract was, therefore, cancelled and an arbitration reference case was filed against him before the Registrar of Co-operative Societies for the recovery of Rs. 4.05 lakhs, representing the advance paid to him and other incidental expenditure. The Society took up the work from 1985-86 and completed 30 houses by 1988-89 at a total cost of Rs. 3.12 lakhs against the original approved cost of Rs. 1.44 lakhs, resulting in a cost overrun of Rs. 1.68 lakhs (116.66 *per cent*). None of the other components of the scheme was implemented.

(vi) A system of issue of 'Vikas Patrikas' was introduced in February 1983 to have a record of the assistance given to tribal families and to monitor the growth rate of tribals as well as to prevent overlapping of assistance by different Departments. The Patrikas had not been issued to any of the 4,959 families, in ITDP, Attappady. In ITDP, Idukki , the Patrikas had been issued only to 6,004 families out of 12,375 tribal families. Information in regard to the position in other ITDPs and offices called for by Audit had not been received.

(vii) Construction of 8,073 houses was sanctioned during the period from 1975-76 to 1987-88. While year-wise details of the houses sanctioned and completed and the expenditure incurred were not available, it was seen that 1,072 houses partially constructed had been abandoned by the conveners/contractors by February 1984. Government, therefore, entrusted the completion of such partially constructed houses to the State Public Works Department (PWD) in February 1984, and an amount of Rs. 115.28 lakhs was placed at their disposal for the purpose between 1985-86 and 1988-89. Up to March 1989, construction of 387 houses only could be completed by the PWD, and the remaining 685 houses were either incomplete or were not taken up for completion, details of which were not made available. Expenditure totalling Rs. 99.72 lakhs was incurred on this account by the PWD upto March 1989.

Further, according to the information furnished to Audit by the Director, Tribal Development in October 1990, construction of 1,374 houses remained to be completed then, while work on 730 partially constructed houses (other than those entrusted to the PWD), on which expenditure totalling Rs. 28.11 lakhs was incurred between 1975-76 and 1989-90, had to be abandoned.

A scheme for the construction of 449 houses (estimated cost: Rs.21.56 lakhs) in Wayanad was sanctioned in 1980-81. The construction of houses was arranged through 30 nominees of the beneficiaries. In the context of large scale irregularities reported to have committed by the nominees, an enquiry was conducted by the Vigilance Department. The enquiry revealed that most of the nominees had misappropriated the money and that the work done was also substandard. Government recommended revenue recovery proceedings in these cases. In respect of 17 Vigilance cases for which details were made available, work had been completed in one case and revenue recovery proceedings had been completed in another. The position in respect of the remaining 15 cases in September 1990 was as follows:

Number of cases in which revenue recovery proceedings were in progress	8
Number of cases in which recovery from nominees was doubtful in the absence of properties in their possession	6
Number of cases in which recovery proceedings were yet to be initiated	1

Criminal cases were also reported to have been registered in seven of these instances.

Construction of 26 houses at a cost of Rs.12,000 per house, sanctioned in December 1985 for the tribals of Dhoni and Cholode areas in Palakkad District, could not be taken up as the transfer of the identified land had been stayed by the Court. A sum of Rs. 3.12 lakhs drawn in January 1986 and May 1986 for the purpose had been deposited in treasury savings bank account for over four years.

3.1.7. Implementation by Sectoral Departments

A number of sectoral Departments, *viz.*, Agriculture, Buildings and Local Works Wing of PWD, Industries, etc., were also implementing the Sub-Plan. According to the instructions issued by Government in November 1984, all schemes implemented by the sectoral Departments were to be submitted to the District Collector concerned for administrative sanction. Government instructed the District Collectors in April 1987 to desist from according sanctions in excess of the funds allocated, and not to issue sanctions in any case for more than twice the allocation available. These instructions were, however, not adhered to by the District Collector, Kozhikode who issued sanctions to the extent of thrice the total allocation in 1987-88 and 1988-89 to seven Departments. Sanctions issued in excess of the prescribed ceiling in individual cases during this period ranged from 148 *per cent* to more than 450 *per cent*. Important points noticed in the course of review of the implementation of the Sub-Plan by certain sectoral Departments are mentioned in the following paragraphs:

(i) The Agriculture Department prepared annual action plans indicating both physical and financial targets; details of the Tribal Sub-Plan schemes proposed to be implemented were, however, not included in the action plans for the years 1985-86 to 1988-89. Details of such schemes were also not collected from any of the subordinate offices.

The main activities of the Department under the Sub-Plan were to distribute seeds and seedlings, pesticides, plant protection equipment and agricultural implements, tractors, tillers, etc., improve irrigation facilities, install pumpsets, etc. There were significant shortfalls in physical achievements under individual schemes implemented by the Department. Such shortfalls ranged from 22 *per cent* to 100 *per cent* in various activities undertaken by three agricultural offices at Kalpetta, Kozhikode and Malappuram between 1986-87 and 1988-89, details of which have been furnished in Appendix 3. Specific reasons for the shortfalls called for by Audit in May 1989 had not been furnished (March 1991).

(ii) In order to ensure that the benefits of road construction in tribal areas accrued expeditiously to the tribal population, construction of such roads was required to be taken up first from the tribal hamlets/colonies to the service centres, extended subsequently to the growth centres and finally to the taluk/district headquarters. Instead of adopting this sequence, certain roads were laid from the growth centres, and the construction was also suspended on partial completion due to one reason or another, denying the intended benefits to the tribals. For instance, construction of three roads (Odakayam colony to

Odakayam GLPS, Vattachira colony to Adivaram and Paloor colony to Vilangad), undertaken by two Public Works Divisions during 1987-88, was suspended after completing a total length of 6.4 km out of the sanctioned distance of 15.8 km, and incurring expenditure totalling Rs. 10.84 lakhs. None of the three roads reached the tribal colonies for which they were intended.

(iii) The Industries Department paid grants/loans to tribal entrepreneurs/societies for starting new small-scale industrial units or for developing the existing ones, which were deposited in Treasury savings bank accounts. Of the grants/loans totalling Rs. 4.36 lakhs sanctioned between 1985-86 and 1988-89 to 15 entrepreneurs/societies in two districts and deposited by them in the savings bank, Rs. 1.67 lakhs remained unutilised till August 1990. Utilisation certificates in respect of grants totalling Rs. 27.65 lakhs disbursed between 1985-86 and 1988-89 in 93 cases in three districts were also yet to be received (August 1990).

An industrial co-operative society in Wayanad was sanctioned assistance totalling Rs. 3.32 lakhs between 1985 and 1988 to undertake the assembly of radio sets for the Kerala State Electronics Development Corporation (KELTRON). It was, however, decided in March 1988 not to establish a unit for the purpose because of the low demand for radios. Meanwhile, an expenditure of Rs.1.75 lakhs was incurred by the society towards acquisition of a building (Rs. 1.00 lakh), cost of raw materials (Rs. 0.50 lakh) and for imparting training to seven persons in KELTRON (Rs. 0.25 lakh). The establishment of a tape-recorder-cum-radio unit suggested instead by KELTRON was sanctioned in October 1988 by the District Collector at an estimated cost of Rs. 7.57 lakhs. The entire amount was drawn without adjusting the unutilised balance out of the earlier assistance of Rs. 3.32 lakhs and was deposited in a Treasury savings bank in March 1989. As the import licence required for the plant and machinery for the unit could not be obtained, the entire assistance remained unutilised (October 1990).

3.1.8. Alienation of land possessed by tribals

By March 1988, about 6,000 cases of loss of land by tribals as a result of alienation were reported by the Department to the revenue authorities. Notwithstanding the fact that the State

Government had enacted legislation in 1975 and also framed rules in 1986 imposing restrictions on transfer of tribal land and for the restoration of alienated land, the action taken for the restoration of the land and details of land actually restored were not available in the Department.

3.1.9. Internal audit, monitoring and evaluation

Though the Tribal Welfare Department had been functioning from 1975, no system of internal audit had been introduced in the Department.

Monitoring at State level was to be done through quarterly meetings of heads of Departments. There was no information available of such State-level meetings.

An effective concurrent evaluation of family beneficiary programmes through on-the-spot visits was not undertaken. During 1987-88, only 62 on-the-spot visits were conducted by five Project Officers and eight Tribal Development Officers. Information about the number of beneficiary schemes covered by such visits was not available with the Department.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2. Working of District Hospitals

3.2.1. Introduction

As of April 1989, there were 11 District hospitals and 4 General hospitals in the State, having in all 5,488 beds to render preventive, curative and promotional health care services under the allopathic system of medicine. The General hospitals had the status of District hospitals and had similar facilities and functions.

3.2.2. Organisational set up

The hospitals were under the direct administrative control of the District Medical Officers of Health (DMOH), and were under the overall control and supervision of the Director of Health Services (DHS). Each hospital was headed by a Superintendent who was assisted by medical officers and technical and ministerial staff.

3.2.3. Audit coverage

A review of the working of eight District/General hospitals at Alappuzha, Kollam, Kottayam, Mananthavady, Palakkad, Pathanamthitta, Thiruvananthapuram and Thrissur was conducted by Audit during August-November 1989, covering the period from 1984-85 to 1988-89.

3.2.4. Highlights

—Though the average daily admission of in-patients was in excess of the bed strength in all hospitals, the bed strength was marginally raised only in four hospitals; admission in excess of the bed strength even after such increase ranged between 21 and 62 *per cent.*

(Paragraph 3.2.7)

All abbreviations used in this Report are listed alphabetically and expanded in the Glossary at Appendix 11 (Page 212)

—Emergency kits provided in all the hospitals did not have the complete stock of all specified injections/medicines.

(Paragraph 3.2.8)

—Periodical fumigation of operation theatres was not ensured in all the hospitals.

(Paragraph 3.2.11)

—Blood was not being stored in any of the hospitals. The required staff prescribed in the Drugs and Cosmetics Rules, 1945, were not sanctioned.

(Paragraph 3.2.12)

—Therapeutic facilities were not available in the X-ray department of any hospital.

(Paragraph 3.2.13)

—There was no Pathologist in seven out of eight hospitals test-checked.

(Paragraph 3.2.14)

—No mortuary was provided in two hospitals; and where mortuaries were available, deep freezer was not available.

(Paragraph 3.2.16)

—Definite proposals had not been formulated for the utilisation of the accumulated balances in the Hospital Development Fund (Rs. 15 lakhs) and Personal Deposit Accounts (Rs. 13.38 lakhs).

(Paragraph 3.2.17)

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3.2.5. Budget allotment and expenditure

Allocation for medical relief was 5 to 6 *per cent* of the total funds allocated for revenue expenditure during the period 1984-90. The allotments made and expenditure incurred thereagainst during the period are detailed below:—

Year	*Allotment*	*Expenditure*	*Savings* (—) *Excess* (+)
	(*in lakhs of rupees*)		
1984-85	75,21.90	74,27.87	(—) 94.03
1985-86	88,63.01	86,49.59	(—)2,13.42
1986-87	96,50.88	96,08.27	(—) 42.61
1987-88	1,14,11.66	1,03,30.90	(—)10,80.76
1988-89	1,13,81.60	1,14,50.86	(+) 69.26
1989-90	1,32,35.62	1,31,54.22	(—) 81.40

3.2.6. Medical Officers

A High Power Committee (HPC) constituted in 1977 by the State Government for reviewing the working of the hospital system under the Directorate of Health Services had recommended the creation of the post of one general duty doctor for every 35 beds. The posts as recommended by the HPC had not been sanctioned for any of the District/General hospitals. The doctor-population ratio for the State at the end of 1988, arrived at from the projected population as at the end of 1988 and the total number of registered medical practitioners under the allopathic system of medicine, was one for 1,772. The ratio of the doctors in the State Government service to the population of the State for 1988 was only one for 8,207. The doctor-patient ratio during 1984-85 to 1988-89 in seven District hospitals test-checked ranged between one for 2,336 to 4,245 in Thrissur, one for 3,748 to 6,619 in Pathanamthitta, one for 4,278 to 4,587 in Thiruvananthapuram, one for 5,721 to 9,479 in Alappuzha, one for 7,205 to 7,624 in Kottayam, one for 7,920 to 9,154 in Kollam and one for 8,427 to 10,158 in Mananthavady.

3.2.7. Bed strength and daily attendance

The HPC had recommended a bed strength of 500 in all the District hospitals. In the eight hospitals test-checked, the actual bed strength during 1984-85 ranged between 106 and 531, except in Thiruvananthapuram, where it was 701. Even though the average daily admission of in-patients had exceeded the bed strength in all hospitals (the percentage of such excess ranging between 20 and 114 in 1985, between 17 and 102 in 1986 and between 10 and 99 in 1987), the bed strength was increased only marginally in four hospitals during the period. The excess admission during 1988 even after such increase ranged between 21 and 62 *per cent*, as indicated below:—

Name of hospital	*Increased bed strength*	*Average daily admission of in-patients*	*Percentage of excess admission over bed strength*
District hospital, Thrissur	182	294	62
District hospital, Palakkad	562	689	23
General hospital, Pathanamthitta	166	224	35
General hospital, Thiruvananthapuram	725	876	21

The Director of Health Services stated (November 1990) that owing to financial constraints it was not possible to construct additional wards, and that it was proposed to increase the bed strength in a phased manner.

3.2.8. Drugs

Drugs needed for the hospitals are procured by placing indents on the Director of Health Services and through local purchases. The value accounts of the medicines supplied by the Departmental Medical Stores are not maintained in the hospitals. A scrutiny of the stock registers of medicines maintained in the hospitals showed instances of non-supply of medicines by the Government Medical Stores for long periods, necessitating local purchases. There were also instances of these medical stores supplying medicines far in excess of the indented quantities or even in the absence of indents. For instance, the District Hospital, Mananthavady, received 50,000 ampules of Chlorpheneranine injection in October 1983 even without any indent being placed by the hospital, and when the hospital was already holding adequate stocks (8,015 ampules) to meet about eight months' requirements. Consequently, 44,285 ampules (cost: Rs. 0.40 lakh) were still held in stock in November 1990 and their shelf life had also expired.

The HPC had recommended that each hospital should at all times have an emergency kit containing 20 specified injections/ medicines. None of the eight hospitals test-checked had a complete stock of these drugs.

Three hospitals had in stock medicines whose useful life had expired. The value of such medicines in two of the hospitals amounted to Rs. 1.22 lakhs. In three hospitals (Kollam, Mananthavady and Thiruvananthapuram), five such medicines were issued to patients between April 1986 and January 1988. Government notified in January 1986 that drugs having no expiry date should not be used after five years of their date of manufacture. However, in four hospitals (Alappuzha, Kollam, Mananthavady and Pathanamthitta), four medicines which were held in stock beyond the prescribed period of five years were issued to patients between April 1986 and September 1989. This would indicate that neither was the efficacy of the drugs administered to patients closely monitored, nor were the Government instructions on the subject adhered to.

3.2.9. Diet

The hospitals were generally following the diet system recommended by the HPC. In three hospitals the post of Dietician had not been sanctioned.

Samples of diet articles were to be sent to the Government Analytical Laboratories for chemical examination and qualitative analysis. None of the hospitals had even basic facilities to test diet articles. There were also instances of diet articles having been consumed by the patients by the time the results of chemical analysis were available to the hospitals declaring them as being unfit for human consumption. Failure to send samples for analysis was also noticed in all hospitals.

A large number of samples of milk (1984-85: 12 out of 36 samples; 1985-86: 75 out of 115 samples; 1986-87: 45 out of 83 samples; 1987-88: 95 out of 116 samples; and 1988-89: 85 out of 108 samples) supplied by the Kerala Co-operative Milk Marketing Federation and sent for analysis by the District Hospital, Kollam, were found to be substandard.

The Director of Health Services stated (November 1990) that if the dietary articles were found fit for consumption by visual examination, they were supplied to the patients. He added that since there were only three analytical laboratories in the State, considerable delays were experienced in analysis of samples.

3.2.10. Linen

No norms were fixed for procurement and stocking of linen articles with reference to bed strength or for periodical replacement of old and damaged items. It was noticed during test-check that in the District Hospital, Alappuzha (bed strength: 174), 500 bed sheets were received during 1984-85 when the hospital was already holding a stock of 570 unused sheets; 50 jamukalams (cotton carpets) were also received during the year when the hospital was holding a stock of 400. In the District Hospital, Thrissur (bed strength: 182) 1200 bed sheets, 600 pillow covers and 175 jamukalams were received during 1985. Of these, 392 pillow covers and 29 jamukalams were still held in stock (November 1990) which were over five years old. Seven wards in the hospital with a bed strength of 97 were in possession of 659 bed sheets. Yet, 141 bed sheets were further issued to these wards between November 1989 and August 1990.

3.2.11. Operation theatres

There was no adequately-equipped operation theatre in the District Hospital, Idukki, and operations were being performed in an earmarked room. Generators for ensuring uninterrupted power supply in the event of power failure were not available in any of the hospitals other than the one at Mananthavady. While no fumigation was done in the rooms set up for conducting operations in the District Hospital, Idukki, for the last five years, this was done once in 1984 and twice thereafter annually in the District Hospital, Kottayam. In the General Hospital, Thiruvananthapuram, fumigation was done once in each of the years 1984, 1986 and 1989 and twice in the years 1985 and 1987. The Director of Health Services stated (November 1990) that action was being taken against the delinquent officials.

3.2.12. Blood banks

There was no blood bank in the District Hospital, Mananthavady. In other hospitals blood was not being stored, but was drawn from donors or relatives of patients as and when required for transfusion. There was no qualified doctor working as blood bank officer in six hospitals. The posts of one registered nurse and one assistant prescribed under the Drugs and Cosmetics Rules, 1945, were also not sanctioned to these hospitals.

The Director of Health Services stated (November 1990) that in the absence of minimum standards for the collection and storage of blood as stipulated in the Drugs and Cosmetics Rules, no blood was stored and that in the absence of facilities for storage of blood, the required staff were not posted.

3.2.13. X-ray Department

There were no X-ray facilities in the District Hospital, Thrissur. Such facilities as were available in the other hospitals were meant for diagnostic purposes only and therapeutic facilities were not available in the X-ray department of any of the hospitals. An X-ray screening plant available at Mananthavady could not be used for over four years due to defects in the electrical installations of the hospital. The erstwhile Taluk Headquarters Hospital, Pathanamthitta, which was upgraded as a General Hospital in September 1984, was in possession of a 100 M.A. X-ray unit which had gone out of order in 1978. The unit was not repaired, and in March 1986, a new unit was procured and commissioned. The services of a radiographer and an X-ray attendant attached to the hospital were not utilised between September 1978 and March 1981 and from March 1985 to February 1986, when they were paid wages amounting to Rs. 0.61 lakh.

No post of radiologist was sanctioned for the Mananthavady and Pathanamthitta hospitals.

3.2.14. Laboratory facilities

There was no Pathologist in any of the hospitals except at Palakkad, and the test reports furnished by the laboratory technicians were therefore relied upon. The laboratories attached to these hospitals were conducting routine clinical and pathological tests like urine analysis for albumin, sugar, bile pigment, etc., blood count, haemoglobin tests, etc. Bacteriological test such as urine culture and sensitivity tests and histopathological tests were not being conducted in any of the hospitals in the absence of the necessary facilities.

The Director of Health Services stated (November 1990) that tests were being carried out with the available facilities in all the laboratories.

3.2.15. Ambulance services

According to the recommendations of the HPC, each District hospital was to be equipped to provide separate ambulance services for 'the living' and 'the dead'. Seven hospitals had only one van each, and the facility could not be provided whenever the vehicle was under repair. Though the ambulances were to be used only for the purposes specified by the Government in May 1967, the vehicles were utilised for a total distance of 16,740 km for purposes other than those specified in five of the hospitals during the period from 1984-85 to 1989-90 (upto August 1989).

3.2.16. Mortuary

No mortuary was provided in Alappuzha and Thrissur hospitals; and where the mortuaries were available, deep freezer was not available.

3.2.17. Other points of interest

(i) The HPC had recommended that each District hospital should be inspected by the concerned DMOH at least once a year with prior notice. No such inspection had been conducted by the DMOH of Alappuzha, Kollam and Palakkad hospitals.

(ii) Based on the recommendations of the HPC, Government ordered (January 1983) the constitution of a Hospital Development Committee in each hospital under the chairmanship of the District Collector, mainly to keep a constant vigil on the working of the institution concerned. Though such a committee was required to meet as often as necessary or at least once in three months shortfalls up to 50 *per cent* in the number of minimum meetings was noticed during 1984-85 to 1987-88.

There was no system to evaluate the effectiveness of the functioning of the committees. Adequate follow-up action for the speedy implementation of the recommendations of the committees was also not being taken by the hospitals.

(iii) A Hospital Development Fund had been created in each hospital out of voluntary donations, miscellaneous receipts, fees charged for out-patient tickets, etc. Though the accumulations in the funds of five of the hospitals totalled Rs. 15 lakhs in November 1989, no proposals had been finalised for their utilisation with the objective of improving the facilities of those hospitals.

(iv) Receipts on account of rent collected in respect of certain specified wards constructed out of donations or by social and charitable organisation were deposited in separate personal deposit accounts opened for the purpose. Notwithstanding accretions totalling Rs. 13.38 lakhs in the accounts of three of the hospitals in 1988-89, no definite proposals were finalised or were under consideration for the utilisation of these funds for the development/improvement of the hospitals concerned.

GENERAL EDUCATION DEPARTMENT

3.3. National Literacy Mission

3.3.1. Introduction

With a view to overcoming the shortcomings in various adult education programmes launched during 1978-80 and for making the programmes more effective, a comprehensive programme called National Literacy Mission (NLM) was launched in May 1988. The Mission aimed at imparting functional literacy to 80 million illiterates by 1995 through the Rural Functional Literacy Project, establishment of *Jana Shikshan Nilayams*, strengthening of the administrative structure and establishment of a State Resource Centre. Besides, two other schemes *viz*., 'Assistance to Voluntary Agencies' and establishment of a 'Shramik Vidyapeeth' were also implemented in the State for which funds were provided to voluntary agencies directly by the Central Government. Following the launching of NLM, various on-going adult education programmes were incorporated therein.

The Rural Functional Literacy Project (RFLP) had been introduced during 1979-80 to impart literacy skills to adults in the age group of 15 to 35 years by organising a specified number of literacy centres in terms of the norms and guidelines issued by the Government of India. In March 1988, the Government of India issued guidelines for the reorganised scheme of RFLP based on the objectives and strategies envisaged in the NLM. The State Government decided in August 1988 to implement the revised scheme in 11 districts, with 300 centres in each district. The centres were started during October-November 1988. As the State Government launched the 'Total Literacy Scheme' for the whole State in March 1990, no RFLP centres were established thereafter. The main objectives of the scheme for the establishment

All abbreviations used in this Report are listed alphabetically and expanded in the Glossary at Appendix 11 (Page 212)

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of *Jana Shikshan Nilayams* (JSN) were continuing education and application of functional literacy, dissemination of information on development programmes, and widening and improving participation of traditionally deprived sections of society.

One *Prerak* was appointed in each JSN after being given the prescribed training. Honorarium was paid to the *Preraks* at the rate of Rs. 200 per mensem.

The State Resource Centre (SRC) was started in July 1978 under the auspices of the Kerala Association for Non-Formal Education and Development (KANFED) at Thiruvananthapuram for providing resources support to the National Education Programme.

3.3.2. Organisational set up

The projects at the State level were supervised by the Commissioner for Rural Development, and at the project level by the Assistant Development Commissioner (ADC) under the control of the District Collector. The ADC was assisted by the Functional Literacy Project Officer. Actual implementation of the scheme was, however, done by the Block Development Officers (BDO).

3.3.3. Audit coverage

An audit review of the schemes implemented during the period 1985-86 to 1989-90 was conducted during the period March-June 1990 with reference to the records made available by the State Adult Education Office and some subordinate offices, the Office of the Commissioner for Rural Development and the records of 16 Block Development Offices in four districts and the State Resource Centre.

3.3.4. Highlights

—**The learners enrolled under the Rural Functional Literacy Project (RFLP) included persons who did not satisfy the prescribed age criterion and who were literate.**

—According to an evaluation study report, the average attendance in the RFLP centres was 19 learners against 30 admitted.

—There was no system of periodical evaluation of the performance of learners in the RFLP centres. The skills acquired by those stated to have become literate by joining the RFLP centres were also not evaluated.

—Cassette recorders, cassettes, etc., valued at Rs. 1.19 lakhs were purchased in four Districts between July-September 1989 when the centres were to be closed down during October-November 1989.

(Paragraph 3.3.6)

—Expenditure totalling Rs. 10.6 lakhs incurred on the 300 Adult Education Centres under RFLP in Ernakulam District was avoidable because the learners enrolled under the RFLP were also included in the Total Literacy Scheme launched in the district in January 1989.

