

REPORT OF THE COMPTROLLER  
AND AUDITOR GENERAL  
OF INDIA

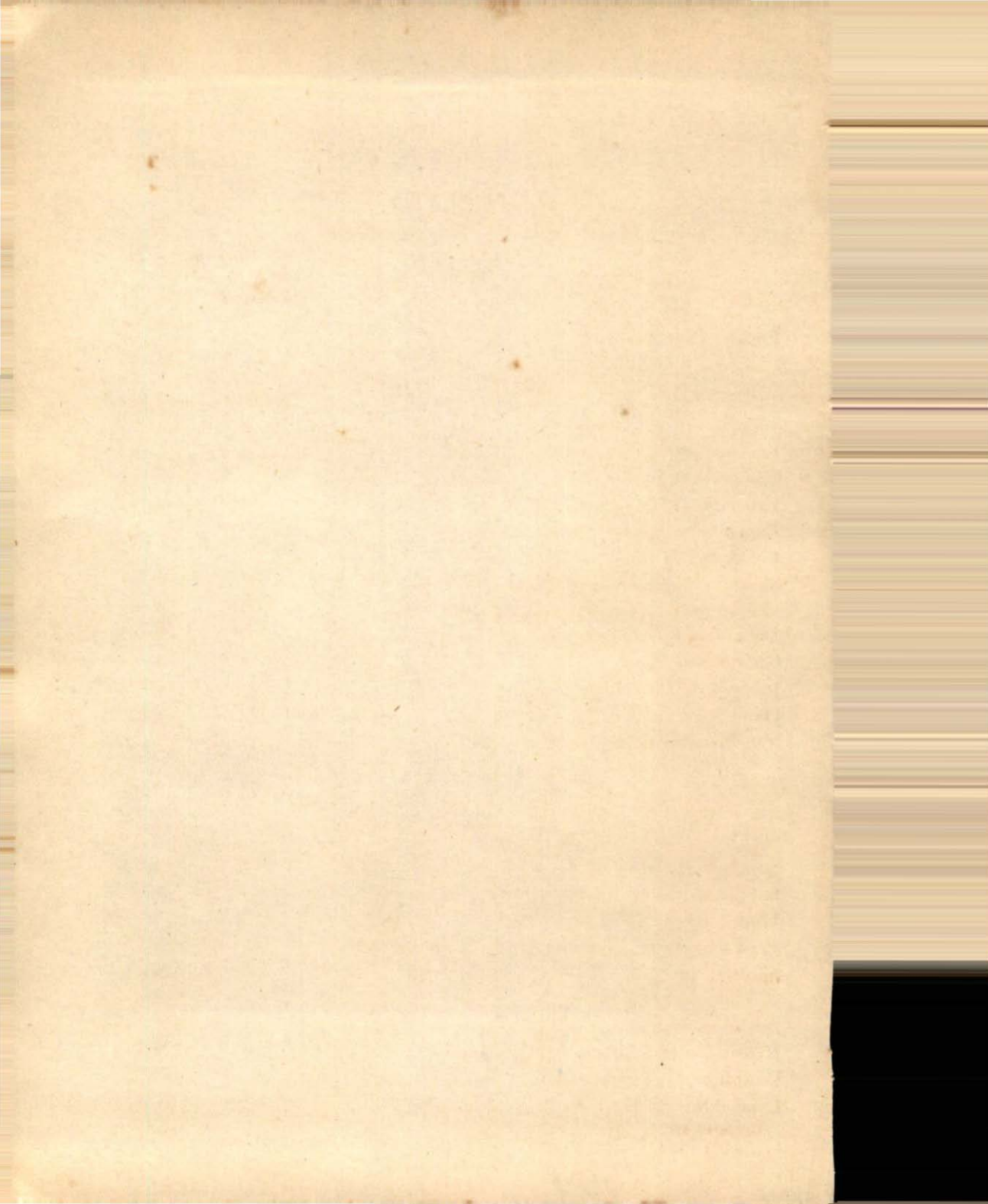
FOR THE YEAR 1981—82

(CIVIL)

GOVERNMENT OF KERALA







## TABLE OF CONTENTS

	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Page</i>
Prefatory remarks		vii

### CHAPTER I—GENERAL

Summary of transactions	1.1	1— 2
Revenue surplus/deficit	1.2	2— 3
Revenue receipts	1.3	4
Expenditure on revenue account	1.4	4— 6
Expenditure on capital account	1.5	6— 7
Loans and advances by Government	1.6	7—11
Sources of funds for capital expenditure and for net outgo under loans and advances	1.7	12
Debt position of Government	1.8	12—15
Guarantees	1.9	15—16
Investments by Government	1.10	17—21
Plan Expenditure	1.11	21
Non-Plan Expenditure	1.12	22

### CHAPTER II—APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Summary	2.1	23—24
Supplementary grants/charged appropriations	2.2	24—28
Unutilised provision	2.3	29—32
Persistent savings in grants/charged appropriations	2.4	32—33
Shortfall/excess in recoveries adjusted in the accounts in reduction of expenditure	2.5	33
Advances from the Contingency Fund	2.6	33—34
Reconciliation of departmental figures	2.7	34—35
Withdrawal of funds in advance of requirements	2.8	35
Expenditure on New Service	2.9	35—36

## Reference to

---

 Paragraph      Page

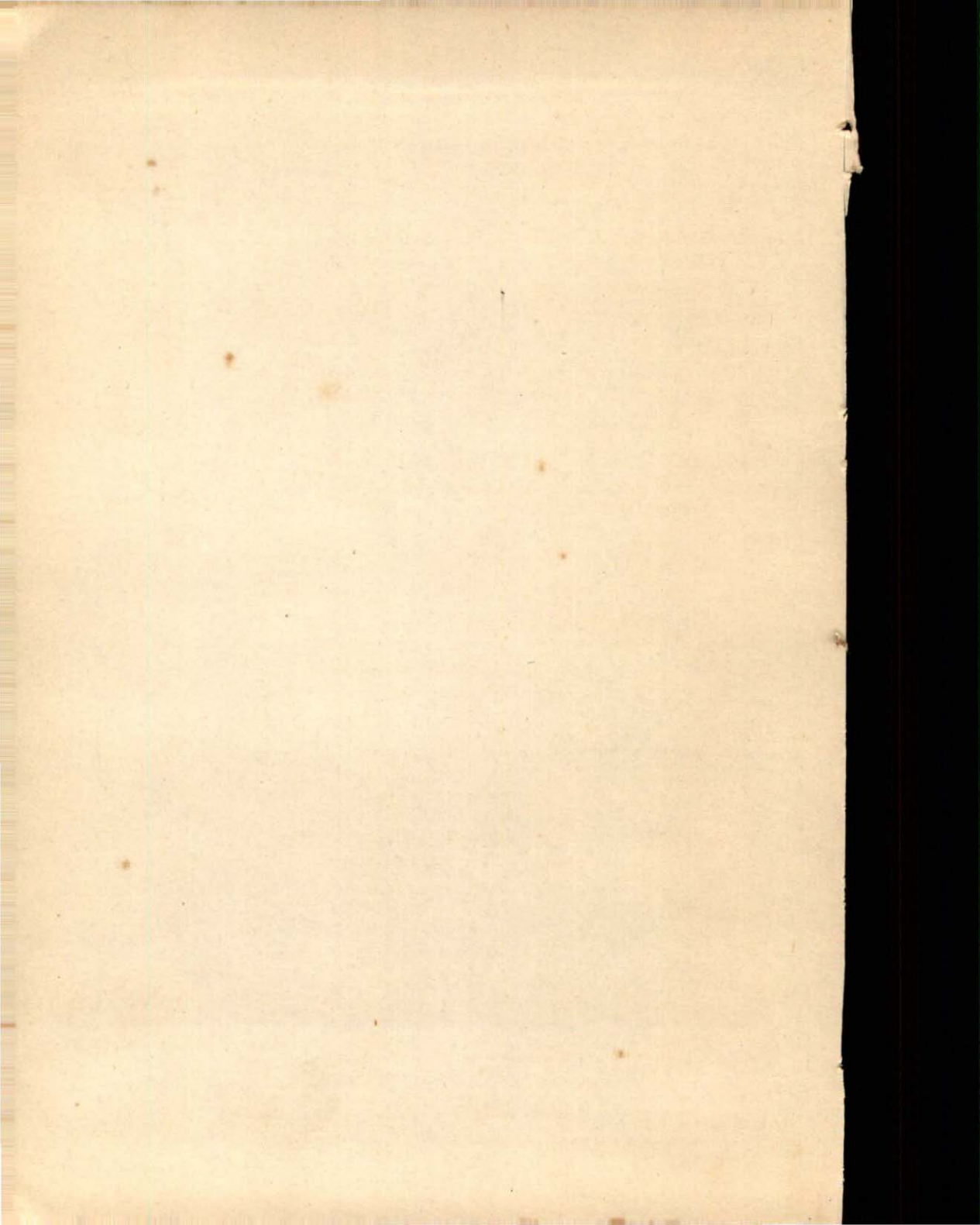
## CHAPTER III—CIVIL DEPARTMENTS

Agriculture Department		
Pig Breeding Units	3.1	37—39
Unfruitful outlay on land	3.2	39—40
Project Tiger—Periyar Tiger Reserve	3.3	40—47
Finance Department		
Delay in encashment of bank drafts	3.4	47—48
General Education Department		
Idle outlay on land	3.5	48
Health Department		
Implementation of Prevention of Food Adulteration Act, 1954	3.6	48—56
Housing Department		
Construction of houses for rural workers	3.7	56—58
Industries Department		
District Industries Centres	3.8	58—63
Unfruitful Outlay	3.9	63—64
Planning and Economic Affairs Department		
Minimum Needs Programme	3.10	64—75
General		
Outstanding Audit Observations	3.11	75—76
Misappropriations, losses, etc.	3.12	76—77
Writes off, waivers and <i>ex-gratia</i> payments	3.13	77

## CHAPTER IV—WORKS EXPENDITURE

Agriculture (Minor Irrigation) Department		
Long period of execution of a Lift Irrigation Scheme	4.1	78—79
Irrigation and Rehabilitation Department		
Avoidable expenditure owing to departmental lapse	4.2	79—81
Delay in filing objection in Court	4.3	81—82
Financial results of irrigation works	4.4	82—86







	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Page</i>
Local Administration and Social Welfare Department		
Trivandrum Water Supply Augmentation Scheme—Construction of dam at Peppara	4.5	86—91
Extra expenditure on the purchase of pig lead	4.6	91
Public Works and Electricity Department		
Incomplete road work and non-recovery of dues from contractor	4.7	92—93
Long delay in execution of a small road work	4.8	93—94
Transport, Fisheries and Ports Department		
Deepening of Champakara canal—high percentage of establishment expenditure	4.9	94—95
General		
Delay in settlement of inspection reports	4.10	96—97

#### CHAPTER V—STORES AND STOCK

Local Administration and Social Welfare Department		
Public Health Engineering Department Stores	5.1	98—101
Health Department		
Avoidable expenditure on purchase of bread	5.2	101—102
Anaesthetic apparatus remaining unused	5.3	102—103

#### CHAPTER VI—COMMERCIAL ACTIVITIES

General	6.1	104—105
Finance Department		
State Insurance Department	6.2	105—109

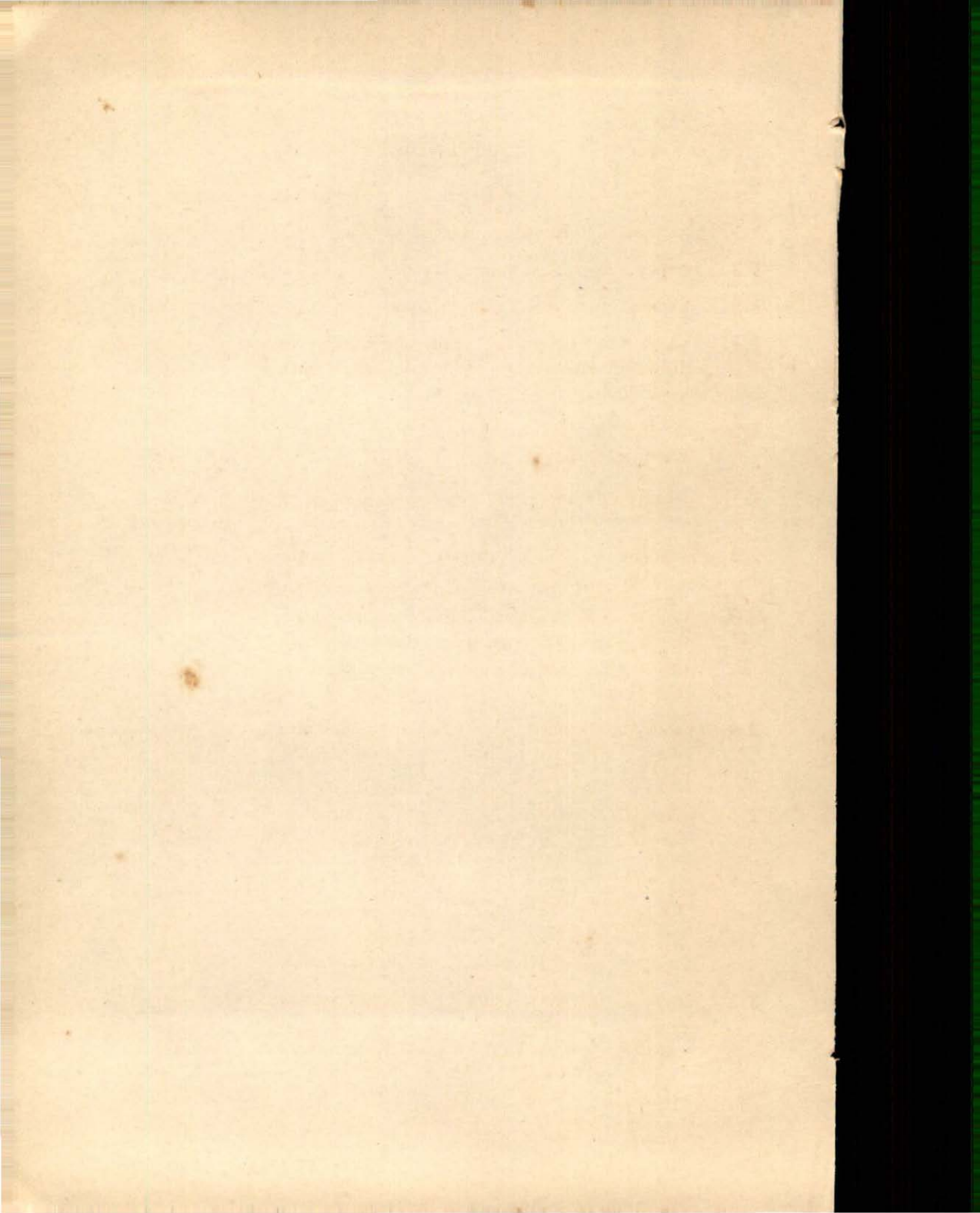
#### CHAPTER VII—FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

##### SECTION I

General	7.1	110
Utilisation Certificates	7.2	110

	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Page</i>
SECTION II		
Bodies and Authorities substantially financed by Government grants and loans	7.3	110—111
Tropical Botanic Garden and Research Institute, Kerala, Kerala Sports Council, Trivandrum and Electronics Research and Development Centre, Trivandrum	7.4	111—118
SECTION III		
Grants and loans for specific purposes	7.5	118—119
General Education Department		
Grant to Kerala School Teachers and Non-teaching Staff Welfare Society for Housing	7.6	119—120
Local Administration and Social Welfare Department		
Assistance for improvement and development of small and medium towns	7.7	120—121
Assistance for Environmental Improvement of Calvathy Canal slum area in Cochin	7.8	122
SECTION IV		
Investments in and financial assistance to Co-operative Societies		
Agriculture (Institutional Finance) Department		
Assistance to Co-operative Societies for construction of godowns	7.9	123—124
SECTION V		
Industries Department		
Kerala Khadi and Village Industries Board	7.10	124—136



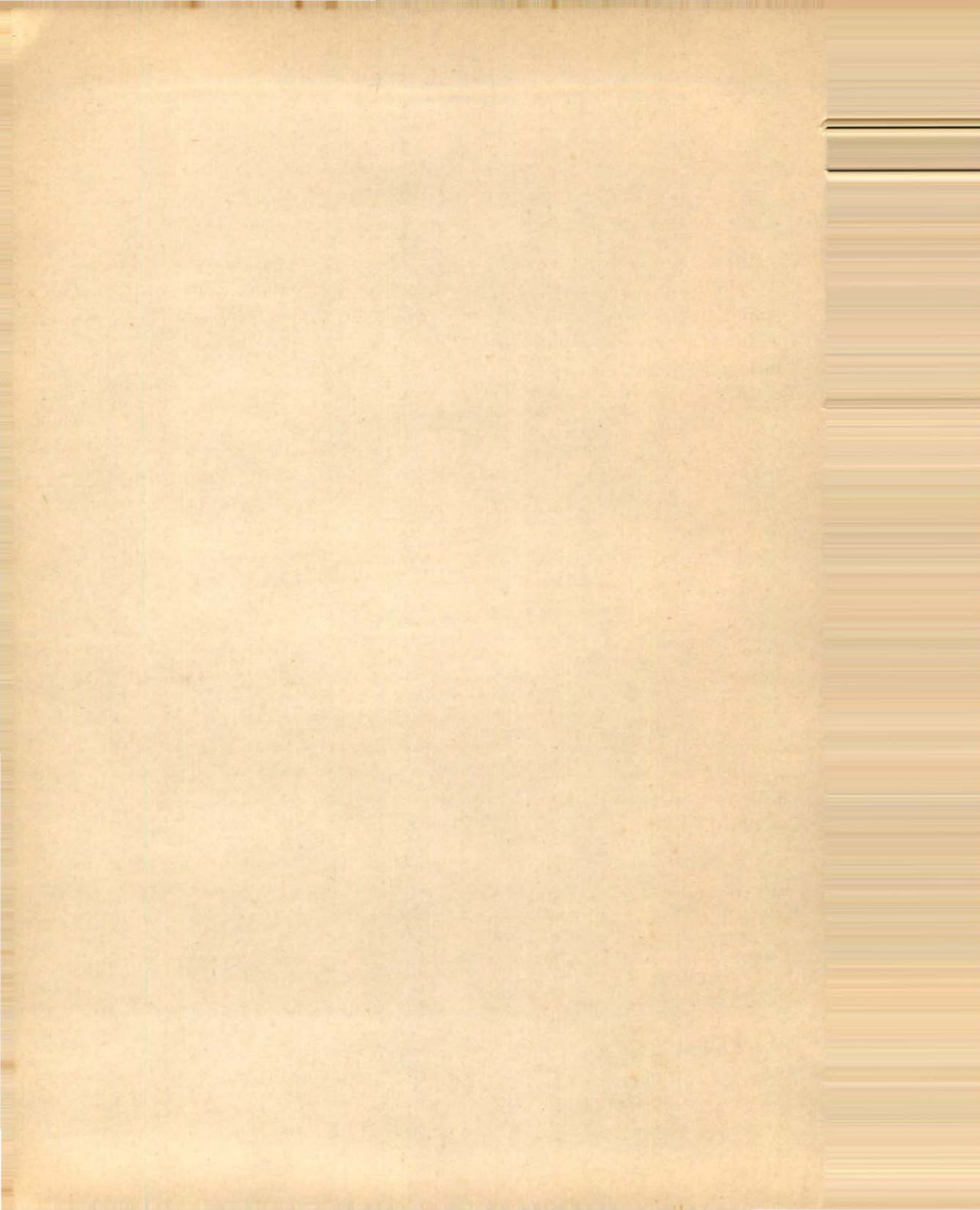


## APPENDICES

	<i>Page</i>
1.1. Analysis of Revenue Receipts	139
1.2. Expenditure on Revenue Account	140—141
1.3. Expenditure on Capital Account	142—143
1.4. Sector-wise details of loans and advances disbursed and recovered during the three years ending 1981-82	144—145
1.5. Default in the repayment of loans given to Public undertakings	146—150
2.1. Grants/appropriations where excess requires regularisation	151—158
2.2. Inadequate supplementary grants/charged appropriations	159—160
2.3. Grants and charged appropriations where the savings (more than Rs. 10 lakhs in each case) were more than 10 <i>per cent</i> of the total provision	161—162
2.4. Major State Sector Schemes where the pro- vision remained wholly or substantially unutilised	163—164
2.5. Shortfall/excess in recoveries adjusted in the accounts in reduction of expenditure	165
2.6. Details of cases of withdrawal of funds in advance of requirements	166—169
3.1. Statement showing details of samples drawn in Corporations, Municipalities and Panchayats	170—171
3.2. Statement showing cases of non-fulfilment of prescribed conditions for the grant of assis- tance to rural workers for house construction	172

	<i>Page</i>
3.3. District-wise details of action taken for construction of buildings for the District Industries Centres	173
3.4. Year-wise break-up of the outstanding audit observations	174
3.5. Department-wise details of cases of misappropriations, losses, etc.	175
3.6. Writes off, waivers and <i>ex-gratia</i> payments	176—177
4.1. Statement showing calculation of extra expenditure on the purchase of pig lead	178—179
4.2. Statement showing details of action taken by the Public Health Division, Trivandrum on outstanding Inspection Reports	180—182
4.3. Statement showing details of important irregularities commented upon in the Inspection Reports and the present stage of action	183
6.1. Summarised financial results of Government commercial undertakings	184—185
7.1. Utilisation Certificates	186—187
7.2. Statement showing the number of charkas in use and production of yarn	188—189
7.3. Statement showing number of Societies/institutions/individuals which had not started production by the end of June 1982	190
7.4. Statement showing cases of shortfall in production in 1980-81 by individual units engaged in village industries	191
7.5. Statement showing cases of non-utilisation of funds provided by the Board for the development of Khadi and Village Industries	192—193







## PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1981-82 and other points arising from audit of financial transactions of the Government of Kerala. It also includes:—

- (i) certain points of interest arising from the Finance Accounts for the year 1981-82; and
- (ii) comments on Minimum Needs Programme, Implementation of Prevention of Food Adulteration Act, 1954, Construction of houses for rural workers, Project Tiger, District Industries Centres, Trivandrum Water Supply Augmentation scheme—Peppara dam and Kerala Khadi and Village Industries Board.

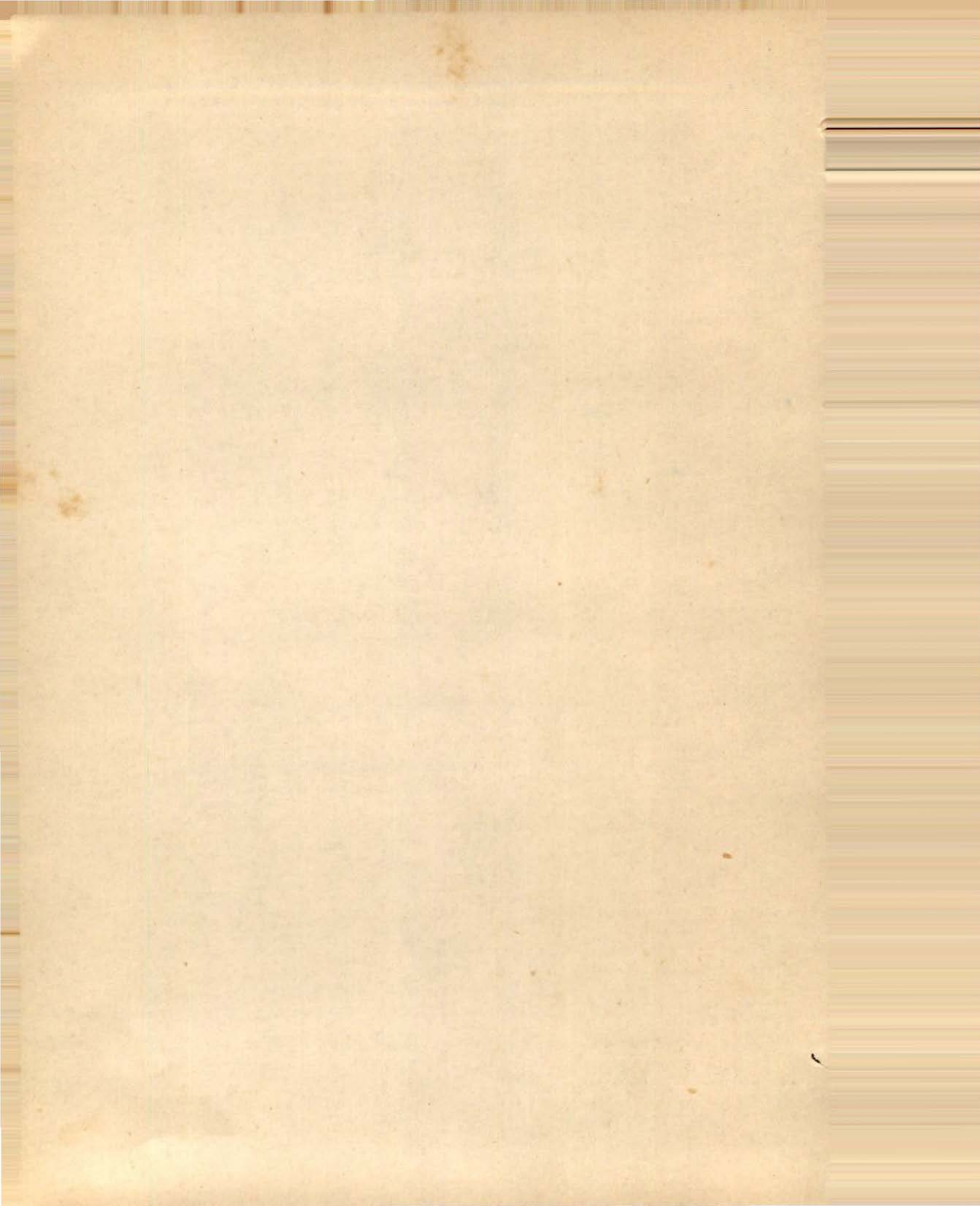
2. The Report containing the observations of Audit on Statutory Corporations and Government Companies and the Report containing the observations of Audit on Revenue Receipts are being presented separately.

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1981-82 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 1981-82 have also been included, wherever considered necessary.

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







## CHAPTER I

### GENERAL

#### 1.1. Summary of transactions

The receipts, expenditure and surplus/deficit of Government for the year 1981-82 are given below with the corresponding figures of the previous year:—

	1980-81	1981-82
	<i>(in crores of rupees)</i>	
(1) Revenue		
Revenue receipts	6,40.38	8,50.48*
Revenue expenditure	6,67.61	7,54.50
<u>Revenue surplus (+)</u>		
Revenue deficit(—)	(—)27.23	(+ )95.98
(2) Public Debt		
Internal debt of the State Government (net)		
Increase (+)	(+ )21.45	(+ )1,08.22
Loans and Advances from the Central Government (net)		
<u>Increase (+)</u>		
Decrease (—)	(+ )56.07	(—)54.23
Total Public Debt (net)		
Increase (+)	(+ )77.52	(+ )53.99
(3) Loans and Advances by the State Government (net)		
Increase (—)	(—)29.90	(—)24.76

---

\*Includes Rs. 126.03 crores taken credit in State accounts following write off by the Government of India of an equal amount out of the Central loans given for non-productive purposes.

	1980-81	1981-82
	<i>(in crores of rupees)</i>	
(4) Contingency Fund (net)		
<u>Increase (+)</u>		
<u>Decrease (—)</u>	(—) 1.60	(+) 1.60
(5) Public Account (net)		
Increase (+)	(+) 62.67	(+) 9.46
(6) Capital Account (net)		
Increase (—)	(—) 1,21.86	(—) 1,32.91
<u>Net surplus (+)</u>		
<u>Deficit (—)</u>	(—) 40.40	(+) 3.36
Opening Cash Balance	(+) 27.85	(—) 12.55
<u>Net surplus (+)</u>		
<u>Deficit (—)</u>	(—) 40.40	(+) 3.36
Closing Cash Balance	(—) 12.55	(—) 9.19*

## 1.2. Revenue surplus/deficit

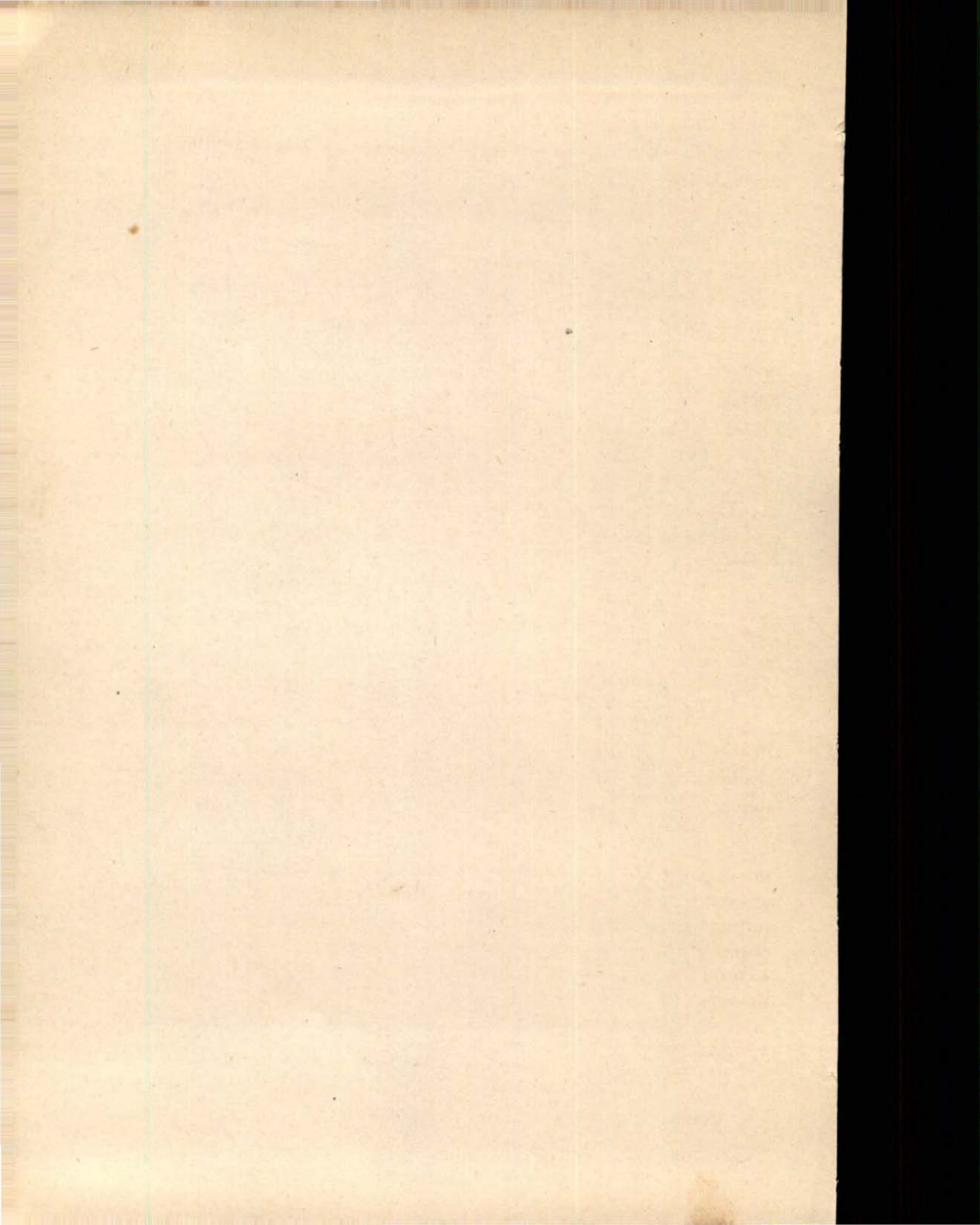
### (a) Revenue receipts:

The actuals of revenue receipts for 1981-82 compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the

---

\* There was a difference of Rs. 62,79.29 lakhs (net credit) between the figures reflected in the accounts (Rs. 13,13.77 lakhs) and that communicated by the Reserve Bank of India (Rs. 75,93.06 lakhs). Of this, difference of Rs. 63,85.71 lakhs was due to adjustments by the Reserve Bank of India towards (i) shortfall from the agreed minimum (Rs. 60 lakhs) and (ii) overdrafts (Rs. 63,25.71 lakhs). Of the balance of Rs. 1,06.42 lakhs, difference of Rs. 59.35 lakhs has since been reconciled. The remaining difference of Rs. 47.07 lakhs is under reconciliation (March 1983).







year along with the corresponding figures for 1979-80 and 1980-81 are shown below:—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1979-80	5,42.11	5,42.11	5,91.55	(+) 49.44	9.12
1980-81	5,91.29	5,98.89	6,40.38	(+) 41.49	6.93
1981-82	7,21.80	7,26.05	8,50.48*	(+) 124.43	17.14

(b) *Expenditure on revenue account:*

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

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1979-80	5,37.94	5,53.95	5,33.69	(—) 20.26	3.66
1980-81	5,75.24	6,71.81	6,67.61	(—) 4.20	0.63
1981-82	7,11.32	7,57.53	7,54.50	(—) 3.03	0.40

(c) While 1980-81 ended with a revenue deficit of Rs. 27.23 crores, the year 1981-82 ended with a revenue surplus of Rs. 95.98 crores as against a revenue surplus of Rs. 10.48 crores anticipated in the budget. The revenue surplus during 1981-82 was due to the credit taken in accounts for giving effect to a write off of Rs. 1,26.03 crores by Government of India out of the Central loans given for non-productive purposes. If this amount is excluded, the year 1981-82 would show a deficit of Rs. 30.05 crores.

\* Includes Rs. 1,26.03 crores taken credit in State accounts following write off by the Government of India of an equal amount out of the Central loans given for non-productive purposes.

### 1.3. Revenue Receipts

The revenue receipts during 1981-82 (Rs. 8,50.48 crores) increased by Rs. 2,10.10 crores over those in 1980-81 (Rs. 6,40.38 crores). A brief analysis of the revenue receipts during 1981-82 is given in Appendix 1.1. The detailed analysis of the receipts and audit comments thereon are given separately in the Audit Report on Revenue Receipts for the year 1981-82.

The increase in tax revenue during 1981-82 over that in previous year was Rs. 37.65 crores. This was mainly due to increase in receipts from sales tax.

The non-tax revenue during 1981-82 was Rs. 2,32.33 crores against Rs. 1,00.06 crores during 1980-81, indicating an increase of Rs. 1,32.27 crores. Of this, increase of Rs. 1,26.03 crores was due to a credit taken in accounts for giving effect to a write off by Government of India of an equal amount out of Central loans for non-productive purposes, based on the recommendations of the Seventh Finance Commission.

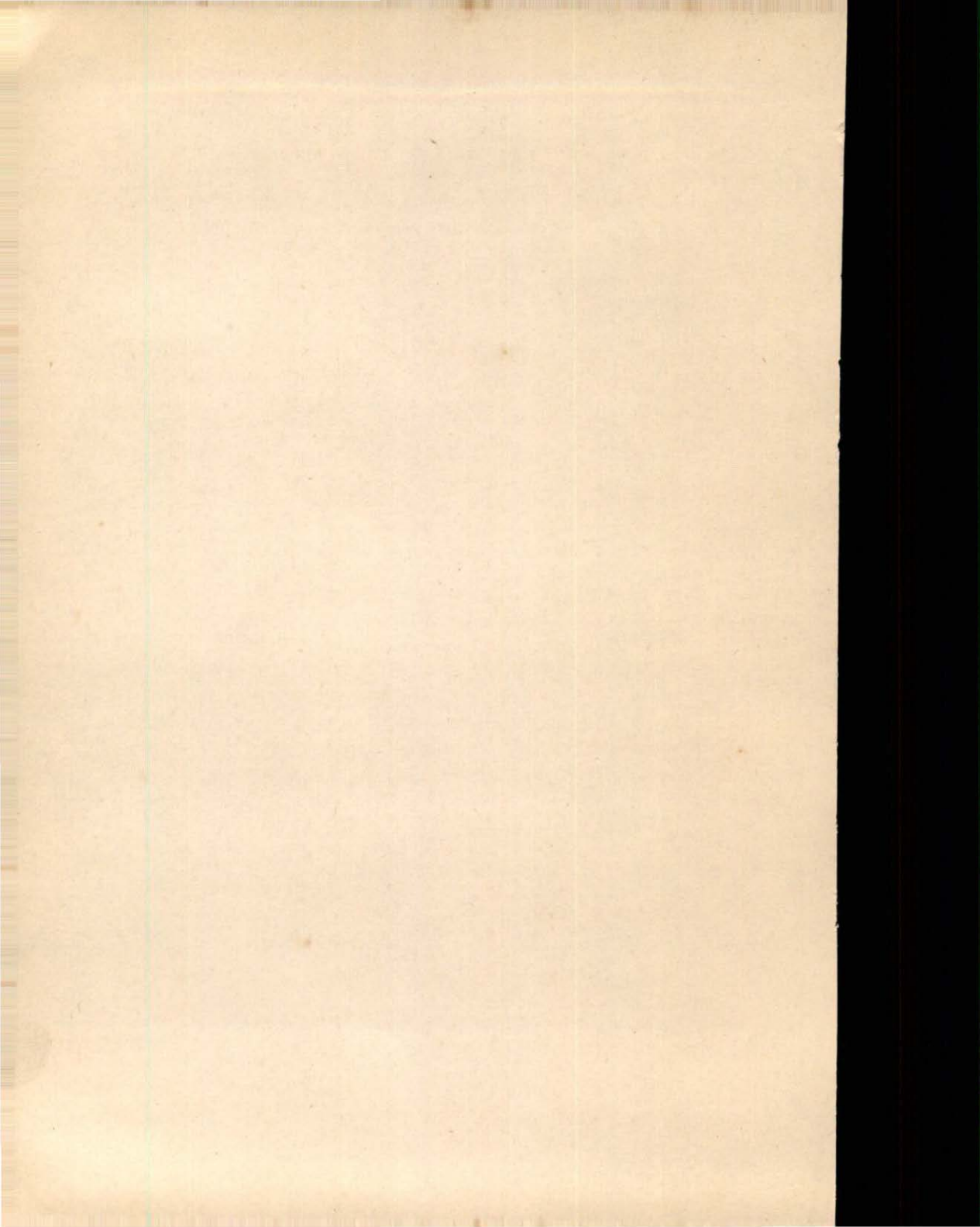
Gross interest receipts during the year aggregated Rs. 8.87 crores out of which Rs. 5.01 crores were adjusted as "Deduct Refunds" following cancellation of a loan of Rs. 5.01 crores sanctioned to the Kerala State Electricity Board in 1978-79 which was set off against the amount due from the Board towards interest. Thus, the net interest receipts during 1981-82 amounted to Rs. 3.86 crores against Rs. 37.96 crores during 1979-80 and Rs. 8.95 crores during 1980-81. The decrease in interest receipts during 1980-81 and 1981-82 was mainly due to non-payment of dues by the Kerala State Electricity Board.

### 1.4. Expenditure on revenue account

The total revenue expenditure during 1981-82 was Rs. 7,54.50 crores (Non-Plan: Rs. 6,28.51 crores; Plan: Rs. 1,25.99 crores) as against Rs. 6,67.61 crores (Plan: Rs. 1,24.53 crores; Non-Plan: Rs. 5,43.08 crores) during 1980-81. A sector-wise analysis of expenditure on revenue account during 1981-82 under Plan and Non-Plan as compared to the provision of funds under each category is given in Appendix 1.2.

The increase of Rs. 86.89 crores in revenue expenditure during 1981-82 over that in 1980-81 was mainly due to more expenditure under Social and Community Services (Rs. 29.87 crores), Economic Services (Rs. 20.87 crores), Administrative Services (Rs. 10.51 crores), Pension and Miscellaneous General Services (Rs. 12.90 crores) and interest payments (Rs. 11.45 crores).





The increase in expenditure of Rs. 29.87 crores under Social and Community Services was the net effect of the increase of expenditure of Rs. 43.60 crores under 10 functions and decline of expenditure of Rs. 13.73 crores under 3 functions. The increase was mainly on the following functions:—

<i>Sl. no.</i>	<i>Function</i>	<i>Increase (in crores of rupees)</i>	<i>Reasons</i>
1.	Education	29.07	Increase in assistance given to non-Government institutions and in expenditure on Government schools and on minimum needs programme.
2.	Medical	8.38	Increase in expenditure on medical relief.
3.	Social Security and Welfare	2.72	Increase in expenditure on schemes for welfare of scheduled castes and tribes.

The decrease in expenditure was mainly under "Labour and Employment" due to non-payment of unemployment relief.

The increase in other sectors was mainly on the following functions:—

*Economic Services*

1.	Community Development	8.68	Increase in expenditure under "National Rural Employment Programme".
2.	Irrigation, navigation, drainage and flood control projects	4.39	Increase in expenditure on special repairs and maintenance and restoration of damages due to flood/cyclones and increase in cost of steel.

*Administrative Services*

3.	Police	3.63	Increase in expenses on "District Police" consequent on the formation of Wynad District and raising of K. A. P. IV Battalion.
----	--------	------	---

<i>Sl. no.</i>	<i>Function</i>	<i>Increase (in crores of rupees)</i>	<i>Reasons</i>
4.	Stationery and printing	3.05	More expenditure incurred on purchase and supply of stationery stores.

*Pension and Miscellaneous General Services*

5.	Pension and other retirement benefits	12.50	Revision of pension and enhancement of dearness allowance.
----	---------------------------------------	-------	--

*Interest Payment and servicing of debt*

6.	Interest payment	11.45	Payment of more interest to Reserve Bank of India on shortfalls in minimum balance with the Bank and on ways and means advances and overdrafts availed of from it and increased expenditure towards interest on State Provident Funds and loans from Government of India.
----	------------------	-------	---

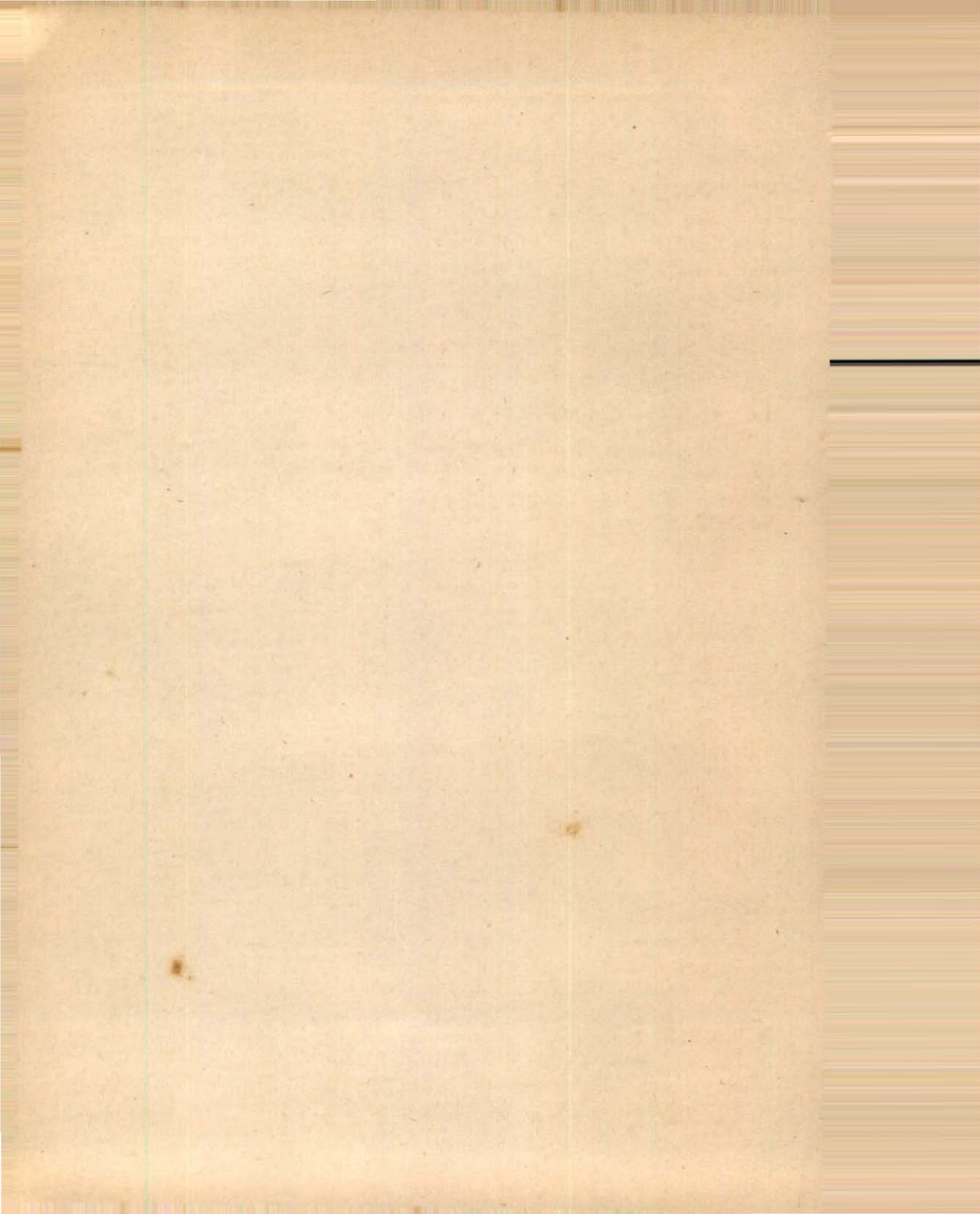
### 1.5. Expenditure on Capital Account

(i) The Capital expenditure during the three years ending 1981-82 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is given below:—

<i>Year</i>	<i>Budget</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation between columns (4) and (3)</i>	
(1)	(2)	(3)	(4)	<i>Amount</i>	<i>Percentage</i>
				(5)	(6)
				<i>(in crores of rupees)</i>	
1979-80	1,11.61	1,19.26	1,04.17	(—)15.09	12.65
1980-81	1,17.06	1,26.94	1,21.86	(—)5.08	4.00
1981-82	1,23.99	1,36.44	1,32.91	(—)3.53	2.59

(ii) Expenditure on capital account during 1981-82 was Rs. 1,32.91 crores (Plan: Rs. 1,38.64 crores; Non-Plan: Rs. (—) 5.73 crores) as against Rs. 1,21.86 crores (Plan: Rs. 1,19.75 crores; Non-Plan: Rs. 2.11 crores) during the previous year. A sector-wise analysis of the expenditure on capital







account during 1981-82 under Plan and Non-Plan as compared with the provision of funds under each category is given in Appendix 1.3.

(iii) The capital expenditure during 1981-82 was more in the case of 21 functions and less in the case of 7 other functions when compared to that in the previous year. The functions that fell under the latter category were mainly:—

(i) Animal husbandry (ii) Petroleum, chemicals and fertilizers industries (iii) Mining and Metallurgical industries and (iv) Road and water transport services.

### 1.6. Loans and advances by Government

(i) The actuals of disbursement of loans and advances by Government for 1981-82 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants along with the corresponding figures for 1979-80 and 1980-81 are shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
					(in crores of rupees)
1979-80	26.08	50.96	49.56	(—)1.40	2.75
1980-81	31.22	44.02	40.41	(—)3.61	8.20
1981-82	34.91	47.27	41.23	(—)6.04	12.78

(ii) The budget and actuals of recoveries of loans and advances for the three years ending 1981-82 are given below:—

Year	Budget	Actuals	Variations	
			Amount	Percentage
				(in crores of rupees)
1979-80	13.83	10.01	(—)3.82	27.62
1980-81	12.11	10.51	(—)1.60	13.21
1981-82	11.77	16.47*	(+)4.70	39.93

\* This includes Rs. 5.01 crores adjusted in accounts as repayment of loan by the Kerala State Electricity Board following cancellation of a loan given to the Board in 1978-79 and set off against interest due from the Board.

(iii) The sector-wise details of loans and advances disbursed and recovered during the three years ending 1981-82 together with the outstandings at the end of 1981-82 are given in Appendix 1.4.

(iv) Recoveries in arrears

(a) In the case of loans and advances, the detailed accounts of which are maintained by the Audit Office, the amount overdue for recovery at the end of March 1982 was Rs. 7,31.95\*\* lakhs (principal: Rs. 5,40.70 lakhs; interest: Rs. 1,91.25 lakhs).

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

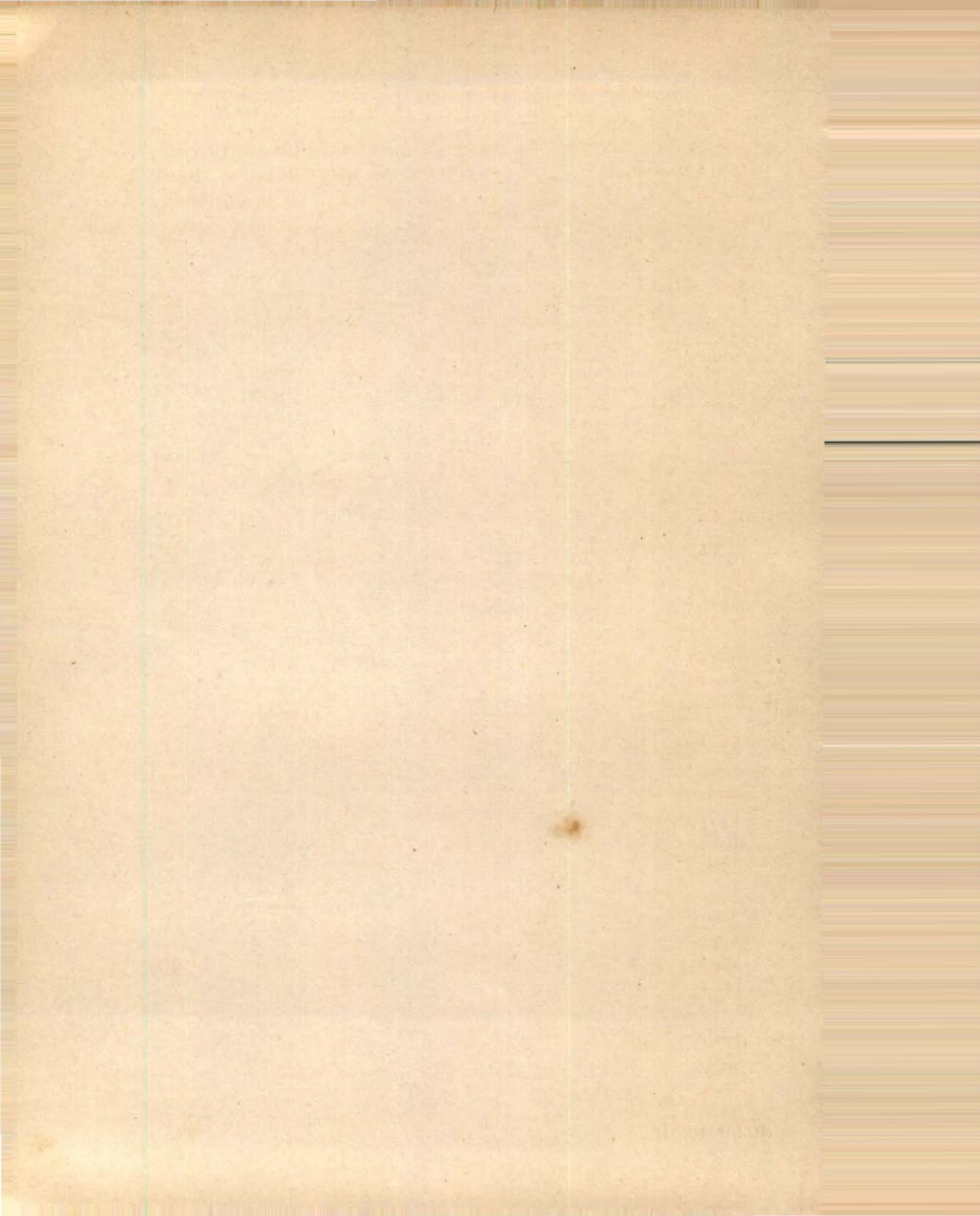
Nature of loan	Balance of loan outstanding at the end of March 1982	Amount overdue for recovery			
		1979-80	1980-81	1981-82	Total as on 31st March 1982
<i>(in lakhs of rupees)</i>					
Loans to Kerala State Road Transport Corporation	13,00.00	..	..	7,02.41	7,02.41
Loans to Panchayats	62.86	0.02	0.18	0.56	0.76
Loans to Greater Cochin Development Authority	4,56.69	..	..	27.16	27.16
Loans to Calicut Development Authority	4.99	..	..	1.62	1.62
Total	18,24.54	0.02	0.18	7,31.75	7,31.95

Arrears of interest due from the Kerala State Electricity Board as on 31st March 1982 amounted to Rs. 51.19 crores.

(b) In respect of loans and advances, the detailed accounts of which are maintained by the departmental officers, the amount overdue for recovery

\*\* This does not include the amount due from Kerala State Electricity Board.





at the close of 1981-82 (to the extent information has been received) was Rs. 40,45.49 lakhs. Of this, Rs. 29,07.96 lakhs (principal: Rs. 13,59.71 lakhs; interest: Rs. 15,48.25 lakhs) were overdue from 26 Government Companies as shown in Appendix 1.5. The year-wise break-up of the balance amount is given below:—

Nature of loan	Balance of loans out- standing at the end of March 1982	Amount overdue for recovery				Total as on 31st March 1982
		For 1978-79 and ear- lier years	1979-80	1980-81	1981-82	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(in lakhs of rupees)			
1. Loans for Dairy Development	30.51	22.51	1.60	1.21	1.47	26.79
2. Loans for Social Welfare	1,75.46	..	..	..	0.28	0.28
3. Loans to Kerala Books and Publications Society	2,06.48	..	..	..	49.72	49.72
4. Loans to Joint farming societies of QST Blocks in Kuttanad	23.98	20.50	5.96	3.30	..	29.76
5. Loans to Kerala State Civil Supplies Corporation Limited	8,82.00	..	7.19	8,62.07	1,61.17	10,30.43
6. Loans for repair of cargo boats	0.54	..	..	0.55	..	0.55
Total	13,18.97	43.01	14.75	8,67.13	2,12.64	11,37.53

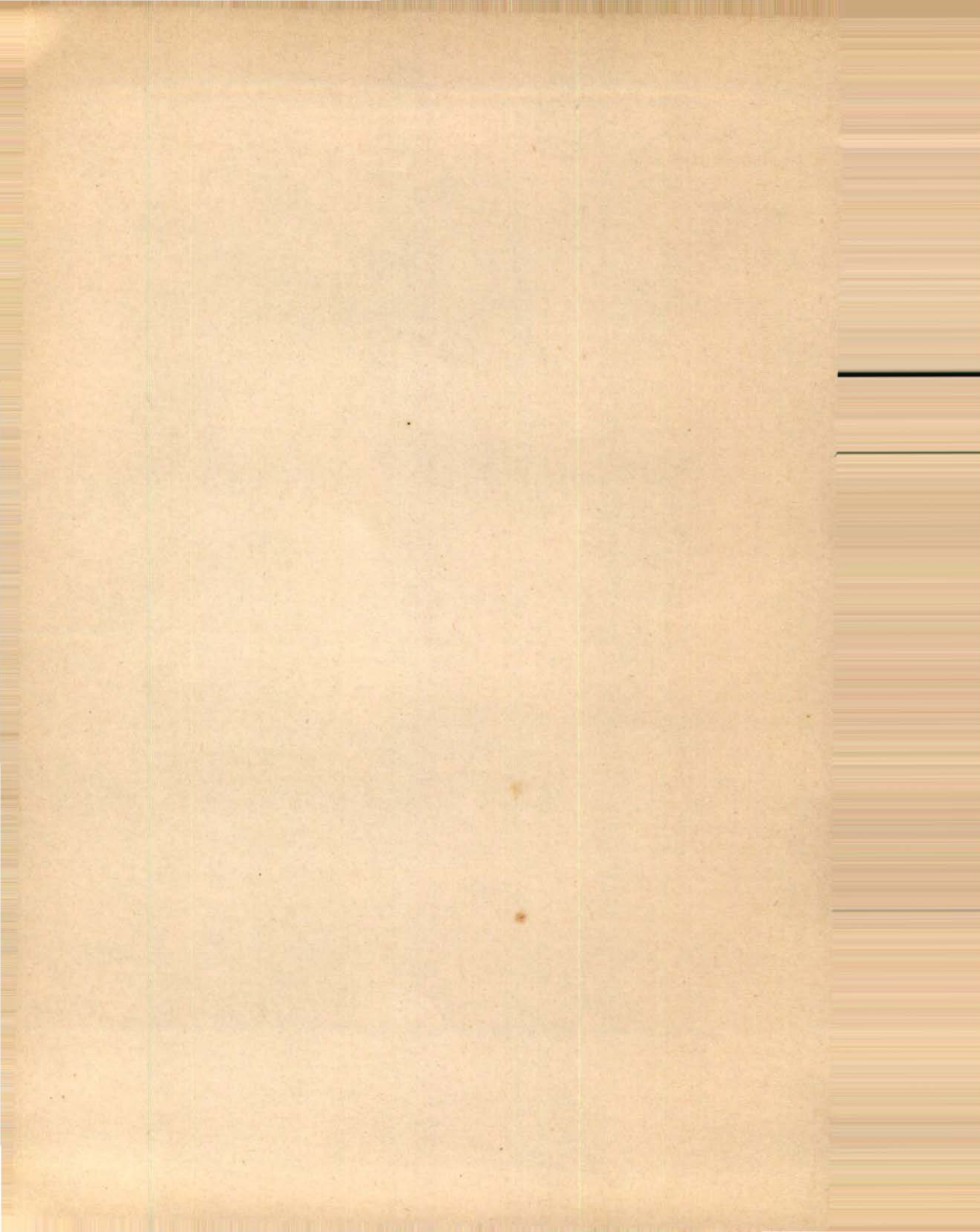
102/9049/MG.

(c) The departmental officers who maintain the detailed accounts of loans are required to intimate to Audit by 15th July each year the arrears (as on 31st March) in recovery of principal and interest of loans. The information in regard to arrears in recovery as on 31st March 1982 had not been furnished in the following cases:—

<i>Name of department</i>	<i>Category of loans</i>
1. Agriculture	Agriculture loans Loans for animal husbandry Loans for soil conservation schemes Loans to co-operative societies
2. Development	Loans under community development programmes
3. Education	Loans under National Loan Scholarship Scheme
4. Health	Medical loans
5. Industries	Loans to Government companies Loans for coir development Loans for handloom schemes Loans for powerloom schemes Loans under State aid to Industries Act Loans under small scale industries scheme
6. Water and Power (Rehabilitation)	Loans to repatriates from Burma/Sri Lanka
7. Forest	Loans for forest development
8. General Administration	Loans for tourism development
9. Local Administration and Social Welfare	Loans for housing schemes
10. Revenue	Loans to cultivators affected by flood

(v) The rules require that departmental officers who administer loans should furnish to Audit by 15th July every year a certificate that the aggregate balances shown as recoverable at the end of the preceding March in the registers maintained by them agree with those communicated to them by the Accountant General. In 443 cases including 93 cases where minus







balances were outstanding, the certificates of acceptance of balances had not been received from the departmental officers (October 1982) as shown below:—

<i>Department</i>	<i>Number</i>	<i>Balance of loans on 31st March 1982</i> (in crores of rupees)	<i>Cases where minus balances were outstanding</i>	
			<i>Number</i>	<i>Balance as on 31st March 1982</i> (in crores of rupees)
Industries	82	67.70	15	(—) 0.50
Agriculture	173	47.76	62	(—) 2.03
Development	7	0.48	4	(—) 0.15
Harijan Welfare	5	1.75	..	..
Education	12	6.72	..	..
Health	3	1.24	..	..
Revenue	31	20.96	12	(—) 8.90
Local Administration	18	7.73	..	..
Labour	7	0.66	..	..
Fisheries	8	2.74	..	..
General Administration	4	0.81	..	..
<b>Total</b>	<b>350</b>	<b>158.55</b>	<b>93</b>	<b>(—) 11.58</b>

The occurrence of minus balances in 93 cases is mainly due to misclassification of debits/credits, wrong account of interest under principal, etc.

Of the 443 cases where certificates are due, 115 pertain to 1971-72 and earlier years, 87 to 1972-73 to 1975-76 and 241 to 1976-77 to 1981-82.

In respect of loans, the detailed accounts of which are maintained by the Audit Office, the arrears in receipt of certificates of acceptance of balances as at the end of October 1982 were as given below:—

	<i>Number of certificates</i>	<i>Balance of loan as on 31st March 1982</i> (in lakhs of rupees)	<i>Earliest year to which the outstanding certificates pertain</i>
Municipalities	14	7,66.69	1981-82
Corporation/Boards	11	2,02,89.04	1981-82
Panchayats	757	32.86	1977-78
<b>Total</b>	<b>782</b>	<b>2,10,88.59</b>	

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

The sources from which capital expenditure (Rs. 1,32.91 crores) and the net expenditure under Loans and Advances by the State Government (Rs. 24.76 crores) during 1981-82 were met are shown below:—

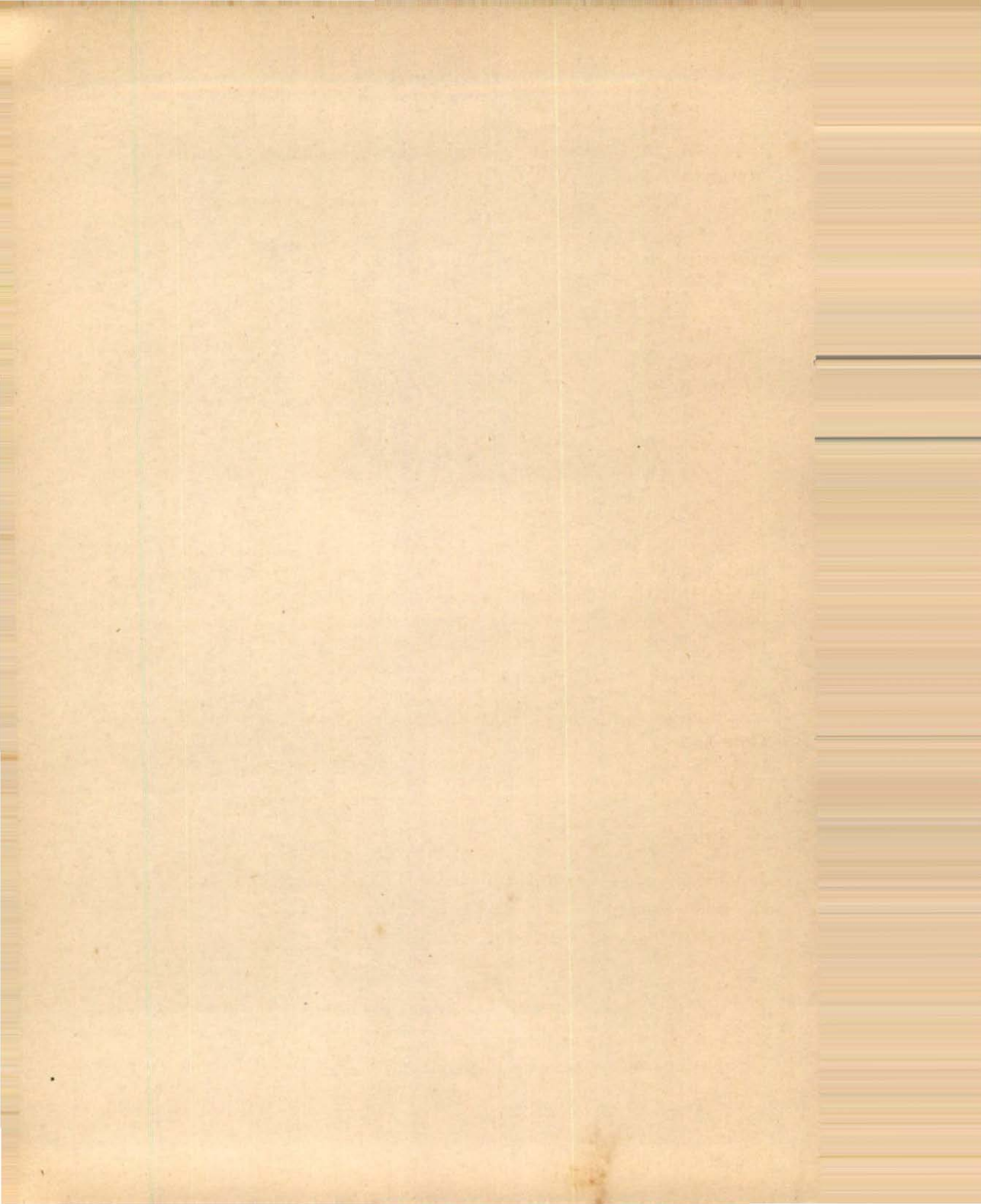
	<i>(in crores of rupees)</i>
I. Net Additions to:—	
(i) Internal debt of the State Government	1,08.22
(ii) Loans and advances from the Central Government	(—)54.23
(iii) Small savings, Provident Funds etc.	37.63
II. Miscellaneous (mainly deposits, etc. received by Government less the amounts refunded plus contributions from Contingency Fund)	(—)30.74
III. Investments and drawing down of cash balances	0.81
IV. Revenue Surplus	95.98
Net amount available for expenditure	157.67

### 1.8. Debt position of Government

(i) The outstanding public debt of the State Government at the end of 1981-82 was Rs. 8,80.93 crores. Analysis of the debt liability as at the end of the three years ending 1981-82 is given below:—

	<i>Public debt as on 31st March</i>		
	1980	1981	1982
	<i>(in crores of rupees)</i>		
Loans and advances from the Central Government	6,04.20	6,60.27	6,06.03
Market Loans	1,18.64	1,35.99	1,56.04
Ways and means advances from the Reserve Bank of India	..	..	81.86
Other loans	24.90	28.85	35.04
Compensation and other bonds	1.68	1.83	1.96
Total	7,49.42	8,26.94	8,80.93





(ii) The details of the transactions under public debt during 1981-82 are given below:—

	<i>Loans raised</i>	<i>Loans discharged</i>	<i>Increase(+)</i> <i>Decrease(—)</i>
	<i>(in crores of rupees)</i>		
Loans and advances from the Central Government	93.47	1,47.71	(—)54.24
Market loans	27.10	7.05	(+)20.05
Ways and means advances from the Reserve Bank of India	4,37.32	3,55.46	(+)81.86
Other loans	8.39	2.20	(+)6.19
Compensation and other bonds	0.14	0.01	(+)0.13
Total	5,66.42	5,12.43	(+)53.99

(iii) *Other debt and obligations*

In addition to public debt, the balance under small savings, provident funds, deposits, etc., to the extent they have not been separately invested but merged with the general cash balance of the State Government constitute the liability of the State Government. The net liability outstanding under this category as at the end of 1981-82 was Rs. 3,38.76 crores.

(iv) *Overall debt*

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

	<i>Total debt as on 31st March</i>		
	1980	1981	1982
	<i>(in crores of rupees)</i>		
1. Public debt	7,49.42	8,26.94	8,80.93
2. Small savings, Provident funds, etc.	1,98.57	2,14.64	2,52.27
3. Interest-bearing obligations such as depreciation reserve funds of Government Commercial Undertakings	0.68	0.57	0.57
4. Non-interest-bearing obligations such as deposits of local funds, civil deposits, other earmarked funds, etc.	81.39	92.36	85.92
Total	10,30.06	11,34.51	12,19.69

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

Under an agreement with the Reserve Bank of India, the Government of Kerala have to maintain with the bank a minimum cash balance of Rs. 60 lakhs on all days. The bank gives ordinary ways and means advances (upto Rs. 12 crores) and additional special accommodation (upto Rs. 6 crores) when the cash balance falls short of the agreed minimum.

The advances carry interest at 1 *per cent* below the Bank rate for the first 90 days, 1 *per cent* above the Bank rate beyond 90 days and upto 180 days and 2 *per cent* above the Bank rate beyond 180 days. The Bank charges interest on the shortfalls in the minimum balance at 1 *per cent* below the Bank rate and on overdraft at the Bank rate upto and including the seventh day and 3 *per cent* above the Bank rate thereafter. The Bank rate of interest upto 11th July 1981 was 9 *per cent* per annum and thereafter 10 *per cent* per annum.

To maintain the minimum balance, the State Government took ordinary ways and means advances on 28 days and ordinary and special ways and means advances on 33 days. On 8 other days there was shortfall from the agreed minimum balance even after availing the ordinary and special ways and means advances to the full extent. The State Government took overdraft on 283 days (which included all the days from October 1981 to March 1982). The maximum amount of overdraft during the year was on 25th March 1982 (Rs. 91.18 crores). The aggregate amount received by Government as ways and means advances from the Reserve Bank during 1981-82 was Rs. 4,37.31 crores. Of this, Rs. 3,55.46 crores was repaid during the year leaving a balance of Rs. 81.86 crores as on 31st March 1982. Interest of Rs. 2,71.49 lakhs was paid during 1981-82 on these advances.

(vi) *Interest Charges*

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

	1979-80	1980-81	1981-82
	<i>(in crores of rupees)</i>		
Interest paid by the State Government	44.49	45.59	57.04
Interest received by the State Government			
(a) Interest received on loans and advances and capital contributions given by Government	31.76	3.35*	(—)0.32

\*Interest receipts during 1980-81 & 1981-82 dwindled mainly due to non-payment of dues by the Kerala State Electricity Board.







	1979-80	1980-81	1981-82
	<i>(in crores of rupees)</i>		
(b) Interest received on investment of cash balances	3.16	2.28	0.35
Net burden of interest on revenue	9.57	39.96	57.01
Net interest as percentage of total revenue receipts	1.62	6.24	6.70

In addition, there were other receipts and adjustments of interest charges (Rs. 3.83 crores) such as interest received from departmental commercial undertakings, etc. If these are also taken into account, the net burden of interest during 1981-82 would be Rs. 53.18 crores (6.25 per cent of the total revenue receipts).

Government also received during the year Rs. 81.67 lakhs as dividend on investments in commercial undertakings, etc.

### 1.9. Guarantees

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

<i>Bodies on whose behalf guarantees were given</i>	<i>Maximum amount guaranteed</i>	<i>Sums guaranteed outstanding as on 31st March 1982</i>	
	<i>(Principal only)</i>	<i>Principal</i>	<i>Interest</i>
	<i>(in crores of rupees)</i>		
(a) Working Capital raised by the Kerala Financial Corporation and dividends thereon	4.79	4.79	..
(b) Loans, debentures, bonds etc. raised by			
(1) Statutory Corporations and Boards	2,32.03	2,01.30	..
(2) Government Companies	1,78.73	1,06.11	8.40
(3) Co-operative Banks and Societies	2,40.47	1,34.20	1.72

<i>Bodies on whose behalf guarantees were given</i>	<i>Maximum amount guaranteed (Principal only)</i>	<i>Sums guaranteed outstanding as on 31st March 1982</i>	
		<i>Principal</i>	<i>Interest</i>
		<i>(in crores of rupees)</i>	
(4) Municipalities, Corporations, Townships and other local bodies	37.25	30.28	..
(5) Other institutions	7.31	4.76	0.18
Total	7,00.58	4,81.44	10.30

*Note:*—(1) The details of amounts outstanding as on 31st March 1982 have not been intimated by Government in respect of guarantees given to a few institutions.

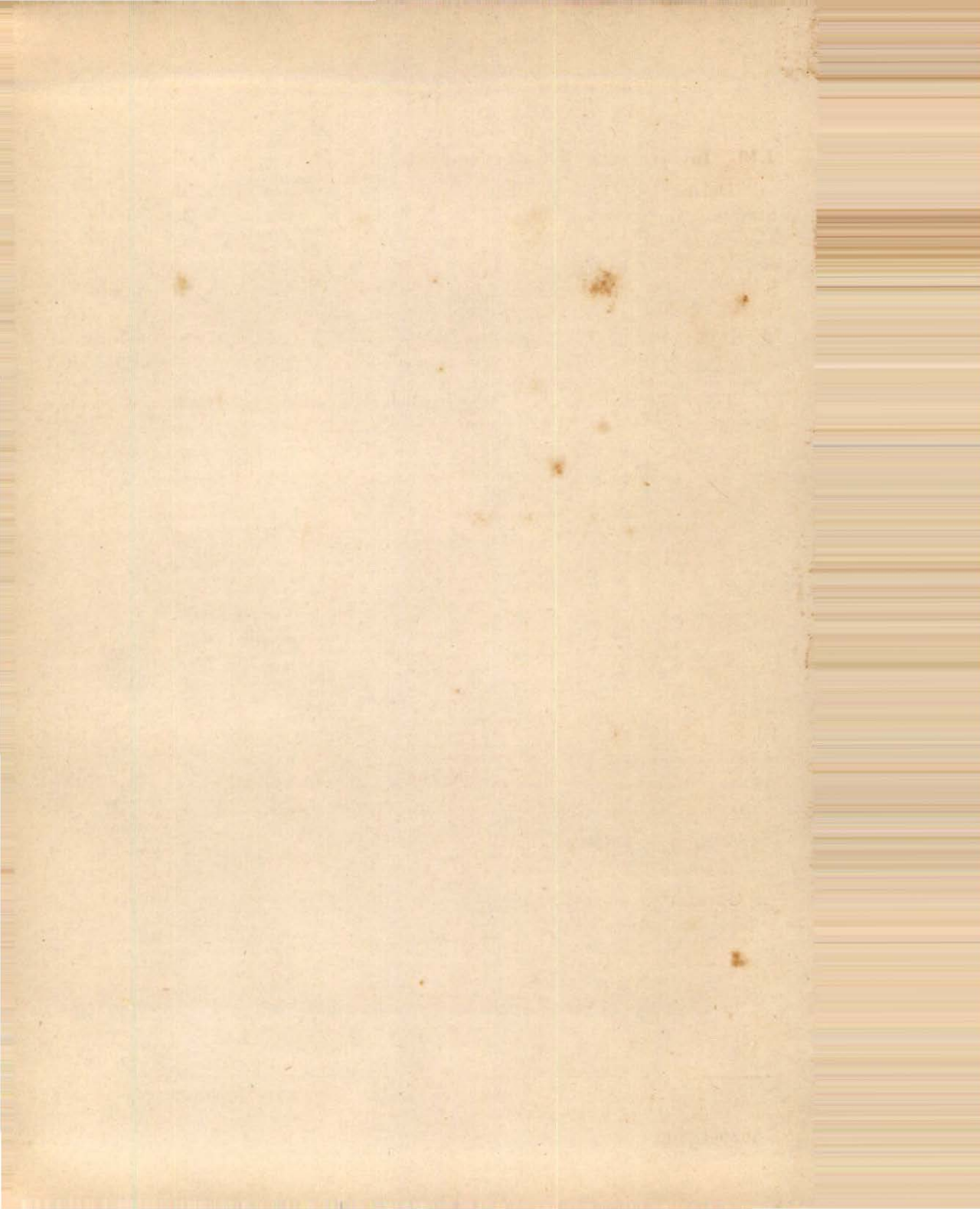
(2) In cases where details of amounts of principal and interest are not separately available the entire amount has been shown under principal.

(ii) Government have also guaranteed payment of minimum dividend of  $3\frac{1}{2}$  per cent on the share capital of the Kerala Financial Corporation. The total payment made by Government on this account was Rs. 17.45 lakhs upto 1969-70 of which Rs. 0.20 lakh were recovered up to April 1974. A further subvention of Rs. 8.34 lakhs was also paid by Government during 1980-81.

(iii) Government paid Rs. 89.19 lakhs between December 1973 and October 1979 to discharge the liabilities arising from the guarantees given in favour of four bodies, namely, Alleppey Port Thozhilali Co-operative Society Limited, Messrs. V.O. Vakkan and Sons, Alleppey, Koliat Estates and the Palghat Co-operative Milk Supply Union Limited. A sum of Rs. 4.25 lakhs was recovered in 1980-81 from Koliat Estates against Rs. 45.59 lakhs paid by Government. Further recovery from Koliat Estates under Revenue Recovery Act was stayed by Court. The details of recovery from other bodies are awaited (March 1983).

(iv) Rupees 5.17 lakhs were received by Government in 1981-82 towards guarantee fees. Guarantee fee in arrears as on 31st March 1982 in respect of guarantees given in favour of 13 Government Companies was reported to be Rs. 10.11 lakhs. The guarantee fee overdue from the Kerala Financial Corporation as at the end of March 1982 was Rs. 4.81 lakhs of which Rs. 3.21 lakhs were paid by the Corporation in June 1982.





### 1.10. Investments by Government

During 1981-82, Government invested Rs. 95 lakhs in the shares of 2 Statutory Corporations, Rs. 16,95.68 lakhs in the shares of 40 Government Companies, Rs. 0.08 lakh in the shares of another Joint Stock Company and Rs. 5,72.26 lakhs in the shares and debentures of Co-operative Banks and Societies. Progressive expenditure on investments in shares and debentures was increased by Rs. 2,44.96 lakhs under Government Companies and by Rs. 0.99 lakh under Co-operative Banks and Societies through *pro forma* adjustments.

The following table shows the extent of (i) Government's investments to the end of 1981-82 (a) in the shares and debentures of Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies and (b) by way of loans and (ii) the returns therefrom.