(Paragraph 3.3.7)

—As against an enrolment of 100 persons in each of the eight *Jana Shikshan Nilayams* **in one block in Ernakulam district, the average daily attendance ranged from 37** *per cent* **to only 8** *per cent*.

(Paragraph 3.3.8)

—Expenditure totalling Rs. 27.24 lakhs incurred upto 1986-87 on the strengthening of administration had not been reimbursed by the Government of India as no District level administrative structure was sanctioned. Claims for reimbursement from 1987-88 onwards had not been preferred by the State Government so far. The revised scheme

for strengthening of the administrative structure formulated by the Government of India in April 1988 had not been implemented in the State.

(Paragraph 3.3.9)

—**The voluntary agency responsible for the activities of the State Resource Centre (SRC) had not contributed its share (5 *per cent*) of the Centre's expenditure. Grants received from the Central/State Government for the SRC and remaining unutilised had not been refunded. An amount of Rs. 5.42 lakhs including interest of Rs. 0.69 lakh remained unutilised out of grants totalling Rs. 16 lakhs released by the Government of India during 1986-88 for the preparation of literacy kits.**

(Paragraph 3.3.10)

3.3.5. Budget provision and expenditure

Year-wise details of the budget provision and the expenditure incurred thereagainst relating to RFLP and JSN are given below:—

Year	*Budget provision*		*Expenditure*	
	RFLP	*JSN*	*RFLP*	*JSN*
		(Rupees in lakhs)		
1985-86	104.16	1.64	94.27	2.17
1986-87	81.81	3.78	82.03	5.49
1987-88	94.00	3.00	96.61	2.07
1988-89	106.27	20.16	103.37	21.77
1989-90	171.00	10.00	84.90	13.52

3.3.6. Rural Functional Literacy Project

(i) The pattern of project administration prescribed by the Government of India for the RFLP was not followed in the State. While no post of Assistant Project Officer/Technical Assistant was created, a post of Assistant Development Commissioner (ADC) and a post of Project Officer were created against the prescribed post of Project Officer. The salaries of the project staff were subject to the ceilings (Rs. 4.16 lakhs upto 1987-88 and Rs. 16.76 lakhs thereafter) prescribed by the Government of India. The ceiling was exceeded by Rs. 4.07 lakhs and Rs. 6.13 lakhs respectively during 1986-87 and 1987-88. Government stated (January 1991) that the excess expenditure was due to variations in the salary.

(ii) The RFLP authorities were expected to conduct a detailed survey of the villages, and to prepare socio-economic and cultural profiles of the population and formulate a phased programme to ensure total eradication of illiteracy in the project area. No such survey was conducted. The learners were identified and enrolled in the Adult Education Centres (AECs) by the instructors appointed. As a result, persons admitted to the centres included those who did not belong to the targeted age group or who had already studied in schools or in RFLP centres earlier. According to the Block Development Officers, Vypeen and Vadavucode, there was no machinery to verify the lists prepared by the instructors, and it was not possible to get 30 learners for each centre, within the prescribed age group.

Details of the physical targets fixed for the establishment of AECs and the achievements thereagainst furnished by the Department were as follows:—

Year	*Target*		*Achievement*		
	Number of centres	*Enrolment*	*Number of centres*	*Enrolment*	*Persons made literate*
1985-86	3,300	99,000	3,249	Not available	94,476
1986-87	3,300	99,000	3,204	95,305	95,305
1987-88	3,300	99,000	3,242	1,00,078	97,036
1988-89	3,300	65,000	3,295	95,838	69,006
1989-90	3,300	67,000	*	*	*

* No new RFLP centre was established following the launching of Total Literacy Scheme.

On an average, 29 to 30 persons were enrolled in each AEC every year. The Commissioner stated that no centre was closed prematurely. However, according to the monthly review reports of the Commissioner and the report of an evaluation study undertaken by the Centre for Adult Education and Extension, Thiruvananthapuram, the average attendance in the centres was 19. The main reasons for the poor attendance were lack of interest of learners, their preoccupation with the jobs on which they were engaged, family problems, distance of the centres and inappropriate scheduling of classes.

(iii) Teaching aids, learning materials, equipment, etc., required for the AECs were purchased by the Project Office and supplied to the Block Officers for distribution. These were distributed only after considerable delays ranging from 1 month to 11 months. The delays were attributed to their belated receipt from the Project Office, belated collection of materials by the instructors, non-availability of sufficient staff for distribution, etc.

(iv) The National Literacy Mission had instructed that a State Authority of Adult Education should be constituted to plan and implement the programme. The State Authority, consisting of the Chief Minister, the Minister for Education and Law and eight other members was accordingly constituted in July 1988. The Authority had not, however, met even once till June 1990.

(v) A proper system for the periodical evaluation of the performance of learners in RFLP centres was not evolved. While written tests were conducted at the end of the course in the four districts test checked, no reports indicating the number of learners who had participated in the tests, number of learners who had become literate on the basis of their performance, etc., were prepared. In many cases, the answer papers were not even valued. Further, a test-check of the answer scripts of the tests conducted by 284 AECs revealed that only 48 *per cent* (4,049 learners) of the 8,520 learners enrolled in these centres appeared in the tests and the answer scripts of only 1,957 learners were valued. In many cases, the answer scripts did not indicate the name of the learner, rendering difficult his identification. In Vadavucode Block, persons other than those who had enrolled in the centres appeared in the tests. The Block Development Officer, Mulamthuruthy, where none of 434 answer scripts checked in audit was valued, stated that the answer scripts were not valued in the absence of specific instructions to this effect. The skills acquired by those stated to have become literate by joining the RFLP centres were, therefore, not actually evaluated.

The Government of India informed the State Government in October 1988 that they had identified two agencies (Indian Institute of Regional Development Studies, Kottayam, and the Centre for Adult Education and Extension (CAEE), University of Kerala, Thiruvananthapuram) for conducting an evaluation study. Accordingly, the State Government decided in December 1988 that, while the evaluation in the seven Southern districts would be done by the CAEE, that in the remaining seven Northern districts would be undertaken by the other agency. The CAEE undertook the evaluation from June 1989 and submitted its report in March 1990. The other institution had not finalised its report so far (December 1990).

The CAEE had observed in its report that (a) the State-level and district-level monitoring was not effective and did not meet the expectations; (b) certain learning and teaching materials which were not at all useful were thrust upon the functionaries; (c) poor illiterate people joined the classes in some cases merely to obtain materials like slate, pencil, note books, etc., for their wards; (d) there was lack of co-ordination among various implementing agencies resulting in overlapping and wastage; and (e) there was evidence of inadequate planning, haste in implementation, political interference, etc., in certain cases. Government had not taken any action on the report and findings of CAEE. The RFLP centres were, however, closed with effect from April 1990 following the launching of the Total Literacy Scheme.

(vi) In April 1989, the Commissioner sanctioned the purchase of 27 cassette recorders, 270 cassettes and 270 batteries for each of the 11 districts at a total cost of Rs. 3.27 lakhs. These were purchased between July and September 1989 in the four districts test-checked at a cost of Rs. 1.19 lakhs notwithstanding the fact that the RFLP centres were to be closed during October-November 1989. The cassette recorders, cassettes, etc., purchased in Kasaragod District were not issued to the Block Offices for distribution. The equipment and accessories received from the District Collector in September 1989 were not issued to the centres by the BDOs of Mukhathala and Anchal in Kollam district. Similarly, no recorders and accessories were issued to the centres by the BDO, Pampakuda, in Ernakulam district. While the BDO, Mukhathala, stated that these were not issued because the centres ceased to exist in October 1989, the BDO, Anchal, stated that there was no purpose in issuing these at the fag end of the course.

3.3.7. Total Literacy Scheme

In September 1988, the Government of India approved the Total Literacy Scheme so that all illiterates in the age group of 5 to 60 years could be made literate within a period of one year. Separate funds were also provided by the Government of India for this purpose, and the scheme was formally launched in January 1989 in Ernakulam district and was extended to cover the entire State in March 1990. The State Government had also established 300 AECs with 30 learners in each centre in Ernakulam district under RFLP in November 1988. All the 9,000 learners enrolled under RFLP were also included in the Total Literacy Scheme. This resulted in the overlapping of the two schemes without any enhancement in the achievement; and the expenditure of about Rs. 10.6 lakhs incurred under RFLP on the 300 AECs towards cost of learning and teaching materials, honoraria to instructors and *Preraks*, training costs, project administration, etc., was avoidable.

The ADC stated that it was the understanding between Government and the *Kerala Sasthra Sahitya Parishad* (a voluntary organisation, responsible for the Total Literacy Programme) that the

Total Literacy Scheme would cover illiterates other than the 9,000 enrolled in RFLP centres, and that both the centres would function without overlapping. However, according to the project report of the Total Literacy Scheme submitted to the Government of India, all the existing programmes in the district like RFLP, State Adult Education Programme (SAEP) and Mass Programme for Functional Literacy (MPFL) were to be integrated with the Total Literacy Scheme into one unified Programme, which was not done. Further, one of the BDOs (BDO, Vadavucode) admitted that the learners of RFLP centre in his block joined the Total Literacy centres, as a result of which the number of learners in the former centres decreased to only five per centre. Similarly, in Mulanthuruthy Block, 405 out of 1,438 learners enrolled dropped out of the RFLP centres because the Total Literacy centres were functioning nearby.

The following further points were noticed in the implementation of the Total Literacy Scheme in Ernakulam district:

(i) A grant of Rs. 80 lakhs was sanctioned by the Government of India in December 1988, March 1989 and March 1990 for the implementation of the scheme in the district and the total expenditure incurred in this regard upto April 1990 was Rs. 66.76 lakhs. Expenditure of Rs. 7.76 lakhs stated to have been incurred by the Thiruvananthapuram office of the agency was, however, not supported by records. Similarly, Rs. 6.77 lakhs transferred to the implementing agency (*Kerala Sasthra Sahitya Parishad*) was not supported by vouchers. Further, a sum of Rs. 11.72 lakhs was diverted to the immunisation programme (Rs. 2.50 lakhs), BIMA Kerala Project (Rs. 1.50 lakhs) and purchase of spectacles for issue to the needy learners (Rs. 7.72 lakhs). Though the project was formally concluded by January 1990, the final utilisation certificate and certified accounts had not been forwarded to the Government of India (May 1990).

(ii) Against the proposal to set up 5,000 adult education centres in 1,000 wards of the district, the *Parishad* opened more than 16,000 centres enrolling 10 learners per centre. A test-check of 100 centres in Edappally area revealed that 85 *per cent* of the centres had a strength of less than 10 learners, of which 34 *per cent* of the centres had a strength of less than five learners.

3.3.8. Jana Shikshan Nilayam

(i) The physical targets fixed and achievements under the *Jana Shikshan Nilayam* (JSN) scheme were as shown below:—

Year	*Target*		*Achievement*	
	No. of centres	*Enrolment*	*No. of centres*	*Enrolment*
1985-86	Nil	Nil	Nil	Nil
1986-87	600	18,000	586	17,653
1987-88	Nil	Nil	Nil	Nil
1988-89	280	28,000	279	26,286
1989-90	No new JSN was established			

(ii) According to the instructions issued by the Government of India while releasing the grants for establishing JSNs, separate accounts were to be maintained in respect of JSNs in each block. It was noticed that separate accounts were not maintained in any of the Block Offices test checked.

(iii) Though attendance of the learners was stated to have been recorded in registers maintained for the purpose, such registers were, however, made available to Audit for scrutiny only by the BDO, Vadavucode, in Ernakulam district. It was seen that though all the JSNs in the block had an enrolment of 100 learners, the average daily attendance from December 1988 (month in which eight JSNs were started) to February 1990 ranged from 37 *per cent* to only 8 *per cent*. According to the BDO, Vadavucode, the learners who attended the JSNs were also enrolled as learners in the Total Literacy centres and the attendance in the JSNs was consequently very poor. Even in the State as a whole the average attendance in 10 districts during August 1989, details in respect of which were made available to Audit ranged between 22 *per cent* and 76 *per cent*.

(iv) Materials like furniture, petromax lamps, books, maps, charts, cycles, etc., were supplied to the JSNs through Block Offices after delays ranging from one month to eleven months attributable to their belated receipt from the district offices, non-availability of transport facilities, manpower constraints, etc.

3.3.9. Strengthening of administrative structure

A Centrally Sponsored Scheme for strengthening the administrative structure at the State level was introduced by the Government of India in 1978-79. Under the scheme, the Government of India approved the creation of posts of one State Adult Education Officer (SAEO), one Assistant State Adult Education Officer and six other administrative posts at the State level in March 1979. The State Government operated these posts and also the post of one driver, not envisaged in the scheme. The Central Government reimbursed Rs.10.07 lakhs for the years 1985-90.

The State Government also operated three District level posts, including one District Adult Education Officer (DAEO), in each of the eleven districts from 1979-80 onwards. As these posts were created without prior sanction, the Government of India did not reimburse the expenditure thereon upto 1981-82. Though they agreed to reimburse the amount from 1982-83 onwards, an expenditure of Rs. 27.24 lakhs incurred during 1982-83 to 1986-87 was not reimbursed on the ground that no administrative structure was sanctioned for the District headquarters in the absence of a specific request from the State Government and retrospective sanction was not feasible. Claims from 1987-88 onwards had not been preferred by the State Government (June 1990).

In April 1988, the Government of India forwarded a revised scheme for strengthening of the administrative structure. The revised scheme had not been implemented in the State till February 1990 because the relevant proposals had not been sent to the Government of India. However, the latter released an *ad hoc* grant of Rs. 2 lakhs in February 1990 to meet the expenditure on the emoluments of the posts already sanctioned.

According to an evaluation study by the Centre for Adult Education and Extension, the State Adult Education Unit was not fully utilised as an effective link for monitoring the programmes undertaken by various agencies in the State. The report pointed out that powers had not been delegated to the DAEOs to visit the centres and report on their functioning. Apart from running centres under the SAEP till 1986-87 the involvement of the State Adult Education Unit in the other adult education programmes was negligible. The purpose of Central assistance for strengthening of the administrative structure was thus not fulfilled.

3.3.10. State Resource Centre, Thiruvananthapuram

The expenditure on the State Resource Centre (SRC) was shared among the Central Government, State Government and a voluntary agency (KANFED) in the ratio 80:15:5. During 1985-86 to 1989-90, grants totalling Rs. 35.94 lakhs were received by the Centre from the Central Government (Rs. 32.11 lakhs) and the State Government (Rs. 3.83 lakhs), of which an unspent balance of over Rs. 3 lakhs was retained in March 1990. No contribution was, however, received from KANFED towards its share of the Centre's expenditure.

Though KANFED and SRC were accommodated in the same building, the entire rent for the building amounting to Rs. 2.18 lakhs was met from the funds of SRC for the period 1985-86 to 1989-90.

In the modified guidelines effective from April 1988, the SRC was to undertake research studies on learning impact and evaluation of teaching/learning materials. No such studies covering areas such as mobilisation of human resources, review of post literacy materials, media development and linkage programme, etc., were found to have been undertaken.

In the sphere of curriculam development, the SRC was expected to design, print and publish basic literacy materials, post-literacy materials and publicity literature. The allocation of funds for printing and publication each year was Rs. 0.75 lakh from April 1985 and Rs. one lakh from April 1988. A large number of books and periodicals having been published in the combined name of SRC and KANFED, the actual expenditure incurred on SRC publications could not be ascertained. There was no planning to print books based on a scientific assessment of actual requirements. This resulted in stockpiling of priced publications valued at Rs. 3.63 lakhs, printed during the period from December 1979 to August 1989.

According to the guidelines issued by the Government of India in April 1988, the prices of various publications were to be fixed inclusive of a small margin of profit in consultation with the State Government. The prices fixed by the Centre, however, included a large profit margin and there was also no evidence of any prior consultation with the State Government. The SRC stated that their prices were moderate and reasonable compared to the prices of other agencies, and that these were fixed taking into account the prevailing market rates.

Against an allotment of Rs. 1.25 lakhs for evaluation and research during 1985-86 to 1989-90, the expenditure incurred was only Rs. 0.16 lakh. The SRC had not undertaken any evaluation of its own projects or of those of other agencies. The SRC, however, stated that it had conducted a comprehensive survey of the illiterates throughout the State and had evaluated the total literacy programmes at Ernakulam and Kottayam. But no reports were made available for scrutiny during audit.

Grants totalling Rs. 16 lakhs were received from the Government of India for the preparation of literacy kits under the 'Mass Programme for Functional Literacy' during 1986-87 and 1987-88. The kits for 1986-87 were printed at a cost of Rs. 5.16 lakhs without ensuring the competitiveness of the rates through tenders. As at the end of March 1990, an unspent grant of Rs. 4.73 lakhs was retained by the Centre and interest of Rs. 0.69 lakh had also accrued thereon. Though the Government of India had not agreed to the unspent balance being carried over, the SRC had not refunded the amount.

3.4. Cash Management in Tourism Department

The Department of Tourism has under its control 22 guest houses. Departmental catering was restricted to Kerala House, New Delhi, and the guest houses at Thiruvananthapuram and Kovalam (introduced in August 1989). In all other guest houses catering was undertaken by the staff of the guest houses in their personal capacity on payment of the prescribed percentage charges to the Government. A review of cash management in the Directorate of Tourism and in 13 guest houses was conducted by Audit in June—July 1990 covering the period from 1987-88 to 1989-90.

Codal provisions envisage that Government revenue collections should be remitted into the treasuries on the next working day or periodically at least once in a week on the last working day. The test-check revealed delays ranging from 15 days to over one year in such remittances resulting in unauthorised retention of cash. Instances of retention of large amounts by seven guest houses are tabulated below:—

Name of guest house	*Period of collection*	*Amount collected*	*Amount remitted*	*Balance retained*
		(Rupees	*in lakhs)*	
Thiruvananthapuram	23-12-1987 to 28-2-1990	8.85	0.88	7.97
Ernakulam	20-6-1987 to 9-4-1990	2.10	0.41	1.69
Attingal	6-10-1987 to 29-3-1990	1.60	0.05	1.55
Kozhikode	5-2-1987 to 16-3-1990	1.38	0.32	1.06
Thrissur	23-10-1987 to 14-3-1990	1.33	0.59	0.74
Kollam	25-6-1987 to 10-3-1990	0.90	0.26	0.64
Kovalam	13-7-1987 to 15-1-1990	1.46	0.93	0.53
Aluva	2-11-1987 to 28-5-1990	0.68	0.27	0.41

Further, revenue collections to the extent of Rs. 5.33 lakhs were misappropriated in five guest houses, as shown below:—

Name of guest house	*Date of handing over charge by Manager*	*Cash balance as per cash book on the date of handing over charge*	*Net amount misappropriated*	*Amount remitted or accounted subsequently*
		Rs.	Rs.	Rs
Thiruvananthapuram	28- 4-1987	37,804	37,804	..
	21-10-1987	34,307	34,307	..
	26- 7-1988	78,670	69,373	2,297
	28- 2-1990	2,26,573	2,26,573	..
Kovalam	28- 1-1988	68,189	55,398	8,075
Kollam	30- 4-1990	31,068	13,888	12,790
Ernakulam	11- 6-1988	17,716	17,716	17,180
	10- 2-1989	31,594	31,594	..
	24- 4-1990	50,550	32,734	..
	27- 5-1990	3,271	3,271	..
Kannur	31- 8-1987	10,487	10,487	..
		Total	5,33,145	

The *modus operandi* in all these cases was that the managers, while relinquishing charge, did not hand over the cash as shown in the cash book to their successors, who opened new cash books. The closing cash balances with the transferred managers remained unaccounted for. No effective action was taken to recover the amount so misappropriated.

In addition, advances to the tune of Rs. 22.57 lakhs drawn and disbursed in 116 cases between 1977-78 and 1989-90 in connection with visits of VIPs/VVIPs were pending settlement (June 1990). An analysis revealed that even the identities of the payees were not available in respect of advances totalling Rs. 11.67 lakhs. Further, other contingent advances totalling Rs. 0.86 lakh paid to subordinate officers of the Tourism Department (34 cases) and advances amounting to Rs. 106.67 lakhs paid to officers of other departments for tourism promotion (50 cases) were pending adjustment in January 1990 as shown below:—

Year	*Contingent advances paid to departmental officers*		*Contingent advances paid to the officers of other departments*	
	Number of cases	*Amount (Rs. in lakhs)*	*Number of cases*	*Amount (Rs. in lakhs)*
1987-88	4	0.05	12	11.04
1988-89	8	0.06	10	39.04
1989-90	22	0.75	28	56.59
Total	34	0.86	50	106.67

Records in respect of such advances relating to the periods prior to 1987-88 were not made available for verification.

The review also revealed that the percentage of average revenue collections in respect of 10 guest houses ranged between 5 and 39 of the average expenditure incurred. This was attributed to poor room occupancy, which ranged between 6 *per cent* and 36 *per cent*. Details of the occupancy and revenue collections of these guest houses are contained in Appendix 4.

REVENUE DEPARTMENT

3.5. Working of the Weights and Measures Department

(i) The Weights and Measures Department was responsible for enforcement of the provisions of the Kerala Weights and Measures (Enforcement) Act, 1958, and the rules made thereunder and the Standards of Weights and Measures (Packaged Commodities) Rules, 1977, framed under the Standards of Weights and Measures Act, 1976. The Officers in the Department were to visit all the trading premises, including factories and other establishments, within their jurisdiction once in twelve months to ensure that the weights and measures and the weighing and measuring instruments were properly used and that no fraud was committed in the sale of articles by traders. They were also to see whether the weights and measures and the weighing and measuring instruments were manufactured according to the specifications laid down in the Act and Rules, and that only accurate and stamped items were sold at reasonable prices.

There were nearly three lakh trading establishments in the State in the year 1989 and the Department had employed 355 regular staff. The receipts and expenditure of the Department during the six year period from 1984-85 to 1989-90 totalled Rs. 664 lakhs and Rs. 394 lakhs respectively.

(ii) The Assistant Controllers and Inspectors were the main functionaries of the Department, while only a skeleton complement of one clerk and one typist was maintained at the district level, and there was no clerical staff at the taluk level. Out of 79 field offices in the State, seven offices had not been provided with any working standards for the verification work and 24 offices were only partly equipped. Fourteen sets of working standard balances, 17 sets of capacity measures, 17 sets of weights and 17 sets of length measures were required to make up the shortage. The offices which were not equipped or were only partly equipped were stated to be functioning with equipment borrowed from nearby offices. Government stated (June 1990) that due to paucity of funds all the subordinate offices could not be supplied with sufficient number of working standards. The Department stated (December 1990) that, while five offices still remained to be supplied with any working standards, four more offices of Inspectors opened in November 1990 were also not supplied with any working standards. As regards vehicles, only nine jeeps were available for use by the 15 Assistant Controllers and 65 Inspectors. Government stated (June 1990) that steps were being taken for the purchase of additional vehicles.

(iii) The Department did not have a manual of its own codifying the guidelines and instructions issued from time to time for streamlining the working of the Department. Instead, it used the Manual of Weights and Measures published by the Government of India for reference. According to the norms contained in the Manual, each Inspector was to be responsible for 3000 trading establishments. Based on the 1989 census, in terms of which there were 2.89 lakh establishments in the State, the Department should accordingly have had 96 Inspectors as against 65 Inspectors in position. The Department adopted a uniform staffing pattern of one Inspector for each taluk regardless of the number of establishments to be verified annually, which ranged between 3,000 and 5,000 in 27 out of 61 taluks, and between 5,000 and 10,000 in 24 other taluks. Government stated (June 1990) that the accepted norm of one Inspector for every 3000 trading establishments could not be adopted as sufficient posts could not be sanctioned due to paucity of funds.

The Department decided in March 1981 that each Inspector should spend 15 to 20 days a month on verification work and ensure a daily out-turn of 25 to 40 shops. A scrutiny of the details in this regard revealed that more than 90 *per cent* of the Inspectors spent less than 15 days in a month on verification work, of which 45 to 70 *per cent* of the Inspectors spent less than 10 days. In spite of the lesser number of days spent on verification, more than 95 *per cent* of the Inspectors had achieved the target of 25 to 40 shops a day, while more than 50 *per cent* of them exceeded the targetted out-turn by visiting 41 to over 70 shops in a day.