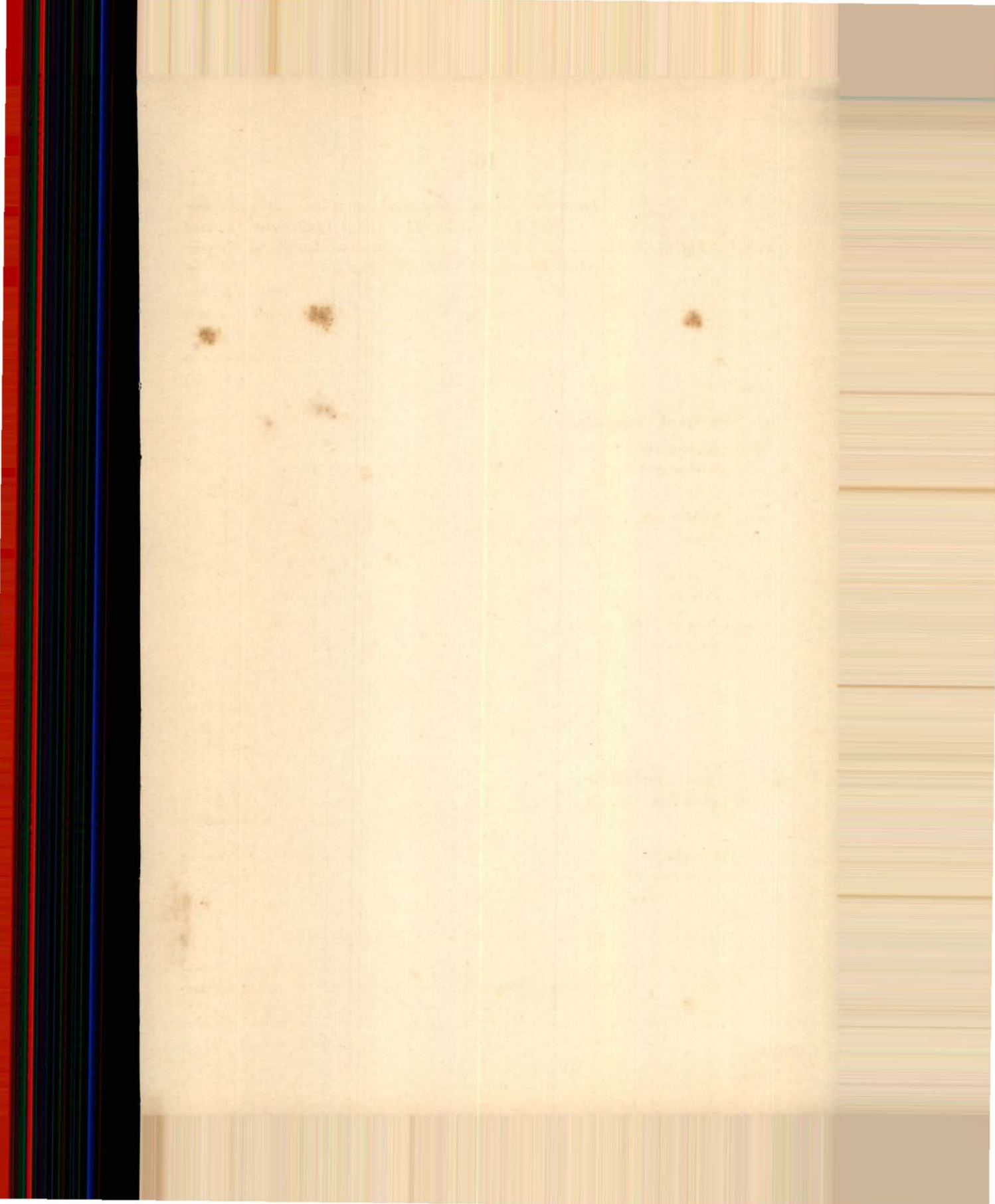
Categories of bodies	Investments during 1981-82		Investments as at the end of 31st March 1982		Dividend/Interest received
	Number of concerns	Amount (in lakhs of rupees)	Number of concerns	Amount (in lakhs of rupees)	during the year in lakhs of rupees (percentage of return to cumulative investments in brackets)
(i) Statutory Corporations					
(a) Shares and debentures	2	95.00	3	26,94.36	Nil
(b) Loans	3	7,89.31	6	2,04,44.91	58.81 (0.29)
(c) Total		8,84.31		2,31,39.27	58.81 (0.25)
(ii) Government Companies					
(a) Shares and debentures	40*	16,95.68	66*	1,29,50.76	41.61 (0.32)
(b) Loans	34	10,54.22	49	84,70.83	1,30.07 (1.54)
(c) Total		27,49.90		2,14,21.59	1,71.68 (0.80)

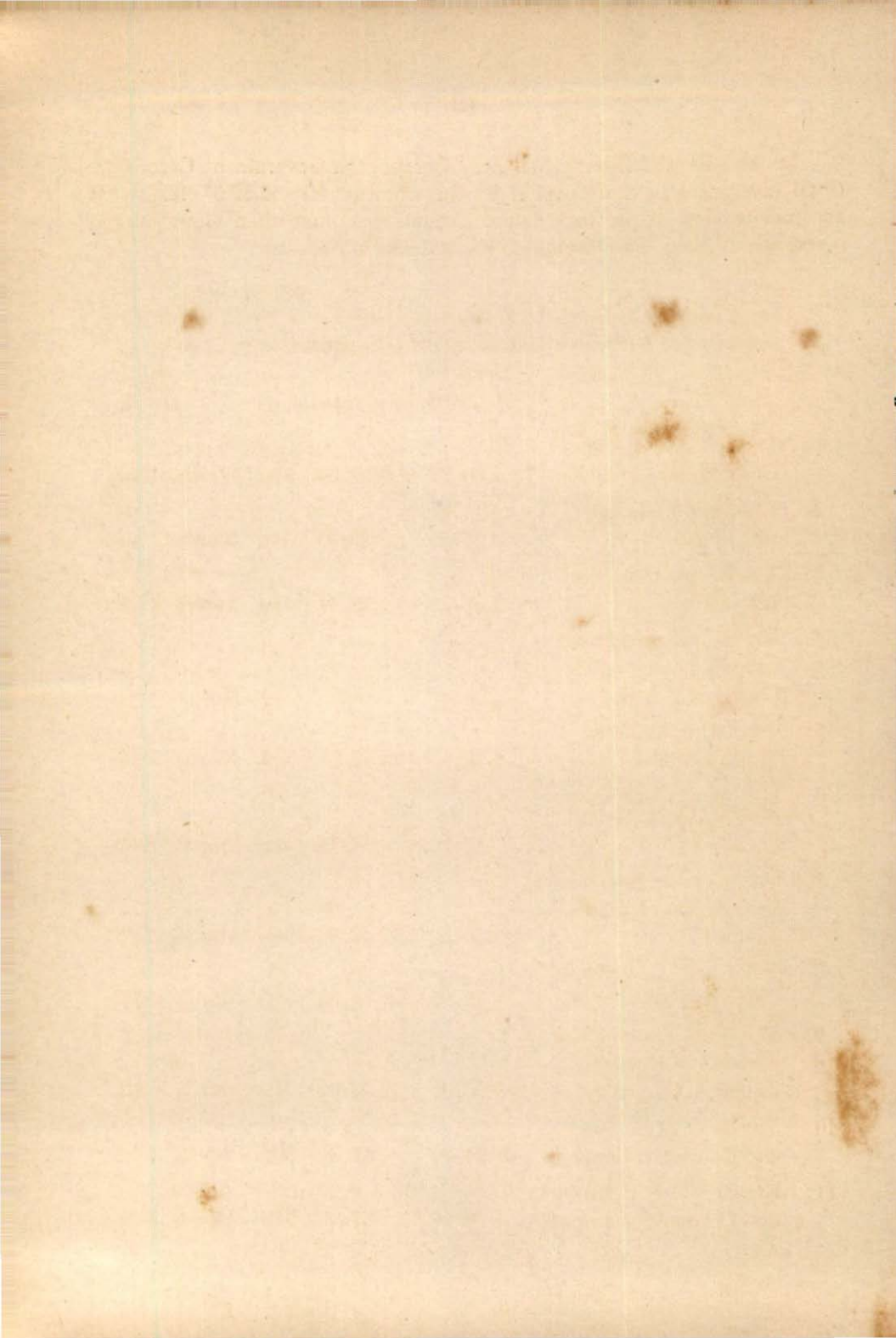
\* Includes five Government of India Companies (investment: Rs. 2,73.79 lakhs).

Categories of bodies	Investments during 1981-82		Investments as at the end of 31st March 1982		Dividend/Interest received during the year in lakhs of rupees (percentage of return to cumulative investments in brackets)
	Number of concerns	Amount (in lakhs rupees)	Number of concerns	Amount (in lakhs rupees)	
<b>(iii) Joint Stock Companies</b>					
(a) Shares and debentures	1	0.08	41	5,20.52	14.76 (2.84)
(b) Loans	..	..	3	14.29**	@
(c) Total		0.08		5,34.81	@
<b>(iv) Co-operative institutions</b>					
(a) Shares and debentures	@	5,72.26	@	45,74.63	22.77 (0.50)
(b) Loans	@	6,23.23	@	29,68.71	63.45 (2.14)
(c) Total	@	11,95.49	@	75,43.34	86.22 (1.14)
<b>(v) Industrial Finance Corporation Bonds</b>					
(a) Shares and debentures/bonds	..	..	1	59.70	3.57 (5.98)
<b>Grand Total</b>					
(a) Shares and debentures/bonds		23,63.02		2,07,99.97	82.71 (0.40)
(b) Loans		24,66.76		3,18,98.74	@

\*\* Figures provisional (pending receipt of more details from the department).

@ Information awaited.





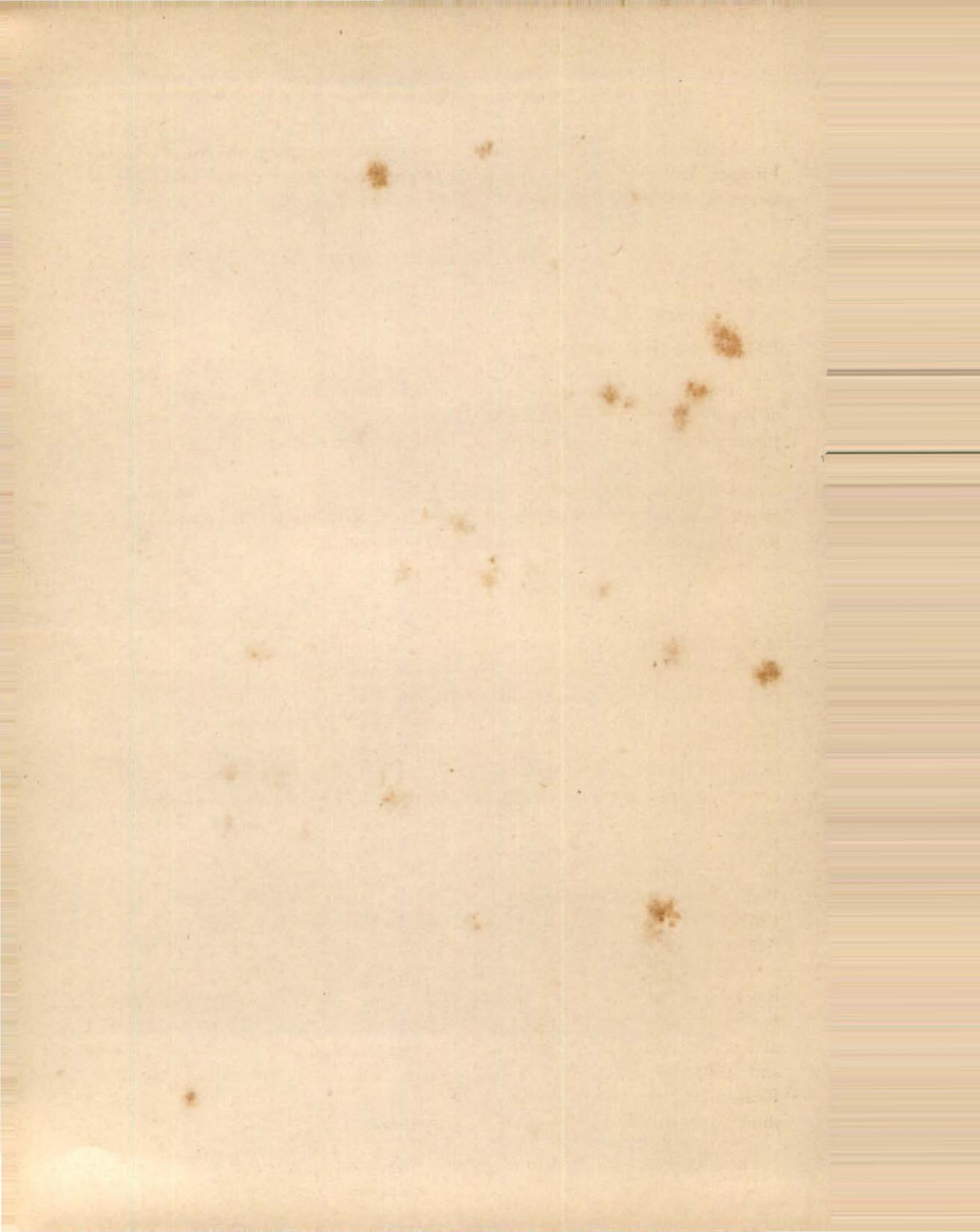


In the case of following Statutory Corporation/Government Companies (total investment in share capital by Government: Rs. 58,82.07 lakhs) the accumulated loss as per their latest accounts was more than Government's investment in their share capital or Rs. 50 lakhs in each case.

Name of Statutory corporation/ Government Company	Total invest- ment at the end of March 1982  (in lakhs of rupees)	Accumulated loss	
		Amount	As on
1. The Kerala Fisheries Corporation Limited	4,60.22	9,07.66	31st March 1982
2. Pallathra bricks and tiles limited	26.55	35.25	31st March 1982
3. The Kerala Ceramics Limited	1,07.95	4,55.31	31st March 1982
4. Kerala Electrical and Allied Engineering Company Limited	75.82	1,12.03	31st March 1982
5. Trivandrum Rubber Works Limited	1,38.69	4,42.51	31st March 1982
6. Handicrafts Development Corporation of Kerala Limited	87.18	96.34	31st March 1982
7. The Kerala State Cashew Development Corporation Limited	1,54 00	17,37.05	31st March 1980
8. The Chalakudy Refractories Limited	59.90	74.56	31st March 1982
9. The State Farming Corporation of Kerala Limited	1,06.05	2,32.00	31st March 1981
10. The Travancore Sugars and Chemicals Limited	24.44	41.80	30th April 1982
11. Kerala State Construction Corporation Limited	70.50	87.59	31st March 1980

<i>Name of Statutory Corporation/ Government Company</i>	<i>Total invest- ment at the end of March 1982</i>	<i>Accumulated loss</i>	
		<i>Amount</i>	<i>As on</i>
<i>(in lakhs of rupees)</i>			
12. Kerala State Engineering Works Limited	11.00	30.03	31st March 1981
13. Metropolitan Engineering Company Limited	7.00	56.00	31st December 1981
14. Kerala State Road Transport Corporation	22,88.04	50,61.00	31st March 1981
15. The Travancore Cochin Chemicals Limited	5,89.75	5,46.78	31st March 1982
16. Trivandrum Spinning Mills Limited	1,84.99	1,76.90	31st March 1982
17. Kerala Soaps and Oils Limited	1,44.37	91.96	31st March 1982
18. Sitaram Textiles Limited	2,33.00	1,26.91	31st March 1980
19. The Kerala Land Development Corporation Limited	4,28.40	1,12.41	31st March 1982
20. Kerala State Civil Supplies Corporation Limited	1,71.00	1,66.71	31st March 1979
21. Kerala State Film Development Corporation Limited	3,13.46	68.61	31st March 1982
22. Kerala Livestock Development and Milk Marketing Board Limited	1,99.76	1,14.33	31st March 1978
Total	58,82.07	1,07,73.74	





More details of the investments are given in Statement No. 14 of the Finance Accounts 1981-82 and in the Report of the Comptroller and Auditor General of India for the year 1981-82 (Commercial).

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

### **1.11. Plan Expenditure**

The Annual Plan of the State for the year 1981-82 envisaged an outlay of Rs. 3,32.28 crores of which Rs. 47.50 crores were expected to be met from the internal resources of the Kerala State Electricity Board (Rs. 45.00 crores) and Kerala State Road Transport Corporation (Rs. 2.50 crores) and Rs. 6.30 crores from open market borrowings of autonomous bodies. The balance of Rs. 2,78.48 crores (Revenue Account: Rs. 1,25.30 crores; Capital Account: Rs. 1,27.29 crores; Loans and advances: Rs. 25.89 crores) was proposed to be met from the State's budgetary resources.

The Plan outlay was fixed taking into account recoveries to the extent of Rs. 0.85 crore under Revenue Account (recoveries from Other General Economic Services) and Rs. 5.16 crores under Capital Account (receipts and recoveries from (i) sewerage schemes: Rs. 1.11 crores; urban water supply schemes: Rs. 3 crores and (ii) irrigation, navigation, drainage and flood control works: Rs. 1.05 crores). Excluding these items, the net Plan outlay budgeted for the year was Rs. 2,72.47 crores (Revenue Account: Rs. 1,24.45 crores; Capital Account Rs. 1,22.13 crores; Loans and advances: Rs. 25.89 crores). In addition, funds to the tune of Rs. 31.73 crores (Revenue Account: Rs. 11.79 crores; Capital Account: Rs. 12.22 crores; Loans and advances: Rs. 7.72 crores) were provided through supplementary grants for financing Plan schemes. Thus the aggregate net provision for Plan schemes during 1981-82 was Rs. 3,04.20 crores (Revenue account: Rs. 1,36.24 crores; Capital Account: Rs. 1,34.35 crores; Loans and Advances: Rs. 33.61 crores). The corresponding net Plan expenditure was Rs. 2,93.57 crores (Revenue Account: Rs. 1,25.99 crores; Capital Account: Rs. 1,38.64 crores; Loans and Advances: Rs. 28.94 crores) registering a shortfall of Rs. 10.63 crores. Of this, a shortfall of Rs. 9.55 crores (Revenue: Rs. 6.74 crores; Capital: Rs. 1.08 crores; Loans and Advances: Rs. 1.73 crores) was under Agriculture and Allied Services. Reasons for the shortfall are awaited. More details of the schemes where shortfall occurred are given in Chapter II.

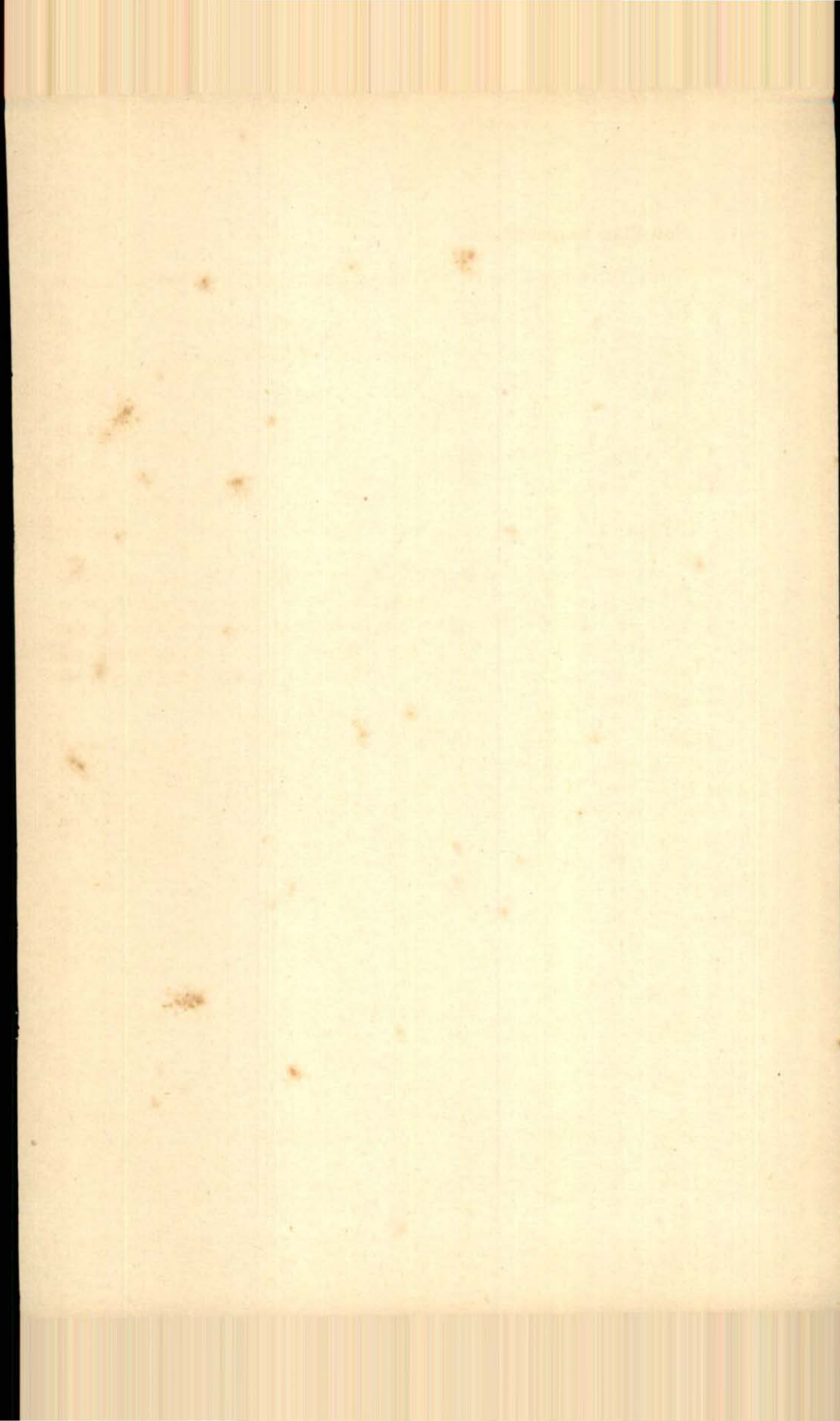
**1.12. Non-Plan Expenditure**

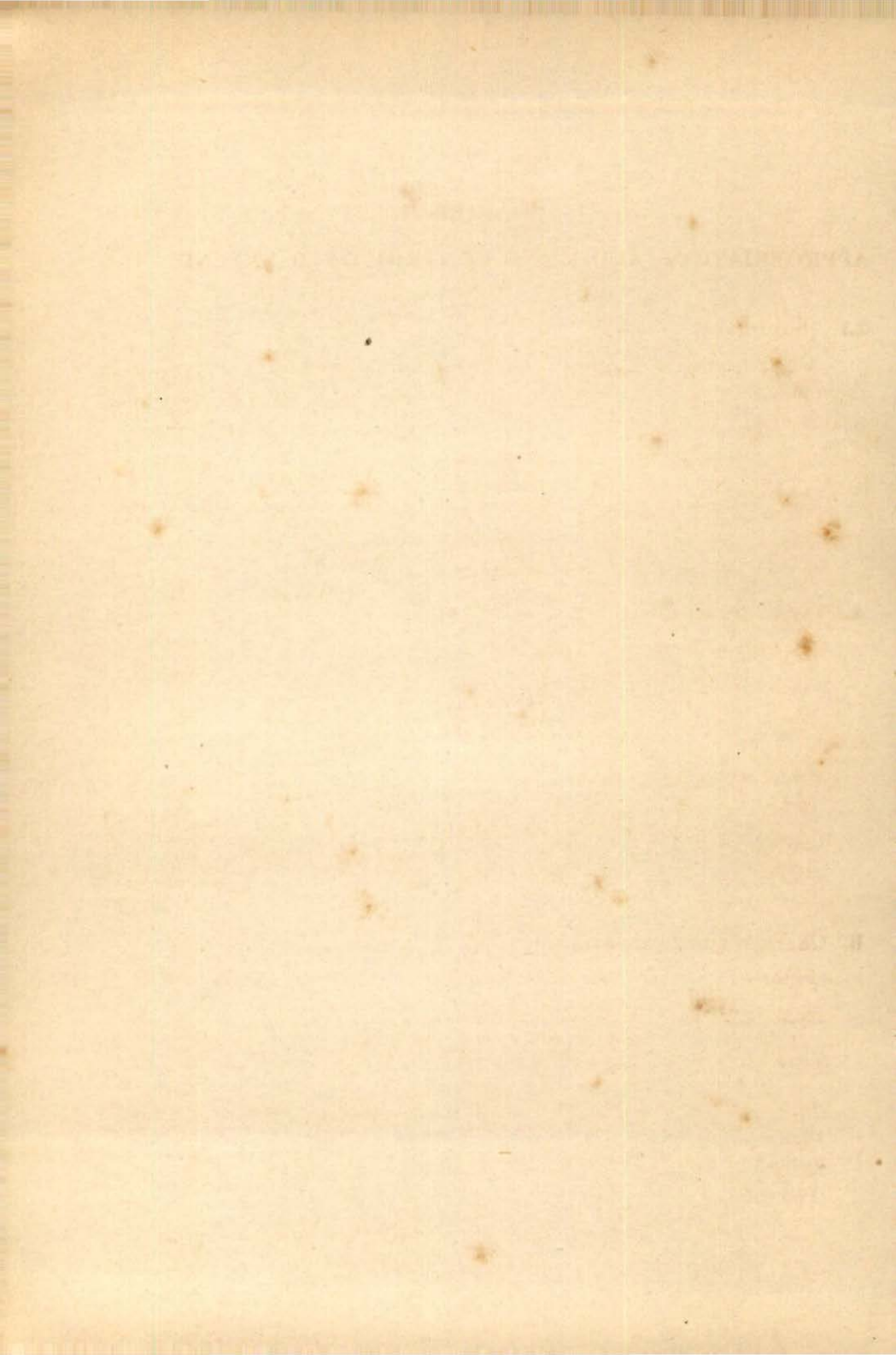
The growth of non-Plan expenditure during 1979-80 to 1981-82 was as under:—

	1979-80	1980-81	1981-82
	<i>(in crores of rupees)</i>		
Revenue	4,57.41	5,43.08	6,28.51
Capital	(—)0.43	2.11	(—)5.73
Total of Revenue and Capital	4,56.98	5,45.19	6,22.78
Loans and Advances	18.49	12.95	12.29
Total	4,75.47	5,58.14	6,35.07

The increase in non-Plan expenditure (excluding loans and advances) during 1981-82 was Rs. 77.59 crores (14 *per cent*) as against Rs. 88.21 crores (19 *per cent*) in 1980-81. If expenditure under loans and advances is also taken into account, the increase in non-Plan expenditure would work out to Rs. 82.67 crores (17 *per cent*) during 1980-81 and Rs. 76.93 crores (14 *per cent*) during 1981-82.

The increase in non-Plan expenditure during 1981-82 was mainly due to (i) more expenditure on pay and allowances, contingencies and grants under (a) Education (Rs. 24.93 crores), (b) Medical relief (Rs. 7.06 crores), (c) Agriculture and Allied Services (Rs. 7.35 crores) (ii) increase in expenditure on pension (Rs. 12.50 crores) and (iii) Interest payments (Rs. 11.45 crores).







## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1. Summary

The following table compares the total expenditure during the year with the totals of grants and charged appropriations under revenue and capital sections:

<i>Revenue Section</i>	<i>Capital (excluding loans and advances and public debt)</i>	<i>Loans and advances</i>	<i>Public Debt</i>	<i>Total</i>
<i>(in crores of rupees)</i>				
<b>A. Voted grants</b>				
Original	6,79.51	1,37.36	34.91	8,51.78
Supplementary	41.95	11.56	12.36	65.87
Total	7,21.46	1,48.92	47.27	9,17.65
Actual expenditure	7,29.26	1,44.17	41.23	9,14.66
Excess(+)/ Saving(-) (Percentage)	(+) 7.80	(-) 4.75	(-) 6.04	(-) 2.99 (0.32)
<b>B. Charged appropriations</b>				
Original	60.72	0.40	..	59.06
Supplementary	4.25	0.89	..	4,30.87
Total	64.97	1.29	..	4,89.93
Actual expenditure	62.71	0.73	..	5,12.43
Excess(+)/ Saving(-) (Percentage)	(-) 2.26	(-) 0.56	..	(+) 22.50 (+) 19.68 (3.5)

<i>Revenue Section</i>	<i>Capital (ex- cluding loans and advances and public debt)</i>	<i>Loans and advances</i>	<i>Public Debt</i>	<i>Total</i>
----------------------------	---	-------------------------------	------------------------	--------------

(in crores of rupees)

**C. Aggregate provision  
(grants and charged  
appropriations)**

Original	7,40.23	1,37.76	34.91	59.06	9,71.96
Supplementary	46.20	12.45	12.36	4,30.87	5,01.88
Total	7,86.43	1,50.21	47.27	4,89.93	14,73.84
Actual expenditure	7,91.97	1,44.90	41.23	5,12.43	14,90.53
Excess (+)/ Saving (—)	(+) 5.54	(—)5.31	(—)6.04	(+)22.50	(+)16.69
(Percentage)					(1.13)

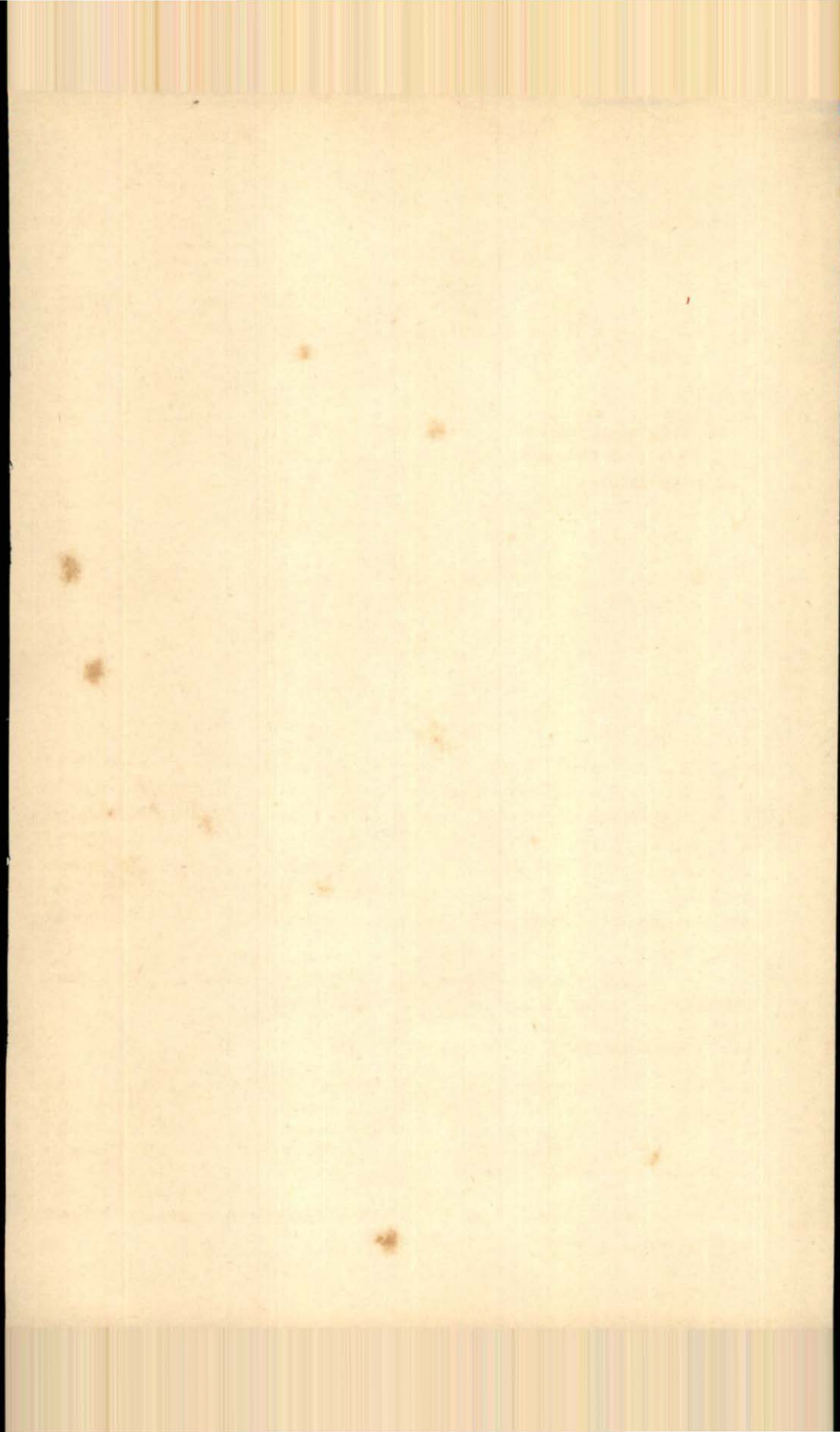
The overall excess of Rs. 16.69 crores was the net result of excess of Rs. 28.34 crores in the Revenue Section (26 grants: Rs. 28.32 crores; 2 charged appropriations: Rs. 0.02 crore) and Rs. 28.21 crores in the Capital Section (7 grants: Rs. 5.71 crores; 2 charged appropriations: Rs. 22.50 crores) and saving of Rs. 22.80 crores in the Revenue Section (16 grants: Rs. 20.52 crores; 30 charged appropriations: Rs. 2.28 crores) and Rs. 17.06 crores in the Capital Section (18 grants: Rs. 16.50 crores; 9 charged appropriations: Rs. 0.56 crore).

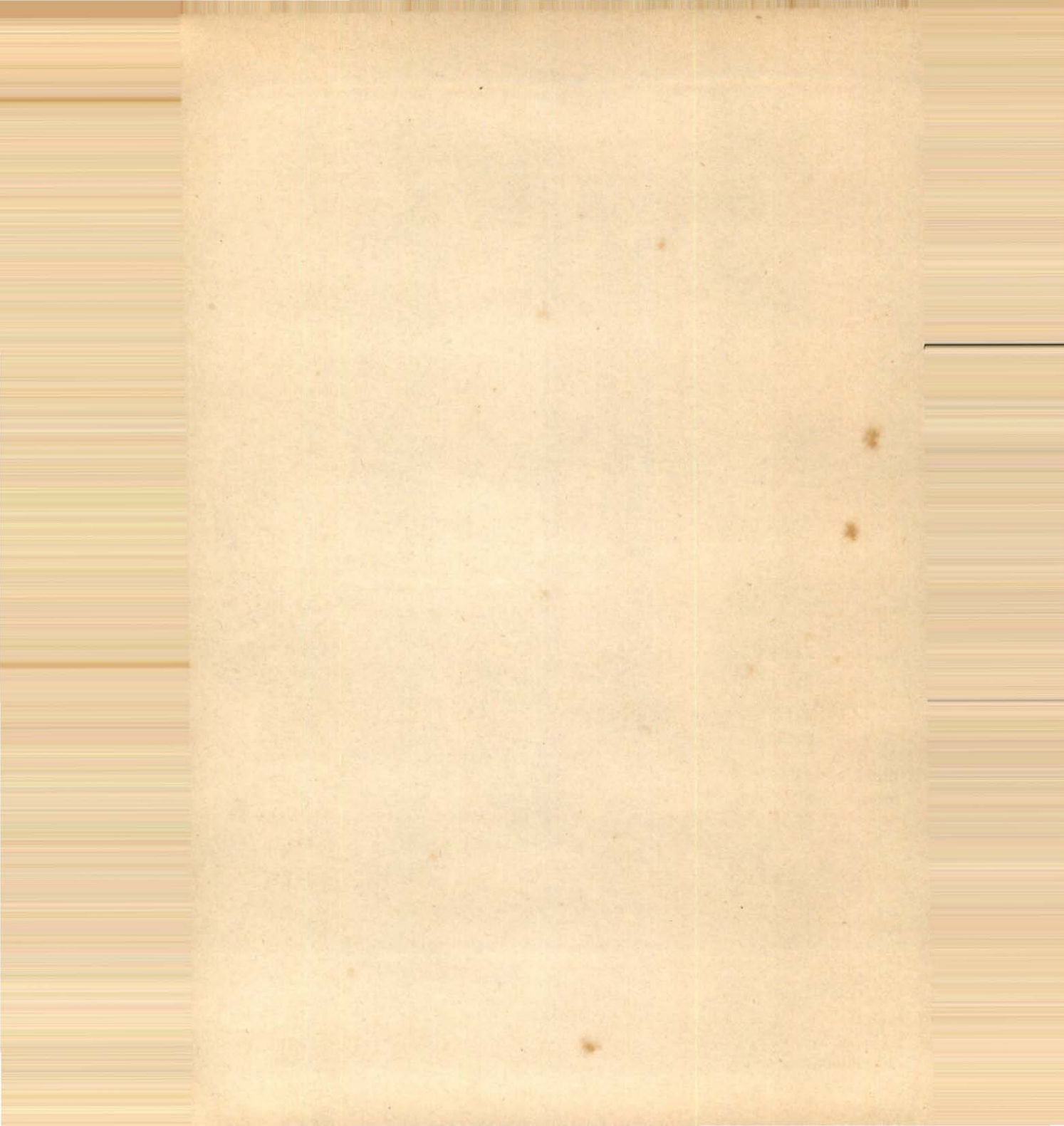
The excesses, the details of which are given in Appendix 2.1, require regularisation under Article 205 of the Constitution.

**2.2. Supplementary grants/charged appropriations**

During the year supplementary grants of Rs. 41.95 crores and Rs. 23.92 crores were obtained under 38 and 21 grants respectively in the Revenue and Capital Sections. Supplementary appropriations of Rs. 4.25 crores and Rs. 4,31.76 crores were also obtained for charged expenditure under 16 and 5 appropriations respectively in the Revenue and Capital Sections.

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





(i) *Unnecessary supplementary grants/charged appropriations*

In the following cases, supplementary provision of Rs. 78.94 lakhs in 3 cases in the Revenue Section and of Rs. 51.54 lakhs in one case in the Capital Section remained wholly unutilised as the expenditure did not come up even to the original provision:—

## Revenue Section

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
					(in lakhs of rupees)

1.	XVI—Pensions and Miscellaneous	39.76	9.22	35.21	13.77
----	--------------------------------	-------	------	-------	-------

Saving was mainly due to fall in the amount of compensation paid for acquisition of land as per court decrees.

2.	XX—Public Health	7,65.92	18.00	6,55.07	1,28.85
----	------------------	---------	-------	---------	---------

Saving was mainly due to (i) non-purchase of first-aid kits for the scheme "Health card for school children", (ii) purchase of fewer number of vehicles under 'National Malaria Eradication Programme' and (iii) non-sanctioning of full complement of staff for the "National Programme for prevention and control of visual impairment" (Rs. 40.50 lakhs).

3.	XXV—Labour and Employment	16,34.64	51.72	8,92.24	7,94.12
----	---------------------------	----------	-------	---------	---------

Saving was mainly due to Government's decision to keep the 'Unemployment Assistance Scheme' in abeyance, following reports of several cases of receipt of assistance by ineligible persons (Rs. 7,89.64 lakhs).

## Capital Section

XXXXIX—Power	5,13.00	51.54	2,35.54	3,29.00
--------------	---------	-------	---------	---------

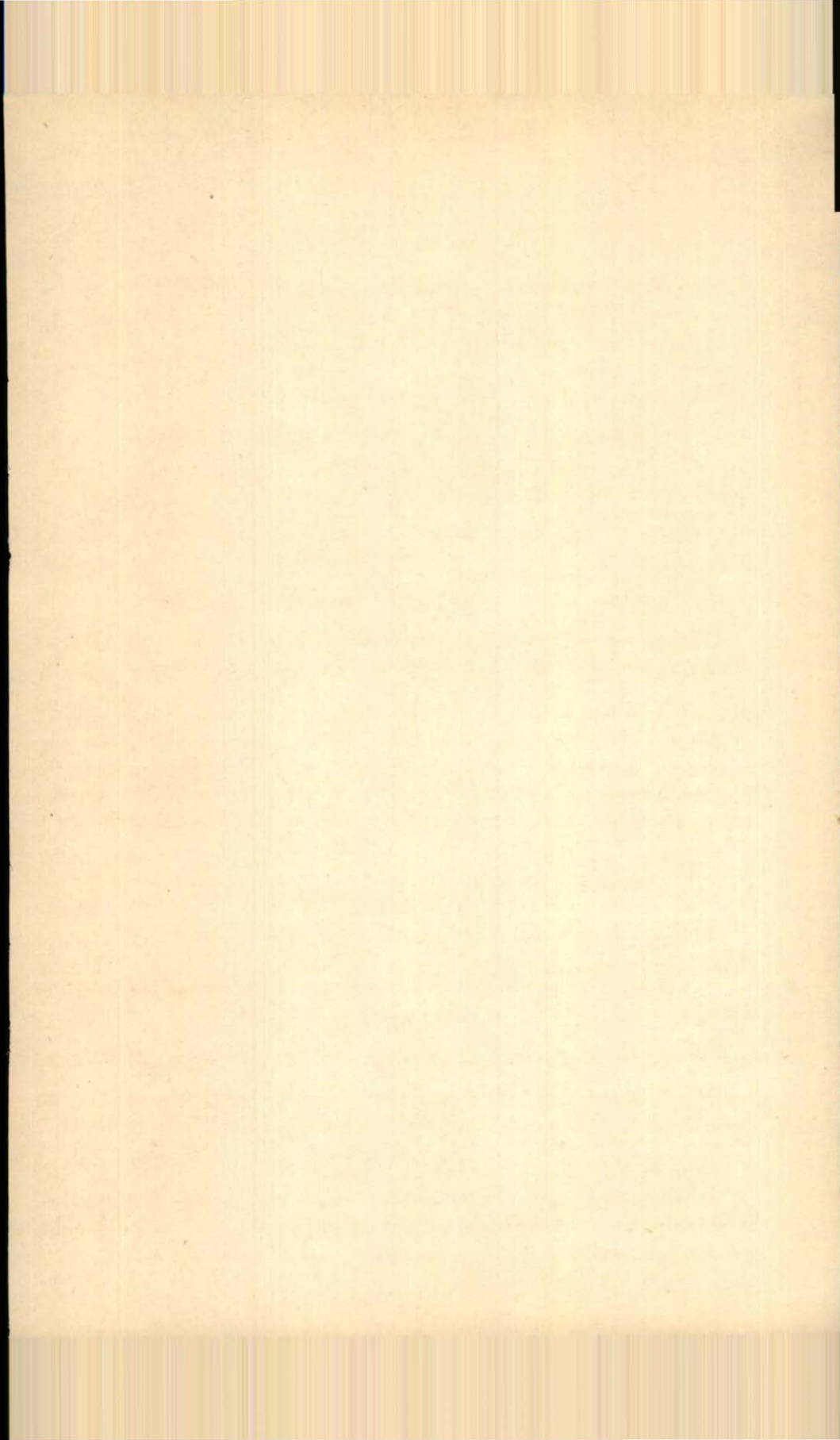
Saving occurred under 'Loans to Kerala State Electricity Board'; the reasons for which are awaited (February 1983).

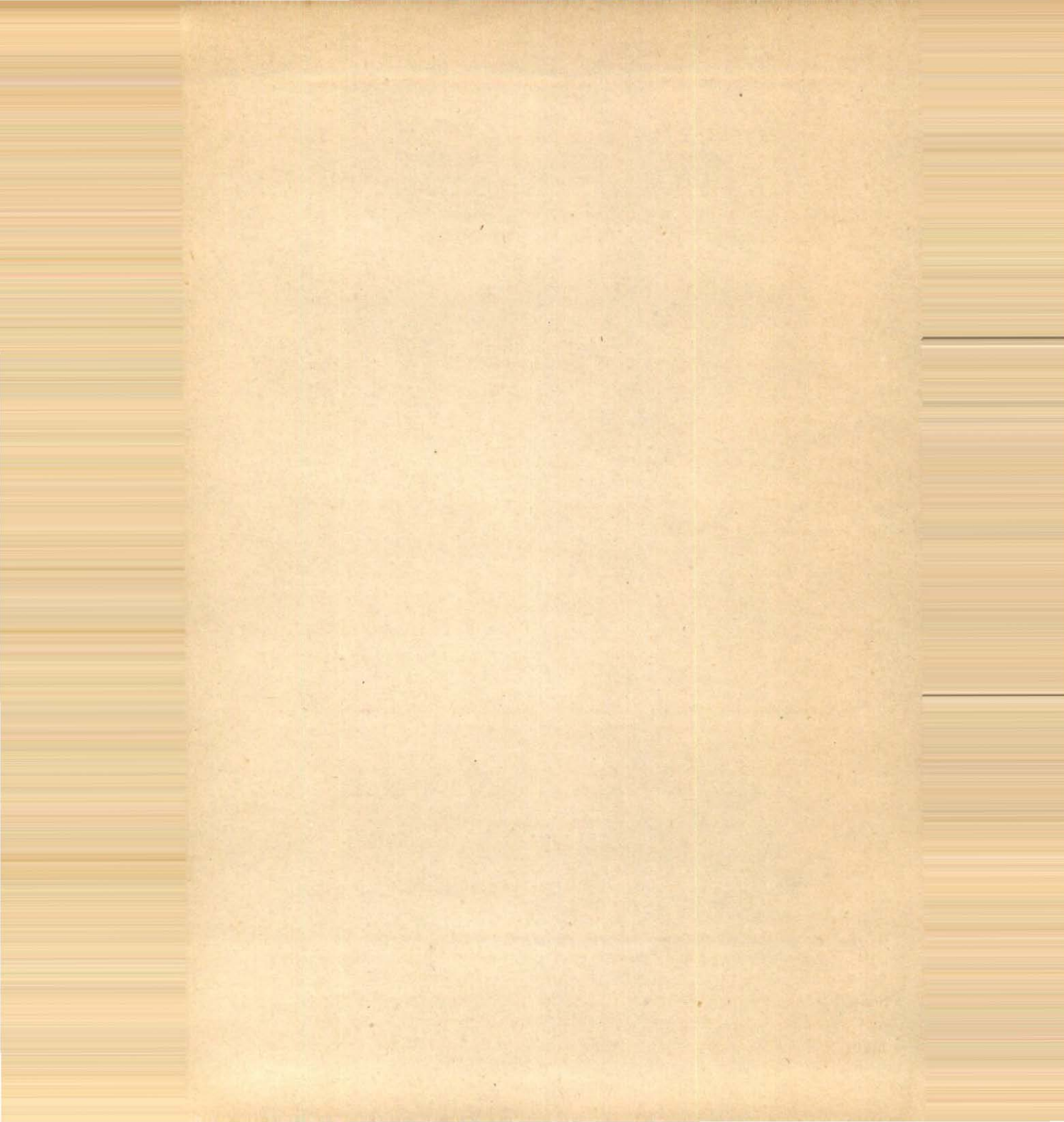
(ii) *Supplementary grants/charged appropriations which proved excessive*

In the following cases, supplementary provision (exceeding Rs. 10 lakhs in each case) proved largely excessive. The excess provision was more than Rs. 5 lakhs in each case.

## Revenue Section

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Original grant  charged appropriation</i>	<i>Supplementary grant  charged appropriation</i>	<i>Expenditure</i>	<i>Saving</i>
		<i>(in lakhs of rupees)</i>			
1.	II—Heads of States, Ministers and Headquarters Staff	5,55.23	64.49	6,09.29	10.43
	Saving was mainly due to non-implementation of a proposal to prepare 'model development plans' in selected blocks, less expenditure on purchase of machinery and equipment for the Data Processing Unit, non-installation of machines required for the Electronic Data Processing unit, etc.				
2.	III—Administration of Justice	5,42.43	51.21	5,83.84	9.80
	Saving was due to unrealistic assessment by the Sub Controlling Officers of requirement of funds for 'Civil and Sessions Courts' and 'Criminal Courts'.				
3.	XXII—Housing	3,11.16	69.50	3,27.78	52.88
	Saving (Rs.13.26 lakhs) was mainly due to (i) lack of time for utilising the funds for construction of houses for rural workers made available towards the end of February 1982 and (ii) payment of less grant to the State Housing Board owing to shortfall in the number of houses taken up for construction.				
4.	XXVI—Social Welfare including Harijan Welfare	43,60.22	4,54.78	44,65.17	3,49.83
	Saving was due to suspension of the scheme of 'Agricultural Workers' Pension' for a short period during the year and reduced allocation of funds by Government of India for the 'Tribal Area Sub Plan' (Centrally Sponsored Scheme).				
5.	XXVIII—Co-operation	6,26.39	5,84.50	10,57.21	1,53.68
	Saving was mainly due to lack of adequate response from Harijans for interest relief on loans and from small farmers for interest subsidy.				
6.	<i>Debt charges</i>	<i>57,97.66</i>	<i>3,87.40</i>	<i>59,82.96</i>	<i>2,02.10</i>
	Saving of Rs. 1,44.54 lakhs representing interest payments on Savings Bank Deposits was due to the fluctuating nature of expenditure depending on the quantum of deposits received.				







## Capital Section

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Original grant charged appropriation</i>	<i>Supplemen- tary grant  charged appropriation</i>	<i>Expenditure</i>	<i>Saving</i>
<i>(in lakhs of rupees)</i>					
1.	XV—Public Works	4.10	29.69	20.74	13.05
Saving occurred mainly under development and improvement of village roads, the reasons for which are awaited (February 1983).					
2.	XVII—Education, Art and Culture	5,04.41	3,24.50	7,38.30	90.61
Saving of Rs. 10 lakhs was due to non-finalisation of proposals for purchase of printing/binding machinery and equipment for the Text Book Press and for starting a post-diploma course in printing technology by the Kerala Books and Publications Society.					
3.	XXII—Housing	3,93.50	2,17.77	5,43.02	68.25
Saving was mainly due to (i) non-construction of quarters for police personnel pending finalisation of proposals (Rs. 86.89 lakhs), (ii) shortfall in the number of eligible applicants under the Low Income Group Housing Scheme (Rs. 65.53 lakhs), etc.					
Saving was partly counterbalanced by excess under other heads.					
4.	XXVI—Social Welfare including Harijan Welfare	99.11	1,02.37	1,87.64	13.84
Saving was mainly due to non-commencement of construction of certain hostels (Rs. 15.61 lakhs), non-construction of common buildings to major colonies (Rs. 8.00 lakhs) and residential quarters (Rs. 5.00 lakhs), etc.					
Saving was partly counterbalanced by excess under other heads.					
5.	XXVIII—Co-operation	10,25.92	3,02.54	12,46.34	82.12
Saving was mainly due to (i) shortfall in investments in the debentures floated by the Kerala Co-operative Central Land Mortgage Bank Limited and in Co-operative Spinning Mills Limited, Cannanore and Quilon (Rs. 76.98 lakhs), (ii) non-payment of loans to Consumer Co-operative Stores pending					

receipt of sanction from the Government of India (Rs. 30.70 lakhs), (iii) non-payment of margin money assistance to the Central Arecanut Marketing and Processing Co-operatives and to 'Raidco' and non-payment of loan to Kerala State Co-operative Marketing Federation owing to sanctioning of less amounts by the National Co-operative Development Corporation than anticipated (Rs. 56.23 lakhs), etc.

Saving was partly counterbalanced by excess under other heads.

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Original grant/charged appropriation</i>	<i>Supplementary grant/charged appropriation</i>	<i>Expenditure</i>	<i>Saving</i>
<i>(in lakhs of rupees)</i>					
6.	XXIX—Miscellaneous				
	Economic Services	56.00	59.65	82.57	33.08

Saving was mainly due to (i) issue of bonds under the Kerala Land Reforms Act for a lower amount than anticipated on account of administrative and other reasons (Rs. 26.48 lakhs) and (ii) discontinuance of the scheme of payment of loans to the assignees of surplus land in keeping with the revised pattern laid down by the Government of India (Rs. 6.00 lakhs).

7.	XXX—Agriculture	10,02.52	97.00	10,55.47	44.05
----	-----------------	----------	-------	----------	-------

Saving was mainly due to less demand from cultivators for short-term loans (Rs. 39.73 lakhs) and for pesticides in the absence of any major outbreak of pest-attack (Rs. 27.03 lakhs) and non-execution of works on buildings (Rs. 33.57 lakhs) under a Training and Visiting Programme.

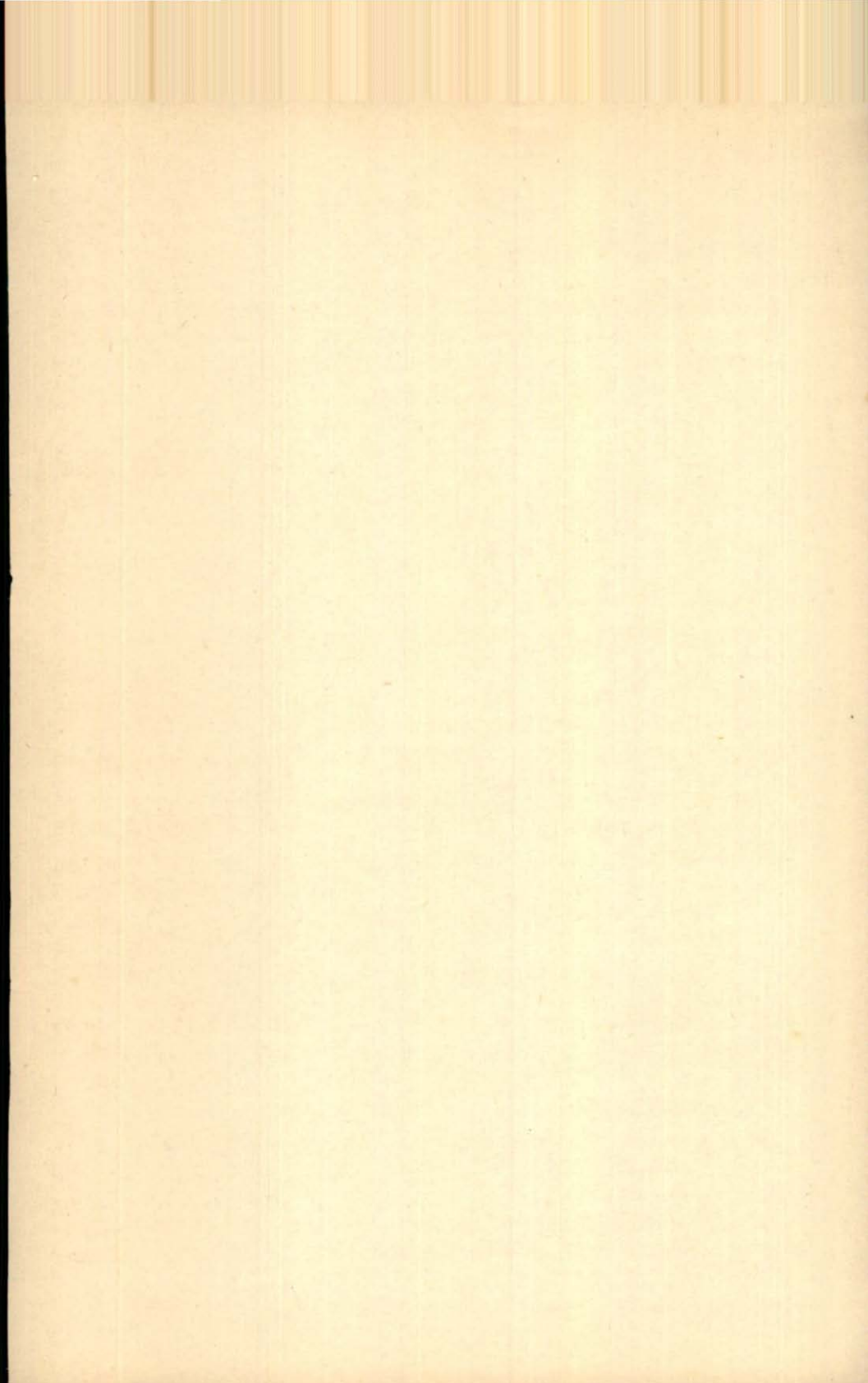
Saving was partly counterbalanced by excess under other heads.

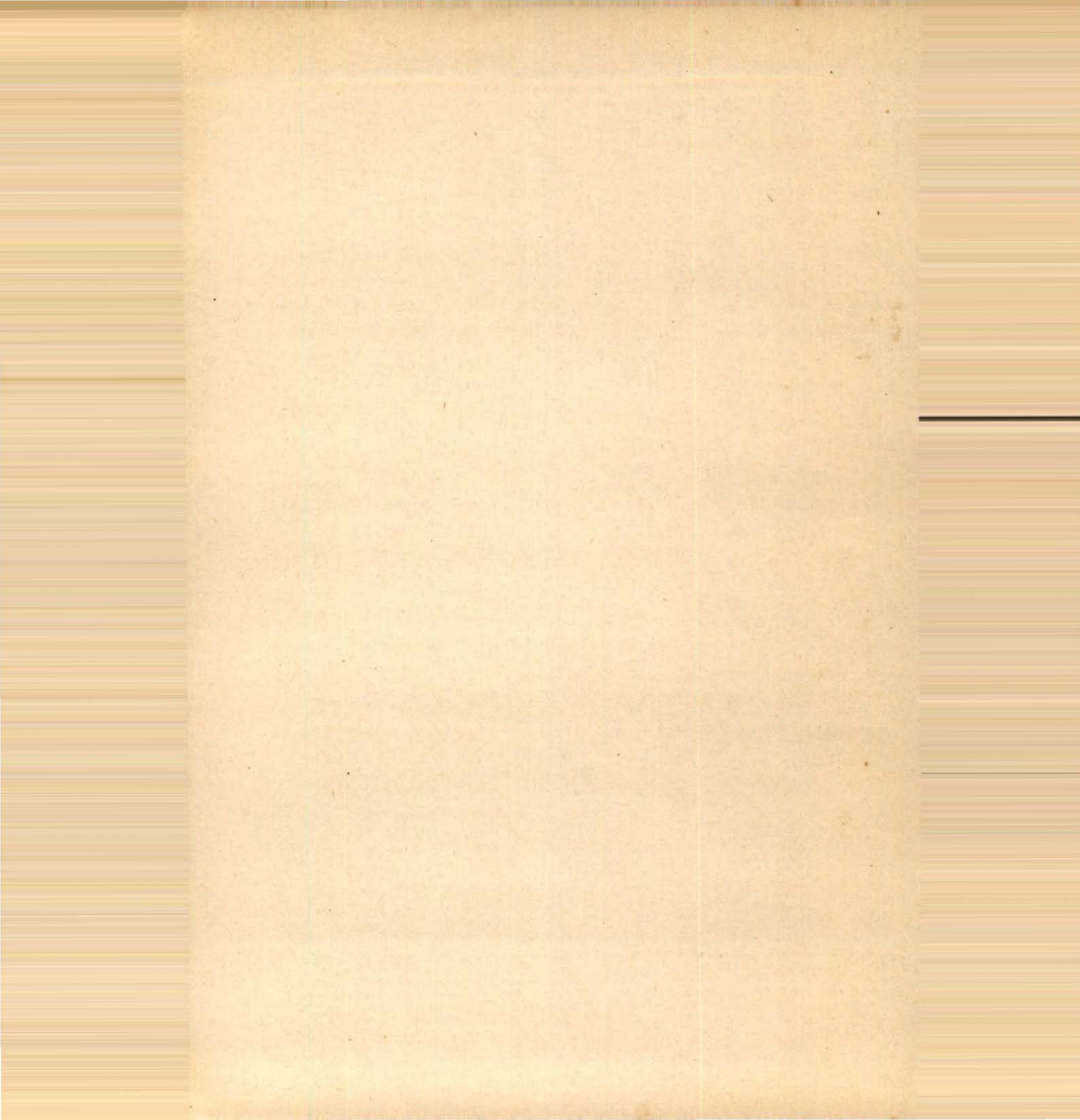
8.	XXXVIII—Irrigation	18.74	55.61	43.41	30.94
----	--------------------	-------	-------	-------	-------

Reasons for the saving are awaited (February 1983).

(iii) *Inadequate supplementary grants/charged appropriations*

Supplementary provision (exceeding Rs. 5 lakhs in each case) of Rs. 21,95.96 lakhs in the Revenue Section and Rs. 4,36,49.32 lakhs in the Capital Section proved inadequate by more than Rs. 10 lakhs in each case; the final uncovered excess in those cases was Rs. 26,43.69 lakhs in the Revenue Section and Rs. 25,09.99 lakhs in the Capital Section. Details of the cases are given in Appendix 2.2.





### 2.3. Unutilised provision

(i) Rupees 22.80 crores remained unutilised in the Revenue Section (Rs. 20.52 crores in 16 grants and Rs. 2.28 crores in 30 charged appropriations).

(ii) Rupees 17.06 crores remained unutilised in the Capital Section (Rs.16.50 crores in 18 grants and Rs. 0.56 crore in 9 charged appropriations).

(iii) In 6 grants and one charged appropriation in the Revenue Section and in 9 grants and 2 charged appropriations in the Capital Section, the savings (more than Rs. 10 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix 2.3.

(iv) (a) Some of the significant cases where provision for Centrally Sponsored Schemes remained wholly or substantially unutilised are given below:—

<i>Sl. No. Department, number and name of grant and name of scheme</i>	<i>Provision</i>	<i>Saving</i> <i>(Percentage)</i>
	<i>(in lakhs of rupees)</i>	
1. Education		
XVII—Education, Art and Culture	96.20	88.09
(i) Social (Adult) Education		(99)
(ii) Non-formal education for age group 9-14—Experimental project		
Saving was due to non-implementation of the schemes pending policy decision by the Government of India.		
2. Health		
XVIII—Medical		
Regional Cancer Centre, Trivandrum	3,00.00	2,99.82 (100)
Saving was attributed to delay in receipt of clearance from the Government of India for starting the Centre.		
3. XX—Public Health		
	158.01	85.90
(i) Filariasis control		(54)
(ii) Control of sexually transmitted diseases		
(iii) Community Health Workers		
(iv) National Malaria Eradication Programme		
(v) National Programme for prevention and control of visual impairment		

Saving was mainly due to (i) non-implementation of the scheme of the control of sexually transmitted diseases (ii) non-purchase of vehicles for the National Malaria Eradication Programme and (iii) non-sanctioning of the full complement of staff for the scheme 'Prevention and control of visual impairment'.

<i>Sl. Department, number and name No. of grant and name of scheme</i>	<i>Provision</i>	<i>Saving (Percentage)</i>
--	------------------	--------------------------------

*(in lakhs of rupees)*

4. *Local Administration and Social Welfare*

XXVI—Social Welfare including Harijan Welfare	2,66.00	1,58.49
(i) Research, Training and special projects		(60)
(ii) Integrated Area Development Programme (Tribal area sub plan)		
(iii) Integrated Child Development Service		

Savings under the first two schemes were mainly due to scaling down of expenditure owing to reduced allocation of funds by Government of India.

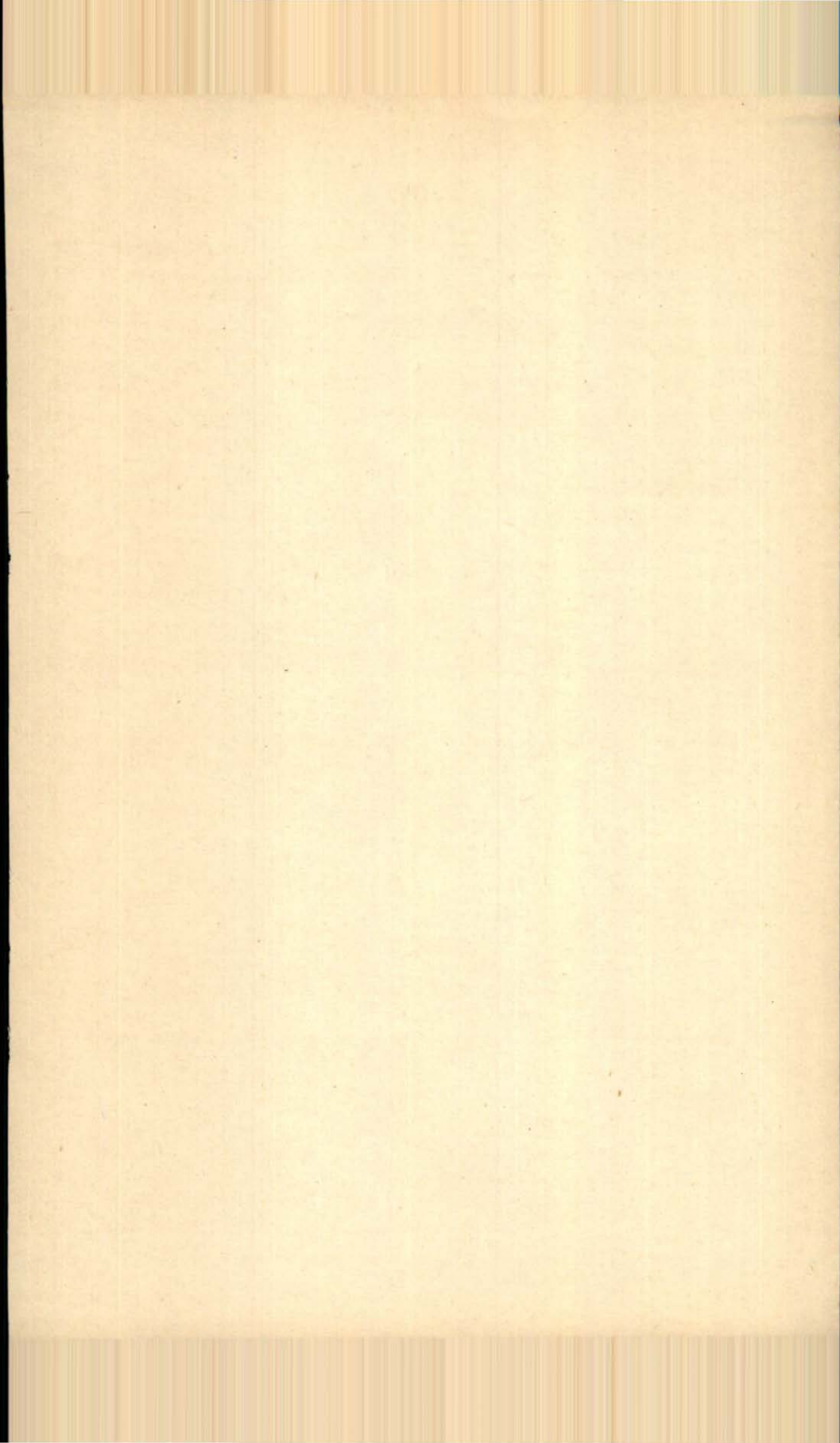
Reasons for the saving in respect of the third scheme are awaited (February 1983).

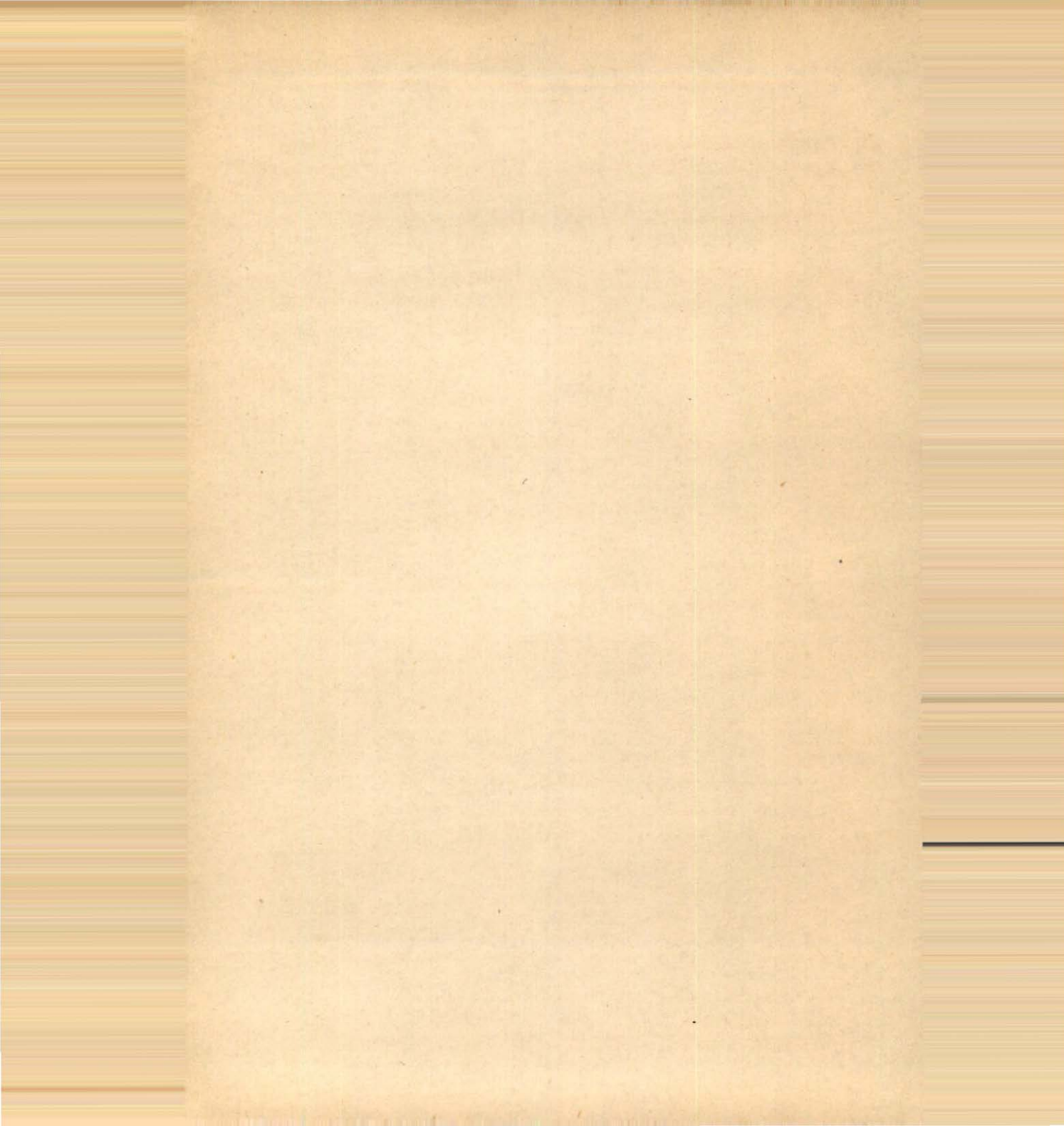
5. *Agriculture*

XXVIII—Co-operation	30.70	30.70
Loans to Consumer Co-operative Stores		(100)

Saving was due to non-receipt of sanction from Government of India.

XXX—Agriculture	7,41.51	6,71.21
(i) Spraying for control of coconut diseases		(91)
(ii) Kerala Agricultural University— Fully financed ICAR Schemes		
(iii) Kerala Agricultural University— National Agricultural Research Programme		







<i>Sl. No. of grant and name of scheme</i>	<i>Provision</i>	<i>Saving (Percentage)</i>
	<i>(in lakhs of rupees)</i>	
(iv) Soil Conservation in watersheds of Malampuzha, Sabarigiri, Neriya Mangalam, Idukki and Neyyar		
(v) Establishment of Sediment Monitoring Station		
(vi) Command Area Development Authority		

Saving was mainly due to (i) poor response from local bodies for implementing the scheme of spraying for control of coconut diseases, (ii) non-incurring of expenditure on staff, equipment, works, etc. from funds released direct to the University by the Indian Council of Agricultural Research, (iii) non-implementation of the scheme of soil conservation in watersheds and the scheme of establishment of sediment monitoring station pending clearance by the Government of India and (iv) non-construction of field channels for want of statutory backing and non-appointment of the full complement of staff under the Command Area Development Authority.

6. *Transport, Fisheries and Ports*

XXXIV—Fisheries	1,44.00	53.20
Development of Vizhinjam Fishing Harbour		(36)

Saving was mainly due to non-receipt of approval of Government of India for the second and third stages of the project.

7. *Development*

XXXVI—Community Development	8,50.00	4,06.86
(i) Implementation of Integrated Rural Development Programme in all blocks except Command Area Development Blocks		(48)
(ii) Implementation of Integrated Rural Development Programme in Command Area Development Blocks		

Saving was mainly due to (i) post-budget decision of Government of India to provide Central share of assistance direct to the District Rural Development Agencies and (ii) stoppage of separate assistance to Command Area Block consequent on merger of the scheme with the Integrated Rural Development Programme.

(b) Some of the State Sector Schemes where the provision (exceeding Rs. 50.00 lakhs) remained wholly or substantially unutilised are given in Appendix 2.4.

#### 2.4. Persistent savings in grants/charged appropriations

The object of control over expenditure is to secure as close an approximation as possible between annual expenditure and the final grant/appropriation. Saving exceeding 10 per cent was noticed persistently in all the three years from 1979-80 in the case of the following grants and appropriations, indicating either defective budgeting or ineffective control over expenditure.

<i>Sl. Number and name no. of grant/appro- priation</i>	<i>Charged/ Voted</i>	<i>Year</i>	<i>Total grant/ appropriation</i>	<i>Saving</i>	<i>Percentage of saving to total provision</i>
---	---------------------------	-------------	---	---------------	--

*(in lakhs of rupees)*

##### Revenue Section

1. XVI—Pensions and Miscellaneous	<i>Charged</i>	1979-80	51.30	32.67	64
		1980-81	40.50	14.64	36
		1981-82	48.97	13.77	28
2. XXII—Housing	<i>Voted</i>	1979-80	3,27.64	98.02	30
		1980-81	5,17.45	1,06.11	21
		1981-82	3,80.66	52.88	14

##### Capital Section

1. XV—Public Works	<i>Charged</i>	1979-80	10.95	3.87	35
		1980-81	28.32	4.29	15
		1981-82	33.79	13.05	39
2. XXII—Housing	<i>Voted</i>	1979-80	3,24.67	58.18	18
		1980-81	6,75.80	2,21.97	33
		1981-82	6,11.27	68.25	11





Sl. no.	Number and name of grant/appropriation	Charged/ Voted	Year	Total grant/ appropriation (in lakhs of rupees)	Saving	Percentage of saving to total provision
3.	XXIX—Miscellaneous					
	Economic					
	Services	Voted	1979-80	68.97	27.02	39
			1980-81	67.00	35.19	53
			1981-82	1,15.65	33.08	29
4.	XXXIII—Dairy	Voted	1979-80	1,59.00	59.43	37
			1980-81	1,94.40	1,49.68	77
			1981-82	3,21.80	2,65.84	83
5.	XXXIV—Fisheries					
		Voted	1979-80	1,64.89	60.72	37
			1980-81	3,26.30	1,13.68	35
			1981-82	3,74.31	96.58	26
6.	XXXVIII—Irrigation					
		Charged	1979-80	15.78	5.69	36
			1980-81	54.22	14.25	26
			1981-82	74.35	30.94	42

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

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated credits and recoveries are shown separately in the budget estimates. During the year 1981-82, such recoveries were anticipated at Rs. 42.68 crores (Revenue: Rs. 28.91 crores; Capital: Rs. 13.77 crores) against which actual recoveries were Rs. 49.45 crores (Revenue: Rs. 37.47 crores; Capital: Rs. 11.98 crores), resulting in a net excess of Rs. 6.77 crores (Revenue: Rs. 8.56 crores; Capital Rs. (—) 1.79 crores). Some of the important cases of shortfall/excess in recoveries are given in Appendix 2.5.

## 2.6. Advances from the Contingency Fund

A Contingency Fund of Rs. 8 crores has been placed at the disposal of the Government, to enable them 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 a emergent character, the postponement of which, till its authorisation by the Legislature, would be undesirable.

Sixty-six sanctions were issued during 1981-82, advancing Rs. 15,77.51 lakhs, of which one sanction for an amount of Rs. 3.00 lakhs was subsequently cancelled and the amounts of six others reduced by Rs. 8.47 lakhs.

Four sanctions, advancing a total of Rs. 29.60 lakhs issued in January 1982 and March 1982 were not operated.

### 2.7. Reconciliation of departmental figures

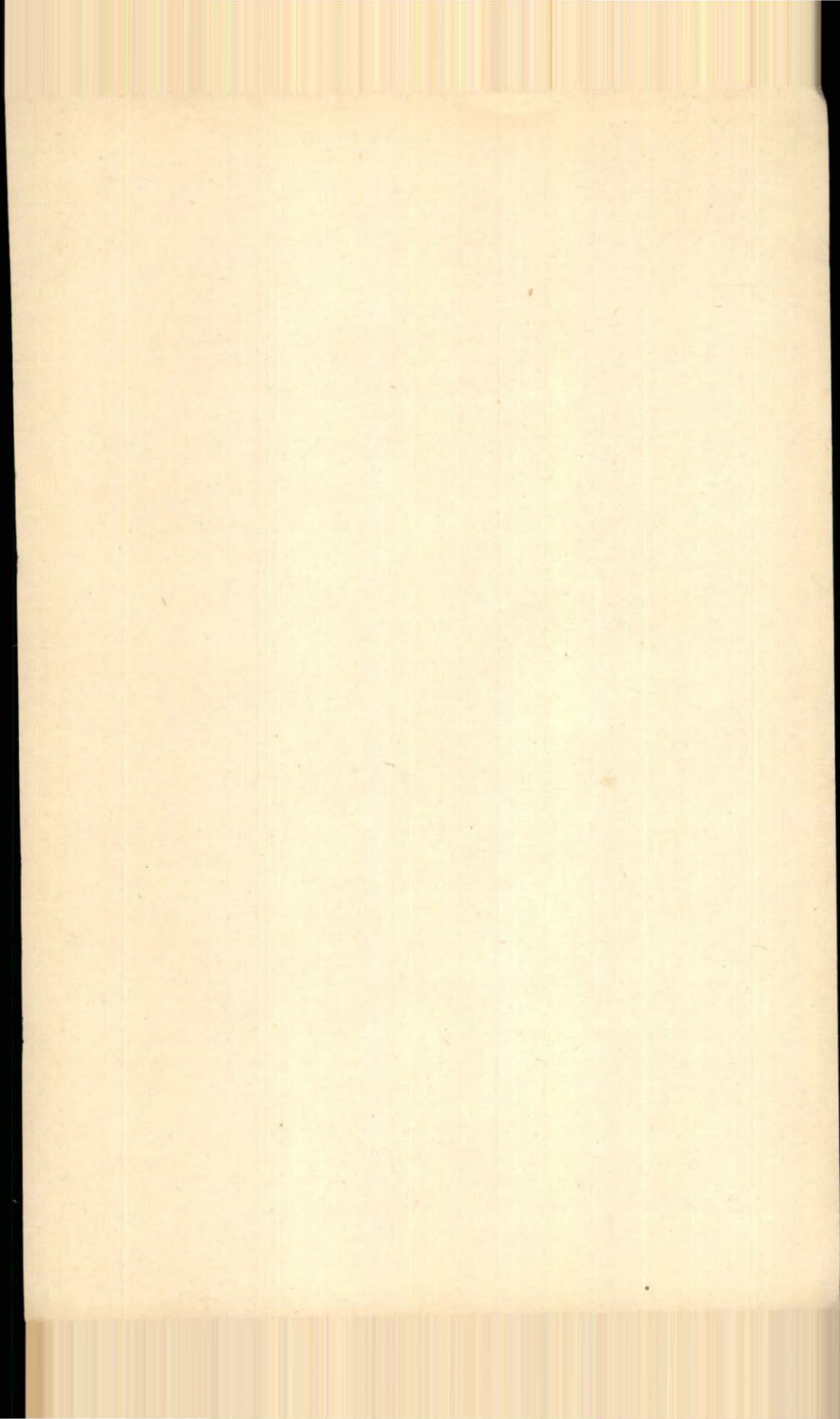
The State Budget Manual requires that departmental figures of expenditure should be reconciled every month with those compiled by the Accountant General. Such reconciliation enables the departmental officers to exercise proper control over expenditure and to detect frauds and defalcations, if any at an early stge.