A detailed scrutiny of the verification work done by some of the Inspectors revealed that the time actually taken by them was 30 to 40 *per cent* of the time required as per the norms prescribed. One Inspector of Quilandy Taluk verified and stamped the weights and measures of 10,069 shops in 1987-88 and 9,677 shops in 1988-89 as against the prescribed norm of 3,000 shops devoting evidently much less time to each shop than envisaged in the norms. It appeared that the Inspectors tended to stamp a larger number of weights and measures to cover all the shops under their jurisdiction and achieve the targets at the expense of accuracy and quality of the verification work done by them. Government stated (June 1990) that the norms could not be followed due to an increase in the number of trading establishments.

(iv) At the end of November 1990, 177 prosecution cases pertaining to periods from 1984-85 and onwards launched by the Department for offences under various enactments were pending disposal; 51 of these cases had been stayed by courts. In certain cases, the accused were acquitted due to departmental lapses. A few such instances are mentioned below:-

(a) In a case filed in December 1987, by the Senior Inspector, Alappuzha, against a dealer for violation of rules, the court acquitted the dealer as the Inspector had not been delegated powers to file the complaint under Sections 72 and 73 of the Kerala Weights and Measures (Enforcement) Act, 1958.

(b) In a case of sale of cigarettes and soap to a consumer at prices exceeding the retail sale prices marked on the packets, the court had held that the sale was not witnessed, and that there was no mention in the complaint regarding the sale price or the actual price received by the accused and the packets were not produced before the court.

(c) In another case where the metre scale used in a textile shop was not verified and stamped, the court dismissed the case due to delay in issue of show cause notice by the Inspector.

According to Section 73 of the Act, a delinquent trader/shopkeeper caught and permitted to compound his offence once shall not be allowed to compound his offence a second time within a period of three years, and prosecution should invariably be launched against him in a court of law. The Department had not, however, maintained a record of first offenders so as to identify them in case of second and subsequent offences. Government stated (April 1991) that there was no law officer in the Department and that the prosecution records were, in fact, being prepared by the ministerial staff.

(v) Other topics of interest

(a) According to the Standards of Weights and Measures (Packaged Commodities) Rules, 1977, the manufacturer or packer is responsible for the accuracy of the declared net contents of the packets and the dealer or retailer should not sell the goods at prices exceeding the retail prices marked thereon. Though the power to take action under the Rules was delegated to district level officers of the Department in each revenue district in December 1979, such powers were delegated to the Inspectors of Weights and Measures only in July 1986 and the Rules were consequently implemented effectively only from 1987, after a lapse of nearly a decade since their promulgation. Following the delegation of powers to the Inspectors, 5,997 cases were detected during the period from 1986-87 to 1988-89. The Department stated (November 1989) that the delay in delegation of powers to the Inspectors was attributable to staff constraints and non-availability of vehicles.

(b) Testing of domestic water meters notified by Government in October 1975 had not been implemented due to non-availability of funds for purchase of water meters and absence of additional staff.

(c) No internal audit wing was functioning in the Department. The Controller and Deputy Controller were conducting annual inspections of subordinate offices in addition to their administrative and financial functions and, consequently, the inspections conducted by them could not be considered to have been effective.

(d) Though the enforcement personnel were to be given adequate training in the techniques of verification and inspection of weights and measures and weighing instruments, only 58 of the 80 field officers had been imparted basic training at the Indian Institute of Legal Metrology, Ranchi, till January 1990. Further only two of the 15 Assistant Controllers had been trained in the calibration of storage tanks. Government stated (June 1990) that more officers would be sent for training subject to availability of funds.

To sum up, the administration and enforcement of the provisions of the Kerala Weights and Measures (Enforcement) Act, 1958, and the Standards of Weights and Measures (Packaged Commodities) Rules, 1977, could not be considered to have been effective. This was attributable primarily to financial constraints, which had an inevitable impact on the availability of the necessary manpower resources, working standards and other infrastructural facilities and the training of enforcement personnel. This, in turn, adversely affected the extent and quality of the verification work undertaken by the Department. Further, in the absence of legal personnel, follow-up action on prosecution cases launched under the enactments was also inadequate.

Given the fact that constraints of resources are a recurring phenomenon, it may be useful for Government to review the functioning of the Department and to devise effective alternate control mechanisms and systems, so as to ensure that the primary objective of protecting the interests of the consumers in the State is fulfilled.

3.6. Drought/Flood Relief Works

There was a severe drought in the State during 1987, as a result of the total failure of the north-east monsoon. Apart from hardships caused by scarcity of drinking water, the dry spell had caused substantial damage to the agriculture economy. An expenditure of Rs. 47.99 crores was incurred by the State on drought relief during 1987-88 and the Government of India released Rs. 40.64 crores towards advance Plan assistance.

The heavy rains during the south-west monsoon in August 1988 caused floods, landslides and sea erosion in the State necessitating flood relief measures. The Government of India sanctioned Rs. 10.55 crores in November 1988 for flood damage works.

3.6.1. Expenditure on drought relief

According to the directives issued by the Government of India, all expenditure on relief measures undertaken in connection with the drought of 1987 was to be incurred before the end of March 1988. It was, however, seen that amounts were withdrawn from the Consolidated Fund and credited to Treasury Savings Bank accounts by the implementing agencies apparently to avoid lapse of budget provision. The amount so withdrawn during 1987-88 and remaining unutilised with seven implementing agencies test-checked totalled Rs. 1.08 crores, details of which have been furnished in Appendix 5.

Funds allotted for drought relief schemes were also diverted by the implementing agencies. Eight such instances where funds to the extent of Rs. 35.17 lakhs were diverted are mentioned in Appendix 6.

In order to ensure public participation by involving panchayats, blocks, and other local organisations in the execution of works, District Collectors were authorised to take up employment generation works. Tenders were invited in respect of 36 minor irrigation works costing Rs. 27.73 lakhs, sanctioned by District Collectors of Ernakulam (14 works) and Malappuram

LAND SLIDE—ROAD DAMAGE DUE TO FLOOD

(22 works), and these works were executed through contractors instead of entrusting their execution to the convenors of beneficiary committees as envisaged in the Government instructions. Further, though the works were to be executed at estimated rates, the amounts paid to the contractors for works executed by them in Malappuram district (10) and Ernakulam district (9) exceeded the estimates by Rs. 1.51 lakhs.

3.6.2. Damages caused to reclamation scheme

Allotments of 185.15 hectares of *poramboke kayal* land* in Chempu village of Vaikom taluk assigned to 915 applicants in March 1970 were cancelled by Government in February 1980, having regard to the substantial investments likely to be involved in the reclamation of the water logged *kayal* area. Following representations from the allottees, the cancellation orders were revoked in February 1981. In the mean time, the land had been encroached upon and a fresh assessment made in January 1988 revealed that only 80.94 hectares of land were available for distribution. In February 1988, Government decided to implement a scheme for the reclamation of the area at a cost of Rs. 47 lakhs, as part of the employment generation programme initiated as a drought relief measure. Funds totalling Rs. 47 lakhs were released to the District Collector in March 1988.

The scheme envisaged the construction of three *kayal* clay bunds of a total length of 8,238 metres along the Chempukayal, protected by a frame work consisting of coconut piles, screens of arecanut reepers, etc., to prevent water logging of the area and to facilitate thereby agricultural operations and development of fisheries. The District Collector entrusted the execution of the work to selected nominees in each of the three blocks in March 1988. Prior to the execution of the agreements by the selected nominees, the length of the bunds was reduced to 6,975 metres, and the protective screens were substituted by split bamboo. It was also decided to form the lower portion

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**Poramboke kayal* land means unassessed beds and banks of lakes which are the property of Government.

of the bunds by dredging. Enhanced rates claimed by the nominees for supply of coconut piles and split bamboo were also accepted. Consequently, the cost estimates were revised to Rs. 55.75 lakhs in February 1989 and agreements for the works were executed in March 1989 stipulating the completion of the bunds within a period of 3 months.

Funds totalling Rs. 47 lakhs released in March 1988 consequently remained unutilised till April 1989 and an expenditure of Rs. 15.05 lakhs was incurred thereafter up to September 1989. Work on the three bunds was, however, suspended from June 1989 following protests against the implementation of the scheme by the local inhabitants who were using the *kayal* for fishing purposes. An agitation launched by them in June 1989 also caused extensive damages to the works executed till then (Rs. 16.99 lakhs).

In this milieu, funds to the extent of Rs. 31.95 lakhs and interest of Rs. 5.09 lakhs earned, continued to remain unutilised. Further, though the estimates totalling Rs. 55.75 lakhs envisaged an overall labour content of Rs. 10.33 lakhs (19 *per cent*), no employment was provided till April 1989, and employment to the extent of Rs. 2.16 lakhs only was generated thereafter. The number of man-days of employment generated had not, however, been intimated. The objectives sought to be achieved by the scheme remained unrealised.

The payments made to the nominees in September 1989 included the cost of 20,421 metres of coconut wailing supplied by them. These were just enough for 3,404 metres of framework. However, the quantity measured and paid for was 4,643 metres, resulting in an overpayment of Rs. 3.38 lakhs.

The cost of the scheme was further revised to Rs. 69.57 lakhs in February 1990, after taking into account the damages (Rs. 13.83 lakhs) caused by the agitation of June 1989. Work on the scheme could not be resumed even thereafter because of a case filed by the Kerala State Environment Protection Council in the High Court against the continuance of the reclamation works.

3.6.3. Expenditure on flood damage works

Funds allotted for flood relief works were diverted by the implementing agencies. Two such instances are mentioned below:

(a) Out of Rs. 13.56 lakhs drawn for repairs and restoration of damaged roads and bridges and deposited in the Treasury in March 1989 by the District Collector, Ernakulam, a sum of Rs. 4 lakhs was paid in June 1989 to the Regional Sports Centre, Kochi, for the construction of an indoor stadium.

(b) Out of Rs. 8 lakhs sanctioned for purchase of medicines and drawn in February 1989 by the Director of Indian Systems of Medicine, a sum of Rs. 2.39 lakhs was spent in March 1989 on purchase of mattresses (Rs. 1.56 lakhs) and aluminium utensils (Rs. 0.83 lakh).

In Kollam district, the work of carpetting of the Changankulangara-Vallikavu road with 20 mm chips was tendered in May 1987. Of the two tenders received, the only valid offer, which was 24 *per cent* above the estimate (Rs. 2.02 lakhs), was not accepted by the Department within the validity period (October 1987). The estimate for the work was revised in August 1988 to Rs. 2.55 lakhs and awarded in January 1989 to a society based on its tender, which was 35 *per cent* above the estimate. Expenditure on the work, which was initially taken up by the Public Works Department under its normal maintenance programme, was ordered to be debited under flood damage works. The work was completed in March 1989 at a cost of Rs. 3.24 lakhs. The extra expenditure incurred by the Department due to non-finalisation of the earlier tender of May 1987 within its validity period was Rs. 0.90 lakh.

GENERAL

3.7. Misappropriations, losses, etc.

One hundred and seventy one cases of misappropriations, losses, etc., involving Government money and reported to Audit to the end of March 1990 were pending finalisation at the end of September 1990. Department-wise details of the cases are given in Appendix 7. Year-wise analysis of the outstanding cases is given below:

Year	*Number of cases*	*Amount (Rs. in lakhs)*
Upto 1984-85	100	33.40
1985-86	9	15.29
1986-87	7	8.94
1987-88	7	5.55
1988-89	33	2.83
1989-90	15	3.81
Total	171	69.82

A broad analysis of the reasons for pendency is furnished below:

	Particulars	*Number of cases*	*Amount (Rs. in lakhs)*
(i)	Awaiting departmental and criminal investigation	59	26.36
(ii)	Departmental action started but not completed	52	23.71
(iii)	Awaiting orders for recovery/write off	20	3.74
(iv)	Pending in courts of law	40	16.01
	Total	171	69.82

3.8. Writes off, waivers and *ex-gratia* payments

According to the information received by Audit, sanctions were issued by various authorities during 1989-90 ordering the write off of Rs. 12.10 lakhs in 181 cases, waivers amounting to Rs. 1.54 lakhs in 6 cases and *ex-gratia* payments totalling Rs. 0.56 lakh in 4 cases. Department-wise details are given in Appendix 8.

CHAPTER IV

WORKS EXPENDITURE

PUBLIC WORKS AND TRANSPORT DEPARTMENT

4.1. Bridges across Manimala river

(i) In February 1977, Government sanctioned the construction of a bridge at Kulathoormuzhy across the Manimala river at an estimated cost of Rs. 31.64 lakhs. The tenders were floated in April 1978 and the work was awarded in July 1978 for Rs. 26.30 lakhs. The work was to be completed by January 1981. While the land required for the bridge was handed over to the contractor only in November 1978, proceedings for the acquisition of the site for the approach road were not completed by then. The progress of work was also very slow. By January 1981, the contractor had completed only about 30 *per cent* of the work (cost of work done: Rs. 9.47 lakhs) and he stopped further work. As he did not resume the work in spite of repeated instructions, the contract was terminated in September 1981 at his risk and cost.

In the context of the revision of the Schedule of Rates with effect from July 1982, the estimates in respect of the incomplete works were revised in May 1983, and these works were entrusted to another contractor in September 1984 at a cost of Rs. 58.48 lakhs. These works, due to be completed by August 1986, were completed in May 1987, when the bridge was opened for traffic.

Before termination of his contract, the first contractor had demanded in June 1981 compensation on account of idle wages/damages and enhanced rates for the items of work executed, on the ground that there were departmental delays in handing over the site and in supplying materials, as well as deviations from the original estimates. As his demands were not accepted by the

Department, he filed a suit in October 1984 to refer the dispute for Arbitration. An Arbitrator was appointed by the Sub Court, Thiruvananthapuram in April 1986, and the arbitration proceedings were in progress (June 1990).

Expenditure totalling Rs. 65.67 lakhs was incurred on the work as against the originally tendered cost of Rs 26.30 lakhs. Delays on the part of the Department in handing over the site initially and in awarding the incomplete works to another contractor subsequently—which was done only after the lapse of three years—resulted in extra expenditure of Rs. 39.37 lakhs. The extent of liability of the first contractor had also not been determined (June 1990).

(ii) The work of construction of a bridge at Komalamkadavu, including approaches, across the Manimala river was entrusted to a contractor in February 1980 at his quoted rate of Rs. 9.37 lakhs, and was to be completed by October 1981. Though action for acquiring the land required (14.75 ares) for the approaches to the bridge was initiated by the department in October 1979, it could be taken possession of only in March 1982, five months after the due date fixed for completion of the work. Meanwhile, the contractor suspended the work in August 1981 after completing the foundation upto well cap level (value of work done: Rs. 3.01 lakhs), and did not resume it in spite of repeated instructions. The contract was, therefore, terminated in December 1982 at his risk and cost. The contract for the execution of the incomplete work was awarded to another contractor only in February 1985, after revision of the estimate in April 1983, issue of revised administrative approval in April 1984 and the issue of Government sanction in January 1985. The work was completed in August 1987 at a total cost of Rs. 27.38 lakhs, but the final bill had not been settled (March 1990).

The work originally scheduled for completion by October 1981 was actually completed in August 1987. The delay of nearly six years, attributable mainly to delays in acquiring the land for the approaches and in awarding the incomplete work to another contractor, resulted in extra expenditure of Rs. 18.01 lakhs.

The Department had determined that the first contractor was liable to the extent of Rs. 9.14 lakhs. Government orders envisage that the liability of defaulting contractors should be fixed and the money recovered within one year of the termination of the contract. But the amount had not been recovered in this case, even eight years after the termination of the contract and three years after the completion of the balance work.

The matter was reported to Government in August 1990/ October 1990; their reply had not been received (March 1991).

4.2. Construction of police quarters

The construction of 17 type I and type II police quarters at Kodungallur was entrusted to a contractor in December 1978 for Rs. 5.46 lakhs. Subsequently, as the construction site fell within the proposed alignment of National Highway 17, the design of the houses was changed and the number of quarters reduced. After executing work valued at Rs. 3.41 lakhs, the contractor stopped further work on the quarters in March 1980 due to non-issue of departmental materials and subsequent changes in design. In July 1980, he demanded a general enhancement of 75 *per cent* over and above his agreed rates for all works to be executed and compensation for idling staff, plants, etc., failing which he requested that his account may be settled. The contract was ultimately terminated in January 1981 at the risk and cost of the contractor.

Though orders were issued by Government in May 1978 restricting recourse to arbitration only in cases of contracts whose probable value was not expected to exceed Rs. 2 lakhs, the clause providing for arbitration in the event of disputes was not deleted from the agreement. The contractor went in for arbitration in October 1980 claiming compensation of Rs. 0.75 lakh for losses, and a compensation of Rs. 0.67 lakh was awarded by the Arbitrator in May 1983.

A single tender received in September 1981 for the execution of the incomplete works was rejected by the Government, being 99 *per cent* above the estimate. The estimates were revised subsequently to Rs. 10.60 lakhs, which were approved by Government only in October 1988. Action to award these works to another contractor had not, however, been taken. In the mean time, the Executive Engineer had reported in May 1990 that the brick work done by the contractor was in a damaged condition and further work on it was not advisable and that the doors, windows and ventilators fixed by the contractor had also been damaged and were not fit for re-use. The actual loss due to these damages would be known only on completion of the balance work.

In the circumstances, the expenditure of Rs. 4.08 lakhs incurred on the construction of the quarters, which was yet to be completed even after a decade, had been rendered unfruitful.

4.3. Departmental lapses in processing a tender

The work of reconstruction of a wooden bridge at Km 3/500 of the Mala-Krishnankotta road (estimated cost : Rs. 3.39 lakhs) was tendered in April 1982 by the Executive Engineer (EE), Buildings and Roads Division, Thrissur, and the lowest offer (Rs. 4.39 lakhs) was valid upto 20th July 1982. The EE forwarded the tenders to the Superintending Engineer (SE) on 1st June 1982, who took two months to process the tenders before forwarding them to the Chief Engineer (CE) on 4th August 1982 for acceptance of the lowest offer. The CE returned the tenders on 4th September 1982 for rectification of certain defects in the tender documents.

Meanwhile, the validity of the offer was got extended upto 19th November 1982. The tenders were resubmitted to the CE only on 19th November 1982 for acceptance. As the tenderer refused to extend the validity period further because of escalation in cost of materials and labour, the CE returned the tenders to the SE observing that the carelessness shown in the preparation of tender/schedule and failure to furnish the full details in the *pro forma* resulted in delay in accepting a favourable offer before the expiry of the validity period.

The work was retendered and awarded to another contractor in October 1988 at a cost of Rs. 9.19 lakhs. It was completed in October 1989 at a cost of Rs. 9.17 lakhs. The failure of the

Department to accept the lowest tender of April 1982 within its validity period thus resulted in an extra expenditure of Rs. 4.78 lakhs.

4.4. Extra expenditure due to change in specification

Departmental instructions issued in December 1985 stipulated that only random rubble in cement mortar 1:6 was to be used for abutment of culverts and that cement concrete 1:3:6 was not to be adopted. The specifications in respect of the work 'Improvement to Balussery-Kurumpoyil Vayalida-Thalayad road' in Kozhikode district, entrusted to a contractor in April 1986 (contract amount : Rs. 23.35 lakhs), envisaged the construction of abutments of culverts in random rubble in cement mortar 1:6. However, while abutments of 11 culverts were constructed accordingly, abutments in respect of the remaining 10 culverts were constructed with cement concrete 1:3:6 using 40 mm metal, at the instance of the Assistant Executive Engineer in charge of the work. The change in specification was attributed to site conditions and the need for speedy execution of the work. Since the Department should have undertaken detailed site investigations before inviting tenders for the work, and the departmental instructions did not also permit any deviations on account of site conditions, the change in the specifications adopted by the Assistant Executive Engineer was not in order. Thus, non-observance of the departmental instructions resulted in an avoidable additional expenditure of Rs. 1.41 lakhs. Incidentally, the work scheduled for completion by May 1987 was actually completed only in March 1990.

While accepting the facts, Government stated (January 1991) that prior approval of the sanctioning authority should have been obtained before effecting the change in specification and that action had been taken by them to initiate disciplinary action against the persons responsible.

4.5. Loss on a road work

The work of improvements to the Thalacode-Mullaringad road sanctioned in July 1981 (PAC : Rs. 12.10 lakhs) was entrusted to a contractor in June 1982 for Rs. 11.29 lakhs, stipulating completion by February 1984, which was later on extended upto December 1985. After executing about 60 *per cent* of the work (cost of work done : Rs. 9.38 lakhs),the contractor stopped the work in December 1985 alleging delay in supply of materials, change in the alignment of the road after commencement of work, and consequential increase in quantities of earthwork cutting and filling, etc. As the contractor did not resume the work thereafter, the contract was terminated in May 1989 at his risk and cost. His final bill remained to be settled and payments totalling Rs. 4.05 lakhs had been made to him up to March 1986. A suit filed by the contractor in a court was pending (March 1990). No arrangement had been made for getting the balance work done through another contractor (March 1990).

In the course of execution of the work, 8,152 cubic metres of blasted rubble were stacked in a stretch of forest land adjacent to the road because of non-availability of storage space at the work site. A report sent by the Executive Engineer, Roads Division, Muvattupuzha, to the Superintending Engineer, Aluva indicated that 2100 cubic metres of rubble (value : Rs. 1.83 lakhs) had been removed by the Forest authorities for their works. On this being pointed out by Audit, the Chief Conservator of Forests stated (January 1990) that the Forest department had removed only 179 cubic metres of rubble in order to facilitate planting. While agreeing to pay for this quantity, he added that the Forest department was in no way responsible for the loss of the balance quantity of 1921 cubic metres (value : Rs. 1.67 lakhs), which might have been stolen by local encroachers. The position not having been accepted by the Public Works Department, this question was being pursued by that Department with the Forest Department.

Further, the work which was due for completion in February 1984 continued to remain incomplete till March 1990, rendering the expenditure of Rs. 4.05 lakhs unfruitful.

The matter was reported to Government in August 1990; their reply had not been received (March 1991).

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4.6. Infructuous expenditure on a road work

Kottamala and Moolamattom in Idukki district, situated 14 kilometres apart, were connected by a jeepable panchayat road for a distance of two kilometres, beyond which it was a pathway. With a view to forming a motorable road along this pathway, road works were taken up in different reaches under various schemes like the Food for Work Programme, National Rural Employment Programme, Maintenance of Village Roads, Area Development Scheme, Flood Relief Scheme, etc., limiting the work in the reaches to the extent that funds were available under the respective schemes. By 1987, Rs. 10.22 lakhs had been spent mainly on earthwork for formation of the road, rubble packing in slushy portions, and dry rubble packing for retaining walls along a stretch of seven kilometres. Land, wherever required, had not been acquired before commencing the work, and gradients had not been eased to form a standard road nor was the road surface consolidated with power roller. Consequently, the road as had been formed was not of the appropriate and acceptable standards, and the earth used for its formation from time to time was washed away on successive occasions.

An enquiry by the District Collector in October 1987 disclosed that the same road work was taken up under different names with slight variations in the reaches under various schemes, and that this was entrusted to a nominee who belonged to another district and was not a beneficiary under the relevant schemes. A preliminary inspection by the Superintending Engineer, Commissionerate of Rural Development disclosed that the works taken up on each occasion were inadequate and incomplete for forming a road fit for traffic, and that there was evidence of serious irregularities.

The Chief Technical Examiner who also conducted an enquiry at the instance of Government reported in June 1989 that there was neither a proper scheme nor proper investigation for the works and that the road formed was unfinished. In the event, the amount spent had not created any worthwhile asset or served any purpose so far. According to him, another Rs. 20

to 30 lakhs would have to be spent to ensure the availability of a standard road. Thus the object of forming a motorable road and creation of a durable asset had not been achieved even after incurring an expenditure of Rs. 10.22 lakhs.

Government in the Vigilance Department had initiated vigilance enquiry into the matter and stated (October 1990) that disciplinary action against those responsible would be taken on receipt of the enquiry report.

IRRIGATION DEPARTMENT

4.7. Extra expenditure due to allowing higher rate

The work of forming the left bank main canal from Ch. 48,254 metres to 49,180 metres including construction of related drainage works (estimated cost : Rs. 59.46 lakhs) of the Kallada Irrigation Project was awarded to a contractor in September 1985 for Rs. 47.15 lakhs. The tender and the agreement schedule for the work provided for blasting and removal of hard rock, including protective blasting and blasting in wet conditions, and the rate specified therefor in the schedule was Rs. 60 per cubic metre.

In January 1987, May 1987 and August 1987, the contractor represented that during excavation a variety of metamorphic rock which could be removed only by blasting was met with, and demanded enhancement of the rate. He also desired examination by geologists to ascertain the nature of the rock being excavated. The Superintending Engineer rejected the claim and the demand for soil tests in August 1987, on the ground that there was no metamorphic rock in that reach and that the contractor was bound to do the excavation in all strata at the original contracted rate.