The reconciliation was in arrears in several departments. The number of controlling officers who have not reconciled (September 1982) their figures upto the end of 1981-82 and the amounts which require reconciliation are indicated below year-wise:—

<i>Year</i>	<i>No. of controlling Officers</i>	<i>Amount unreconciled (in lakhs of rupees)</i>
1978-79	6	6,37.26
1979-80	7	5,83.31
1980-81	35	40,03.67
1981-82	145	2,84,18.03

Departments with heavy arrears are noted below:—

<i>Sl. No.</i>	<i>Department</i>	<i>No. of certificates</i>	<i>Amount unreconciled (in lakhs of rupees)</i>
1.	AGRICULTURE		
	(a) Agriculture	48	15,06.40
	(b) Animal Husbandry	12	8,51.23
2.	GENERAL EDUCATION		
	Primary & Secondary	21	1,13,26.42







<i>Sl. No.</i>	<i>Department</i>	<i>No. of certificates</i>	<i>Amount unreconciled</i>
			<i>(in lakhs of rupees)</i>
3.	HEALTH		
	(a) Medical	49	43,71.65
	(b) Family Welfare	49	17,57.48
	(c) Public Health	63	9,95.49
4.	HIGHER EDUCATION		
	(a) University and Higher Education	839	26,17.79
	(b) Technical Education	1,009	8,40.61
	(c) Stationery & Printing	16	7,33.41
5.	TAXES		
	Stamps and Registration	10	2,04.86

### **2.8. Withdrawal 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. According to details furnished to Audit, 34 drawing and disbursing officers drew Rs. 14.61 lakhs in March 1982 and earlier months and retained the money in the cash chest.

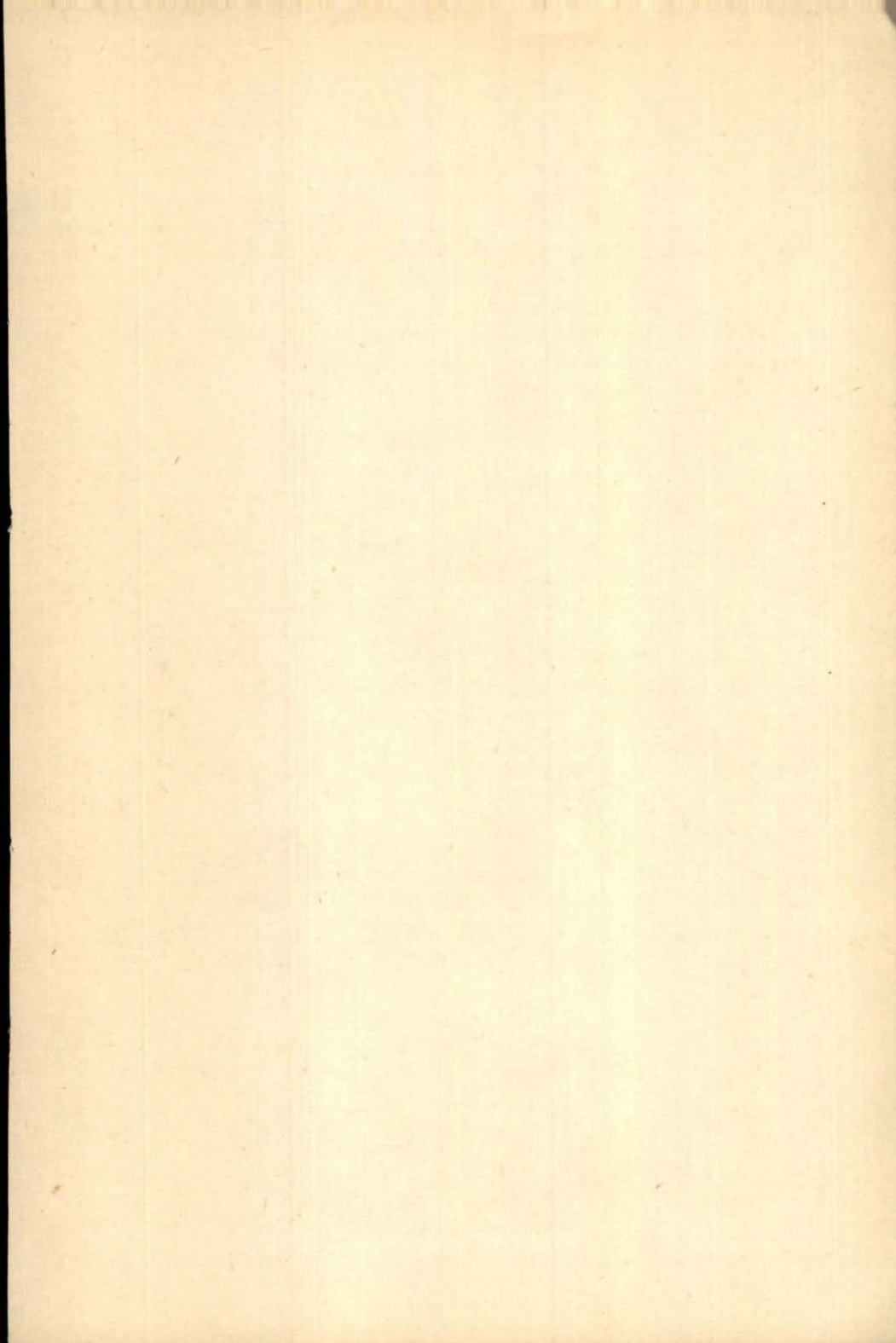
Out of the amount so drawn and retained, Rs. 14.11 lakhs were disbursed between April and July 1982 and Rs. 0.23 lakh were refunded between April and August 1982. Information regarding disbursement of the balance of Rs. 0.27 lakh is awaited (December 1982).

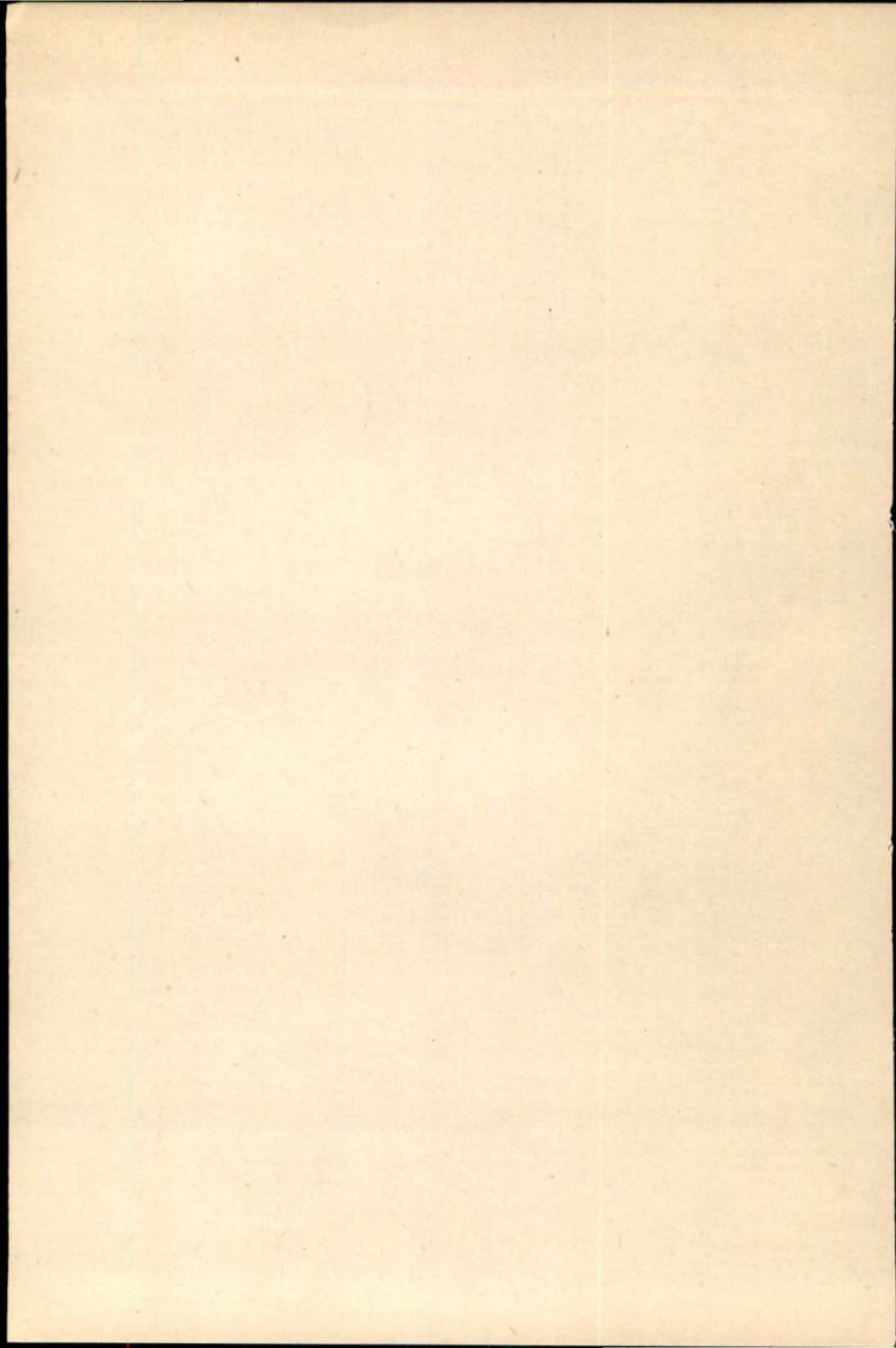
Details of amounts drawn, disbursed and retained by the officers are given in Appendix 2.6.

### **2.9. Expenditure on New Service**

Mention was made in paragraph 2.10 of the Report of the Comptroller and Auditor General of India for the year 1980-81 about the payment of Rs. 17.43 lakhs to the State Farming Corporation of Kerala Limited (a Government Company) for implementation of a 'Rubber Plantation scheme' without following "New Service" procedure, although no specific provision had been made in the Budget for the purpose.

During 1981-82 also, Government paid Rs. 86.68 lakhs to the Company for implementation of the scheme, though there was no specific provision in the Budget for the purpose. The expenditure was met by re-appropriation. According to the criteria laid down by the State Public Accounts Committee, payment of grants and contributions for existing purposes exceeding Rs. 12,500 (recurring) or Rs. 50,000 (non-recurring) is to be treated as "New Service". As such, the reappropriation was irregular and the expenditure should not have been incurred without obtaining a supplementary grant or advance from the Contingency Fund.





## CHAPTER III

### CIVIL DEPARTMENTS

#### AGRICULTURE DEPARTMENT

##### (ANIMAL HUSBANDRY)

### 3.1. Pig Breeding Units

In June 1979, Government sanctioned the establishment of a Pig Breeding Farm at Kanjirappally for production of high quality pure-bred and cross-bred piglings for distribution to farmers for breeding and fattening. The farm was to undertake pureline breeding and three way cross-breeding of imported pigs. Pureline boars of different breeds were also to be distributed to farmers for upgrading the local stock. The farm was to have a foundation stock of 185 sows and 15 boars of pure large white Yorkshire breed and 15 sows and 5 boars of pure Hampshire breed. As a preliminary step towards building up the foundation stock, Government had, in June 1978, sanctioned the raising of the sow-strength in each of the Pig Breeding Units at Angamali and Thalayolaparamba from 5 to 30. Breeding of imported pigs was to be undertaken in these units to build up the foundation stock till the Pig Breeding Farm at Kanjirappally became operational. After that, the two units were to function as distribution centres. Expenditure incurred in connection with the establishment of the farm at Kanjirappally to the end of August 1981 amounted to Rs. 12.03 lakhs.

The following points were seen in an audit review conducted in January 1982:

1. The farm at Kanjirappally has not come into being even after 3 years of its sanction. Land required for the farm (3.82 hectares; cost: Rs. 4.90 lakhs) was acquired only in January 1981. Construction of a pigsty, office building and staff quarters has not so far been commenced owing to delay in finalisation of estimates. Government stated (December 1982) that timely action was taken to finalise the plan for these works with the State Public Works Department and that the estimate amounting to Rs. 20 lakhs was forwarded by the department in October 1982.

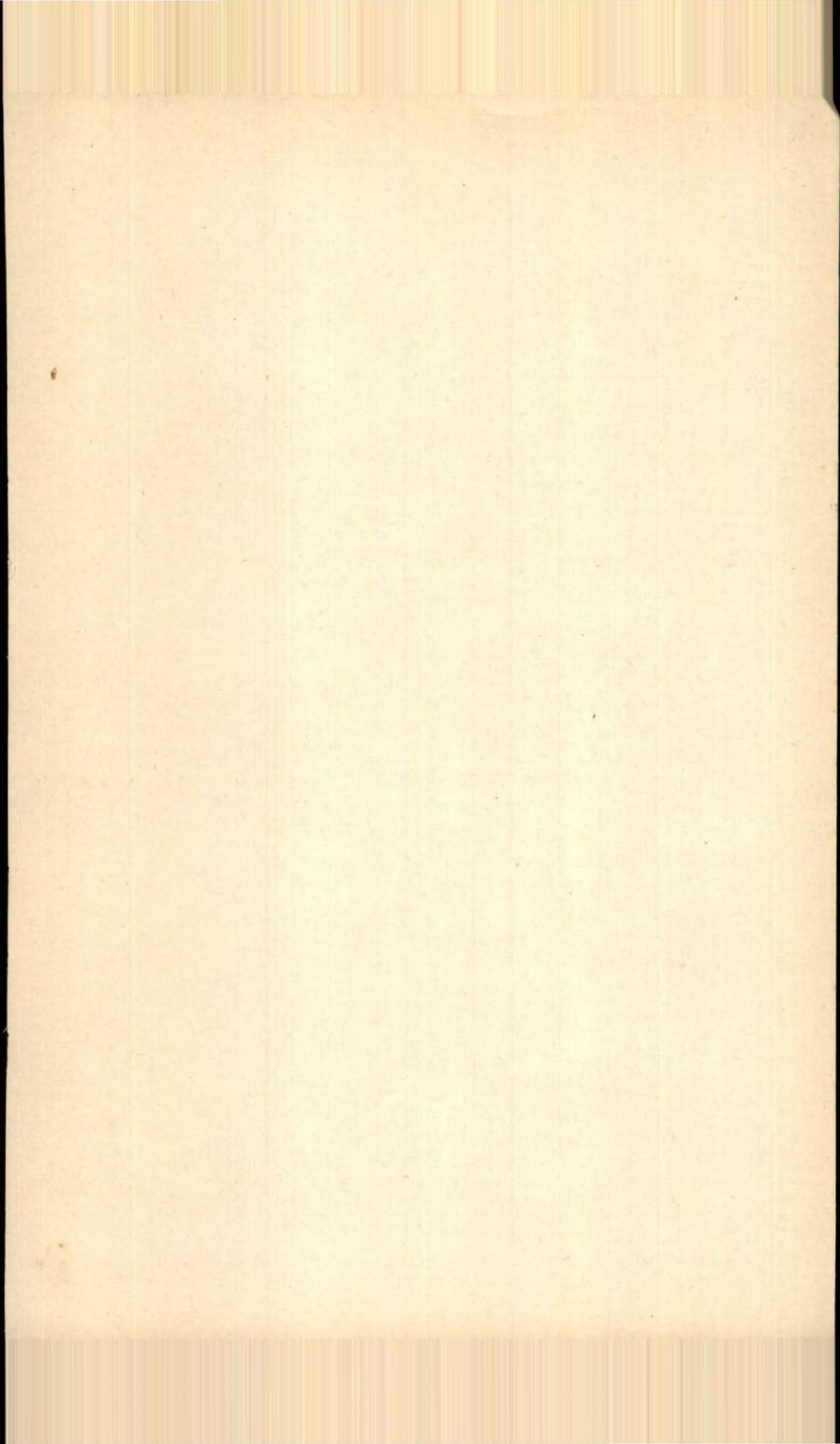
2. Although it is nearly 4 years since Government accorded sanction for raising the sow-strength in each of the two units at Angamaly and Thalayolaparamba from 5 to 30, neither of the two units has achieved this yet. As at

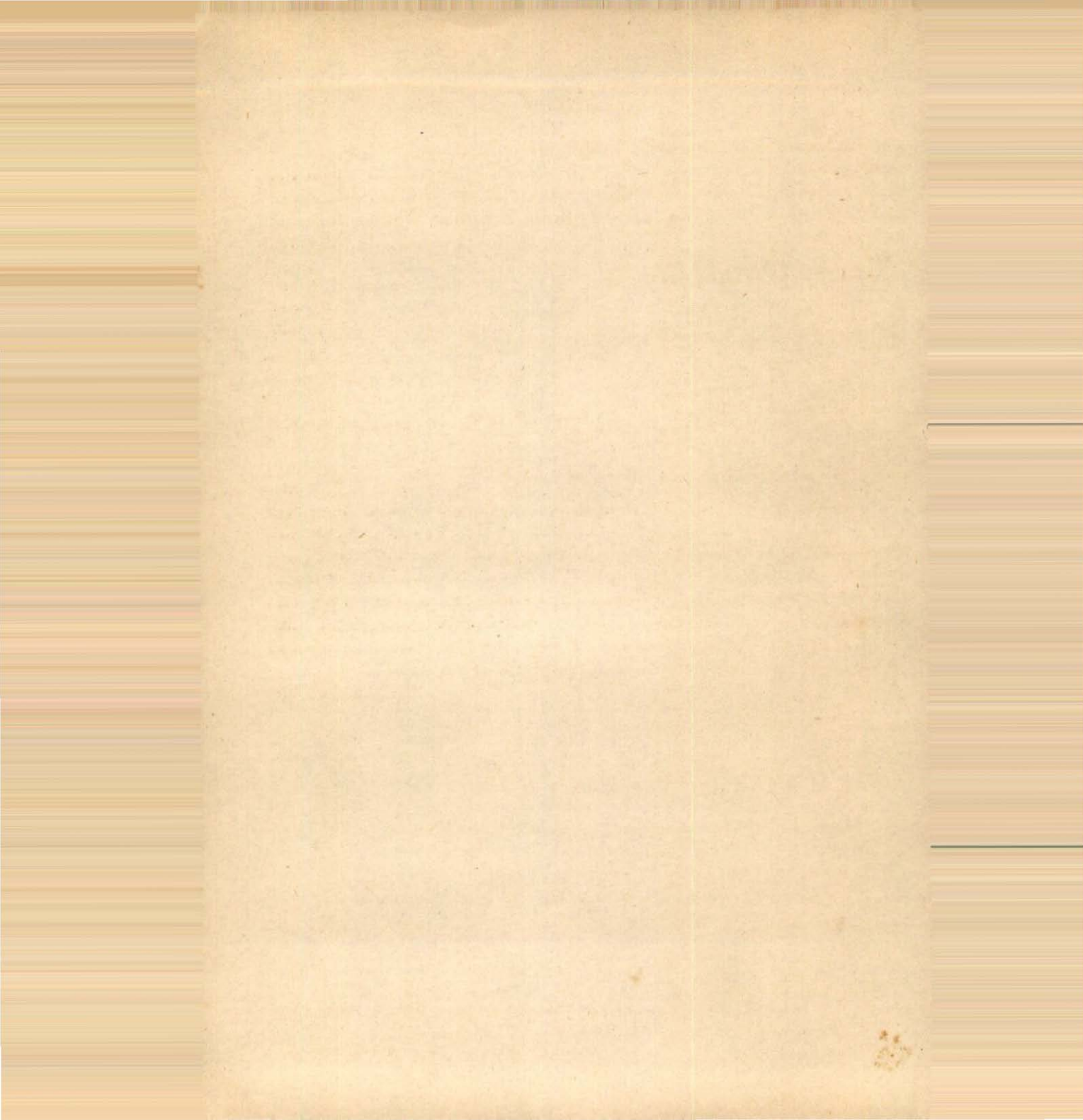
the end of November 1981, the Pig Breeding Unit at Angamaly had only 15 sows and 8 gilts while the unit at Thalayolaparamba had only 16 sows and 2 gilts. According to the Pig Development Officer (January 1982), the shortfall was owing to lack of sufficient number of sties and farrowing pens in the two units, which in turn was due to delay in taking up/completing construction works.

3. In order to build up the foundation stock, the department imported 21 sows and 11 boars—7 sows and 5 boars of large white Yorkshire breed in November 1977 at a cost of Rs. 0.36 lakh and 14 sows and 6 boars of Hampshire breed in April 1979 at a cost of Rs. 0.78 lakh. The imported pigs of Yorkshire breed were allotted to Angamaly unit while those of Hampshire breed were allotted to Thalayolaparamba unit. Pureline breeding of the imported pigs started in May 1978 at Angamaly and in August 1979 at Thalayolaparamba.

Out of the 21 imported sows, 9 died between April 1979 and June 1981; 6 were culled out and disposed of between December 1979 and November 1981 as they were found unfit for breeding. Thus by November 1981, only 6 imported sows were left in the two units. Out of 76 gilts obtained from the farrowings of imported sows, 6 died; 48 were sold out and 3 were culled out and disposed of on the ground that they were found unfit for breeding. Only the remaining 19 gilts were in stock in the two units at the end of December 1981. Thus, the two units together could build up a strength of only 25 sows against a strength of 200 required for the foundation stock. The boar-strength in the two units together was only 11 against the requirement of 20. Enquired by Audit whether the suitability of Hampshire pigs for breeding and fattening under Indian conditions had been investigated and established, the Pig Development Officer stated (January 1982) that the Hampshire pigs were purchased for the first time only in April 1979 and that no authentic published research finding on the performance of Hampshire pigs under Indian conditions was forthcoming. According to him, the All India Co-ordinated Research Project on Pigs (a project under the Indian Council of Agricultural Research, New Delhi) had strongly recommended inclusion of Hampshire pigs in the pig breeding programme in India, but the performance of imported Hampshire pigs in the State was not encouraging as they were found to be afflicted with various types of diseases.

It is significant to point out in this connection that out of 14 Hampshire pigs imported, 11 had died of diseases or were found unfit for breeding within 3 years of their import. The poor progress in building up the foundation







stock was partly due to the sale of 48 gilts and 51 boars born of the imported sows without being retained in the units for eventual transfer to the Pig Breeding Farm. The Pig Development Officer stated (January 1982) that the sale of gilts and boars was resorted to by the department on account of the high demand for them from the public and lack of accommodation facilities in the two units.

Imported sows are to farrow twice in a year. Out of 14 imported Hampshire sows, 7 did not farrow at all till they died or were culled out/disposed of. Of the 7 sows of Yorkshire breed, one farrowed only once in a period of 3 years, while another farrowed only once in a period of 2 years. Failure of the imported sows to acclimatise to local conditions, deterioration in their general condition owing to the prolonged use of toxic feed and outbreak of foot and mouth disease were the reasons ascribed (January 1982) by the Veterinary Surgeon for the fall in the farrowing rate.

### **3.2. Unfruitful outlay on land**

During 1971-75, Government acquired 15.71 acres of land at a cost of Rs. 6.55 lakhs for starting two Milk Supply Schemes at Quilon and Trichur. When steps were in progress for the preparation of estimates for construction of buildings for the Quilon Scheme, a Government company, viz. Kerala Livestock Development and Milk Marketing Board Limited (MILMA) was formed (November 1975) with the object of taking over/ implementing milk supply schemes. The land acquired for the two schemes was however not transferred to the company till the middle of 1981.

Expenditure on staff and contingencies to the end of 1973-74 was Rs. 0.97 lakh. From 1974-75, the staff sanctioned for the two schemes are functioning as regular district staff in the two districts attending to the administrative work in the District Offices.

In the wake of a decision by Government of India to extend the 'Operation Flood II Programme' to the State, the State Government decided (August-September 1981) to implement the Quilon and Trichur schemes under that programme. The Kerala Co-operative Milk Marketing Federation was designated as the agency for implementing the programme in the State. However, work on the two schemes has not started yet, pending completion of preliminaries under the programme.

In the meantime, two out of four acres of land acquired for the Quilon scheme was used for fodder cultivation. Receipts from fodder cultivation during 1972-73 to 1981-82 was Rs. 0.06 lakh.

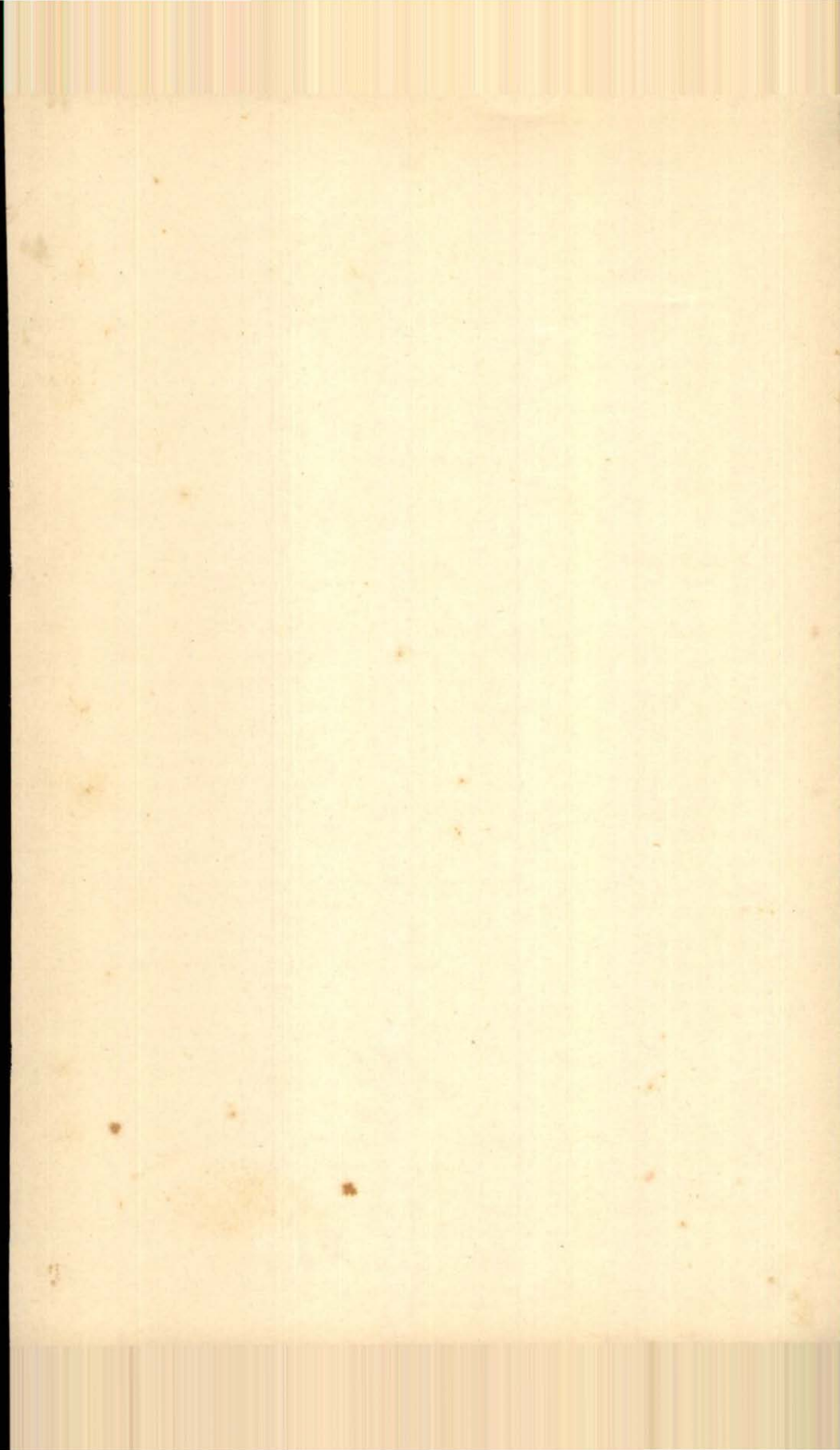
Consequent on the delay in starting the two schemes, expenditure of Rs. 6.55 lakhs incurred prior to April 1975 remains locked up. According to the Director of Dairy Development (May 1982), the land for the two schemes was acquired with the best intention of establishing Dairy plant/Milk Product Factory and the Department could not proceed with the schemes owing to the change in its organisational set-up with the formation of MILMA. Government endorsed (July 1982) the views of the Director of Dairy Development. Government also stated (September 1982) that steps were underway to acquire additional land for setting up the dairy plants at Trichur and Quilon.

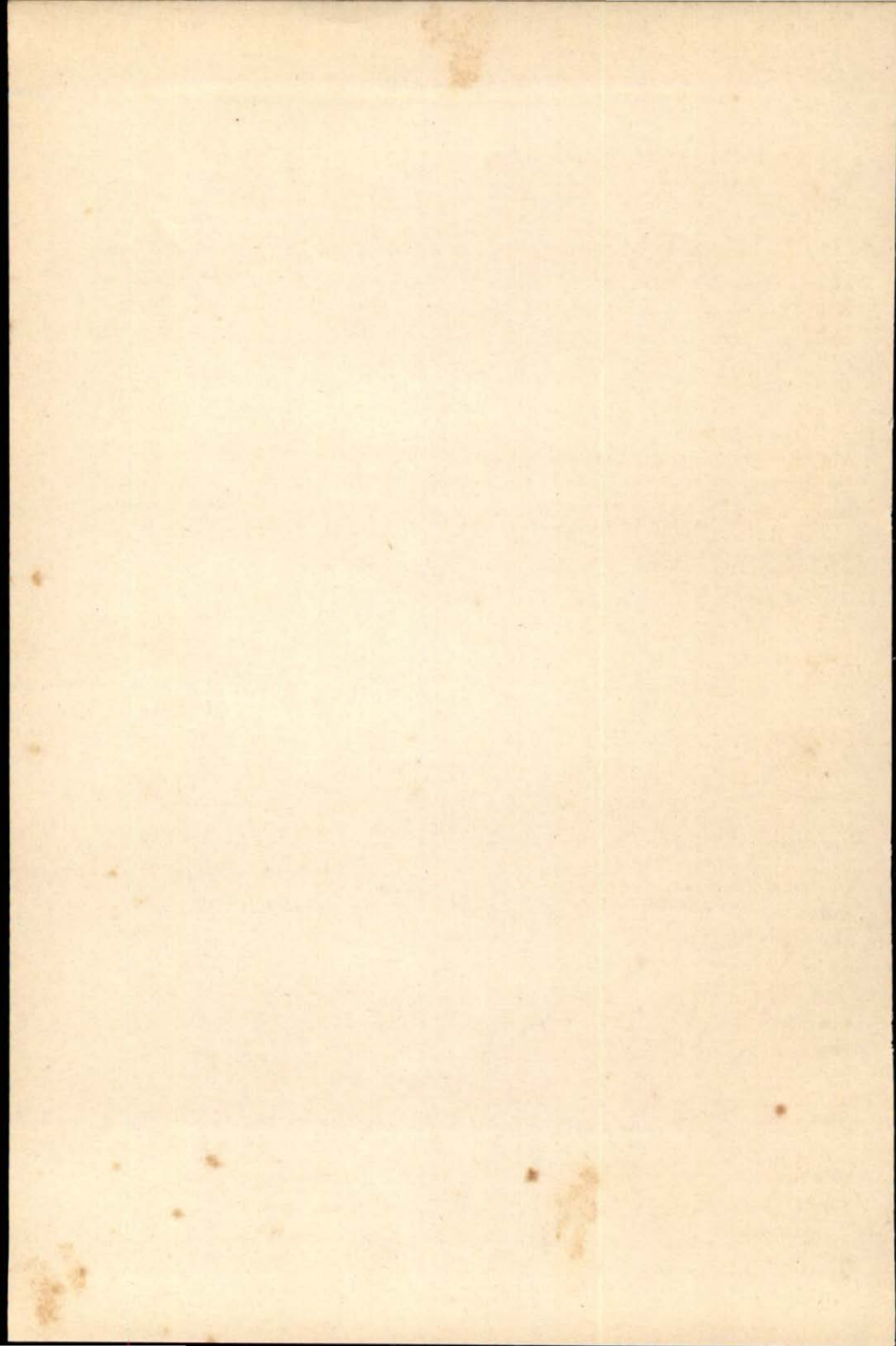
## (FOREST)

**3.3. Project Tiger, Periyar Tiger Reserve**

Periyar Wild life Sanctuary (area 777 sq.km.) in Idukki District in Kerala was included (1977) by Government of India for implementation of 'Project Tiger'—launched for the preservation of Tiger in its natural surroundings. The Government of Kerala sanctioned the scheme in January 1978. The project was to be implemented as per a management Plan prepared in accordance with the detailed guidelines issued by Government of India. Expenditure up to the end of 1978-79 was fully borne by the Government of India and from 1979-80 onwards it was to be shared on equal basis by the State Government. The following table gives the year-wise details of expenditure incurred on the project and the Central assistance received for its implementation:

Year	Expenditure			Central assistance received	Central assistance not utilised
	Central share	State share	Total		
(in lakhs of rupees)					
1978-79	1.81	Nil	1.81	6.00	4.19
1979-80	1.14	1.14	2.28	3.00	1.86
1980-81	3.675	3.675	7.35	3.50	..
1981-82	6.385	6.385	12.77	..	..





Unutilised Central assistance as at the end of 1980-81 amounted to Rs. 5.87 lakhs.

Results of an audit review of the implementation of the project conducted in November-December 1981 with reference to records in the Office of the Chief Conservator of Forests, Trivandrum, Field Director, Kottayam and Wild Life Preservation Officer, Thekkady are given in the succeeding paragraphs:

1. *Non-approval of Management plan*

Though under the guidelines issued by the Government of India, the management plan and the annual plans of operations were to be got approved by the Government of India, there was nothing on record to indicate that such approval had been obtained.

2. *Buffer zone*

According to the Government of India guidelines, the 'tiger reserve' was to have a core area surrounded by a buffer zone to protect the former from outside interference and disturbance. Of the total area of 777 sq.km. of the sanctuary, 350 sq.km. have been set apart as the core area and the remaining (427 sq.km.) as the buffer zone. The northern and eastern boundaries of the core area adjoin the Tamil Nadu State boundary where no buffer zone exists and consequently the buffer area does not surround the core area completely.

3. *Survey and demarcation*

The management plan provided for survey and demarcation of the boundary of the tiger reserve at an estimated cost of Rs. 1.25 lakhs. Work in this regard had not been taken up till the end of November 1981. According to the Wild Life Preservation officer (December 1981), boundary survey and demarcation were possible only after re-fixation of the boundary of the sanctuary adjoining Tamil Nadu border and proposals in this regard were pending at Government level.

4. *Programme of preservation of tigers*

(i) In order to prevent poaching, the management plan provided for establishment of two check posts and four pickets, construction of four watch towers and nine wireless towers and setting up of a wireless communication

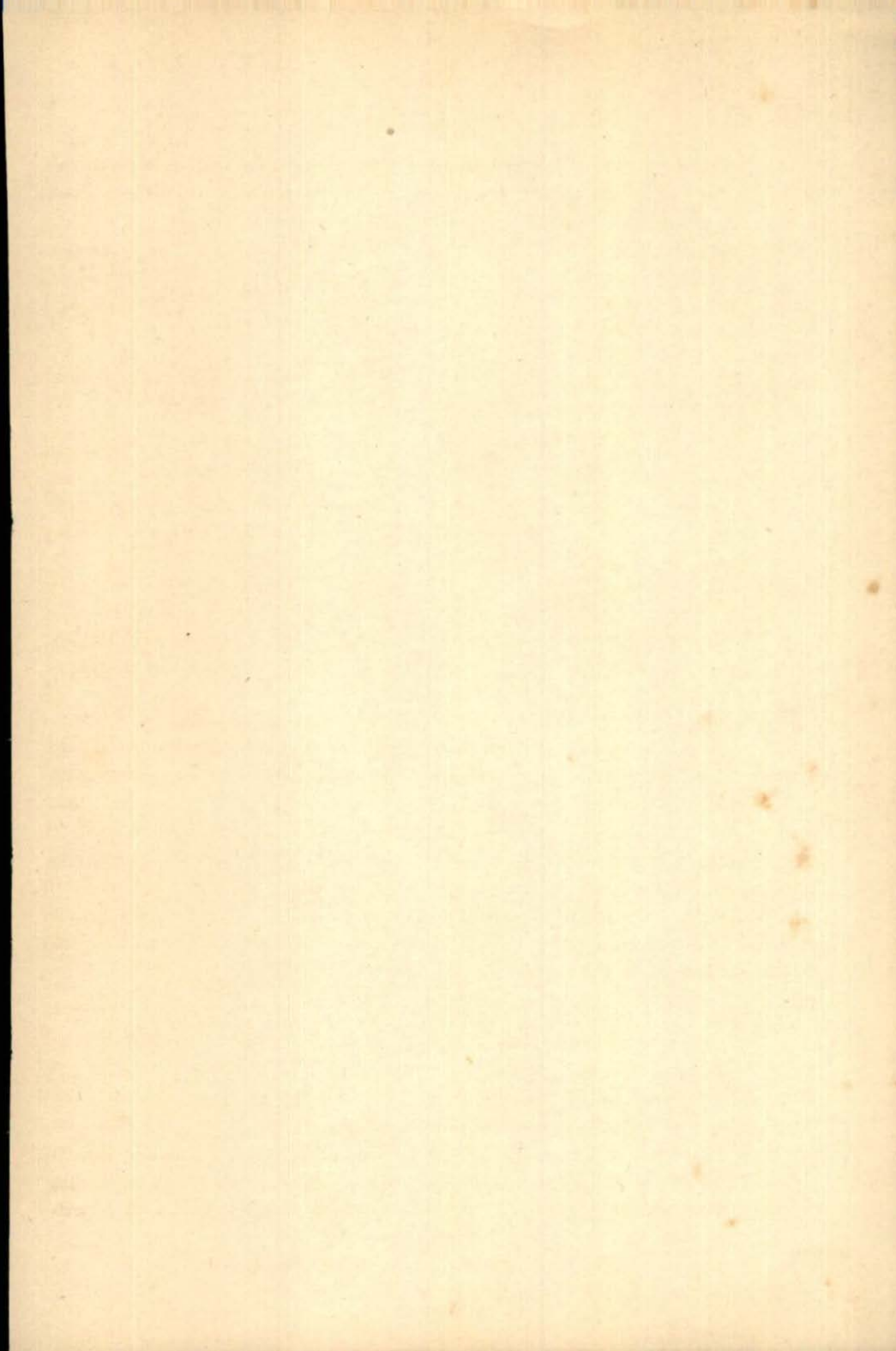
system in the reserve. The construction of watch towers and wireless towers is yet to be taken up (November 1981). Check posts and pickets have not been established. Delay in this regard was attributed (May 1982) by Government to the difficulty in getting contractors for execution of the work. Three wireless sets (cost: Rs. 1.87 lakhs) were supplied by the World Wild Life Fund in January 1981; but they have not been tested and installed yet (November 1981).

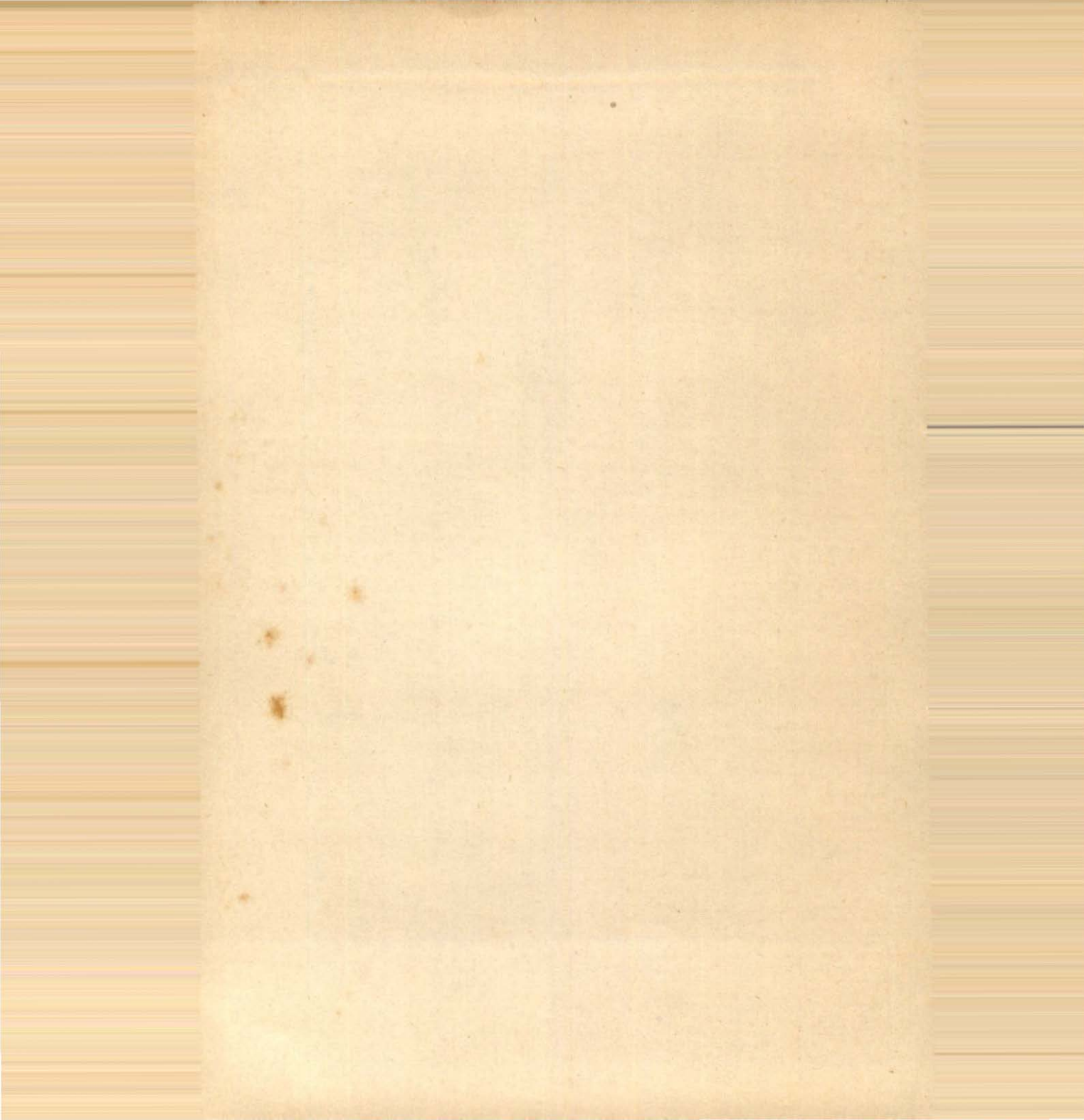
(ii) Veterinary care had not been provided to the tiger and other animal population within the sanctuary for want of a veterinary officer.

(iii) The management plan provided for cutting fire lines, 10 metres wide, along the boundary of the core area and internal lines, 6 metres wide, around the shelters of wild life. According to the annual plans of operations for the four years commencing from 1978-79, 650 kilometres of fire lines were to be cut at an estimated cost of Rs. 3.25 lakhs. As at the end of November 1981, firelines have been cut only for a total length of 119 km. (cost: Rs. 0.28 lakh). The poor progress was attributed (December 1981) by the Wild Life Preservation Officer, Thekkady to lack of supervisory staff. According to Government (May 1982) fires had been checked in the sanctuary by firelines already cut.

(iv) The management plan envisaged the construction of a wall along the northern boundary to prevent intrusion of cattle into the sanctuary area. The wall has not so far been constructed (November 1981). In a report sent to the Chief Conservator of Forests in March 1980, the Field Director observed that problem of domestic cattle entering the core area for grazing had become worse and that any measure other than construction of a wall would not be effective. Government stated (May 1982) that part of the sanctuary was already protected against domestic cattle by a trench which was being extended stage by stage.

(v) In terms of the management plan, fishing in the Periyar Lake Waters forming part of the core area was to be discouraged to minimise human interference. Government have, however, permitted the tribals to fish in the lake waters. The Wild Life Preservation Officer stated (November 1981) that fishing operation in the lake was detrimental to the preservation of wild life in the sanctuary on account of the attendant human interference and the likely depletion of fish in the lake. According to him, depletion of fish in the lake would affect the population of birds, otters, cats, etc., which depend mainly on fish for their food.







(vi) As commercial exploitation of the core area was prohibited under the Government of India guidelines, the mangement plan provided for the acquisition of three private cardamom estates (50.05 hectares) situated within the core area. The estates had not been acquired even after a lapse of 4 years of the commencement of the project as sanction of Government for the acquisition sought for by the Field Director in August 1979 is still awaited (December 1981). Collection of cardamom from four departmental plantations in an area of more than 50 hectares is also being continued. In a report sent to Government, the Chief Conservator of Forests stated (August 1980) that collection of cardamom from the departmental plantations was being continued in view of the high price of cardamom, though in the interest of wild life preservation, the correct course was to leave the area undisturbed allowing the natural ecosystem to develop.

According to Government, if any of the operations mentioned in the management plan was not implemented, it was because it was not absolutely essential at that point of time and the implementation of the operations was dictated not only by availability of staff but also priorities and requirements.

#### 5. *Improvement of habitat*

The mangement plan envisaged improvement of the habitat of the tiger and its prey animals as a step towards increasing their population. Habitat improvement consisted in (i) increasing forage availability (ii) developing water sources and (iii) providing salt licks. Except for provision of salt licks and a check dam for water, performance in improving the habitat was poor. Planting of seedlings of different varieties of grass and trees, pruning the saplings and trees and light lopping of their branches were not undertaken till September 1981 for increasing forage. Expenditure on this account incurred thereafter was also nominal. Government stated that the existing habitat could provide sufficient fodder and water by simple manipulation whenever water and fodder requirements became critical during summer months.

#### 6. *Progress in construction works*

The management plan provided for construction of 49 buildings (including 4 barracks, 1 inspection bungalow, 25 quarters and 1 research laboratory) at a cost of Rs. 12.15 lakhs. Four buildings were targeted to be completed in 1978-79, 14 in 1979-80, 10 in 1980-81, 13 in 1981-82 and 8 in 1982-83. Against this, only two buildings (staff quarters) had been completed till the end of November 1981. It was proposed to develop two roads for a total length

of 25 km. at an estimated cost of Rs. 1.70 lakhs by 1979-80. Against this, work on one of the roads (length: 15 km.; estimated cost: Rs. 1.60 lakhs) has not been commenced; work on the other (length: 10 km.) is stated to be almost complete (December 1981). The Wild Life Preservation Officer, Thekkady stated (December 1981) that remoteness of the locality, lack of communication facilities, non-availability of skilled labour and reluctance of contractors to take up work in the area were some of the reasons for the poor progress in construction work.

#### 7. *Impact of the project on tiger population*

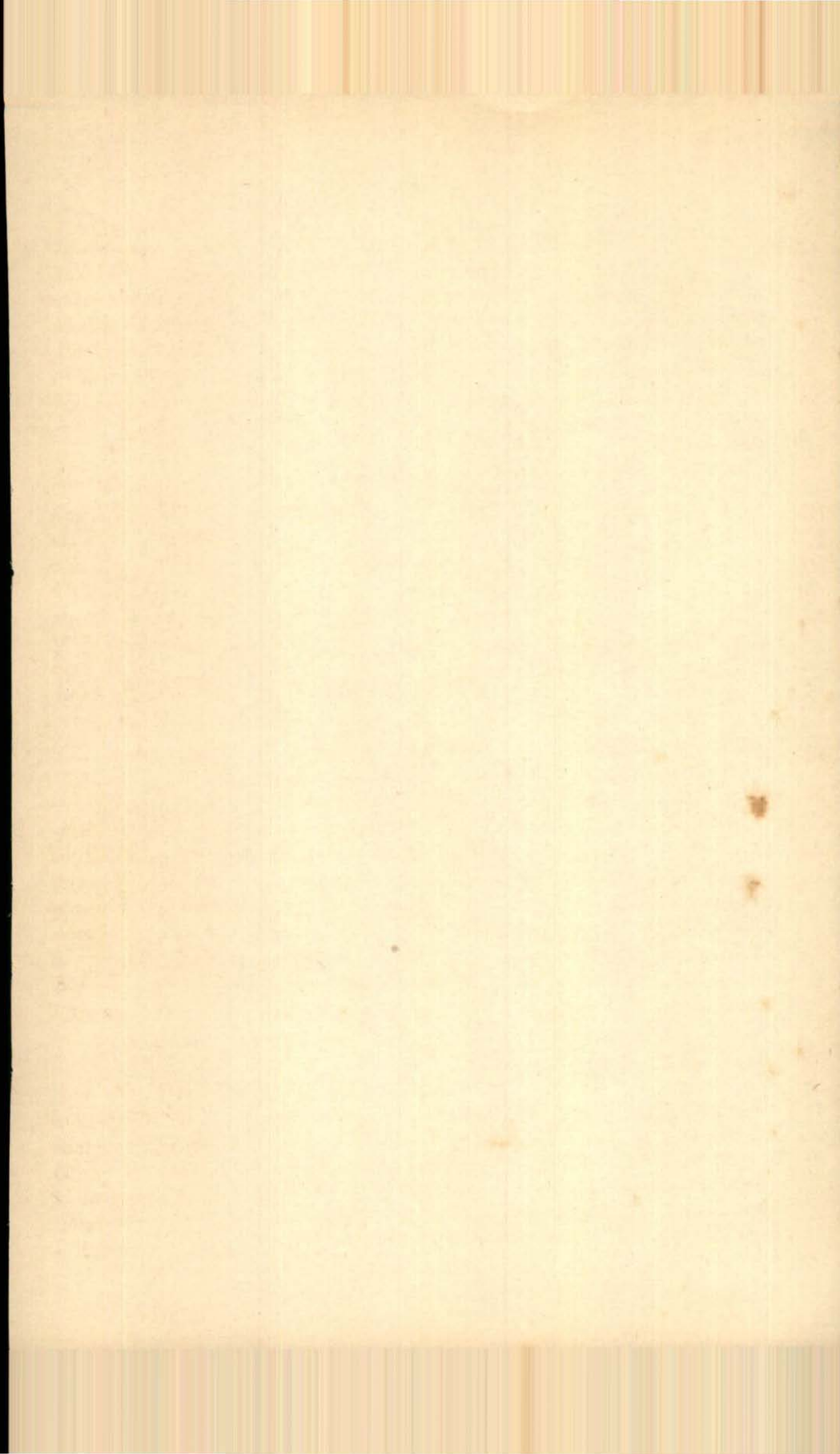
At the commencement of the project, there were not fewer than 35 tigers in the reserve as revealed by a reconnaissance survey conducted in 1978 by the wild life wing of the Kerala Forest Research Institute. Based on a tiger census undertaken subsequently by the Forest Department in April 1979, the population of tigers was estimated at 34 comprising 16 males, 13 females and 5 cubs. In December 1980, a fresh census indicated the number to be 35. The Wild Life Preservation Officer observed (January 1981) that the tiger population in the sanctuary was more or less static. Thus even after the expiry of more than half the operational period, the project had not made any impact on the tiger population in the reserve.

#### 8. *Research*

Research activities envisaged in the management plan comprised preparation of vegetation maps, establishment of weather stations, identification and recording ecological niches of wild life, habitat appraisal, opening of sample plots and collection of data, etc. Though the post of Research Officer was filled up in November 1980, no research activity (except opening of four sample plots) was carried out till November 1981 when the Research Officer was diverted for supervision of a construction work. According to the Wild Life Preservation Officer (December 1981), research work suffered owing to lack of facilities like quarters, office, laboratory, etc.

#### 9. *Splitting up of estimates*

In 1980-81, the Wild Life Preservation Officer sanctioned under his own powers of sanction, fifteen estimates aggregating Rs. 1.34 lakhs for clearance of 'vista lines' and executed the work departmentally at a cost of Rs. 0.90 lakh although sanction of Government was necessary for execution of such works costing more than Rs. 5,000. According to the Field Director, Project Tiger, the work constituted a single operation of clearing through a





continuous line and the estimate should not have been split up. The action of the Wild Life Preservation Officer in having split up the work has not been got ratified by Government yet (November 1982).

10. *Non-maintenance of muster rolls*

During the period from 1978-79 to 1980-81, the Wild Life Preservation Officer paid Rs. 0.59 lakh as wages to 217 labourers for 5296 mandays for items of work such as fire watching, cattle scaring, census operations, etc., without keeping muster rolls in support of the payments though required under rules. The Wild Life Preservation Officer stated (December 1981) that muster rolls were not maintained because the labourers entertained were stationed at different places and that the items of work on which they were employed were different from ordinary manual labour.

11. *Registration of vehicles, equipment, etc.*

According to the Government of India guidelines, vehicles, equipment, etc., procured for the project were to be registered in the name of the Director, Project Tiger, Ministry of Agriculture, Government of India. Contrary to these instructions, two 'Rajdoot' motor cycles received in July 1978 and one jeep received in July 1981 from the World Wild Life Fund were, however, registered, in the name of the Field Director, Project Tiger, Kottayam.

12. *Tenure of personnel posted to the project*

The Government of India guidelines stipulated that the personnel assigned to the project were to remain in their posts for a minimum period of 3 years in order to ensure continuity. Notwithstanding this instruction, the personnel posted to the project were changed very frequently. The Chief Conservator of Forests stated (November 1981) that frequent transfers of the Field Director and Assistant Field Director were due to administrative reasons. Sanction of the Government of India for transfer of gazetted officers before the expiry of the prescribed tenure of three years was, however, not obtained as required in the guidelines, nor was anything on record to indicate that the Chief Conservator of Forests had satisfied himself that such frequent changes were necessary for compelling reasons.

13. *Headquarters of the Field Director*

The Government of India guidelines enjoined that the Headquarters of the Field Director should be located within the tiger reserve to facilitate close supervision and where this was not practicable, prior approval of the

Government of India was to be obtained for locating the headquarters outside the reserve. In May 1978, the State Government fixed the headquarters of the Field Director at Kottayam which is 115 km. away from the sanctuary area, stipulating that the Field Director should spend at least twenty days in a month in the sanctuary. Prior approval of the Government of India was not obtained for locating the headquarters outside the tiger reserve, nor was the condition about spending a minimum of 20 days in a month within the tiger reserve complied with by any of the Field Directors. It was not clear how close supervision of the project was possible in view of the distant location of the headquarters of the Field Director.

#### 14. *Progress reports*

According to the guidelines issued by the Government of India, monthly, half-yearly and annual progress reports were to be sent to them to enable them to review the performance of the project. Half-yearly reports have not been sent to the Government of India since the commencement of the project in 1978. Monthly reports were sent to Government of India only from August 1980 onwards, i.e., after more than 2 years since the State Government started implementing the project. Government stated (May 1982) that the directions contained in the guidelines for submission of monthly and half-yearly reports might not have been noticed by the then officers until they were brought to their notice by the Government of India in July 1980 and that the Government of India had also not insisted on submission of half-yearly reports.

#### 15. *Evaluation of the project*

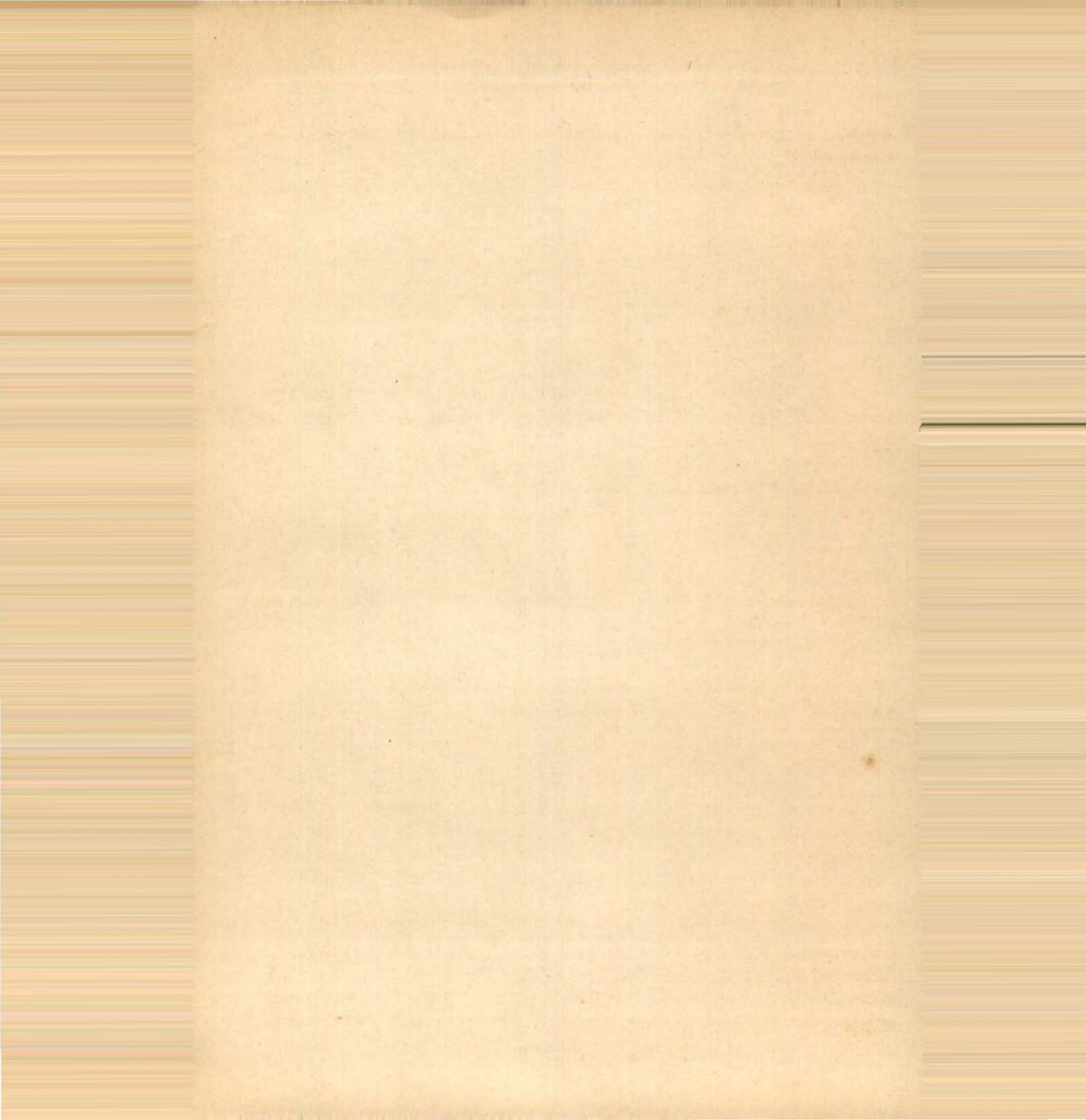
The State Government were to review from time to time the progress made in the implementation of the project. Apart from a general monthly review of all Centrally sponsored schemes which is reported to be conducted by the Planning and Economic Affairs Department of the Government, the implementation of the project in particular was not reviewed at any time by the administrative department of Government.

#### *Summing up*

The following points emerge from the foregoing paragraphs:—

- (i) Part of the 'core area' is not buffered from outside interference.
- (ii) Very little had been done to implement the anti-poaching measures inside the reserve. Progress made in cutting firelines along the boundary and inside the sanctuary area was also poor as the actual achievement in this regard was only 119 km. of firelines against 650 km. provided for in the







annual plans of operations. Veterinary care has not been provided to the tigers and other animals so far.

(iii) Fishing operations, though detrimental to preservation of wild life, have been permitted in the lake waters inside the sanctuary.

(iv) Commercial exploitation of the core area by resorting to the collection of cardamom is being continued contrary to the guidelines of the Government of India.

(v) Progress in the construction of buildings and roads was poor. As against 41 buildings proposed to be completed between 1978-79 and 1981-82, only two had been completed.

(vi) The project has not so far made any impact on the 'tiger' population as the number of tigers within the sanctuary remained more or less static.

(vii) Personnel posted to the project were changed very frequently contrary to the guidelines for the project.

(viii) The headquarters of the Field Director is located far away from the project area. The number of days spent every month by the Director in the project area also fell short of the minimum.

(ix) The State Government had not conducted any evaluation of project as required in the guidelines.

## FINANCE DEPARTMENT

### 3.4. Delay in encashment of bank drafts

Loans given by the National Co-operative Development Corporation to the State Government for implementation of various schemes, bear interest from the dates on which the Bank drafts for the loans are mailed (put into the post box) by the Corporation. In 17 cases, Bank drafts for an aggregate amount of Rs. 2,27.70 lakhs sent by the Corporation in March 1981 were received by Government (15 drafts for Rs. 1,82.58 lakhs by the Agriculture Department and 2 drafts for Rs. 45.12 lakhs by the Industries Department) within 6 days from the date of despatch in each case. However, there was delay ranging from 32 to 118 days in sending the drafts for encashment. The proportionate amount of interest paid by Government to the Corporation for the period of delay in sending the drafts for encashment amounted to Rs. 3.32 lakhs. In this connection, it was further seen that from 14th April 1981 onwards, the State Government had been taking from the Reserve Bank

of India, ways and means advances bearing interest at 8 to 10 *per cent*/ overdrafts bearing interest at 12 *per cent* to maintain the agreed minimum cash balance with the Bank. The interest paid on such advances/overdrafts would have been less by Rs. 2.42 lakhs, had the demand drafts been collected promptly. Government in the Agriculture and Industries Departments attributed (May 1982) the delay in encashing the drafts to administrative reasons like inter-sectional correspondence, correspondence with National Co-operative Development Corporation and intervening holidays.

## GENERAL EDUCATION DEPARTMENT

### 3.5. Idle outlay on land

The Town Planning Scheme for Thevara-Perandoor Canal Area in Ernakulam District proposed by the Cochin Town Planning Trust (which became the Greater Cochin Development Authority in January 1976) was sanctioned by Government in May 1973. The scheme envisaged among other things, the establishment of two primary schools in the area. In October 1975, Government authorised the Education Department to pay Rs. 4 lakhs to the Town Planning Trust towards part cost of 3.12 acres of land proposed to be allotted by the latter to the department for construction of schools. The amount was paid to the Greater Cochin Development Authority in March 1976. The land has not, however, been transferred to the department yet (May 1982). The amount has thus remained locked up since March 1976.

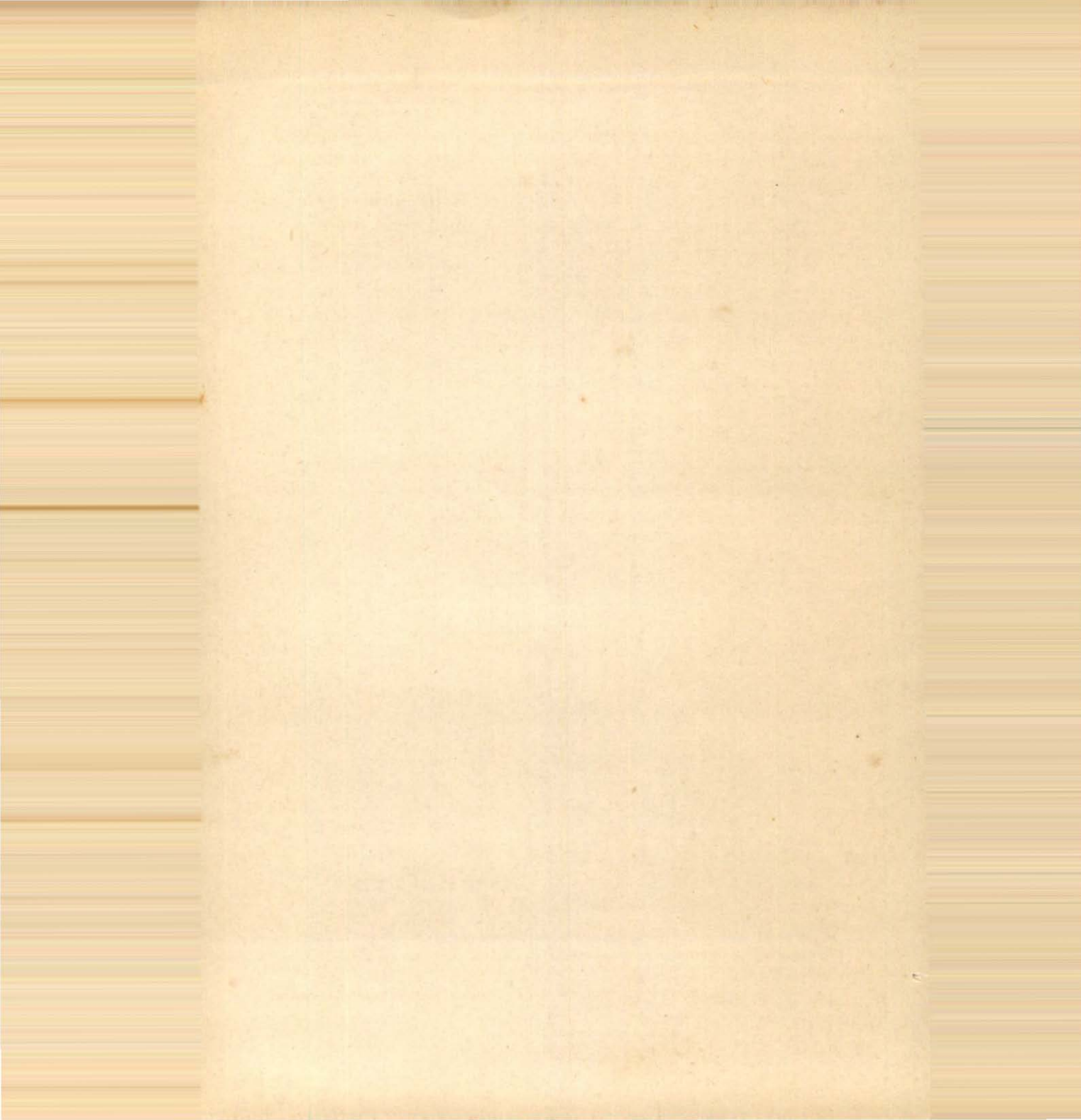
Government stated (May 1982) that the tentative price of the land was fixed at Rs. 13.54 lakhs in 1976, that the land had not so far been transferred since the balance amount of Rs. 9.54 lakhs could not be sanctioned due to paucity of funds and that action was under way to release the balance amount and to take over the land. Government further stated (November 1982) that a decision in regard to the opening of new primary schools in the locality had not been taken so far.

## HEALTH DEPARTMENT

### 3.6. Implementation of prevention of Food Adulteration Act, 1954

With a view to preventing the adulteration of food-stuffs, Government of India enacted "The Prevention of Food Adulteration Act, 1954" (referred to hereinafter as the Act) and framed "The Prevention of Food Adulteration Rules, 1955". The Act provides for drawal of samples of articles of food from





vendors or any other person selling the articles which are to be analysed for their purity by qualified public analysts appointed for the purpose and for launching of prosecution against the offenders on the basis of the results of analysis. In exercise of the powers conferred under the Act, the State Government framed "The Kerala Prevention of Food Adulteration Rules, 1957" which came into force from April 1957.

Under the rules, the Health Officers of the Corporations/Municipalities and the District Food Inspectors have been declared as the Local (Health) Authorities for purposes of the Act. Drawal of samples in the Corporations and Municipal areas is the responsibility of the Food Inspectors/Health Inspectors of the Local Bodies while in Panchayat areas, the Food Inspectors of the Health Services Department are responsible for the drawal of samples and for launching of prosecutions in cases where the samples are adulterated or misbranded.

Analysis of food samples drawn from the Corporations, Municipal and Panchayat areas is done in the Government Analyst's Laboratory, Trivandrum and the Regional Analytical Laboratories, Ernakulam and Kozhikode.

Expenditure incurred for implementing the Act from 1976-77 to 1981-82 was Rs. 128.22 lakhs.

Results of a review by Audit of the implementation of the scheme conducted in April-May 1982 with reference to the records maintained in the Directorate of Health Services, Offices of three District Food Inspectors (Trivandrum, Ernakulam and Kozhikode) and 12 Food Inspectors\* and in the three Analytical Laboratories (Trivandrum, Ernakulam and Kozhikode) are given in the succeeding paragraphs.

(1) Monthly quota of samples of articles of food to be drawn as fixed by Government in 1963 and revised in June 1977 ranged from 60 to 80 samples in the case of Corporations, 20 to 40 samples in the case of Municipalities and 1 to 4 samples in respect of Panchayats. Details of the actual number of samples drawn for each of the 4 years from 1977-78 separately for Corporations, Municipalities and Panchayats vis-a-vis the monthly quota fixed by Government are indicated in Appendix 3.1.

---

\*Neyyattinkara, Nedumangad, Kottarakara, Attingal, Changanacherry, Ettumanur, Thrippunithura, Edappally, Kozhikode, Quilandy, Badagara and Tellicherry.

None of the three Corporations drew the full quota of samples as prescribed by Government.

Twenty-two out of 29 Municipalities (1977-78), 34 out of 38 Municipalities (1978-79) and 24 out of 41/42 Municipalities (1979-80 and 1980-81) also did not draw the prescribed quota of samples for analysis during 1977-78 to 1980-81. One Municipality (Pathanamthitta) did not send any sample for analysis during 1980-81 and 1981-82. The number of Panchayats in which the prescribed quota of samples was not drawn ranged from 42 in 1979-80 to 316 in 1978-79.

Although Government ordered in July 1979 that the prescribed monthly quota of food samples was to be collected by all local bodies, the shortfall continued to persist. Remedial action to ensure the drawal of the full quota of samples in the Corporation and Municipal areas was not taken by the Director of Health Services in his capacity as Food (Health) Authority.

Government stated (October 1982) that the shortfall in the collection of full quota of samples was due to non-filling up of the vacancies of Food Inspectors, frequent transfers of Food Inspectors and the time taken by Government in issuing fresh notifications in the gazette, whenever a transfer or change took place due to promotion, retirement, etc., of these personnel.

2. According to the instructions issued by the Chief Government Analyst, Trivandrum (reiterated in November 1979), the drawal of samples in the Panchayat areas by the Food Inspectors was to be spread over different articles of food namely, (i) milk and milk products, (ii) foodgrains and flour, (iii) soft drinks, (iv) spices, condiments, sweetening agents and other miscellaneous articles, (v) edible oil, (vi) confectionery and prepared food and (vii) tea and coffee.

In the majority of Panchayats, there was total omission to draw samples of milk and milk products and soft drinks as may be seen from the following table:—

Year	Total no. of Panchayats	No. of Panchayats which did not send any sample of	
		milk and milk products	soft drinks
1977-78	967	575	827
1978-79	975	735	903
1979-80	972	679	911
1980-81	972	761	868







As a result of this omission, sale of widely consumed articles of food such as milk and milk products and soft drinks in major portion of the State escaped the provisions of the Act, 1954. Lack of conveyance facilities and extensive area of jurisdiction of Food Inspectors were cited (May 1982) by the Chief Government Analyst, Government Analyst's Laboratory, Trivandrum as reasons for non-compliance with the above instructions. Government stated (October 1982) that instructions would be issued to all the Food Inspectors for collecting samples of milk and milk products and soft drinks to the extent possible.

3. Detailed check by Audit of the nature, periodicity and source of collection of food samples in the Panchayat areas for the two years 1979-80 and 1980-81, disclosed the following points:—

(a) Drawal of the prescribed annual quota of samples in each Panchayat is to be spread out throughout the year; the quota for each month being drawn in that month itself. 2,676 samples (223 Panchayats) taken in 1979-80 and 2,793 samples (237 Panchayats) in 1980-81 were drawn in one to five months. In 10 of these Panchayats, all the samples for 1979-80 and 1980-81 were drawn on a single day. In no Panchayat, sampling was done in all the twelve months.

As a result, sale of articles of food during the major part of the years 1979-80 and 1980-81 was not subjected to inspection for detection of adulteration under the provisions of the Act and the rules issued thereunder. According to Government, some of the Panchayats in the State are not easily accessible and hence the Food Inspectors would have to collect the samples from the Panchayats in two or three stretches.

(b) The Committee constituted by Government of India in 1965 to review the enforcement of Prevention of Food Adulteration Act, 1954 had stressed the importance of drawing samples at the manufacturing point and at the premises of wholesalers to tackle the problem at source. The number of samples drawn from the manufacturers/wholesalers in all the 972 Panchayats worked out to about 1 per cent of the total number of samples taken for 1979-80 and 1980-81.

Lack of transport facilities, existence of only a few wholesale shops, insufficiency of permanent advance and frequent court duty in connection with prosecution cases were the main reasons adduced (April—May 1982) by the Food Inspectors for the above shortcomings.

4. Departmental instructions provide for launching of prosecutions within 15 days from the date of receipt of report of the result of analysis in the case of perishable articles and within one month in other cases.

Out of 418 cases of adulteration relating to 1977-78 to 1980-81, test checked by Audit, launching of prosecution was delayed in 150 cases; the period of delay exceeded 7 days in 100 cases, 1 month in 45 cases, 3 months in 3 cases and 6 months in 2 cases. Acquittal of the accused by Courts owing to delay in launching prosecutions was also noticed by Audit in stray cases. According to Government, delay in launching prosecution is inevitable in some cases owing to delay in filling up the posts of Food Inspectors or in the issue of gazette notifications appointing the Food Inspectors or where further investigations are necessary.

5. In terms of Rule 9 (a) of the Prevention of Food Adulteration Rules 1955, a copy of the report of the result of analysis is to be sent by the Local (Health) Authority to the persons from whom the sample was taken immediately after the institution of prosecution. Out of 395 cases relating to 1977-78 to 1981-82 in which prosecution was launched, delay exceeding 7 days and extending upto 341 days was noticed in 195 cases in the transmission of the copy of the report of the result of analysis by the Local (Health) Authorities of Trivandrum, Ernakulam and Kozhikode districts.

The delay was attributed (April—May 1982) by the Local (Health) Authorities mainly to the belated receipt of intimations from the Food Inspectors regarding launching of prosecutions.

Failure to adhere to the statutory time limit resulted in the acquittal of the accused in 30\* cases of adulteration in which prosecution was launched between 1977-78 and 1980-81. Government stated (October 1982) that the difficulties and the problems in the immediate transmission of the copy of the report of the result of analysis to the concerned parties were taken up with the Director General of Health Services for amending the rule so as to allow a reasonable time for sending the report.

6. The Act provides for deterrent penalties like minimum imprisonment of 6 months and fine of Rs. 1,000 to curb adulteration. The table

---

\*Cases test checked by Audit.





below shows the number of prosecutions launched, convictions, acquittals, etc., for the years 1977-78 to 1980-81:

<i>Year</i>	<i>No. of prosecutions launched and finally disposed of</i>	<i>No. of cases convicted</i>	<i>No. of cases acquitted</i>
1977-78	685	368	317
1978-79	843	309	534
1979-80	668	275	393
1980-81	479	159	320

More than 50 *per cent* of the cases in which prosecution was launched resulted in acquittal by the courts in all the years except in 1977-78 when acquittal was in 46 *per cent* of the cases.

Under the procedure obtaining in the Directorate of Health Services, judgements in respect of acquitted cases are reviewed by the Chief Government Analyst, Government Analyst's Laboratory, Trivandrum as the head of the Food Administration Section in the Directorate and the scope for appeal is gone into with reference to the merits of each case. Test check by Audit of 203 acquitted cases relating to the years 1977-78 to 1980-81, however, revealed that in 146 cases, the accused were acquitted by the courts owing to departmental lapses like non-compliance with the provisions of the Prevention of Food Adulteration Act, 1954 and the Rules in regard to drawing, labelling and despatch of samples and production of independent witness to prove the sale, delay in forwarding copy of the report of the results of analysis to the persons from whom samples were taken, contradictory evidence tendered by departmental witnesses, delay in launching prosecution, defective preparation of mahazar at the time of sampling, etc. The Chief Government Analyst stated (May 1982) that the persons responsible were suitably instructed when such individual lapses were noticed. There was, however, nothing on record to indicate that the department had at any time during the last 5 years investigated into the causes leading to such lapses on a large scale and taken remedial steps.

7. In terms of Section 9 of the Prevention of Food Adulteration Act, 1954, appointments of Food Inspectors for local areas specifying the areas of their jurisdictions are to be notified by the State Government to enable them to exercise their powers under the various provisions of the Act and the Rules. Such notifications have not so far been issued in respect of 8 Panchayats constituted between 1977-78 and 1980-81.

In respect of 5 of the Panchayats, samples had not been drawn from the date of constitution of the Panchayats while collection of samples had not been done from 1978 onwards in respect of another Panchayat and from 1979 onwards in respect of two other Panchayats.

Consequent on the delay in the issue of notification by Government, manufacture and sale of articles of food in the 8 Panchayats escaped the provisions of the Act and the Rules thereunder for periods ranging from more than one year to nearly 5 years.

Government stated (October 1982) that information regarding the newly constituted Panchayats had since been called for from the District Food Inspectors for issue of necessary gazette notification.

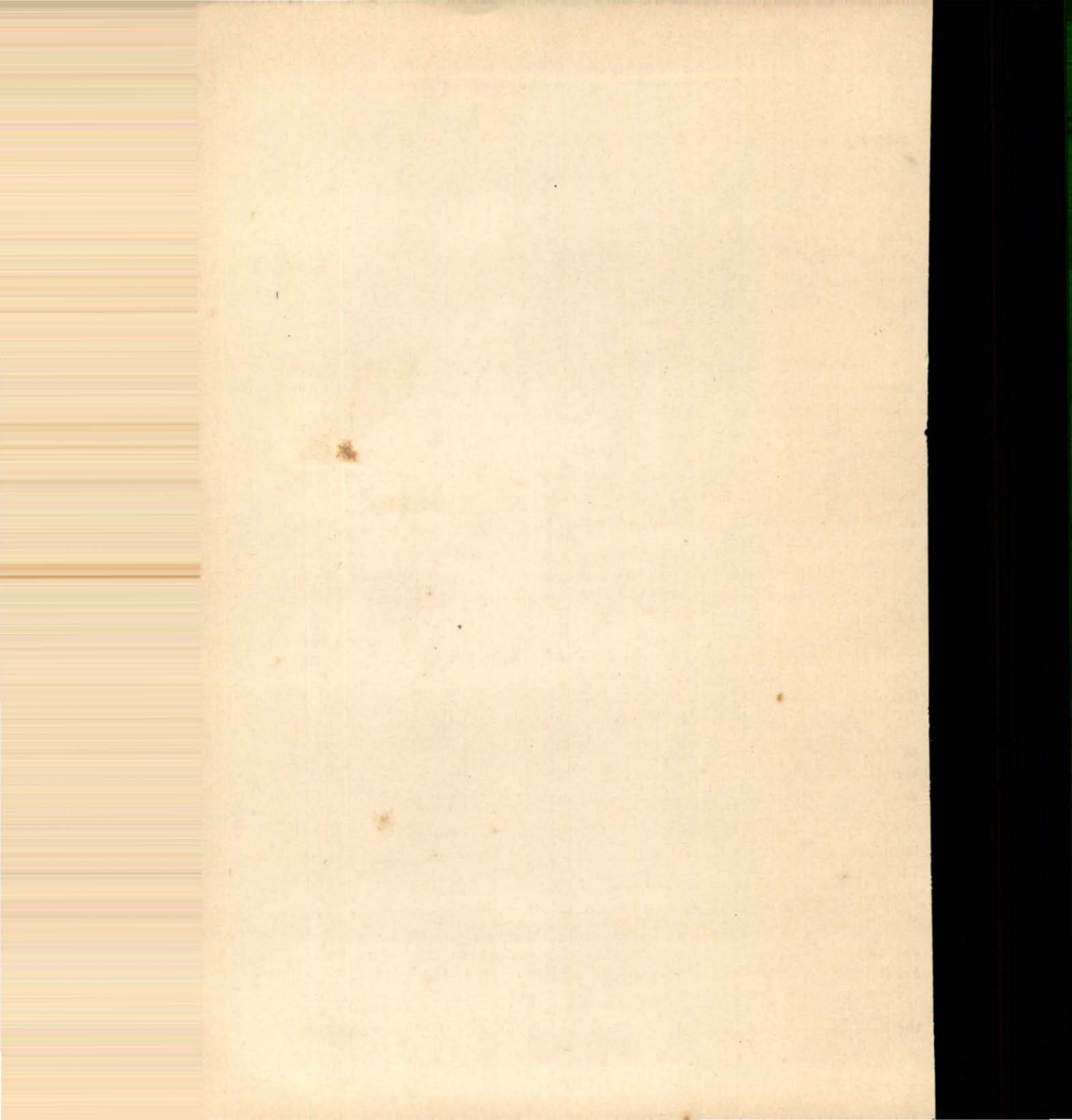
8. According to Rule 17 of the Kerala Prevention of Food Adulteration Rules, 1957, a fee of Rs. 5 per sample (raised to Rs. 10 from April 1978) is recoverable from the local authorities for analysis of all articles of food sent by them.

As at the end of September 1981, Rs. 7.56 lakhs were recoverable from the Corporations, Municipalities and Panchayats on this account. The bulk of the arrears (Rs. 6.47 lakhs) related to the years 1976-77 to 1980-81.

Though action for adjustment of the amount due from the local bodies from the grants payable to them was initiated by the Chief Government Analyst in June 1980 and again in January 1982, the matter was not followed up with the result that sustained and effective action is lacking for realisation of the arrears.

Further, in accordance with the orders of Government issued in June 1970, contingent expenses incurred by the department in forwarding the samples for analysis were also recoverable from the Panchayats at Rs. 5 per sample. Amount recoverable on this account as at the end of 1980-81 from 821 Panchayats worked out to Rs. 2.12 lakhs. Though the Director of Panchayats was requested by the Director of Health Services in September 1981, to take steps for the realisation of the arrears from the Panchayats, there was no response from the former. Government stated (October 1982) that the matter was again being taken up with the Director of Panchayats at Government level.







*Summing up*

The following points emerge from the foregoing paragraphs:—

(i) None of the Corporations had furnished the full quota of samples prescribed by Government for the four years 1977-78 to 1980-81; the percentage of shortfall ranged between 36.72 and 56.63. Shortfall in this regard in the case of Municipalities ranged between 27.84 and 58.49 *per cent*. More than 4 to 32 *per cent* of the Panchayats also did not furnish the prescribed quota for the years 1977-78, 1978-79 and 1980-81.

(ii) 59 to 78 *per cent* of the Panchayats did not furnish for analysis samples of 'milk and milk products' for the 4 years from 1977-78 to 1980-81, while more than 85 *per cent* of the Panchayats did not furnish samples of 'soft drinks' for the same period.

(iii) 2,676 samples in 223 Panchayats during 1979-80 and 2,793 samples in 237 Panchayats during 1980-81 were drawn in a period of 1 to 5 months instead of being spread out throughout the year as required under orders of Government.

(iv) Samples drawn from the manufacturers and wholesalers worked out only to about one *per cent* of the total number of samples for 1979-80 and 1980-81.

(v) Launching of prosecution was delayed in 150 out of 418 adulteration cases test checked in audit, the delay ranging from 7 days to more than 6 months.

(vi) In 195 cases pertaining to the years 1977-78 to 1981-82, despatch of the copy of the report of the result of analysis to the persons from whom samples were taken was delayed; the delay ranged from one week to nearly a year.

(vii) More than 50 *per cent* of the cases in which prosecution was launched between 1978-79 and 1980-81 were acquitted by the courts. In 146 out of 203 cases test checked in audit, the accused were acquitted by the courts owing to departmental lapses.

(viii) Samples had not been drawn in 8 newly constituted Panchayats owing to delay in the issue of notification by Government appointing Food Inspectors in these Panchayats for purposes of the Act.

(ix) Arrears in the realisation of fees for analysis of samples due from the local bodies amounted to Rs. 7.56 lakhs as at the end of September 1981.

Rupees 2.12 lakhs were also recoverable from 821 Panchayats towards contingent expenses incurred by the department in forwarding the samples to the laboratories for analysis.

## HOUSING DEPARTMENT

### 3.7. Construction of houses for rural workers

Government sanctioned a scheme of financial assistance in July 1979 (hereinafter referred to as 1979 scheme) to rural workers for construction of houses, providing for payment of grant of Rs. 1000 per beneficiary in two instalments of Rs. 600 and Rs. 400 each. This scheme was superseded by another scheme envisaging loan and grant assistance in January 1981 (hereinafter referred to as 1981 scheme). The scheme envisaged provision of loan of Rs. 3000 per beneficiary in two instalments of Rs. 1500 each and grant of Rs. 1000 payable after the construction reached roof level. Construction of house was to be completed within one year after disbursement of loan and the loan was recoverable (at 8 per cent interest) in 25 equal instalments commencing from the expiry of one year from the date of disbursement of grant. The scheme was to be executed through blocks under the supervision of the District Collectors and overall control of the Board of Revenue.

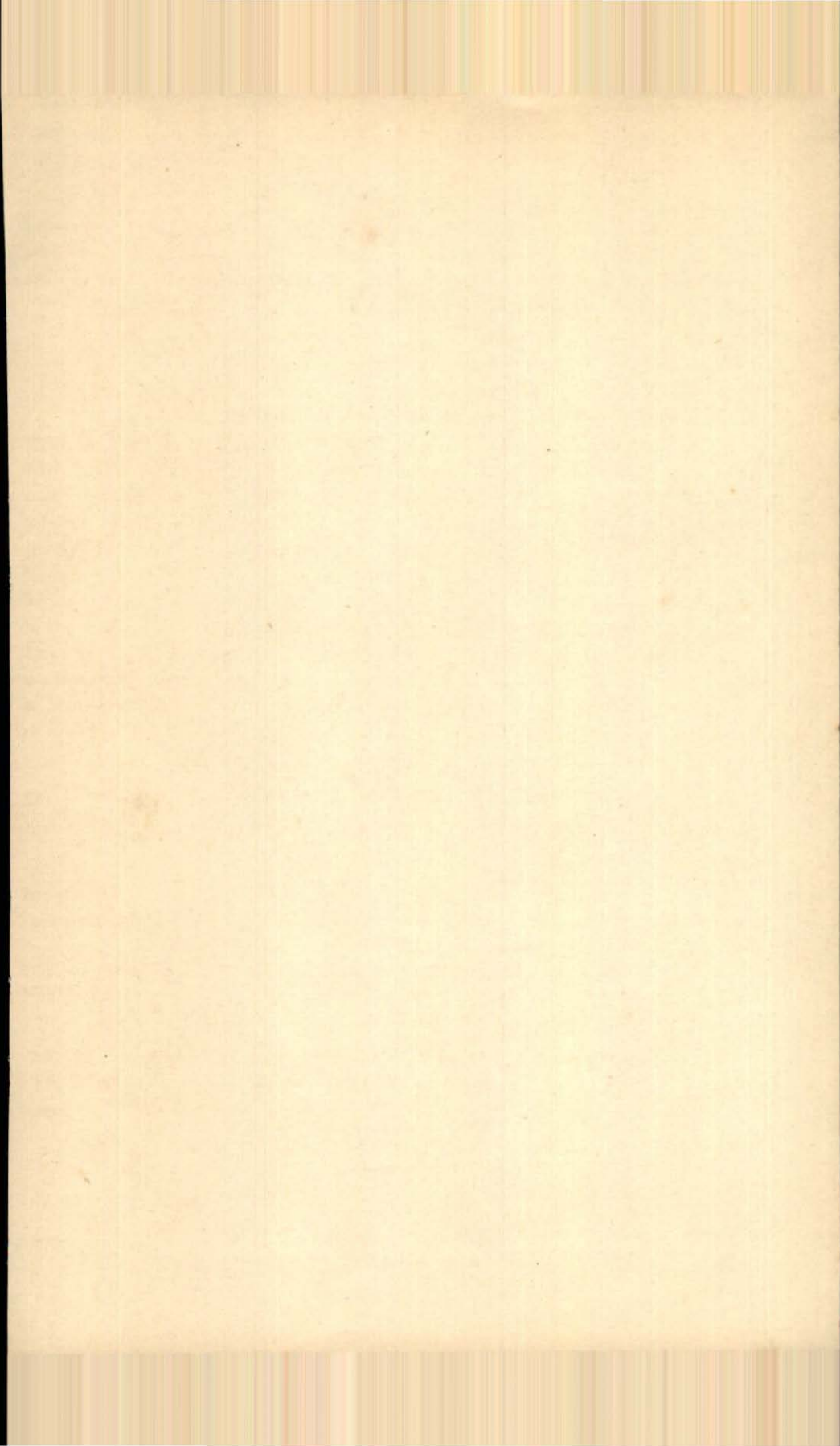
Expenditure incurred on the two schemes from 1979-80 to 1981-82 amounted to Rs. 3,77.75 lakhs (loan: Rs. 3,15.62 lakhs; grant: Rs. 62.13 lakhs).

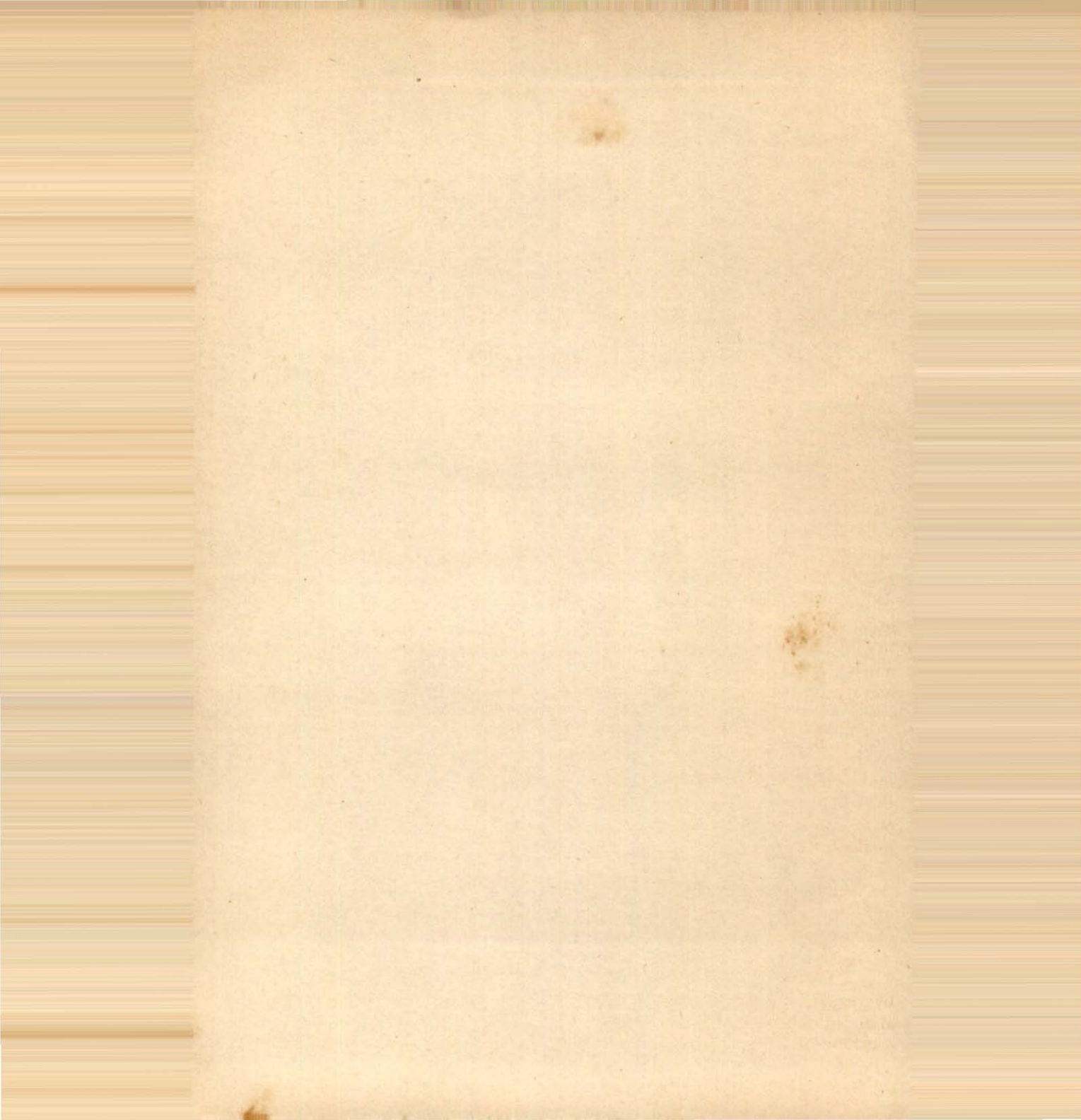
Results of a review by Audit of the implementation of the scheme conducted in June-July 1982 with reference to the records maintained in the Board of Revenue, five collectorates and 25 blocks are given in the succeeding paragraphs:—

1. The following table gives details regarding the number of houses completed each year *vis-a-vis* the targets fixed under each of the two schemes:—

<i>Name of scheme</i>	<i>Year</i>	<i>Target (No. of houses to be constructed)</i>	<i>Achievement (No. of houses constructed)*</i>	<i>Shortfall (Percentage)</i>
1979 scheme	1979-80	1,148	1,098	4.4
1981 scheme	1980-81	10,000	2,344	76.6
1981 scheme	1981-82	15,000	3,979	73.5

\*Figures furnished by the department.





Reasons for the shortfall under the 1981 scheme called for from the Board of Revenue are awaited (February 1983).

2. Assistance of Rs. 0.58 lakh (loan: Rs.0.42 lakh; grant: Rs. 0.16 lakh) was paid in three blocks to 16 beneficiaries who were not entitled to the assistance under the two schemes either because they owned land exceeding the prescribed limit of 10 cents under the 1979 scheme or because they were not allottees of land under One lakh houses scheme/the scheme for allotment of house-sites to landless workers in rural areas (1981 scheme).

3. In 128 cases in 8 blocks, where the estimated cost of construction per house ranged from Rs. 4,000 to Rs. 4,800, the assistance was not restricted to 80 per cent of the estimated cost as required under the 1981 scheme resulting in excess payment of Rs. 0.97 lakh.

4. Under the 1981 scheme, applications for assistance are to be accompanied by certificates that (i) the applicant is an allottee of land under One lakh houses scheme or under the scheme for provision of house-sites for landless workers in rural areas (ii) the applicant does not own a house in his/her name or in his /her spouse's name and (iii) that the income of the applicant does not exceed Rs. 4,000 per annum. Out of 2,378 cases test checked in audit, none of these certificates had been furnished in 115 cases in 7 blocks; while in 350 other cases in 14 blocks certificates regarding non-owning of the houses by the spouse were not available; in 8 cases in 2 blocks, certificates regarding annual income had also not been produced. The title of the applicants who had received assistance of Rs.14.04 lakhs under the scheme was not ascertained.

5. Seven hundred and nineteen beneficiaries in 17 blocks who had received the entire loan (Rs. 21.57 lakhs) between March 1981 and June 1981 under the 1981 scheme had not completed construction of houses by July 1982 though the houses were to have been completed within one year from the date of receipt of the loan. 645 of these beneficiaries had also been paid the grant totalling Rs. 6.45 lakhs between March 1981 and June 1982.

6. Rupees 0.22 lakh which had fallen due for repayment by July 1982 in 327 cases in 13 blocks was pending recovery from the beneficiaries. In 86 of these cases pertaining to two blocks, demands had also not been raised.

7. Cases of non-fulfilment of some of the other conditions laid down by Government for the grant of assistance under the two schemes noticed in audit are listed in Appendix 3.2.

8. Though more than a year and a half have elapsed since the 1981 scheme was implemented, the monthly review of progress reports sent by the District Collectors required to be conducted by the Board of Revenue has not so far been conducted reportedly due to non-receipt of progress reports from some districts.

*Summing up*

(i) Shortfall in the construction of houses under the 1981 scheme exceeded 73 per cent of the target fixed for the two years, 1980-81 and 1981-82.

(ii) Sixteen beneficiaries who received an assistance of Rs. 0.58 lakh under the two schemes were not entitled to it under the rules.

(iii) Extra expenditure owing to failure to restrict the assistance to 80 per cent of the estimated cost of the construction of houses was Rs. 0.97 lakh.

(iv) The title of 473 beneficiaries who had received assistance of Rs. 14.04 lakhs under the 1981 scheme had not been ascertained.

(v) Seven hundred and nineteen beneficiaries had not completed the construction of their houses within the time limit of one year from the date of receipt of the loan.

(vi) In 296 cases under the 1981 scheme, assistance totalling Rs. 8.83 lakhs was paid without plans and estimates of the houses.

Government stated (January 1983) that strict instructions have been issued to the District Collectors to ensure effective supervision and to observe the conditions for grant of assistance and also to rectify the defects and irregularities pointed out.

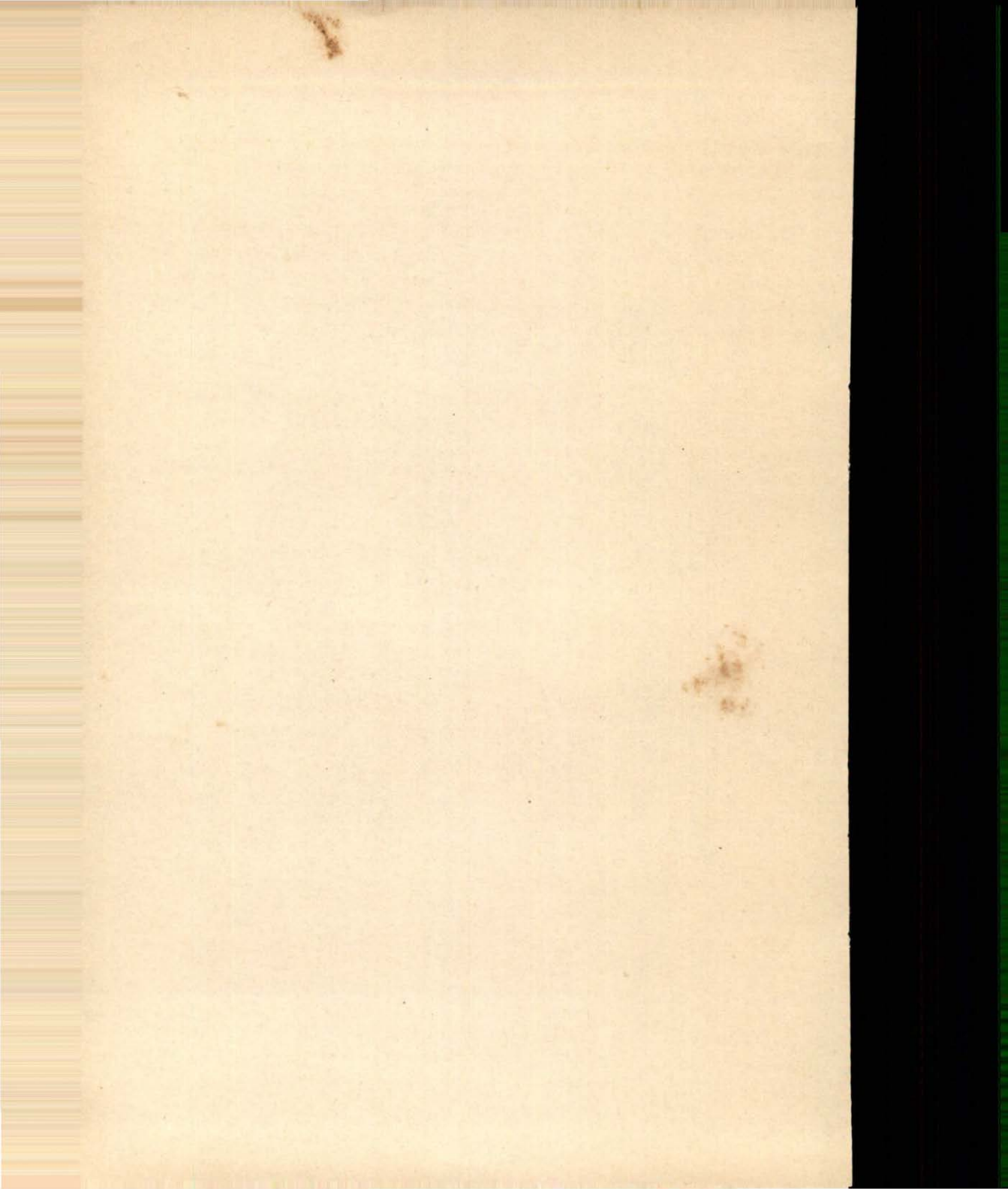
## INDUSTRIES DEPARTMENT

### 3.8. District Industries Centres

Government of India launched on 1st May 1978 a scheme for setting up a District Industries Centre (DIC) in each district for the development of small scale and cottage industries in rural areas and to provide, under a single roof, all services and support needed by small and village entrepreneurs.

The District Industries Centres were to co-ordinate the activities undertaken by Government and other agencies in the field of industries. The Centres started functioning in the State in February 1979. The total expenditure incurred on the scheme upto the end of March 1981 was Rs. 4,09.04 lakhs.







The Central assistance received for the scheme till the end of 1980-81 aggregated Rs. 1,67.54 lakhs (non-recurring grants: Rs. 55 lakhs; recurring grants: Rs. 53.54 lakhs; loans: Rs. 59 lakhs).

A review of the implementation of the scheme with reference to records in the Directorate of Industries and Commerce and 6 District Industries Centres (Cannanore, Ernakulam, Kottayam, Palghat, Calicut and Trivandrum) was conducted by Audit between November 1981 and January 1982 and the following points were noticed:

### 1. *Staffing*

The staffing pattern suggested by Government of India for each district was one General Manager and 4 to 7 Functional Managers to look after different disciplines. The posts of Functional Managers in certain disciplines still remain unfilled; even in cases where the posts were filled, there was considerable delay in making the appointments.

The General Managers and Functional Managers were to be given training in different areas of specialisation to enable them to get a clear perception of their duties and responsibilities. Against a total sanctioned strength of 11 General Managers and 77 Functional Managers, the number trained to the end of November 1981 was only 7 under the former category and 15 under the latter category. Five persons who had undergone the training course for General Managers during 1978 and 1979 and 5 others who got training as Functional Managers in 1978 were transferred elsewhere in September 1980, depriving the centres of the benefit of the expertise gained by them through training. Nine General Managers and twenty-nine Functional Managers manning the centres (November 1981) are yet to get the requisite training. None of the General Managers/Functional Managers has been trained in areas like machinery and equipment, raw materials and village industries as training programmes in these disciplines have not been organised.

In order to link up block level industrial activities with the DICs, Government in March 1980 accorded sanction for creation of 154 temporary posts of Industries Extension Officers with effect from 1st April 1980. Industries Extension Officers have not been posted in all the Blocks yet (January 1983).

### 2. *Construction of buildings*

The construction of buildings for the Centres has not commenced in any of the districts yet. Action so far taken in each district is indicated in Appendix 3.3. On account of the delay in construction of buildings, the objective of

bringing under a single roof all the district level offices of the various departments and related organisations connected with industrial development has not yet materialised in any of the districts (January 1983).

In Quilon, one third of the accommodation hired by the DIC for its office on a monthly rent of Rs. 2000 was occupied by the Kerala Financial Corporation from May 1979 to May 1981. Similarly, in Kottayam, SIDECO is occupying part of a building taken on rent (Rs. 1250 per month) for DIC. In both the cases, proportionate rent has not been recovered by the department from the user institutions (February 1982).

### 3. *Action Plan*

The first task entrusted to each District Centre was the preparation of an Action Plan, concentrating on demands, skills and surplus resources of the district. In addition, the Action Plan was to indicate the details of industrial development programme and needs for organisational support, bringing out various requirements of inputs including financial, entrepreneurial, employment and production potentials. None of the Centres prepared any Action Plan for 1978-79. In the absence of Action Plans, there was no definite frame for regulating/evaluating the activities of the Centres for 1978-79.

Progress reports of the activities were to be sent monthly by the Centres to the Director of Industries and Commerce. The progress reports were incomplete and did not contain all the necessary details to enable proper evaluation of the progress with reference to the targets fixed in the Action Plan. An analysis of 231 progress reports relating to 21 months showed that only 106 reports were received by the due dates or within 10 days thereafter and that in the remaining cases the delay exceeded 10 days. In the case of 24 reports, the delay was more than 30 days. The delay in the submission of the returns by the Centres rendered monitoring by the Directorate ineffective.

#### (a) *Investment*

The total investment made under the programme during 1979-80 and 1980-81 was reported to be as follows:—

<i>Year</i>	<i>DIC Funds</i>	<i>Other budgetary sources</i>	<i>Credits by banks and other financial institutions</i>	<i>Other sources including own funds of entrepreneurs</i>	<i>Total</i>
1979-80	1.45	2.64	15.17	6.84	26.10
1980-81	3.13	1.25	14.79	18.02	37.19

(in crores of rupees)

17



The following observations are made in this regard:—

(i) As regards the investment made from budgetary sources, the figures shown in the progress reports were not those reconciled with accounts figures.

(ii) There was no indication that the department had ensured the correctness of the figures relating to credits provided by banks and the investment made from other private sources.

(iii) According to the targets fixed in the Action Plan, there was considerable shortfall in achievement in Palghat District. According to the Department (January 1982), old units which had been given registration were also reckoned against the target since such units would increase their production resulting in increased employment.

(b) *Quality control, testing and marketing assessment*

A scrutiny of the Action Plans for 1979-80 prepared by 4 DICs (Ernakulam, Cannanore, Palghat and Kottayam) showed that quality control testing, raw materials and marketing assistance were not provided for. The General Manager DICs, Cannanore and Palghat stated (January 1982) that these items were not dealt with owing to lack of staff. The General Manager, Ernakulam attributed (November 1981) the omission to lack of requisite information.

4. *Delay in providing credit to industrial units*

There was delay on the part of banks and financial institutions in providing credits to industrial units. On a test check in Cannanore District, where 610 applications for loans were processed, it was seen that the extent of delay on the part of the banks/financial institutions in finalising 373 cases exceeded 3 months. The General Managers, DICs, Quilon, Ernakulam and Kottayam stated (November 1981 and February 1982) that there was no feedback information from banks about the release of assistance on applications forwarded by them.

5. *Industrial production*

There was no information in DICs to assess the extent of increase in industrial production as a result of the programme. The General Manager DIC, Trichur stated (March 1982) that there was no system of collecting such details regularly.

6. *Monitoring*

A State Level Committee constituted for supervising and monitoring the activities of the DICs, was to meet once in 6 months to review the working of

the DICs. However, no meeting of the Committee had been convened till June 1982.

In February 1979, Government also constituted District Advisory Committees to provide a suitable arrangement for effective co-ordination of the district level agencies. The Committee was to meet at least once in two months. A review of the position in 6 districts showed that against the minimum of 16, (April 1979 to December 1981) the number of meetings held was 1 in one district, 2 each in 3 other districts and 4 each in the remaining 2 districts.

#### 7. *Sick units*

Revival of sick/closed SSI units was one of the major objectives of the programme. As against the target of 140 units in the five districts, only 49 were stated to have been revived till March 1981; the coverage was only 35 per cent.

#### 8. *Closure of units*

There was no arrangement/machinery in the DICs to ascertain whether all the registered units/assisted units continued to function effectively.

As regards closure of the new units, information showing the overall position was not available in the Directorate.

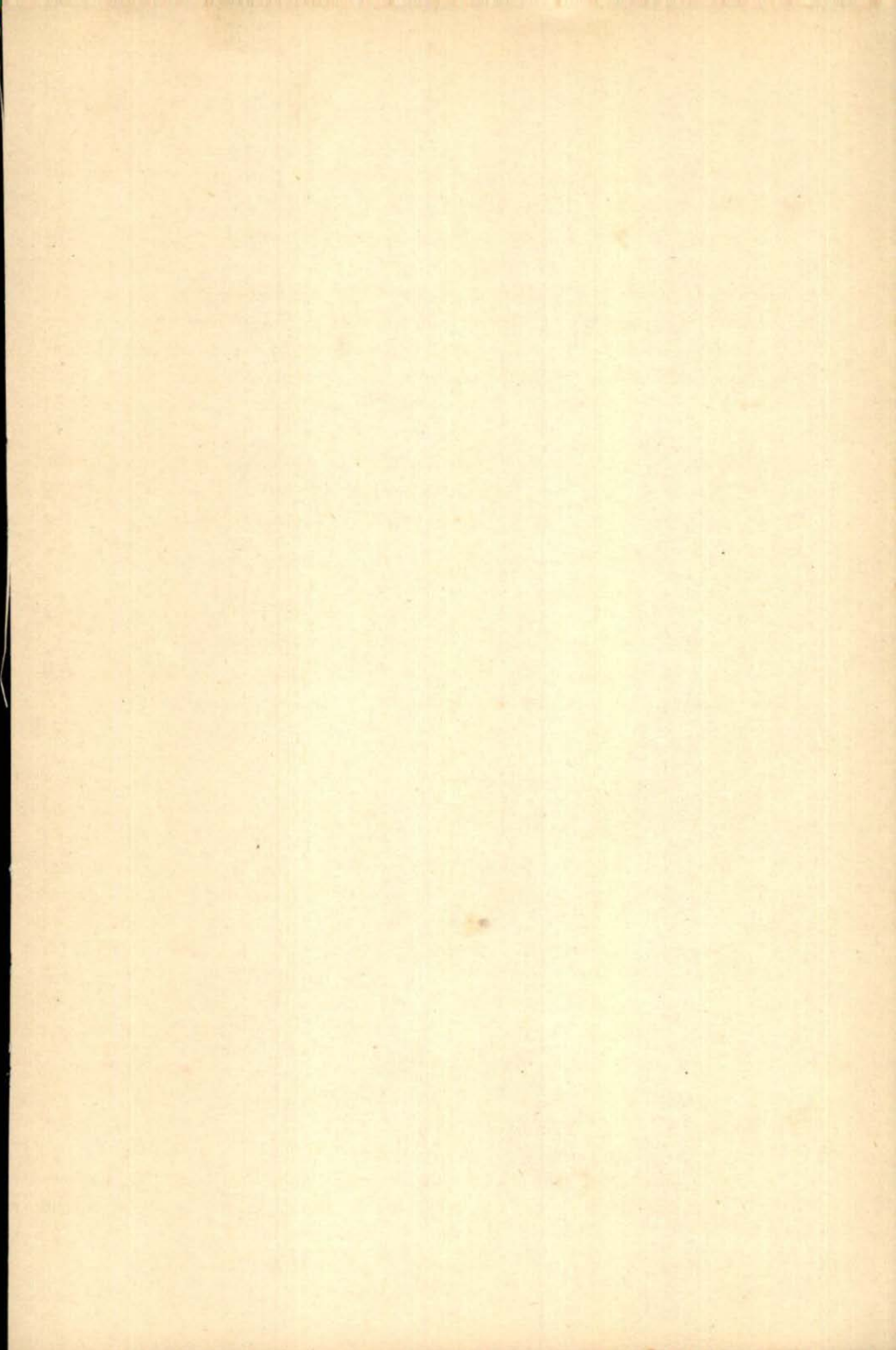
#### 9. *Unspent balance of Central grants*

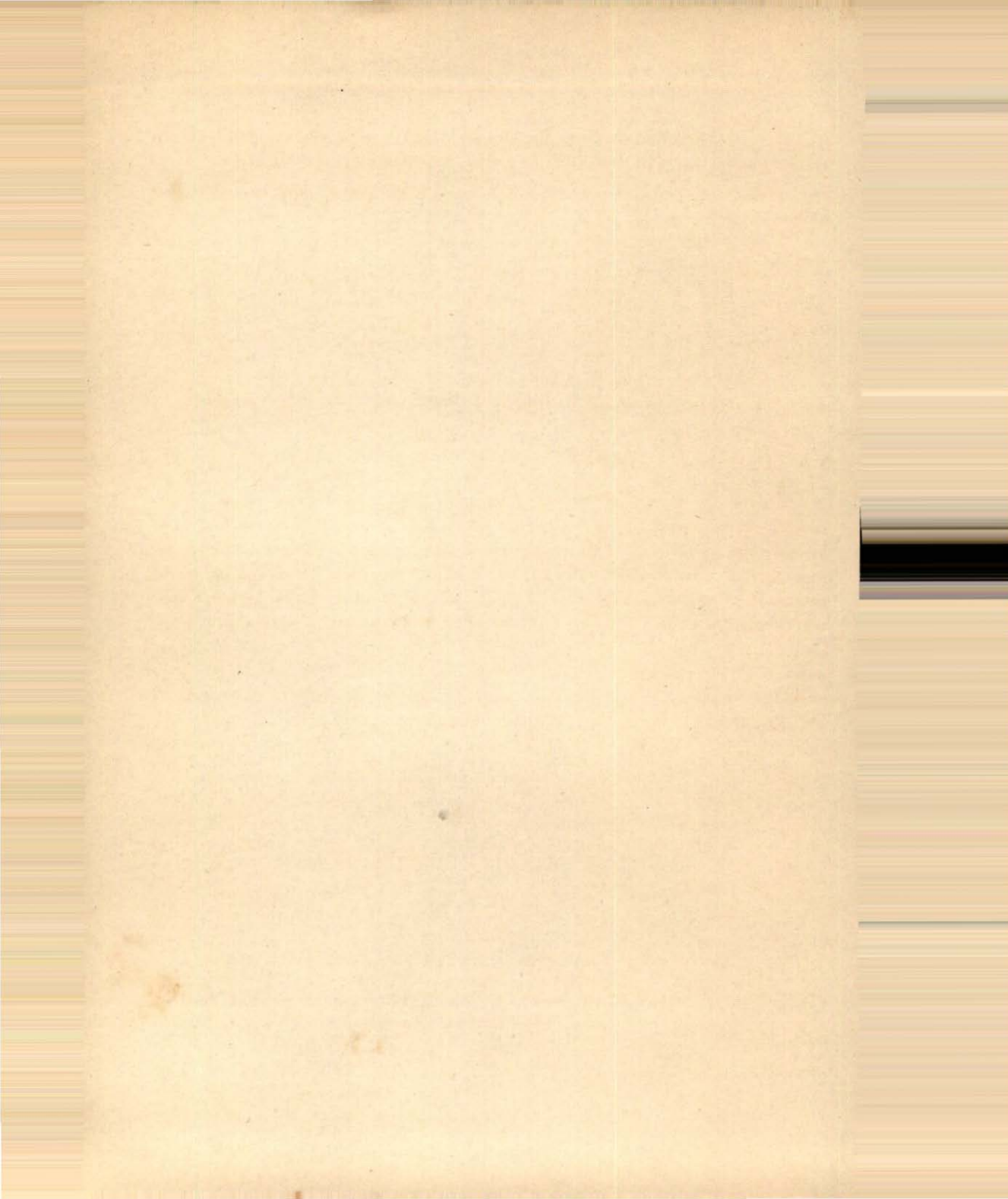
Non-recurring grant of Rs. 55 lakhs for construction of buildings and provision of equipment and vehicles was paid to the State Government by Government of India in 1978-79. Though the amount originally earmarked for construction of buildings in each district was only Rs. 2 lakhs, Government of India clarified (April 1978) that where the construction cost was likely to exceed the limit of Rs. 2 lakhs, the State Government would be free to divert for construction of buildings, a part of the non-recurring grant intended for equipment/vehicles. Out of the grant of Rs. 55 lakhs, the State Government utilised an amount of Rs. 6.75 lakhs for the purchase of jeeps, office furniture, etc., during 1979-80. As such, a sum of Rs. 48.25 lakhs was lying unutilised with the State Government (January 1982).

#### *Summing up*

The following are the main points that emerge:—

- (i) The objective of bringing under a single roof all the services and support needed by small/new units has not been achieved in any of the districts.







(ii) Several posts of Functional Managers remained unfilled with the result that the functions assigned to the posts could not be performed.

(iii) Construction of buildings for DICs has not been started in any of the districts.

(iv) No Action Plan was prepared for 1978-79.

(v) There was no feedback information from financial institutions about the credit released by them on applications recommended by the DICs and consequently the centres did not have accurate information about the assistance provided by financial institutions to the entrepreneurs.

(vi) There was no machinery in the department to watch whether the units established continued to function effectively.

### 3.9. Unfruitful Outlay

Under a scheme for the establishment of small scale production centres sanctioned by Government in October 1966, the Industries Department was to arrange for acquisition of land, construction of building and procurement and installation of machinery at a total cost of about Rs. 1 lakh and allot the centre so equipped to individuals or institutions on hire purchase basis. Twenty *per cent* of the cost of the centre (excluding the cost of land and building) was to be paid by the hirer at the time of taking over the centre. The balance 80 *per cent* was to be paid in nine equal annual instalments commencing from the expiry of two years from the date of taking over of the centre. Cost of land and building was to be paid in 20 equal annual instalments; the first instalment being payable on the date of taking over.

In August 1972, one such centre in Trichur District set up at a cost of Rs. 0.95 lakh was allotted to a party for starting a cattle feed manufacturing unit. On a representation from him (April 1971) that he was not in a position to remit 20 *per cent* of the cost of the machinery in advance, Government ordered (January 1972) the transfer of the unit to him on his remitting initially one third of 20 *per cent* of the cost of the machinery and the balance in 3 months time. The unit was handed over to him in August 1972 on his remitting Rs. 0.03 lakh initially. The balance two-third cost of the machinery was, however, not remitted by him. Mention was made in paragraph 30 (d) (i) of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) of the non-utilisation of the machinery costing Rs. 0.21 lakh purchased for this centre even after the grant

of an additional loan of Rs. 0.25 lakh to the hirer in March 1974 for purchase of additional machinery. The additional loan was utilised by the beneficiary for effecting repairs and replacements. But he did not start production. In October 1976, on a request (November 1975) from the beneficiary, Government sanctioned as a special case, conversion of the centre started for the manufacture of cattle feed into a centre for the production of spice and curry powder, on the ground that production of cattle feed was not economical owing to change in market conditions. In January 1978, as the party did not start production by then, the department initiated action for the disposal of the machinery. The machinery has not so far been disposed of (August 1982).

Total loan for machinery and land and building paid to the hirer was Rs. 1.20 lakh of which only Rs. 0.03 lakh had been recovered from him so far (August 1982). Overdues as at the end of March 1982 worked out to Rs. 0.95 lakh towards principal and Rs. 0.67\* lakh towards interest and penal interest. According to the department (August 1982) revenue recovery proceedings were not initiated for realisation of overdues pending a decision on the disposal of the machinery. In November 1981, Government ordered sale of the machinery in public auction or by negotiation if that would fetch a higher price. The General Manager, District Industries Centre, Trichur stated (November 1982) that action for negotiation with interested parties was in progress.

The matter was reported to Government in October 1982, reply is awaited (March 1983).

## PLANNING AND ECONOMIC AFFAIRS DEPARTMENT

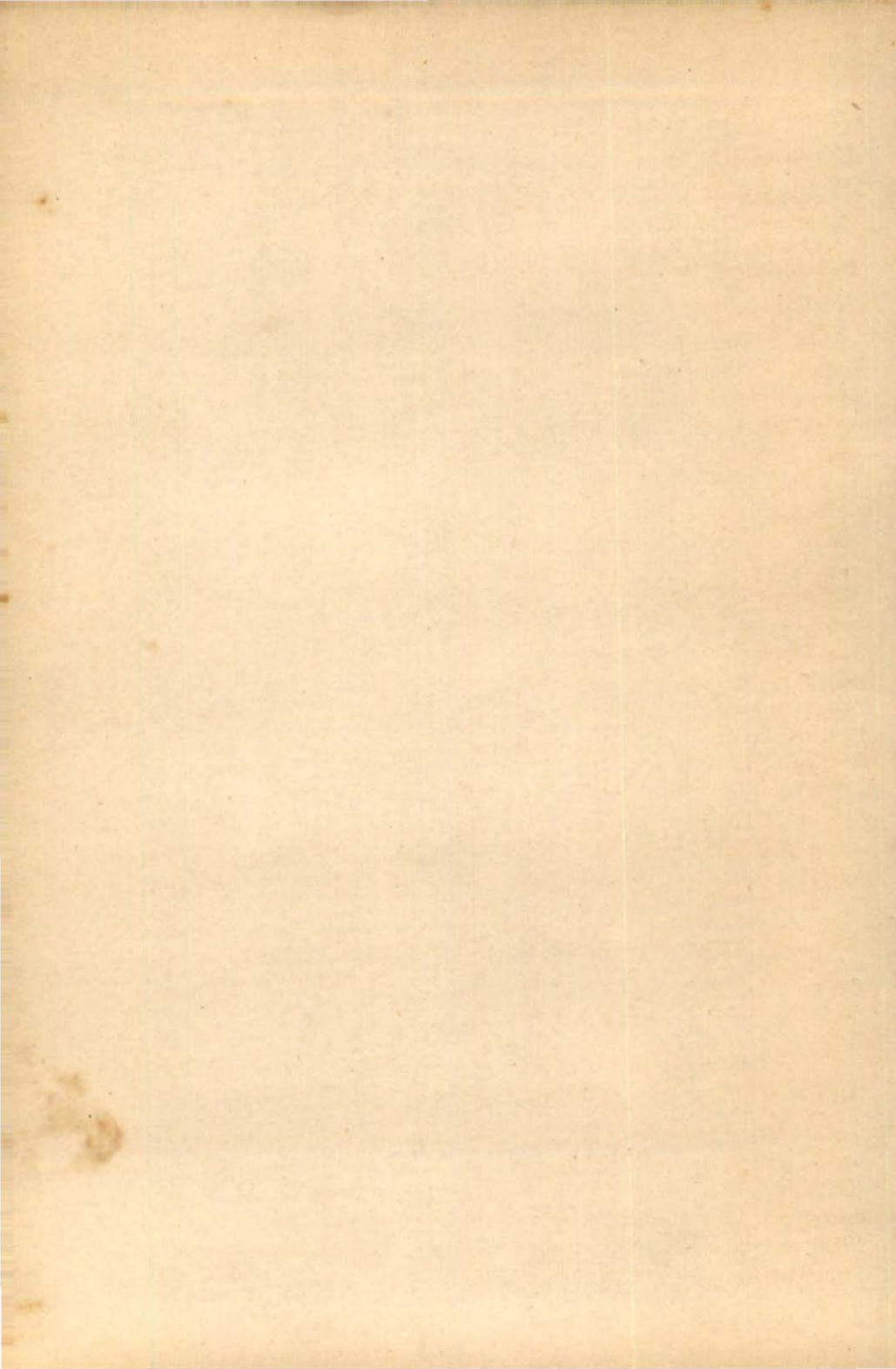
### **3.10. Minimum Needs Programme**

In April 1973, Government formulated a Minimum Needs Programme for implementation during the period 1974-75 to 1978-79 as part of the Fifth Five Year Plan. The programme aimed at raising the levels of social consumption in the form of education, health, nutrition, drinking water, housing, communications and electricity. The anticipated outlay on the programme for the period from 1974-75 to 1978-79 was Rs. 85.11 crores. The expenditure relating to Minimum Needs Programme during the period 1974-75 to 1978-79 as reported by the State Government to the Government of India amounted to Rs. 50.95 crores. The results of an audit review conducted during 1980-81 of certain activities (communications, housing and health) undertaken as part of the programme are indicated in the succeeding paragraphs.

---

\* Figure furnished by the department.





### I. Village roads

Construction of village roads under the programme was done through Community Development Blocks and Public Works Divisions.

#### Development Department

##### *Village Road Works under Community Development Blocks*

Road works in each Block were to be executed through beneficiary committees. The conveners of such committees were to maintain muster rolls of the labourers engaged. For works taken up from August 1976, part of the wages was to be met by the issue of grains (20 per cent between August 1976 and February 1979 and 50 per cent thereafter). The balance was paid in cash by Government. In November 1979, Government ordered the discontinuance of the road works taken up under the programme. However, the beneficiary committees were allowed to resume the works under the Employment Generation Scheme introduced in September 1979. The village roads programme was wound up in March 1981 with the introduction of National Rural Employment Programme. The expenditure on road works executed through Community Development Blocks during the years 1974-75 to 1980-81 amounted to Rs. 4,93.18 lakhs.

A review of the village roads scheme, conducted with reference to the records in 7 Collectorates and 16 Community Development Blocks revealed the following points:

(i) The length of roads targeted to be formed in 10 out of 12 districts during the period 1974-75 to 1979-80 under the programme and the actual length of roads formed during the period are indicated in the table below:—

	<i>Target</i>	<i>Achievement</i>
	<i>(in km.)</i>	
Construction of new roads	809.35	546.06
Improvement of existing roads	719.58	539.97

Particulars in respect of the remaining two districts (Palghat and Alleppey) are awaited (January 1983).

(ii) In the 16 Blocks covered by the review, 136 road works were taken up during 1974-75 to 1980-81. Of these, only 94 works have been completed (October 1982). Of the rest, 5 works (expenditure: Rs. 4.79 lakhs) were discontinued by conveners from various dates (March 1976 and November 1979) and are at a stand still. Of the remaining 37 works which were stopped

in November 1979 for want of funds, 33 were resumed under other programmes and are in progress. The remaining 4 works (expenditure: Rs. 4.16 lakhs) have not been resumed (October 1982).

(iii) According to the orders issued in October 1975, November 1975 and February 1979, the wage rate to be adopted for works undertaken under the programme was Rs. 6 per manday till February 1979. However, in 4 Blocks (Alathur, Mala, Mukhathala and Vamanapuram) estimates were prepared/payments made at Rs. 7.50 per manday adopting the Public Works Department schedule of rates. This resulted in extra payment of Rs. 0.39 lakh on eight works till March 1981.

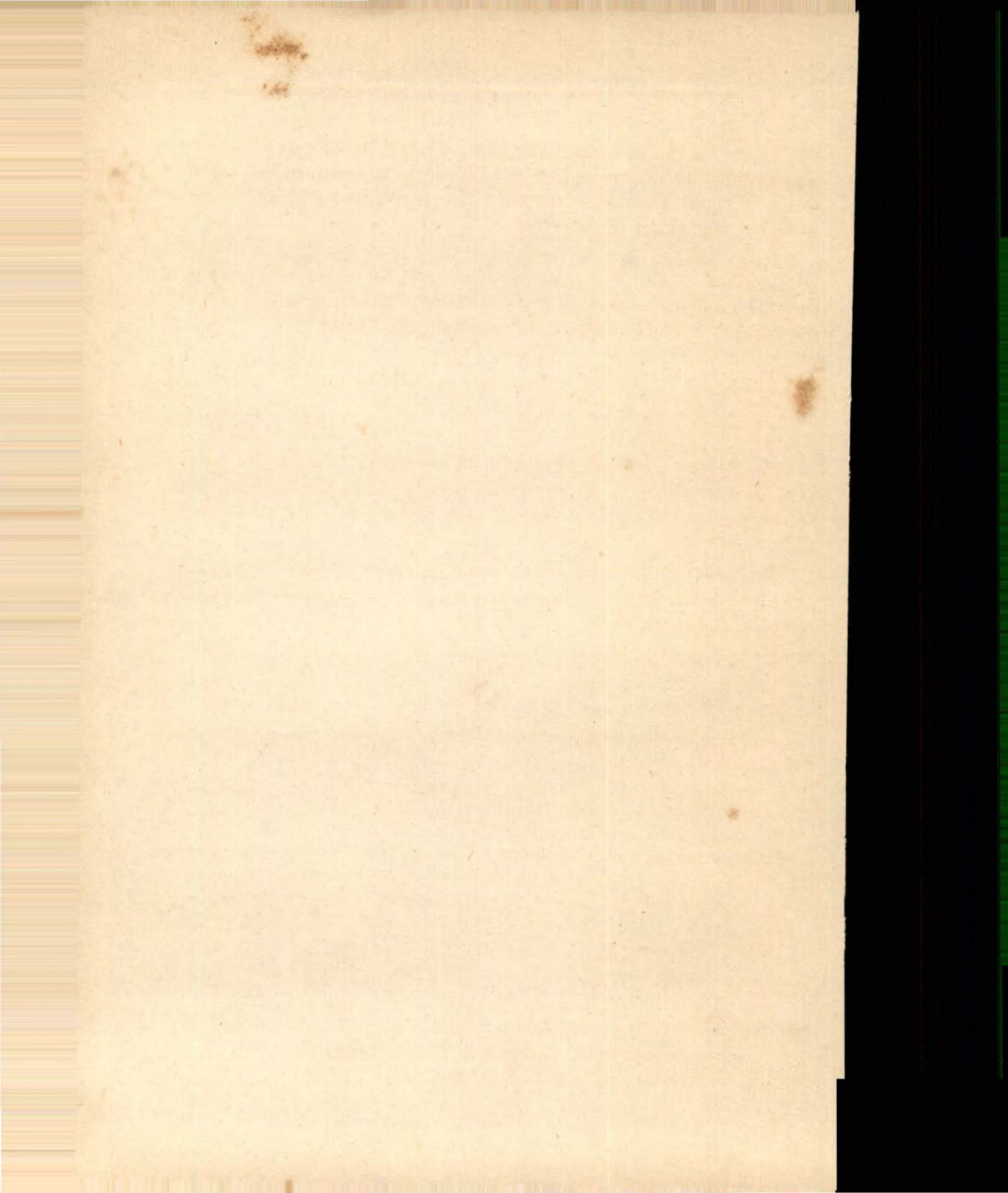
(iv) In January 1980, Government accorded sanction to take up under the Employment Generation Scheme, works which had been left incomplete earlier for want of funds. Under the Employment Generation Scheme, the wage rate fixed by Government was Rs. 8 per manday. However, in 2 Blocks a higher wage rate at Rs. 10/Rs. 13 per manday was adopted for making payment, resulting in extra payment Rs. 0.34 lakh on 2 works till August 1981.

(v) According to departmental instructions, earthwork in all kinds of soil (except hard rock) is to be shown as a single item, the estimate-rate for it being shown in the tender schedule as the average rate derived with reference to the anticipated quantities under various types of soil. However, in two Blocks, earthwork in different types of soil other than hard rock were measured separately and payment made accordingly. Computed at the average rate for earthwork, adoption of separate rates for different types of soil has resulted in extra payment of Rs. 0.76 lakh on 3 works upto August 1981.

(vi) The price at which wheat was to be issued to the labourers towards their wages was fixed by Government as Rs.125 per quintal. This was, however, not communicated to districts other than Trivandrum. In 7 Blocks, wheat was issued at prices ranging from Rs. 105 to Rs. 120 per quintal resulting in excess issue of food grains valued at Rs. 0.98 lakh to the conveners of 43 works during the period 1977-78 to 1980-81.

(vii) Out of 1,356.59 tonnes of wheat and 1,813.96 tonnes of rice issued for 96 works from April 1977 to the end of March 1981 in 16 Blocks, 791.18 tonnes (rice: 773.02 tonnes; wheat: 18.16 tonnes) representing 25 per cent of total issues were made over to the conveners of the works after the works were either stopped or completed and the labour force disbanded.







(viii) In respect of 30 works executed in 12 Blocks between 1974-75 and 1980-81, the wages payable as indicated in the muster rolls amounted to Rs. 22.43 lakhs against which Rs. 32.74 lakhs were paid to the conveners as labour component of the works.

(ix) In the case of 3 works executed by two other Blocks, the quantity of grains distributed to labourers as per muster rolls aggregated 58.79 tonnes only, whereas 88.30 tonnes were issued to the conveners as grains portion of the works between November 1978 and March 1981.

(x) Advances paid to the conveners of works were outstanding for recovery in certain cases. In two Blocks, the amount of advances paid between July 1974 and June 1978 outstanding adjustment was Rs. 0.18 lakh (cash: Rs. 0.11 lakh; kind: Rs. 0.07 lakh) as at the end of October 1982.

(xi) In terms of the agreements executed, the conveners of works were to maintain muster rolls for the labour employed. The muster rolls were to be verified by the Block Development Officer and his subordinates periodically.

A scrutiny of the muster rolls revealed several defects/omissions such as:

(i) issue of 57 tonnes of grains between January 1978 and December 1979 for three works in two Blocks even though full wages had been shown as paid in cash,

(ii) non-maintenance of muster rolls for wages issued in kind (190 tonnes) during June 1978 to May 1980 in respect of seven works in one Block,

(iii) variation between quantities of grains shown as distributed and that actually admissible,

(iv) failure on the part of the Assistant Development Commissioner to conduct random check of muster rolls etc.

Muster rolls in respect of 36 works (expenditure: Rs. 72.63 lakhs including the cost of 1,349 tonnes of grains issued during February 1978 to March 1981) executed in 9 Blocks were not made available to Audit for verification.

### **Health Department**

#### *2. Health Care Schemes*

The schemes included in the programme for execution during the Fifth Plan Period (1974-75 to 1978-79) comprised

- (i) construction of 12 Primary Health Centres,
- (ii) opening of 27 new sub centres,

- (iii) construction of buildings for 250 sub centres,
- (iv) upgradation of 36 Primary Health Centres into 30 bedded rural hospitals and
- (v) provision of staff quarters in 155 Primary Health Centres.

The total outlay on them was estimated at Rs. 6,38 lakhs. Progress in all the above items of work was insignificantly small. Against the targeted outlay of Rs. 24 lakhs for construction of buildings in 12 Primary Health Centres, actual expenditure to end of 1979-80 was only Rs. 1.88 lakhs. By September 1982 buildings had come up only for 4 centres. Work on 5 other centres was reported to be in progress, while it was not commenced in the remaining 3 centres.

Against the targeted outlay of Rs. 1,78.25 lakhs for staff quarters, expenditure to the end of 1978-79 was nominal, viz. Rs. 0.59 lakh. Construction was taken up in 20 Primary Health Centres, but completed only in 4 (August 1982). According to Director of Health Services (March 1981), construction was not taken up for want of funds in the remaining 135 centres.

Out of 27 sub centres to be opened during the period, only 14 had been opened, 5 in 1976-77 and 9 in 1977-78. Against buildings for 250 centres, only 35 had been taken up to the end of 1979-80. The Director of Health Services stated in March 1981 that the department had no proposals for construction of buildings for the remaining 215 centres for want of funds.

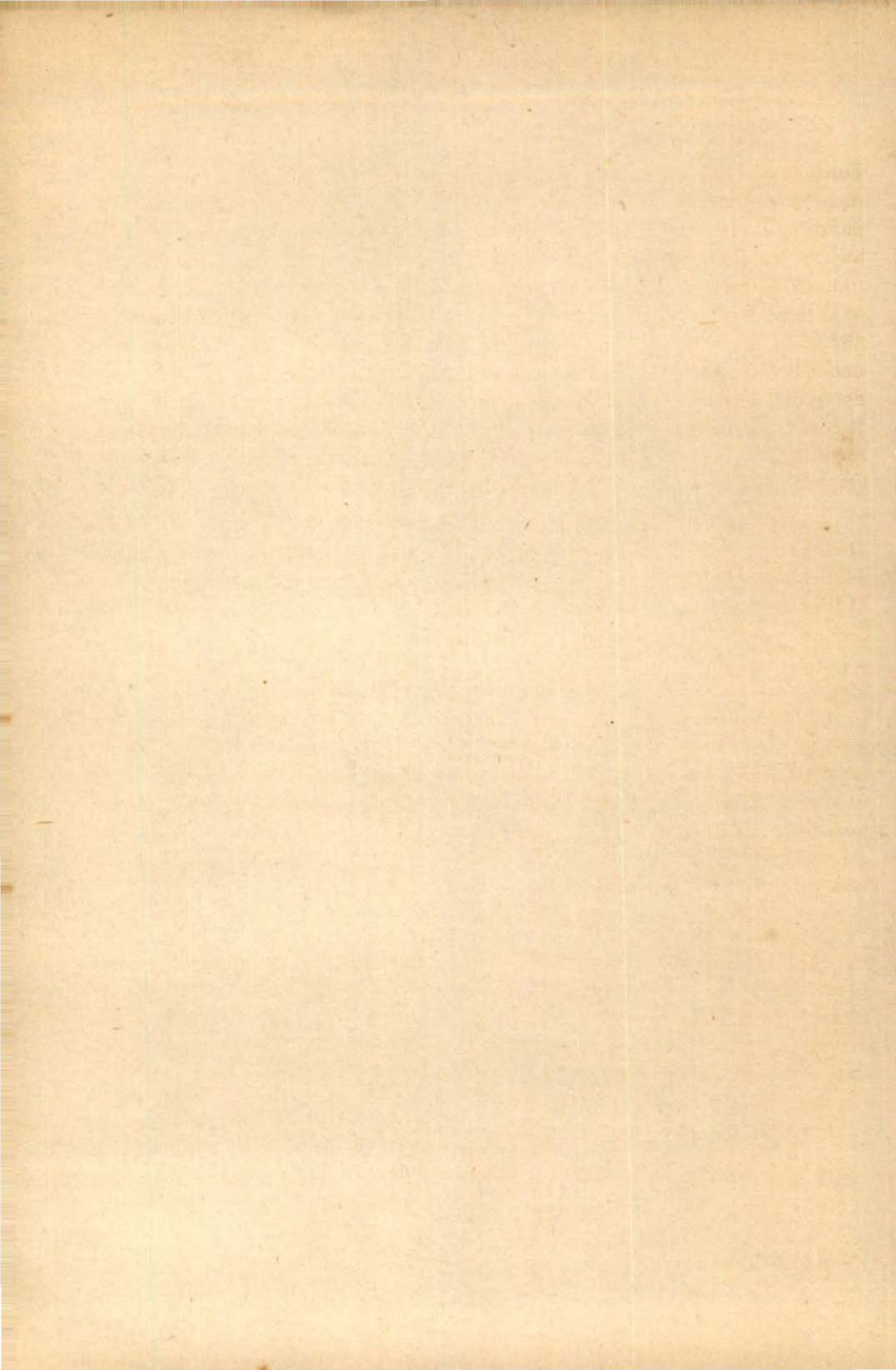
Upgradation of 36 Primary Health Centres into Rural Hospitals was not taken up during 1977-78 and 1978-79 as funds for the works were not included in the Budget for these years by the Director of Health Services due to oversight. The work could not be taken up in the next two years also. Though provision was made in the detailed budget estimates for 1979-80 and 1980-81, these items were omitted to be included in the works Appendix of the budget.

### **Housing Department**

#### *3. One Lakh Houses Scheme*

The object of the scheme launched in December 1971 was to provide houses to landless workers in rural areas. The cost of land-sites was met from the assistance given by Government of India. The cost of construction of houses was met out of contributions from Panchayats, the public and the beneficiaries. The timber required for the construction was provided by the





Forest Department, free of cost. From April 1974, the scheme was implemented as part of the Minimum Needs Programme. Mention was made in paragraph 31 of the Report of the Comptroller and Auditor General of India for the year 1973-74 about the shortfall in achievement in regard to construction and allotment of houses (against a target of 96,000 houses, the number of houses completed till July 1974 was 25,933 including 8,805 houses the allotment of which was still pending then; in addition 22,578 houses were under construction). Mention was also made of purchase of unsuitable land, delay in development of land, irregularities in the supply of timber, etc. In 1976 Government decided to allot the balance land as house-sites, leaving the responsibility for the construction of houses to the beneficiaries themselves. On a further review, the following points were noticed:

(i) Reports sent by the District Collectors to Government (May-December 1980) indicated that against the original target of 96,000 houses, 44,789 house-sites with completed houses and 38,600 house-sites without houses (1,930 acres approximately) had been allotted to eligible beneficiaries up to the end of March 1980 and that 3,656 more house-sites (183 acres) out of land acquired remained to be distributed. Out of 38,600 cases where house-sites alone (with no houses) were allotted, houses remained to be constructed (June to August 1980) in 33,717 cases (1,686 acres). Delay in allotment of the remaining house-sites was attributed by Government (September 1982) to want of applicants, delay in eviction of encroachers from the land acquired, delay or dispute in demarcation of land acquired and laxity on the part of house-site committees. Poor progress in the construction of houses was ascribed to paucity of funds for providing financial assistance to the beneficiaries for the purpose.

According to the information furnished (December 1980 to June 1981) by 25 Block Development Officers, 125.68 acres of land (Government land: 14.95 acres; area and cost of other land acquired: 110.73 acres; Rs. 7.29 lakhs) remained to be distributed in these Blocks. The expenditure incurred on developing the sites amounted to Rs. 1.17 lakhs. The reasons adduced for the non-allotment of the house-sites were as follows:

<i>Reasons</i>	<i>Government land</i>		<i>Land purchased</i>	
	<i>Area (in acres)</i>	<i>Area (in acres)</i>	<i>Area (in acres)</i>	<i>Value (in lakhs of rupees)</i>
Want of applicants	7.55	67.01		3.71
Land under encroachment	1.40	11.70		1.55

<i>Reasons</i>	<i>Government land</i>		<i>Land purchased</i>
	<i>Area (in acres)</i>	<i>Area (in acres)</i>	<i>Value (in lakhs of rupees)</i>
Delay in demarcation	4.00	19.99	1.28
Laxity on the part of house-site committees	2.00	7.15	0.45
Other reasons	..	4.88	0.30

(ii) The timber logs supplied by the Forest Department free of cost were sawn at mills selected by the District Collectors and supplied to the Panchayats. When the construction work was discontinued in early 1976, unsawn timber logs left with the saw mills were not taken back and disposed of. A few instances are mentioned below:

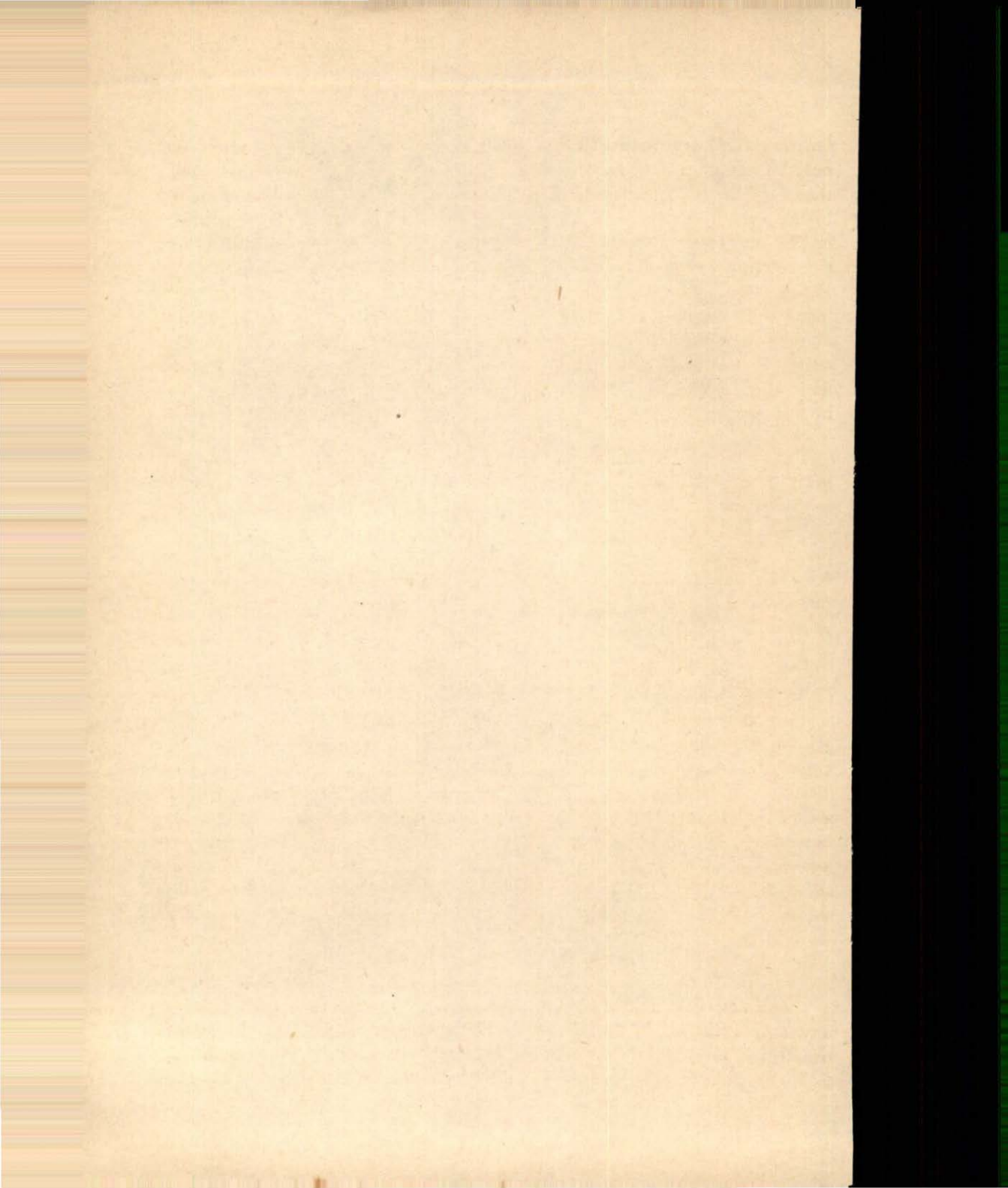
(a) The quantity of timber logs left with the mills in Cannanore District was about 180.55 cubic metres. These logs which were exposed to sun and rain in the mills' premises got decayed. In December 1979, Government accorded sanction to dispose of the logs in public auction after getting an upset price fixed by the Forest Department. The logs had not been disposed of as the upset price was still to be fixed (September 1982).

(b) A quantity of 256 cubic metres of round timber (116.6 cubic metres of scantlings) supplied to a mill in Palghat is reported missing. According to the Special Tahsildar, Palghat (August 1978), the mill-owner was responsible for the loss. The cost of timber (estimated value: Rs. 0.61 lakh) has not been recovered yet. Government stated (September 1982) that the mill-owner expired in May 1980 and that the revenue recovery proceedings had been initiated (January 1982) to recover the amount from the legal heirs.

#### 4. *Provision of house-sites to landless rural labourers*

(i) The object of the scheme introduced as part of Minimum Needs Programme in October 1976 was to distribute one lakh house-sites to landless rural workers within a period of five years from 1977-78. The total expenditure on the scheme to end of March 1980 was Rs. 2,32.38 lakhs. A review of the progress reports furnished to Government by the District Collectors (May 1980 to May 1981) indicated that even though 60,000 house-sites were to be distributed by 1979-80, only 11,297 house-sites (565 acres approximately) were distributed to the end of March 1980 and that 6,938 house-sites (347 acres) out of the land acquired for the purpose remained to be distributed







Out of 11,297 house-sites allotted so far, houses had been constructed only in 4,300 cases (March 1980). Government stated (September 1982) that the shortfall in the distribution of sites and delay in construction of houses in the remaining cases was due to (1) want of applicants (2) encroachment on the land (3) delay in demarcation of land (4) laxity on the part of house-site committees and (5) difficulty in getting suitable land for allotment, etc. It was also seen in Audit that there was no machinery in the department to monitor the construction of houses by the beneficiaries on the house-sites allotted to them. Government stated (September 1982) that financial assistance was being provided for construction of houses in the land allotted under a scheme formulated in 1981 and that construction of houses was in better progress.

(ii) Notwithstanding the provision in the financial rules of Government prohibiting drawal of money in advance, four Tahsildars in Palghat District drew an amount of Rs. 8.44 lakhs during the period 1977-78 to 1979-80 and kept the amount under Revenue Deposit. The amount was partly withdrawn and utilised in subsequent years, leaving a balance of Rs. 2.64 lakhs under Revenue Deposit (October 1980) in three taluks. Government stated (September 1982) that the balance amount kept in deposit was utilised by 1980-81.

(iii) Between March 1975 and March 1978 Government ordered transfer of Rs. 53.76 lakhs from the amount provided for implementation of the scheme under grant no. 'XXII- Housing' (Rs. 9.29 lakhs in March 1975; Rs. 13.68 lakhs in March 1976; Rs. 30.79 lakhs in March 1978) to the Chief Minister's Housing Fund, (a fund constituted by Government in May 1972 for the accountal of contributions received from the public and other sources for giving assistance to the landless workers in rural areas for construction of houses). The above transfers were made apparently with the object of avoiding lapse of funds. According to Government (September 1982) while the transfer of funds to the Chief Minister's Housing Fund was not specifically shown in the budget and expenditure therefrom got voted by the Legislature, the transfer was resorted to with the object of benefiting poor landless people which was also the objective of the Chief Minister's Housing Fund.

Any device of rendering grants non-lapsing by withdrawing amounts to any fund is contrary to the concept of legislative financial control, unless such transfers to and expenditure from the funds are also voted by the Legislature as such. In the above cases, the transfers to the Chief Minister's Housing

Fund were not specifically shown in the budget and the expenditure from the fund was also not separately voted by the Legislature. As such, the transfers were irregular.

When this was pointed out in audit, Government issued (November 1981) instructions to all the departments prohibiting the transfer of budgeted grants to any fund outside the Consolidated Fund without specific approval of the Legislature.

### **Revenue Department**

#### *5. Settlement of Agricultural labourers*

The scheme was started in October 1963 with the object of settling landless agricultural labourers on Government poramboke lands. Land was assigned to such workers who were to bring the land under cultivation within one year from the date of assignment. Financial assistance in the form of loan and grant (subject to a maximum of Rs. 1,500) was paid to each beneficiary family for meeting expenses on cultivation and settlement. The scheme was merged with the Minimum Needs Programme in April 1974. The expenditure incurred on the scheme to end of March 1980 was Rs. 44.33 lakhs. Some aspects of the scheme were mentioned in paragraph 41 of the Report of the Comptroller and Auditor General of India for the year 1974-75 (Civil). A further review in December 1980 and January 1981 disclosed the following points:

(i) An area of 116 acres was assigned to 116 agricultural labourers in Kanjirappally taluk during 1968-69 and financial assistance of Rs. 1.16 lakhs (grant: Rs. 0.96 lakh; loan: Rs. 0.20 lakh) was paid to them during 1968-69 to 1970-71. Though 85 settlers had alienated (1969-80) the land assigned to them (85 acres) the financial assistance of Rs. 0.77 lakh (grant: Rs. 0.70 lakh and loan: Rs. 0.07 lakh) paid to them had not been recovered yet (September 1982). The department stated (October 1982) that the Village Officer was being directed to visit the area at once and collect the arrears.

(ii) In Nedumangad taluk, out of 2,069 beneficiaries to whom 2,069 acres of land were assigned (1971 to 1975), 215 beneficiaries alienated the land (215 acres) assigned to them. The department had not taken any action (September 1982) to cancel the assignment and to resume possession of the land.

1871

1872

1873

1874

1875

1876

1877

1878

1879

1880

1881

1882

1883

1884

1885

1886

1887

1888

1889

1890

1891

1892

1893

1894

1895

1896

1897

1898

1899

1900



(iii) Rupees 38.96 lakhs were drawn during 1963-64 to 1970-71 for payment of financial assistance to assignees in Kasaragod and Hosdurg taluks and deposited in banks pending completion of preliminary works like demarcation of land, removal of tree growth from the land assigned, etc. Out of the amount so deposited prior to April 1971, Rs. 0.81 lakh (Kasaragod: Rs. 0.12 lakh out of Rs. 4.27 lakhs being the interest accrued on deposits and Hosdurg: Rs. 0.69 lakh) was still lying unutilised (October 1982). The details of interest accrued on deposits made and still lying unutilised in Hosdurg taluk called for (January 1981) are awaited. The amount lying unutilised in Hosdurg taluk mainly related to 73 assignees to whom 293.26 acres of land were assigned during 1965-66 and 1966-67. The financial assistance could not be utilised by the beneficiaries owing to delay in demarcation of the land (238.94 acres) lying close to the State's boundary adjoining Karnataka and the non-clearance of tree growth in 54.32 acres of land (October 1982). The Director of Survey and Land Records stated (October 1980) that a joint verification of the boundary was yet to be made and that the matter was under correspondence with Karnataka State. Interest of Rs. 4.27 lakhs accrued on the amount deposited in banks in Kasaragod taluk was not credited to Government but was allowed to be withdrawn by the settlers.

(iv) The assignment of land in 679 cases (Hosdurg: 176; Kasaragod: 503) was cancelled by the department (between April 1963 and March 1971) as the assignees to whom 2,547.44 acres had been assigned deserted the land. Reasons adduced (January 1981) by the Tahsildar, Hosdurg for the desertion were (1) poor financial position of the assignees (2) lack of educational facilities in the area (3) hilliness of the terrain, etc. The Tahsildar, Kasaragod attributed (February 1981) the desertion of land by the settlers to the difficulty in reclaiming the land with the limited financial assistance given by Government. As at the end of September 1982, Rs. 1.88 lakhs (Kasaragod: Rs. 1.52 lakhs; Hosdurg: Rs. 0.36 lakh) were pending recovery from them.

(v) For settling 100 fishermen families in Thekkumbhagam village in Karunagappally taluk, 8.85 acres of land were acquired for Rs. 1.46 lakhs in April 1966. Part of the land (5.05 acres) was assigned to 101 families at the rate of five cents per family. After setting apart about 80 cents of land for provision of common amenities, there was about 3 acres of land, (approximate cost: Rs. 0.49 lakh) still remaining to be distributed. The reasons for the non-distribution of the remaining area called for (January 1981) from the department are awaited (October 1982).

*Summing up*

The following points emerge from the foregoing paragraphs:—

(i) There was no information with the department regarding the overall targets fixed for various activities under the programme as well as the achievements thereagainst.

(ii) Out of 136 works taken up under Village Roads Programme in 16 Blocks during 1974-75 to 1980-81, 9 works (expenditure: Rs. 8.95 lakhs) are at a stand-still for various reasons like backing out by conveners of beneficiary committees, discontinuance of works for want of funds, etc.

(iii) Adoption of incorrect/excessive wage rates, deviation from the approved procedure for classification of soil, incorrect fixation of the price of wheat, etc., resulted in an excess payment of Rs. 2.47 lakhs.

(iv) 791.18 tonnes of food grains representing 25 *per cent* of the total issues relating to 96 works were made over to the conveners of the works after the works were either stopped or completed and the labour force disbanded.

(v) In respect of 30 works, Rs. 32.74 lakhs were paid to the conveners against Rs. 22.43 lakhs payable as per muster rolls.

(vi) The muster rolls maintained in Community Development Blocks in respect of village road works were generally defective.

(vii) Against 480 buildings proposed to be constructed for P.H. Centres, Rural hospitals, sub-centres etc., during the period upto 1978-79, only 22 buildings have been completed.

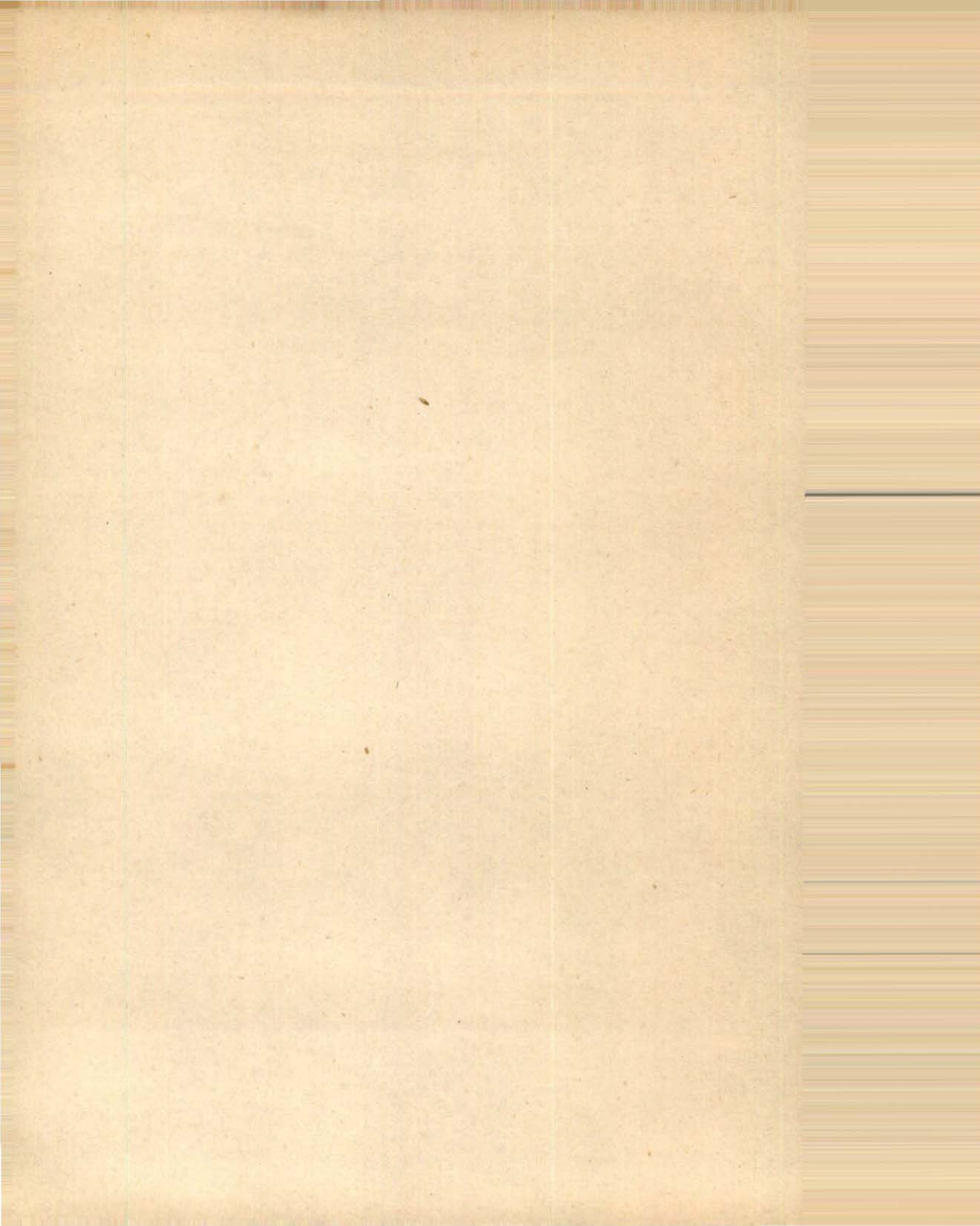
(viii) Out of land acquired (4,438.40 acres) for 'One lakh houses scheme', 183 acres (approximately) remained to be distributed (May-December 1980).