Nevertheless, based on a report from the Executive Engineer confirming the presence of metamorphic rock in the reach, the Chief Engineer sanctioned a rate of Rs. 99.93 per cubic metre on 25th March 1988 against the rate of Rs. 100.05 per cubic metre proposed by another Superintending Engineer in February 1988 on the basis of the data obtained from another Circle office for this particular type of strata. However, the Superintending Engineer, after negotiation with the contractor, allowed a rate of Rs. 135 per cubic metre. A supplementary agreement was entered into with the contractor on 30th March 1988. An amount of Rs. 15.79 lakhs was paid to the contractor till December 1989 for blasting and removing 11,696 cubic metres of metamorphic rock.

Metamorphic rocks are either igneous or sedimentary in their origin, and are hard and durable. The metamorphic rock stated to have been encountered by the contractor in this case was excavated only by a process (blasting by gelatine after drilling holes in the rock) similar to that involved in the blasting and removal of hard rock in all conditions, for which a specific rate (Rs. 60 per cubic metre) was already provided in the original agreement. The characteristics of the rock excavated were also not determined on the basis of scientific soil tests or geological inspection. In the circumstances, there was no justification, *prima facie*, for sanctioning the enhanced rate of Rs. 135 per cubic metre. The excess payment on this account amounted to Rs. 8.77 lakhs upto December 1989 of which Rs. 4.10 lakhs was due to the Superintending Engineer allowing a rate higher than that sanctioned by the Chief Engineer.

The matter was reported to Government in October 1990; their reply had not been received (March 1991).

4.8. Payment beyond the terms of contract

The contract awarded in March 1984 for the completion of the balance works relating to the formation of the left bank main canal from chainage 35,060 metres to 35,900 metres in the Kanhirapuzha Irrigation Project, abandoned by another contractor provided for blasting in hard rock for 25,000 cubic metres at Rs. 343.90 for ten cubic metres. The work, which commenced in April 1984 and was scheduled for completion in October 1984, had not been completed as of December 1990.

The contract did not differentiate between blasting to be done in dry and wet conditions. Nevertheless, during the execution of the work, the contractor demanded enhanced rates in June 1984 for protective blasting so as to avoid any damage to the adjoining residential buildings, and for blasting under wet conditions as some portions of the canal were then filled with water.

In terms of the Madras Detailed Standard Specifications which formed part of the agreement, the contractor was to protect all existing and adjoining premises during blasting operations and was not entitled to any extra payment for such protective works. Departmental instructions issued in November 1986 also prescribed that provision for controlled blasting and for protective measures, if really necessary, should be included in the estimate and no extra payment should be made in such cases. Further, separate rates were payable to the contractor for de-watering, and Rs. 0.43 lakh were actually paid to the contractor for the purpose.

These factors notwithstanding, a supplementary agreement was executed with the contractor in May 1988 providing for additional protective measures and for payment for blasting under wet conditions. The additional payment made for 13,238 cubic metres of protective rock blasting and 13,400 cubic metres of rock blasting under wet conditions up to December 1990 amounted to Rs. 8.18 lakhs, which was outside the terms of the contract.

The matter was reported to Government in October 1990; their final reply had not been received (October 1991).

4.9. Loss on sales of empty cement bags

The Manual provisions envisage a specific mention about the recovery of the cost of empty cement bags from the contractor in the conditions of contract while inviting tenders for works. Empty bags of cement used in works are not to be returned to the departmental stores, but their cost is to be recovered at the rates fixed by the Department from time to time. While executing agreements for works in Public Works Divisions, a recovery of rupee one per empty jute bag is contemplated.

However, the agreements executed in the Kallada Irrigation Project Divisions envisaged the return of empty jute cement bags in good condition, failing which a recovery of Rs. 2 per bag was to be made from contractors. Between 1983-84 and 1989-90, the Project Circle at Kollam accepted the return of 5.72 lakhs of empty jute cement bags and sold them in auction realising Rs. 3.15 lakhs. Similarly, the Project Circle Office, Kottarakkara, also sold in auction 2.89 lakhs of empty jute cement bags realising Rs. 1.53 lakhs. Non-observance of the procedure prescribed in the Manual and that followed in the Public Works Department resulted in a lower realisation of Rs. 3.93 lakhs on the sale of these empty bags. Details in this regard called for by Audit from other Circles/ subordinate offices in January 1990 had not been received (March 1991).

The matter was reported to Goverment in October 1990; their reply had not been received (March 1991).

4.10. Unfruitful outlay

The work of providing irrigation facilities to the Thottikanam Elakkadu fields in Santhanpara Panchayat was entrusted to a contractor in March 1978 for Rs. 1.97 lakhs at 13.5 *per-cent* above the estimate. The work was scheduled to be completed by August 1978. Out of 1760 metres of land required to be acquired for the work, the Department could hand over only 1,205 metres of land to the contractor in June 1978, two months after the execution of the agreement. The remaining land (555 metres) required for the construction of a weir and part of the main canal could not be acquired by the Department due to objections from the land owners for free surrender. Consequently the contractor stopped work and filed a petition before the Chief Engineer, Arbitration, in August 1981 demanding , *inter alia*, enhanced rates for all work done beyond September 1978. The arbitrator awarded in April 1982 an increase of 20 *per cent* in the rates for all work done, and also relieved the contractor from the risk and cost of execution of the balance work. The award was confirmed by the Court in March 1984.

The work scheduled for completion in August 1978 had not been completed even till January 1991. The expenditure of Rs. 1.44 lakhs, including the arbitration award, incurred on the work so far had also remained unfruitful. Government stated (June 1990) that before tendering the work the Department was optimistic about acquiring the balance land. The Department informed Audit in January 1991 that certain private land owners had also constructed a check dam upstream, and a further assessment of the availability of water was therefore required.

4.11. Excess payment due to mistake in tender documents

A contract for providing water supply arrangements to Malabar Cements Limited, Walayar, from the reservoir of Walayar Irrigation Project awarded in May 1981 envisaged the supply, conveyance and the fixing in position of 200mm and 150mm G.I. flanges. The work involved the joining of two pipes with two flanges, one each at the facing ends of both the pipes which was to be treated as a single joint. The estimate prepared for the purpose also provided for an estimated payment of Rs. 581.90 for one joint of 200 mm flanges and of Rs. 419.67 for one joint of 150mm flanges.

However, while inviting tenders for the work in February 1981, the unit of work against these items was, wrongly 'shown as numbers' (of flanges) instead of 'joints' as provided in the estimate. The same error was also repeated in the contract awarded at 44 *per cent* above the estimate. An extra claim of Rs. 0.78 lakh made by the contractor on this account was not accepted by the Department and final payment was made in July 1983 for 79½ joints of 200 mm flanges and 19 joints of 150mm flanges reckoning the unit of work as one joint.

However, on a suit filed by the contractor, the Court allowed his claim and awarded a decree for Rs. 0.78 lakh in March 1986, along with 6 *per cent* interest from the date of the suit. An appeal filed in the HighCourt by the Department was dismissed in November 1986. The decretal amount of Rs. 1.05 lakhs (including interest) was paid to the contractor in February-March 1987. Failure of the Department to indicate the unit of work correctly in the tender documents and in the contract resulted in an avoidable excess payment of Rs. 1.05 lakhs to the contractor.

The matter was reported to Government in October 1990; their reply had not been received (March 1991).

4.12. Unproductive establishment expenditure.

The Chaliyar River Valley Project envisaged the construction of a storage reservoir to enable irrigation of lands situated in Malappuram and Kozhikode districts through a network of canals. The original proposal was to construct a barrage, across the Chaliyar river near Areacode and divert the flow through two main canals to irrigate 3812 hectares of paddyfields. The creation of a Division with three Sub-Divisions and nine Sections having a total complement of 94 personnel was also sanctioned by Government for investigation work between January 1980 and November 1980. The investigation of the project revealed that the scheme was not economically viable. It was, therefore, decided to ascertain the feasibility of a major scheme in the upper reaches of the Chaliyar basin for which an investigation estimate amounting to Rs. 41.75 lakhs was also sanctioned by Government in October 1985. After some preliminary efforts, the investigation work was suspended from April 1986 due to paucity of funds.

The Division and the three Sub-Divisions, however, continued to exist with the full complement of the staff. Their establishment expenditure amounted to Rs. 44.03 lakhs for the period from April 1986 to May 1990. The Chief Engineer admitted in May 1990 that the entire staff were idling for the preceding few years without having any work.

The Division had collected 3500 full reservoir level stones and manufactured 1,200 concrete blocks (cost: Rs 1.48 lakhs) till May 1986, which could not be utilised due to the suspension of detailed investigations.

The matter was reported to Government in October 1990; their final reply had not been received (October 1991).

FISHERIES AND PORTS DEPARTMENT

4.13. Excess expenditure due to adoption of incorrect rates

The works relating to the construction of the southern breakwater at the Chaliyam side, forming part of the development of Beypore port, under the Harbour Engineering Division, Kozhikode were awarded on contract for Rs. 116.88 lakhs in June 1989. While preparing the estimate for the work, the rates for the supply and spreading of granite/armour stones of varying sizes and specifications were incorrectly computed by adopting rates higher than those prescribed in the relevant Schedule of Rates.

The contract having been awarded with reference to the rates for different items worked out in the estimate, the adoption of the incorrect rates resulted in excess expenditure of Rs.6.37 lakhs in respect of the work done up to July 1990.

While admitting the error in the preparation of the estimate, Government stated (July 1990) that tenderers always quoted their own rates independent of the departmental rates, and there was therefore no excess expenditure. This contention is not satisfactory, in view of the fact that the estimates indicated in the notice inviting tenders and tender documents form the basis of the offers and they generally influence the quotations of contractors.

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CHAPTER V

STORES AND STOCK

HIGHER EDUCATION DEPARTMENT

5.1. Stores and stock of Printing Department

The Printing Department has nine printing presses functioning under the control of the Superintendent of Government Presses. The Department also operates eight District Forms Stores, two other Forms Stores attached to the Printing Presses at Shoranur and Ernakulam, and Store for the supply of State Public Service Commission (PSC) application forms attached to the Government Central Press at Thiruvananthapuram.

The value of the stores handled by the Department from 1982-83 was not available, as the accounts had not been finalised. The position for the earlier years was as follows:—

Year	*Opening balance*	*Receipts*	*Issues*	*Closing balance*
		(In lakhs of rupees)		
1979-80	86.88	171.95	171.57	87.26
1980-81	87.26	174.78	166.48	95.56
1981-82	95.56	207.97	202.60	100.93

A review of the stock accounts maintained by the Government Central Press, Thiruvananthapuram, and four branch presses at Ernakulam, Kannur, Mannanthala (Thiruvananthapuram) and Shoranur was conducted in July-August 1990.

(i) Physical verification of stock

According to the financial rules, all stores should be verified periodically in the manner prescribed for each department and at least once a year. No physical verification was, however, conducted after 1983 (the earlier one having been conducted in

February 1978). The report on the verification done in 1983 had also not been received even till July 1990.

(ii) Consolidated stores and stock accounts

According to the financial rules, consolidated stores and stock accounts should be prepared for every financial year on or before the 30th June of the next financial year and forwarded to the Accountant General for audit and certification. The stock accounts for the period from 1982-83 onwards had not been prepared (July 1990). No action had also been taken in pursuance of the audit observations on the stock accounts for the years 1979-80, 1980-81 and 1981-82, pointing out certain defects and deficiencies in the maintenance of stock accounts, delays in their preparation, instances of non-disposal of obsolete publications, etc.

(iii) Disposal of obsolete items

(a) Twenty-two publications (value: Rs. 2.21 lakhs) printed prior to October 1985 and 3.75 lakh PSC forms (value: Rs. 5.59 lakhs) rendered obsolete were held in stock in the Government Central Press, Thiruvananthapuram. Government's sanction for their disposal sought in February 1989 had not been received (July 1990).

(b) Even though Government sanctioned between May 1985 and May 1987 the disposal of 1,328 obsolete publications (value not furnished) brought out from 1964 onwards, these were still held in stock in the Government Press, Ernakulam, in the absence of details of these publications.

(iv) Idle machinery

(a) An Automatic Cylinder Printing Machine (cost: Rs. 1.92 lakhs) purchased in 1980 for the Government Press, Kannur, went out of order in May 1987. This had not been put to use so far (July 1990) owing to the non-supply of three spare parts by Hindustan Machine Tools Limited, Ernakulam, for which orders were placed as early as in January 1988 along with 50 other items.

(b) A Polygraph Bochmer Fully Automatic Thread Book Sewing Machine (cost : Rs. 1.32 lakhs) received by the Government Press, Shoranur in October 1972 had not been put to use so far (July 1990) as the printing of the text books for which the machine was intended was not undertaken in the Press.

(c) A Fully Programmed Paper Cutting Machine (cost: Rs. 6.89 lakhs) imported in May 1986 had not been commissioned by the Government Press, Mannanthala, as the cross lever switch unit was found to be defective. As the supplier firm expressed their unwillingness to replace the defective part free of cost owing to the failure of the department to point out the defects when their engineers visited the Press in March 1989, an order for its supply was placed on the firm in May 1990. The switch unit had not been supplied so far (November 1990).

(v) Extra expenditure on purchase of spares

A purchase order for the supply of spares for the Monotype Composition Caster and Key Board Machine at their quoted rate of Rs. 0.58 lakh (exclusive of taxes) could not be placed on a firm of Madras within the validity period due to non-receipt of sanction from Government, sought in October 1987. On being approached in November 1987 for extension of the period of validity of their offer, the firm revised their offer to Rs. 0.66 lakh in January 1988, valid upto March 1988. This offer was not referred to the Government for approval on the ground that the firm was involved in a breach of contract on an earlier occasion.

Quotations were again called for from certain other firms who were suppliers to the Government of India Press at Koratti. The two firms which responded did not offer to supply the main spare part (two normal wedges) included in the tender, and which the firm of Madras had earlier offered to supply at a cost of Rs. 0.49 lakh. Though the lowest offer of Rs. 0.07 lakh in respect of the remaining spares was accepted, the firm refused to accept the terms and conditions of the agreement. The Madras firm was, therefore, once again contacted and they revised their offer to Rs. 0.82 lakh in November 1988 which was valid upto February 1989. This offer too was not accepted by Government within the validity period and the firm once again revised their offer to Rs.1.14 lakhs in March 1989. This was finally accepted by Government in June 1989 and the firm supplied the spares in June 1989 itself.

Failure to finalise the purchase order within the original validity period of November 1987 resulted in an avoidable additional expenditure of Rs.0.56 lakh, exclusive of taxes. The Superintendent of the Government Presses stated (July 1990) that the firm was the monopoly supplier of these spares and that they had fulfilled their earlier contractual obligations. Having been aware of the monopolistic status of the firm the Department should have ensured that its offer was processed with all expedition so as to place the purchase order before the validity of the offer expired.

The matter was reported to Government in October 1990; their reply had not been received (March 1991).

HEALTH AND FAMILY WELFARE DEPARTMENT

5.2. Extra expenditure on purchase of bandage cloth

According to instructions issued by Government in October 1983, bandage cloth required by the Health Services Department which could not be supplied by the Prisons Department may be procured from three other suppliers (Payyannur Khadi Centre, Kerala State Handloom Weavers' Co-operative Society Limited (HANTEX) and Vanitha Hospital Cloth Production Pedal Loom Centre, Amaravila) in the ratio of 2:1:1.

In response to a request received from the Director of Health Services in June 1988, the Central Prison, Thiruvananthapuram, offered to supply the entire requirements of bandage cloth for 1988-89 at the price of Rs. 3.10 per metre, whereas the Central Prison, Kannur offered to supply only 10,000 metres from their ready stock at the price of Rs. 1.80 per metre subject to the condition that the Department should remit the entire cost prior to taking delivery of the material in terms of the directions issued by Government in October 1986. Ignoring the favourable offers of the two Central Prisons, the Director of Health Services placed orders on the three other designated suppliers in July 1988 at their quoted higher rates ranging from Rs. 3.50 to Rs. 3.70 per metre for a total quantity of 7.39 lakh metres in the prescribed ratio. The failure to purchase the entire requirements of bandage cloth from the Central Prison, Thiruvananthapuram, at their quoted lower price of Rs. 3.10 per metre resulted in an extra expenditure of Rs. 3.70 lakhs.

The matter was reported to Government in October 1990; their final reply had not been received (October 1991).

FOREST AND WILDLIFE DEPARTMENT

5.3. Infructuous expenditure

Tenders were invited by the Chief Conservator of Forests (CCF) in June 1988 for the supply of uniform cloth due to the Forest Protective staff for the years 1986-87 to 1988-89. In March 1989, Government also sanctioned the purchase of 54,000 metres of uniform cloth for these years from a Thiruvananthapuram firm. The CCF placed the order for the supply of 57,000 metres of cloth, assessed by him to be the actual requirement, at the lowest quoted rate of Rs. 46.12 per metre in March 1989. Though the firm had failed to make supplies on an earlier occasion during 1986, resulting in purchase from alternate sources, it was exempted, on its request, from furnishing the security deposit.

The firm supplied 14,869 metres of cloth in April 1989 and an amount of Rs. 6.17 lakhs, representing 90 *per cent* of the value was paid by the Department. Two samples of the supply were subjected to laboratory tests in May 1989, which disclosed that 10,023 metres of cloth supplied did not conform to the specifications stipulated in the agreement. Another test of two more samples conducted in another laboratory in August 1989 also confirmed this finding. Though efforts were made in January 1990 to obtain replacement of the sub-standard cloth, the firm declined to do so. The Chief Conservator of Forests stated (July 1990) that Government had been approached in December 1989 to cancel the contract and to recover the loss sustained in the transaction. Since the sub-standard cloth (10,023 metres) could not be distributed to the staff, the expenditure of Rs. 4.16 lakhs incurred on its purchase had been rendered unfruitful.

Further, while 4,846 metres of cloth (cost: Rs. 2.01 lakhs) accepted by the Department was also not distributed, Government ordered cash payments in May 1990 to the employees in lieu of the uniform cloth due for the years 1986-87 to 1988-89, not exceeding the price of the cloth to which they were entitled. The liability on this account was assessed to be of the order of Rs. 26.50 lakhs by the Department, who stated (December 1990) that the payments could be completed only by the end of the financial year as the required funds had not been made available.

Government stated (December 1990) that the cash payments were sanctioned in view of the fact that the staff threatened to go on strike for non-supply of uniform cloth which had fallen into arrears.

CHAPTER VI

COMMERCIAL ACTIVITIES

6.1. General

This chapter deals with the results of audit of departmentally managed Government commercial and quasi-commercial undertakings.

(a) On 31st March 1990, there were three departmental commercial undertakings in the State as indicated below:—

(i) Text Books Office, Thiruvananthapuram.

(ii) State Water Transport Department, Alappuzha.

(iii) Kerala State Insurance Department, Thiruvananthapuram.

The extent of arrears in preparation of *pro forma* accounts by these undertakings is indicated in the following table:

Sl. No.	*Name of undertaking*	*Periods for which preparation of pro forma accounts is in arrears*	*Remarks*
(i)	Text Books Office, Thiruvananthapuram	1978-79 to 1989-90	In the absence of the basic records, the *pro forma* accounts for the period 1975-76 to 1977-78 were also not accepted in audit. Main reasons attributed for the delay in finalisation of the accounts are: (i) lack of trained staff, (ii) non-reconciliation of figures, and (iii) non-receipt of *pro forma* accounts from sub-depots. Government had decided in December 1988 to dispense with the preparation of *pro forma* accounts for the years from 1975-76 to 1986-87, subject to the reconciliation of stock accounts, remittances into/withdrawals from treasuries, etc., which was yet to be done.

Sl. No.	*Name of undertaking*	*Periods for which preparation of pro forma accounts is in arrears*	*Remarks*
(ii)	State Water Transport Department, Alappuzha	1985-86 to 1989-90	Accounts have not been received.
(iii)	Kerala State Insurance Department, Thiruvananthapuram	April 1967 to December 1967, 1968 to 1982 and 1985 to 1989	Government stated (May 1989) that it would be difficult to prepare the *pro forma* accounts for the periods upto 1982 at this distance of time in the absence of proper records.

(b) Besides the undertakings mentioned above, *pro forma* accounts were due from the Bleaching and Calendering Plant, Pappanamcode* for the years 1974-75 to 1980-81.

(c) *Pro forma* accounts of the following trading schemes/ activities had also not been received from the departmental officers for the years shown against each:

Name of scheme	*Period(s) for which due*
Agriculture (Animal Husbandry) Department	
Intensive Poultry Development Block at Muvattupuzha and Pettah	1970-71 to 1989-90 except for 1983-84 in respect of Pettah Block
Egg Collection and Marketing Scheme, Chengannur	1970-71 to 1989-90
Poultry Feed Manufacturing and Distribution Scheme, Chengannur	1970-71 to 1972-73 and 1975-76 to 1989-90
Livestock and Poultry Feed Compounding Factory, Malampuzha**	1965-66 to 1975-76 and April 1976
Home Department	
Rubber Plantation of the Open Prison, Nettukaltheri	1989-90

* The Bleaching and Calendering Plant, Pappanamcode, was transferred to the Kerala State Textile Corporation Limited (a Government Company) with effect from 1st April 1981.

** Transferred to Kerala Livestock Development Board with effect from 1st May 1976.

Chapter VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. General

Autonomous bodies are authorities set up to discharge generally non-commercial functions of public service. They execute by and large the programmes of the State with substantial financial assistance from Government. Government also pays substantial financial assistance to other institutions such as those registered under the Kerala Co-operative Societies Act, 1969, Travancore Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, Companies Act, 1956, etc., to implement certain programmes of the State. The salary of the teaching and non-teaching staff of a large number of the private educational institutions in the State is also directly paid by Government.

The accounts of autonomous bodies and other institutions which are receiving financial assistance from Government are being audited by the Comptroller and Auditor General of India under various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

During the year 1989-90, a total financial assistance of Rs. 616 crores was paid to autonomous and other bodies broadly grouped as follows:—

Name of institution/group	*Assistance paid (Rs. in crores)*
Municipalities, Corporations, Panchayats Development Authorities, etc.	18.25
Educational Institutions (Aided Schools, Private Colleges,, Universities, etc.)	356.40
Co-operative societies and institutions	11.82
District Rural Development Agencies	29.34
Command Area Development Authority	11.03
Kerala Water Authority	71.50
Other Institutions	117.66
Total	616.00

7.2. Delay in furnishing copies of accounts

In order to identify the institutions which attract audit under Section 14/15 of the Act, Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance and the total expenditure of the institutions. Information for 1989-90 requested in April 1990 was still awaited (February 1991) from 11 departments of Government and 22 Heads of Departments. Besides, copies of accounts of institutions which received financial assistance of Rs. 25 lakhs or more are to be furnished to Audit to examine whether the institutions attracted audit under Section 14. Such accounts and details had not been received from 47 institutions.

Copies of annual accounts of bodies which are audited under Section 19/20 should be made available to Audit on 30th June following the year of account. Owing to non-receipt of accounts the audit could be completed only to the extent shown below:—

Name of body	*Year upto which audited*	*Year upto which audit reports of the bodies have been placed before legislature*	*Reasons for non-finalisation of audit report*
Kerala Khadi and Village Industries Board	1988-89	1985-86	Due to insufficiency of staff and increase in the volume of transactions.
Kerala Water Authority	1985-86	1984-85	Audit for 1986-87 to 1988-89 in progress. Delayed finalisation of accounts was due to the change in the pattern of accounts to commercial system from April 1987.
Command Area Development Authority	1988-89	Nil	Audit of 1989-90 accounts in progress.
Kerala Institute of of Labour and Employment	1987-88	Not applicable	Reasons for the delay in finalisation of accounts for 1988-89 and 1989-90 have not been received.

7.3. Delay in furnishing utilisation certificates

The financial rules of Government require that where grants are given for specific purposes, certificates of proper utilisation should be obtained by the departmental officers from the recipients and after verification, they should be forwarded to the Accountant General (Accounts and Entitlements) within twelve months from the date of sanction of assistance on such lines as may be specified in each case. On 1st October 1990, 76 certificates for Rs. 186 lakhs paid as grants up to 31st March 1990 were to be received in the Office of the Accountant General (Accounts and Entitlements). The year-wise details were as follows:

Year	*Certificates due*	
	Number	*Amount* (*Rs. in lakhs*)
1985-86	10	6.22
1986-87	20	32.49
1987-88	8	62.38
1988-89	8	9.61
1989-90	30	74.98
Total	76	185.68

RURAL DEVELOPMENT DEPARTMENT

7.4. Rural Landless Employment Guarantee Programme

7.4.1. Introduction

The Rural Landless Employment Guarantee Programme (RLEGP) was launched by the Government of India in August 1983. The programme aimed at improvement and expansion of employment opportunities for the rural landless labour with a view to providing guaranteed employment to at least one member of every rural landless household upto 100 days in a year, and creation of durable assets for strengthening the rural infrastructure which would lead to rapid growth of rural economy. The objectives of RLEGP were subsequently enlarged to include 'improvement in the overall quality of life in rural areas and to bring the poor above the poverty line'. The programme was implemented in addition to the National Rural Employment Programme (NREP), and was a Central Sector Scheme fully funded by the Central Government. The programme was discontinued by the end of March 1989 and incomplete works were proposed to be carried out under the 'Jawahar Rozgar Yojana' introduced from April 1989.