(ix) Timber valued at Rs. 0.61 lakh entrusted to a saw mill had not been accounted for.

(x) Out of land acquired (more than 900 acres) for provision of houses to landless rural labourers, 347 acres remained to be distributed.

(xi) Between March 1975 and March 1978, Rs. 53.76 lakhs provided for distribution of house-sites to landless rural labourers were transferred to the Chief Minister's Housing Fund without getting a vote of the Legislature for the transfer.







(xii) Under the 'Settlement of Agricultural labourers', 300 settlers in Kanjirappally and Nedumangad taluks had alienated the land assigned to them between 1969 and 1980.

(xiii) In Kasaragod and Hosdurg taluks, 679 assignees to whom 2,547 acres had been assigned had deserted the land; an amount of Rs. 1.88 lakhs was pending recovery from them.

The matter was reported to Government in August 1982; replies from the Development and the Revenue departments are awaited (March 1983).

## GENERAL

### 3.11. Outstanding Audit Observations

Results of a review of the position of outstanding audit observations pertaining to two departments of Government (Home and Ports) conducted by Audit in September 1982 with reference to the relevant records maintained in 24 selected offices are indicated below:

(1) 1650 audit observations for money value of Rs. 2,67.42 lakhs pertaining to the Home Department issued up to end of March 1982 were outstanding settlement as at the end of September 1982. The corresponding figures pertaining to the Ports Department were 226 and Rs. 78.06 lakhs respectively.

Year-wise break-up of the outstanding audit observations is given in Appendix 3.4.

(2) Bulk of the outstanding audit observations pertaining to the two departments were for want of payees' receipts (1,152 items for Rs. 1,89.48 lakhs). The remaining observations were for want of detailed bills and sanction of competent authority.

(3) The financial rules of Government stipulate that each head of office should maintain a register in prescribed form for recording audit observations and watching their settlement. In two offices\* the register was not maintained. In the remaining offices, maintenance of the register was perfunctory for one or other of the following reasons:—

(a) there were omissions to enter the audit observations in the register,

---

\*Kerala Institute of Nautical Studies, Vizhinjam and Office of the Dredging Superintendent, Neendakara.

(b) the register was not closed monthly and the abstract of audit observations pending settlement had not been prepared,

(c) the register was not reviewed monthly by the head of the office as required under rules,

(d) observations were deleted from the register before furnishing final replies thereto.

(4) Eight offices retained with them payees' receipts for Rs. 8.70 lakhs which should have been forwarded to Audit. \*One of these offices was not aware of the requirement that the payees' receipts for amounts in excess of Rs. 100 are to be forwarded to Audit. Most of the offices had not taken effective and sustained action to obtain payees' receipts for production to Audit.

(5) The requirement of submission of detailed bills with sub vouchers in adjustment of advances drawn for contingent expenditure was not known to \*one office. Timely submission of detailed bills to Audit was also not watched by the controlling officers.

(6) In September 1981, Government issued circular instructions to all drawing officers to bestow personal attention to the clearance of audit observations and see that the number of outstanding audit observations were brought down considerably. No special steps were taken in this direction by the two departments.

Government stated (December 1982/February 1983) that necessary instructions were being issued to all concerned for the clearance of outstanding audit observations at the earliest.

### 3.12 Misappropriations, losses, etc.

Cases of misappropriations, losses, etc., of Government money reported to Audit up to the end of March 1982 and pending finalisation at the end of September 1982 were as follows:—

	<i>Number</i>	<i>Amount</i>
	<i>(in lakhs of rupees)</i>	
Cases reported to the end of March 1981 and outstanding at the end of September 1981	168	53.89
Cases reported during April 1981 to March 1982	9	1.04
Cases disposed of till September 1982	13	0.75
Cases outstanding at the end of September 1982	164	54.18

Department-wise analysis of the outstanding cases is given in Appendix 3.5.

---

\* Office of the Dredging Superintendent, Neendakara.





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

<i>Year</i>	<i>Number of cases</i>	<i>Amount (in lakhs of rupees)</i>
1971-72 and prior years	47	26.64
1972-73	9	6.67
1973-74	12	7.35
1974-75	6	0.37
1975-76	14	2.89
1976-77	14	1.21
1977-78	11	2.04
1978-79	15	1.32
1979-80	7	0.78
1980-81	20	3.84
1981-82	9	1.07
Total	164	54.18

The reasons for the pendency are analysed below:—

	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
(i) Awaiting departmental and criminal investigation	18	1.80
(ii) Departmental action started but not finalised	124	40.40
(iii) Awaiting orders for recovery or write off	11	7.00
(iv) Pending in courts of law	11	4.98
Total	164	54.18

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

Rupees 14.79 lakhs representing mainly losses, irrecoverable revenue, duties, advances, etc., were written off/waived in 3572 cases and Rs. 1.23 lakhs paid *ex-gratia* in 13 cases between April 1981 and March 1982 as detailed in Appendix 3.6.

## CHAPTER IV

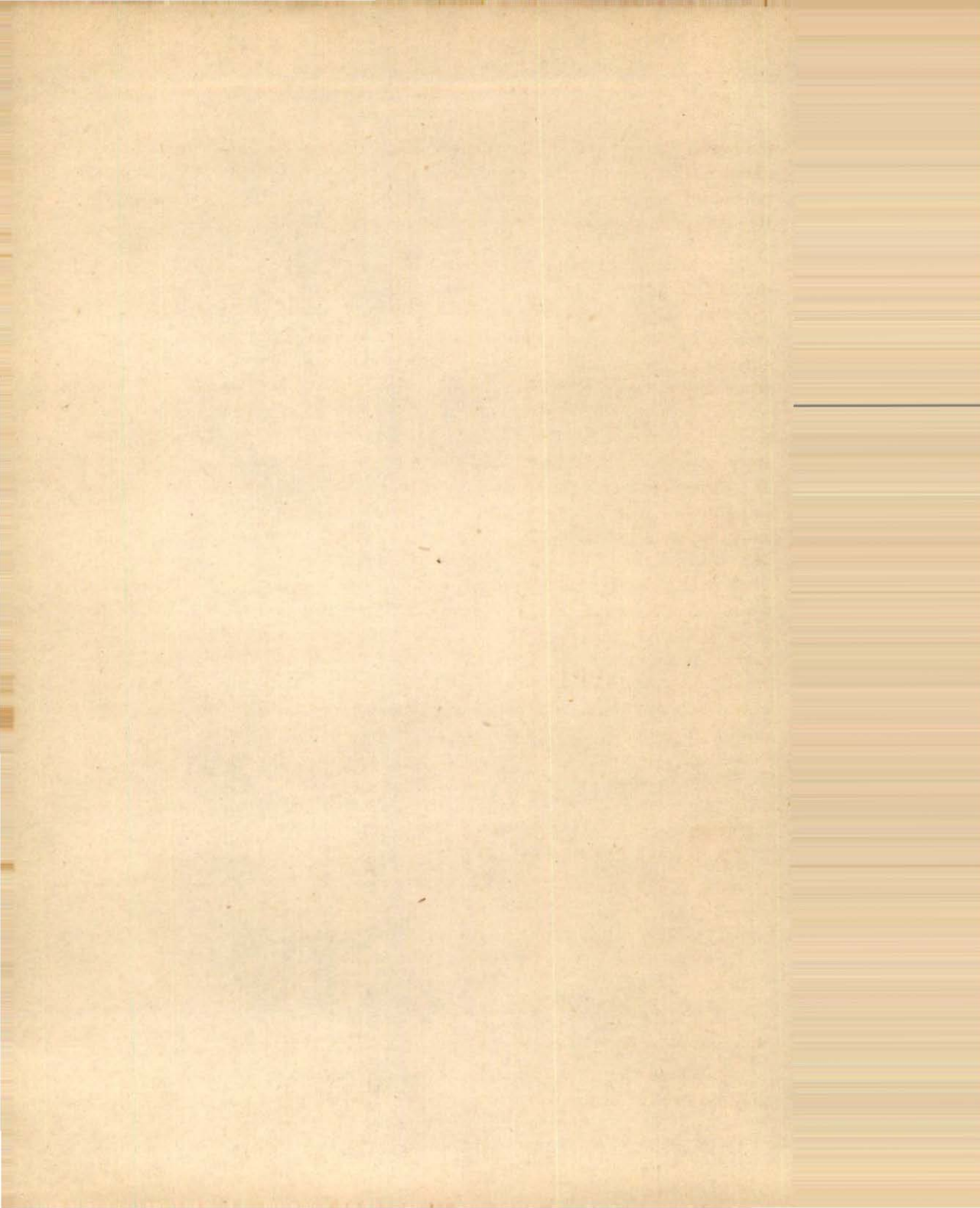
### AGRICULTURE (MINOR IRRIGATION) DEPARTMENT

#### 4.1. Long period of execution of a Lift Irrigation Scheme

The work "Lift Irrigation to Mulappurathukadavu fields in Thiruvalla Taluk" was sanctioned by Government in March 1965 for Rs. 0.96 lakh and was intended to irrigate 205 hectares of paddy fields. Formation of channels, construction of a pump-house and cistern and purchase and installation of a pump-set were the main items. The work could not be taken up for execution till May 1969 owing to delay (i) in taking final decision on the request made in April 1964 of the local Panchayat Committee to award the work to them without tender (orders of Government rejecting the request of the Panchayat Committee were issued only in May 1969) and (ii) in obtaining consent statements from the land owners for free surrender of one hectare of land required for the work (these were received only in July 1968). This initial delay has resulted in revision of estimates twice; first in January 1966 to Rs. 1.24 lakhs and again in June 1968 to Rs. 1.69 lakhs owing to increase in the cost of materials and labour. The work was first tendered in April 1969, the single tender (which was 70 per cent above estimate rate) was not accepted by the department as it was considered too high. By that time, the schedule of rates had undergone revision from April 1969 and the estimate was again revised in March 1970 to Rs. 2.84 lakhs and sanctioned by Government in November 1970.

After expiry of a further period of more than a year, the work was put to tender in December 1971 and awarded in January 1972 to a contractor for a contract amount of Rs. 2.06 lakhs. The work was to be completed by January 1973 but the progress in execution was poor as the land owners who had originally agreed for free surrender of lands raised objections and demanded compensation. In May 1974, the Executive Engineer, Minor Irrigation Division, Chengannur proposed substitution of the earthen channel by a masonry channel to avoid percolation losses. This necessitated a further revision of the estimate to Rs. 3.10 lakhs. But the contractor was not interested in executing the work in accordance with the revised design though he executed a supplemental agreement in December 1974 agreeing to take up







the fresh items of work as extra items. The contract was, therefore, terminated in October 1976 at the risk and cost of the contractor. Only a small portion of the work was executed by the contractor for which he was paid Rs. 0.70 lakh in January 1975 and August 1977.

The change of design of the channel 9 years after the original estimate during the currency of the contract contributed to further delay in the execution of the work and eventual termination of the contract. The extra cost on account of the execution of the balance work will be known only after the work is awarded afresh. No part of the extra cost is, however, recoverable from the original contractor as he had by an arbitration petition obtained an award from the Arbitrator in October 1977 relieving him from the responsibility for the execution of the balance work. The main items of work namely, construction of pump house, cistern, flume and masonry channel which remained to be executed have not been taken up so far (September 1982). The estimate for these items of work was finalised by the Superintending Engineer only in September 1981 according to which the total cost of the work came to Rs. 6.58 lakhs. The Chief Engineer, Irrigation, stated in November 1981 that sanction of Government to the revised estimate was awaited for arranging execution of the balance work. The cost of the work has thus increased more than six times its original cost (from Rs. 0.96 lakh to Rs. 6.58 lakhs). In addition, a report (February 1982) of the Executive Engineer, Minor Irrigation Division, Chengannur, states that the work so far done at a cost of Rs. 1.27 lakhs does not serve any useful purpose. Moreover, a pump-set costing Rs. 0.21 lakh purchased in 1973 is lying idle for the last 9 years pending construction of the pump-house.

The delay of over 10 years in the execution of the work, in addition to escalation in cost, has denied benefits of the scheme to the public.

Government stated (November 1982) that intermittent revision of the schedule of rates and consequent revision of the estimate for the work also contributed to the delay in the execution of the work and that the work so far done is in tact, though it does not serve any useful purpose.

## IRRIGATION AND REHABILITATION DEPARTMENT

### **4.2. Avoidable expenditure owing to departmental lapse**

Mention was made in paragraph 49 C of the Report of the Comptroller and Auditor General of India for 1973-74 (Civil) of the high percentage of

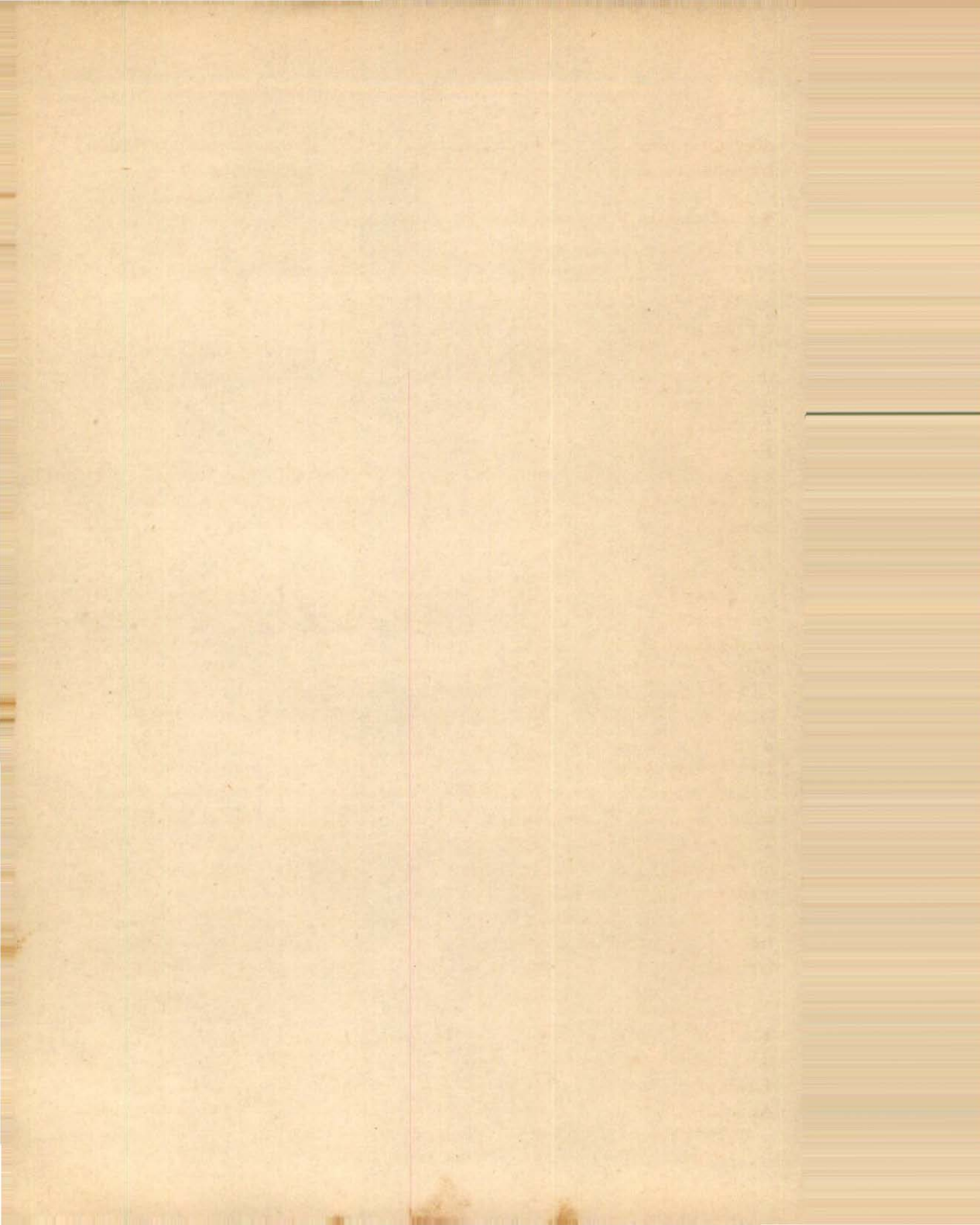
the arbitration cases which were decided against Government resulting in payment to contractors of amounts in excess of agreed rates. During the consideration of the above paragraph by the Public Accounts Committee in October 1977, Government informed the Committee that the legal tenability of doing away with arbitration in respect of work contracts was under examination. In May 1978, Government issued orders laying down that recourse to arbitration for resolving disputes or differences arising out of work contract was to be restricted to works with a probable amount of contract of Rs. 2 lakhs and less (as per estimate). The department, however, failed to act in accordance with these orders while settling (August 1978) the contract for a work estimated to cost Rs. 5.92 lakhs resulting in avoidable extra expenditure of Rs. 1.46 lakhs, as indicated below:—

Tenders were called by the Superintending Engineer, Project Circle, Kozhikode in May 1978 for the work "Pazhassi Irrigation Project—Forming Azheekal branch canal from chainage 10050 m. to 10950 m. including construction of C.D. works" with a probable amount of contract of Rs. 5.92 lakhs. In August 1978, the work was awarded to the lowest tenderer for Rs. 4.20 lakhs at 31.6 per cent below estimate rate. Agreement for the work was also executed by the contractor in the same month. The tender notice provided for settlement of disputes or differences arising out of the contract by reference to an arbitrator. The special conditions of contract forming part of the agreement also provided for arbitration of such disputes or differences. These clauses which were not applicable to this work in the light of orders of Government issued in May 1978 which should have been deleted were not so deleted from the tender notice as well as from the agreement.

During the course of the execution of the work, the contractor, invoking the provision of the arbitration clause in the contract, filed a petition before the Chief Engineer, Arbitration demanding 25 percent excess over his agreed rates for all works done and to be done on or after January 1980 and extra for 9645 cubic metres of earth work excavation. These claims were allowed by the arbitrator by an award passed by him in May 1980 which was decreed by the sub court, Trivandrum in October 1980. In November 1981, Rs. 1.46 lakhs were paid by the department to the contractor in full satisfaction of the award.

Government stated (December 1982) that the Superintending Engineer could not delete the arbitration clause from the tender notice as the copy of the Government order of May 1978 was received by him only on 17th June 1978 i.e. 3 days after the last date for the receipt of tenders. This, however,





does not explain why the Superintending Engineer did not resort to retender by issue of a fresh tender notice without the arbitration clause.

#### **4.3. Delay in filing objection in Court**

The work "Forming RB Main Canal from chainage 20682 m. to 21000 m." of Kuttiyadi Irrigation Project (estimated cost : Rs. 5.29 lakhs) awarded to a contractor in December 1976, for Rs. 4.70 lakhs was to have been completed by June 1977 (later extended to December 1979). By October 1978, when the contractor had executed the major portion of the canal work, the slopes on both sides of the canal slipped, reportedly due to heavy rains and the slipped earth of 3072 cubic metres was excavated by the contractor. In October 1979, the contractor filed an arbitration petition before the Chief Engineer, Arbitration, claiming extra payment for blasting of rock in wet condition, extra lead for the entire quantity of rock blasting and enhanced rate for the earth work excavation. These claims, which were not tenable under the terms of the contract were, however, allowed by the Arbitrator in his award passed in February 1980.

In March 1980, the contractor filed an O.P. in the Sub Court, Trivandrum for getting a decree passed in terms of the award. The court issued a notice to the Government Pleader which was received by him on 16th April 1980. The same day he called for from the Superintending Engineer, Project Circle Calicut, a copy of the legal opinion of the Law Officer (PWD) together with a copy of the award and other connected records to enable him to file objections, if any, by 15th May 1980, the last date for filing appeal. According to the Law Officer (PWD), there was scope for challenging the award as the Arbitrator had "ignored and disregarded the relevant provisions in the agreement" and had "traversed beyond his jurisdiction in passing the award". The Law Officer's opinion (expressed by him on 15th May 1980) was, however, made available to the Government Pleader by the department only in June 1980 and the objection could not be filed in time. In June 1980, the court passed the decree upholding the award observing that "none filed objection in time". The award was accepted by Government in January 1981 and Rs. 1.37 lakhs were paid to the contractor in February 1981 in satisfaction of the award.

In a communication (June 1980) addressed to the Executive Engineer, Kuttiyadi Project Division No. 2, the Superintending Engineer observed that the delay in this case seemed to have occurred in getting comments from the Law Officer and that in future it would be better to depute the concerned Assistant Executive Engineer to meet the Law Officer in person to get his

comments so as to avoid delay. It may, however, be mentioned in this connection, that within a week of passing the award, i.e. towards the close of February 1980, the Law Officer had called for urgently from the Superintending Engineer his technical comments on the award to enable him to examine the scope for appeal but the technical comments were forwarded to the Law Officer by the latter only in May 1980.

Consequent on the failure to file objection in time, the department lost the opportunity of challenging in Court the award which, in their view, violated the provisions of the contract.

The matter was reported to Government in August 1982, reply is awaited (March 1983).

#### 4.4. Financial results of irrigation works

(a) Capital and revenue accounts are kept in the State for eight completed irrigation works from which water is being used for irrigation.

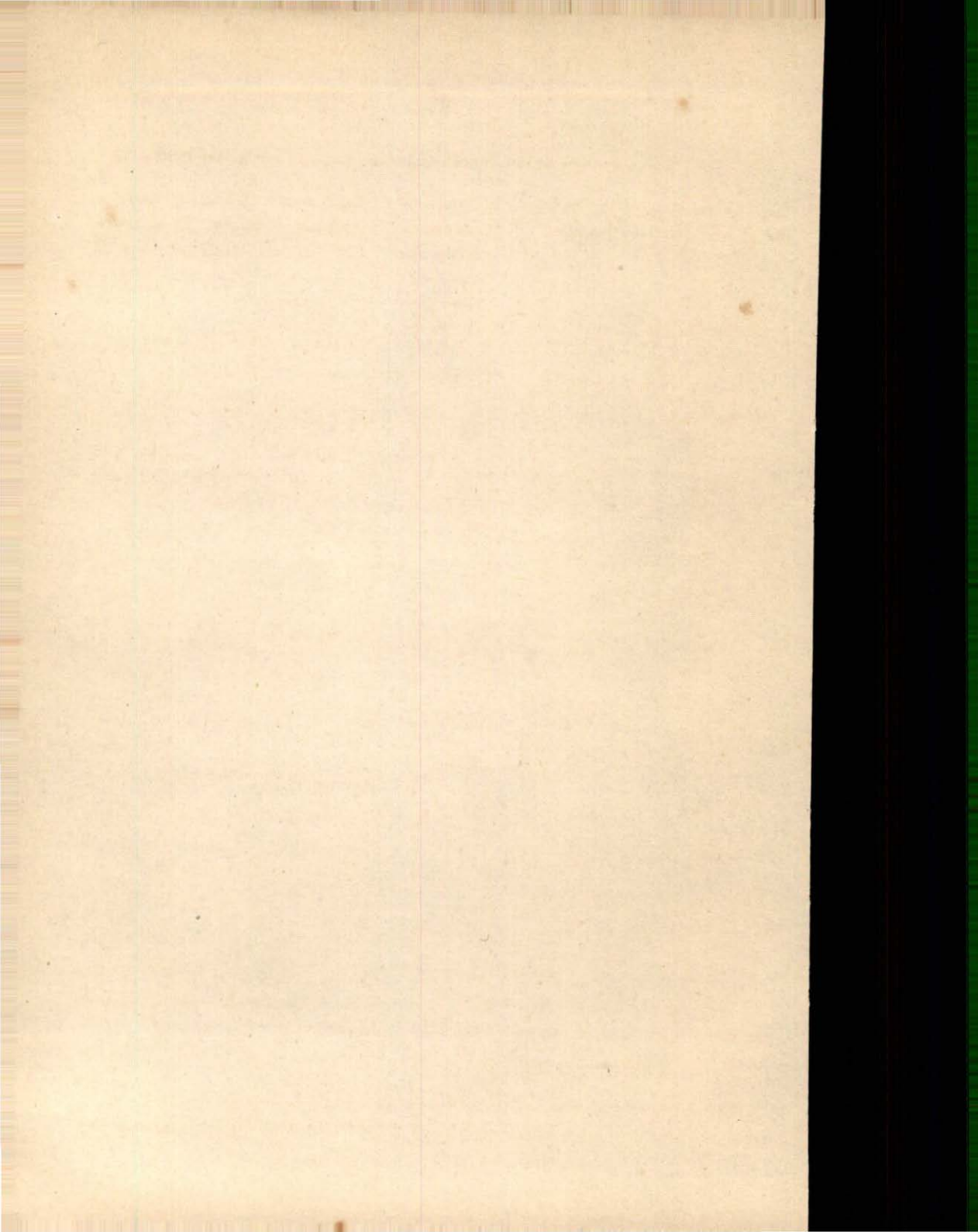
The total revenue from these works during 1981-82 was Rs. 59.54 lakhs while the working expenses were Rs. 91.87 lakhs. Taking into account the interest (Rs. 3,76.24 lakhs) on capital, the deficit during the year was Rs. 4,08.57 lakhs which worked out to 7.97 per cent of the capital outlay against 6.63 per cent in 1980-81.

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

	1979-80	1980-81	1981-82
	(in lakhs of rupees)		
Capital outlay to end of the year	43,22.04	47,42.72	51,24.57
Total revenue during the year	1,08.58	88.15	59.54
Working expenses	76.27	91.48	91.87
Net surplus/deficit (excluding interest)	(+)32.31	(-)3.33	(-)32.33
Interest on Capital	2,82.49	3,10.98	3,76.24
Deficit after meeting interest	2,50.18	3,14.31	4,08.57
Percentage of deficit	5.79	6.63	7.97

While the revenue declined by Rs. 28.61 lakhs during 1981-82, the overall deficit increased by Rs. 94.26 lakhs when compared to that in 1980-81.







(b) Some aspects about these irrigation projects are given below:—

Sl. no.	Name of the project and year of commissioning	Total area anticipated to be irrigated	Actual area irrigated 1981-82	Quantity of water released for irrigation	
		Gross area	Gross area	1980-81	1981-82
		Net area	Net area		
		(in thousands of hectares)		(million cubic metres)	
1.	Malampuzha (1953)	42.3	41.3	155.4	152.2
		21.2	20.7		
2.	Mangalam (1956)	6.9	6.6	19.9	26.6
		3.4	3.3		
3.	Meenkara (Gayathri) (1960)	10.9	9.8	26.8	35.7
		5.5	4.9		
4.	Walayar (1956)	6.5	7.5	14.3	14.0
		3.2	3.8		
5.	Peechi (1953)	15.3	Awaited	141.6	Awaited
		15.3			
6.	Chalakudy (1957)	13.5	27.1	364.4	394.1
		13.5	13.5		
7.	Cheerakuzhy (1973)	0.9	1.9	34.8	19.2
		0.9	1.0		
8.	Periyar Valley (1966)	85.6	44.6	445.2	498.9
		32.8	18.9		

Review of the results achieved in 1981-82 in respect of two irrigation projects (Malampuzha and Periyar Valley) disclosed the following:

1. *Malampuzha Irrigation Project*

The project fully commissioned in 1964 was expected to irrigate a gross area of 42,330 hectares and net area of 21,165 hectares. The gross and net

area actually irrigated during 1981-82 were 41,306 hectares and 20,653 hectares respectively. The shortfall in ayacut has been attributed (August 1982) by the department to non-completion of verification of an ayacut of 360 hectares of Palappuram extension, conversion of a portion of the ayacut as house plots, roads and exclusion of land found not feasible during verification being uplands.

The project was to supply water for raising three crops of paddy. Quantity of water released for two crops in a year through the canals for the last three years is as follows:

<i>Year</i>	<i>Rainfall in the command area</i>	<i>Quantity of water (million cubic metres)</i>
1979-80	5308 mm	205.1208
1980-81	6553.50 mm	155.4064
1981-82	6717 mm	152.2338

Decline in the quantity of water released was attributed to heavy rainfall in the Malampuzha Ayacut area.

According to the Command Area Development Authority, Trichur, targets were not fixed for the production of paddy for the two crops. Actual production during the two years 1979-80 and 1980-81 was 1.98 lakh tonnes and 2.08 lakh tonnes respectively. Details of paddy production for 1981-82 were not available with the Command Area Development Authority, Trichur.

No water has so far been released for the third crop. According to the department (August 1982) a proposal is being considered for supply of water for raising a third crop by modernising the canal system with a view to preventing loss of water owing to leakage and seepage.

Return of revenue anticipated on the basis of a water tax of Rs. 7.50 per acre for the first two crops together and Rs. 5 per acre for the third crop is 0.84 *per cent*. Despite a revision of the rates of water cess from July 1974, the returns achieved for years 1979-80, 1980-81 and 1981-82 were as follows:—

1979-80	0.14 <i>per cent</i>
1980-81	0.18 <i>per cent</i>
1981-82	Nil.

The low return of revenue was attributed to the following factors:—

(1) escalation in cost of materials and labour charges and maintenance charges of staff quarters and roads,





- (2) non-revision of water cess fixed in 1974,
- (3) non-release of water for third crop,
- (4) non-imposition of betterment levy leviable from land holders benefited by the project,
- (5) free supply of water to the Public Health Engineering Department for the urban water supply scheme,
- (6) non-revision of share debit realisable from Tourist Department for maintenance of garden and other items like miniature zoo, toy train, swimming pool, etc.

With a view to making the project remunerative a proposal to modernise the entire canal system to arrest leakage and seepage of water and to utilise the water thus saved for raising a third crop of pulses and also for extending ayacut area was stated to be under consideration (August 1982).

## 2. Periyar Valley Irrigation Project

The project originally sanctioned in May 1956 was intended to irrigate 25,617 hectares. When the project was partially commissioned in 1966 the department found that the capacity of the main canal as designed was totally inadequate to irrigate the ayacut targeted. The project report revised in 1972 envisaged (1) utilisation of water to be released from the Ennakkal dam (to be constructed by the Kerala State Electricity Board) and the tail race waters of the hydel scheme in the Muthirapuzha tributary of Periyar and (2) construction of a new high level canal. The project was expected to irrigate a gross area of 85,600 hectares (net area of 32,800 hectares) on completion of these works. The project has not been fully commissioned owing to non-completion of the Ennakkal dam by the Kerala State Electricity Board. The project was partially commissioned in 1966.

Against a gross area of 85,600 hectares expected to be irrigated as per revised project report, the gross area actually irrigated was 44,580 hectares. The ayacut of 44,580 hectares was achieved as early as in 1978-79. There was no further increase in the ayacut area since then. According to the department (August 1982), water available at present could irrigate only 44,580 hectares and the ayacut could be extended only after commissioning of Ennakkal dam.

Quantity of water released for irrigation purposes is as follows:—

1979-80	451.675	<i>million cubic metres</i>
1980-81	445.227	do.
1981-82	498.94	do.

Shortfall in the release of water was attributed to variation of water flow in river. Additional production of rice anticipated was 1.24 lakh tonnes. However, no assessment of food production is reported to have been made.

Owing to the partial completion of the project and the development of irrigated area only to about half the estimated area, the annual revenue realised on account of water cess has been proportionately less.

Revenue on account of sale of water has, however, shown wide fluctuations. The actual receipt under these two items for the three years 1979-80 to 1981-82 is given in the following table:—

Nature of revenue	Anticipated revenue as per project report	Actuals		
		1979-80	1980-81	1981-82

(in lakhs of rupees)

Water cess	17.06	9.18	10.90	7.94*
Sale of water	16.67	11.85	29.27	3.42

The District Collector, Ernakulam stated (October 1982) that several objection petitions have been received on the assessment of water cess which have not been disposed of, that another joint verification of the ayacut ordered by Government in July 1980 is in progress and that temporary stay on Revenue Recovery Proceedings pending finalisation of the joint verification had slightly affected the water cess collection adversely during 1981-82.

The matter was reported to Government in October 1982; reply is awaited (March 1983).

#### LOCAL ADMINISTRATION AND SOCIAL WELFARE DEPARTMENT

#### 4.5. Trivandrum Water Supply Augmentation Scheme— Construction of dam at Peppara

Mention was made in Paragraph 4.5 of the Report of the Comptroller and Auditor General of India for the year 1976-77, (Civil), of some aspects relating to the Trivandrum Water Supply Augmentation Scheme and the

\* Upto March 1982 (Final) accounts.







adoption of emergency measures in March 1976 to meet the increased requirements of water owing to increase in daily consumption level to 71.41 million litres from 1975. Permanent measures to augment the source of supply at Aruvikkara were discussed in the conference of the officers of the Public Health Engineering Department (P.H.E.D.) convened by the Chief Secretary to Government in March 1976 and on the basis of the decisions taken therein, Government ordered (March 1976), construction of another dam at Peppara, 26 km. upstream the existing dam at Aruvikkara to be completed within a period of two to three years. The Chief Engineer was asked to submit an estimate for the work. On a rough cost estimate for Rs. 2,98 lakhs forwarded by the Chief Engineer in March 1976, Government accorded administrative sanction for the work in April 1976. In July 1976, the estimate was technically sanctioned by the Chief Engineer, Public Health Engineering Department.

Construction of the dam at Peppara, 438 metres long and 36 metres high with a top width of 4 metres at a cost of Rs. 2,48.26 lakhs constituted the main item of work. The dam is to impound 70 million cubic metres of water which is to be let out through an outlet in the dam along the river course to be picked up at the Aruvikkara reservoir from where water is drawn for the supply to the city. The proposed arrangement was intended to maintain the reservoir level at Aruvikkara without drop.

The work was entrusted on contract in June 1977 to a Bombay Construction Company for Rs. 4,57.38 lakhs less rebate of 1 *per cent* (limited to Rs. 4.60 lakhs) on the total value of works finally executed.

The work was to be completed by December 1979 but has not so far been completed (February 1983). As at the end of November 1982, 95 *per cent* of the work is reported to have been completed at a cost of Rs. 733.14 lakhs. The Chief Engineer stated (February 1983) that the work was expected to be completed in all respects by March 1983.

Results of a review by Audit conducted in July—August 1982 with reference to the records in the offices of the Chief Engineer, Public Health Engineering Department and in the two dam divisions located at Peppara are indicated in the succeeding paragraphs:—

(i) According to the Kerala Public Works Department Manual, administrative sanction to a work which is in the nature of a project is to be accorded on the basis of a project report and project estimate prepared after full investigation and after finalising the major designs. No project report

was drawn up for this work nor was a project estimate prepared. Administrative sanction was, however, accorded by Government in April 1976 on the basis of a preliminary estimate prepared by the department contrary to departmental instructions. Further, under the departmental instructions, technical sanction to an estimate is to be accorded by a competent authority on the basis of a detailed estimate together with drawings, designs, and specifications. This basic requirement was not fulfilled as no detailed estimate was prepared before technical sanction was accorded. No detailed investigation was done either for collection and correlation of all data before finalisation of design and estimate. It was only after the work was awarded to the contractor, that exploratory drilling was started and quantities and specifications for the various items of work connected with the dam finalised in September 1976. Preparation of designs and detailed drawings for the dam was taken up later in January 1979 when the assistance of Kerala State Electricity Board was sought for. Work in this regard was completed by December 1979 and a revised estimate for Rs. 10,48 lakhs was prepared by the department and sent to Government in January 1981 which was sanctioned by Government in March 1981. Against ten items provided for in the original estimate at a cost of Rs. 2,48.26 lakhs, ninetytwo items estimated to cost Rs. 9,22.94 lakhs were found necessary, none of which was in conformation with the items already provided for in the earlier sanctioned estimate. The department attributed (January 1981) the wide variation mainly to increase in quantities in foundation excavation and preparation of foundation for concrete work necessitated by actual requirements at site. The work was thus taken up without an idea of what it would really cost as is evident from the fact that the cost of the scheme increased nearly four-fold.

(ii) The agreement executed in August 1977 with the construction company provided for payment of

(1) advance for preliminary and enabling works, not exceeding Rs. 20 lakhs.

(2) advance on plant and construction equipment, not exceeding Rs. 25 lakhs.

(3) *ad hoc* advance upto Rs. 25 lakhs.

The agreement also provided for realisation of interest at 18 per cent per annum on the above advances subject to a ceiling limit of Rs. 15 lakhs.





In terms of these provisions in the agreement, advances totalling Rs. 70 lakhs were paid to the company between September 1977 and June 1978 which included the *ad hoc* advance of Rs. 25 lakhs. Admissibility of *ad hoc* advance as well as the operation of ceiling limit on interest payable by the tenderer on these advances were not disclosed in the tender schedule. Extension of significant financial concessions not contemplated in the tender schedule vitiated the interse competitiveness of the four tenders received.

After execution of nearly ten *per cent* of the work on the dam, the company suspended work in March 1979 owing to direct action by the workers and claimed compensation of Rs. 1,11.65 lakhs for the loss due to low out-turn of workers and for escalation of prices. On the basis of a decision taken at a high level conference held in January 1980, an advance of Rs. 30 lakhs was paid to the company in February 1980 to enable them to restart operations which they did in the same month. Government also ordered in July 1980 the setting up of a High Power Committee to go into the claims of the company. On the recommendations of the committee, Government ordered (March 1982) payment of a compensation of Rs. 46.41 lakhs to the company towards additional expenditure on field establishment, extra financing cost and extra expenditure due to increase in mandays. Rupees 25 lakhs out of the above compensation were to be paid in lump and the balance was to be paid with reference to the quantity of concrete placed on the dam in excess of the first one lakh cubic metres at the rate of Rs. 35 per cubic metre subject to a minimum and maximum of Rs. 21.41 lakhs. Government also ordered that no further escalation in cost of any type was admissible and that payment of the compensation was subject to the further condition that the entire work was completed by June 1982. Accordingly, Rs. 25 lakhs were paid to the company in June 1982. Balance of Rs. 21.41 lakhs has not so far been paid (February 1983). The matter was stated (March 1983) to be under consideration of Government.

The following points are relevant:—

(1) Payment of compensation of Rs. 46.41 lakhs was outside the terms of the contract and constituted another item of financial aid to the contractor not disclosed in the tender notice. According to a counter prepared by the department in August 1980 and approved by Government in January 1981, none of the claims for compensation put forward by the company was tenable under the contract.

(2) Compensation was payable only after the company agreed to complete the work by June 1982 and adhered to this time schedule. A condition to this effect was however, not incorporated in the agreement with the

company (June 1982) when Rs. 25 lakhs were released nor did the agreement include a saving clause suggested by the Law Officer, Public Works Department for levy of penalty for delay in completion at Rs. 4000 per day after June 1982 till the date of completion. This time schedule was also not observed as the work has not so far been completed (February 1983).

(3) Despite specific orders of Government that no further escalation in cost of any type was to be paid, Rs. 9.87 lakhs were paid to the firm between May 1982 and July 1982 on claims preferred by the company towards escalation in cost of concrete placed on the dam from April 1982 to June 1982.

Circumstances in which the condition regarding completion of work by June 1982 was omitted to be included in the agreement executed by the company and payment of Rs. 9.87 lakhs was made towards escalation on cost of concrete laid in contravention of Government orders called for from the Chief Engineer in September 1982 are awaited.

(iii) In terms of the agreement executed with the company, interest at 18 *per cent* per annum on advances totalling Rs. 70 lakhs [referred to in sub paragraph (ii)] recoverable from them was subject to a ceiling limit of Rs. 15 lakhs. Actual interest due for recovery at 18 *per cent* per annum worked out to Rs. 42.58 lakhs. Interest lost to Government owing to fixation of ceiling limit worked out to Rs. 27.58 lakhs. No specific reason for including a condition in the contract fixing a ceiling limit on interest realisable on the advances paid to the company could be given by Government.

To sum up, the following are the main points that emerge from the foregoing paragraphs:

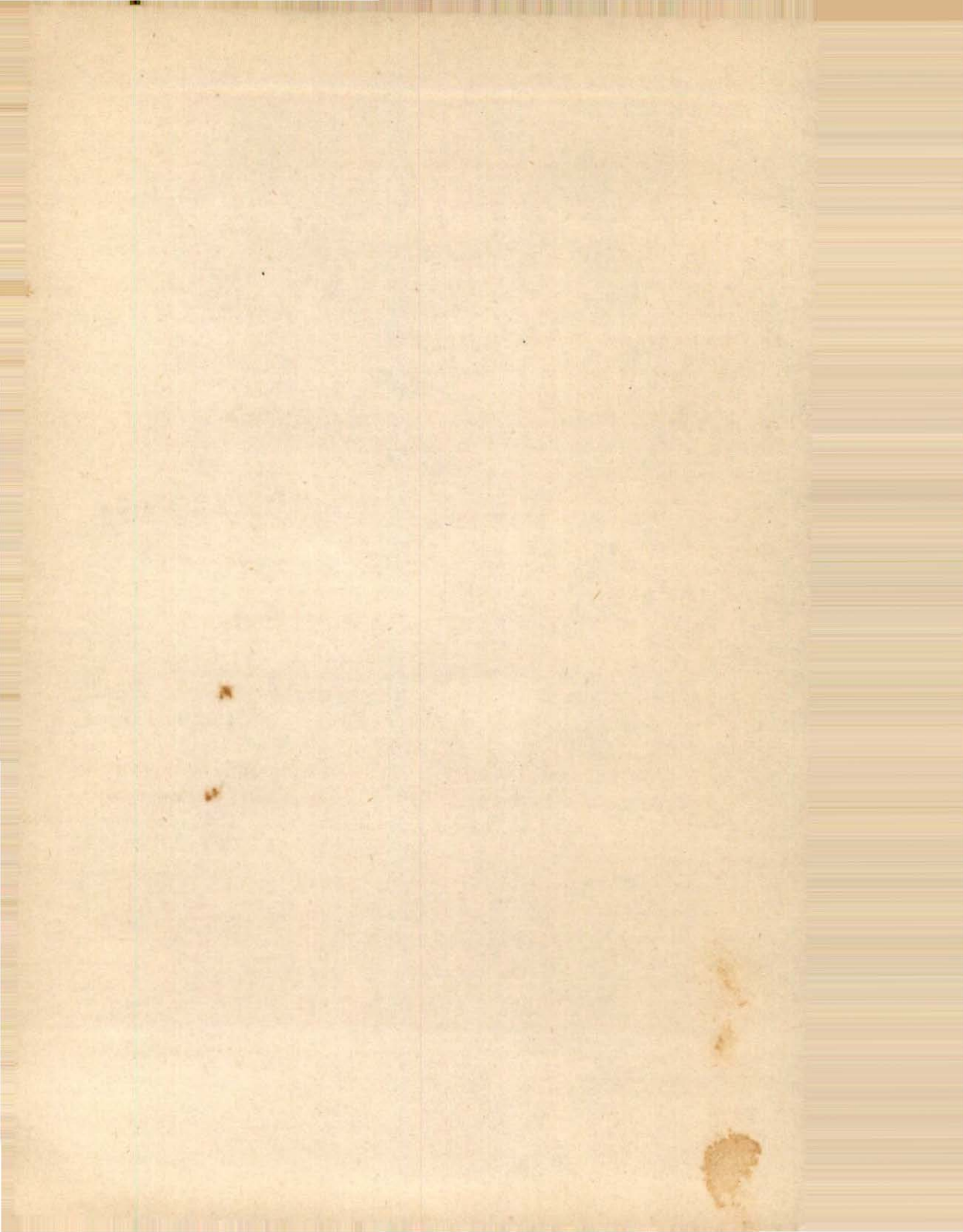
(i) No project report was drawn up before sanctioning the work nor was a detailed estimate prepared before according technical sanction to the work. The cost of the work increased from Rs. 298 lakhs to Rs. 1048 lakhs when a detailed revised estimate was prepared in January 1981.

(ii) Financial concessions like grant of *ad hoc* advances upto Rs. 25 lakhs and ceiling limit of Rs. 15 lakhs on interest on all advances paid to the company not disclosed in the tender documents were extended to the company when the work was awarded on contract.

(iii) Compensation of Rs. 46.41 lakhs sanctioned (March 1982) for payment to the company was outside the terms of the contract.

(iv) Rs. 9.87 lakhs were paid towards escalation in cost of concrete in contravention of orders of Government of March 1982 that no further escalation







was payable in addition to the compensation of Rs. 46.41 lakhs sanctioned in March 1982.

(v) Interest lost to Government owing to fixation of ceiling limit of Rs. 15 lakhs on the advances paid to the company worked out to Rs. 27.58 lakhs.

#### **4.6. Extra expenditure on the purchase of pig lead**

The supply of pig lead, a consumable article commonly used in joining C.I. pipes laid for water supply schemes is canalised through the Minerals and Metals Trading Corporation of India Limited (MMTC) and allotments are made by the Corporation to actual users on the basis of their requirements. For getting regular supply of the article, the users are to get themselves registered with Minerals and Metals Trading Corporation by depositing earnest money calculated at 2 *per cent* of the C.I.F value or Rs. 0.50 lakh whichever is less. Though the Public Health Engineering Department was aware of this requirement and also the fact that the rate charged by Minerals and Metals Trading Corporation was the lowest, it has not registered itself as a consumer with Minerals and Metals Trading Corporation so far (February 1982). As a result, the department had to purchase its requirements of pig lead from private firms at higher rates. Between August 1975 and September 1978, the department purchased, on the basis of tenders, from two Bombay firms, 369.189 tonnes of pig lead at a cost of Rs. 36.61 lakhs. Reckoned with reference to the rate charged by Minerals and Metals Trading Corporation plus the freight charges for the transportation of the article to Ernakulam, the purchase from the private firms resulted in an extra expenditure of Rs. 1.76 lakhs approximately— vide Appendix 4.1.

The Chief Engineer, Public Health Engineering Department stated (January 1981 and February 1982) that the department had already intimated Government in April 1977 the condition regarding prior registration with Minerals and Metals Trading Corporation and that orders of Government were awaited. Reasons for the long delay of more than five years in taking a decision on the issue of registration with Minerals and Metals Trading Corporation called for from Government in July 1982 are awaited (March 1983).

The matter was reported to Government in August 1982; reply is awaited (March 1983).

## PUBLIC WORKS AND ELECTRICITY DEPARTMENT

**4.7. Incomplete road work and non-recovery of dues from contractor**

Work on "Improvements to Pallikkal—Thengamom Road" in Quilon District sanctioned by the Superintending Engineer, Buildings and Roads South Circle, Trivandrum in September 1973 at an estimated cost of Rs. 1.55 lakhs was taken up in November 1973 for execution in two stages. The first stage comprising improvements to the road, construction of culverts and supply of broken stones for metalling was awarded in November 1973 to a Labour Contract Society in Quilon at 10 per cent below estimate rate and was to be completed by May 1974. After execution of the work in part, the society abandoned the work in February 1976 (reasons for abandonment awaited from the department). The department therefore, terminated the contract in August 1976 at the risk and cost of the society. The estimate for the work was revised in January 1977 to Rs. 2.03 lakhs on the basis of July 1976 schedule of rates and the work left undone by the society was entrusted in February 1977 to a second contractor and completed by him in October 1980 at a total cost of Rs. 1.78 lakhs.

In October 1980, the contract with the society was terminated and the department worked out the extra cost on account of the execution of the balance work through the second contractor as Rs. 0.54 lakh and addressed the District Collector, Quilon to recover the amount from the society invoking the provisions of the Revenue Recovery Act. But by that time, the society had become defunct. According to a report of July 1981 of the revenue authorities, the society did not possess any properties movable or immovable in Quilon District. Further attempts made by the department to realise the amount from the society under the provisions of the rules framed under the Co-operative Societies' Act, did not yield any result as the District Registrar of Co-operative Societies, Quilon who was addressed in the matter in July 1981 did not respond though reminded twice in September 1981 and January 1982.

The second stage of the work comprising metalling the road and supply of red earth for blinding the metalling is yet to be taken up (July 1982). Work in this regard is reported by the Executive Engineer, Buildings and Roads Division, Quilon in March 1982 to be in tendering stage.

The following points are relevant;

(i) According to the general instructions issued by Government in March, 1972, when a work awarded to a contractor is cancelled by the





department at his risk and cost, the liability of a defaulting contractor should be determined and recovered within a period of not more than one year from the date of arranging execution of the balance work through fresh contract. This time limit was not observed by the department, rendering recovery of dues from the society difficult. The department could not also adduce any satisfactory reason for the delay of over three years on this account beyond stating that the delay was not wilful.

(ii) Work on the road taken up for execution more than eight years back and on which an expenditure of Rs.1.78 lakhs has been incurred remains incomplete though, according to the department (November 1981) even in its unfinished stage, the road caters to the needs of the local people to a certain extent.

The matter was reported to Government in July 1982; reply is awaited (February 1983).

#### **4.8. Long delay in execution of a small road work**

The work of improvement of an existing road from Pazhayidam to Chenappady in Kottayam District for a length of 1.600 km. sanctioned in February 1972 at an estimated cost of Rs. 1.89 lakhs has not been completed even after the lapse of more than 10 years owing to departmental delay. The salient points noticed in execution of the work are given below:—

The main items as per the sanctioned estimate (cost: Rs. 1.89 lakhs) for the work were: general improvements to the road, masonry works, construction of a retaining wall and filling approaches, and soling and metalling and re-metalling the road surface. These items other than remetalling were awarded to a contractor in May 1972 for Rs. 1.16 lakhs and were to be completed by January 1973. After executing the work in part and receiving part payment of Rs. 0.37 lakh in May 1973, the contractor stopped work reportedly owing to unfavourable climatic conditions and objection raised by a land owner for the execution of work in his land. Two years later in May 1975, the contract was terminated at the risk and cost of the contractor as he did not resume work inspite of repeated notices. After a further lapse of nearly five years, the estimate for the work was revised to Rs. 3.05 lakhs in March 1978 and the work left undone by the original contractor together with the work of re-metalling the road was entrusted to a second contractor in September 1978 at 5 per cent above estimate rates. The work which was to be completed by January 1979 has not been completed so far (August 1982).

Delay in this regard was attributed (September 1981) by the department to the delay in approving the initial levels by the Superintending Engineer, shortage of departmental materials, time taken for removal of obstructions in the road and unfavourable climatic conditions.

Five years after the termination of the contract, the liability of the first contractor arising out of execution of the work through alternative agency was assessed in May 1979 at Rs. 1.07 lakhs. Besides, Rs. 0.08 lakh towards excess payment made to him in May 1973 for earthwork based on tape measurement instead of level measurement and cost of departmental materials not returned by him was also recoverable from him. Delay in assessing the liability of the contractor was ascribed (September 1981) by the department to the time taken for revising the estimate for the work and for awarding the balance work on the basis of such revised estimate.

Rupees 0.87 lakh had been spent till September 1981 on the incomplete work. According to the department, the work, to the extent to which it has been done, is intact though vehicular traffic will be possible only after completing the work on the culverts.

Information was not available with the department whether Rs. 1.15 lakhs due from the original contractor had been recovered. Though the department addressed the District Collector, Kottayam, in June 1979 to effect recovery of the amount from the contractor under the provisions of the Revenue Recovery Act, the department has not watched whether the recovery has been made. The Executive Engineer, Buildings and Roads Division Kottayam stated (August 1982) in reply to an enquiry by Audit that information regarding the recovery had not been received from the District Collector.

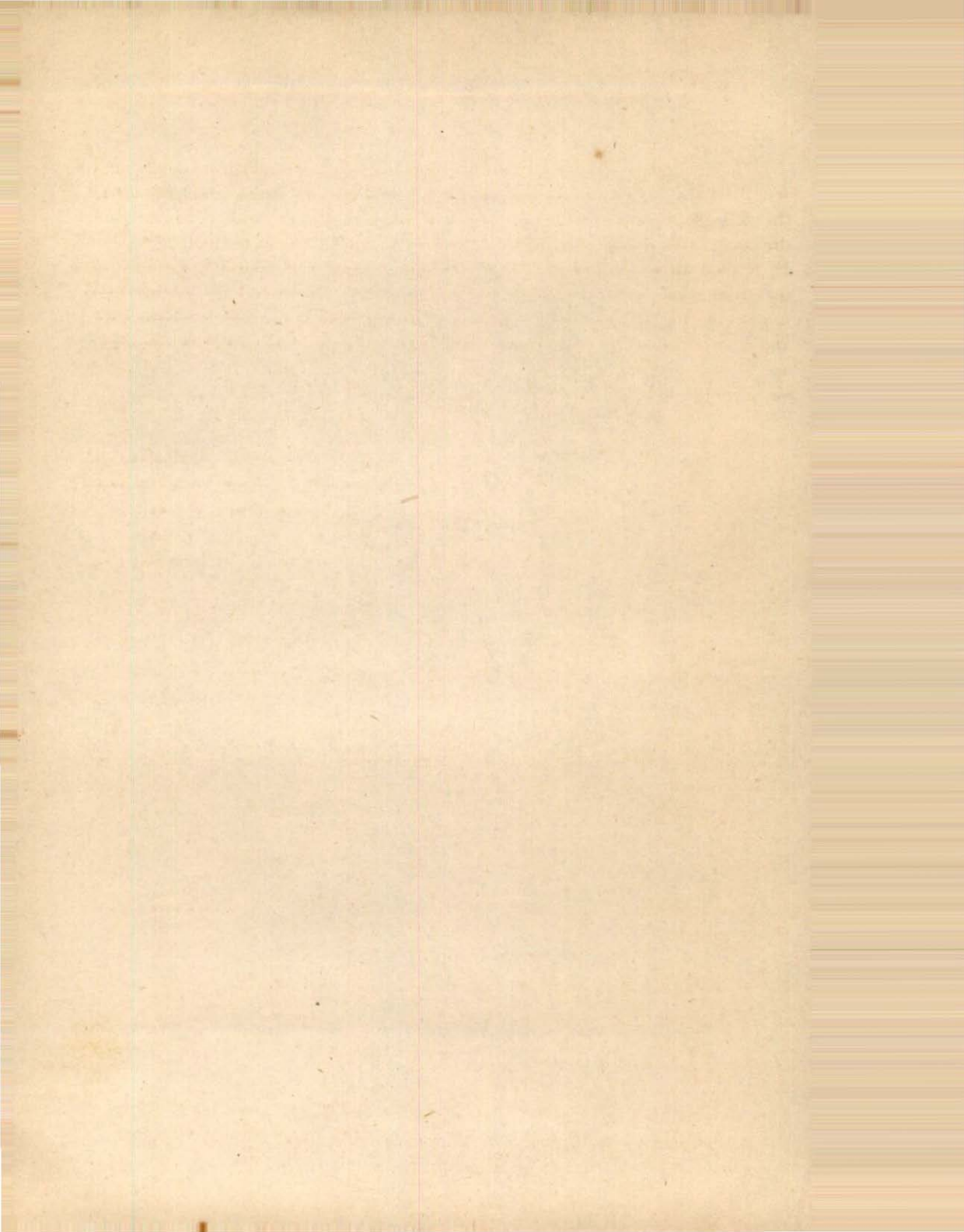
The matter was reported to Government in September 1982; reply is awaited (March 1983).

## **TRANSPORT, FISHERIES AND PORTS DEPARTMENT**

### **4.9. Deepening of Champakara Canal — high percentage of establishment expenditure**

Mention was made, *inter-alia*, in paragraph 4.6.C of the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil) of the high percentage of establishment expenditure incurred on the scheme for the development of inland water transport facilities for the industrial region near Cochin.







The scheme envisaged mainly deepening of Champakara Canal for a length of about 14 km. so as to provide for double lane traffic and protecting the sides of the canal from soil erosion and slipping of banks. Single lane dredging was already completed by December 1977. As at the end of March 1979, only about 25 per cent of the dredging of double lane and 35 per cent of the protective works remained to be completed. However, the entire staff sanctioned for the scheme (consisting of 39 numbers of engineering personnel and 45\* numbers of ministerial staff) was retained from 1979-80 onwards and is continued to be retained leading to disproportionately high expenditure on establishment as compared to expenditure on works vide table below:—

<i>Year</i>	<i>Works expenditure</i>	<i>Establishment expenditure</i>	<i>Percentage of establishment expenditure to works expenditure</i>
	<i>(in lakhs of rupees)</i>		
1979-80	9.25**	6.32	68.32
1980-81	23.06**	7.09	30.74
1981-82	20.08**	7.61	37.89

The Executive Engineer, Champakara Canal Division, Trippunithura stated (August 1982) that though the work on the canal was nearing completion, no reduction in staff was proposed as action was being taken to execute certain other urgent works estimated to cost Rs. 2,89.76 lakhs and that the total volume of work in the division was expected to increase.

The matter was reported to Government in October, 1982; reply is awaited (November 1982).

---

\* Includes one post of Upper Division Clerk and one post of Lower Division Clerk diverted permanently for work in the Office of the Chief Engineer, Trivandrum.

\*\* Includes expenditure on flood control works entrusted to the Champakara Canal Division in December 1979.

## GENERAL

**4.10. Delay in settlement of inspection reports**

The provisions in the Kerala Financial Code stipulate that first replies to inspection reports are to be sent within four weeks from the date of receipt of the inspection reports in the departmental offices. In November 1981, Government also prescribed the maintenance of a register to watch the receipt and despatch of replies to the inspection reports received by each head of office.

Review by Audit conducted in September 1982 on the position regarding outstanding inspection reports in two divisions (Public Health Division, Trivandrum under the Public Health Engineering Department and Buildings and Roads Division, Muvattupuzha under the Public Works Department) disclosed the following points:—

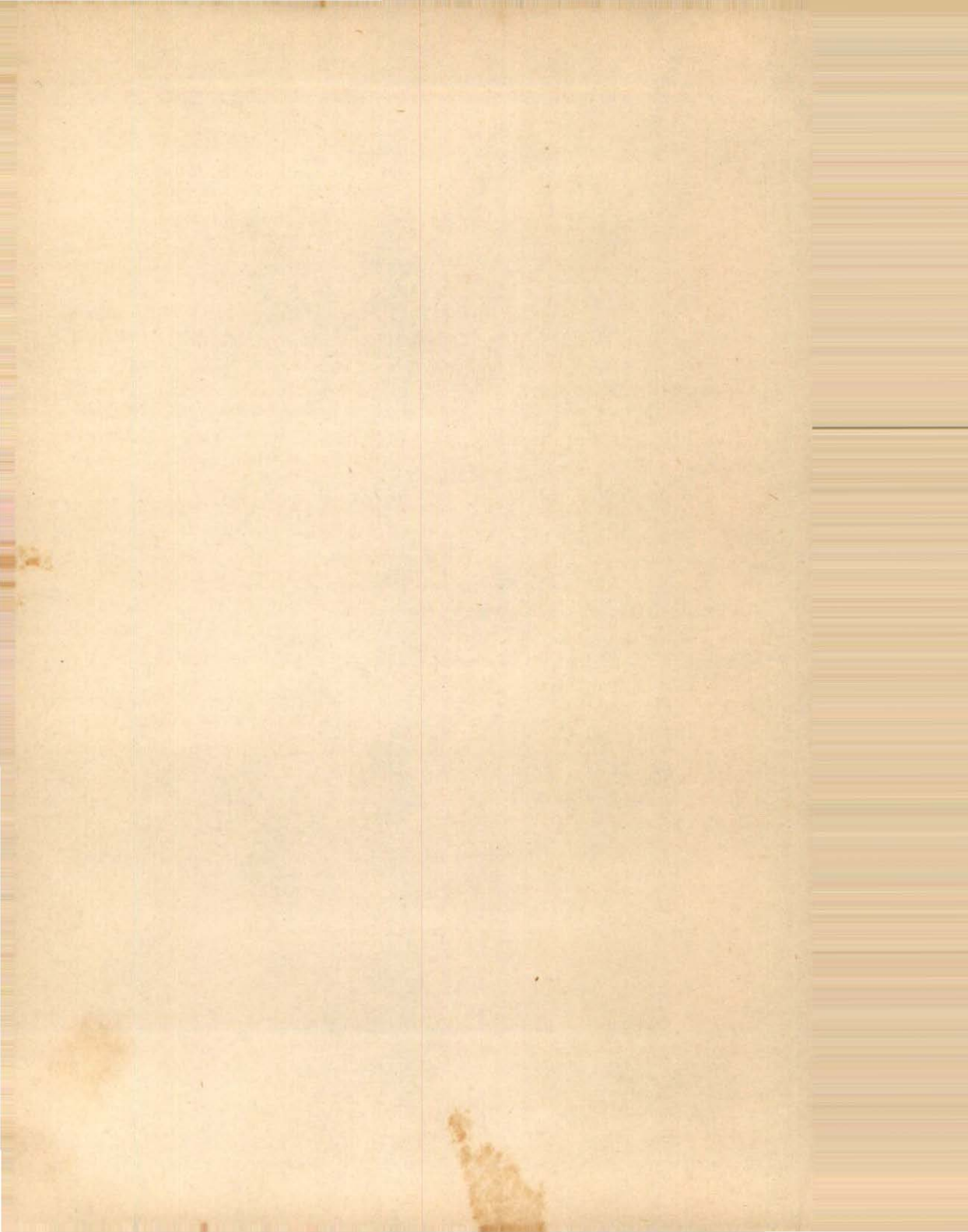
(1) As at the end of September 1982, 21 inspection reports (52 paragraphs) issued between 1969-70 and 1981-82 to the Public Health Division, Trivandrum and the Buildings and Roads Division, Muvattupuzha were not settled fully.

Year-wise details of the outstanding inspection reports are given below:—

<i>Year</i>	<i>Number of Inspection Reports</i>		<i>Number of Paragraphs</i>	
	<i>Public Health Division, Trivandrum</i>	<i>Buildings and Roads Division, Muvattupuzha</i>	<i>Public Health Division, Trivandrum</i>	<i>Buildings and Roads Division, Muvattupuzha</i>
Prior to 1st April 1975	5	3	5	3
1975-76	..	1	..	2
1976-77	1	1	2	1
1977-78	1	1	2	1
1978-79	1	1	4	3
1979-80	1	1	5	5
1980-81	1	1	10	3
1981-82	1	1	4	2
	11	10	32	20

(2) The Public Health Division, Trivandrum had not maintained the prescribed register to watch the receipt and disposal of inspection reports.





(3) First replies had not been sent by the two divisions to the two inspection reports issued in 1981-82. First reply was received in time only for one inspection report issued in December 1969 to the Public Health Division, Trivandrum. In respect of the remaining 18 outstanding inspection reports, first replies were sent by the two divisions after the expiry of the prescribed period of 4 weeks; delay in this regard ranged from more than a fortnight to 11 months.

(4) The Public Health Division, Trivandrum had not taken any action towards settlement of two \* paragraphs (out of 32 paragraphs) in 11 outstanding inspection reports. In respect of 14 other paragraphs, no follow-up action was taken for settlement of the points mentioned therein. Latest action taken by the Division in respect of these 14 paragraphs is indicated in Appendix 4.2.

(5) In the Buildings and Roads Division, Muvattupuzha, details of action taken by the Division for the settlement of 4 \*\* out of 20 paragraphs included in 10 outstanding inspection reports were not available with them as the connected files were reported to have been transferred to the Buildings and Roads Division, Idukki which was formed in September 1980. However, according to the Executive Engineer, Buildings and Roads Division, Idukki, (September 1982) the old files relating to the outstanding inspection reports had not been received in his division.

(6) The more important irregularities commented upon in the outstanding inspection reports and their present stage of action are indicated in Appendix 4.3.

The matter was reported to Government in October 1982; reply is awaited (March 1983).

---

\* Paragraphs III & IV of the reports issued in October 1978 and October 1979 respectively.

\*\* Paragraph VII of the report issued in March 1974, paragraphs IV & VII of the report issued in June 1975 and paragraph I of the report issued in August 1979.

CHAPTER V  
STORES AND STOCK  
**LOCAL ADMINISTRATION AND SOCIAL WELFARE  
DEPARTMENT**

**5.1. Public Health Engineering Department Stores**

Stores required in the Public Health Engineering Department comprise mainly mild steel rods, cement, cast iron pipes, PVC pipes, asbestos cement pipes, pig lead, etc. They are held in the Central Stores at Cochin and in 17 divisions. The Central Stores caters generally to the requirements of all the divisions.

Review of the stores transactions of the department in general and the accounts and records of two stores (Central Stores, Cochin and Division Store, Quilon) in particular conducted in August-September 1982 disclosed the following:—

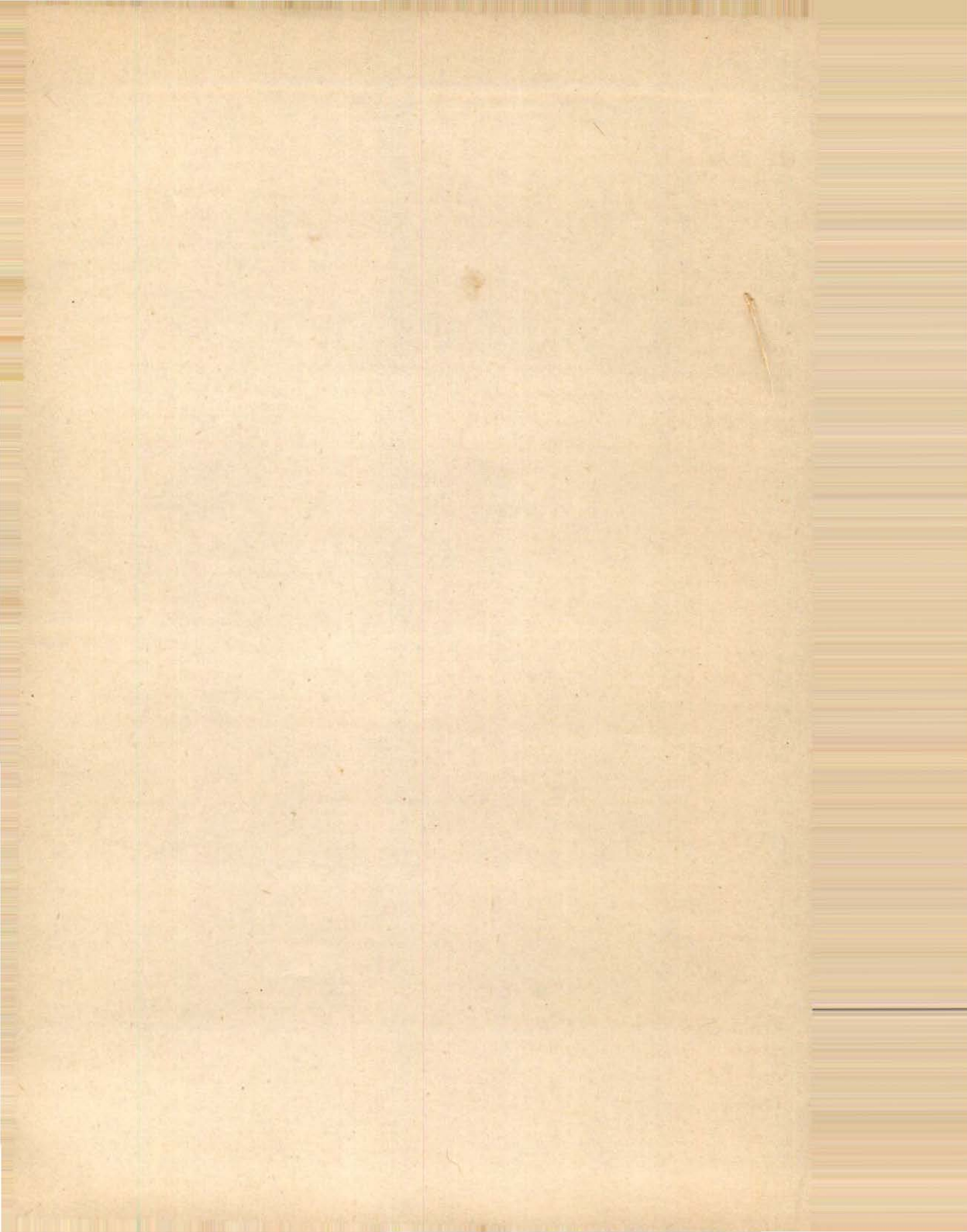
(1) *Budgetary control*

There was significant variation between the budget provision and actual expenditure under stock suspense for the years 1979-80 to 1981-82 as shown in the table below:—

<i>Year</i>	<i>Budget provision (Net)</i>	<i>Expenditure (Net)</i>	<i>Excess</i>
	<i>(in lakhs of rupees)</i>		
1979-80	2,50.00	3,40.31	90.31
1980-81	2,50.00	3,02.60	52.60
1981-82	2,95.00	4,54.56	1,59.56

The department attributed the excess for the years 1979-80 and 1980-81 mainly to (i) less issue of materials for works within the revenue portion of the grant and (ii) receipt of larger quantities of materials during the closing months of the year than anticipated.







(2) *Retention of stock in excess of reserve limit*

Stock retained in 11 division stores as at the end of March 1982 exceeded the stock limit prescribed. The value of stock retained in excess of limit amounted to Rs. 1,60.94 lakhs. In the division store at Badagara, the value of stock retained (Rs. 33.37 lakhs) exceeded 6 times the reserve limit (Rs. 5.00 lakhs) fixed for that division. In two other division stores (Calicut and Cannanore), the stock retained (Rs. 69.35 lakhs) exceeded 5 times the reserve limit (Rs. 5.00 lakhs and Rs. 8.00 lakhs respectively). The Chief Engineer attributed (October 1982) the excess over stock limit to (i) escalation in the price of materials during the last three to four years and (ii) purchase in advance of requirements of materials like cement, pipes and specials which are scarce in the market to avoid contractual problems during execution of works.

(3) *Delay in physical verification*

Annual physical verification of stores required to be conducted under departmental instructions was in arrears in 4 divisions (Public Health Divisions, Trivandrum, Palghat and Quilon and Central Stores, Cochin). The stores in Public Health Division, Trivandrum were last verified in September 1978 and those in the Central Stores, Cochin in February 1980. In respect of the other two divisions, verification for the year 1981-82 has not been conducted so far. According to the Chief Engineer, Public Health Engineering Department (October 1982), it was difficult to complete the annual verification in all the stores in time with the existing staff.

(4) *Overstocking of materials*

(a) 5,718.20 metres of 200 mm AC pipes (CL 15) purchased between November 1979 and March 1980 were retained in Central Stores, Cochin without any issue since the date of purchase, resulting in locking up of capital to the extent of Rs. 4.40 lakhs.

(b) Fresh purchase of the following items (*vide* table below) was resorted to in the Division Store, Quilon when the balance in stock of these items on the date of purchase was sufficient to meet the requirements of more than 3 to 20 years based on the average annual consumption for the three years preceding 1981.

Item	Opening	Receipts	Issues (1st	Closing balance as on	
	balance on	(1st January	January	31st March 1982	
	1st January	1981 to 31st	1981 to 31st	Quantity	Value (in
	1981	March 1982)	March 1982)	(Metres)	lakhs of
	(Metres)	(Metres)	(Metres)		rupees)
40 mm G.I. pipe	8,554.10	6,928.46	2,434.64	13,047.92	3.26
50 mm G.I. pipe	17,096.31	3,583.84	7,598.94	13,081.21	4.19
150 mm A.C. pipe	27,196.96	6,839.04	16,208.00	17,828.00	9.09
200 mm A.C. pipe	18,746.00	10,080.00	3,616.00	25,210.00	20.17

Circumstances in which fresh purchases were resorted to in the above cases leading to accumulation of stores valued at Rs. 36.71 lakhs as at the end of March 1982, are awaited from the department.

(5) *Non-delivery of materials by transport contractor*

Transportation of materials from the Central Stores, Cochin to various divisions is arranged by the department through conveyance contractors. During the year 1980-81, 44.01 tonnes of M.S. rods (value: Rs. 1.58 lakhs) issued from the Central Stores, Cochin were not delivered to the Public Health Water Supply Division (North), Trivandrum. This included four lorry loads of 33.96 tonnes of rods (value: Rs. 1.17 lakhs) issued between October 1980 and February 1981. In March 1981, the Assistant Executive Engineer, Water Supply Sub Division I intimated the Executive Engineer about the non-delivery of the consignments. Though the department initiated (July 1981) action to recover the cost of the materials not delivered (Rs. 6.27\* lakhs at market rate) by resorting to revenue recovery proceedings, the contractor moved the High Court in January 1982 to get the recovery proceedings quashed. Further developments are awaited (October 1982).

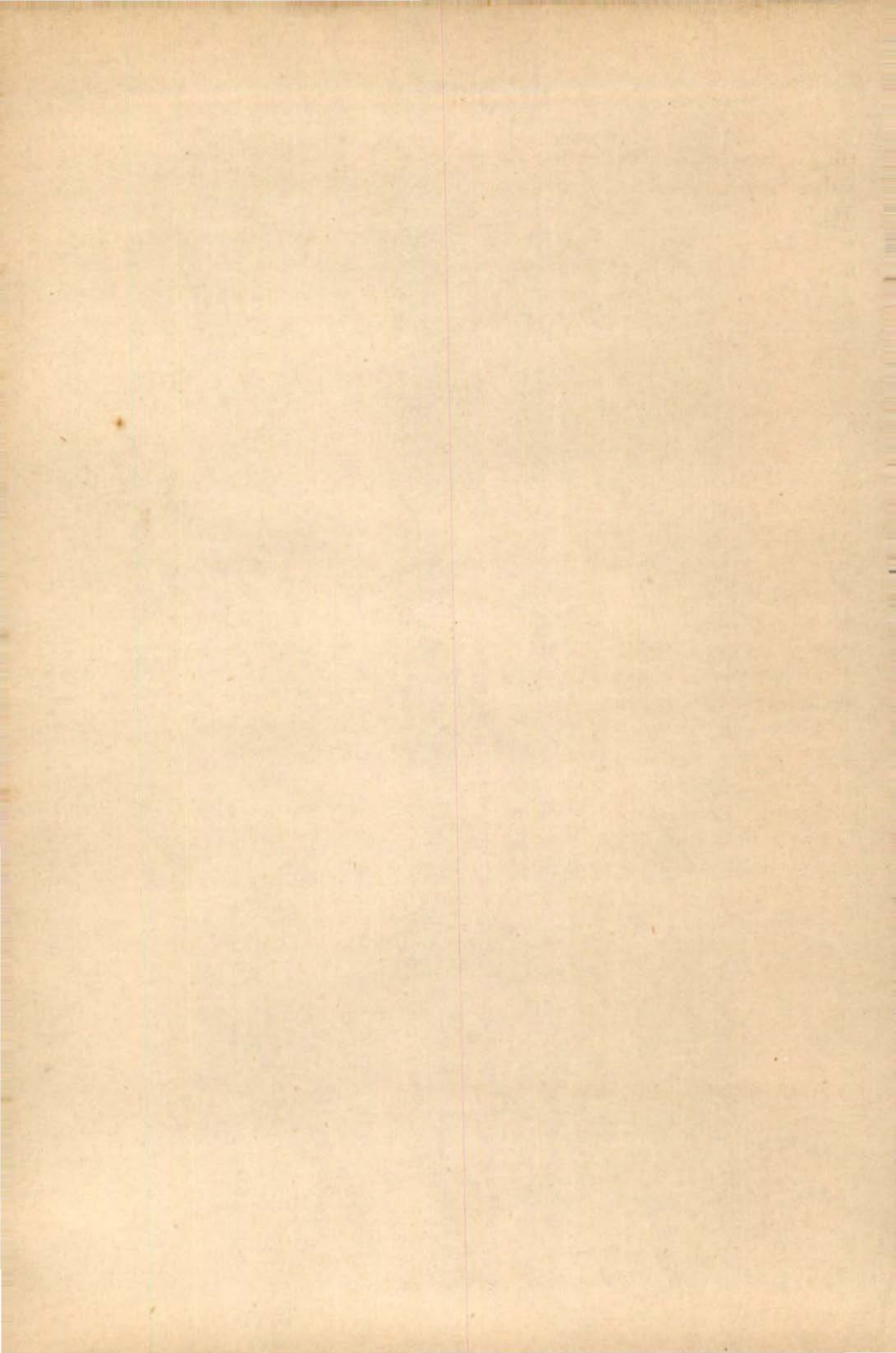
(6) *Short delivery of materials*

Short delivery of 800 metres of 100 mm AC pipes and 200 numbers of 100 mm AC couplings (value: Rs. 0.17 lakh) issued in September 1972 from the Central Stores, Cochin to the Public Health Division, Trivandrum was detected by the department in November 1972. Further action to recover the value of the materials short delivered was not taken by the department

---

\* Includes penalty at 100 per cent of the value at market rate and storage charges.





till January 1976. The department proposed (July 1977) adjustment of the value of the materials short delivered from the final bill of the contractor. He, however, obtained an arbitration award in May 1978 directing the department not to recover the loss from him. Nearly two years later, in April 1980, action was initiated by the Chief Engineer, Public Health Engineering Department to fix responsibility on the departmental officers for their failure to take timely action against the contractor. Further developments are awaited (October 1982).

(7) *Irregular adjustment of cost of materials*

Rupees 5.95 lakhs being the value of 13,525 metres of 80 mm and 2,350 metres of 100 mm AC pipes were debited to the accounts of Mahe Water Supply Scheme in the accounts of the Public Health Division, Badagara between March 1978 and January 1981. In the accounts of the Division for March 1981, the amount was transferred to the debit of six other works intended for the welfare of Harijan and Tribal communities. However, in the accounts of June 1981, the value of the materials was retransferred and debited to the accounts of the former work. The Executive Engineer, Public Health Division, Badagara stated (July 1982) that the value of the materials was transferred from the accounts of the Mahe Water Supply Scheme to the accounts of the six other works on the ground that the materials were not required for the former work. The transfer of the cost of these materials to the latter six works was, however, not warranted as 100 mm AC pipes were not at all required for those works and the requirements of 80 mm AC pipes was only 1,064 metres, of which 250 metres has already been issued to those works in June 1980 itself. The adjustments effected would appear to be unwarranted and irregular.

The matter was reported to Government in October 1982; reply is awaited (November 1982).

## HEALTH DEPARTMENT

### 5.2. **Avoidable expenditure on purchase of bread**

The general instructions issued by Government in March 1972 stipulate that all medical institutions in the State should purchase their requirements of bread from Modern Bakeries (India) Limited, Cochin (a Government of India undertaking) at Rs. 1.75 per kg. of bread, raised to Rs. 3.25 per kg. from

October 1980 and again to Rs. 3.70 per kg. from April 1981. Purchase of bread was being made by the medical institutions accordingly from Modern Bakeries at the above rates. In July and November 1980, Government issued orders revising the schedule for supply of diet to in-patients in the medical institutions in the State effective from April 1981. Consequently, the requirements of bread in all the institutions registered an increase. Modern Bakeries regretted (February 1981) their inability to undertake additional supplies of bread to the hospitals to meet the increased requirements from April 1981 owing to capacity limitations, though they were agreeable to continue supply of bread at the pre-April 1981 level. In June 1981, Government ordered that purchase of bread from Modern Bakeries may be discontinued if they were not in a position to supply the entire requirements of various hospitals and that the medical officers may purchase the required quantity from elsewhere on the basis of tenders/quotations.

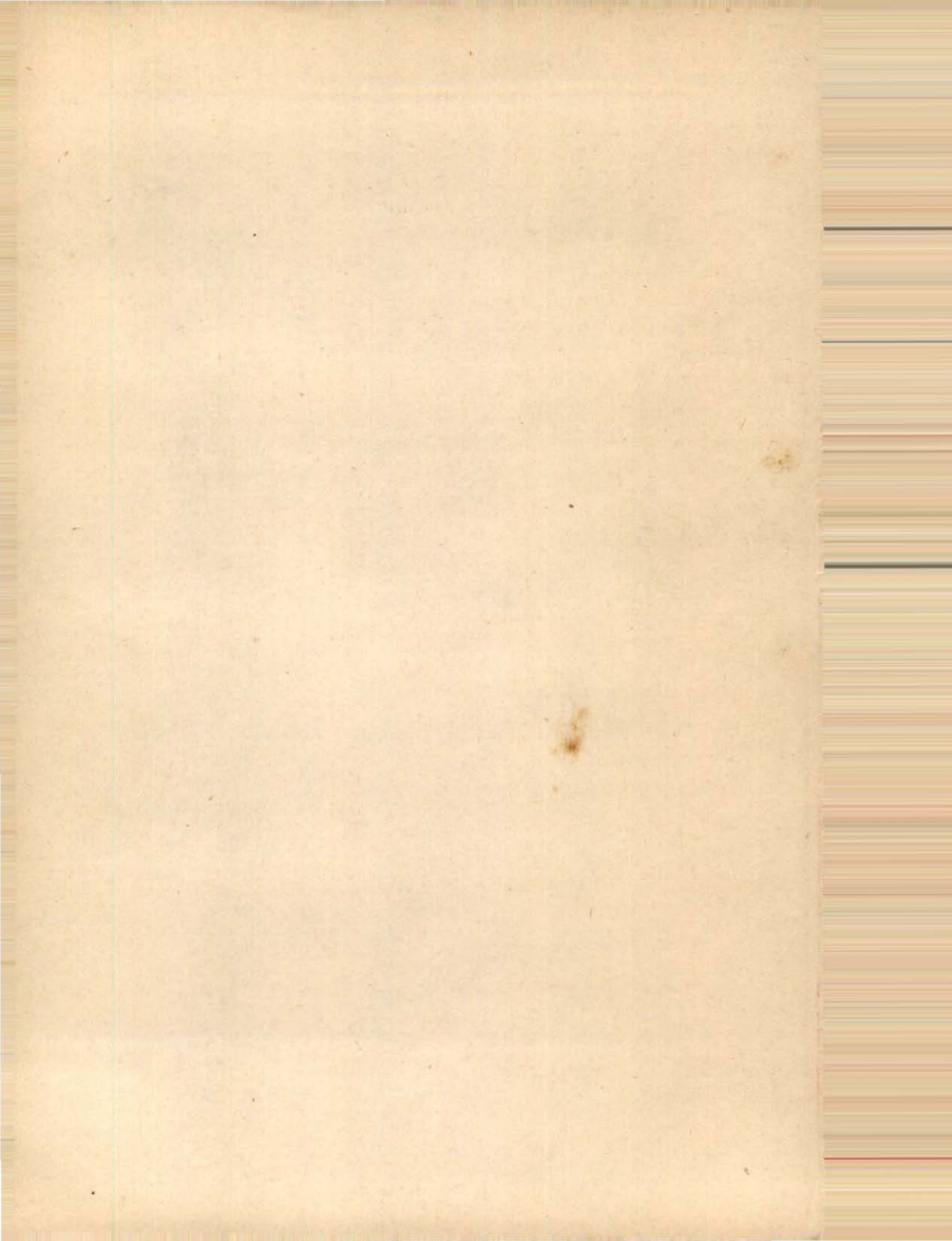
Test check of the records in three hospitals disclosed that bread was purchased in these institutions between July 1981 and March 1982 at rates ranging from Rs. 5.70 per kg. to Rs. 6.50 per kg. against the rate of Rs. 3.70 per kg. applicable to the supply from Modern Bakeries. As Modern Bakeries were agreeable to continue the pre-April 1981 level of supply even beyond April 1981, total rejection of their offer and purchase of the entire requirements from other sources was not prudent and lacked justification. Had the purchase of bread at higher rates been restricted to the increased quantity required by the three hospitals, the extra expenditure of Rs. 1.21 lakhs on this account for the period from July 1981 to March 1982 would have been avoided. It was also seen from the details received from 10 other hospitals, that an extra expenditure of Rs. 0.61 lakh was incurred by them owing to purchase of bread from outside sources.

The matter was reported to Government in September 1982; reply is awaited (November 1982).

### **5.3. Anaesthetic apparatus remaining unused**

In November 1980, the Director of Health Services placed orders with a Madras firm for supply of 42 numbers each of Boyle F anaesthetic apparatus without cylinders and Boyle Mark III circle absorbers (cost: Rs.5.31 lakhs) for supply to 36 medical institutions in the State. Test check by Audit of the records in 17 medical institutions disclosed that the equipment supplied between February 1981 and April 1981 could not be put to use for one year for want of







oxygen and nitrous oxide cylinders. Orders for the gas cylinders were placed by the Director of Health Services with the above firm only in February 1981 for supply by the end of April 1981. The firm, however, supplied the cylinders only between March 1982 and June 1982.

Even after receipt of the cylinders, equipment costing Rs. 1.56 lakhs could not be put to use in 9 hospitals as no anaesthetist has been posted to these hospitals so far (December 1982). In another hospital where an anaesthetist is available, the apparatus (cost: Rs. 0.17 lakh) is yet to be got assembled by the firm.

Only in seven institutions are the equipments (cost: Rs. 1.32 lakhs) reported to have been put to use though in three of those, there is no anaesthetist to operate them.

The matter was reported to Government in September 1982; reply is awaited (November 1982).

CHAPTER VI  
COMMERCIAL ACTIVITIES

**6.1. General**

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

On 31st March 1982, there were three departmental commercial undertakings in the State as indicated below:—

- (i) Text Books Office, Trivandrum
- (ii) State Water Transport Department, Alleppey
- (iii) State Insurance Department, Trivandrum

*Pro forma* accounts were awaited from these undertakings for various periods from 1967-68 to 1981-82 as shown below:—

- |  |                     |
|--|---------------------|
| (i) Text Books Office, Trivandrum                  | 1975-76 to 1981-82  |
| (ii) State Water Transport Department,<br>Alleppey | 1980-81 and 1981-82 |
| (iii) State Insurance Department,<br>Trivandrum    | 1967-68 to 1981-82  |

Besides the undertakings mentioned above, *pro forma* accounts were also due from Sitaram Spinning and Weaving Mills, Trichur\* for the years 1978-79 and 1979-80.

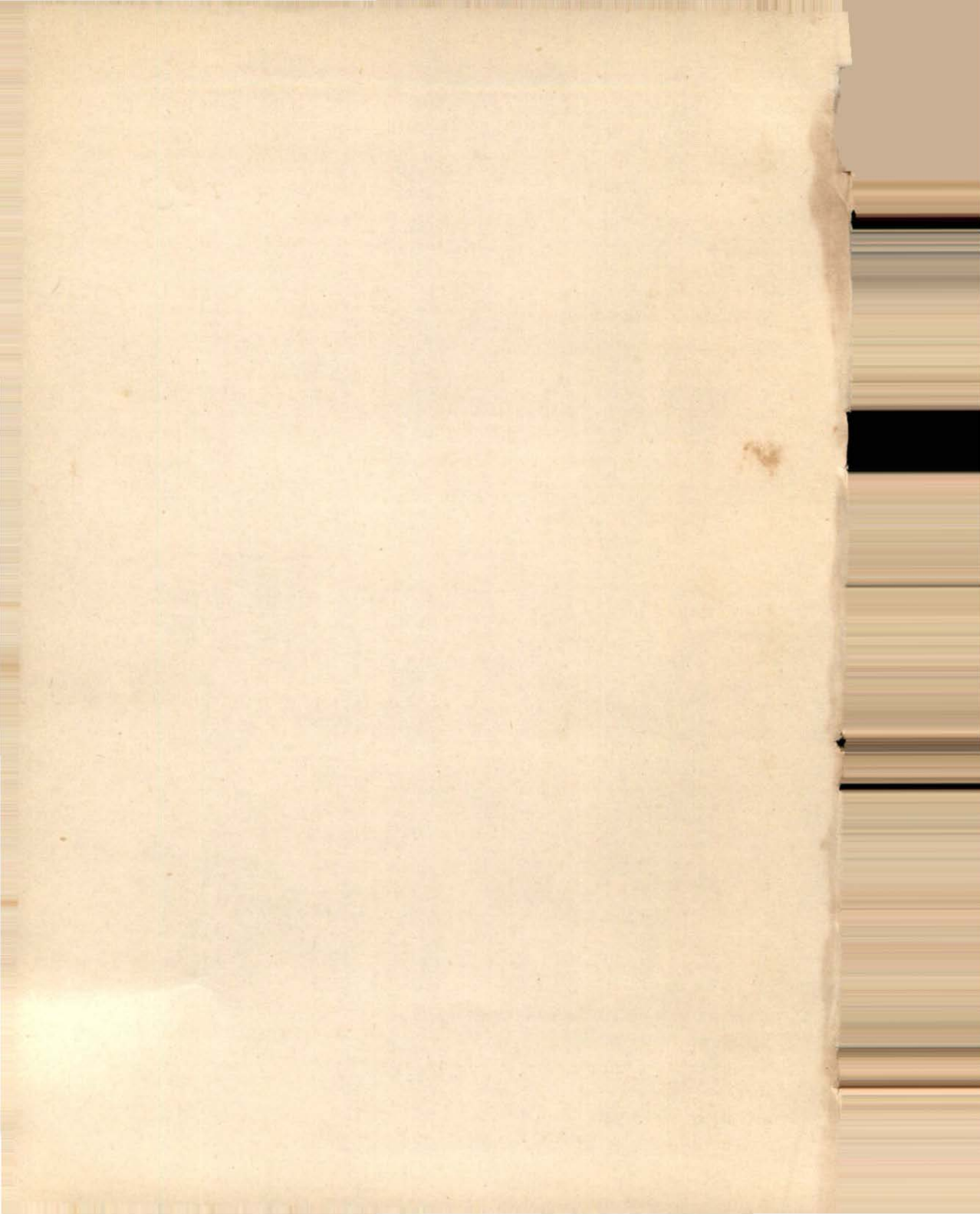
Reasons for the delay in the preparation of *pro forma* accounts are awaited (November 1982) from the undertakings.

A synoptic statement showing the summarised financial results of the State Water Transport Department, Alleppey for the year 1979-80 is given in Appendix 6.1. The undertaking suffered a loss of Rs. 19.74 lakhs during 1979-80; the accumulated loss as at the end of March 1980 was Rs. 91.79 lakhs. The loss was attributed to increase in cost of establishment, fuel, etc.,

---

\* The assets of Sitaram Spinning and Weaving Mills, Trichur were transferred to Sitaram Textiles Limited ( a Government Company) with effect from 20th February 1980.





grant of concession to students, non-revision of fares in proportion to increase in cost of operation, etc.

*Pro forma* accounts of the undermentioned schemes have also not been received (November 1982) from the concerned departmental officers for the years shown against each:—

<i>Name of the Department Scheme</i>	<i>Period for which due</i>
<b>Agriculture Department</b>	
Manure Supply Scheme	1978-79 to 1981-82
Scheme for purchase and sale of plant protection chemicals	1975-76 to 1981-82
Scheme for purchase and sale of banana suckers	1976-77 to 1981-82
Scheme for purchase and sale of pulses	1974-75 to 1981-82
Scheme for purchase and sale of paddy seeds	1974-75 to 1981-82
<b>Food Department</b>	
Grain Supply Scheme	1981-82

Arrears in preparation of *pro forma* accounts of the trading schemes under Agriculture Department were attributed (May 1982) by the department to non-sanctioning of the required staff at the time of implementation of the schemes. Reasons for the delay in preparation of the accounts relating to Grain Supply Scheme are awaited from the department.

## FINANCE DEPARTMENT

### 6.2. State Insurance Department

Mention was made in paragraph 6.2 of the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil) of the different types of insurance business transacted by the State Insurance Department both as original insurers as well as under reinsurance arrangement with other insurance companies. Certain points noticed in audit like non-maintenance of *pro forma* accounts of the scheme, non-availability of records leading to fixation of limits for retention of business by the department, etc., were also commented upon therein. Preparation of *pro forma* accounts from 1967-68 onwards is still in arrears reportedly for want of trained personnel.

A further review conducted in August 1982 on the working of the department disclosed the following points:

(1) According to general instructions issued by Government in June 1980, (and again in October 1981) insurance business of all undertakings in which Government had substantial financial interest were to be transacted only through the State Insurance Department. There was no system in the department to exercise a continuous check that such undertakings placed the insurance business exclusively with the department. The position in April 1982 is reported to be that out of 30 companies financially assisted by the Kerala State Industrial Development Corporation (a Government Company) only 2 had placed a portion of their insurance business with the department and that the remaining companies were transacting their business with other insurance companies. According to a note sent by the Director of Insurance to Government in October 1979, diversion of general insurance business to other insurance companies was due to the absence of a machinery in the department for follow-up action in this regard.

(2) According to the orders of Government issued in August 1976, life insurance with the State Insurance Department was made compulsory for

all new entrants to Government service. Against 62,951 new entrants to Government service during the years 1977-78 to 1981-82, fresh policies had

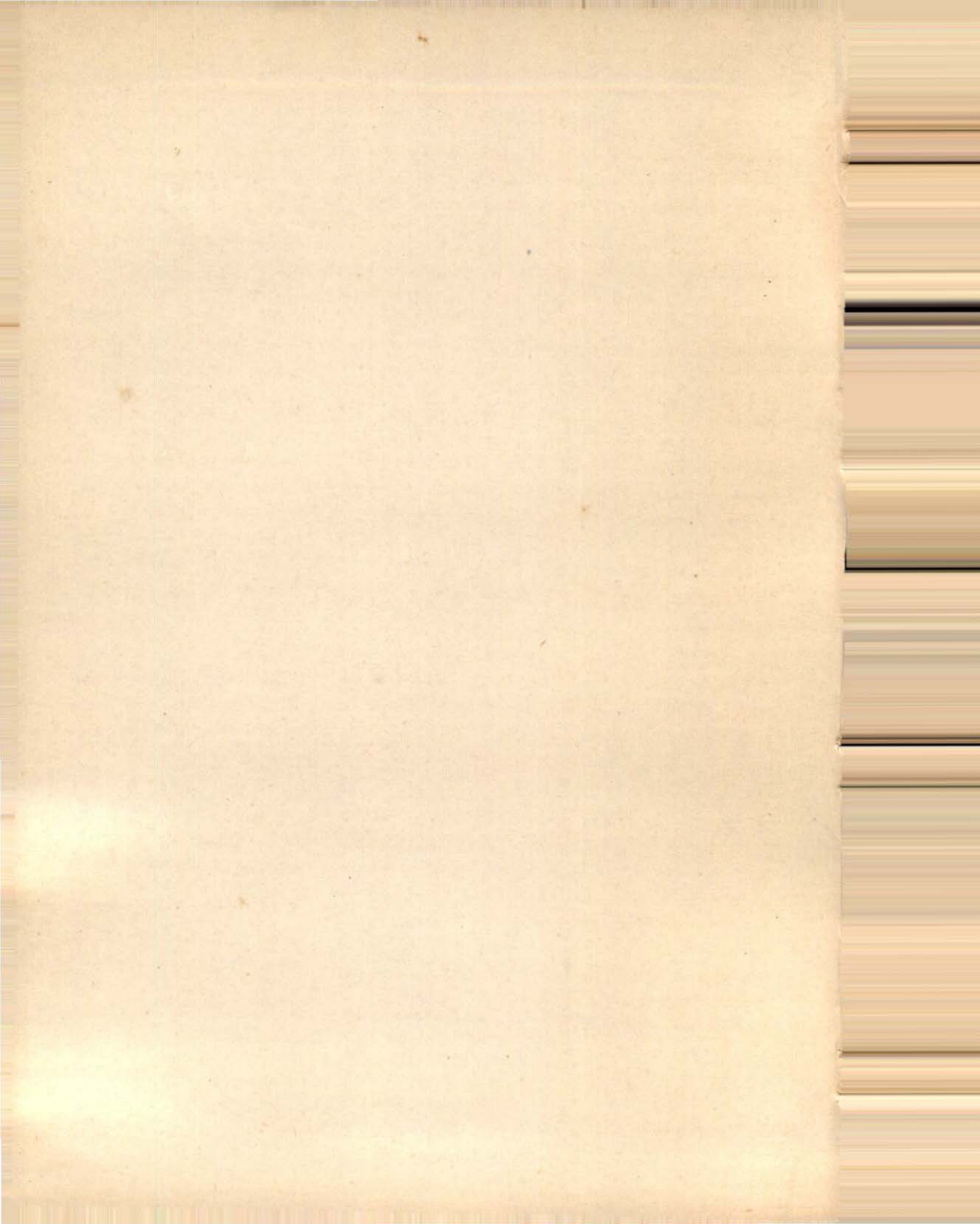
been issued by the department only in 14,268 cases representing less than 25 per cent of new entrants. On a report (April 1980) from the department that response from the heads of departments towards implementing these orders was poor, Government issued instruction in February 1981 to all heads of departments reiterating that they should take steps to ensure that all new entrants were brought within the coverage of the Life Insurance Scheme within a period of three months and directing them to intimate the position to the State Insurance Department. As at the end of August 1982, only 2 heads of departments are reported to have sent reports to the Insurance Department. The department also did not call for reports in this regard from the remaining heads of departments to ascertain whether all new entrants had been covered by life insurance. The Director of Insurance stated (November 1982) that according to the instructions issued (August 1982) by Government, the first increment of all new entrants to Government service was to be sanctioned only

---

(a) Represents the number advised for appointment by the Public Service Commission.

(b) Provisional.







if they were subscribers to the State Life Insurance Scheme and that with the issue of these instructions, it was expected that all new entrants to Government service would be covered by insurance within one year.

(3) (i) Under Section 64 V B (2) of the Insurance Act, 1938, "in the case of risks for which premium can be ascertained in advance, the risk may be assumed not earlier than the date on which the premium has been paid by cash or by cheque to the insurer". In respect of risks arising out of insurance of marine hull and cargo where the premium is ascertainable in advance, realisation of premium before acceptance of proposals and issue of policies is mandatory. Notwithstanding this requirement, policies under marine insurance were issued/renewed between 1979-80 and 1981-82 in respect of 41 cases relating to companies, institutions and other departments of Government and in respect of cases relating to several individuals without collection of premium totalling Rs. 81.40 lakhs. The Director of Insurance stated (August 1982), that policies were issued or renewed on the request of the insureds without realising premia on the ground that the department would be getting the premia even if there were lapses in remittances in time and that steps were being taken to collect the arrears.

In respect of four consignments of cargo (value: Rs. 6.77 lakhs) transported under insurance between October 1981 and January 1982, insurance cover was provided to M/s. Kerala Soaps & Oils Limited, Calicut (a Government company) without even determining the premia payable. As the premium was not even worked out, the amount was not collected when the risk was assumed. The Director of Insurance stated (August 1982) that action would be taken to realise the premium after verification of the records.

(ii) Rupees 2.85 lakhs were paid by the department between November 1981 and July 1982 towards compensation for three boats lost between August 1980 and June 1981 which did not have insurance cover on the date of accident owing to non-remittance of premium before the date of accident. Likewise, compensation of Rs. 0.98 lakh for loss by fire was paid to an institution at Kasaragod in June 1982 though there was no valid cover of risk by fire on the assets of the institution on the date of the fire in October 1981 owing to non-remittance of premium. The institution renewed the policy for one year from 13th October 1981 only in November 1981 by remitting the premium of Rs. 968. In another case, claim for compensation of Rs. 1.33 lakhs in respect of a boat which sank in July 1981 was settled by the department in December 1981 even though the premium for renewal of the policy in 1980-81 was collected in arrears only in September 1981 after the date of risk.

(4) Under Section 64 UM-(G) (2) of the Insurance Act, no claim for compensation for amounts equal to or exceeding Rs. 20,000 was payable unless the loss had been surveyed by a licensed surveyor. In three cases, compensation aggregating Rs. 3.49 lakhs were paid between March 1980 and March 1982 without getting the loss assessed by a licensed surveyor though the compensation in each case exceeded Rs. 20,000. The Director of Insurance stated (August and November 1982) that the department settled the claims based on the claim forms and claim notes received from the insured and that the assistance of surveyors was not considered necessary as no technical matters were involved.

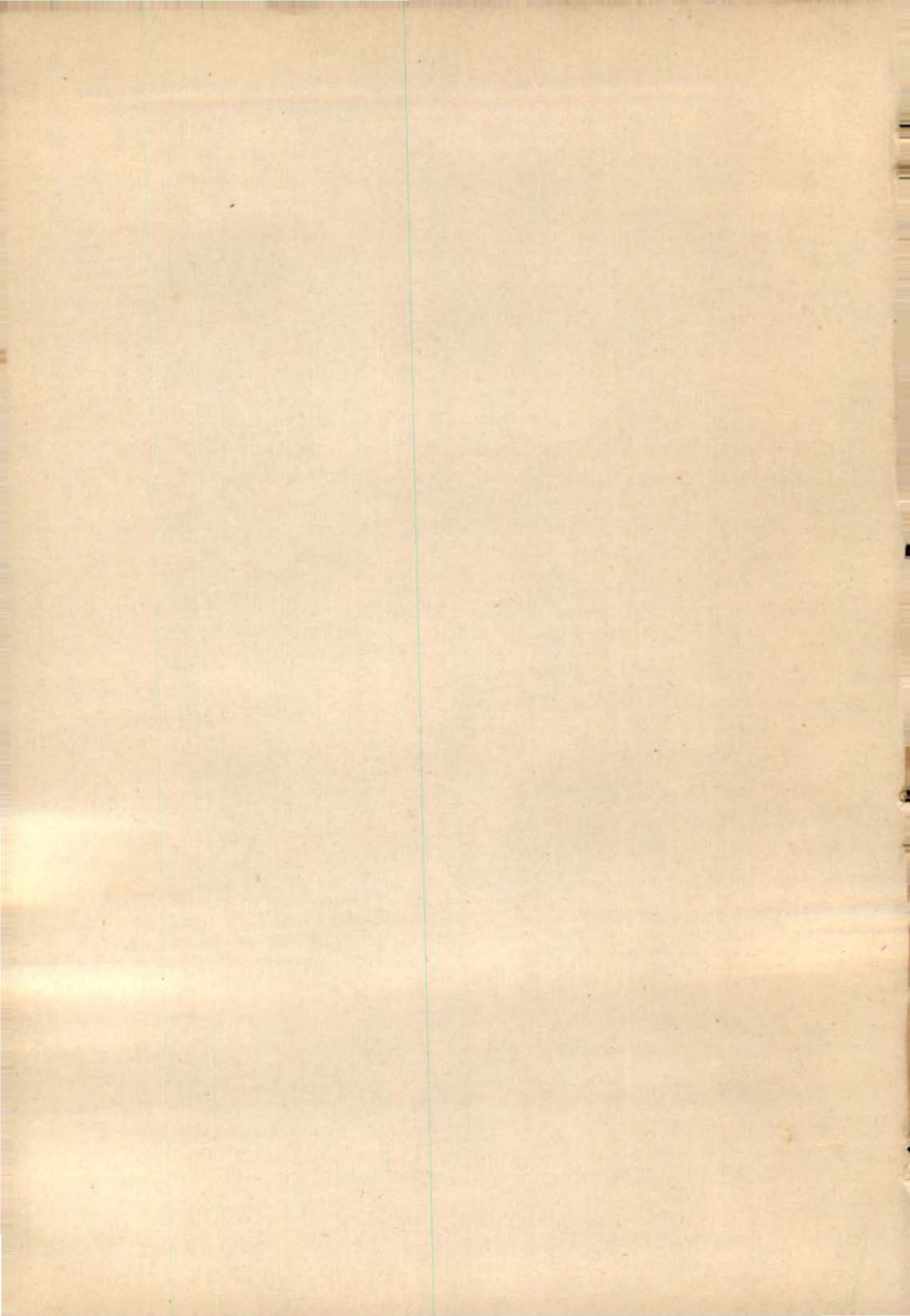
(5) Messrs Rehabilitation Plantation, Punalur which had insured their plantation against fire were charged premium at Re. 1 per 1000 (or value) less 5 *per cent* discount for the period from November 1977 to November 1978. The premium charged for another plantation for the period from April 1976 to March 1978 was Rs. 7.50 per 1000 (or value) less 5 *per cent* discount. On the short realisation of premium in the former case being pointed out in audit, the Director of Insurance stated (September 1982) that the lower rate of premium was charged by mistake and that steps would be taken to realise the balance amount.

(6) Premium on workmen's compensation insurance which was realisable in advance had not been realised from two companies; the amount of premium in arrears being Rs. 2.74 lakhs to end of March 1982. The Director of Insurance stated (November 1982) that steps have been taken to collect the arrear premium.

(7) The Kerala Shipping Corporation purchased a ship "M. V. Kairali" in February 1976 at a cost of Rs. 5.82 lakhs. On a request made by them a month prior to the actual delivery of the ship, the department insured the ship for a sum of Rs. 6.40 lakhs without verifying the actual cost. The vessel was lost on the 3rd July 1979 and compensation was paid in May 1980 and February 1981 of the full value of Rs. 6.40 lakhs. Of the difference of Rs. 58 lakhs, 10 *per cent* had to be paid by the Insurance Department in proportion to the business retained by them under the reinsurance arrangements. The Director of Insurance stated (August 1982) that the insurance cover of Rs. 6.40 lakhs was given in good faith after consultation with the reinsurer, viz., the United India Insurance Company.

(8) Of the 48 claims settled by the department under fire insurance between June 1979 and July 1982, 16 claims were settled 12 to 27 months





after the receipt of claim and the remaining 32 claims were settled within 2 to 12 months. Eighteen claims received by the department between August 1979 and March 1981 remained to be settled (August 1982). The Director of Insurance stated (November 1982) that the claims were pending for want of some details.

*To sum up*

(1) *Pro forma* accounts of the scheme from 1967-68 to 1981-82 had not been prepared by the department so far (November 1982).

(2) The department had no system to ensure that all undertakings in which Government had financial interest were transacting their insurance business only through them and that all new entrants to Government service upto 1981-82 had been covered for life insurance as required under orders of Government.

(3) Policies under Marine Insurance relating to 41 companies/institutions/Government departments and several individuals were issued/renewed between 1979-80 and 1981-82 without realisation of premium totalling Rs. 81.40 lakhs in contravention of the provisions of the Insurance Act, 1938.

(4) Insurance compensation of Rs. 5.16 lakhs was paid between November 1981 and July 1982 to five insurants who did not have insurance cover on the date of risk owing to non-payment of premium on the policies issued to them.

(5) Compensation totalling Rs. 3.49 lakhs were paid in three cases between March 1980 and March 1982 without getting the loss assessed by a licensed surveyor as required under the Insurance Act.

(6) Rupees 2.74 lakhs were due for realisation as at the end of March 1982 towards arrears of premium on policies issued to two companies under the workmen's compensation insurance.

(7) Extra compensation paid to the Kerala Shipping Corporation for the loss of "M.V. Kairali" was Rs. 5.80 lakhs.

The matter was reported to Government in October 1982: reply is awaited (November 1982).

## CHAPTER VII

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### SECTION I

##### 7.1. General

This chapter deals with:

- (i) results of audit of bodies and authorities substantially financed by grants and/or loans,
- (ii) scrutiny of procedure for watching fulfilment of conditions governing grants or loans paid for specific purposes, and
- (iii) investments in, and financial assistance to co-operative societies.

##### 7.2. Utilisation Certificates

The financial rules of Government require that where grants are given for specific purposes, the departments should furnish to Audit within twelve months from the date of sanction or such time as may be specified in each case, certificates that the grants have been utilised for the purpose for which they were paid. On 1st October 1982, 17,043 certificates (Rs. 32,01.68 lakhs) relating to grants paid upto March 1981 were awaited. The department-wise details of the certificates yet to be received are given in Appendix 7.1.

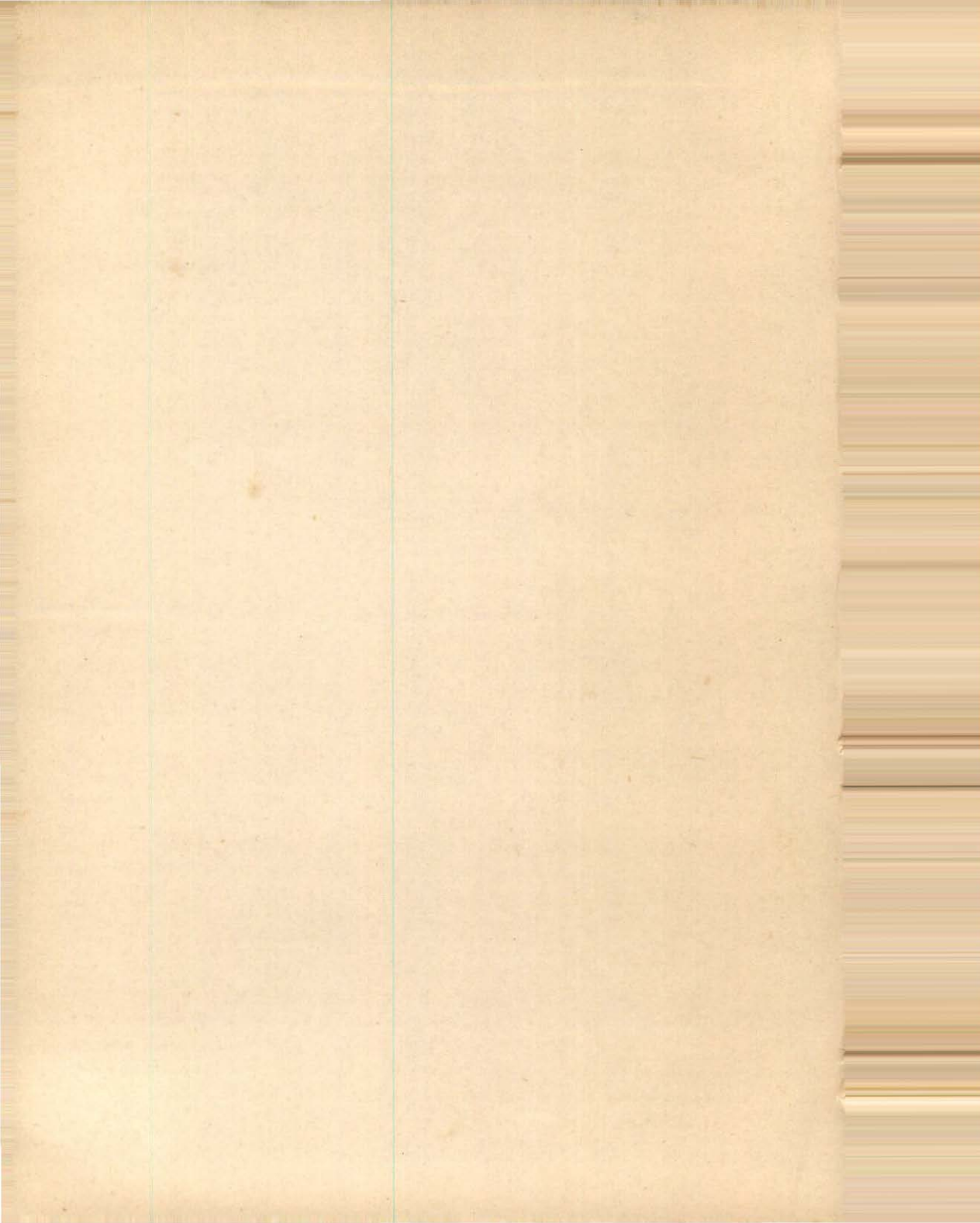
In the absence of the certificates, it is not possible to state whether and to what extent the recipients spent the grants for the purpose or purposes for which these were given.

#### SECTION II

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

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the bodies/authorities substantially financed by grants or loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. A body/authority is, for this purpose, deemed to be substantially financed from







the Consolidated Fund if the aggregate grant/loan to it in a financial year is not less than Rs. 5 lakhs and the amount of such assistance is not less than 75 per cent of the total expenditure of that body/authority.

Government and Heads of Departments are to furnish to Audit every year information about (i) grants and loans given to various bodies and authorities in each financial year and (ii) the expenditure incurred by the recipient bodies/authorities. This is intended to enable Audit to identify the bodies/authorities attracting audit under Section 14 of the Act. Though Heads of Departments were required in May 1982 to furnish information in respect of grants/loans paid during 1981-82, the requisite details were still awaited (February 1983) from 9 departments of Government and 12 Heads of Departments.

The details, to the extent received, of the number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs in a year during 1979-80 to 1981-82 and the extent of arrears in receipt of the accounts from them are shown below:

	1979-80	1980-81	1981-82
(i) No. of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs per annum	213	279	195
(ii) No. of bodies/authorities from which accounts have been received	202	250	57
(iii) No. of bodies/authorities the accounts of which have not been received	11	29	138

Apart from the above, the accounts for 1977-78 were due from one institution and those for 1978-79 were due from 2 institutions.

7.4. Some points noticed in audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, of the accounts of three bodies are given below:

<i>Sl. no. Name of body/authority substantially financed by grants or loans and particulars of grants/loans paid by Government</i>	<i>Points noticed</i>
1. Tropical Botanic Garden and Research Institute, Kerala,	(i) The rules and regulations of the Institute empower the Governing Body to make, with the prior approval of Government, bye-laws

Trivandrum—grants totalling Rs. 12 lakhs paid during 1979-80 and 1980-81.

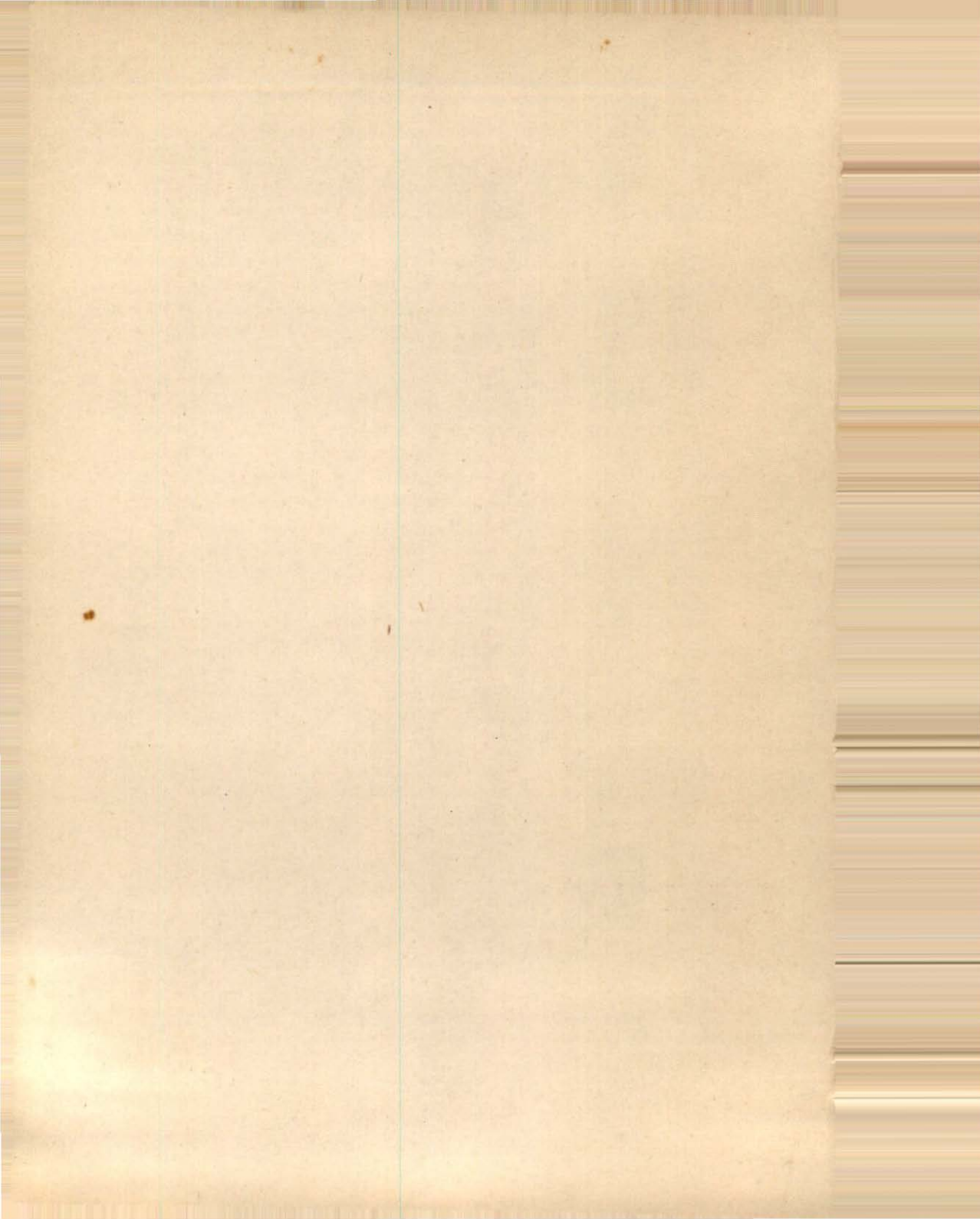
prescribing the powers, functions and duties of the Director of the Institute. No such bye-laws have been framed yet (September 1982). Though the Executive Committee delegated in March 1980 and April 1981 certain administrative and financial powers to the Director, the Institute has not yet (September 1982) got the delegation approved by the Governing Body and the Government.

(ii) As at the end of March 1981, the Institute had purchased out of Government grant, library books, furniture and fittings, scientific instruments and office equipment costing Rs. 4.96 lakhs. This included furniture costing Rs. 0.80 lakh purchased in 1980-81 from a single agency without inviting quotations. Rules to regulate the purchase of stores had, however, not been framed by the Institute so far (September 1982). The Director, Tropical Botanic Garden and Research Institute stated (September 1982) that even though the Institute had not framed rules to regulate the purchase of stores, the general principles and guidelines followed in Government departments for purchase of stores were followed by the Institute except in regard to purchase of Godrej furniture. Government endorsed (October 1982) his views.

2. Kerala Sports Council, Trivandrum—grants aggregating Rs. 1,79.10 lakhs for Plan schemes paid from 1972-73 to 1980-81.

(i) Between July 1980 and February 1981, Government paid to the council a grant of Rs. 60 lakhs for implementation of Plan Schemes during 1980-81. The full amount of the grant was released to the council on an *ad hoc* basis without any assessment of the scheme-wise requirements, as details of the Plan schemes to be implemented by the council indicating the estimated requirements for each scheme were not available with the





Government at the time the grant was sanctioned. Unutilised grant of Rs. 13.11 lakhs (out of the grant of Rs. 35 lakhs paid to the council for the same purpose during 1979-80) was also not taken into account while sanctioning the grant for 1980-81; balance of grant lying unutilised with the council as at the end of March 1981 amounted to Rs. 17.75 lakhs.

(ii) The rules for regulating payments of grant to the council framed by Government in September 1964 stipulated that the surplus of receipts over expenditure including unutilised grant received from Government were to be transferred to a Reserve Fund to be constituted. The Reserve Fund has not so far been constituted (July 1982) nor has the unutilised grant of Rs. 19.25 lakhs (grant for Plan schemes Rs. 17.75 lakhs; grant for non-Plan expenditure: Rs. 1.50 lakhs) as at the end of March 1981 been refunded to Government.

(iii) Construction of an indoor stadium, in the Trivandrum Water Works Compound for the use of the council (a Plan scheme) sanctioned by Government in April 1971 at an estimated cost of Rs. 20.28 lakhs was entrusted to the Public Health Engineering Department for execution. Funds totalling Rs. 13.75 lakhs were made over by the council to the department between January 1972 and June 1978. The work which commenced in November 1972 was stopped at the foundation level (expenditure incurred upto September 1979: Rs. 12.03 lakhs) as the contractor to whom the work had been entrusted demanded enhanced rates which led to the termination of the contract in June 1980. Work left undone has not been resumed so far (August 1982). In the meantime, the council informed

Government in February 1981 that construction of a Sports Complex at Trivandrum with a multipurpose indoor stadium was under their consideration and that the structure already constructed for the original stadium might be put to some alternate use. No decision has so far been taken as to how the existing construction is to be made use of.

(iv) The council constructed in 1972 a stadium with pavilion, pumphouse, fencing and other amenities at a cost of Rs. 1.25 lakhs on a piece of land in Attingal town gifted to it by a local Athletic Association. The stadium could not, however, be put to use so far (July 1982) as it was reported to be in the possession of the Joint Convener of a local committee which has been constituted by the council for the administration of the stadium. Steps also have not been taken by the council to take possession of the stadium from the Joint Convener of the local committee.

(v) The council deposited in March 1981 Rs.2 lakhs in a savings bank account opened in a commercial bank towards a Sportsmen Welfare Fund. Rules for the constitution and operation of the fund have not so far been framed (July 1982).

3. Electronics Research and Development Centre, Trivandrum—grant paid by the State Government for 1979-80 and 1980-81: Rs. 90.07 lakhs.

(i) Under the rules and regulations of the Centre (approved by Government in July 1976), the administration of the Centre is vested with the Kerala State Electronics Development Corporation (KSEDC) and all expenditure incurred by KSEDC on behalf of the Centre is reimbursed to them. Expenditure on salaries of staff employed by KSEDC on behalf of the Centre for the years 1974-75 to 1980-81 and reimbursed to them amounted to Rs. 1,20.77 lakhs. In addition,







Rs. 26.39 lakhs were also reimbursed to KSEDC as indirect expenses on management.

There is no indication that the Centre had independently assessed its man-power requirements on the basis of any norms for fixing the staff pattern. The Centre stated (September 1982) that the category and grades of pay of the personnel required were projected in their annual budgets which were approved by the Governing Body and that a list of existing staff and additional staff required during 1981-82 was also got approved by the Governing Body in June 1981.

The Centre's reply however, does not make clear that work norms had been fixed by them and that staff requirements had been fixed on the basis of such work norms. Other than exhibiting the number of personnel employed in the Centre in the annual budgets, the basis on which the strength of each category of staff was fixed is not known.

Principles on which indirect expenses are to be reimbursed to the KSEDC had also not been laid down by the Centre so far. The Centre stated (August 1982 and September 1982) that necessary steps would be taken for fixation of norms for acceptance of such expenses and that these administrative expenses are only a legitimate expenditure to be borne by the Centre and are fixed taking into account the work really done by the KSEDC for the Centre.

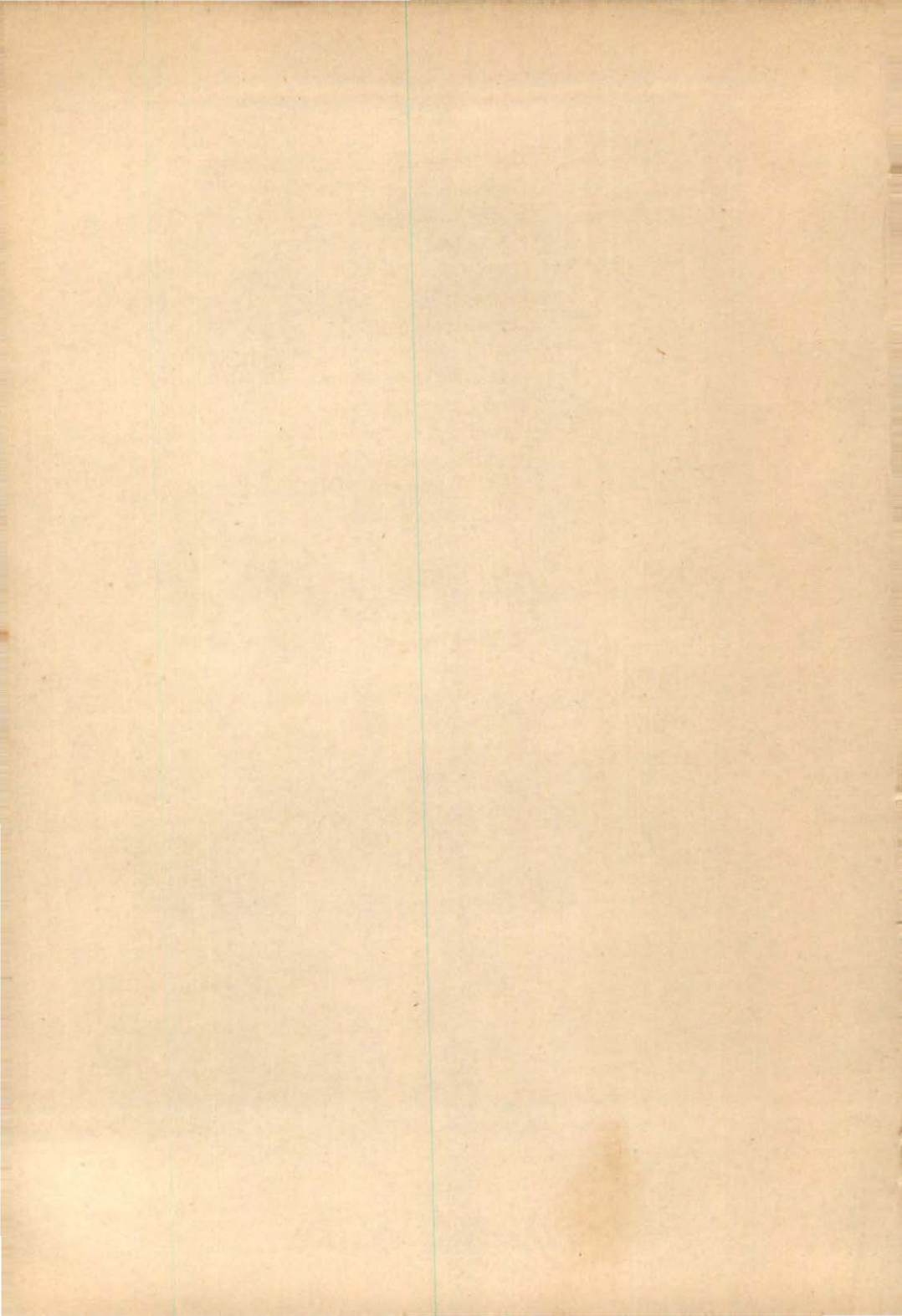
(ii) Rules and regulations of the Centre empower the Governing Body to formulate standing orders and office orders concerning all aspects of the management of the Centre. Rules to regulate purchase and custody of

stores and equipment, etc., and execution of civil works have not so far been framed by the Centre though it came into being as early as in 1974. Details of the value of stores and equipment purchased and of civil works executed are awaited from the Centre (April 1983).

The Centre stated (September 1982) that the procedures laid down by KSEDC in all matters including purchases, store keeping, civil works, etc. are being followed by them and that these procedures would be got approved by the Governing Body.

(iii) The Centre is empowered to receive royalties for the knowhow developed and passed on to KSEDC and other institutions; Rs. 20.69 lakhs had been received on this account from KSEDC to end of 1980-81. Royalty is realised from KSEDC at 3 *per cent* on the sale value of all items and components manufactured based on the knowhow passed on by the Centre. There was nothing on record to indicate the basis on which royalty was fixed at 3 *per cent* nor was any agreement executed with KSEDC in this regard. Though the Governing Body of the Centre decided in June 1978 to enhance the royalty fee to 4 *per cent* (except in the case of radios), the increased rate was given effect to only from April 1981 after execution of royalty agreement with the KSEDC. The Centre stated (September 1982) that the royalty percentage of 3 to 5 was reasonable and was in conformity with the prevailing industrial rate. The basis on which the percentage of royalty was fixed at 4 was however, not available.





(iv) Research institutions approved by the Government of India are exempt from payment of customs duty on imported capital equipment, raw materials and components. The Government of India, while recognising the Centre (March 1974) as an approved Research Centre in the field of Electronics, intimated that the Centre was to take up directly with the concerned tax authorities for tax exemption, development rebate, etc. No action in this regard was, however, taken by the Centre for claiming customs duty exemption. Between 1976-77 and 1980-81, the Centre paid Rs. 32.21 lakhs towards customs duty on import of capital equipment, components, etc.

It was only in July 1980 that the Centre moved the Government of India in the Ministry of Finance (Department of Revenue) seeking exemption from payment of customs duty on equipment, raw materials, etc., imported by it and final orders of Government of India are awaited (July 1982).

The Centre stated (September 1982) that the delay in starting formal correspondence in the matter had not adversely affected the chances of getting duty exemption, that customs duty exemption was available only to scientific and technical instruments, apparatus and accessories thereon and that only a fraction of Rs. 32.21 lakhs would represent the duty on such items. Information regarding the amount of customs duty on such items called for from the Centre is awaited (November 1982).

(v) One of the items included in the contract for electrification work of a new building constructed for the Centre awarded to a Cochin firm in October 1978 for Rs. 11.28 lakhs was

“supply and laying of PVC 3 1/2 core 185 mm cable” at the rate of Rs. 99 per metre for a length of 500 metres. During the course of execution of the work, the firm was asked (August 1980) to execute this item of work for an additional length of 540 metres as part of the work for air conditioning the building. The additional length was got done as an extra item at the rate of Rs. 198 per metre provisionally on the ground that the firm agreed to take up the work only at the then current market rates. Payment of the cost for the additional length of 540 metres at the enhanced rate was in violation of the terms of the contract as the original contract itself provided for execution of a similar item of work. Extra payment on this work worked out to Rs. 0.53 lakh. Further, though air conditioning of the building was envisaged as early as in September 1977, execution of this item of work for the additional length of 540 metres which could have been included in the original contract itself awarded to the Cochin firm in October 1978 was not so included resulting in extra cost on this item.

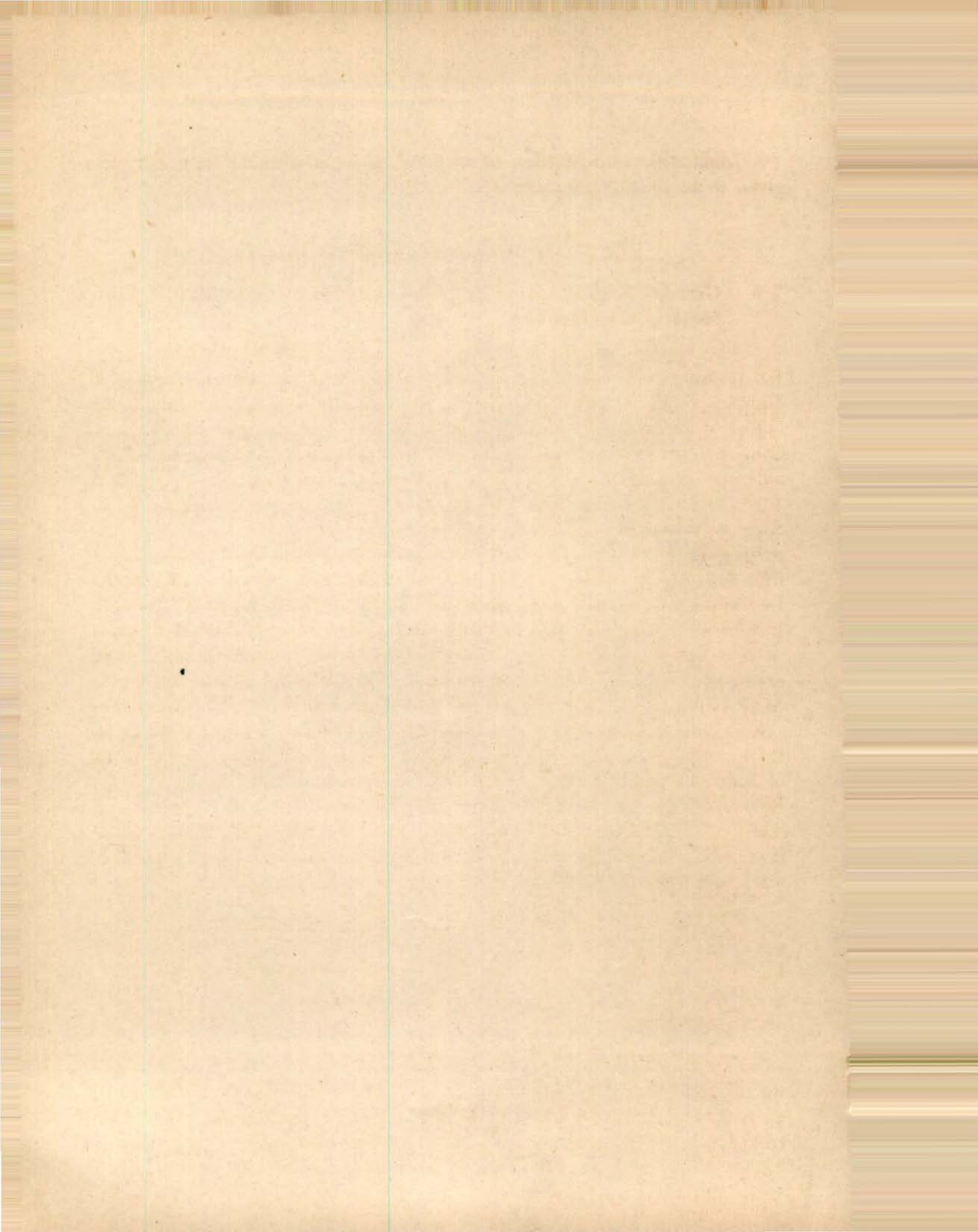
The matter was reported to Government in September 1982; reply to the points relating to Kerala Sports Council is awaited (March 1983).

### SECTION III

#### **7.5. Grants and loans for specific purposes**

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







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

#### GENERAL EDUCATION DEPARTMENT

##### **7.6. Grant to Kerala School Teachers and Non-teaching Staff Welfare Society for Housing**

The Kerala School Teachers and Non-teaching Staff Welfare Society for Housing was registered in January 1981 under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 with the object of formulating schemes for building houses to the teaching and non-teaching staff of aided private schools and teachers of Government schools and providing them with financial assistance for the purpose. In October 1980, Government sanctioned payment of a grant of Rs. 50 lakhs to the Society (after it was registered) towards margin money for a Rs. 5 crore programme of building houses which it was to undertake with institutional finance from the Life Insurance Corporation of India, the Housing and Urban Development Corporation Limited (HUDCO) and similar other financing institutions. Government also directed the Director of Public Instruction to draw and disburse the grant to the Society at the appropriate time. The grant was, however, drawn and disbursed to the Society towards the end of March 1981 though the Society had not taken any steps to obtain institutional finance. Attempts made later (August 1981 and February 1982) by the Society to raise finance from HUDCO and the Life Insurance Corporation of India were not fruitful. While the Life Insurance Corporation of India expressed (September 1981) inability to finance the Society as they have no scheme for advancing loan for construction of houses, another financing institution viz., the Housing Development Financial Corporation, Bombay was also not willing to provide finance on the terms of the Society.

The grant received from Government has remained unutilised and has not served the purpose for which it was sanctioned. It was drawn and disbursed long before it was actually needed apparently to avoid lapse of funds, notwithstanding the specific direction that it should be disbursed only at the appropriate time.

Government stated (October 1982) that the society could initiate action for raising funds from financial institutions only after it had come into possession of the margin money from Government and that efforts are being continued to tap institutional finance at the highest level. The reply makes it

clear that the feasibility of obtaining institutional finance was not gone into either by the society or by the department before release of the margin money.

LOCAL ADMINISTRATION AND SOCIAL WELFARE  
DEPARTMENT

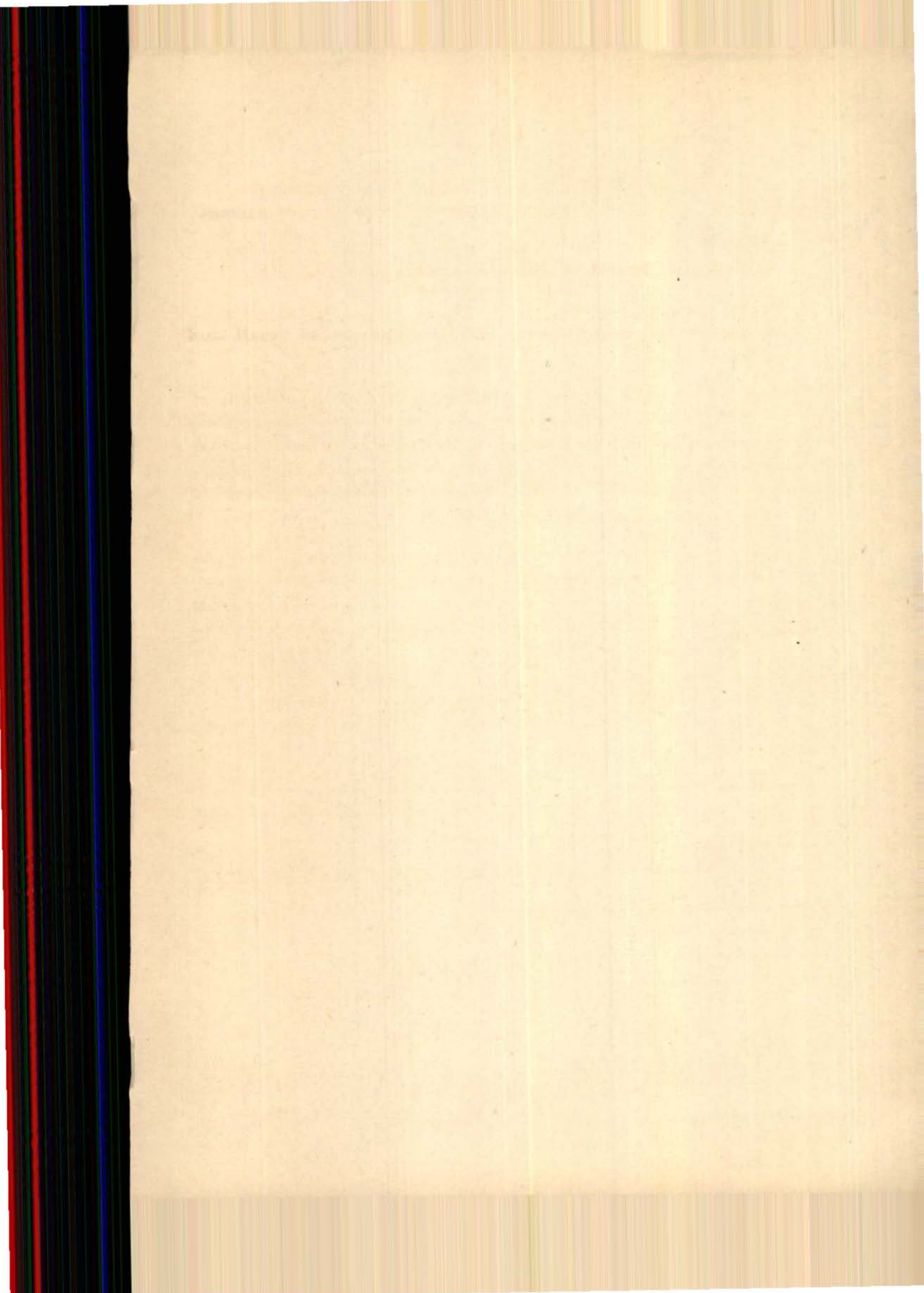
**7.7. Assistance for improvement and development of small and medium towns**

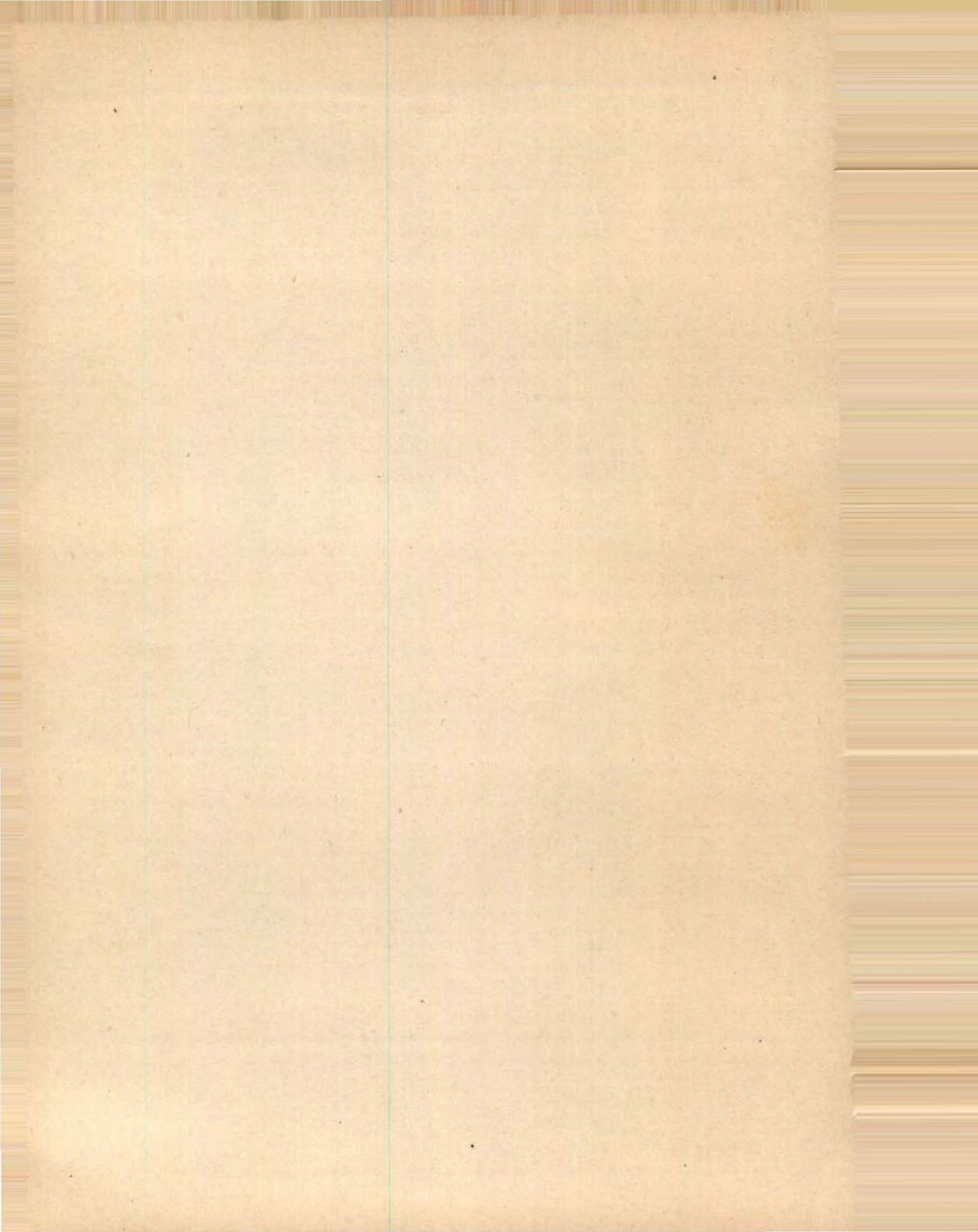
Under the Centrally sponsored scheme "Integrated development of small and medium towns" sanctioned in December 1979, the implementing agencies are eligible for loan assistance from the Government of India to the extent of 50 per cent of the estimated cost of the project. Matching contribution is to be provided by the State Government (in the form of loan or grant) and/or the implementing agencies.

Assistance from the Government of India is to be utilised on acquisition of land and its development for residential purposes, construction or improvement of roads and development of mandies/markets, provision of industrial estates and processing facilities for the benefit of agricultural and rural development in the hinterland (Central sector schemes). Items of work connected with slum improvement, water supply, sewerage, drainage and sanitation, preventive medical/health care, laying down parks and playgrounds, etc., are to be met out of assistance from the State Government (State sector schemes).

For the implementation of the above schemes, the Kayamkulam, Tellicherry and Changanacherry municipalities were paid loan and grant assistance as under:

<i>Name of Municipality</i>	<i>Central Sector Schemes</i>		
	<i>Estimated cost</i>	<i>Loan paid by the Government of India</i>	<i>Matching grant paid by the State Government</i>
		<i>(in lakhs of rupees)</i>	
Kayamkulam	73.28	9.40	9.40
Tellicherry	67.79	18.00	18.00
Changanacherry	111.00	12.00	12.00
Total		39.40	39.40





The first instalment of loan assistance totalling Rs. 39.40 lakhs for the Central sector schemes was released \* to the three municipalities between February and March 1981 which was to be expended during 1980-81 itself. As at the end of March 1982, Rs. 28.04 lakhs only had been spent by the three municipalities (Kayamkulam: Rs. 4.37 lakhs; Tellicherry: Rs. 8.62 lakhs; Changanacherry: Rs. 15.05 lakhs) on Central sector schemes, leaving an unspent balance of loan of Rs. 11.36 lakhs.

The Chief Town Planner, Trivandrum stated (May 1982) that the municipalities were not able to spend the first instalment of loan within the time limit owing to delay in the acquisition of land for the projects.

Another reason for the non-utilisation of the loan attributed (October 1982) by Government was delay in preparation of drawings and detailed estimates and getting them technically approved by competent authority.

Matching grant of Rs. 39.40 lakhs was also released to the three municipalities between February and March 1981. Details of expenditure incurred by the municipalities out of this grant were not available with the department. Even after the lapse of a year of the release of the grant to the three municipalities, utilisation of the grant for the purpose for which it was paid has not been watched by the department. The estimated cost of the State sector schemes to be executed in the three municipalities was Rs. 2,93.99 lakhs (Kayamkulam: Rs. 65.22 lakhs; Tellicherry: Rs. 99.20 lakhs and Changanacherry: Rs. 1,29.57 lakhs). The entire expenditure on these schemes was to be met by the local bodies or by the State Government. Details of the assistance, if any, given by Government for these schemes as well as whether the municipalities had commenced work on these schemes were not available with the department. The Chief Town Planner stated (May 1982) that progress reports in respect of State sector schemes called for from the municipalities were awaited.

For co-ordinating, monitoring and evaluating the progress achieved in the Central and State sector schemes, Government ordered (September 1980) constitution of State level and local level committees. Government stated (October 1982) that action was being taken to convene the State level committee and that the local level committees have been functioning in all the towns.

---

\* Excepting Rs. 1 lakh released in July 1981.

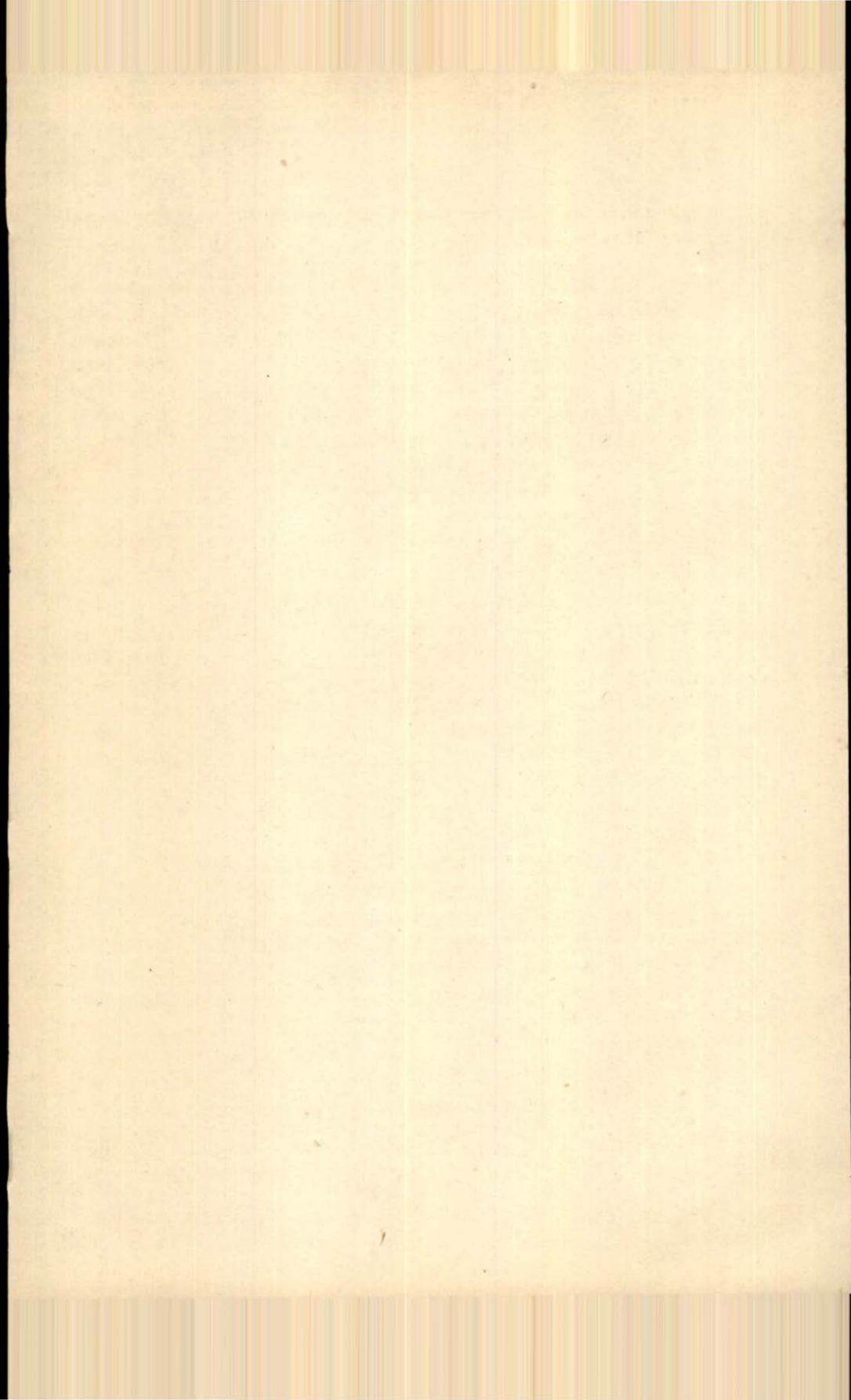
### **7.8. Assistance for Environmental Improvement of Calvathy canal slum area in Cochin**

Between March 1976 and March 1982, Government paid a loan of Rs. 7.67 lakhs and a grant of Rs. 4.00 lakhs to the Corporation of Cochin for implementing an Environmental Improvement Scheme in Calvathy canal slum area in Cochin. The scheme estimated to cost Rs. 38.81 lakhs commenced in 1973 as a Centrally sponsored scheme and was transferred from April 1974 to the State sector for implementation. Besides the loan of Rs. 7.67 lakhs and grant of Rs. 4.00 lakhs paid by Government, the Corporation had received earlier in December 1973 a grant of Rs. 9.70 lakhs from the Government of India for this purpose.

Deepening the Calvathy canal, protecting its sides and improving the canal bank roads were the main items of work under the scheme. To end of March 1982, the Corporation had spent Rs. 22.54 lakhs on the scheme which is yet to be completed (October 1982). It was not ascertainable from the records of the sanctioning authority whether the full amount of grant and loan or what portion thereof had been applied to the purpose for which the assistance was given, what portion of the expenditure was met out of the funds of the local body, what items of work had been completed by the Corporation and what items remained to be done. Certificates evidencing utilisation of the loan and grant had also not been obtained from the Corporation so far (October 1982).

According to the details of expenditure incurred on component works of the scheme furnished by Government (November 1982), the Corporation had spent so far Rs. 25.03 lakhs on the scheme. Government stated (November 1982) that Rs. 13.78 lakhs more were required for completing the scheme and that it was not possible to fix a tentative date for its completion owing to lack of funds. Government also stated that the Corporation had been directed in March 1982 to furnish the audited utilisation certificate within six months.

The scheme for slum improvement started in November 1973 thus remains incomplete even after the lapse of more than 9 years with nearly half the work still to be executed.







## SECTION IV

Investments in and financial assistance to  
Co-operative Societies

## AGRICULTURE (INSTITUTIONAL FINANCE) DEPARTMENT

**7.9. Assistance to Co-operative Societies for construction of godowns**

(a) Mention was made in Paragraph 7.9 of the Report of the Comptroller and Auditor General of India for the year 1980-81, Civil, of an estimated loss of Rs. 7.75 lakhs towards interest on loans paid to six co-operative societies for the establishment of agricultural processing units under a re-finance scheme sponsored by the National Co-operative Development Corporation (NCDC).

Under a similar scheme sponsored by the NCDC for payment of loans to co-operative societies for the construction of godowns, Government advanced loans totalling Rs. 30.52 lakhs to 280 societies between 1974-75 and 1977-78. The full amount of the loan was reimbursed to Government by the NCDC between December 1975 and August 1981.

According to the terms and conditions stipulated by NCDC, loans given to Government in the form of reimbursement finance were to bear interest at a normal rate of 12.25 *per cent* per annum and effective rate of 9.5 *per cent* per annum for timely repayment of principal and payment of interest. The terms also provided for a moratorium on repayment of principal for two years. Rules to regulate payment of loans to co-operative societies for construction of godowns were issued by Government in August 1975, wherein the rate of interest leviable on the societies was fixed as 8.5 *per cent* per annum (against 9.5 *per cent* which Government was to pay to NCDC). More than three years later in January 1979, Government amended the rules providing for levy of interest on loans advanced to the societies at 9.5 *per cent*. Action was, however, not initiated to recover the difference in interest at 1 *per cent* per annum on loans already advanced to the societies for the purpose till then. Short realisation of interest on loans aggregating Rs. 30.52 lakhs advanced to 280 societies referred to above worked out to about Rs. 0.97 lakh up to end of March 1982.

Government stated (October 1982) that the Registrar of Co-operative Societies had issued (May 1982) instructions to the departmental officers to re-examine cases of short realisation of interest on loans sanctioned from 1974-75 onwards and to take steps for the realisation of the balance interest due. Further developments are awaited (November 1982).

(b) According to the rules regulating the grant of assistance to co-operative societies for construction of godowns, assistance admissible to an apex

marketing society is subject to a ceiling of Rs. 1.50 lakhs (loan: Rs. 0.94 lakh, subsidy: Rs. 0.56 lakh). Contrary to these rules, the Registrar of Co-operative Societies sanctioned in March 1978 assistance of Rs. 5.69 lakhs (loan: Rs. 3.56 lakhs, subsidy: Rs. 2.13 lakhs) to the Kerala State Co-operative Rubber Marketing Federation, Cochin which was disbursed to them between March 1978 and July 1980. On the excess payment of Rs. 4.19 lakhs (loan: Rs. 2.62 lakhs, subsidy Rs. 1.57 lakhs) being pointed out by Audit, the Registrar of Co-operative Societies stated (April 1982) that the assistance paid to the Federation was for the construction of four godowns. The reply is not relevant as the ceiling limit prescribed in the rules applies to the total assistance payable to a society irrespective of the number of godowns proposed to be constructed by it.

## SECTION V INDUSTRIES DEPARTMENT

### **7.10. Kerala Khadi and Village Industries Board**

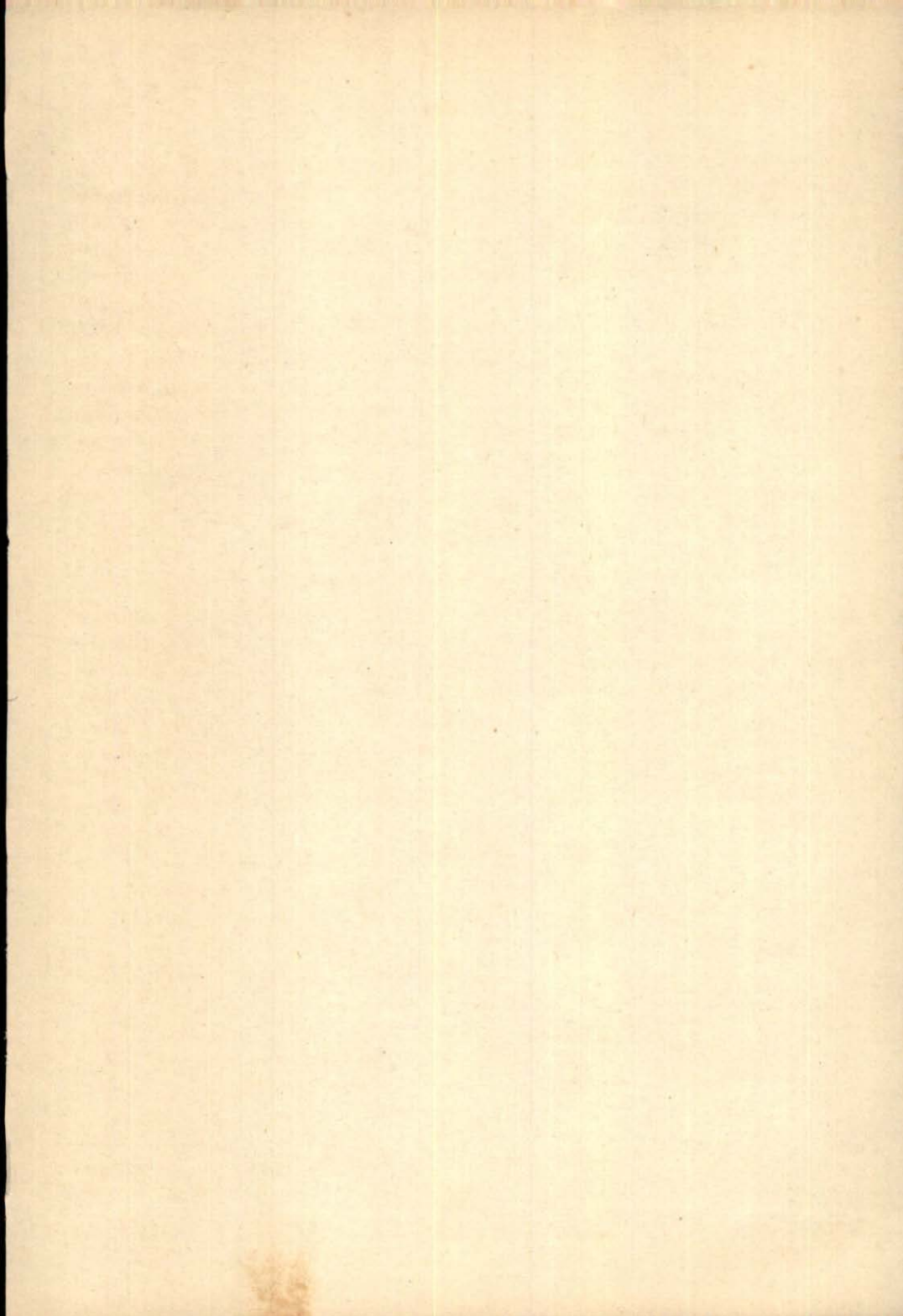
The Kerala Khadi and Village Industries Board was established in 1957 under the Kerala Khadi and Village Industries Board Act 1957 with the object of organising, developing and regulating Khadi and Village Industries in the State. Funds for the development of these industries are made available to the Board by the Khadi and Village Industries Commission, Bombay (hereinafter referred to as Commission) in the form of loan and grant in accordance with the pattern of assistance laid down by them. The entire administrative expenditure of the Board is met out of grant from the State Government.