Under RLEGP, various works/projects, such as construction of rural link roads, social forestry, soil and water conservation works including improvement to minor irrigation works, provision of sanitary latrines, construction of houses for scheduled castes/scheduled tribes, etc., were taken up. From 1985-86, foodgrains were given as additive to the States and the cost of these foodgrains was borne entirely by the Central Government. Foodgrains released by the Central Government were issued to the blocks which, in turn, distributed them as part of wages at the rate of one kilogram per man-day and at not less than 50 *per cent* of the wages from 1985-86 onwards. From November 1987 onwards, foodgrains were issued at the rate of 2.5 kg per capita per day.

All abbreviations used in this Report are listed alphabetically and expanded in the Glossary at Appendix 11 (Page 212)

7.4.2. Organisational set-up

The programme was implemented through District Rural Development Agencies (DRDAs) and 151 Community Development Blocks in the State. While the execution of social forestry works was entrusted to the Forest Department, other works were got done by the Community Development Blocks through nominees of panchayats (Conveners). The Department of Rural Development functioned as the nodal agency for overseeing the implementation of the programme.

7.4.3. Audit coverage

A review of the implementation of the programme was conducted during January-May 1989 and again in August-September 1990 with reference to the records in 24 Community Development Blocks in six districts, the concerned DRDAs, the Commissionerate for Rural Development, the Rural Development Department of the Government, three Social Forestry Divisions and the Office of the Chief Conservator of Forests.*

7.4.4. Highlights

—The prescribed shelf of projects was not prepared and identity cards were not issued to beneficiaries.

(Paragraph 7.4.5)

—Quantity of foodgrains lifted was less than the allotments received. Foodgrains valued at Rs. 2.21 lakhs were issued in bulk to the convener entrusted with a road work without assessing the value of work done.

(Paragraph 7.4.7)

—Forty-five beneficiaries misutilised assistance amounting to Rs. 1.84 lakhs in two districts.

(Paragraph 7.4.10)

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* For details Appendix 9 may be referred to.

—A project for the restoration of the eco-system in Idukki district on which a total expenditure of Rs. 110.45 lakhs was incurred upto 1988-89 was closed down due to poor physical progress attributable to design deficiencies and inadequate staff support.

(Paragraph 7.4.11)

—In four blocks works costing Rs. 40.51 lakhs were entrusted to middlemen. Expenditure of Rs. 1.79 lakhs incurred on the construction of a Janghar jetty remained unfruitful since the Janghar services had not been operated. In the case of 29 road works in three districts,semi-grouting was resorted to instead of chipping carpet entailing an additional expenditure of Rs. 7.74 lakhs.

(Paragraph 7.4.12)

—Evaluation of the programme at the State level had not been conducted.

(Paragraph 7.4.13)

7.4.5. Planning

The RLEGP Manual required preparation of a shelf of projects for works to be undertaken. This was not prepared. It could not, therefore, be ascertained whether the employment opportunities were evenly spread out, and whether such works as were taken up covered all the Blocks and areas within the Blocks.

The Manual also prescribed the issue of identity cards to the rural landless households and maintenance of the record of employment provided to them through approved works in each RLEGP project. Government issued instructions in May 1985 that the system should be introduced from June 1985 in one Block in each district on an experimental basis. The system had not been implemented in any of the six Blocks selected for the purpose in the six districts test checked. Records showing the number of days of employment provided to the rural landless labourers were also not maintained. Thus, there was no system for identification of workers and ensuring employment up to 100 days in a year to at least one member of every rural landless household.

7.4.6. Financial/Physical achievements

The position of funds released for the programme and utilisation thereof were as follows:

(*Rs. in lakhs*)

Year of allocation	*Funds remaining unutilised at the beginning of the year*	*Allocation*	*Release*	*Total funds available for the year*	*Utilisation*	*Funds remaining unutilised at the end of the year*
1983-84	..	470.00	470.00	470.00	0.26	469.74
1984-85	469.74	2,350.00	1,877.00	2,346.74	1,712.46	634.28
1985-86	634.28	2,301.40	2,279.08	2,913.36	2,096.61	816.75
1986-87	816.75	1,864.00	1,827.61	2,644.36	2,273.58	370.78
1987-88	370.78	1,800.00	1,792.89	2,163.67	1,760.05	403.62
1988-89	403.62	2,252.09	2,252.09	2,655.71	2,180.90	474.81

An amount of Rs. 32 lakhs was diverted to the Small and Marginal Farmers Scheme by DRDA, Kottayam, during 1986-87. The diversion had not been ratified by the Government of India, as of September 1990.

The following table presents details of the physical targets and achievements of the programme under different activities during the period from 1984-85 to 1988-89:

Year	*Houses constructed* (*Nos*)		*Roads constructed* (*Kms*)		*Social Forestry* (*Hectares*)		*Minor Irrigation* (*Kms*)		*Sanitary latrines* (*Nos*)	
	Target	*Achievement*	*Target*	*Achievement*	*Target*	*Achievement*	*Target*	*Achievement*	*Target*	*Achievement*
1984-85	8000	2045	1241	62	Nil	Nil	72	Nil	Nil	Nil
1985-86	10690	4802	Not fixed	414	Nil	Nil	Nil	Nil	2850	Nil
1986-87	17560	14888	1250	555	Nil	1423	Nil	Nil	2850	3322
1987-88	6150	11040	Not fixed	573	Nil	1249	Nil	22	1356	2224
1988-89	10000	8554	492	521	Nil	467	25	Nil	1355	1139

7.4.7. Distribution of foodgrains

(i) Particulars of foodgrains allotted, utilised and employment generated were as follows:

Year	*Quantity allotted* (*in tonnes*)	*Quantity lifted* (*in tonnes*)	*Quantity utilised* (*in tonnes*)	*Mandays of employment generated* (*in lakhs*)	*Per capita consumption per day* (*kg*)
1983-84	2400	Nil	Nil	0.03	Nil
1984-85	11750	2849	2849	49.98	0.57
1985-86	29250	21811	21811	77.62	2.81
1986-87	62680	N.A.	59123	113.72	5.20
1987-88	41762	36376	32331	85.32	3.79
1988-89	8300	6588	8943	74.11	1.20

N. A—Not available

102|9538|91|MC

In all the years, the quantity of foodgrains lifted was less than the allotments received. Government stated (February 1991) that while foodgrains were lifted according to the requirements of the DRDAs, their poor quality also resulted in lower quantities being lifted. The non-lifting of the allotted quantities resulted in the lapse of allotments and consequent loss of resources to the State.

(ii) In December 1985, the State Government issued detailed instructions on the lifting and distribution of foodgrains. The foodgrains required for each work for one or two weeks were to be arranged to be transported and stored in buildings/rooms near the work sites, and distribution was to be made weekly and entered in the muster rolls against each worker. A review of the arrangements made for lifting and distribution of foodgrains in three districts selected for review revealed the following:

—Foodgrains sufficient for distribution during the entire period of execution of works were issued, in bulk, at a time in all the blocks test-checked.

—Places of storage were not indicated in any documents. There was also no documentary evidence to show that the foodgrains had been brought either to the block headquarters or to the storage premises.

—Acknowledgement of labourers for receipt of foodgrains had not been obtained in any of the blocks test-checked.

(iii) To ensure the quality of foodgrains supplied under the programme, joint inspection of the stocks was to be made by the officers of the State Government and the Food Corporation of India (FCI). There was no evidence to show whether any such joint inspection was conducted in Ernakulam and Kottayam districts. However, in Madappally block in Kottayam District, the Block Development Officer (BDO) had reported in January 1986 that the beneficiaries had refused to accept the rice distributed since it was of inferior quality. Government stated (February 1991) that the FCI depot managers were not helpful in issuing good quality foodgrains for the scheme.

(iv) The work of formation of 'Pazhanganad-Kurisupally road' in Vazhakulam block (estimated cost: Rs. 5.90 lakhs) was awarded to the convener of the beneficiary committee in March 1987. After executing some items of work, the work was abandoned by the convener due to non-availability of land for formation of the road. Without ascertaining the actual value of work done, the convener was issued foodgrains of the value of Rs. 2.21 lakhs in July 1987. The bulk issue of foodgrains without assessing the value of work done and ensuring proper distribution to the beneficiaries was irregular. Government stated (February 1991) that disciplinary action was being taken against the BDO.

(v) During 1984-85 and 1985-86, the cost of foodgrains, along with handling and transportation charges, was remitted to the District Supply Officers, who, in turn distributed the grains through authorised retail dealers. A total amount of Rs. 2.39 lakhs remitted to Ernakulam (Rs. 1.99 lakhs) and Kottayam (Rs. 0.40 lakh) districts in these two years was still pending settlement (March 1991).

(vi) In Kottayam district, heavy storage charges were paid every year for the foodgrains stored in the godowns of the Kerala State Warehousing Corporation. Such expenditure incurred during 1987-88 was Rs. 4.41 lakhs. A review of certain storage bills revealed that the period of storage varied from 139 to 435 days. Thus, the requirements of foodgrains had not been assessed realistically and their lifting regulated accordingly.

7.4.8. Generation of employment and wage component

The targets and achievements in regard to generation of employment under the scheme were as follows:

Year	*Target*	*Achievement*
	(in lakh man-days)	
1983-84	..	0.03
1984-85	107.92	49.98
1985-86	61.00	77.62
1986-87	63.00	113.72
1987-88	81.44	85.32
1988-89	86.00	74.11

The DRDAs were working out the figures of employment generation by dividing the expenditure on wages by the minimum wages in force in the State. Since some of the labourers were entitled to higher wages applicable to skilled workers, the procedure adopted by DRDAs had the effect of inflating the figures of man-days generated.

7.4.9. Payment of wages

(i) Payment of wages should be made on a fixed day of the week which should preferably be the local market day. Payment of wages to workers should not be delayed by more than a week except at the option of the workers. In none of the muster rolls test checked in the nine blocks in Ernakulam, Kottayam and Palakkad districts, the date of disbursement was noted so as to ensure prompt payments.

(ii) A test-check of the muster rolls maintained in nine Blocks in three districts revealed that, in several cases, the details of entitlement to wages in cash and in kind were not maintained separately, and the muster rolls had not been authenticated by the conveners/block officials. The muster rolls had also not been received by the block officials in some cases. Further, acknowledgements in token of having received the wages and foodgrains were not obtained in several cases and details of Scheduled Caste/Scheduled Tribe labourers engaged were not available in many muster rolls.

(iii) Payment of wages fully in cash was against the concept of the programme. However, in Ernakulam, Kottayam and Palakkad districts, Rs.13.57 lakhs were paid to the conveners of 37 works in lieu of 463.49 tonnes of rice and 333.5 tonnes of wheat as a part of wages.

7.4.10. Construction of houses for Scheduled Castes/ Scheduled Tribes

In four Blocks in two districts, 45 beneficiaries selected for construction of houses during 1984-85 to 1987-88 did not construct/complete their houses. Revenue recovery proceedings had been initiated in all the 45 cases for recovery of assistance amounting to Rs.1.84 lakhs disbursed to the beneficiaries.

7.4.11. Social Forestry

The main purpose of the social forestry programmes under RLEGP was to improve the tree cover with a view to extending the maximum benefit of these programmes to the rural poor. The objective was to be achieved through the tree *patta* * scheme, in terms of which the tree *patta* holder was entitled to the usufruct of the trees only. Certain deficiencies noticed in the execution of the programme are mentioned below:

(i) The plantations raised at a cost of Rs.3.83 lakhs in the Forest Divisions of Palakkad, had not been handed over to any beneficiary, since the social forestry activity was taken up in forest areas only. The Divisional Forest Officer, Special Division, Palakkad, stated (March 1989) that the tree *patta* scheme could not be implemented in forest areas due to legal restrictions.

(ii) A project for the restoration of the eco-system in Idukki district was sanctioned in September 1985 at an estimated cost of Rs. 445.73 lakhs. The project, which was to be implemented during a period of five years from 1985-86, envisaged the execution of soil and moisture conservation works and fodder development in 29,700 hectares of land of different categories in the Idukki catchment area. Administrative sanction was accorded by Government in November 1985. The implementation of the project did not, however, progress as envisaged.

Expenditure totalling Rs. 110.45 lakhs (cash: Rs.80.56 lakhs; foodgrains: Rs.29.89 lakhs) was incurred on the project upto 1988-89. While the financial achievements upto March 1989 represented 25 *per cent* of the sanctioned cost, the total area planted was only 498 hectares as against 5300 hectares targeted for the first year.

The Government of India had pointed out to the State Government in January 1989 that the progress of the project was slow due to reservations about the design of the soil conservation works to be done by persons in illegal occupation of forest

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* *Patta* means assignment on registry of land.

lands, and the inadequate staff support given by the State Government. A revised project submitted by the State Government in March 1989 was not approved by the Government of India who advised the former to close down the project. The project was accordingly discontinued in March 1989.

7.4.12. Other topics of interest

A review of the records in the DRDAs test checked revealed the following:

(i) According to the guidelines issued by the Government of India, the implementing agencies were required to maintain complete records of the assets created under the programme. In addition, each village panchayat/Block/DRDA was required to maintain a complete inventory of the assets created under the programme with complete details. However, in the DRDAs and Blocks test-checked, these records and inventories of assets created had not been maintained.

(ii) Contractors were not to be engaged for execution of works under this programme. No middlemen or intermediary agencies were also to be employed for executing works under the programme so that the full benefits of the wages paid would accrue to the intended beneficiaries. It was, however, observed that construction of 269 houses (cost: Rs.28.25 lakhs) was entrusted to middlemen in three Blocks in two districts. In another Block, a single individual was entrusted with the execution of 32 works (cost: Rs.11.90 lakhs) under various schemes, while another person was entrusted with 12 works (cost: Rs.0.36 lakh).

(iii) Construction of a Janghar* jetty in Chendamangalam panchayat (Ernakulam district) was completed in 1987 at a cost of Rs.1.79 lakhs. The expenditure, however, remained unfruitful since the operation of Janghar services from the jetty had not been started. The DRDA stated (March 1989) that

* 'Janghar' means mechanised boat for carrying light and heavy vehicles at ferries having connection with service roads.

the Janghar services could be operated only after the construction of a jetty on the other side of the river, and that the services were to be introduced by the Public Works Department or the local panchayat.

(iv) According to technical guidelines, 75-mm thick metalling and 20-mm chipping carpet would suffice for original road works, in place of metalling and semi-grouting. In the case of 29 road works in three districts, semi-grouting was resorted to instead of chipping carpet, entailing an additional expenditure of Rs. 7.74 lakhs.

7.4.13. Evaluation

The programme had not been evaluated. The State Level Co-ordination Committee for Rural Development Programmes should have met at least once in three months to make a detailed review of the programme. It was noticed that the Committee had met only once since the formation of the Commissionerate (May 1987). Details of the meetings convened prior to May 1987 were not furnished by Government.

FOOD DEPARTMENT

7.5. Controlled Cloth Scheme

7.5.1. Introduction

The Controlled cloth scheme was conceived by the Government of India in 1964 with the main objective of supplying popular varieties of cloth to weaker sections of the society at reasonable prices. From 1981, the cloth required under the scheme was being produced by the mills of the National Textile Corporation (NTC), which was limited to four varieties, *viz.*, dhoties, sarees, long cloth and polyester-cotton blended shirtings. The scheme was implemented with financial assistance in the form of subsidy from the Government of India. Variety-wise/item-wise price fixed by NTC taking into account the actual capacity utilisation, actual interest and zero return was printed on every metre of cloth. The price was fixed/revised quarterly for fresh stocks, on the basis of the actual cost of production. The National Co-operative Consumers' Federation of India (NCCF) was the nodal agency for implementing the scheme through the State agencies. The distribution of the controlled cloth was the prerogative of the State Government and was undertaken by the Kerala State Co-operative Consumers' Federation, under the administrative control of the Food Department, nominated for the purpose.

7.5.2. Audit coverage

A review of the implementation of the scheme covering the period from 1985-86 to 1989-90 was conducted during May- June 1990.

All abbreviations used in this Report are listed alphabetically and expanded in the Glossary at Appendix 11 (page 212).

7.5.3. Highlights

—The Kerala State Co-operative Consumers' Federation, the sole agency responsible for implementation of the scheme in the State, defaulted in payments to the extent of Rs. 126.53 lakhs to the National Co-operative Consumers' Federation of India. Following heavy accumulation of arrears supply of controlled cloth to the Federation was discontinued from November 1988. A sum of Rs. 141.97 lakhs was due to the Federation from wholesale societies against supplies of controlled cloth.

(Paragraph 7.5.4.)

—Releases of controlled cloth during the period 1985-86 to 1988-89 by NCCF were less than the projected demand and the shortfall ranged from 4 *per cent* **to 58** *per cent*.

(Paragraph 7.5.5)

—While discrepancies in the accounts of outstanding dues were not reconciled by the Federation, the district-level wholesale societies diverted the sale proceeds of controlled cloth instead of effecting payment of dues to the Federation.

(Paragraph 7.5.6)

—The primary societies were allowed lower margins on sales of controlled cloth by the wholesale societies.

(Paragraph 7.5.7)

7.5.4. Distribution arrangements

(i) The Kerala State Co-operative Consumers' Federation (Federation), Kochi, was the sole agency responsible for the implementation of the scheme in the State. The branch office of NCCF at Kochi only attended to the delivery of documents and collection of payments for the value of goods transferred. The procedure regarding release of documents by NCCF to the Federation differed from supply to supply; in some cases the documents were released against cash payments and in other cases they were released with instructions for payment within a stipulated period. The grace period allowed by NCCF to the Federation for payment was 14 days in the normal circumstances. However, the Federation had defaulted in payment to NCCF beyond the grace period and the accumulated arrears amounted to Rs. 126.53 lakhs as at the end of 1989-90. Due to heavy accumulation of arrears, NCCF stopped supply of goods to the Federation from November 1988. A proposal to have a comprehensive agreement between the Federation and NCCF from April 1989 for the distribution of controlled cloth did not materialise, as the State agency could not produce the required letter of credit. From November 1988, the Federation was procuring controlled cloth directly from NTC mills on cash payment.

(ii) In terms of the directions issued by the Board of Revenue in November 1972, the District Collectors were to collect data in regard to the requirements of controlled cloth in each district. They were also responsible for the execution of agreements by the wholesalers and retailers for the enforcement of directions issued for the distribution of controlled cloth. A test-check revealed that no agreements were executed by the wholesalers/retailers. Data on district-wise requirements were also not collected by the District Collectors and the scheme was implemented by the Federation without adequate controls being exercised by the District Collectors and the Board of Revenue.

(iii) The district- level wholesale co-operative societies were the main stockists of cloth, responsible for the effective distribution through primary outlets. No agreements were executed between the Federation and these societies, and no security was also obtained for credit sales. The societies failed to pay the dues in time to the Federation though their sales to primary societies were on cash basis only. The accumulated dues at the end of March 1990 totalled Rs.141.97 lakhs.

One of the societies (Trivandrum Co-operative District Wholesale Society) had discontinued the distribution of controlled cloth from July 1987 due to shortage of working capital. An amount of Rs.3.16 lakhs was due from the society to the Federation.

In Malappuram district level society, the quantity and value of each variety of controlled cloth were not properly accounted for. According to the entries in its stock register, the society had purchased controlled cloth valued at Rs.1.72 lakhs during 1985-86 whereas the value of the purchases was shown as Rs.5.79 lakhs in the purchase register. The discrepancy had not been reconciled.

(iv) The distribution of the cloth was done through primary co-operative societies both in rural areas and in urban localities. A test-check of the records in Malappuram district revealed the following:

(a) Distribution of the controlled cloth was done by all the outlets mostly during the Onam festival season. There was no arrangement to ensure availability throughout the year.

(b) The scheme was designed primarily for persons below the income level of Rs. 250 per month. Not more than one pair of dhoties or a pair of sarees or ten metres of other varieties of controlled cloth were to be sold to any single individual. However, controlled cloth was being sold without any such restriction. For instance, the cost of cloth sold by one society (Service Co-operative Bank, Marayur) ranged between Rs. 108 and Rs. 309 per person, while it ranged between Rs. 138 and Rs. 1145 in another society (Service Co-operative Bank, Nilambur).

(c) There was no system to supply cloth according to the demand; the retailers collected such cloth as was available.

7.5.5. Demand and availability

(i) Targets were fixed annually by the Government of India for production of cloth by the NTC mills, and the distribution of such cloth till 1984-85 was based on population. It was changed thereafter in such a manner as to ensure that two-thirds of such cloth was distributed on the basis of the total population, and one-third on the basis of the population living below the poverty line. Though distribution of controlled cloth was the task of the State Government and the State Federation was to lift the entitled quantities, the Government of India had observed in January 1986 that the off-take of controlled cloth by the State was lower than the annual entitlement. Relevant details in this regard for the period from 1981-82 to 1984-85 are tabulated below:-

	Entitlement	*Off-take*
	(In lakhs of square metres)	
1981-82	136.36	105.25
1982-83	115.02	72.53
1983-84	111.24	98.16
1984-85	106.60	68.34

Corresponding data for the subsequent periods called for from Government had not been received (September 1990).

(ii) A review of the records of the Federation revealed that the quantity of controlled cloth for which release instructions were received during 1985-86 to 1988-89 from NCCF was also much less than the requirements projected by the State Government, as indicated below:—

Year	*Demand*	*Release instructions received*	*Quantity short-released*	*Percentage of short release*
		(In lakhs of square metres)		
1985-86	117.75	105.50	12.25	10
1986-87	119.43	50.71	68.72	58
1987-88	53.89	38.78	15.11	28
1988-89	112.74	108.33	4.41	4

7.5.6. Diversion of sale proceeds

According to the records of the Federation, a sum of Rs. 141.97 lakhs was due to it from 17 district-level wholesale co-operative societies against supplies of controlled cloth for the period ended March 1990. Of these, one society (The Palakkad Wholesale Stores) from which Rs. 14.98 lakhs were due from June 1985 had become defunct. Differences were also noticed between the accounts of outstanding dues maintained by the Federation and those maintained by the wholesale co-operative stores at Kollam, Malappuram and Thiruvananthapuram. No reconciliation of such differences was attempted. A test-check of the accounts of the three district-level wholesale societies at Thiruvananthapuram, Kollam and Malappuram revealed that no monies were due to them from the primary societies against supplies made. The stocks of cloth with the district-level societies as at the end of March 1990 were also negligible. The entire amount payable to the Federation by these societies thus represented amounts collected and diverted by them. According to the records of the Registrar of Co-operative Societies, eight district wholesale co-operative societies had diverted sale proceeds of controlled cloth amounting to Rs. 15.58 lakhs during 1987-88. Details of the action taken for the recovery of dues from the district-level societies called for in July 1990 had not been received (March 1991).

7.5.7. Margin allowed on controlled cloth

The distribution of the margin among different agencies was fixed by NCCF as a percentage of the ex-mill price, and these were as follows during the period covered by the review:

	Polyester cotton	*Cotton cloth*
NCCF	2	1
State Agency	2	1
Wholesale agency	8	7
Retail agency	8	6

There was no machinery to ensure that the margin was, in fact, apportioned and distributed accordingly. A test-check revealed that during the five year period from 1985-86 to 1989-90, the district wholesale society at Malappuram was allowing a margin of five *per cent* of the printed consumer price on all varieties of cloth to the primary societies, instead of the prescribed margins of six *per cent* and eight *per cent* in respect of cotton cloth and polyester cotton cloth respectively. The margin allowed by the Kollam District Society was five *per cent* of the ex-mill price till August 1987 and four *per cent* thereafter, which was again raised to five *per cent* from October 1988. The Thiruvananthapuram District Society allowed a margin of five *per cent* on the consumer price till January 1986 and raised it to six *per cent* thereafter. There was thus no uniformity in the practice followed by different agencies. In the event, the primary societies were deprived of a substantial amount of margin admissible to them for the distribution of controlled cloth. The actual loss of margin money to the primary societies could not be ascertained, as variety-wise accounts were not maintained by the wholesale societies.