During the period 1977-78 to 1980-81, assistance totalling Rs. 10,59.97 lakhs (loan: Rs. 8,99.93 lakhs; grant: Rs. 1,60.04 lakhs) was received by the Board from the Commission, besides a grant of Rs. 2,54.90 lakhs from the State Government.

Results of a scrutiny of the accounts for 1980-81 and earlier three years and records maintained by the Board and its selected subordinate offices under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 conducted during April-June 1982 are given in the succeeding paragraphs:

(i) *Budget allotment and actuals*

(1) The following table shows the expenditure incurred by the Board against allotments made by the Commission for the four years from 1977-78 onwards.





<i>Year</i>	<i>Allotment</i>	<i>Expenditure</i>	<i>Percentage of shortfall</i>
	<i>(in lakhs of rupees)</i>		
1977-78	2,48.93	1,24.23	50
1978-79	4,42.34	2,42.97	45
1979-80	3,54.15	3,39.80	4
1980-81	4,64.95	4,31.20	7

More than 60 per cent of the funds allotted for Khadi industry in 1977-78 and nearly 50 per cent allotted in 1978-79 remained unutilised. As regards funds provided for village industries, the percentage of funds not utilised during the two years was 31 and 42 respectively. The shortfall for these two years was attributed (June 1982) by the Board to non-availability of charkas and raw material in time, dearth of personnel, belated receipt of applications for financial assistance for village industries, non-adherence to prescribed norms in the proposals for assistance received from district offices, etc.

(2) The annual programmes for Khadi and Village Industries for the years 1978-79 to 1980-81 provided for bank finance to be raised by the Board as under to supplement the funds provided by the Commission.

<i>Year</i>	<i>Bank finance to be raised *</i>
	<i>(in lakhs of rupees)</i>
1978-79	55.25
1979-80	90.00
1980-81	41.97

The actual amount availed of by way of bank finance to end of 1980-81, was only Rs. 6.24 lakhs. Reluctance of the nationalised banks to extend financial assistance even when approached with specific schemes and non-availability of substantial tangible assets with the societies and institutions to make them eligible for bank finance under the terms and conditions stipulated by the banks were cited by the Board (November 1982) as the main reasons for the shortfall in tapping institutional finance.

(3) Expenditure incurred by the Board on schemes for Khadi and Village Industries is initially met out of imprest advances made available by the Commission on the basis of allotments decided upon and the Board is to render detailed accounts of such expenditure with vouchers to the Commission. According to the annual accounts of the Board for 1980-81, expenditure of Rs. 1,09.36 lakhs incurred by the Board in 1980-81 and earlier years

---

\*Figures based on details made available to Audit.

had not been admitted by the Commission. According to the details of disallowances made by the Commission as intimated to the Board from time to time, disallowances were due to one or more of the following reasons:—

- (i) Expenditure was incurred without budget provision or the amount of expenditure exceeded the sanctioned budget.
- (ii) Expenditure which was to be financed out of bank finances was met from Board's Funds and
- (iii) Re-appropriations under loan and grant were made by the Board contrary to the guidelines issued by the Commission.

The Board stated (July 1982) that claims had been disallowed by the Commission probably either for want of budget allotment or because such expenditure exceeded the budget estimate and that action was under way to get the expenditure regularised. The Board also stated (November 1982) that the unrecovered claims pending with the Commission as at the end of December 1982 was for only Rs. 30.88 lakhs.

(ii) *Development of Khadi Industries*

(1) *Production of Khadi*

The programme is implemented through two agencies (i) units directly run by the Board and the Intensive Khadi Production Centre, Payyannur and (ii) Co-operative Societies and institutions which are assisted by the Board.

As at the end of March 1981, 60 units directly run by the Board and 24 units under the Intensive Khadi Production Centre, Payyannur were engaged in the production of Khadi, besides 83 societies and institutions.

Targets fixed by the Commission for production of Khadi as well as the achievement thereagainst for the years 1978-79 to 1980-81 are given in the following table:—

Year	Production			Employment provided
	Target (in lakhs of rupees)	Achievement (in lakhs of rupees) (in sq. m.)		
1978-79	87.00	64.13	9.93	7321
1979-80	302.00	80.50	11.95	9245
1980-81	160.46	100.30	14.53	11576

(departmental production as well as production by assisted units.)







Bulk of the departmental production is contributed by the Intensive Khadi Production Centre, Payyannur.

Targeted production of cotton khadi under the departmental programme for the years 1979-80 and 1980-81 was for Rs. 50 lakhs and Rs. 65 lakhs respectively against which actual production was only for Rs. 29.84 lakhs and Rs. 37.10 lakhs.

Similar shortfall in the production of khadi by the assisted units is indicated in the table below:—

<i>Year</i>	<i>Production target</i>	<i>Achievement</i>
	<i>(in lakhs of rupees)</i>	
1979-80	73.35	42.71
1980-81	40.00	24.88

Production targets were not achieved either under the departmental programme or under the institutional programme in any of the three years, from 1978-79 to 1980-81. Shortfall in departmental production was attributed (June 1982) by the Board to delay in the construction of buildings and delay in the training of personnel while in respect of non-achievement of target under the institutional programme, the Board stated that the targets were fixed on the basis of implements and other facilities available with the institutions and were intended to be more in the nature of incentives for the working of the societies.

(b) As at the commencement of 1978-79, 28 departmental centres and 157 assisted units were engaged in the production of cotton khadi. Four departmental centres and 16 assisted units were closed between 1978-79 and 1980-81. According to the programme approved by the Commission for accelerating the production of cotton khadi, 180 new model charka centres (65 departmental and 115 institutional) were to be newly started between 1978-79 and 1980-81 for which funds (Rs. 54.00 lakhs) had also been allotted by the Board. The number of centres actually started during this period was only 124 (57 departmental and 67 institutional); the shortfall was attributed (November 1982) by the Board to the fact that the Commission had released funds only for 124 units.

Likewise, for the development of muslin khadi, against 150 muslin charka centres (75 each under departmental and institutional programme) which

were to be started between 1978-79 and 1980-81, only 94 centres (38 departmental and 56 institutional) were started utilising the funds earmarked for 147 centres. Reason for not starting the remaining centres was attributed (November 1982) by the Board to non-availability of muslin charkas in and outside the State.

(c) (i) Details of the number of charkas in use and quantities of yarn produced from 1978-79 to 1980-81 are given in Appendix 7.2.

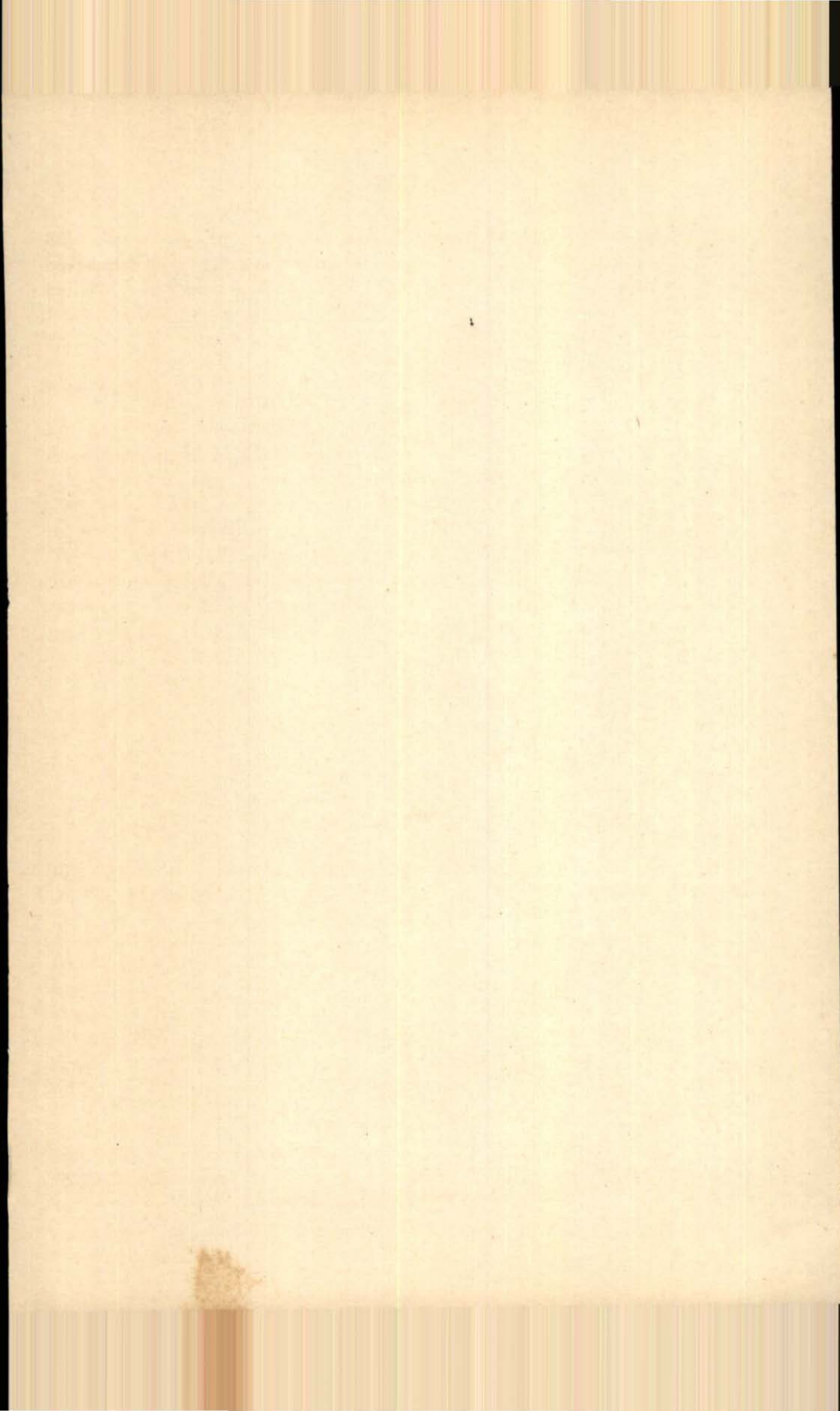
Bulk of the yarn required for production of khadi cloth under departmental programme is produced by the Intensive Khadi Production Centre, Payyannur under the control of the Board. In addition to the local production, purchase of yarn was made by the Centre from outside sources in the State as well as from outside the State. Between 1978-79 and 1980-81, Rs. 75 lakhs were advanced by the Commission to the Board for manufacture and supply of muslin charkas to the various centres. Number of charkas required to be manufactured and supplied and that actually supplied are indicated in the following table:—

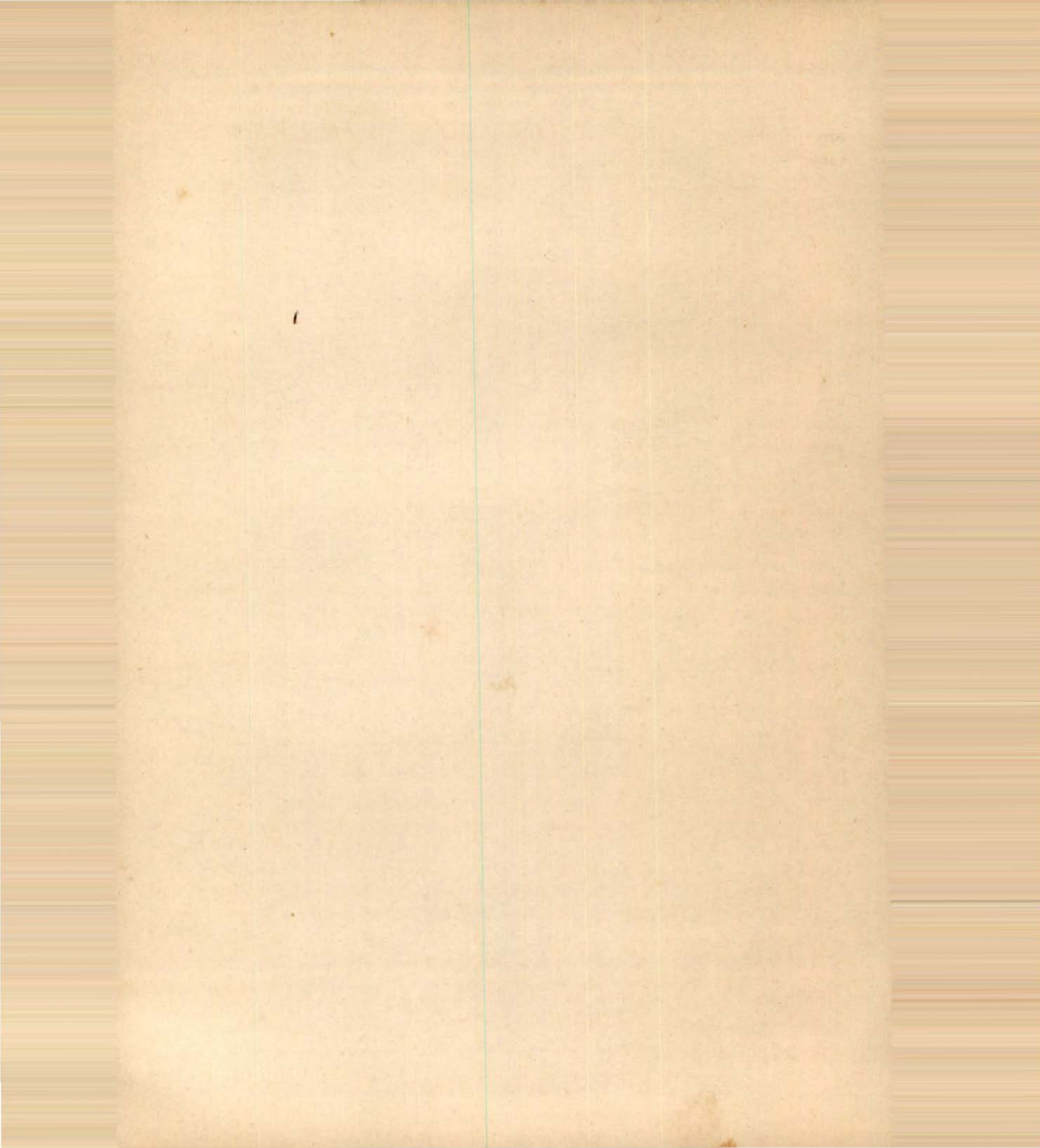
<i>Year</i>	<i>Target</i>	<i>Supply</i>
	<i>(number of charkas)</i>	
1978-79	<i>(awaited)</i>	
1979-80	4,700	1,400
1980-81	4,100	2,100

The shortfall was attributed (July 1982) by the Board to shortage of spare parts, trained personnel and funds, etc. with the institutions with which orders had been placed for the manufacture of the charkas.

Out of Rs. 75 lakhs received from the Commission, the Board had expended only Rs. 61.49 lakhs by the middle of July 1982. According to the Board (July 1982), Rs. 7.87 lakhs were pending payment towards the cost of charkas and their components and Rs. 3.48 lakhs more would be required for purchasing additional charkas already ordered for. The Board stated (November 1982) that action was in progress to refund the balance to the Commission.

(ii) According to the pattern of assistance laid down by the Commission, a six spindle new model charka was to produce on an average 16 to 20 hanks per 8 hour working. This production target was never achieved in





any of the years 1978-79 to 1980-81 as may be seen from the following table:—

<i>Year</i>	<i>No. of charkas</i>	<i>Minimum quantity of yarn to be produced</i> (hanks in lakhs)	<i>Actual production</i>
1978-79	1504	60.16	20.51
1979-80	2411	96.44	34.09
1980-81	3305	132.20	41.51

The Board attributed (July 1982) the non-achievement of the prescribed level of production of yarn to inadequate arrangement for carding of cotton, delay in supply of processed cotton to the departmental centres and delay in getting cotton, absence of spinners, etc. under the institutional programme.

Similar shortfall in the production of yarn by using 12 spindle new model charkas in the Intensive Khadi Production Centre, Payyannur ranged between 52 and 88 per cent of the anticipated level of production.

(iii) Deadstock of cotton weighing 8932.5 kg. valued at Rs. 0.99 lakh approximately were lying unutilised in the departmental godowns at Kozhikode and Trichur, of which 7392 kg. of Gadag Hambi cotton valued at Rs. 0.80 lakh had been retained in the godown at Trichur from 1974 onwards. Though the Board directed (March 1982) the Project Officer, Kozhikode to lift the stock of Gadag Hambi cotton and utilise it, it has not been done so far (November 1982). The Board stated (November 1982) that experiments are in progress to find out how far it would be possible to utilise the cotton lying at Trichur by mixing it with other varieties of cotton and that steps would be taken to dispose it of if its utilisation was not found to be feasible.

(iv) The following table gives the number of the different varieties of charkas which were idling during the three years from 1978-79 onwards.

<i>Year</i>	<i>Wooden Amber charka</i>	<i>Traditional charka</i>	<i>Six spindle new model charka</i>	<i>Twelve spindle new model charka</i>	<i>Muslin charka</i>	<i>Total</i>
1978-79	697	(awaited)	696	Nil	377	1770
1979-80	524	750	587	51	595	2507
1980-81	603	84	645	18	960	2310

According to the Board (June 1982), non-utilisation of amber charkas was due to the preference of spinners for muslin charkas and new model charkas which had greater production capacity. Idling of new model charkas was attributed to non-completion of the buildings. Non-utilisation of the muslin charkas was reported to be due to the fact that the charkas had become old, worn-out and beyond repairs. According to the Board (November 1982), the traditional charkas in the field had also become worn-out and were beyond repairs due to continuous use and the introduction of new technology in spinning equipments with a view to enhancing the earnings of the spinners has also led to the traditional charkas lying idle.

Idling of a large number of charkas for over three years resulted in not only shortfall in production of yarn but also in reduction of employment opportunities.

Particulars of dead stock of cotton held by the various departmental units as at the end of March 1981 were not available with the Board.

(2) *Khadi sales*

(a) As at the end of March 1981, there were 11 Khadi Gramodyog Bhavans run by the Board and 27 Khadi Bhavans run by outside agencies on commission basis engaged in the sale of Khadi and Village Industries products.

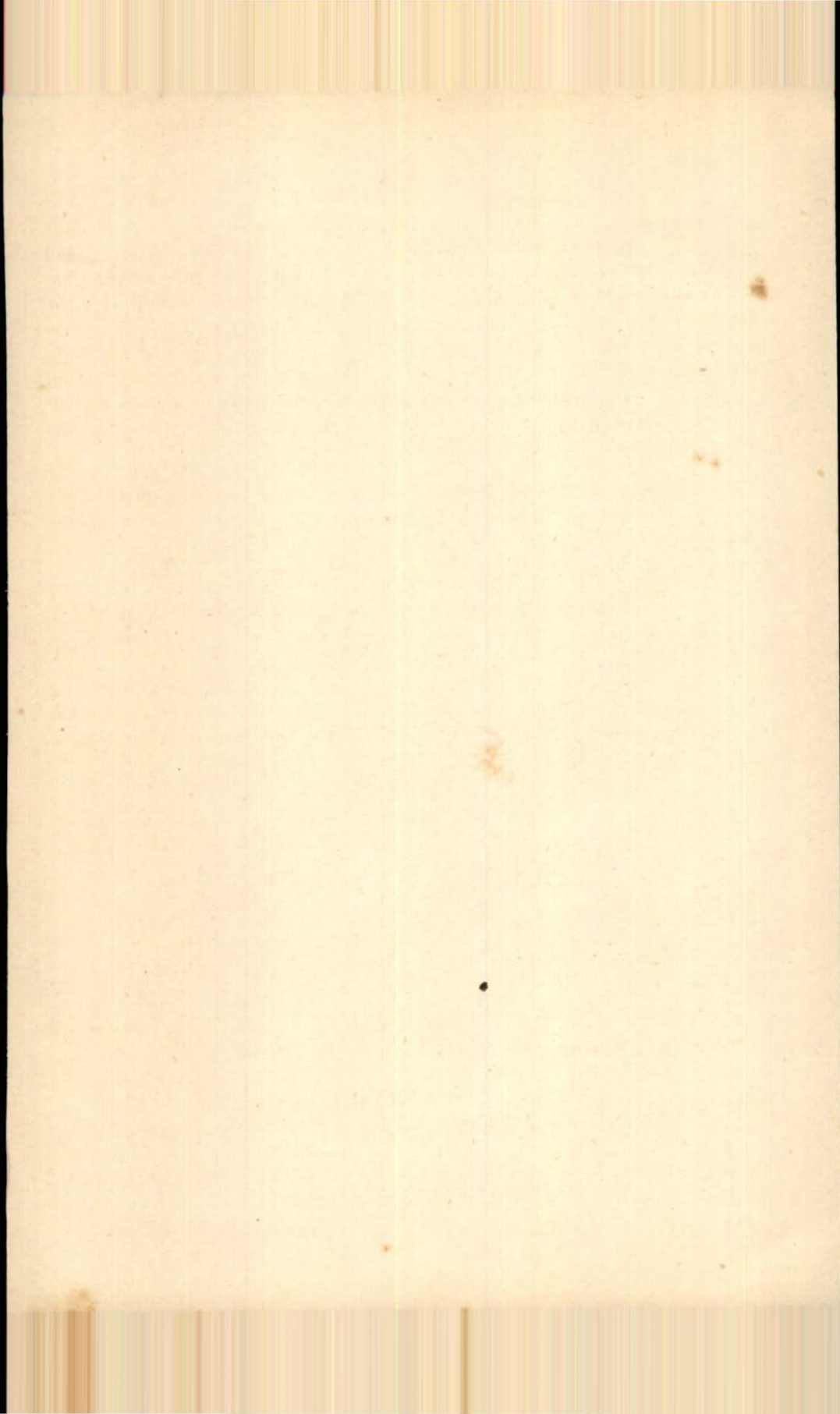
Sale of khadi vis-a-vis the target fixed for each of the years 1978-79 to 1980-81 is compared in the table below:

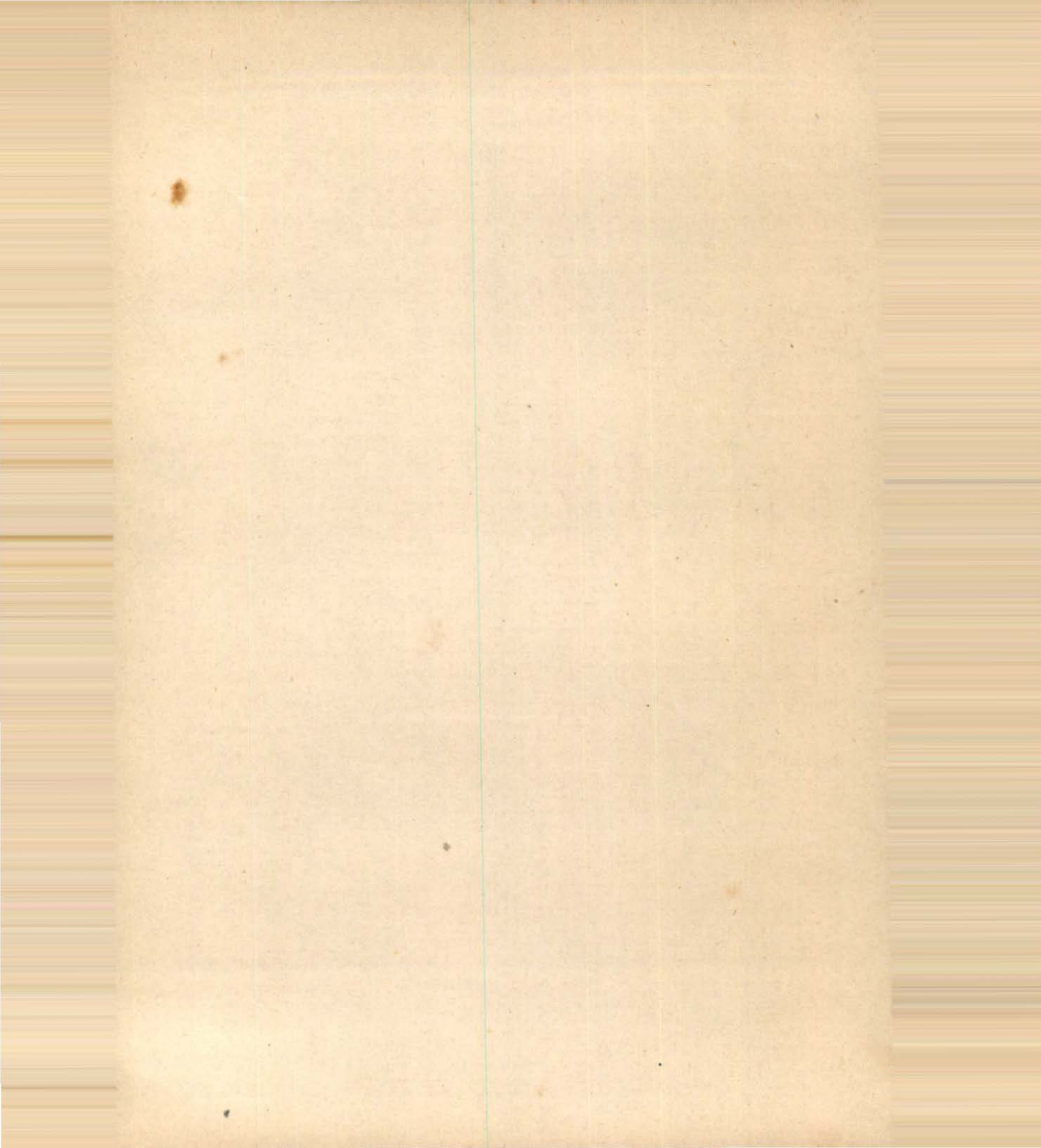
<i>Year</i>	<i>Target</i>	<i>Actual sales</i>
	<i>(in lakhs of rupees)</i>	
1978-79	1,14.00	94.79
1979-80	3,12.20	1,37.23
1980-81	2,25.00	1,51.53

(Sales through departmental as well as outside agencies.)

The Board attributed (November 1982) the shortfall in sales mainly to the difficulties experienced in getting shops on reasonable rent in business centres for effecting the sales and to the fact that they could start only 27 agency bhavans against the target of 100 bhavans for the year 1979-80 and 1980-81.

(b) The value of stock of Khadi and Village Industries products held at the end of each year in the Gramodyog Bhavans was heavy during







the four years from 1977-78 to 1980-81 and ranged between Rs. 13.00 lakhs and Rs. 18.66 lakhs. The average value of the closing stock for the four years was Rs. 15.37 lakhs against the average sale of Rs. 13.75 lakhs during the same period. The Board stated (July 1982) that a ceiling of 35 *per cent* of the targeted sales had been prescribed from 1981-82 for retention of stock in each of the Gramodyog Bhavans.

(c) Shopsoiled and damaged goods worth Rs. 10.18 lakhs transferred by the Gramodyog Bhavans till the end of March 1982 and retained in a godown at Trichur had not been disposed of (June 1982). The Board stated (January 1983) that goods worth Rs. 5 lakhs were converted into saleable varieties at a cost of Rs. 0.35 lakh for sale through the Bhavans and that action was in progress for conversion of the remaining goods also into saleable items.

(d) As at the end of November 1982, Rs. 10.17 lakhs were due from the Department of Health Services towards value of khadi cloth supplied to it by the Intensive Khadi Production Centre, Payyannur.

(iii) *Development of village industries*

(a) Out of 3597 beneficiary societies/institutions and others which had received an assistance totalling Rs. 6,68.27 lakhs to end of March 1981 for development of village industries, 650 societies/institutions and others were reporting production to the Board. Of these, 164 societies which had received financial assistance of Rs. 1,47.93 lakhs had not started production even by the end of June 1982, vide details in Appendix 7.3.

(b) Cases of shortfall in production by individual units as compared to the anticipated production in accordance with the norms laid down in the pattern of assistance are detailed in Appendix 7.4.

(iv) *Special Employment Programme*

In December 1978, the State Government sanctioned a scheme to provide employment to one lakh persons under khadi and village industries in a period of three years at a cost of Rs. 26,74.06 lakhs. Funds for implementing the scheme were to be met from the following sources:—

State Government	—	Rs. 4,32.54 lakhs
Commission	—	Rs. 16,89.12 lakhs
Banks	—	Rs. 5,52.40 lakhs

The scheme commenced in 1979-80. Expenditure incurred to end of March 1981 was Rs. 7,98.41 lakhs.

The following points were noticed:

- (1) No bank finance was obtained for implementing the schemes.
- (2) The State Government had released only Rs. 1,55 lakhs till the end of March 1982 though Government share was intended for creation of infrastructure facilities and providing administrative and schematic staff required for implementing the scheme.
- (3) Though 1000 sheds were to have been constructed for housing the various industries, only 172 sheds had been completed as at the end of November 1982.
- (4) For construction of 319 sheds, advances totalling Rs. 94.75 lakhs were paid by the Board between June 1979 and March 1982 to four construction agencies without execution of agreements. Final accounts have been rendered only for Rs. 84.98 lakhs by 3 agencies.
- (5) Against the target of providing additional employment to 82,445 persons in a period of 3 years the number of persons actually provided with employment till the end of 1981-82 was only 28,408.

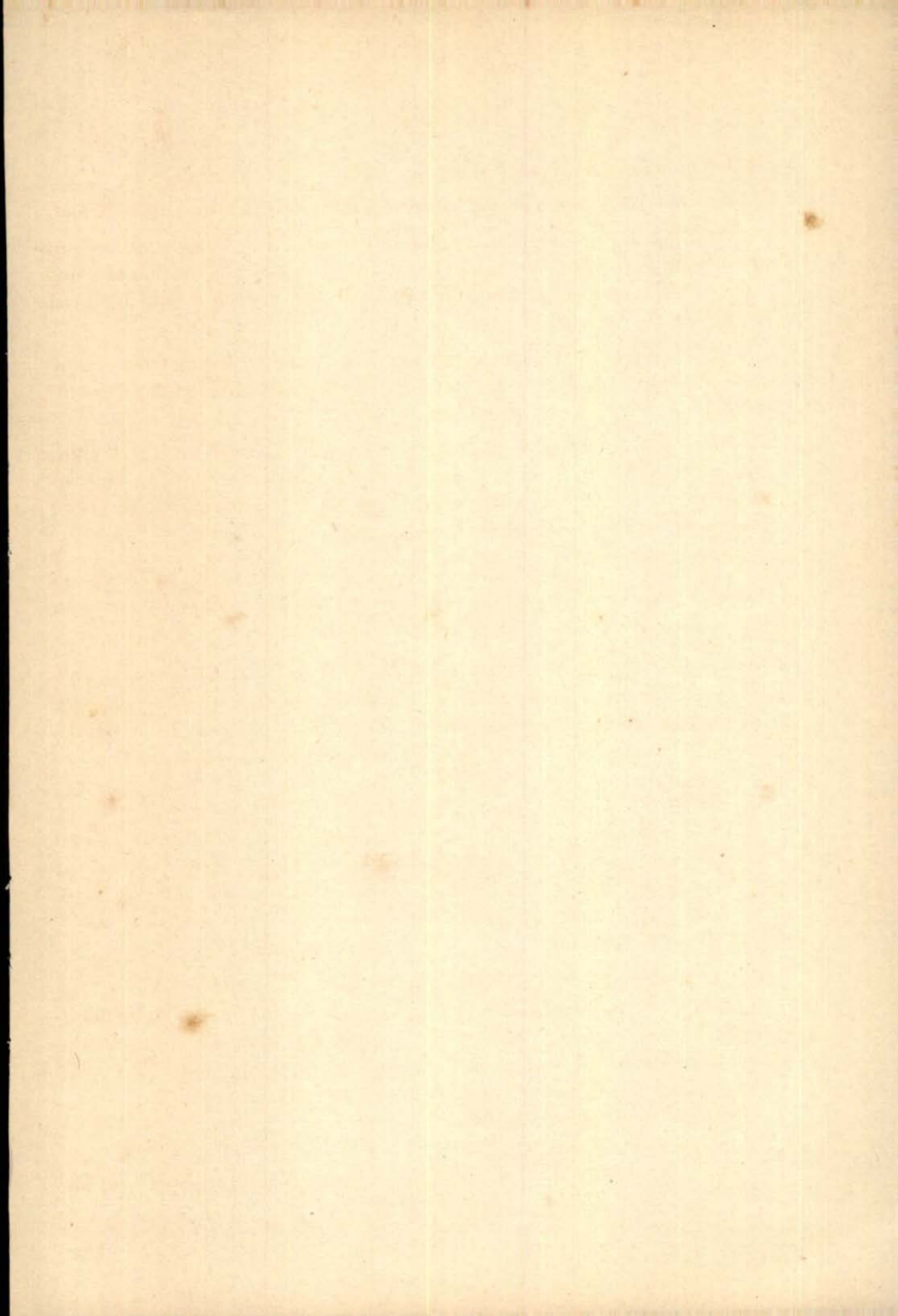
The Board attributed the shortfall to the belated sanction of the project offices which were charged with the responsibility for implementing the programme. The Board also stated (July 1982) that a proposal to revise the time schedule to implement the scheme was pending with Government.

(v) *Defunct societies*

As at the end of March 1981, out of 1946 societies and institutions assisted by the Board 918 societies/institutions had become defunct. Amount pending realisation from them as at the end of March 1981 was Rs. 78.49 lakhs. Revenue recovery action had been initiated for recovery of only Rs. 28.61 lakhs in 305 cases.

A committee appointed by Government in January 1979 to study the problems of the defunct societies and to recommend steps for their rejuvenation, submitted its report in April 1982. Reasons for the defunction of the societies as analysed by the committee included:

- (a) Lack of interest on the part of the members of the society.
- (b) Poor marketing facilities.
- (c) Inadequate wage structure.
- (d) Lack of adequate supervision and guidance by the Board Officials.
- (e) Inadequate technical expertise, etc.





The Board has not so far (November 1982) considered the recommendations made in the report.

(vi) *Training*

The Board is running a training centre at Muchukunnu at Kozhikode for training the artisans in the village industries. To end of March 1981, six batches of a total of 111 trainees had been trained against 150 persons who should have been trained at the rate of 25 trainees for each batch. Shortfall in this regard was attributed by the Project Officer, Kozhikode to non-availability of sufficient candidates for undergoing the training and non-availability of the full complement of staff for the training institution.

Out of Rs. 0.48 lakh disbursed by the Board to the Training centre in October 1979 for the conduct of the fifth batch of training, Rs. 0.27 lakh only had been expended leaving an unspent balance of Rs. 0.21 lakh; likewise, out of Rs. 0.57 lakh made available by the Board in October 1980 for conducting the sixth batch of training, there was an unspent balance of Rs. 0.15 lakh retained by the Project Officer, Kozhikode. The Project Officer stated (May 1982) that the unspent amount would be refunded on receipt of instructions from the Board. The Board however stated (November 1982), that there was no difficulty in getting sufficient number of candidates and that the full complement of staff had also been posted to the centre. But no reasons for the shortfall in the number of artisans trained were adduced by the Board.

(vii) *Accounts*

According to Section 29 of the Act, the audited accounts of the Board were to be forwarded to Government within two months from the end of the financial year to which it relates for laying before the Legislature. Extent of delay in the finalisation of accounts and their transmission to Government is indicated below:

<i>Year of accounts</i>	<i>Due date</i>	<i>Date of finalisation of accounts</i>	<i>Date of transmi- sion to Government</i>
1977-78	31st May 1978	November 1978	July 1981
1978-79	31st May 1979	November 1979	July 1981
1979-80	31st May 1980	March 1981	Not transmitted to Government
1980-81	31st May 1981	March 1982	do.

*(viii) Loan accounts*

Loan ledgers showing details of loans received from the Commission and repayment of loans to the Commission were not maintained properly. The progressive balance of loan outstanding at the end of each year was worked out by adding receipts and deducting repayments from the preceding year's balance. Loan paid by the Board for village industries bears 4 per cent interest per annum. The quantum of interest due and recoverable from the loanees had not been worked out and exhibited in the accounts. Interest realised from the loanees was also not remitted to the Commission in full. According to the Balance Sheet for the year ended 1980-81, Rs. 1.42 lakhs were pending remittance to the Commission on this account.

According to the annual accounts of the Board for the year 1980-81, Rs. 11.10 crores were outstanding recovery from the loanees. Statements of loans had been issued only to 286 societies for an amount of Rs. 1,65.81 lakhs for confirmation of balances as at the end of March 1981. The Board stated (June 1982) that the District Officers had been directed to expedite the issue of statements in the remaining cases.

*(ix) Utilisation certificates*

Funds disbursed by the Commission were to be utilised within a period of one year from the date of disbursement. Utilisation certificates for Rs. 3,90.56 lakhs relating to 1978-79 and 1979-80 had not been furnished to the Commission so far (December 1982).

*(x) Cases of non-utilisation of funds provided by the Board for the development of khadi and village industries are indicated in Appendix 7.5.*

*(xi) To sum up, the following are the more important points mentioned in the foregoing paragraphs.*

(1) More than 60 per cent of the funds allotted by the Commission in 1977-78 and nearly 50 per cent in 1978-79 for khadi and village industries remained unutilised.

(2) Bank finance of Rs. 1,87.22 lakhs required to be raised during 1978-79 to 1980-81 for implementing schemes for development of khadi and village industries was not raised except for a comparatively small amount of Rs. 6.24 lakhs.







(3) Expenditure of Rs. 30.88 lakhs incurred by the Board in 1980-81 and earlier years out of imprest advances received from the Commission had not been admitted by the Commission.

(4) Shortfall in the production of khadi during the years 1978-79 to 1980-81 ranged between 26 and 73 *per cent* of the targeted production.

(5) Number of charkas idling during 1978-79, 1979-80 and 1980-81 were 1770, 2507 and 2310 respectively.

(6) Only 3500 charkas were supplied to the different production centres during 1979-80 to 1980-81 against the target of 8800 charkas required to be supplied.

(7) Shortfall in yarn production during 1978-79 to 1980-81 utilising the charkas supplied ranged between 65 and 69 *per cent*.

(8) Dead stock of cotton valued at Rs. 0.99 lakh retained in a godown at Trichur had not been disposed of. The stock included cotton valued at Rs. 0.80 lakh so retained from 1974 onwards. Besides, value of shopsoiled and damaged goods retained at the godown till the end of January 1983 without disposal was Rs. 5.18 lakhs.

(9) Shortfall in sales of khadi during 1978-79 to 1979-80 ranged between 17 and 56 *per cent*.

(10) As at the end of November 1982, Rs. 10.17 lakhs were due for recovery from the Department of Health Services towards value of Khadi cloth supplied to them by the Intensive Khadi Production Centre, Payyannur.

(11) 164 societies/institutions which had received assistance totalling Rs. 1,47.93 lakhs till the end of March 1981 had not started production even by June 1982.

(12) Against the target of providing additional employment to 82,445 persons in three years under the Special Employment Programme started in 1979-80, only 28,408 persons had been provided with additional employment during the same period.

(13) 918 societies/institutions assisted by the Board had become defunct as at the end of March 1981; Rs. 78.49 lakhs were recoverable from them.

(14) Finalisation of annual accounts of the Board for 1977-78 and their transmission to Government was delayed by more than 37 months. Delay in this regard in respect of the accounts for 1978-79 exceeded 25 months.

(15) Loan outstanding recovery from the loanees as at the end of 1980-81 amounted to Rs. 11.10 crores.

(16) Utilisation certificates for Rs. 3,90.56 lakhs relating to 1978-79 and 1979-80 had not been furnished to the Commission.

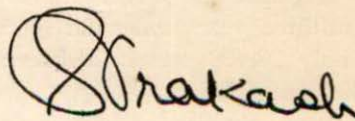
The matter was reported to Government in October 1982; reply is awaited (March 1983).



Trivandrum,  
The **25th JULY 1983**

(S. SETHURAMAN)  
*Accountant General I, Kerala.*

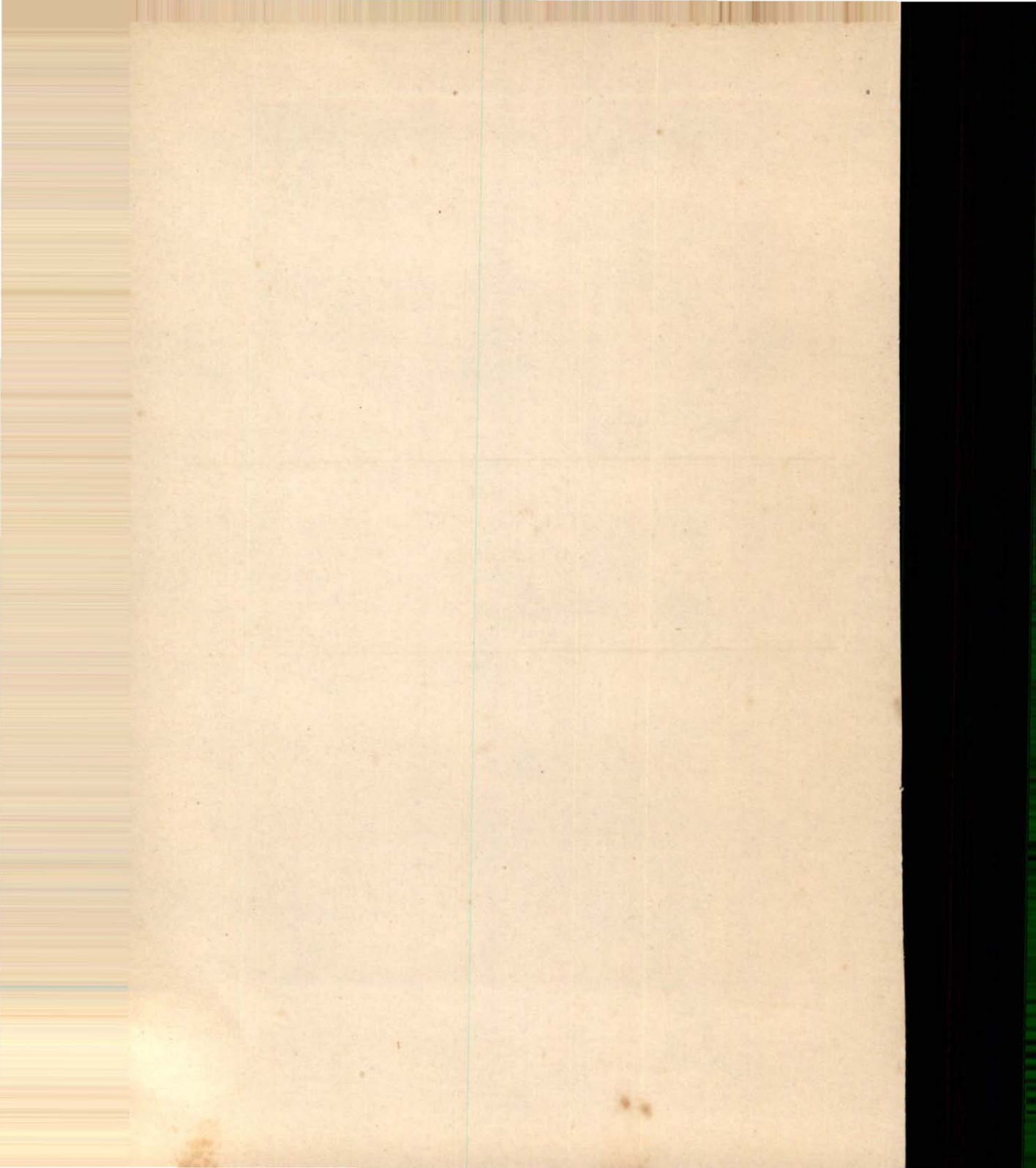
Countersigned



New Delhi,  
The **28th AUGUST 1983**

(GIAN PRAKASH)  
*Comptroller and Auditor General of India.*





---

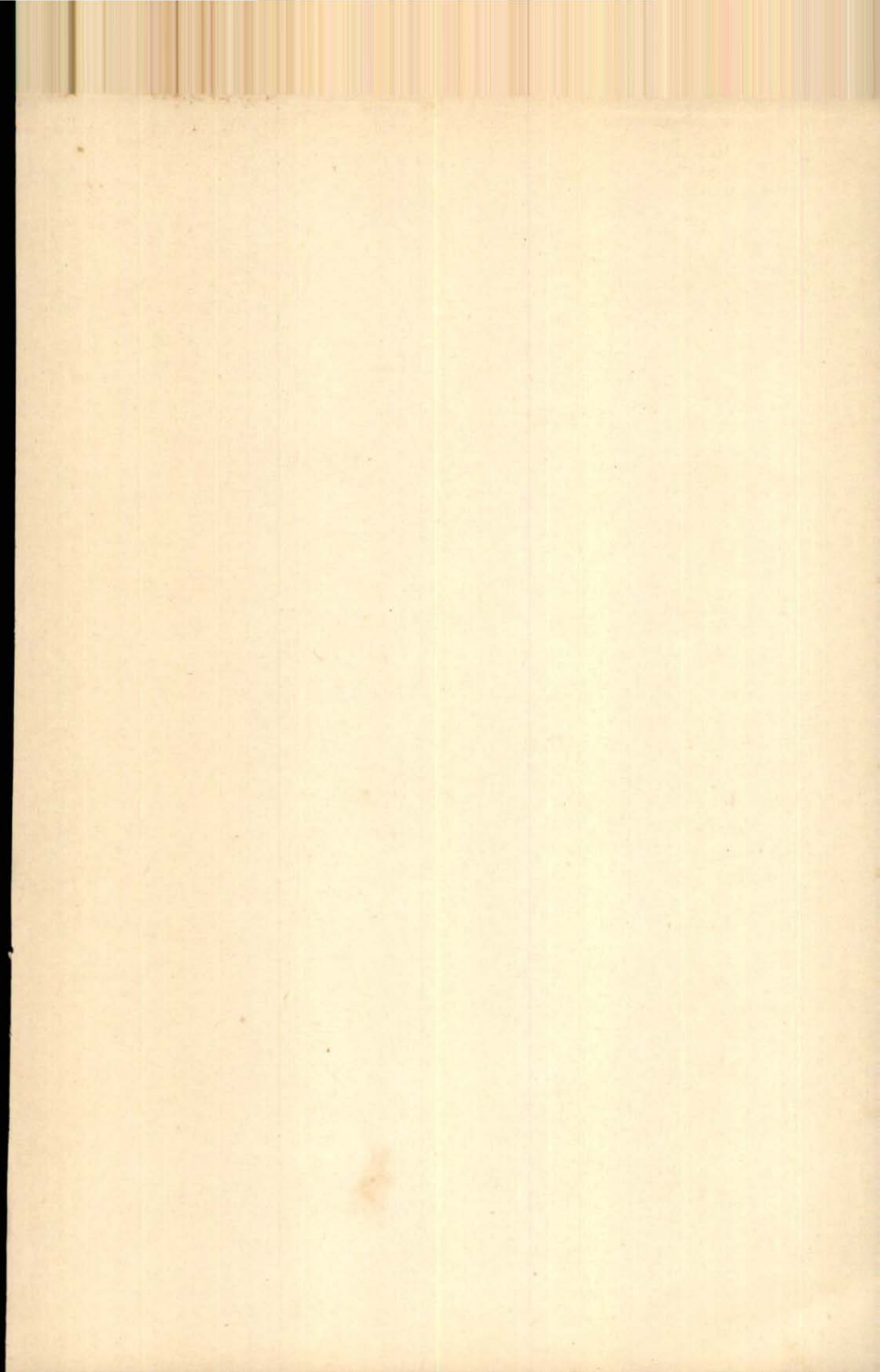
---

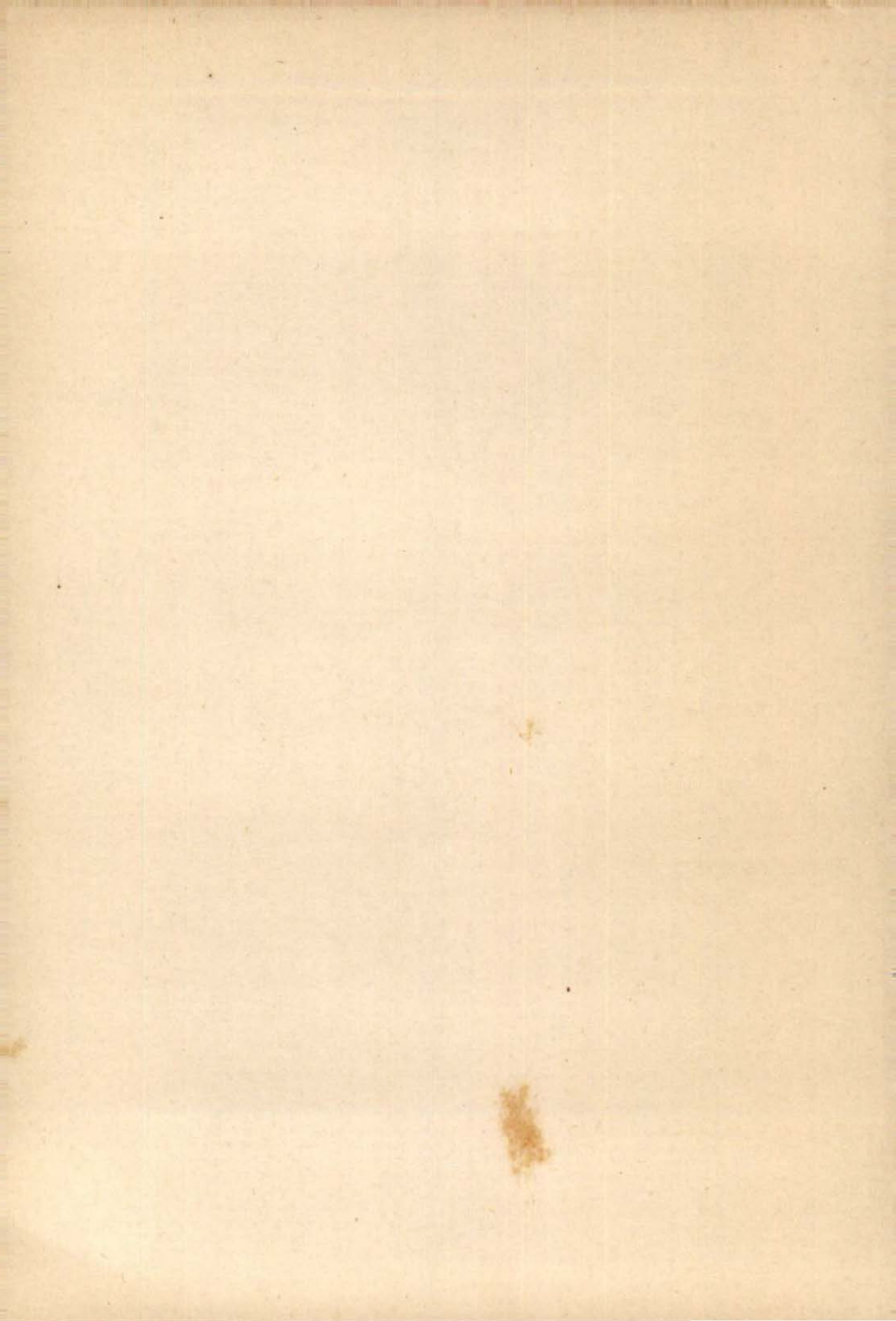
**APPENDICES**

---

---

APPENDIX







APPENDIX 1.1

**Analysis of Revenue Receipts**

(Reference: Paragraph 1.3—Page 4)

	1980-81	1981-82	Amount of increase
	<i>(in crores of rupees)</i>		
(i) Revenue raised by the State Government—			
(a) Tax revenue	3,36.53	3,74.18	37.65
(b) Non-Tax revenue	1,00.06	2,32.33	1,32.27
(ii) Receipts from the Government of India—			
(a) Taxes on Income other than Corpora- tion Tax	39.62	40.18	0.56
(b) Estate Duty	0.38	1.01	0.63
(c) Hotel Receipts Tax	0.02	0.03	0.01
(d) State's share of Union Excise Duties	1,11.39	1,29.59	18.20
(e) Grants—			
1. Non-Plan grants	6.11	10.40	4.29
2. For State Plan Schemes	25.00	34.58	9.58
3. For Central Plan Schemes	9.34	11.57	2.23
4. For Centrally Sponsored Plan Schemes	11.93	16.61	4.68
Total	6,40.38	8,50.48	2,10.10

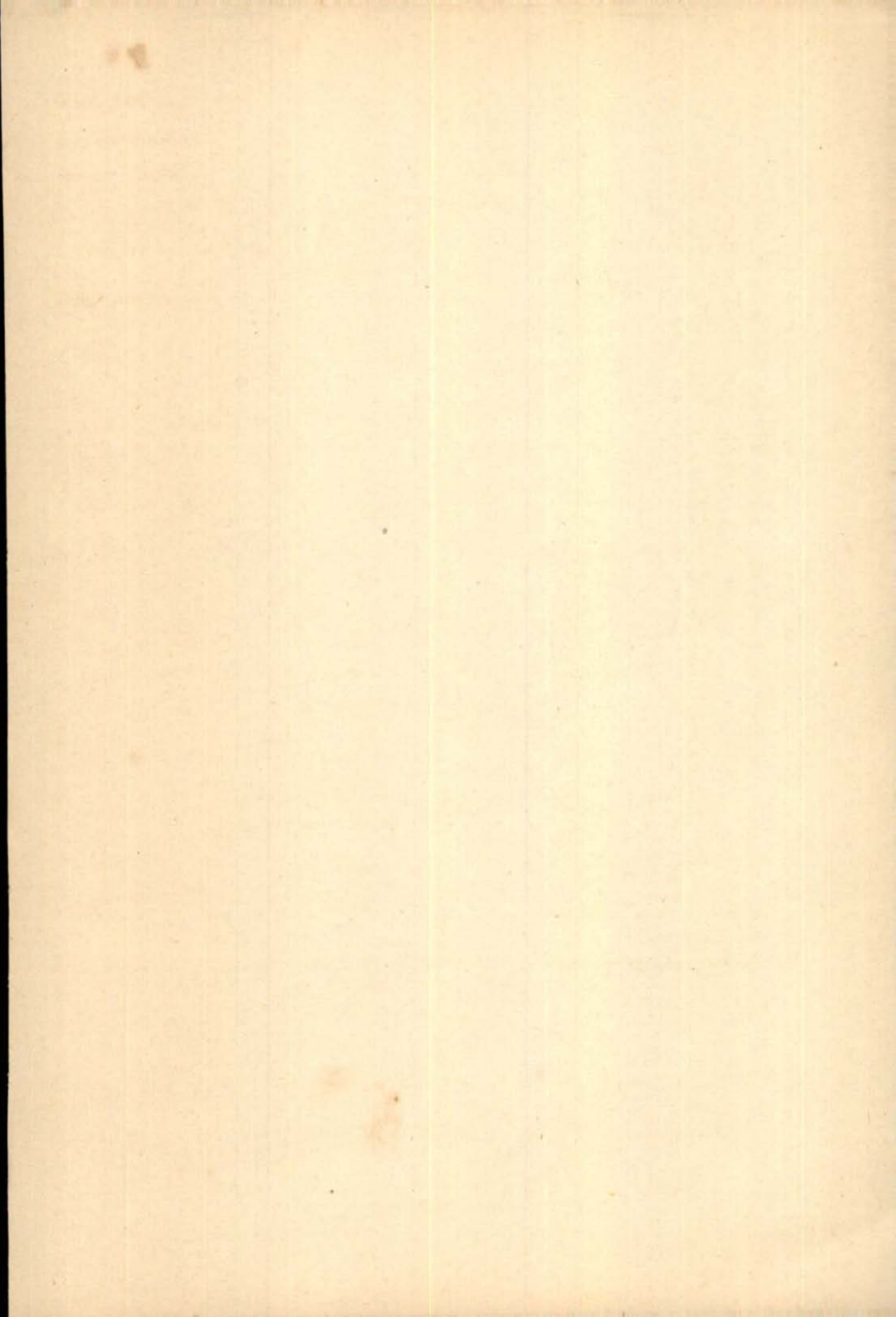
## APPENDIX

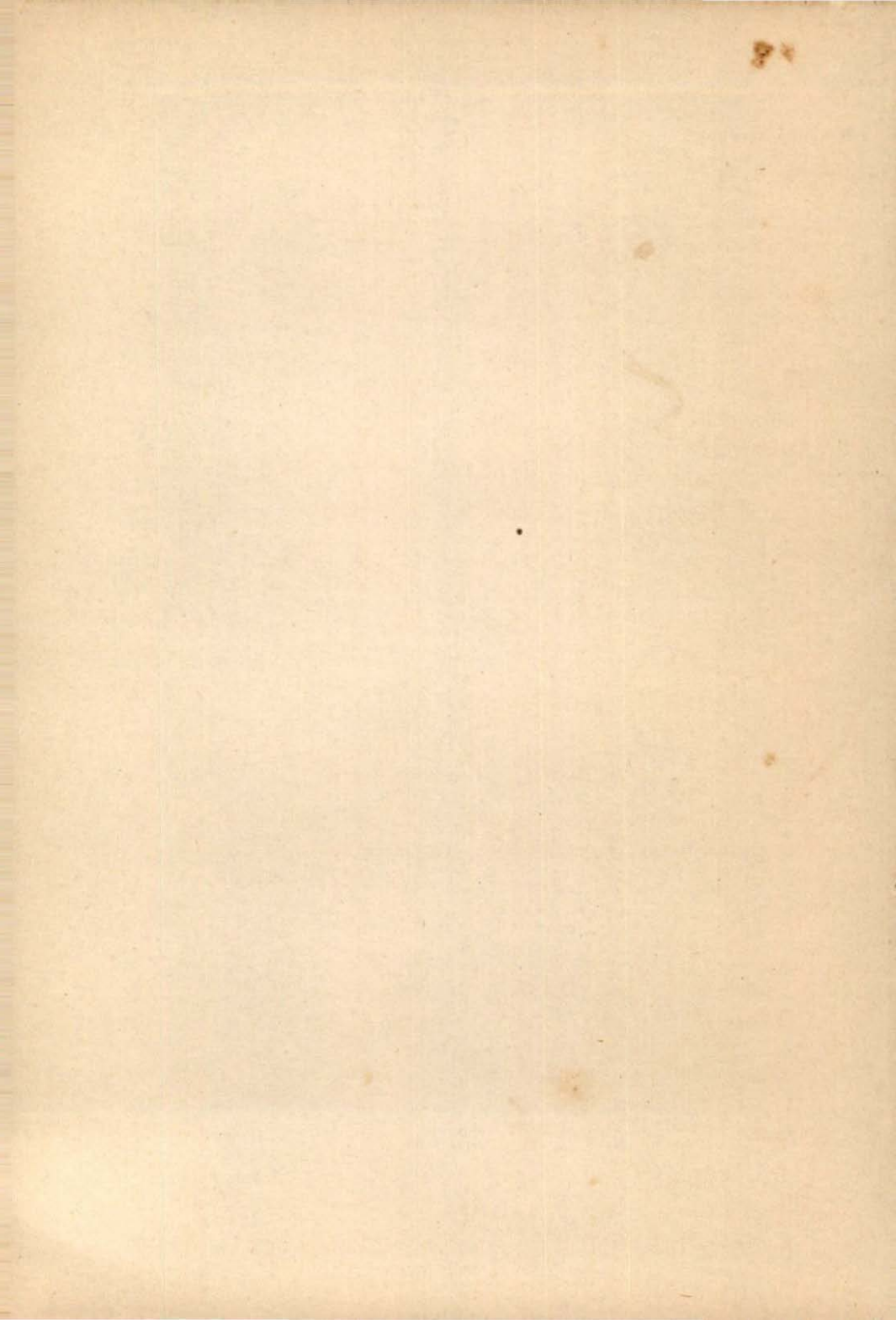
## Expenditure on

(Reference: Paragraph

Plan (1981-82)

<i>Sector of expenditure</i>	<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
				<i>(in crores of rupees, figures)</i>
A. General Services				
Organs of State	..	..	..	..
Fiscal Services	3.49	4.48	4.48 (3.73)	..
Interest payments and servicing of debt	..	..	..	..
Administrative Services	0.38	0.38	0.08 (0.18)	(-) 0.30
Pension and Miscellaneous General Services	..	..	..	..
A—Total	3.87	4.86	4.56 (3.91)	(-) 0.30
B. Social and Community Services	42.94	45.83	43.46 (52.94)	(-) 2.37
C. Economic Services				
General Economic Services	6.73	12.38	10.98 (9.46)	(-) 1.40
Agriculture and Allied Services	62.91	64.34	57.60 (50.25)	(-) 6.74
Industry and Minerals	6.44	7.19	7.54 (6.39)	(+) 0.35
Water and Power Development	0.54	0.54	0.50 (0.46)	(-) 0.04
Transport and Communications	1.02	1.10	1.35 (1.12)	(+) 0.25
C—Total	77.64	85.55	77.97 (67.68)	(-) 7.58
D. Grants-in-aid and Contributions	..	..	..	..
Total (A, B, C, & D)	1,24.45	1,36.24	1,25.99 (1,24.53)	(-) 10.25





1.2

**Revenue Account**

1.4—Page 4)

*Non-Plan (1981-82)*

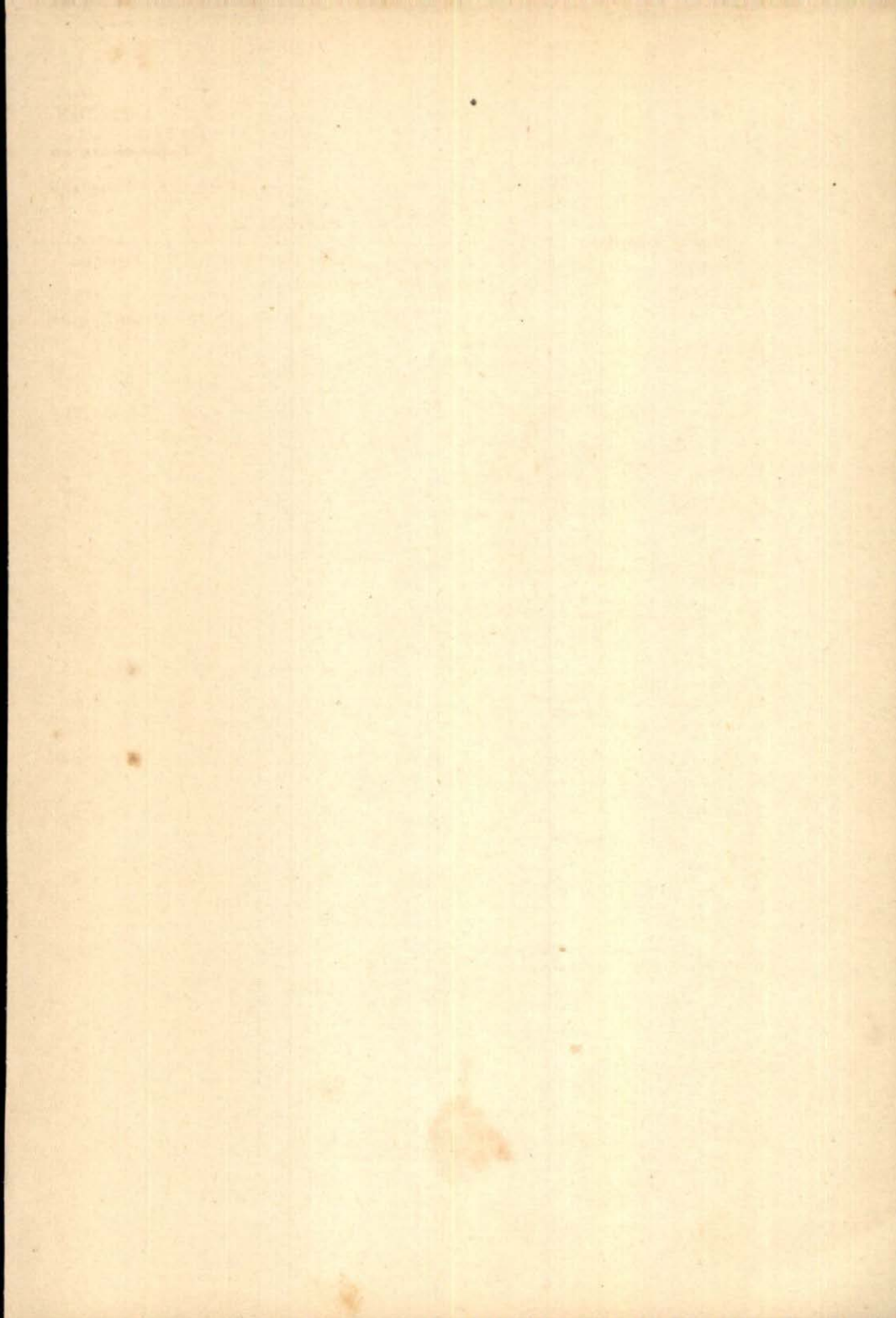
<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
<i>for 1980-81 in brackets)</i>			
7.37	8.38	8.28 (7.95)	(—) 0.10
18.32	19.29	19.62 (17.33)	(+) 0.33
57.98	61.85	59.83 (48.71)	(—) 2.02
53.56	56.90	58.16 (47.55)	(+) 1.26
34.87	41.46	47.84 (34.94)	(+) 6.38
1,72.10	1,87.88	1,93.73 (1,56.48)	(+) 5.85
3,35.06	3,43.81	3,38.12 (2,98.77)	(—) 5.69
6.81	7.08	7.22 (6.85)	(+) 0.14
42.28	44.34	46.56 (41.06)	(+) 2.22
3.08	3.17	2.87 (1.49)	(—) 0.30
6.89	10.30	12.50 (8.15)	(+) 2.20
19.73	23.78	26.58 (27.61)	(+) 2.80
78.79	88.67	95.73 (85.16)	(+) 7.06
0.92	0.92	0.93 (2.67)	(+) 0.01
5,86.87	6,21.28	6,28.51 (5,43.08)	(+) 7.23

## APPENDIX

**Expenditure on**

(Reference: Paragraph

<i>Sector of expenditure</i>	<i>Plan (1981-82)</i>			
	<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
			<i>(in crores of rupees, figures</i>	
A. General Services	3.13	5.13	5.17 (3.71)	(+)0.04
B. Social and Community Services	21.60	27.97	31.30 (22.35)	(+)3.33
C. Economic Services				
General Economic Services	5.23	6.44	6.32 (5.20)	(-)0.12
Agriculture and Allied Services	12.03	12.30	11.22 (8.05)	(-)1.08
Industry and Minerals	14.51	15.43	14.12 (14.52)	(-)1.31
Water and Power Development	50.23	50.81	53.61 (48.90)	(+)2.80
Transport and Communications	15.40	16.26	16.90 (17.02)	(+)0.64
C—Total	97.40	1,01.24	1,02.17 (93.69)	(+)0.93
<b>Total (A, B &amp; C)</b>	<b>1,22.13</b>	<b>1,34.34</b>	<b>1,38.64</b> <b>(1,19.75)</b>	<b>(+)4.30</b>







1.3

**Capital Account**

1.5—Page 7)

<i>Non-Plan (1981-82)</i>			
<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variations</i>
<i>for 1980-81 in brackets)</i>			
0.01	0.01	..	(—)0.01
1.73	1.94	0.87 (0.60)	(—)1.07
0.03	0.03	(—)0.48 (—)(0.08)	(—)0.51
0.04	0.04	(—)6.19 (1.59)	(—)6.23
..	..	..	..
..	..	.. (—)(0.05)	..
0.05	0.08	0.07 (0.05)	(—)0.01
0.12	0.15	(—)6.60 (1.51)	(—)6.75
1.86	2.10	(—)5.73 (2.11)	(—)7.83

## APPENDIX

**Loans and**

(Reference: Paragraph

Categories	Outstanding balance as on 1st April 1979	1979-80		1980
		Loans disbursed	Loans recovered	Loans dis- bursed
				(in crores)
(i) Loans for Social and Community Services	23.54	4.11	2.28	6.08
(ii) Loans for Economic Services				
(a) General Economic Services	19.61	3.38	1.41 (-)0.07(‡)	5.73
(b) Agriculture and Allied Services	17.71	7.88	2.14	8.86
(c) Industry and Minerals	37.50	18.15	0.44 (+)0.12(‡)	7.34
(d) Water and Power Development	1,86.15	1.80	0.20	5.20
(e) Transport and Communications	0.09	8.26	..	0.23
<b>Total (ii)</b>	<b>2,61.06</b>	<b>39.47</b>	<b>4.19</b> <b>(+)0.05(‡)</b>	<b>27.36</b>
(iii) Loans to Government Servants	7.50	5.98	3.47	6.97
(iv) Loans for miscellaneous purposes	0.22	..	0.07	..
<b>Total</b>	<b>2,92.32</b>	<b>49.56</b>	<b>10.01</b> <b>(+)0.05(‡)</b>	<b>40.41</b>

(‡) *Pro forma* correction effected in Finance Accounts for 1980-81.\* *Pro forma* correction effected in Finance Accounts for 1981-82.

2017-18

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

10/1/17

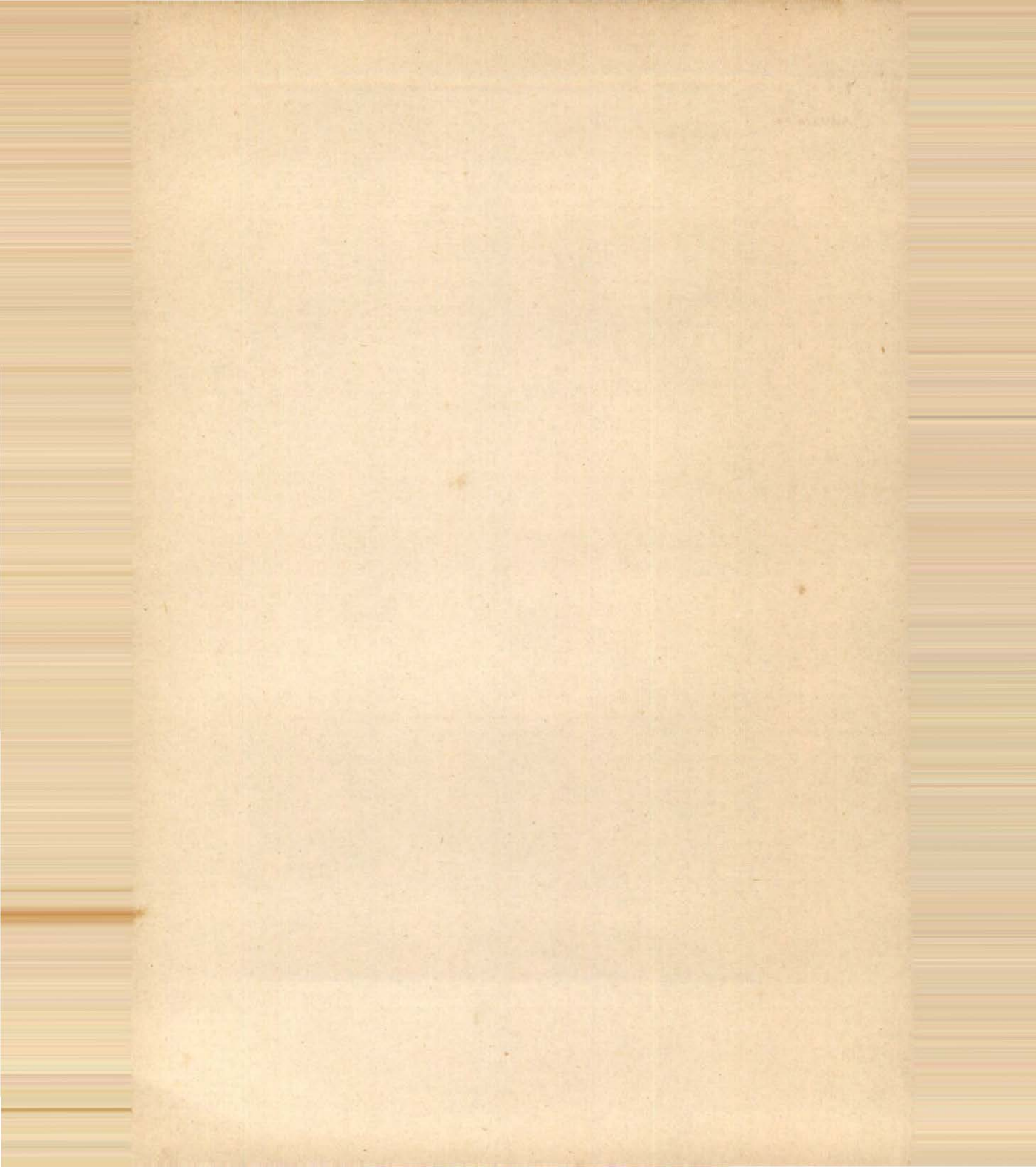
10/1/17

10/1/17

10/1/17

10/1/17

10/1/17



1.4

**Advances**

1.6—Page 8)

-81	1981-82		Balance as on 31st March 1982	
	Loans recovered	Loans disbursed		Loans recovered
(of rupees)				
	2.48	7.79	2.09	34.67
	1.25	6.83	2.17	30.79
	1.84	5.78	1.94	34.31
	0.86	7.91	0.68 0.88*	67.92
	0.21	2.36	5.23	1,89.87
	..	5.37	..	13.95
	4.16	28.25	10.02 0.88*	3,36.84
	3.85	5.19	4.34	13.98
	0.02	..	0.02	0.11
	10.51	41.23	16.47 0.88*	3,85.60

## APPENDIX 1.5

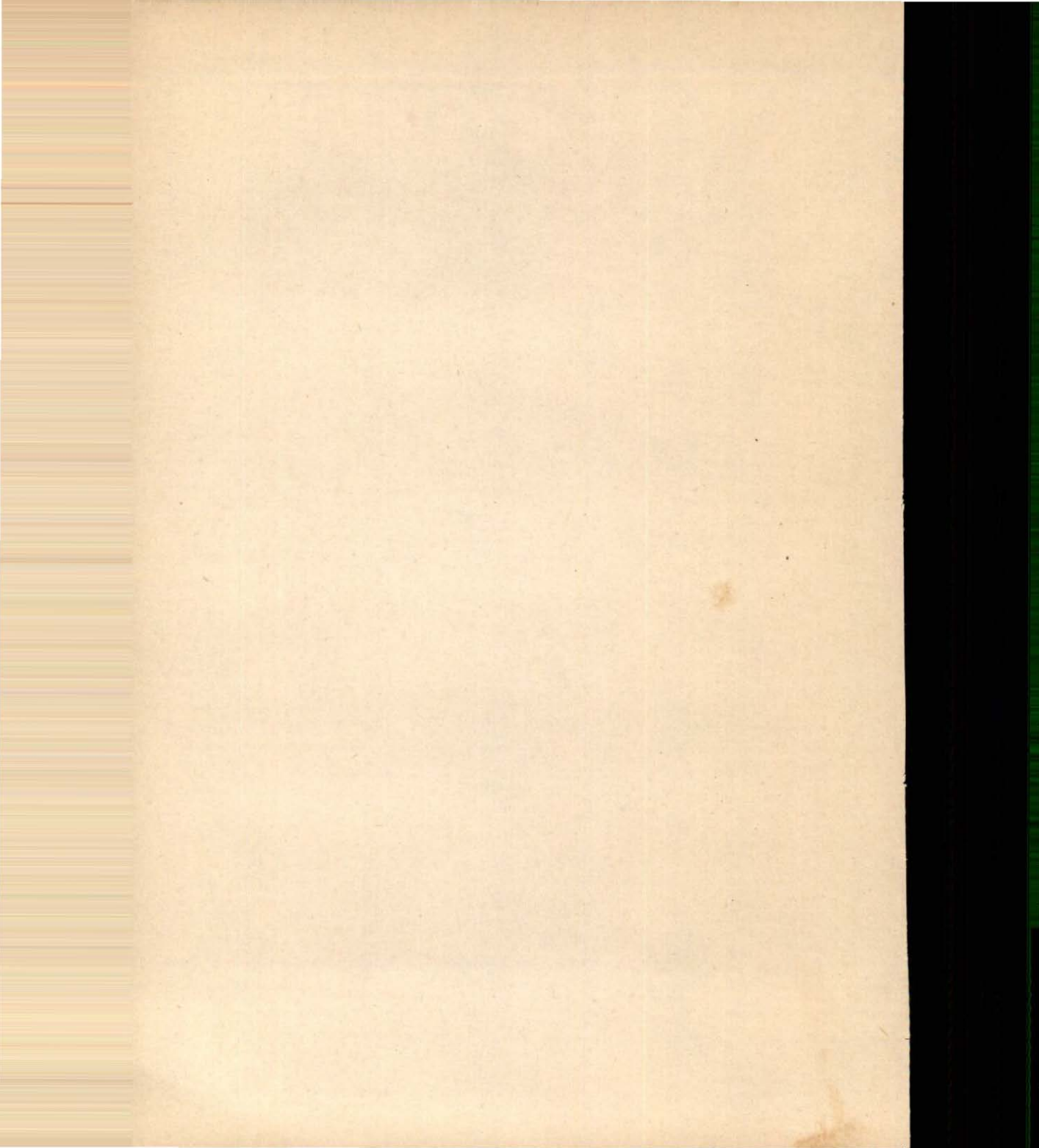
**Default in the repayment of loans given to Public undertakings**

(Reference: Paragraph 1.6—Page 9)

Sl. no.	Name of Public undertaking	Balance of loan outstanding as on 31st March 1982 (provisional)	Arrears as at the end of 31st March 1982		Remarks
			Principal	Interest	
			(in lakhs of rupees)		
1.	The Kerala Minerals and Metals Limited	11,67.00	2.00	2.15	The Company has moved Government for conversion of loans into equity.
2.	Kerala State Coconut Development Corporation Limited	42.80	Nil.	3.44	The default is attributed to lack of funds.
3.	Travancore Titanium Products Limited	4,61.25	80.75	1,50.14	The default is attributed to financial difficulties experienced by the Company.
4.	Kerala State Industrial Development Corporation Limited	30.12	3.00	4.30	The Company has requested Government to adjust the loan against the loan given by it to the State Farming Corporation of Kerala Limited at the instance of Government.
5.	Kerala State Construction Corporation Limited	1,98.33	10.38	6.98	The Company has been permitted by Government to defer the recovery of loans for a period of one year from October 1981.
6.	Kerala Tourism Development Corporation Limited	90.82	0.10	1.21	The default was attributed (June 1982) by the Company to paucity of funds.
7.	The Chalakudy Refractories Limited	21.57*	2.15	11.11	In respect of a loan of Rs. 4 lakhs given in November 1977, terms and conditions have not been fixed yet (June 1982). The default in the cases of other loans is attributed to financial stringency experienced by the Company.