It was also noticed that prior to 1985-86, the margin allowed to primary societies was much less than six *per cent*. In some cases, no margin was allowed. For instance, the margin allowed by the Malappuram wholesale society in 44 cases of sales (value: Rs. 1.59 lakhs) to primary societies between January 1981 and May 1981 was less than 2 *per cent* (Rs. 0.02 lakh), while the society allowed no margin whatsoever in 99 cases of sales (value: Rs. 3.63 lakhs) in July and August 1982.

7.5.8. Evaluation of the scheme.

The Federation had reviewed the implementation of the scheme in June 1983 and had found that the basic objectives of the scheme had not been fully served. According to the Federation, the decision to entrust the production of controlled cloth to the NTC mills alone resulted in a monopoly and reduction in the number of varieties of cloth produced without taking into account consumer preferences. No evaluation of the scheme was undertaken thereafter. The declining demand for controlled cloth was attributed by the Federation (January 1989) to the upward rise in the prices of different varieties of controlled cloth ranging from 276 to 393 *per cent* since 1972, and the availability of similar or better quality of non-controlled cloth of other mills at cheaper prices.

LOCAL ADMINISTRATION DEPARTMENT

7.6. Technology Mission on Drinking Water

7.6.1. Introduction

The overall objective of the Technology Mission (TM) was to improve the performance and cost effectiveness of the on-going programmes in the field of rural drinking water supply, so as to ensure the availability of an adequate quantity of drinking water of acceptable quality and to ensure sustained availability of such water on a long term basis. The specific objectives of the Mission were to cover all the residual problem villages by March 1990; to supply water at 40 litres per capita per day (lpcd) for human beings in all areas, and in addition 30 lpcd for cattle in desert areas; and evolve a cost-effective technology mix to achieve these objectives. These facilities were being provided by the State Government under the Minimum Needs Programme, which were also being supplemented by the Central Government through the Accelerated Rural Water Supply Programme. To help this process and to effectively co-ordinate the functions of different agencies involved, the Technology Mission on Drinking Water was set up in 1986 by the Government of India.

The normal project period for individual pilot projects (Mini-Missions) was two years. In December 1986, the Technology Mission approved the establishment of a pilot project office at Palakkad to formulate and implement various Mini-Missions in the district. The activities of the Mission were expected to be completed by 1989-90; the Government of India had subsequently extended the time for completion of the Mini-Mission projects up to March 1991.

The Technology Mission on Drinking Water was a Centrally sponsored scheme, and the entire expenditure was borne by the Government of India.

7.6.2. Organisational set-up

The pilot project office for Mini-Missions was set up with an Executive Director at Palakkad who was to function under the Chairman, District Rural Development Agency (DRDA). The office commenced functioning from April 1987. A State-level committee on source finding, water quality, quantity assessment, monitoring and conservation of water was also set up in October 1987. The Secretary to Government, Rural Development, was the nodal officer till October 1987, when the Chairman, Kerala Water Authority (Authority) was appointed as the nodal officer. The Authority had the responsibility of executing rural water supply schemes throughout the State.

7.6.3. Audit coverage

A review of the working of the Mini-Mission, Palakkad, was conducted during March-May 1990 with reference to the records in the State Ground Water Department, under section 14 and section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

7.6.4. Highlights

—Submission of the detailed project report covering various Mini-Mission activities and its approval by Government of India was delayed by 12 to 21 months. There was a shortfall to the extent of 20 *per cent* in achievement of targets relating to drilling of borewells.

(Paragraph 7.6.5)

—In 15 cases of drilling of 110-mm diameter borewells, the State Ground Water Department claimed higher rates of drilling charges, resulting in excess expenditure of Rs. 2.52 lakhs. The larger 150-mm diameter borewells were drilled indiscriminately. Drilling of 150-mm diameter borewells for the installation of handpumps when only 110-mm diameter borewells were envisaged, resulted in a wasteful expenditure of Rs. 47.02 lakhs.

(Paragraph 7.6.6)

—In the absence of systematic and effective analysis of water samples from borewells and the lack of proper remedial measures, monitoring of the quality of potable water could not be deemed to have been achieved.

(Paragraph 7.6.7)

7.6.5. Performance

Though the pilot project office at Palakkad started functioning from April 1987, the detailed project report on the Mini-Missions, covering all the 148 villages in the area envisaging a number of activities at an estimated cost of Rs. 1594 lakhs, was submitted to the Government of India only in May 1988. The Government of India, however, accorded sanction in February 1989 for the project at a total cost of Rs. 352 lakhs, envisaging the following activities:

	Amount (Rs. in lakhs)
Borewells for handpump scheme (110-mm)	250
Borewells for piped water supply (150-mm)	50
Source development schemes and water quality analysis	50
Awareness campaign and training programme	2
Total	352

Out of Rs. 352 lakhs sanctioned, Rs. 263 lakhs were released by the Government of India to DRDA, Palakkad, during 1987-88 to 1989-90. Of this, only Rs. 192.15 lakhs were utilised on source finding activities, including an expenditure of Rs. 6.67 lakhs on establishment charges.

The physical targets fixed were not achieved in any of the years, and 276 borewells could not be drilled by the end of March 1990 as detailed below:

Activities	*Physical achievement*					
	1987-88		1988-89		1989-90	
	Target	*Achievement*	*Cumulative target*	*Cumulative achievement*	*Cumulative target*	*Cumulative achievement*
Number of villages to be identified for source finding	50	36	148	117	148	145
Number of villages where borewells were to be drilled	26	10	90	85	148	140
Number of borewells to be drilled	250	36	900	628	1410	1134

7.6.6. Source finding

(i) The points at which borewells were to be drilled in each village were to be decided after detailed discussion with the Members of Parliament/Legislative Assembly of the district by the District Collector, Palakkad, who was also the Chairman of DRDA of the district. During the drilling stage, the opinion of the local people was also taken into account and decisions taken to the satisfaction of all sections of the community. Pinpointing of drilling sites was done by hydrogeologists and geophysicists of the Central Ground Water Department, the nodal agency for source finding activity, who were accompanied by the nominee of the panchayat and an officer from the drilling agency. The drilling operations were done by the Mechanical Divisions of Kerala Water Authority and the State Ground Water Department. Drilling was also got executed through private agencies by the Authority, when found absolutely essential. In all, 1,134 borewells were drilled by various agencies as shown below:

Agency	*Borewells drilled*		
	150-mm	110-mm	*Total*
Kerala Water Authority	226	251	477
Ground Water Department	68	283	351
Private Agencies	..	306	306
Total	294	840	1,134

(ii) The drilling charges of 150-mm and 110-mm diameter borewells were fixed at Rs. 285 per metre and Rs.117 per metre respectively by the State Ground Water Department from July 1981. However, in 15 cases of drilling of 110-mm diameter borewells, the Department claimed a higher rate of Rs.285 per metre for drilling, against the admissible rate of Rs.117 per metre, on the ground that they had used higher capacity drilling rigs. This resulted in an excess expenditure of Rs. 2.52 lakhs. The drilling charges of Kerala Water Authority were Rs. 285 and Rs. 120 per metre respectively for 150-mm and 110-mm diameter borewells. The drilling charges of the Ground Water Department were reduced to Rs. 200 and Rs 100 per metre for the two types of operations from July 1989; a corresponding reduction in the rates was effected by the Water Authority only from October 1990.

In the detailed project report, 110-mm diameter borewells were envisaged for handpump schemes, and 150-mm diameter borewells for piped water supply schemes. The general accepted policy of TM was to provide more wells for handpump schemes (110-mm) and to restrict 150-mm borewells to those areas which were already covered by protected water supply schemes but with a poor source, or the potential localities of a village which were thickly populated. In order to ensure the economical usage of water and also in view of the fact that the drilling charges of 150-mm diameter borewells were more than twice that of 110-mm diameter borewells, the former category of borewells were to be drilled only where indispensable. There was, however, indiscriminate drilling, which was evident from the fact that only 7 out of 294 such wells were energised for piped water supply schemes. The remaining 287 borewells were being used for handpump schemes. This was contrary to the objectives of the TM of providing a low cost solution to the problems of supply of drinking water in rural areas, and resulted in wasteful expenditure of Rs. 47.02 lakhs.

7.6.7. Quality monitoring

Three agencies were entrusted with the work of analysis of water samples collected from borewells. Out of 997 borewells declared successful as at the end of March 1990, only 516 samples had been analysed. A scrutiny of the test results revealed that there was excess iron in 11 cases and excess fluorides in 15 cases. These cases were not referred to the National Industrial Development Corporation/National Environment Engineering Research Institute, the agencies responsible for carrying out the activities for control of fluorosis and removal of excess iron from drinking water.

Out of 516 test reports checked, the iron content in 37 cases and the fluoride content in 31 other cases had not been analysed. In the absence of systematic and effective sample analysis and the lack of proper remedial measures to improve the quality of potable water, monitoring of water quality could not be deemed to have been achieved.

7.6.8. Non-utilisation of funds for water conservation structures

In May 1987, the Government of India informed the State Government of the availability of funds to the extent of Rs.33 lakhs under RLEGP for the Palakkad Mini-Mission. The allotment under this scheme was subsequently raised to Rs. 63 lakhs in April 1988 for generation of employment of 2.53 lakh man-days. The State Government was also requested to work out specific schemes not only for the Mini-Mission project area but also for other deserving districts/areas in the State within the guidelines of RLEGP, and to submit the plan of action by May 1988.

A project report in respect of the Palakkad Mini-Mission was submitted to the Government of India in February 1988, at a total estimated cost of Rs.34.19 lakhs, for inclusion under RLEGP. The report was approved by the Government of India in September 1988 and the State Government was requested to recast the estimates according to the RLEGP pattern to facilitate the release of assistance. Only a revised plan of action for Rs.11.40 lakhs based on the RLEGP pattern for generating employment of 0.52 lakh man-days could be prepared as against Rs. 34.19 lakhs sanctioned by the Government of India. Sanction of the Government of India for the revised plan of action, forwarded in January 1990, was awaited (May 1990).

7.6.9. Other topics of interest

(i) According to the Executive Director, Technology Mission on Drinking Water in villages, Palakkad, indiscriminate drilling of borewells by private parties for agricultural purposes had adversely affected the working of borewells in the eastern part of the district. Information on the number of borewells thus affected were, however, not available with the Mission. The Executive Director had also stated that Government had been addressed in May 1989 for enacting suitable legislation to check over-exploitation of ground water by regulating the drilling of borewells by private parties. The action, if any, taken by the Government on the suggestion was not ascertainable.

(ii) Eighty-one villages in the State had been identified as partially affected by problems of salinity. According to the Authority, the cost of installation and maintenance of desalination plants in the State would be prohibitively high. No proposals for setting up desalination plants in the State were, therefore, formulated by the Authority.

KERALA WATER AUTHORITY

7.7. Extra expenditure on purchase of AC pipes

In September 1988, the Chief Engineer (PS&GL) invited tenders for the supply of AC pressure pipes of various sizes for provision of water supply to Pavaratty and adjoining panchayats, which included, supply of 63,070 metres of 200-mm pipes (class 10: 56,290 metres; and class 15: 6,780 metres). Firm 'A', a small scale unit in Madras registered with the National Small Industries Corporation (NSIC), quoted the lowest rates for both the items. The offers of firms 'B' and 'C' were the second lowest for class 10 pipes and class 15 pipes respectively.

The Authority decided in January 1989 to restrict the purchase from firm 'A' to Rs.10 lakhs (7,550 metres of 200-mm class 10), the monetary limit prescribed for registration with NSIC and to place orders for the balance quantity (55,520 metres) with firms 'B' and 'C'. Negotiations were conducted in February 1989 with firms 'B' and 'C' with a view to reducing their rates to those of firm 'A'. Firm 'C' agreed to reduce the rates for both the classes, but firm 'B' was not willing. As such, the offer of firm 'C' was recommended to Government in March 1989.

While this was under the consideration of Government, firm 'B' volunteered to reduce the rates further, which were found to be the lowest for class 15. In view of this, Government returned the proposals to the Authority for reconsideration. However, the Authority ignored the offers of both the firms and decided to invite fresh tenders, which was done in June 1989. The decision to accept the lowest offer received from firm 'D' could not be arrived at prior to the expiry of its validity in October 1989, and an order was placed on the firm in December 1989 accepting the higher revised rates then quoted.

The rejection of the negotiated offers of firms 'B' and 'C' and the subsequent purchase at higher rates from firm 'D' resulted in an overall extra expenditure of Rs.18.61 lakhs, of which an expenditure of Rs. 5.83 lakhs was attributable to the delay in arriving at final decisions on the offer of firm 'D'. Government stated (December 1990) that the offer of firm 'D' could not be accepted within its validity period because of the delay in revising the design of the water supply scheme.

7.8. Infructuous expenditure on construction of an Inspection Bungalow

The work of construction of an Inspection Bungalow in Mala was entrusted to a contractor in June 1986 for Rs.6.18 lakhs. Possession of the site (cost: Rs.1.44 lakhs) was obtained in March 1986. Since the site was of slushy soil with the water table 60 cm below ground level, the Executive Engineer (EE), sought expert advice on the design to be adopted for the foundation from the Soil Mechanics Department of the Engineering College, Thrissur in January 1986. Based on the recommendation of the Department, which was approved by the Superintending Engineer in October 1986, the contractor carried out earthwork filling and R. R. masonry for retaining walls, on which an expenditure of Rs. 2.39 lakhs was incurred.

The retaining walls, however, began to sink and further soil investigation was carried out through a private firm at a cost of Rs.0.14 lakh. Based on the firm's suggestion, under-reamed pile foundation was proposed by the EE. Meanwhile, the Chief Technical Examiner of the State Government inspected the site in June 1988 and pointed out that it was quite unsuitable for the construction of the inspection bungalow due to the slushy nature of the soil, and that the proposed provision of under-reamed pile foundation would be uneconomical. Pending selection of an alternative site, the contract was cancelled in June 1989. Thus, acquisition of an unsuitable site and execution of civil works thereon without conclusively establishing its suitability resulted in infructuous expenditure of Rs. 3.97 lakhs.

Government had directed the Authority in April 1989 to fix responsibility for the selection of the unsuitable site. The Authority, however, informed Government that no particular officer could be held liable for the lapse.

7.9. Misappropriation of departmental materials

The Accelerated Rural Water Supply Scheme for Neyyattinkara in Thiruvananthapuram District was sanctioned by Government in August 1984 for Rs. 32.19 lakhs. The civil works pertaining to the scheme were entrusted to a contractor in May 1985 by the Water Supply Division, Thiruvananthapuram, for Rs. 9.23 lakhs (35.01 *per cent* below the estimate). Materials costing Rs. 7.80 lakhs (approximately) had been issued to the contractor in March 1984, more than a year before the work was awarded to him, the reasons for which were not ascertainable from the records made available to Audit.

After executing a portion of the works and receiving payments totalling Rs. 2.99 lakhs, the contractor abandoned the works in September 1986. Based on a request of the Assistant Engineer Neyyattinkara, a physical verification of the materials-at-site was conducted in February 1987, which revealed shortages in respect of 51 items (book value: Rs. 6.10 lakhs). Non-adherence by the Division to the specific codal provisions relating to the issue of materials to contractors and custody thereof would appear to have facilitated the misappropriation. Though the cost of these materials had not been recovered from the contractor, an amount of Rs. 0.43 lakh available with the same Division in respect of another work was released to him in September 1987. The contract was subsequently terminated in April 1988 and the balance work re-arranged at his risk and cost involving an additional financial commitment of Rs. 5.50 lakhs, which had also not been recovered from the contractor.

Government stated (January 1991) that the total amount due from the contractor on account of the materials not returned by him, including penalty thereon, worked out to Rs.7.05 lakhs and that he had been notified to return the departmental materials.

7.10. Extra Expenditure due to non-finalisation of tender

In pursuance of Government directions, the Kerala Water Authority was purchasing alum exclusively from Small Scale Industries (SSI) units. In August 1988, the Chief Engineer (PS&GL) invited tenders for the supply of 796.5 tonnes of alum. The offers received included those from non-SSI units also. As the rates quoted by the SSI units were high and the lowest rates were quoted by others, the matter was referred to Government in November 1988. Government advised the Authority in February 1989 to conduct negotiations with the SSI units to bring down the prices and to intimate the outcome thereof. Following negotiations, the SSI units agreed in March 1989 to a marginal reduction in their rates and to extend the validity period of their offers till April 1989. Though the negotiated rates were intimated to Government in March 1989, decisions thereon were not communicated to the Authority and the offers lapsed meanwhile. The executing Divisions resorted to piecemeal local purchase of alum between May 1989 and December 1989 for their water treatment plants at much higher rates. Non-acceptance of the negotiated offers of the SSI units by Government resulted in extra expenditure of Rs. 3.55 lakhs on such local purchases of 560 tonnes of alum.

The matter was reported to Government in October 1990; their reply had not been received (March 1991).

7.11. Non-utilisation of UNICEF assistance

Under a scheme of providing sanitary latrine facilities to 25 *per cent* of the rural population during the International Drinking Water Supply and Sanitation Decade (1981-90), UNICEF launched a project for providing assistance for constructing latrines in selected villages. The assistance was 100 *per cent* of the cost for institutional type latrines and 40 *per cent* for household type latrines.

In August 1984, the State Government decided to participate in the project and selected 117 villages in February 1985 for the construction of 440 institutional and 680 household latrines. The Kerala Water Authority was nominated as the implementing agency. In June 1985, Government ordered that 60 *per cent* of the cost of the household latrines (Rs. 1,840 per unit) be shared equally by Government, the panchayats concerned and the beneficiaries and accorded sanction to an expenditure of Rs. 2.45 lakhs, representing its share of the cost of 680 latrines, from the Government grants paid to the Authority

On the assurance that the construction of the latrines would be completed within two months of receipt of assistance and that the accounts would be rendered within a month thereafter, UNICEF released Rs. 9.44 lakhs in July 1985 towards the cost of 440 institutional type latrines and Rs. 0.64 lakh in August 1985 towards 40 *per cent* of the cost of 100 household latrines in the first instance, besides donating 900 sets of water closet pans and traps (value: Rs. 0.85 lakh).

The project, which was to end in April 1986, was extended up to June 1986 by UNICEF. The Authority could, however, complete only 141 institutional type latrines and 65 household latrines till June 1986, which together accounted only for Rs. 3.33 lakhs of the assistance released by UNICEF. The Authority had neither rendered the relevant accounts to UNICEF (as of February 1991) nor had refunded the unspent balance, except for a sum of Rs. 0.17 lakh refunded in March 1986. The unutilised UNICEF assistance of Rs. 6.58 lakhs was nevertheless spent on payments of salaries and miscellaneous bills.

UNICEF agreed in December 1985 to provide cash assistance for the construction of the remaining 580 household type latrines at the rate of Rs. 406 per latrine in modification of their earlier agreement to provide 40 *per cent* assistance. Even though it was decided in June 1986 that the Director of Panchayats would arrange for the construction of 350 such latrines immediately in the selected villages, the scheme was not implemented reportedly in the absence of specific directions from Government. As a result, assistance of Rs. 2.35 lakhs offered by UNICEF was not availed of.

The matter was reported to Government in August 1990; their reply had not been received (March 1991).

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7.12. Extra expenditure on purchase of pipes

The contracts for the supply of 6.93 lakh metres of Poly Vinyl Chloride pipes of various sizes (cost: Rs. 269 lakhs) awarded to five firms by the Chief Engineer (PS&GL) in March 1989 for utilisation in the distribution system of the water supply scheme to Pavaratty and adjoining panchayats envisaged the supply of pipes with one end plain and the other end fitted with couplers. The Chief Engineer permitted one of the firms in June 1989 to supply plain-ended pipes with required couplers separately to regularise the supplies already made. The remaining firms also supplied pipes with both ends plain together with loose couplers between May 1989 and August 1989, necessitating additional labour for jointing at the time of laying the pipes. The Chief Engineer also amended the relevent clause in the original supply order in August 1989, permitting supply of plain-ended pipes, in order to regularise the supplies made by the firms. While doing so, no reduction was made in the rates of the firms to compensate for the extra expenditure on jointing. The extra expenditure on this account was estimated at Rs. 3.60 lakhs on the basis of rates worked out by the Public Health Division, Kunnamkulam. The Assistant Executive Engineer, Kunnamkulam reported (May 1989) that locally-fitted couplers were poorer in quality than couplers fixed on pipes at the factory.

The matter was reported to Government in September 1990; their reply had not been received (March 1991).

7.13. Guruvayoor Drainage Scheme

A drainage scheme for Guruvayoor covering the temple area, surroundings and other important institutions was sanctioned in June 1973 at an estimated cost of Rs. 43.40 lakhs. The capital cost of the scheme, including centage charges, was to be shared by Government, the Guruvayoor Township and the Guruvayoor Devaswom in the ratio 30:30:40.

The construction of drainage system was started in 1975. By March 1983, a major portion of the work except sewerage system (10 *per cent*), pumping main (40 *per cent*) and the treatment plant was completed. The original proposal for constructing the teatment plant in Guruvayoor village was stayed by Government in the context of objections of the local residents. The construction proposed at an alternative site acquired in Thaikad panchayat and entrusted to a contractor in July 1979 had to be abandoned following obstruction by local people and objections raised by the Thaikad panchayat on the ground that the construction of the plant would result in pollution of drinking water. Selection of another site for the plant had also not materialised. Consequently the expenditure of Rs. 55.05 lakhs incurred on the scheme upto March 1990 had remained unfruitful. This included idle establishment charges (Rs. 3.62 lakhs) incurred on a Sub-Division which was not closed after suspension of the work in March 1983, the cost of land (Rs. 0.64 lakh) acquired for the treatment plant, expenditure incurred (Rs. 0.56 lakh) on the partial construction of the plant, cost of stoneware pipes (Rs. 1.20 lakhs) purchased in excess of requirements in 1975-76, and cost of 12 pump sets (Rs. 5.19 lakhs) procured in October 1981 and which had not been installed.

According to the Administrator and Secretary, Guruvayoor Devaswom, the Devaswom had deposited Rs. 14 lakhs for the scheme but the scheme had not taken off.

A total loan of Rs. 39 lakhs was availed of by the township between February 1975 and March 1978 for the scheme. Pending commissioning of the scheme, the interest liability of Rs. 8.83 lakhs met by Government during the initial period of three years could not be passed on to the township. The liability for repayment of the loan and interest, to the extent the township was liable, had also not been passed on to them. No records were maintained to watch receipt of share of expenditure due from the Guruvayoor Devaswom.

Government stated (February 1991) that it was proposed to find out another site for the treatment plant within the township itself or in its surrounding areas.

7.14. Kollam Drainage Scheme

The scheme for providing drainage facilities in Kollam Municipal area was approved by Government in September 1975 at an estimated cost of Rs. 499 lakhs. The scope of work in the first phase of execution was restricted to four out of eleven zones at an estimated cost of Rs. 468 lakhs. Fifty *per cent* of the cost was to be shared by the Kollam Municipality availing of a loan from the Life Insurance Corporation of India (LIC).

The execution of the first phase of the scheme was taken up in October 1980. After execution of works (including land acquisition) costing Rs. 412.50 lakhs, the work came to a standstill in April 1988 due to paucity of funds. The cost of the incomplete works of this phase was estimated to be of the order of Rs. 400 lakhs in April 1990. While the delay in completion of the works had already resulted in an increase in the project cost from Rs. 468 lakhs to Rs. 812.50 lakhs (including anticipated expenditure), the Kerala Water Authority had not drawn up any time bound programme to resume the works and commission the scheme.

A review on the scheme conducted by Audit during May 1990 revealed the following:

(i) Of the total loan assistance of Rs. 252 lakhs availed of from LIC, principal to the extent of Rs. 67 lakhs had been repaid till January 1991, besides payment of interest of Rs. 119.45 lakhs. No portion of the liability on this account had been passed on to the Kollam Municipality pending completion of the scheme.

(ii) While works under the scheme were held up on account of constraints of resources, project finances to the extent of Rs. 67.58 lakhs were utilised on purchase of 6,978 metres of C.I. pipes and 130 tonnes of steel (total cost: Rs. 63.38 lakhs) in excess of requirements and on construction of an inspection bungalow (cost: Rs. 4.20 lakhs).

(iii) Following the stoppage of work in April 1988, materials worth Rs. 20.78 lakhs were retained by the contractors. No action had been initiated so far (February 1991) for their recovery.

(iv) The establishment charges incurred on the scheme till the stoppage of work in April 1988 were Rs. 79.20 lakhs, which constituted 19 *per cent* of the project expenditure against the approved provision of 8 *per cent*. Even after discontinuance of works, one Sub-Division continued to exist, incurring infructuous establishment charges to the extent of Rs. 8.04 lakhs till March 1990.

(v) An enquiry by the Chief Technical Examiner in November 1987 into the work of laying sewer lines to Zone IV revealed an overpayment of Rs. 1.65 lakhs due to wrong classification of soil. The amount had not been recovered from the contractor (February 1991).

The matter was reported to Government in September 1990; their reply had not been received (March 1991).

7.15. Procurement of defective pipes

The Executive Engineer (EE), Public Health Division, Kottayam, procured 7,960 metres of 200-mm HDPE pipes costing Rs. 22.96 lakhs in 1984. The pipes were retained in the Division unutilised till July 1986, when 7,000 metres (value: Rs 18.83 lakhs) were issued to the Public Health Division, Kollam, for use in the Centrally Sponsored Accelerated Rural Water Supply Scheme for Kottamkara.

The scheme approved by the Government of India provided for use of AC pipes only, but expensive HDPE pipes were issued, reportedly due to non-availability of AC pipes. The pipes could not, however, be laid because they broke on their own during installation and were held to be sub-standard. Though the Authority requested the suppliers in May 1987 to replace the sub-standard pipes, there was no response from them. The purchase order did not also contain a warranty clause.

A proposal made by the EE, Public Health Division, Kollam, in November 1987 to subject the pipes to pressure-test before laying them to ensure their quality was not agreed to by the Superintending Engineer (SE). A further test arranged at the instance of the SE in October 1988 did not also materialise because the joints of the pipes broke on being lowered into trenches. The EE opined in August 1989 that the pipes were more brittle than normal pipes and their shell thickness varied substantially indicating that they were of inferior quality.

The investment of Rs. 22.96 lakhs on the procurement of these pipes, remained idle since 1984 (May 1991).

The matter was reported to Government in September 1990; their reply had not been received (March 1991).

7.16. Irregularities in execution of water supply works

The Executive Engineer, Public Health Division, Kottayam arranged the execution of a number of works during 1983-84 without administrative sanction, technical sanction or assurance of funds and even without executing agreements. When certain contractors represented against payments not having been made for the works executed by them, the matter was brought to the notice of Government, who directed the Kerala Water Authority in August 1986 to issue administrative sanction for each work/scheme and also to make payment to the contractors for the work done.

These works included four water supply schemes in the Neezhoor, Uzhavoor, Veliyanoor and Kuravilangad panchayats in Kottayam district, where pipelines of a total length of 290 km were laid for distributing water. The Superintending Engineer, Public Health Circle, Thrissur, had observed in February 1985 that no schemes for provision of water supply to these panchayats were investigated and even the preliminary levels were not taken in the areas, and that the pipes were laid in an unscientific manner. Expenditure of Rs. 97.03 lakhs had been incurred on these schemes by then, apart from a liability of Rs. 28.67 lakhs payable to the contractors.

In order to attempt provision of interim water supply, the Superintending Engineer proposed the execution of additional works costing Rs. 16.14 lakhs. However, based on the Government directives of August 1986, the Authority accorded administrative sanction for eight works at a total estimated cost of Rs. 316.67 lakhs which included the water supply schemes to the four panchayats at a total estimated cost of Rs. 141.84 lakhs. No additional works were undertaken as proposed by the Superintending Engineer after receipt of this administrative sanction. The pending bills of the contractors were paid to the extent of Rs. 27.34 lakhs. Consequently, the proposed water supply scheme did not materialise. A proposal formulated in 1987 for taking up the schemes under the Accelerated Rural Water Supply projects at a cost of Rs. 345 lakhs did not also materialise, pending sanction by the Authority.

While checking the pending bills of the contractors in the Division, alterations in the measurement of three works executed by the same contractor were noticed. The authenticity of these alterations was refuted in November 1986 by an Assistant Engineer who recorded the measurements, and by an Assistant Executive Engineer who checked and measured them in April 1988. Nevertheless, an interim payment of Rs. 6.02 lakhs was made to the contractor for one of the works in August 1988. The Superintending Engineer held in January 1989 that the payment was irregular. The case referred to the Vigilance wing of the Authority in January 1990 was pending (August 1990).

Thus the expenditure of Rs. 124.37 lakhs incurred on the works executed without prior administrative and technical sanctions and without observing codal provisions had been rendered unfruitful.

The matter was reported to Government in October 1990; their reply had not been received (March 1991).

7.17. Delay in settling accounts of contractors

Under the provisions of the Kerala Public Works Account Code, which has been made applicable to the Kerala Water Authority, the accounts of contractors should be closed immediately on completion of their contracts. If any contractor delayed receiving payments for more than one month after his Final Contract Certificate (FCC) was passed, the amount should be credited to 'Public Works Deposits' for eventual payment. If the FCC of a contractor shows that he has been over-paid, cash recovery should be made or, if immediate recovery was not practicable, his personal account should be debited for recovery in due course.

A test-check conducted in August 1990 in 16 of the 31 executing Divisions of the Authority revealed that the accounts of 96 contracts completed between August 1973 and March 1989 were pending settlement. Of these, FCCs in respect of 26 works were not prepared, which included 14 works in which even the final measurements had not been taken. Though the certificates were prepared in 51 cases, these could not be closed in the Divisions because of non-finalisation of the materials-at-site accounts. The FCCs in respect of the remaining 19 closed works indicated that a net amount of Rs. 5.85 lakhs was due to the Authority from the contractors mainly on account of non-return of departmental materials issued to the works. Out of this, Rs. 4.09 lakhs related to 5 works executed in the Public Health Division, Thiruvalla, between October 1983 and July 1987. Settlement of accounts in these cases by cash recovery or otherwise as envisaged in the Code had not been effected till August 1990.

The matter was reported to Government in September 1990; their reply had not been received (March 1991).

7.18. Avoidable expenditure on purchase of steel

The Executive Engineers, Public Health Divisions, Kollam, and Pathanamthitta, purchased 36.35 tonnes of steel (Kollam: 18.35 tonnes; and Pathanamthitta: 18 tonnes) in May 1985 and March 1985 at a cost of Rs. 2.95 lakhs, for use in two Accelerated Rural Water Supply Schemes. While the cost of steel alone was paid in the former case, the payment made in the latter case included a sum of Rs. 0.14 lakh towards contractor's profit. A test-check of the material-at-site account revealed that 7.57 tonnes of steel in Kollam Division and the entire quantity of 18 tonnes of steel in Pathanamthitta Division remained unutilised, indicating that there was no urgency for resorting to local purchases, when the requirements of steel were being met by the Steel Authority of India Limited and the Tata Iron and Steel Company Limited at lower prices. By resorting to local purchases, the Authority had incurred an avoidable extra expenditure of Rs. 0.81 lakh.

The matter was reported to Government in September 1990; their reply had not been received (March 1991).

7.19. Avoidable payment of land rent

During 1981-82, 0.42 hectare of private land was taken on rent by the Public Health Division, Thodupuzha, for stacking the pipes procured for the Thodupuzha Water Supply Scheme. The Division acquired 1.84 hectares of land (value: Rs. 21.49 lakhs) in December 1983, in which enough space was available for stacking the pipes and establishing a store. But due to the non-completion of an approach road to the land till January 1990, the land taken on rent could not be vacated. While a portion of the rented land (0.16 hectare) was vacated in November 1988, the remaining land continued to be retained by the Division. The delay in transfer of the pipes to the acquired land resulted in an avoidable payment of rent amounting to Rs. 2.60 lakhs till March 1990. The Executive Engineer stated (April 1990) that the work of construction of compound wall and levelling the site had been taken up in the acquired land and the pipes would be transferred from the rented land on completion of the work. The work had, however, not been completed even till February 1991.

In a similar case, the pipes procured for the Pathanamthitta Water Supply Scheme were dumped in a private stretch of land (area: 0.20 hectare) from January 1983 based on the oral consent of the owner for using the land free of rent for six months. The land was, however, not vacated till June 1989 notwithstanding the fact that 3.70 hectares of land were acquired by the Division in August 1984 for stacking the pipes. Land rent totalling Rs. 0.59 lakh was paid from September 1984 to June 1989.

The Executive Engineer stated (October 1989) that the owner of the land was not pressing for the transfer of the materials from the site and hence the matter was not given due importance.

The matter was reported to Government in October 1990; their reply had not been received (March 1991).

INDUSTRIES DEPARTMENT

7.20. Janatha Cloth Scheme

7.20.1. Introduction

The Janatha Cloth Scheme was introduced by the Government of India in 1976-77 with the twin objectives of making available cloth at affordable prices to the poorer sections of the community and providing sustained employment. The scheme was implemented in the State from 1976 with financial support from the Government of India in the form of subsidy. The Director of Handloom was the nodal officer responsible for general supervision and monitoring of the scheme, and for making necessary arrangements for distribution of the Janatha cloth within the State. The scheme was implemented through two agencies, the Kerala State Handloom Weavers' Co-operative Society Limited (Hantex) and the Kerala State Handloom Development Corporation (Hanveev). Both the agencies had a number of sales outlets (show rooms) through which the Janatha cloth was distributed at prices fixed by Government of India.

7.20.2. Audit coverage

A review of the implementation of the scheme in the State was conducted during March-June 1990 with reference to the records in the Directorate of Handloom, supplemented by a test check of accounts/records pertaining to the implementing agencies covering the period 1985-1990.

All abbreviations used in this Report are listed alphabetically and expanded in the Glossary at Appendix 11 (page 212).

7.20.3. Highlights

—The percentage of shortfall in production of Janatha cloth *vis-a-vis* **targets ranged from 59 to 94 in successive years. The restriction placed on utilisation of outlets other than the public distribution system had an adverse impact on the distribution even of the meagre production of Janatha cloth. Due to financial constraints, the Kerala State Handloom Weavers' Co-operative Society Limited, an agency implementing the scheme, could not ensure timely payments for cloth supplied by its member societies. At the end of March 1990, Rs. 119.70 lakhs were due to 44 primary societies.**

(Paragraph 7.20.4)

—Excess claim of subsidy to the extent of Rs. 4.10 lakhs was noticed.

(Paragraph 7.20.5)

—The nodal agency did not procure Janatha cloth produced in surplus by neighbouring States for distribution to compensate for shortfalls in production within the State.

(Paragraph 7.20.6)

7.20.4. Production targets

Targets for production of Janatha cloth were fixed by the Government of India annually and communicated to the implementing agencies through the nodal officer. Details of such target fixed and the achievement made thereagainst were as follows:—

Year	*Target*	*Achievement*	*Shortfall*	*Percentage of shortfall*
	(in lakh square metres)			
1985-86	20	8.30	11.70	59
1986-87	30	11.16	18.84	63
1987-88	30	9.42	20.58	69
1988-89	30	3.11	26.89	90
1989-90	30	1.77	28.23	94

The percentage of shortfall ranged from 59 to 94 of the target fixed. Government stated (March 1991) that the shortfall was due to lower wage rates given to the weavers and failure to revise the consumer price taking into account the increase in the prices of yarn resulting in heavy loss to societies. The implementing agencies attributed the loss, *inter alia*, to non-availability of the required yarn at reasonable prices and to paucity of working capital. A study by Audit revealed that the following factors also contributed to the shortfalls in production of Janatha cloth.

(i) The implementing agencies suggested a higher target from 1985-86/1986-87 onwards which was to be achieved by employing more looms. However, the number of looms actually operated ranged between less than one *per cent* and 41 *per cent* of the number of looms proposed to be employed for achieving the targets, as shown below:

Year	*Number of looms proposed to be employed*	*Number of looms actually operated*	*Percentage of looms actually operated*	*Suggested target for production*	*Actual production*
				(in lakh square metres)	
Hantex					
1985-86	1400	575	41	20	8.30
1986-87	1700	700	41	25	10.33
1987-88	2000	600	30	30	8.46
1988-89	2400	200	8	35	3.00
1989-90	3000	100	3	43	1.12
Hanveev					
1985-86	..	..	..	..	..
1986-87	400	114	28	5	0.83
1987-88	1000	66	7	15	0.96
1988-89	1700	8	..	25	0.11
1989-90	2500	45	2	37.5	0.65

One of the main objectives of the Janatha Cloth Scheme was to provide sustained employment to unemployed and under-employed weavers. Since employment opportunities were dependent upon the number of looms operated for the production of Janatha cloth, the operation of a fewer number of looms resulted in poor employment generation. Government stated (March 1991) that the societies refrained from taking up further production in view of the fact that the implementation of the scheme was not at all profitable to them.

(ii) The implementing agencies were to supply raw materials to the weavers on a regular basis. The Director of Handloom stated (June 1990) that the agencies were not in a position to supply yarn regularly due to financial constraints, and that the State/Central Government also did not formulate any scheme for supplying yarn at concessional prices to weavers.

(iii) The scheme envisaged payment of advance subsidy to the extent of 75 *per cent* on the basis of projected production figures as a measure of providing working capital to the State implementing agencies. This facility was not availed of by the implementing agencies. The failure was attributed by Hantex to its inability to furnish projected production figures due to variation in yarn prices.

(iv) One of the conditions prescribed by the Government of India in May 1988 for releasing enhanced subsidy from March 1988 was that not less than 85 *per cent* of the Janatha cloth produced should be distributed through the public distribution system. The Kerala State Co-operative Consumer Federation (Federation) was entrusted with the responsibility for distribution of Janatha cloth in September 1988.

Between August and October 1989, Janatha cloth worth Rs. 5.91 lakhs was released to the Federation on credit basis by Hantex, against which the Federation had paid only Rs. 3.16 lakhs till March 1990. Further the Federation also requested Hantex in October 1989 to stop further despatches of Janatha cloth. This resulted in accumulation of stock worth Rs. 2.50 lakhs in the godowns of Hantex and primary societies till December 1989. Consequently, while the apex society found it difficult to procure cloth from member societies and claim subsidy, the primary societies had their working capital (mostly bank borrowings) locked up in the unsold inventories.

Hanveev had not introduced the sale of Janatha cloth through the public distribution system due to non-finalisation of the terms and conditions with the Federation. It had stocks worth Rs. 0.42 lakh in their godowns. Thus the restriction placed on the utilisation of outlets other than the public distribution system to a large extent adversely affected the distribution even of the meagre production of Janatha cloth in the State.

(v) Only 44 out of 383 primary societies registered with Hantex were mainly engaged in the production of Janatha cloth. Due to financial constraints, the apex society could not ensure timely payments for the cloth supplied by the member societies. By March 1990, Rs. 119.70 lakhs were due to the 44 member societies, which included procurement charges relating to Janatha cloth. Locking up of capital of the primary societies with the apex society was one of the reasons for the shortfall in their production.

7.20.5. Subsidy received from Government of India

Subsidy was paid by the Government of India at the rate of Rs. 2 per square metre of Janatha cloth, which was enhanced to Rs. 2.75 per square metre from March 1988. During 1985-90, the two implementing agencies received a total subsidy of Rs.67.53 lakhs on account of 33.35 lakh square metres of Janatha cloth produced and issued for distribution.

In the case of Hantex, the cloth procured by its regional depots was reckoned as cloth sold for claiming the subsidy. Details of issues to selling units were, however, not maintained in the head office which preferred the claim for subsidy. The adoption of the irregular procedure resulted in an excess claim of subsidy of Rs. 3.73 lakhs in Kollam and Thrissur between June 1985 and June 1989.

According to Hantex, the nodal agency had not raised any objection against the procedure adopted.

Hanveev claimed a subsidy of Rs. 4.26 lakhs for 2.13 lakh square metres (96,846 lungies) of Janatha cloth issued to the selling points between January 1987 and December 1989. A verification of the stock register, however, revealed that only 1.95 lakh square metres (88,679 lungies) had actually been issued for sales, resulting in an excess claim of subsidy of Rs. 0.37 lakh. Reasons for the variation in quantity and excess claim of subsidy called for had not been furnished (September 1990).

7.20.6. Distribution

(i) According to the guidelines of the Government of India, there should be at least one sales outlet in every Gram Panchayat. Though there were about 1000 panchayats in the State, only 184 sales outlets were opened by the agencies. Further, there were areas where all the three agencies had show rooms in the same locality. The nodal agency did not take effective steps to insist on uniform and larger coverage of retail outlets so as to ensure that the benefits of the scheme reached every part of the State. Government stated (March 1991) that there was no need to enlarge the distribution coverage further, as the production of Janatha cloth in the State was only meagre.

(ii) The quantum of cloth to be distributed for consumption in a State calculated on *pro rata* basis was termed as 'entitlement' and was fixed from year to year by the Government of India. If the production of any State was not sufficient to meet the entitlement of that State, the neighbouring surplus State could sell its surplus production. The annual entitlements and the cloth produced in Kerala State during the Seventh Plan period were as follows:

Year	*Entitlement*	*Production*	*Issued for distribution*	*Deficit*
		(*in lakh square metres*)		
1985-86	163.3	8.30	8.30	155.00
1986-87	194.4	11.16	10.50	183.24
1987-88	*	9.42	9.17	*
1988-89	*	3.11	4.05	*
1989-90	*	1.77	1.32	*

*Not available.

Kerala being a perennial deficit State, it could have procured Janatha cloth produced in surplus by neighbouring States. No action was, however, taken in this regard.

(iii) The guidelines prescribed that at least 75 *per cent* of the Janatha cloth distributed during the Seventh Plan period should go to the target group in the rural areas, and the rest could be consumed in the urban areas according to a land holding/income criterion. A test-check revealed that no rural/urban distinction or income criterion had been adopted for the purpose of distribution. The records produced for scrutiny also did not disclose any action having been taken by the nodal officer to identify the target group or to issue appropriate instructions to the implementing/distributing agencies.

(iv) In order to ensure fair distribution of Janatha cloth, each subscriber was to be allowed to purchase at a time only two pieces of dhoties or sarees and ten metres of dress material. Notwithstanding the issue of instructions to the effect by Hantex in November 1985, 538 instances of sales ranging from 8 to 38 pieces per individual were noticed in seven depots. As the nodal officer had not conducted any supervision of sales, such instances remained undetected.

7.20.7. Monitoring and supervision

The nodal agency was responsible for general supervision and monitoring of the programme with reference to the principal goals of expanding the employment potential and effective distribution of cloth to the target group. No action was taken by the nodal agency to analyse the reasons for the shortfall in production and to suggest suitable measures to sustain the targeted levels of production. Further, the quality of cloth produced and distributed was also not checked by any departmental officer. The Director of Handloom stated (June 1990) that the lapse was due to shortage of staff.

7.21. Kerala Khadi and Village Industries Board

The Kerala Khadi and Village Industries Board (Board) was established in 1957 under the Kerala Khadi and Village Industries Board Act, 1957, with the object of organising, developing and regulating khadi and village industries in the State. Mention was made in paragraph 8.13 of the Report of the Comptroller and Auditor General of India for the year 1986-87 (Civil) about some aspects of the working of the Board. The following further points were noticed during audit conducted in June-July 1989 and in July-October 1990 under Section 19 (iii) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

(i) The working results of the Board for the four years ended 31st March, 1989 as extracted from the consolidated trading account and profit and loss account of the projects and trading units were as follows:

Particulars	1985–86	1986–87	1987–88	1988–89
		(*Rupees in lakhs*)		
Sales	209.24	219.20	271.47	242.86
Add: Other trading receipts	26.26	22.82	26.46	24.55
Accretion (+)/ decretion (–) in stock	(–)109.88	(–)170.70	(–)231.41	(–)172.16
	125.62	71.32	66.52	95.25
Less: Trade and other expenses	78.50	34.80	38.74	66.55
Gross profit	47.12	36.52	27.78	28.70
Add: State Government grant	13.00	15.42	10.31	12.71
Add: Other receipts	2.07	0.92	1.39	1.37
	62.19	52.86	39.48	42.78
Less: Salaries, expenses and provisions	51.45	56.99	48.84	47.73
Net profit (+)/Loss(–)	(+)10.74	(–)4.13	(–)9.36	(–)4.95
Percentage of gross profit to sales	23	17	10	12

It would be observed that, notwithstanding the progressive increase in sales and decrease in expenses and provisions after 1985-86, the activities of the Board resulted in net losses totalling Rs. 18.44 lakhs during the period from 1986-87 to 1988-89 as against the net profit of Rs. 10.74 lakhs earned in 1985-86.

(ii) The Board decided to set up a printing and dyeing unit in Ernakulam district in March 1985 at an estimated cost of Rs. 34.82 lakhs. After inviting tenders, the work was awarded to the lowest tenderer at the quoted rate of 15.91 *per cent* above the estimate in August 1985 for completion by September 1986. The contractor commenced work in September 1985. In December 1986, the contractor claimed enhanced rates based on the Schedule of Rates, 1986, for all works executed after September 1986. The claim was rejected by the Board in November 1987. The contractor thereupon stopped work in September 1988 when expenditure totalling Rs. 31.10 lakhs had been incurred on the work, which had not been completed as of January 1991.

The following points were noticed:—

(a) Though the setting up of the unit was included in the Special Employment Programme, formal sanction of Government was not obtained for taking up the work.

(b) The volume of khadi produced by the Board did not justify the large unit. The other organisations in the State engaged in production of khadi were not likely to tap the unutilised capacity of the unit, as they could get their printing and dyeing done at cheaper rates from units in Tamil Nadu.

(c) Apprehending serious pollution problems, the Pollution Control Board had also advised the Board in December 1987 against the setting up of the unit.

(d) The Board resolved in March 1989 to set up a small bleaching, dyeing, printing and design centre in the building and to utilise the left over space for setting up some other unit.

The building had not been completed as of January 1991 and consequently the expenditure of Rs. 31.10 lakhs already incurred continued to remain unfruitful.

The matter was reported to Government in October 1990; their reply had not been received (March 1991).

GENERAL EDUCATION DEPARTMENT

7. 22. Avoidable expenditure on uneconomic schools

The Kerala Education Rules (KER) stipulate that the minimum effective strength per standard in lower primary/upper primary/high schools shall be 25, and that a school shall be deemed to have the minimum strength if the average effective strength per standard was not less than 25. The KER also stipulate that the recognition granted to a school shall be withdrawn if the school fails to maintain the minimum strength. In deserving cases, the Director of Public Instruction (DPI) is empowered to grant exemption for specific periods. In May 1986, the DPI, however, issued general instructions to the effect that until further orders no school in the State need be closed on account of failure to maintain the minimum strength.

The State-aided Kaipattoor Karakkad Lower Primary School in Pathanamthitta District had been functioning as an uneconomic school for several years. The average effective strength per standard in the school during 1984-85, 1985-86 and 1986-87 was 12, 6 and 3 respectively. In October 1984 the Manager of the school requested the educational authorities to withdraw the recognition granted to the school. The Deputy Director of Education, Pathanamthitta called for a report in the matter only in August 1986, nearly two years after the Manager's request. The report was furnished by the Assistant Educational Officer in October 1986. Subsequently a meeting of the Parent-Teachers Association was convened in January 1987, at the instance of the DPI, when also it was decided that the school should be closed. The headmaster of the school issued transfer certificates to the students of the school in May 1987, and there were no students during 1987-88. Nevertheless, the headmaster and one teacher were retained. The teacher was relieved from the school in September 1987 on his transfer to a Government school. On the basis of the directions issued by Government in January 1988, orders were issued in April 1988 for the closure of the school.

The headmaster was, however, retained in the school without any work till September 1988. An amount of Rs. 2.17 lakhs was paid as salary to the staff from 1985-86 to 1988-89, which included a sum of Rs. 0.53 lakh paid during June 1987 to September 1988, when there was no student in the school. Had prompt action been taken to close down the school based on the Manager's request, the expenditure of Rs. 2.17 lakhs could have been avoided.

In another case (Janatha Upper Primary School, Edathode), inspite of the demand of the management and the Parent-Teachers Association for the closure of the school from 1985-86, no action had been taken by the educational authorities in the matter. Though there were no pupils in the school during 1989-90, the headmaster was retained in the school, incurring an expenditure of Rs. 0.48 lakh.

During audit of the accounts of aided schools under the jurisdiction of different educational officers, it was noticed that several other aided schools were also functioning uneconomically causing huge financial liability to Government. All these schools continued to function on the strength of the general exemption granted in May 1986 from maintaining the minimum strength. Details of ten uneconomic schools which were functioning with only a meagre strength and surplus staff are given in Appendix 10. None of these schools was eligible for exemption from the requirement of maintaining the minimum strength under the provisions of KER. As the average pupil strength per standard ranged between 1 and 22 in these schools, the total expenditure incurred proved to be largely unfruitful.

The matter was reported to Government in October 1990; their reply had not been received (March 1991).

James K Joseph

Thiruvananthapuram,
The 9 JAN 1992

(JAMES JOSEPH)
Accountant General (Audit), Kerala.

Countersigned

New Delhi,
The 22 JAN 1992

(C. G. SOMIAH)
Comptroller and Auditor General of India.

APPENDICES

102/9538/91/MC.

APPENDIX 1

Voted grants/charged appropriations where excess requires regularisation

(*Reference :* Paragraph 2.2.2)

Sl. No.	*Number and name of grant*	*Total grant/ appropriation* (Rs.)	*Actual Expenditure* (Rs.)	*Excess* (Rs.)
	REVENUE SECTION (Voted grant)			
1.	III—Administration of Justice	17,08,12,200	17,23,30,993	15,18,793
2.	VII—Stamps and Registration	9,03,96,600	9,33,13,382	29,16,782
3.	X—Treasury and Accounts	9,27,73,300	9,57,62,898	29,89,598
4.	XIII—Jails	5,18,12,500	5,38,65,859	20,53,359
5.	XVII—Education, Sports, Art and Culture	6,00,11,07,500	6,38,56,73,746	38,45,66,246
6.	XXIII—Information and Publicity	3,17,44,700	3,17,68,347	23,647
7.	XXIV—Labour and Labour Welfare	34,04,51,000	34,22,65,209	18,14,209
8.	XXVI—Relief on account of Natural Calamities	37,24,27,200	40,99,50,318	3,75,23,118
9.	XXXI—Animal Husbandry	18,11,64,500	18,71,35,512	59,71,012
10.	XXXIII—Fisheries	9,81,49,300	9,86,84,359	5,35,059
11.	XL—Ports	2,14,79,200	2,16,64,463	1,85,263
	CAPITAL SECTION (Voted grant)			
12.	XLII—Tourism	1,55,22,400	1,55,99,120	76,720
13.	XLV—Miscellaneous Loans and Advances	7,80,68,500	8,14,24,876	33,56,376
			Total	44,35,30,182
	REVENUE SECTION (Charged appropriation)			
14.	XXXIV—*Forest*	*3,37,400*	*3,51,604*	*14,204*

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APPENDIX 2

Injudicious re-appropriation of funds

(*Reference* : Paragraph 2.2.11)

Sl. No.	*Number and name of grant*	*Provision (Original plus supple-mentary)*	*Re-appro-priation*	*Total provision*	*Actual expenditure*	*Excess(+) Saving(—)*
				(Rupees in lakhs)		
(a)	**Surplus withdrawals**					
	XII—Police					
1.	2055–101–01–Criminal Investigation Branch	525.95	(—)64.14	461.81	488.24	(+)26.43
	XIV—Stationery and Printing and other Administrative Services					
2.	2058–101–01–Purchase and supply of stationery stores	590.00	(—)25.61	564.39	617.39	(+)53.00
	XIX—Family Welfare					
3.	2211–103–04–Oral Rehydration Therapy	104.00	(—)95.81	8.19	63.15	(+)54.96
4.	2211–103–02–Triple Immunisation	115.00	(—)85.50	29.50	87.32	(+)57.82
	XXVI—Relief on account of Natural Calamities					
5.	2245–01–102–01–Water Supply	283.77	(—)155.77	128.00	383.49	(+)255.49
	XXXIII—Fisheries					
6.	4405–104–07–Fishing Harbour at Munambum	30.00	(—)28.00	2.00	3.09	(+)1.09
	XXXVI—Community Development					
7.	2505–01–701–04–Forest	520.00	(—)519.68	0.32	9.43	(+)9.11
8.	2505–60–103–01 Scheme for Small and Marginal Farmers for increasing agricultural production	755.00	(—)126.19	628.81	699.24	(+)70.43

APPENDIX 2—*Concld.*

Sl. No.	*Number and name of grant*	*Provision (original plus supplementary)*	*Re-appropriation*	*Total provision*	*Actual expenditure*	*Excess(+) Saving(—)*
			(Rupees in lakhs)			
	XL—Ports					
9.	5051–02–200–02–Development of Beypore Cargo Harbour	63.00	(—)34.80	28.20	29.86	(+)1.66
	XLII—Tourism					
10.	3452–80–800–13–Forest Lodges and other Centrally Sponsored Schemes such as Beach Resorts etc.	120.00	(—)105.45	14.55	23.63	(+)9.08
	XLIII—Compensation and Assignments					
11.	3604–106–01–Compensation to Local Bodies	2300.00	(—)1200.00	1100.00	1117.61	(+)17.61
(b)	**Surplus additions**					
	XII—Police					
12.	2055–114–01–Wireless Unit	232.77	(+)35.00	267.77	202.93	(—)64.84
	XXV—Social Welfare including Harijan Welfare					
13.	2235–02–101–10–Special pension scheme for the Physically Handicapped and Disabled and mentally retarded persons	620.00	(+)125.00	745.00	698.59	(—)46.41
	XXXVII—Industries					
14.	2851–103–21–Market Development Assistance Scheme	88.82	(+)111.18	200.00	153.11	(—)46.89
15.	6851–102–31–Seed capital loan to entrepreneurs to start industries	235.00	(+)84.63	319.63	260.66	(—)58.97
	XXXVIII—Irrigation					
16.	4701–02–103–Kallada Irrigation Project Major works	1518.65	(+)365.00	1883.65	1854.27	(—)29.38

APPENDIX 3

Statement of shortfall in physical achievements under the Tribal Sub Plan, Agriculture Department

(Reference : Paragraph 3.1.7)

Sl. No.	*Name of Office*		*Year*	*Nature of target*	*Target fixed*	*Target achieved*	*Percentage of shortfall*
1.	Principal Agriculture Office,	Malappuram	1988-89	Distribution of coconut seedlings	1988	1000	50
2.	do.	do.	do.	Distribution of metallic storage bins	29	Nil	100
3.	do.	Kozhikode	1986-87	Distribution of agriculture implements	264	Nil	100
4.	do.	do.	do.	Distribution of sprayers	12	5	58
5.	do.	Kalpetta	do.	Distribution of clove seedlings	420	Nil	100
6.	do.	do.	do.	Rooted pepper cuttings	87000	27100	69
7.	do.	do.	do.	Coffee seedlings.	80230	25230	69
8.	do.	do.	do.	Distribution of planting materials	Rs.2.19 lakhs	Rs.0.81 lakh	63
9.	do.	do.	do.	Distribution of pulse seeds	2725 Kg	125 Kg	95
10.	do.	do.	do.	Distribution of green manure seeds	1243 Kg	148 Kg	88

APPENDIX 3—*Concld.*

Sl. No.	*Name of Office*		*Year*	*Nature of target*	*Target fixed*	*Target achieved*	*Percentage of shortfall*
11.	Principal Agricultural Office,	Kalpetta	1986-87	Expenditure on supply of seeds	Rs. 23420	Rs. 531	98
12.	do.	do.	do.	Expenditure on supply of fertilisers	Rs. 91630	Rs. 36820	60
13.	do.	do.	do.	Number of tribes to be trained	1288	1003	22
14.	do.	do.	1987-88	Supply of pepper cuttings	22480	13355	41
15.	do.	do.	do.	Supply of coffee seedlings	18700	Nil	100
16.	do.	do.	do.	Expenditure on planting materials	Rs. 0.78 lakh	Rs. 0.39 lakh	50
17.	do.	do.	do.	Soil conservation works	Area 9.27 ha.	6.49 ha.	30
18.	do.	do.	do.	Soil conservation expenditure	Rs. 0.71 lakh	Rs. 0.10 lakh	86
19.	do.	do.	do.	Training programme	18 persons	Nil	100
20.	do.	do.	1988-89	Supply of seedlings Erythuma	Rs. 16050	Nil	100
21.	do.	do.	do.	Supply of ginger seeds and fodder grass	7720 Kg	Nil	100
22.	do.	do.	do.	do. Expenditure	Rs. 0.75 lakh	Nil	100
23.	do.	do.	do.	Construction of irrigation wells	3	Nil	100
24.	do.	do.	do.	do. Expenditure	Rs. 0.50 lakh	Nil	100
25.	do.	do.	do.	Expenditure on soil conservation work	Rs. 2.39 lakhs	Rs.0.55 lakh	77

APPENDIX 4

Details of occupancy and revenue collected in 10 guest houses

(Reference : Paragraph 3.4.)

Name of Guest House	*Bed strength*	*Annual capacity*	*Average occupancy during* 1987-88 *to* 1989-90	*Percentage of occupancy*	*Average expenditure during* 1987-88 *to* 1989-90 (*Rupees in lakhs*)	*Average revenue during* 1987-88 *to* 1989-90 (*Rupees in lakhs*)	*Average revenue collection with reference to average expenditure* (*in percentage*)
Attingal	16	5840	706	12	1.38	0.24	17
Varkala	17	6205	899	14	2.08	0.59	28
Cheruthuruthy	12	4380	263	6	0.99	0.28	28
Devikolam	8	2920	586	20	0.87	0.21	24
Peermedu	12	4380	1209	28	1.77	0.39	22
Malampuzha	8	2920	1058	36	1.84	0.31	17
Kottayam	10	3650	466	13	2.34	0.16	7
Kannur	16	5840	1079	18	4.06	0.38	9
Kovalam	24	8760	970	11	5.66	2.20	39
Kozhikode	16	5840	1258	22	8.02	0.39	5

Appendix 5

Details of drought relief funds credited to Treasury Savings Bank Account and remaining unutilised

(Reference : Paragraph 3.6.1)

Sl. No.	*Drawing Officer*	*Amount remaining unutilised at the time of audit (Rs. in lakhs)*	*Remarks*
1.	Director of Animal Husbandry, Thiruvananthapuram	20.59	Against a provision of Rs. 225 lakhs provided by Central Government (Rs. 210 lakhs) and State Government (Rs. 15 lakhs) during 1987-88, the total expenditure incurred by the department was Rs. 240.72 lakhs resulting in an excess expenditure of Rs. 15.72 lakhs. As the expenditure incurred included amounts relating to another scheme, the amount drawn for drought relief and deposited in the treasury was not fully utilised by the department; the amount remaining unutilised during September 1989 was Rs. 20.59 lakhs. Necessary proposals submitted to Government (August 1988) for utilisation of the amount in the savings bank account were yet to be approved by Government (October 1989). Interest accrued on the deposit upto September 1989 amounting to Rs. 1.62 lakhs also remained unutilised.
2.	District Collector, Kollam	25.68	This represented the balance available in the savings bank account during September 1989. Action taken for utilisation of the amount had not been communicated by the department.
3.	District Collector, Ernakulam	0.92	This represented the balance in the savings bank account during December 1989. Action taken for utilisation of the amount had not been communicated by the department.
4.	District Collector, Malappuram	0.70	This represented the balance from Rs. 30 lakhs transferred to the DRDA Malappuram for implementation of the scheme. The amount has not been refunded to Government so far (January 1990).

Sl.No.	*Drawing Officer*	*Amount remaining unutilised at the time of audit (Rs. in lakhs)*	*Remarks*
5.	Block Development Officer, Thiruvananthapuram	0.41	Out of Rs. 2.90 lakhs released to the BDO during 1987, Rs. 0.41 lakh (including interest earned on the deposit) remained unutilised. Action taken for utilisation of the amount was not intimated by the department.
6.	Executive Engineer, Minor Irrigation, Kottayam	31.95	This represented part of the amount released (Rs. 47 lakhs) for Chempukayal reclamation scheme in March 1988. The work on the scheme is at a standstill from June 1989. Interest accrued on the deposit amounting to Rs. 5.09 lakhs (April 1990) had also not been utilised.
7.	Director of Dairy Development	27.50	The amount drawn and deposited in the treasury in March 1988 was sanctioned for payment of subsidy to four societies for setting up four cattle feed factories. As the scheme did not materialise, Government directed (June 1989) to transfer the amount to the Kerala Co-operative Milk Marketing Federation for implementation of the scheme. Though the amount with interest of Rs. 1.60 lakhs was transferred to the Federation in June 1989, no proposal for implementation of the scheme had been drawn up so far (January 1990).

APPENDIX 6

Diversion of funds allotted for drought relief for other purposes

(Reference : Paragraph 3.6.1.)

Sl. No.	*Department*	*Amount (Rs. in lakhs)*	*Remarks*
1.	District Collector, Kollam	8.37	The expenditure was incurred on (i) Flood Relief Works 1987—Rs. 4.82 lakhs, (ii) advance for construction of houses for victims of Thankassery fire accident—Rs. 2 lakhs and (iii) distress relief works not connected with drought—Rs. 1.55 lakhs.
2.	District Collector, Kollam	0.49	The amount was utilised for supply of free rations to the workers during Onam, 1987, from the provision for drinking water supply.
3.	Tahsildar, Kanayannur	0.17	do.
4.	Tahsildar, Kochi	5.16	The amount was utilised in May 1987 for supply of free rations to the families of fishermen from the provision earmarked for employment generation scheme.
5.	Tahsildar, Kanayannur	1.40	do.
6.	District Collector, Malappuram	0.89	The expenditure related to temporary protection works at Ponnani sea shore debiting the expenditure to the employment generation scheme.
7.	Director, Animal Husbandry	13.69	This related to payment of Rs. 11.97 lakhs to Kerala State Construction Corporation and Rs. 1.72 lakhs to the Public Works Department for repairs to the farms under the department.
8.	District Collector, Ernakulam	5.00	The amount formed part of Rs. 20.36 lakhs drawn and deposited in the treasury savings bank account in March 1988. The amount was later (June to September 1989) paid to the Regional Sports Centre, Kochi, for construction of an indoor stadium.

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APPENDIX 7

Department-wise details of cases of misappropriations, losses, etc.

(Reference : Paragraph 3.7)

Sl. No.	Name of Department	No. of cases	Amount (Rs. in lakhs)
1.	Agriculture Department		
	(i) Agriculture	6	0.43
	(ii) Animal Husbandry	4	1.13
2.	Finance Department		
	(i) Lotteries	1	0.90
	(ii) Treasuries	7	2.33
3.	Forest and Wild Life Department	7	1.98
4.	General Education Department	24	9.18
5.	Health and Family Welfare Department		
	(i) Medical Education	3	3.64
	(ii) Health Services	14	4.51
6.	Cultural Affairs Department Archives	1	0.21
7.	Higher Education Department		
	(i) Collegiate Education	2	1.66
	(ii) Technical Education	2	0.91
8.	Home Department		
	(i) Judicial Administration	2	0.57
	(ii) Police	6	2.96
9.	Taxes Department		
	(i) Agriculture Income Tax and Sales Tax	2	0.05
	(ii) Registration	1	0.02
10.	Irrigation Department	17	18.04
11.	Public Works and Transport Department		
	(i) P.W.D. Buildings	3	0.40
	(ii) P.W.D. Roads and Bridges	12	3.79
12.	Revenue Department		
	(i) Land Revenue	28	8.91
	(ii) Land Board	5	0.43
	(iii) Survey and Land Records	2	5.83
13.	Rural Development Department	17	1.12
14.	Local Administration Department Panchayats	1	0.01
15.	Social Welfare Department	1	0.50
16.	Scheduled Castes and Scheduled Tribes Development Department	2	0.07
17.	Labour and Rehabilitation Department	1	0.24
	Total	171	69.82

Appendix 8

Department-wise details of writes off, waivers and *ex-gratia* payments

(Reference : Paragraph 3.8)

Sl. No.	Name of Department	Writes off: No. of cases	Writes off: Amount (Rs. in lakhs)	Waivers: No. of cases	Waivers: Amount (Rs. in lakhs)	Ex-gratia payments: No. of cases	Ex-gratia payments: Amount (Rs. in lakhs)
1.	Agriculture Department						
	(i) Agriculture	27	0.17	1	0.01	.	..
	(ii) Dairy Development	4	0.01	..	..	..	..
	(iii) Animal Husbandry	2	0.38	..	..	..	..
2.	Co-operation Department	1	0.18	..	..	..	..
3.	Cultural Affairs Department	..	..	..	..	1	0.04
4.	Fisheries & Ports Department						
	(i) Ports	2	0.05	..	..	..	..
	(ii) Fisheries	1	0.04	..	..	..	..
5.	Finance Department						
	Treasuries	1	0.18	..	..	..	..
6.	Forest & Wildlife Department	7	1.60	..	..	..	..
7.	General Education Department	1	0.04	..	..	..	..
8.	Health Department						
	(i) Health Services	32	1.72	..	..	1	0.25
	(ii) Medical Education	1	0.03	..	..	..	.
9.	Higher Education Department						
	(i) Collegiate Education	11	0.15	..	..	..	..
	(ii) Printing & Stationery	5	0.13	..	..	..	
10.	Home & Vigilance Department						
	Police	8	0.36	..			.

Sl. No.	Name of Department	Writes off		Waivers		Ex-gratia payments	
		No. of cases	Amount (Rs. in lakhs)	No. of cases	Amount (Rs. in lakhs)	No. of cases	Amount (Rs. in lakhs)
11.	Industries Department	2	0.86	..	..	..	..
12.	Irrigation Department	1	0.76	3	1.48	..	..
13.	Department of Mining & Geology	1	2.33	..	..	..	..
14.	Public Works & Transport Department						
	Public Works	23	1.29	..	..	..	..
15.	Revenue Department	16	1.30	..	..	..	..
16.	SC/ST Development Department Scheduled Castes Development	16	0.08	2	0.05	2	0.27
17.	Taxes Department						
	(i) Registration	15	0.36	..	..	..	..
	(ii) Sales Tax	2	0.07	..	..	..	..
18.	Rural Development Department	2	0.01	..	..	..	..
	Total	181	12.10	6	1.54	4	0.56

Details for 1989-90 are still awaited from:—

1. Commissioner and Secretary, Public Works and Transport Department.
2. Director of Museums and Zoos.
3. Secretary, Planning Board.
4. Secretary, Kerala Public Service Commission.
5. Director of Tourism.

Serial numbers 2 to 5 had not submitted the statement for the year 1988-89 also.

Appendix 9

Rural Landless Employment Guarantee Programme

Details of Audit coverage

(Reference : Paragraph 7.4.3)

I *Community Development Blocks*

(i) Block Development Office, Pallom

(ii) Block Development Office, Ettumanoor

(iii) Block Development Office, Kaduthuruthy

(iv) Block Development Office, Vazhakulam

(v) Block Development Office, Vypeen

(vi) Block Development Office, Vadavukode

(vii) Block Development Office, Alathur

(viii) Block Development Office, Mannarkad

(ix) Block Development Office, Kuzhalmannam

(x) Block Development Office, Kazhakuttam

(xi) Block Development Office, Kilimanoor

(xii) Block Development Office, Vamanapuram

(xiii) Block Development Office, Perumkadavila

(xiv) Block Development Office, Vellanad

(xv) Block Development Office, Balussery

(xvi) Block Development Office, Kunnammal

(xvii) Block Development Office, Panthalayani

(xviii) Block Development Office, Koduvally

(xix) Block Development Office, Kunnamangalam

(xx) Block Development Office, Mala

(xxi) Block Development Office, Irinjalakuda

(xxii) Block Development Office, Chavakkad

(xxiii) Block Development Office, Puzhakkal

(xxiv) Block Development Office, Wadakkanchery.

II. *District Rural Development Agencies (DRDA)*

(i) DRDA, Kottayam

(ii) DRDA, Ernakulam

(iii) DRDA, Palakkad

(iv) DRDA, Thiruvananthapuram

(v) DRDA, Thrissur

(vi) DRDA, Kozhikode

III. *Social Forestry Divisions*

(i) Divisional Forest Office, Kottayam

(ii) Divisional Forest Office, Kothamangalam

(iii) Divisional Forest Office, Special Division, Palakkad

APPENDIX—10

Details of uneconomic schools functioning

(Reference :

Sl. No.	*Name of school*	*Educational Sub District*	*Details*
1.	Civil Station A.U.P.S.	Kozhikode City	The average effective strength in a class for the last three years viz. 1986-87, 1987-88 and 1988-89 was 5, 3 & 4 respectively.
2.	Thilanur LPS	Kannur North	The average effective strength in a class for the years 1986-87, 1987-88 and 1988-89 were 1, 5 & 12 respectively.
3.	L.M.S.U.P.S. Cantonment	Thiruvananthapuram North	The average effective strength in a class for the years 1986-87, 1987-88 and 1988-89 were 14, 16 & 12.
4.	(a) BEM, LPS Natoor	Thalassery North	The average effective strength in a class for the years 1986-87, 1987-88 and 1988-89 were 6, 9 and 8 respectively.
	(b) Pinarayi J.B.S.	Thalassery North	The average effective strength in a class for the years 1986-87, 1987-88 and 1988-89 were 8, 6 and 5 respectively.
5.	S.N.D.P. U.P.S.	Kozhencherry	The average effective strength in a class for the years 1986-87, 1987-88 and 1988-89 were 7, 8 & 6 respectively.
6.	Thiruvenkatapuram U.P.S.	Changanassery	The average effective strength in a class for the years 1986-87, 1987-88 and 1988-89 were 11, 7 & 5 respectively.
7.	G.K.M.V.H.S., Kandiyoor	Mavelikkara	The average effective strength in a class for the years 1986-87, 1987-88 and 1988-89 were 3, 3 and 2 respectively.
8.	S.V.U.P.S., Kallambalam	Kilimanoor	The average effective strength in a class for the years 1987-88 and 1988-89 were 22 and 17 respectively.
9.	P.C.A. L.P. School	Balussery	The average effective strength of the school for 1987-88 and 1988-89 were 15 and 17 respectively.

with meagre pupil strength and surplus staff

Paragraph 7.22)

Expenditure			Remarks
1986—87	1987—88	1988—89	
	(*In rupees*)		
63743	70102	73509	Two other UP schools are functioning within 1 km. In order to teach 8 pupils Government had incurred around Rs. 71,000 for 1987-88. The school was functioning uneconomically from 1983-84 onwards.
37731	39449	69830	There are three other LP Schools within 2 kms. The school was functioning uneconomically for the last 6 years.
70232	96870	96011	The school was functioning uneconomically from 1985-86 onwards.
42797	84976	56035	There were 3 LP Schools within 3/4 kms.
39542	38640	52591	
110474	86026	81077	The school was running uneconomically from 1982-83 onwards.
138777	124913	103283	During 1988-89, the total strength of the school from Standard I to VII was reduced to 30 and there are nearby schools within 1 km.
68435	205517	198812	The school has been closed down from the end of the academic year 1988-89.
..	305586	294907	The student teacher ratio for 1987-88 was 4:1 i.e. 15 teachers for teaching 65 students.
..	120654	77186	There were 3 other schools within 2 km. to transfer the pupil.

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APPENDIX 11

Glossary of abbreviations

Abbreviations	*Expansion of abbreviations*
ADC	Assistant Development Commissioner
AEC	Adult Education Centre
ARWSS	Accelerated Rural Water Supply Scheme
BDO	Block Development Officer
BIMA	Bihar Maharashtra Kerala Project (Cultural Activities)
CAEE	Centre for Adult Education and Extension
CE	Chief Engineer
Ch	Chainage
DAEO	District Adult Education Officer
DHS	Director of Health Services
DMOH	District Medical Officer of Health
DPI	Director of Public Instruction
DRDA	District Rural Development Agency
EE	Executive Engineer
FCC	Final Contract Certificate
FCI	Food Corporation of India
GI	Galvanised Iron
Hantex	The Kerala State Handloom Weavers' Co-operative Society
Hanveev	The Kerala State Handloom Development Corporation
HPC	High Power Committee
ITDP	Integrated Tribal Development Project
JSN	Jana Shikshan Nilayam
KANFED	Kerala Association for Non-Formal Education and Development
KELTRON	Kerala State Electronics Development Corporation
KER	The Kerala Education Rules
Kg	Kilogram

APPENDIX 11—*Concld.*

Abbreviations	*Expansion of abbreviations*
Km	Kilometre
LIC	Life Insurance Corporation of India
Lpcd	Litres per capita per day
MM	Millimetre
MPFL	Mass Programme for Functional Literacy
NCCF	National Co-operative Consumers' Federation of India
NLM	National Literacy Mission
NREP	National Rural Employment Programme
NSIC	National Small Industries Corporation
NTC	National Textile Corporation
PAC	Probable Amount of Contract
PSC	Public Service Commission
PWD	Public Works Department
RFLP	Rural Functional Literacy Project
RLEGP	Rural Landless Employment Guarantee Programme
RR Masonry	Random rubble masonry
SAEP	State Adult Education Programme
SC/ST	Scheduled Caste/Scheduled Tribe
SE	Superintending Engineer
SRC	State Resources Centre
SSI	Small Scale Industries
TDO	Tribal Development Office
TM	Technology Mission
UNICEF	United Nations International Children's Emergency Fund
VIP	Very Important Person
VVIP	Very Very Important Person

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