\* Information furnished by the undertaking.







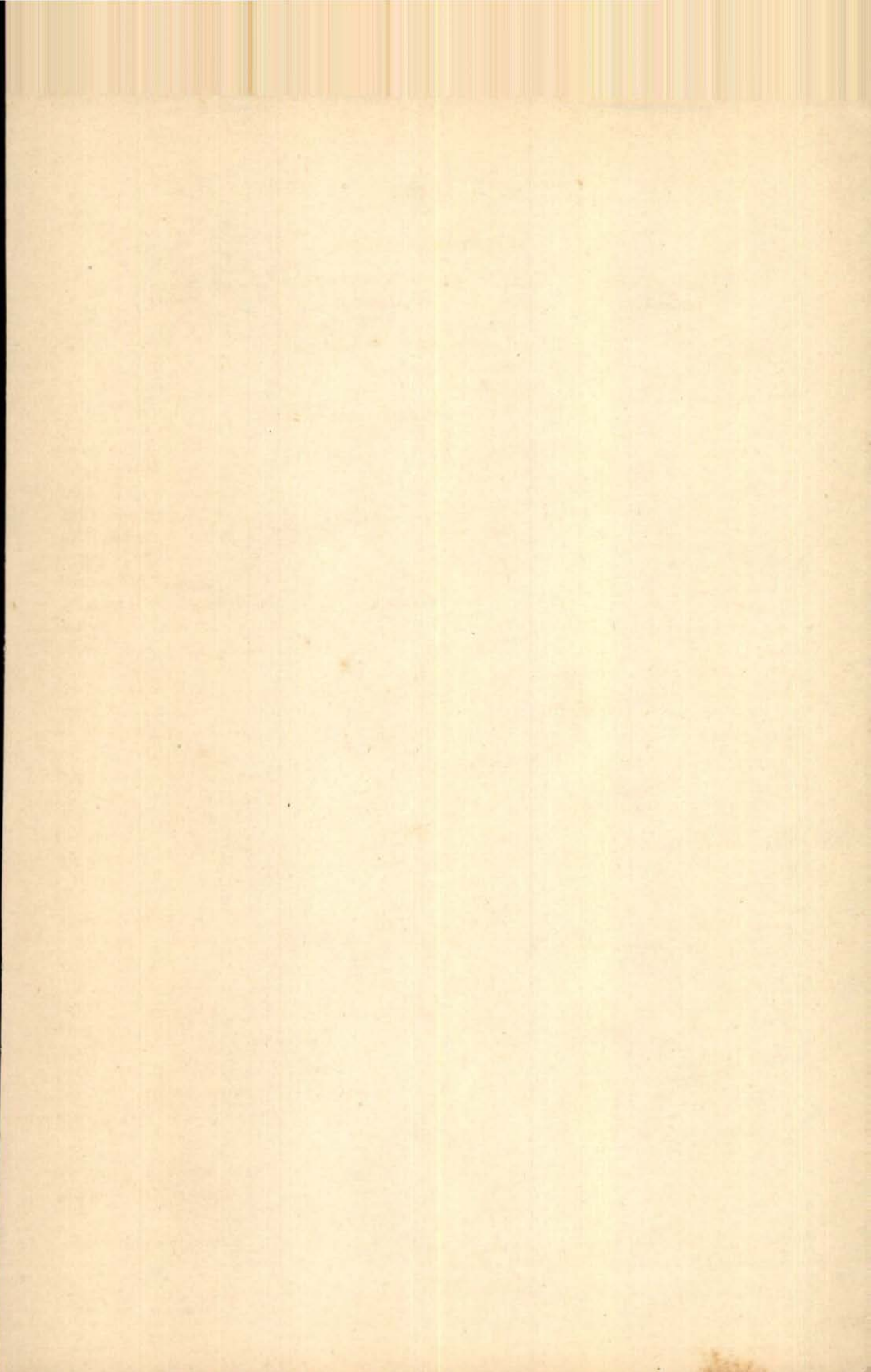
## APPENDIX 1.5—Contd.

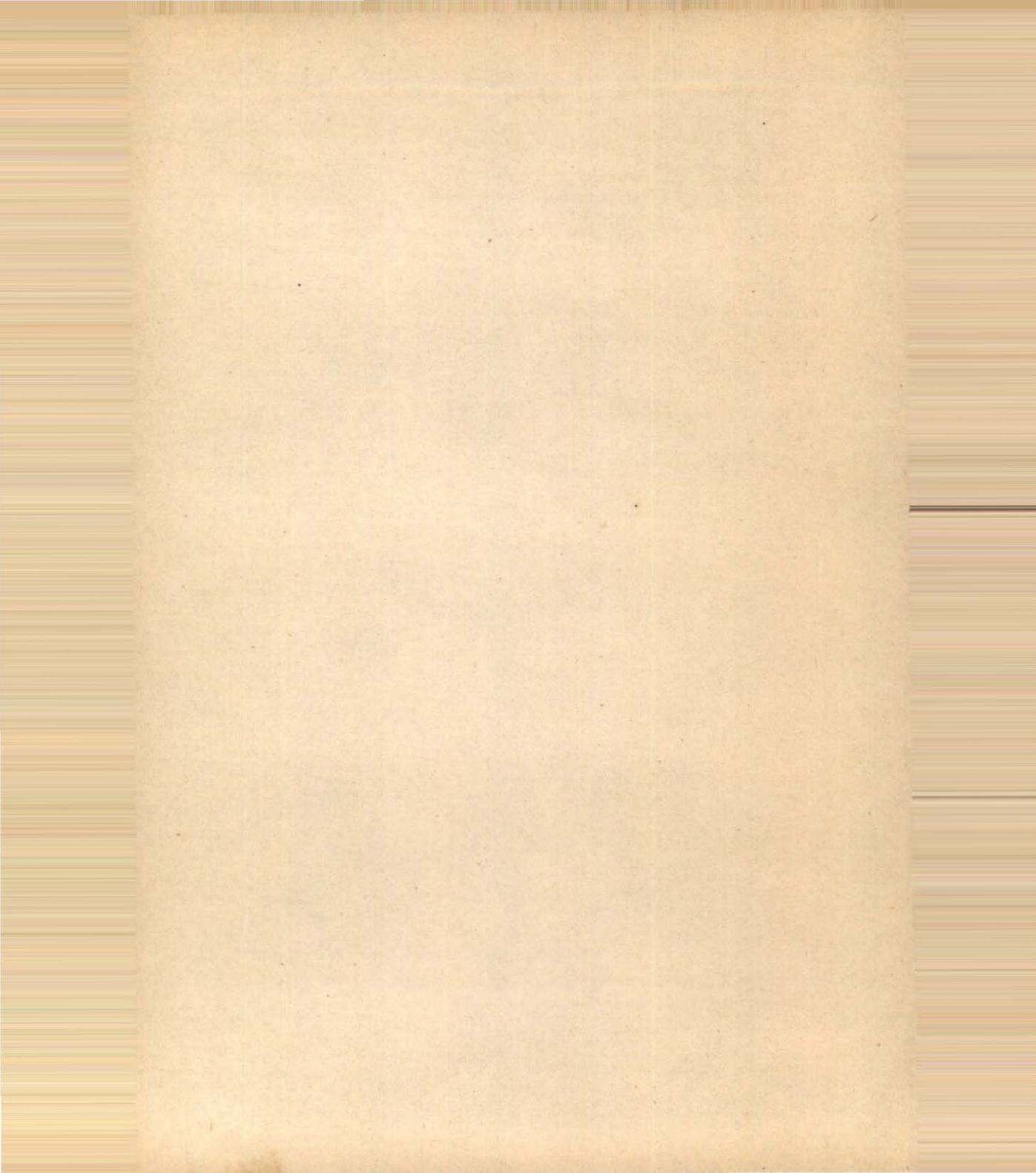
Sl. no.	Name of Public undertaking	Balance of loan outstanding as on 31st March 1982 (provisional)	Arrears as at the end of 31st March 1982		Remarks
			Principal	Interest	
			(in lakhs of rupees)		
8.	Kerala Electrical and Allied Engineering Company Limited	5.51	0.17	13.03	The default was attributed by the Company to paucity of funds.
9.	The Kerala Premo Pipe Factory Limited	20.50	18.80	22.68	The default was ascribed to financial difficulty.
10.	The Kerala State Cashew Development Corporation Limited	18,14.14 16.50	8,00.00	4,42.38	The terms and conditions of two loans given in March 1978 and April 1979 have not been fixed (June 1982). The default was in respect of other loans. The Company has moved Government for conversion of a major portion of the loan into subsidy.
11.	The State Farming Corporation of Kerala Limited	1,64.50	21.06	42.19	The default was attributed (February 1983) by the Company to the huge loss suffered by it in sugar cane cultivation.
12.	Steel Industrials Kerala Limited	1,40.00	5.00	8.78	The Company stated (July 1982) that the loans and the interest could not be repaid to the Government since all the units under the Company could not start production.
13.	The Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	1,26.04	31.07	67.16	The Company has moved Government for conversion of the loan amount <del>into</del> <sup>around</sup> share capital.

## APPENDIX 1.5—Contd.

Sl. no.	Name of Public undertaking	Balance of loan outstanding as on 31st March 1982 (provisional)	Arrears as at the end of 31st March 1982		Remarks
			Principal	Interest	
			(in lakhs of rupees)		
14.	Kerala State Industrial Enterprises Limited	3,54.65	*	29.54	The terms and conditions relating to 4 loans aggregating Rs. 75 lakhs paid between September 1981 and March 1982 have not been fixed (June 1982). The Company has moved Government for rephasing the repayment schedule relating to other loans.
15.	Kerala State Electronics Development Corporation Limited	3,84.25	15.01	97.05	The Company stated (July 1982) that cash generation by the operation of the Corporation was inadequate to meet the demands.
16.	The Plantation Corporation of Kerala Limited	2,24.79 1,02.00 97.43	91.33	73.90	The default is attributed to diversion of funds for capital works.
17.	The Kerala State Financial Enterprises Limited	1,05.23	5.46	20.11	The default was attributed to shortage of funds.
18.	Kerala Livestock Development and Milk Marketing Board Limited	1,20.50 28.00	11.92	31.71	The terms and conditions of 6 loans given between December 1979 and February 1982 have not been fixed (August 1982). The default was in respect of other loans.
19.	Kerala Soaps and Oils Limited	26.60	7.55	12.31	The default is attributed to shortage of working capital funds.

\* Information awaited.





## APPENDIX 1.5—Contd.

Sl. no.	Name of Public undertaking	Balance of loan outstanding as on 31st March 1982 (provisional)	Arrears as at the end of 31st March 1982		Remarks
			Principal	Interest	
(in lakhs of rupees)					
20.	Travancore Plywood Industries Limited	48.25	34.36	39.91	The Company attributed the default to shortage of funds owing to loss suffered by it during the years 1970-71 to 1978-79.
21.	The Kerala State Coir Corporation Limited	1,40.63*	55.48	12.43	The Company has not repaid the interest free loan of Rs. 25 lakhs given in July 1975 for distress relief purchase of coir products. The default relates to other loans. The Company attributed the default to stringent financial position consequent on its substantial investment in development projects like the Modern Dye House (Alleppey), Curling Plant (Beypore) and non-payment of dues by Foam Mattings (India) Limited.
22.	Kerala State Film Development Corporation Limited	1,43.67	Nil.	26.19 (provisional)	The Company approached Government (October 1982) for the grant of moratorium upto 1986-87 on repayment of loans and payment of interest.
23.	The Kerala Ceramics Limited	1,14.69	73.06	1,26.81	The default was attributed (February 1983) to loss suffered by the Company and the consequent financial stringency.
24.	The Kerala Fisheries Corporation Limited	1,32.75 77.00	50.11	2,29.07	The default was attributed (October 1982) by the Company to paucity of funds.

\* Information furnished by the undertaking.

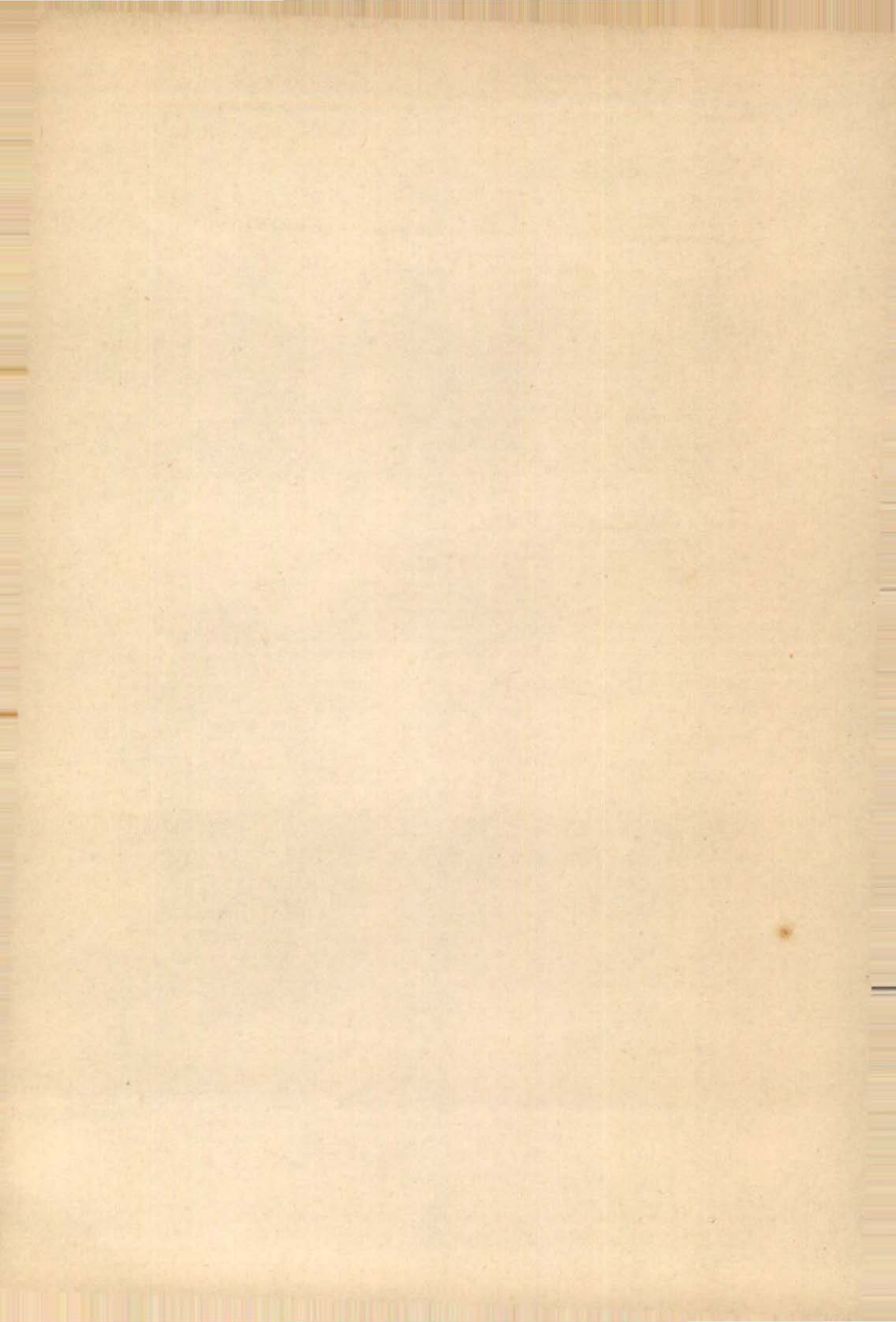
APPENDIX 1.5—*Concl'd.*

<i>Sl. no.</i>	<i>Name of Public undertaking</i>	<i>Balance of loan outstanding as on 31st March 1982 (provisional)</i>	<i>Arrears as at the end of 31st March 1982</i>		<i>Remarks</i>
			<i>Principal</i>	<i>Interest</i>	
<i>(in lakhs of rupees)</i>					
25.	Pallathra Bricks and Tiles Limited	11.77*	4.14	7.63	The default was attributed (November 1982) by the undertaking to paucity of funds due to continuous loss suffered by it right from the beginning.
26.	Kerala State Small Industries Development and Employment Corporation Limited	1,74.43*	36.81	66.04	The default was attributed (November 1982) to paucity of funds.
	Total	65,85.72	13,59.71	15,48.25	

---

\* Information furnished by the undertaking.







APPENDIX 2.1

**Grants/appropriations where excess requires regularisation**

(Reference: Paragraph 2.1—page 24)

Sl. no.	Number and name of grant	Total grant  Rs.	Expenditure  Rs.	Amount of excess and main reasons for excess  Rs.
<b>(a) Voted grants</b>				
REVENUE SECTION				
1	IV—Elections	31,28,400	37,71,233	6,42,833  Enhanced payment of dearness allowance of employees, settlement of pending claims pertaining to the general elections held in 1980 and revision of electoral rolls during the year.
2	V—Agricultural Income Tax and Sales Tax	4,30,13,700	4,35,31,938	5,18,238  Payment of enhanced dearness allowance to employees, sanctioning of additional check posts and mobile squads for prevention of smuggling of cashew nuts, etc.
3	VI—Land Revenue	12,04,92,400	12,10,61,871	5,69,471  Enhanced payment of dearness allowance to employees.

## APPENDIX 2.1 (Contd.)

Sl. no.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Amount of excess and main reasons for excess Rs.
4	VII—Stamps and Registration Fees	3,41,60,400	3,70,52,147	28,91,747 Payment of enhanced dearness allowance to employees, increased expenditure on commission payable to vendors for sale of non-judicial stamps and stamp papers, etc.
5	IX—Taxes on Vehicles	85,57,900	92,69,623	7,11,723 Payment of enhanced dearness allowance to employees, appointment of additional staff and payment of special festival allowance to employees.
6	X—Treasury and Accounts	3,09,10,100	3,21,61,501	12,51,401 Enhanced payment of dearness allowance to employees, payment of arrears consequent on review of promotion, payment of special festival allowance and the opening of new Sub Treasuries, etc.
7	XI—District Administration and Miscellaneous	4,99,95,200	5,00,82,034	86,834 (Reasons awaited.)



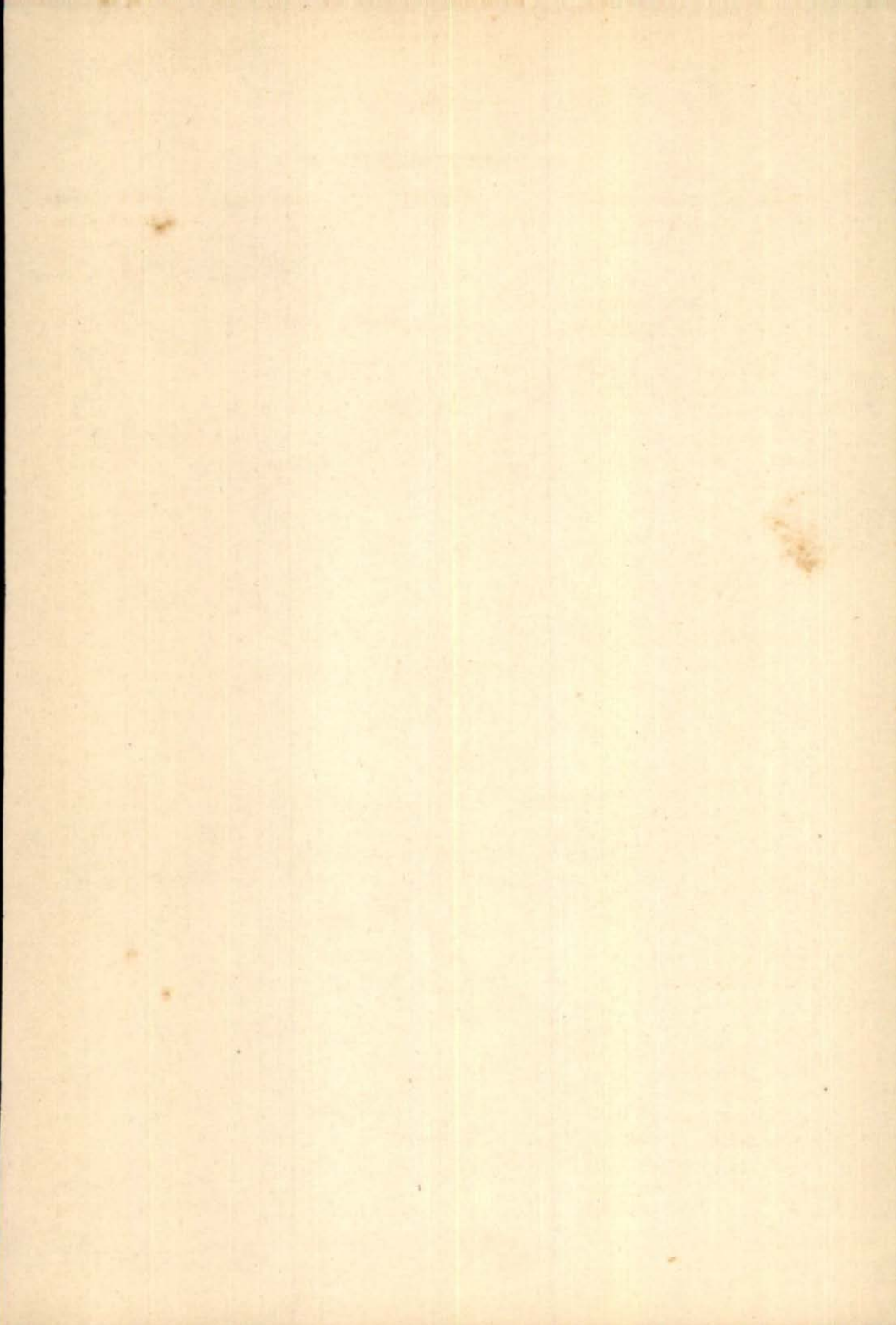


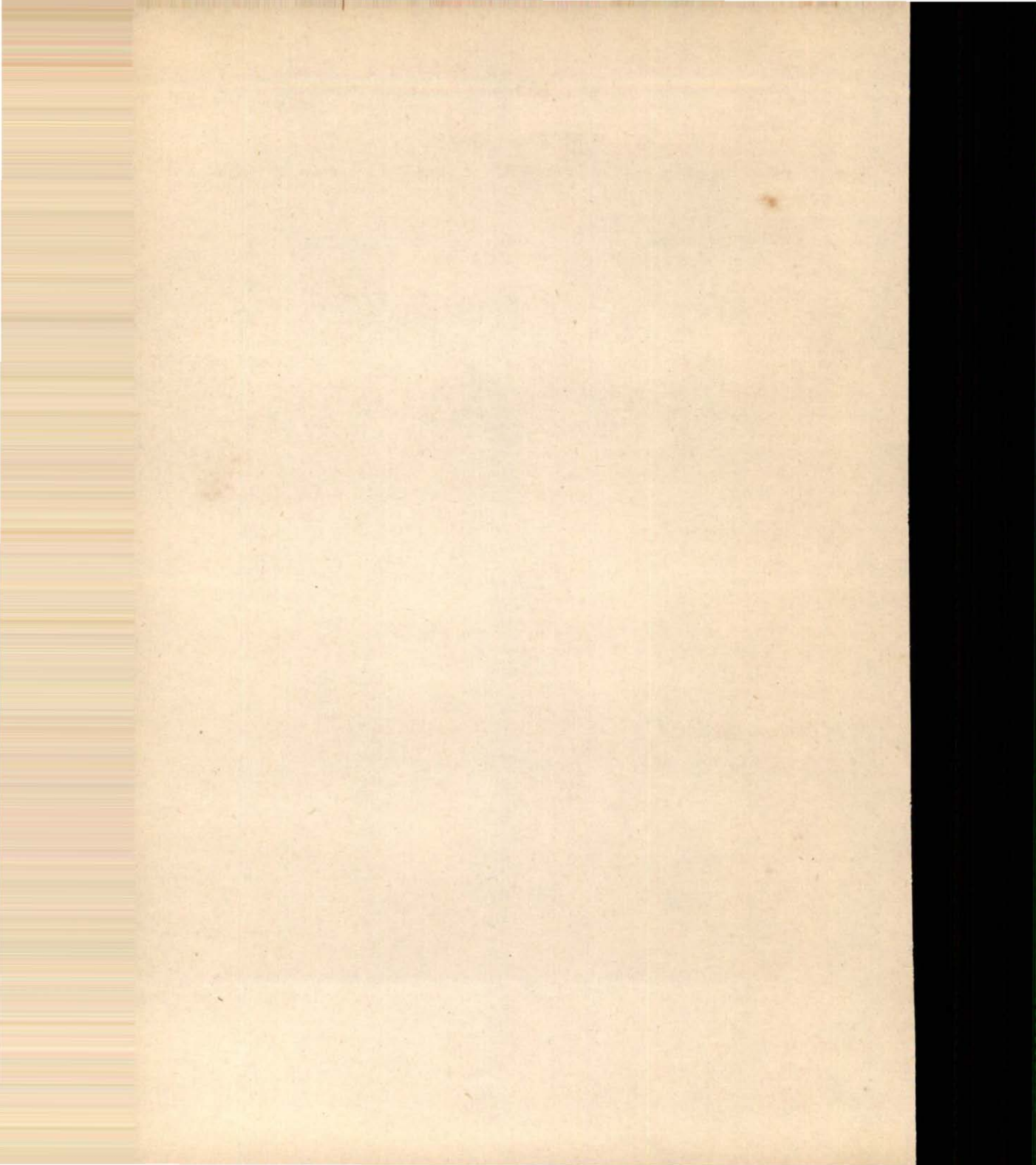
## APPENDIX 2.1 (Contd.)

Sl. no.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Amount of excess and main reasons for excess Rs.
8.	XII—Police	32,34,62,100	33,30,84,676	96,22,576 (Reasons awaited.)
9.	XIII—Jails	1,56,00,500	1,61,09,111	5,08,611 Payment of enhanced dearness allowance to employees, creation of additional posts and increased expenditure under 'dietary charges' consequent on increase in prison population.
10.	XIV—Stationery and Printing and Other Administrative Services	5,59,73,000	9,27,48,365	3,67,75,365 Escalation in the cost of stationery articles and purchase of more quantities of paper for supply to Government Presses.
11.	XV—Public Works	36,12,92,400	39,81,49,748	3,68,57,348 Increased expenditure on repairs (Rs. 1.71 crores), purchase of bitumen, (Rs. 53.92 lakhs), payment of enhanced dearness allowance to employees, (Rs. 19.34 lakhs), increase in cost of labour and materials (Rs. 12.26 lakhs), increase in expenditure on Local Bodies Engineering Wing (Rs. 40.54 lakhs), etc.

## APPENDIX 2.1 (Contd.)

Sl. no.	Number and name of grant	Total grant	Expenditure	Amount of excess and main reasons for excess
		Rs.	Rs.	Rs.
12.	XVI—Pensions and Miscellaneous	40,96,91,700	47,49,16,774	6,52,25,074 (Reasons awaited.)
13.	XVII—Education, Art and Culture	2,39,02,99,700	2,42,47,31,072	3,44,31,372 (Reasons awaited.)
14.	XVIII—Medical	53,15,33,900	54,36,74,494	1,21,40,594 Increase in the requirements of medicines, dietary articles, etc., payment of enhanced dearness allowance to employees, sanctioning of additional posts in hospitals and dispensaries, implementation of the Pai Committee Report on improvement of health care, non-regularisation of additional expenditure authorised for the Collegiate hospitals, Kozhikode, etc.
15.	XXI—Public Health Engineering	13,57,76,300	15,92,19,009	2,34,42,709 (Reasons awaited.)
16.	XXIV—Information and Publicity	1,25,54,200	1,27,21,135	1,66,935 Payment of enhanced dearness allowance to employees and creation of additional posts.
17.	XXVII—Famine	2,13,86,800	2,18,53,875	4,67,075 Increased expenditure on famine relief works in Quilon and Alleppey districts and settlement of pending bills.







## APPENDIX 2.1 (Contd.)

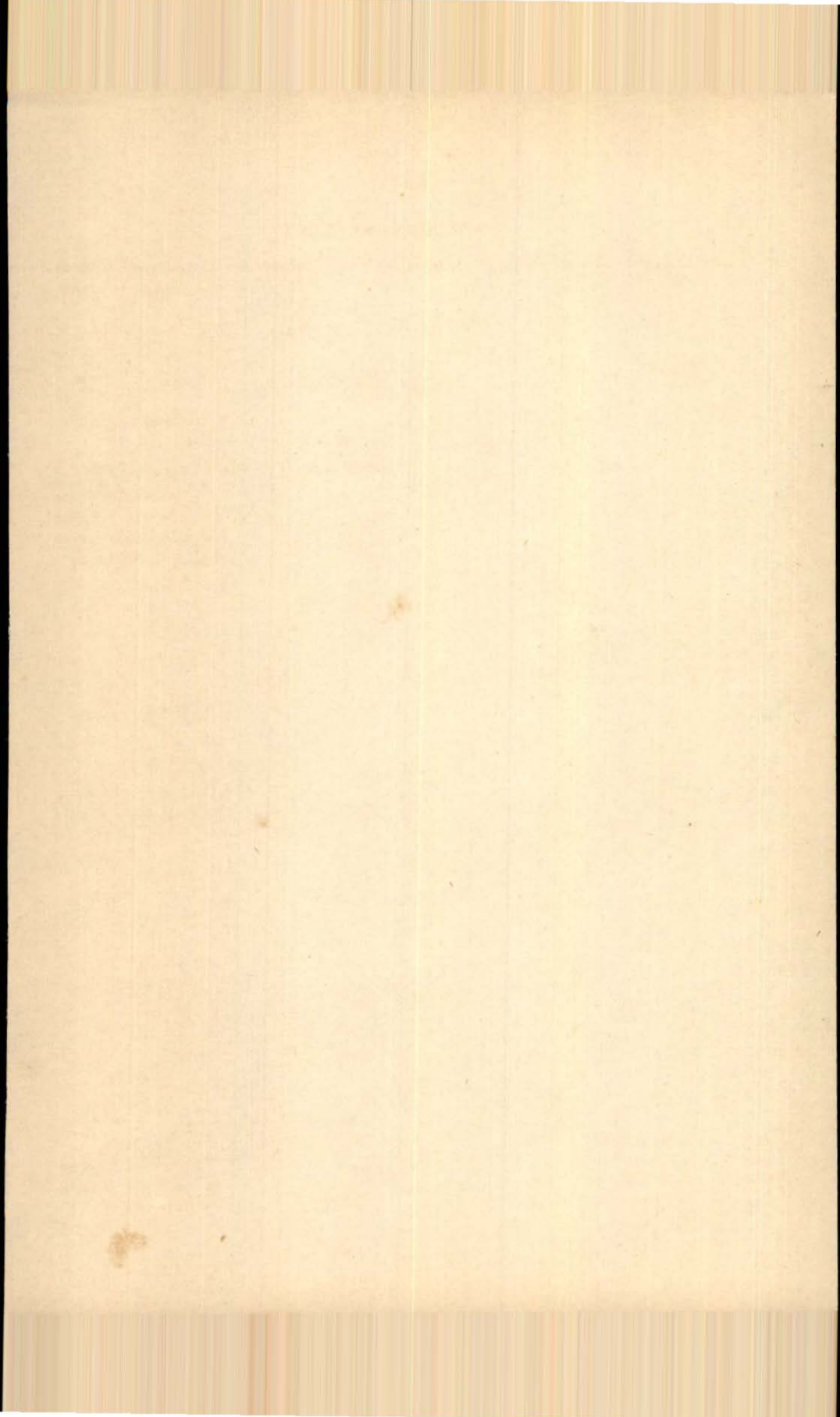
<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Expenditure</i>	<i>Amount of excess and main reasons for excess</i>
		Rs.	Rs.	Rs.
18.	XXIX—Miscellaneous Economic Services	6,74,60,300	6,82,80,330	8,20,030 Payment of annuity to more number of religious, charitable and educational institutions under the Kerala Land Reforms Act, 1963, payment of enhanced dearness allowance to employees, etc.
19.	XXXII—Animal Husbandry	9,30,65,200	9,38,82,261	8,17,061 Increase in the cost of fuel, payment of enhanced dearness allowance to employees, local purchase of feed in the absence of a rate contract and increase in the number of eggs purchased under the scheme 'Egg Marketing', etc.
20.	XXXV—Forest	12,31,09,700	12,84,08,672	52,98,972 Departmental execution of works abandoned by contractors (Rs. 38.81 lakhs), increased expenditure on departmental works undertaken to protect young plantations (Rs. 31.17 lakhs), payment of enhanced dearness allowance to employees and creation of additional posts for schemes like 'Social Forestry' (Rs. 22.39 lakhs), etc.

## APPENDIX 2.1 (Contd.)

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Expenditure</i>	<i>Amount of excess and main reasons for excess</i>
		<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
21.	XXXVI—Community Development	37,06,93,200	37,10,68,867	3,75,667 (Reasons awaited.)
22.	XXXVII—Industries	10,35,52,500	10,40,63,938	5,11,438 Increase in the number of eligible applicants for investment subsidy.
23.	XXXVIII—Irrigation	20,26,53,800	24,94,00,507	4,67,46,707 (Reasons awaited.)
24.	XL—Ports	93,17,000	94,58,201	1,41,201 (Reasons awaited.)
25.	XLII—Tourism	1,31,74,400	1,53,74,882	22,00,482 Commissioning of a new Guest House at New Delhi in October 1981.
26.	XLIII—Compensation and Assignments	92,33,000	92,57,947	24,947 (Excess occurred under the head '363 (a) Taxes on vehicles compensation to local bodies'.)

## CAPITAL SECTION

1.	XV—Public Works	18,62,82,200	19,23,86,105	61,03,905 Accelerated progress of works under 'village roads'.
----	-----------------	--------------	--------------	---





## APPENDIX 2.1 (Contd.)

Sl. no.	Number and name of grant	Total grant	Expenditure	Amount of excess and main reasons for excess
		Rs.	Rs.	Rs.
2.	XVIII—Medical	3,09,61,700	3,20,29,965	10,68,265 Accelerated progress in the execution of certain works and provision of increased facilities in peripheral hospitals following declaration of medical college hospitals as 'Referral Hospitals.'
3.	XXI—Public Health Engineering	20,51,97,000	21,90,35,245	1,38,38,245 (Reasons awaited.)
4.	XXXV—Forest	2,07,18,000	2,39,13,405	31,95,405 Increased expenditure on maintenance and protection of plantations.
5.	XXXVIII—Irrigation	51,12,15,700	54,22,54,701	3,10,39,001 (Reasons awaited.)
6.	XL—Ports	1,12,35,000	1,30,08,213	17,73,213 (Reasons awaited.)
7.	XLII—Tourism	1,38,55,000	1,39,58,963	1,03,963 Increase in expenditure on 'development of Kappad' and 'construction of Guest House, Malappuram'.

## APPENDIX 2.1 (Concl.)

<i>Sl. no.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Expenditure</i>	<i>Amount of excess and main reasons for excess</i>
		Rs.	Rs.	Rs.
<b>(b) Charged appropriations</b>				
REVENUE SECTION				
1.	II—Heads of States, Ministers and Headquarters staff	1,19,65,000	1,21,28,766	1,63,766 Payment of enhanced dearness allowance to employees and increase in the number of members of the Public Service Commission.
2.	XXXVIII—Irrigation	23,800	23,842	42
CAPITAL SECTION				
1.	XXX—Agriculture	2,20,000	2,31,109	11,109
2.	Public Debt Repayment	4,89,93,03,000	5,12,43,24,138	22,50,21,138 Increase in repayment of market loans already notified for discharge (Rs. 66.47 lakhs) and more expenditure by way of repayment of ways and means advances from the Reserve Bank of India (Rs. 22.39 crores).







## APPENDIX 2.2

(Reference: Paragraph 2.2 (iii)—page 28)

### Inadequate Supplementary grants/charged appropriations

Sl. no.	Number and name of grant	Original grant/ approp- riation	Supple- mentary grant/ appro- priation	Expenditure	Excess
---------	--------------------------	---------------------------------------	--	-------------	--------

(in lakhs of rupees)

#### REVENUE SECTION

1.	X—Treasury and Accounts	2,83.76	25.34	3,21.61	12.51
2.	XIV—Stationery and Printing and Other Administrative Services	5,26.83	32.90	9,27.48	3,67.75
3.	XV—Public Works	31,26.08	4,86.85	39,81.50	3,68.57
4.	XVI—Pensions and Miscellaneous	34,47.70	6,49.22	47,49.17	6,52.25
5.	XVII—Education, Art and Culture	2,37,90.23	1,12.77	2,42,47.31	3,44.31
6.	XVIII—Medical	50,90.13	2,25.21	54,36.74	1,21.40
7.	XXI—Public Health Engineering	12,41.18	1,16.58	15,92.19	2,34.43
8.	XXXV—Forest	10,38.21	1,92.89	12,84.09	52.99
9.	XXXVIII—Irrigation	16,85.41	3,41.12	24,94.00	4,67.47

## APPENDIX 2.2 (Concl'd.)

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

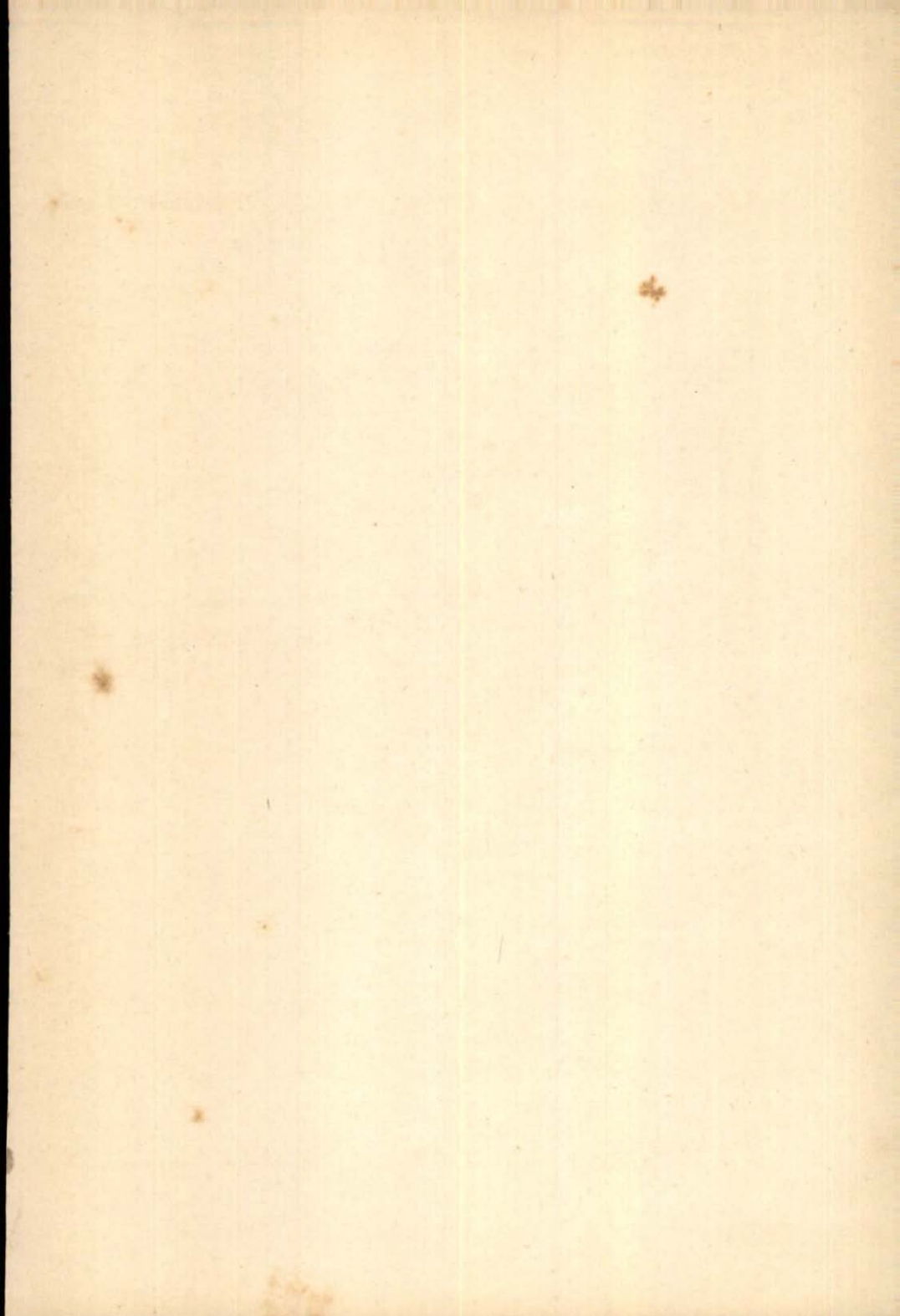
(in lakhs of rupees)

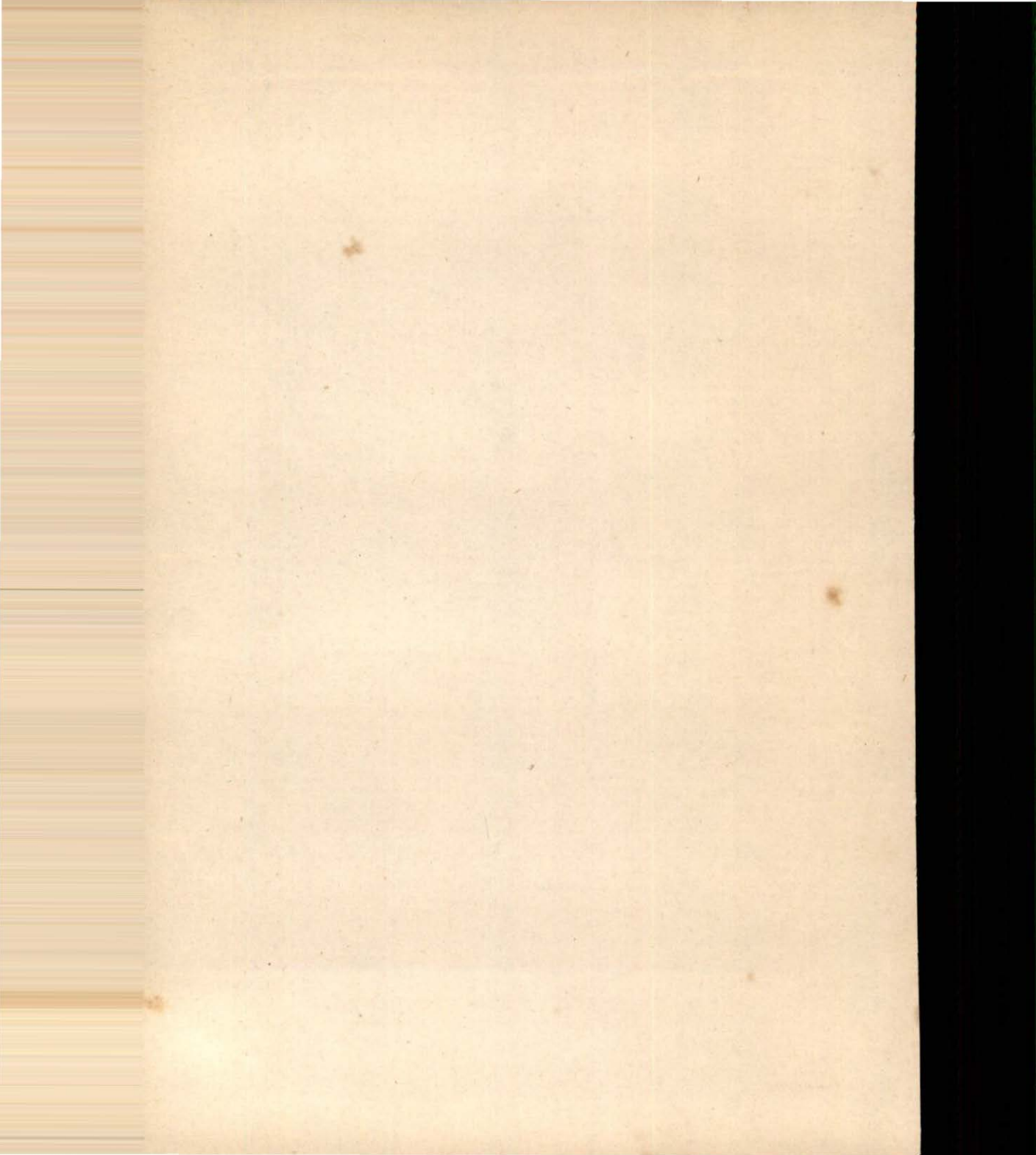
## REVENUE SECTION

10.	XLII—Tourism	1,18.66	13.08	1,53.75	22.01
-----	--------------	---------	-------	---------	-------

## CAPITAL SECTION

1.	XV—Public Works	16,53.46	2,09.36	19,23.86	61.04
2.	XVIII—Medical	2,82.75	26.87	3,20.30	10.68
3.	XXI—Public Health Engineering	18,00.72	2,51.25	21,90.35	1,38.38
4.	XXXV—Forest	1,57.18	50.00	2,39.13	31.95
5.	XL—Ports	87.35	25.00	1,30.08	17.73
6.	Public Debt Repayment	<i>59,06.19</i>	<i>4,30,86.84</i>	<i>5,12,43.24</i>	<i>22,50.21</i>





APPENDIX 2.3

**Grants and Charged appropriations where the savings  
(more than Rs. 10 lakhs in each case) were more than  
10 per cent of the total provision**

(Reference: Paragraph 2.3 (iii)—page 29)

Sl. no.	Number and name of grant/appropriation	Charged/ Voted	Total grant/ appropriation	Saving	Percentage of saving to total provision
---------	--	-------------------	-------------------------------	--------	---

(in lakhs of rupees)

REVENUE SECTION

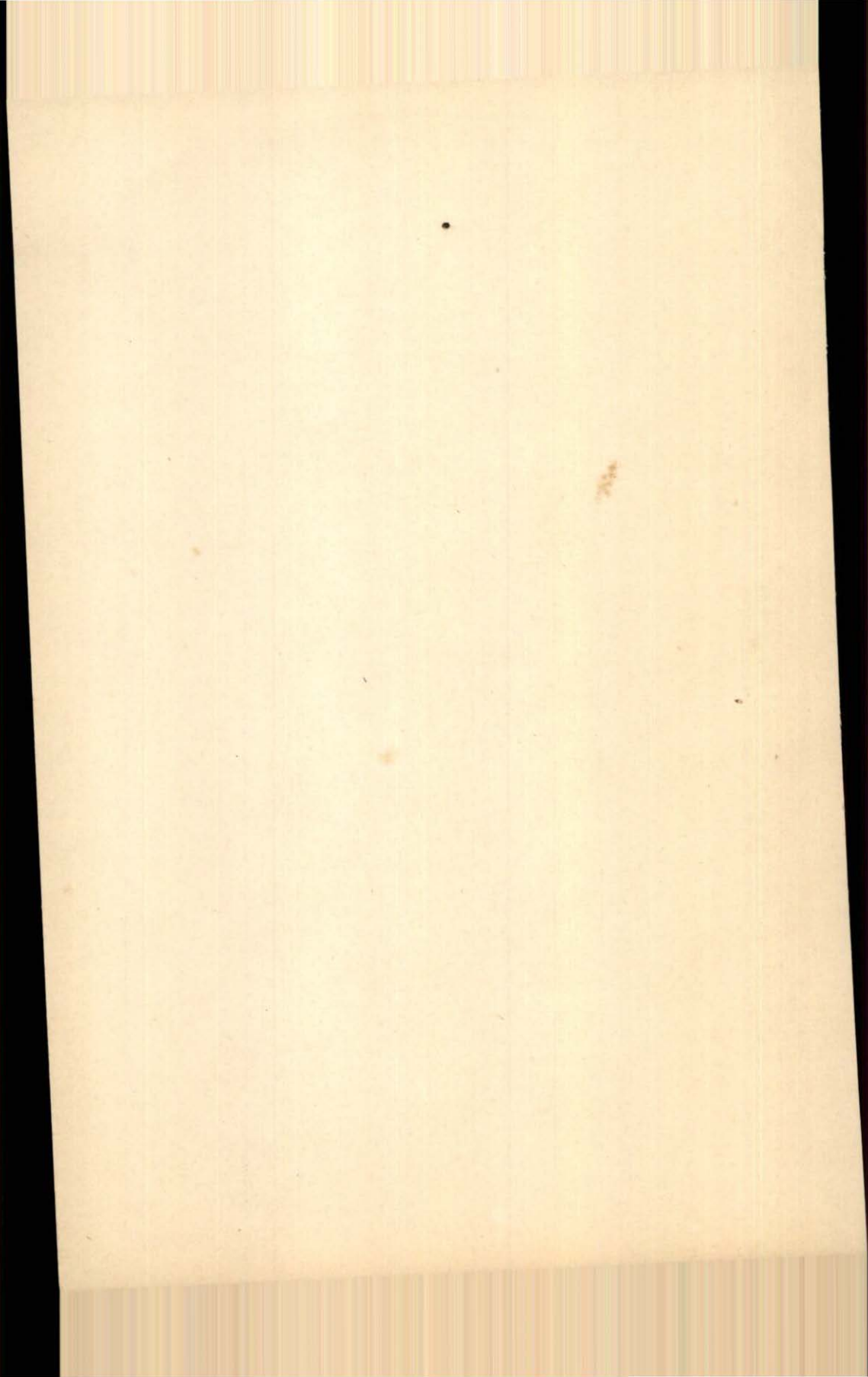
1.	XVI—Pensions and Miscellaneous	Charged	48.97	13.77	28
2.	XX—Public Health	Voted	7,83.92	1,28.85	16
3.	XXII—Housing	Voted	3,80.66	52.88	14
4.	XXV—Labour and Employment	Voted	16,86.36	7,94.12	47
5.	XXVIII—Co-operation	Voted	12,10.90	1,53.68	13
6.	XXXIII—Dairy	Voted	2,88.82	1,25.54	43
7.	XXXIV—Fisheries	Voted	2,92.06	37.36	13

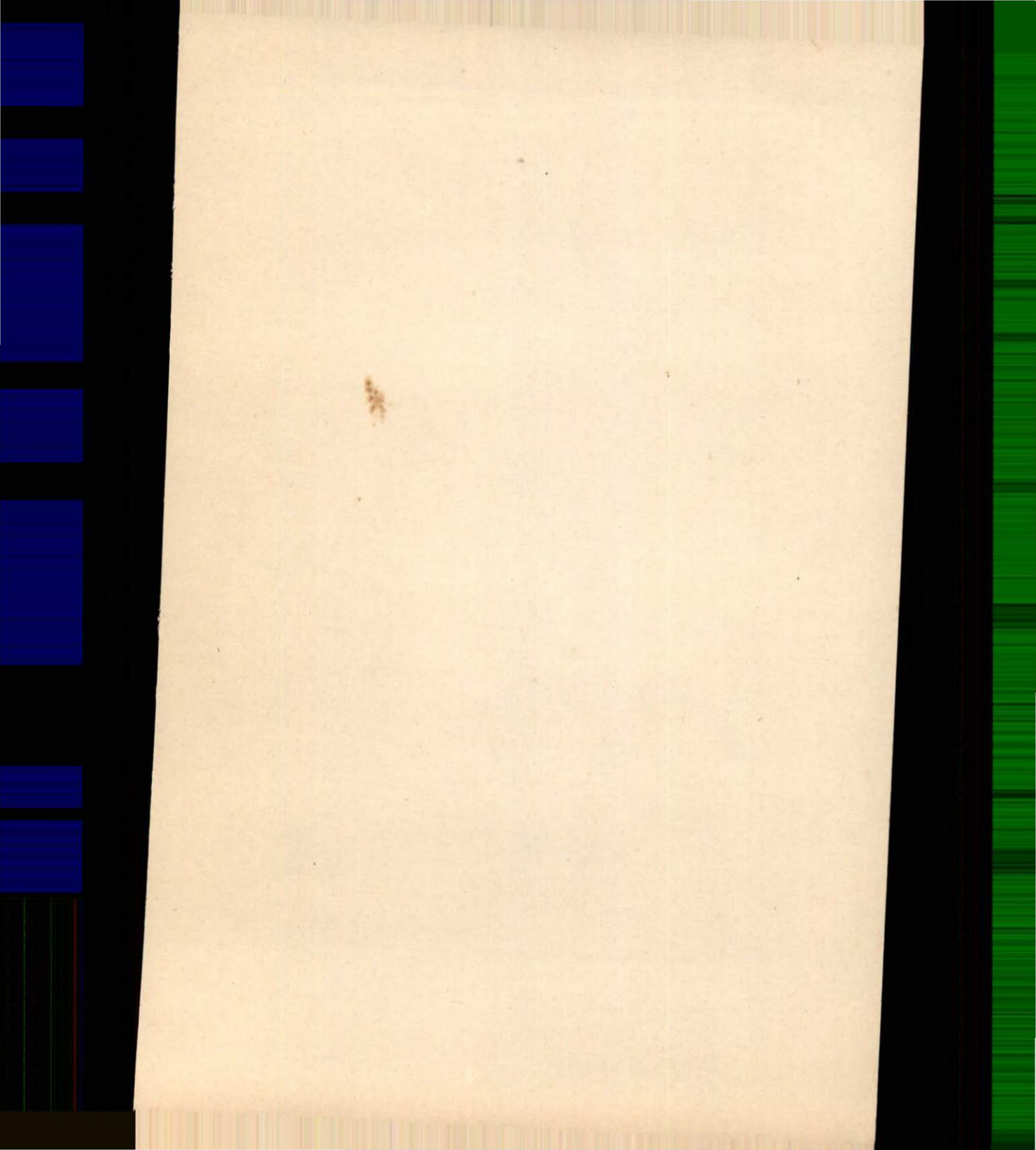
CAPITAL SECTION

1.	XV—Public Works	Charged	33.79	13.05	39
2.	XVII—Education, Art and Culture	Voted	8,28.91	90.61	11

## APPENDIX 2.3 (Concl'd.)

<i>Sl. no.</i>	<i>Number and name of grant/appropriation</i>	<i>Charged/ Voted</i>	<i>Total grant/ appropriation</i>	<i>Saving</i>	<i>Percentage of saving to total provision</i>
<i>(in lakhs of rupees)</i>					
CAPITAL SECTION					
3.	XIX—Family Welfare	Voted	29.00	17.15	59
4.	XXII—Housing	Voted	6,11.27	68.25	11
5.	XXIX—Miscellaneous Economic Services	Voted	1,15.65	33.08	29
6.	XXXI—Food	Voted	7,77.38	5,46.02	70
7.	XXXII—Animal Husbandry	Voted	46.50	11.46	25
8.	XXXIII—Dairy	Voted	3,21.80	2,65.84	83
9.	XXXIV—Fisheries	Voted	3,74.31	96.58	26
10.	XXXVIII—Irrigation	<i>Charged</i>	<i>74.35</i>	<i>30.94</i>	42
11.	XXXIX—Power	Voted	5,64.54	3,29.00	58







APPENDIX 2.4

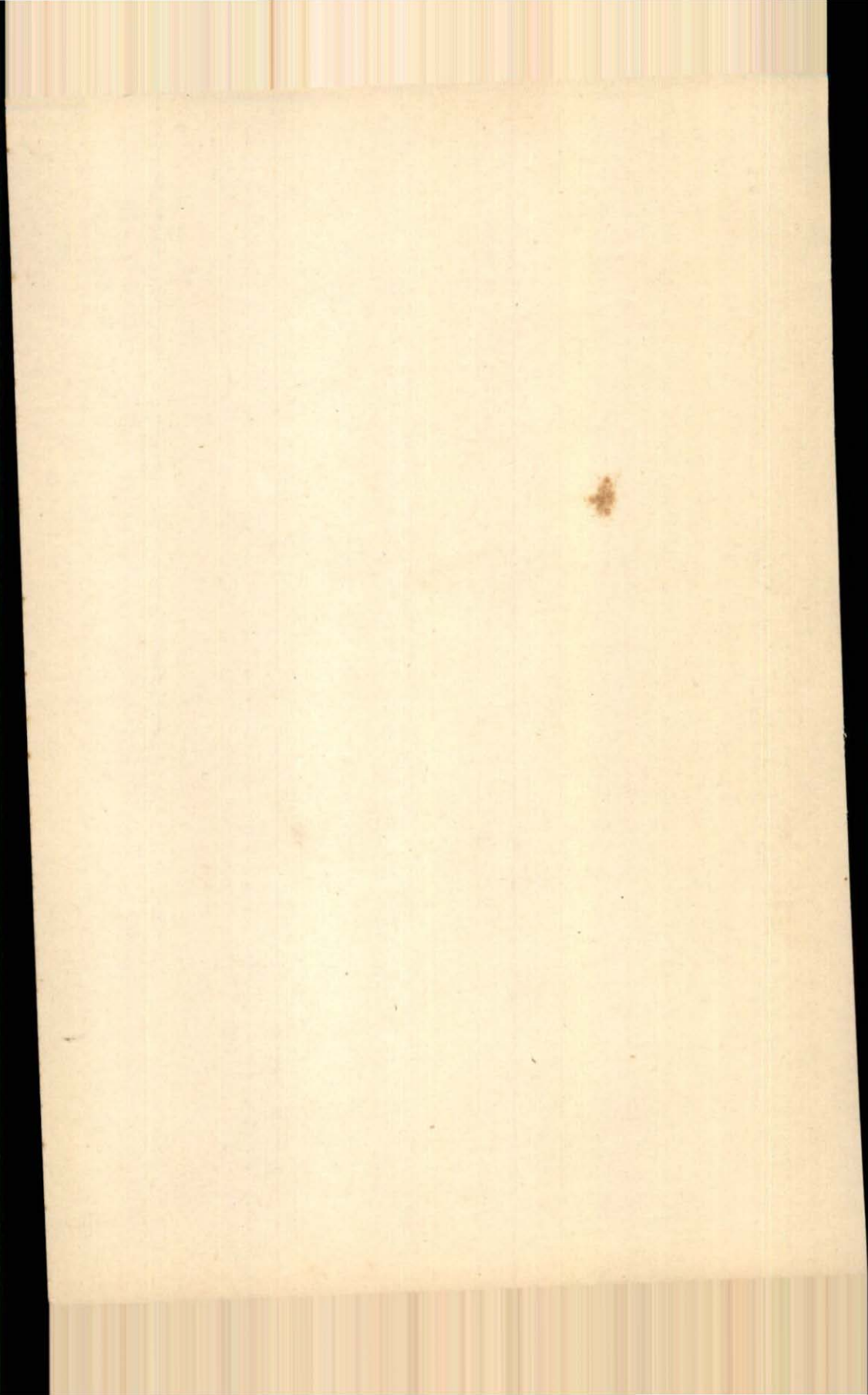
**Major State Sector Schemes where the provision remained wholly or substantially unutilised**

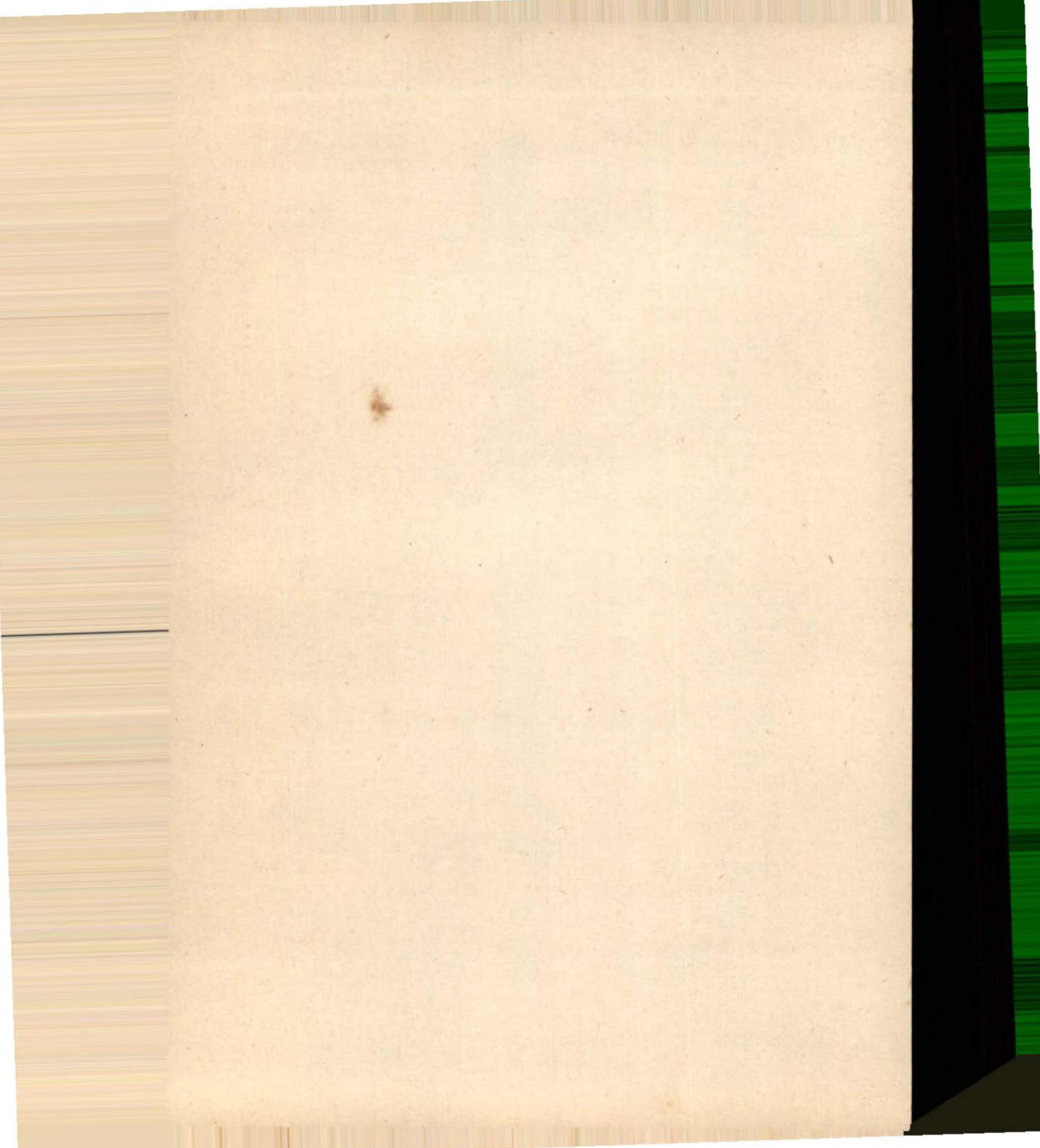
(Reference: Paragraph 2.3 (iv) (b)—page 32)

Sl. no.	Grant number and head/scheme	Provision	Saving (Percentage) (in lakhs of rupees)	Reasons for saving
1.	XXXIII—DAIRY			
(a)	311 (b) 17. Operation Flood II and Project for milk production and marketing with assistance from Indian Dairy Corporation (Plan)	1,14.00	1,14.00 (100 per cent)	The entire provision became unnecessary due to release of funds for the project by the Indian Dairy Corporation direct to the Kerala Co-operative Milk Marketing Federation instead of routing it through the State Government.
(b)	711 (a) 4. Loan to Kerala Livestock Development and Milk Marketing Board	2,66.00	2,66.00 (100 per cent)	
2.	XXXVI—COMMUNITY DEVELOPMENT			
	314. A(c)4. Basic tax grant to Panchayats (Non-Plan)	1,10.00	1,10.00 (100 per cent)	Non-finalisation of the amount of grant payable to panchayats pending receipt of details from the District Collectors.
3.	XVI—PENSIONS AND MISCELLANEOUS			
	266 (b) 3. Government's share of commuted value of pension in respect of Government Servants absorbed in the Kerala State Electricity Board	66.10	66.10 (100 per cent)	(Reasons for saving awaited.)
4.	XXXVII—INDUSTRIES			
	726(a) 5. Loans to Kerala State Textile Corporation	60.00	60.00 (100 per cent)	Delay in approving the project report for new spinning mills.
5.	XII—POLICE			
	255 (d) 3. Kerala Armed Police	3,69.72	2,21.15 (60 per cent)	Non-filling up of vacancies in the I, III and IV battalions and non-receipt of sanction for purchase of vehicles for the third and fourth battalions.

## APPENDIX 2.4 (Concl'd.)

<i>Sl. no.</i>	<i>Grant number and head/scheme</i>	<i>Provision</i>	<i>Saving (Percentage) (in lakhs of rupees)</i>	<i>Reasons for saving</i>
6.	XVII—EDUCATION, ART AND CULTURE			
(a)	277A (b) (1). Lower Primary School (Non-plan)	34,84.99	5,36.72 (15 per cent)	Partly due to shortfall in the enrolment of pupil which affected the staff strength and non-filling of vacancies.
(b)	277 A (b) (2). Upper Primary Schools (Non-plan)	18,09.35	1,95.68 (11 per cent)	Non-filling of vacancies (Rs. 46.35 lakhs). Reasons for the balance savings have not been intimated.
(c)	277A (e) (5). Appointment of additional teachers in non-Governmental Upper Primary Schools—Teacher cost (Non-plan)	3,95.00	1,47.88 (37 per cent)	Non-filling up of vacancies and non-payment of salaries to certain teachers pending approval of their appointment.
7.	XXX—AGRICULTURE			
	305 (a) (4). Strengthening of the Agricultural Administration and introduction of training and visiting system of extension (Plan)	1,61.14	1,11.03 (69 per cent)	Delay in taking decision regarding extension of the training and visiting system of administration to all the districts.
8.	XXXVIII—IRRIGATION			
	533B (i) Kallada Irrigation Project (Plan) (2). Major Works	18,38.54	2,91.92 (16 per cent)	Excessive provision for works under R.B. Division No. IV, abandonment of the works of Vazhappara and Kalanjor steel aqueducts by the contractor, non-execution/delay in execution of works due to labour unrest and delay in arranging works due to lack of response to tender calls, etc.
9.	PUBLIC DEBT REPAYMENT			
	604—A Non-plan loans	3,02.07	1,99.84 (66 per cent)	Late receipt of loans for the purchase of fertilizers and consequent reduction in repayment liabilities for the year.
10.	XXXI—FOOD			
	509 (a) 5. Price Support Scheme for paddy	6,00.00	5,99.98 (100 per cent)	Poor response from the cultivators as the price of paddy in open market was higher than the price offered by Government.





APPENDIX 2.5

**Shortfall/excess in recoveries adjusted in the accounts in reduction of expenditure**

(Reference: Paragraph 2.5—page 33)

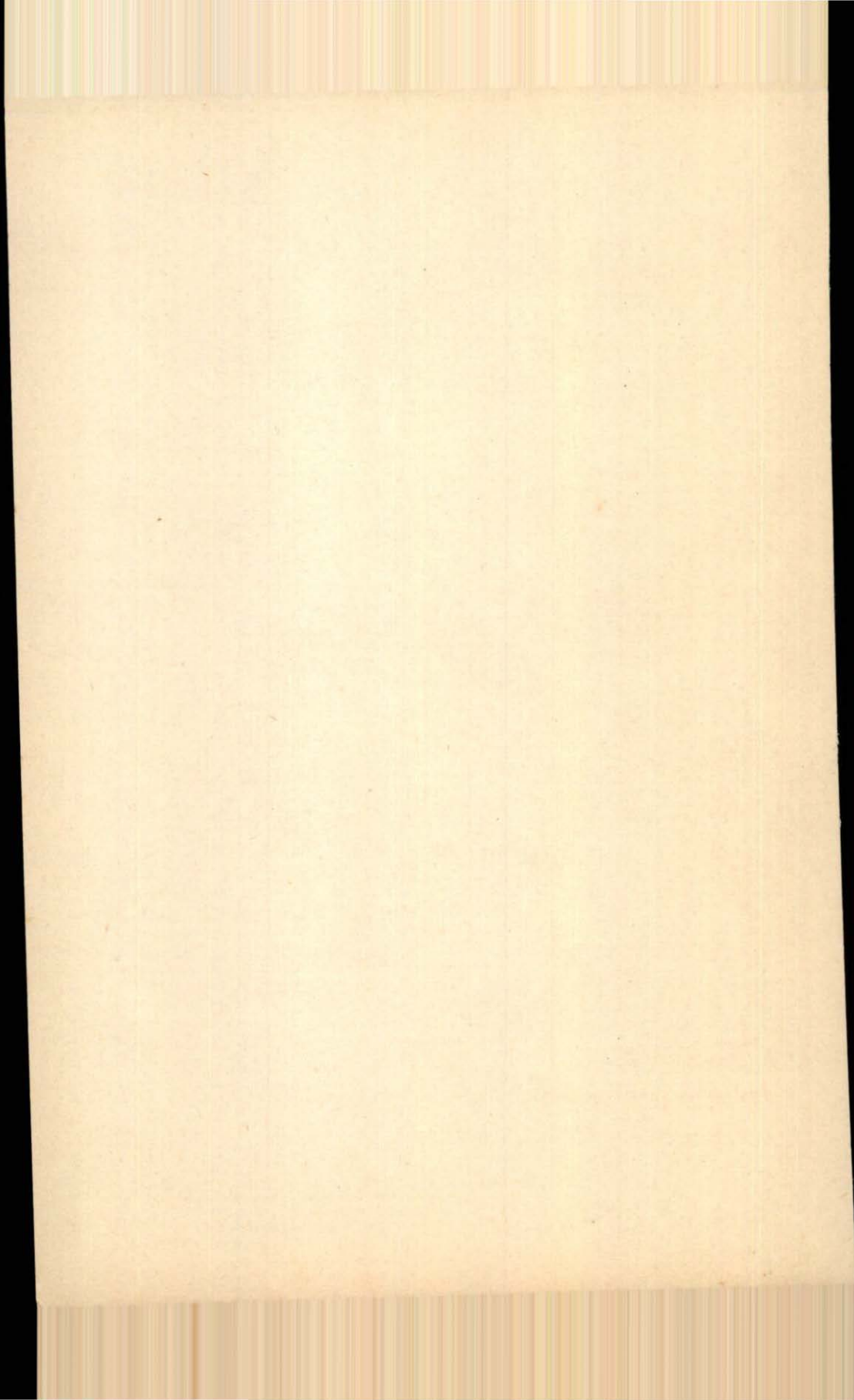
Sl. no.	Number and name of grant	Budget estimates		Actuals		Amount of short-fall/excess of recoveries over estimates	
		Revenue	Capital	Revenue	Capital	More(+) Less (-)	More(+) Less (-)
(in crores of rupees)							
1.	XV—Public Works	9.85	..	14.55	..	(+)4.70	..
2.	XXI—Public Health Engineering	6.77	4.11	8.54	1.85	(+)1.77	(-)2.26
3.	XXII—Housing	0.22	..	..	..	(-)0.22	..
4.	XXVIII—Co-operation	..	0.25	..	0.51	..	(+)0.26
5.	XXIX—Miscellaneous Economic Services	0.85	..	0.50	..	(-)0.35	..
6.	XXX—Agriculture	..	0.47	..	0.81	..	(+)0.34
7.	XXXI—Food	..	7.77	..	7.55	..	(-)0.22
8.	XXXV—Forest	0.04	..	0.26	..	(+)0.22	..
9.	XXXVIII—Irrigation	9.68	..	12.19	..	(+)2.51	..

## APPENDIX

## Details of cases of withdrawal of

(Reference: Paragraph: 2.8—

Sl. no.	Drawing/Disbursing Officer	Amount drawn (in lakhs of rupees)	Nature of drawal
(1)	(2)	(3)	(4)
<b>HARIJAN WELFARE DEPARTMENT</b>			
1.	Taluk Welfare Officers, Thodupuzha, Pathanapuram, Thiruvalla, Kodungallur, Shertallai, Ambalapuzha, Irinjalakuda, Devicolam, Pathanamthitta, Trivandrum, Tellicherry, Kuttanad, Kanjirappally, Kunnathur, Taliparamba, Chittur, Quilandy, Kottarakkara, Peermade, Kozhikode, Palghat, Kottayam, Vaikom and Udumbanchola (Total: 24)	8.53	Miscellaneous grants like tiling grant, thatching grant, screwpine grant, etc., financial assistance for housing, subsidy to technically trained persons, scholarships, stipend, grants to aided institutions, etc.
2.	District Welfare Officers, Alleppey, Kottayam, Trichur and Ernakulam	4.18	Incentive grant to talented students, subsidy to technically trained persons, inter-caste marriage grant, housing loans, unemployment relief and other miscellaneous items.
<b>AGRICULTURE DEPARTMENT</b>			
3.	Deputy Director of Agriculture, Trichur	0.49	Cost of seed coconuts, subsidy for pumpsets, transport charges, repair charges, cost of fuel, etc.
4.	Deputy Registrar of Co-operative Societies (Audit), Kottayam	0.50	<i>Ex-gratia</i> payment.
<b>LABOUR DEPARTMENT</b>			
5.	Special Officer, Industrial Training Institute for Women, Calicut	0.03	Transportation charges and miscellaneous charges.
<b>REVENUE DEPARTMENT</b>			
6.	Superintendent, Survey and Land Records, Poonithura	0.02	Miscellaneous payments.







2.6

**funds in advance of requirements**

page 35 )

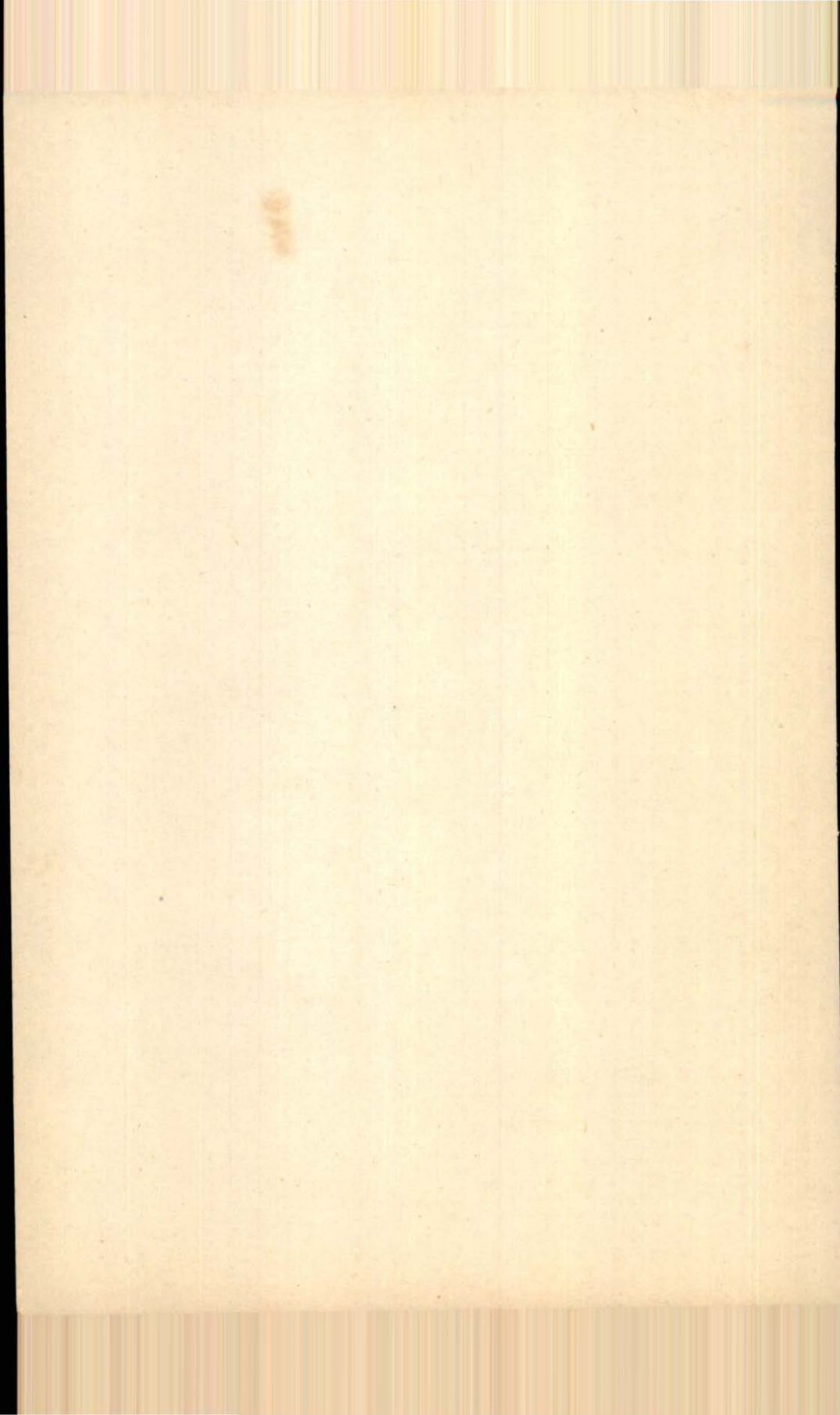
<i>Amount disbursed (in lakhs of rupees)</i>	<i>Amount refunded (in lakhs of rupees)</i>	<i>Amount remaining undisbursed (in lakhs of rupees)</i>	<i>Remarks</i>
<i>(month of disbursement)</i>	<i>(month of refund)</i>		
(5)	(6)	(7)	(8)
8.14 (Between April 1982 and July 1982)	0.14 (Between April 1982 and August 1982)	0.25	Failure of the parties to receive payment, belated execution of agreement by the beneficiaries, delay in approval of project report, want of orders of superior officers authorising disbursement, etc.
4.11 (Between April 1982 and July 1982)	0.05 (Between May and June 1982)	0.02	Failure of the parties to turn up to receive payment and belated selection of beneficiaries for payment of subsidy.
0.49 (Between April and June 1982)	..	..	Want of proper payees' receipt.
0.50 (April 1982)	..	..	
..	0.03 (May and August 1982)	..	
0.02 (April 1982)	..	..	

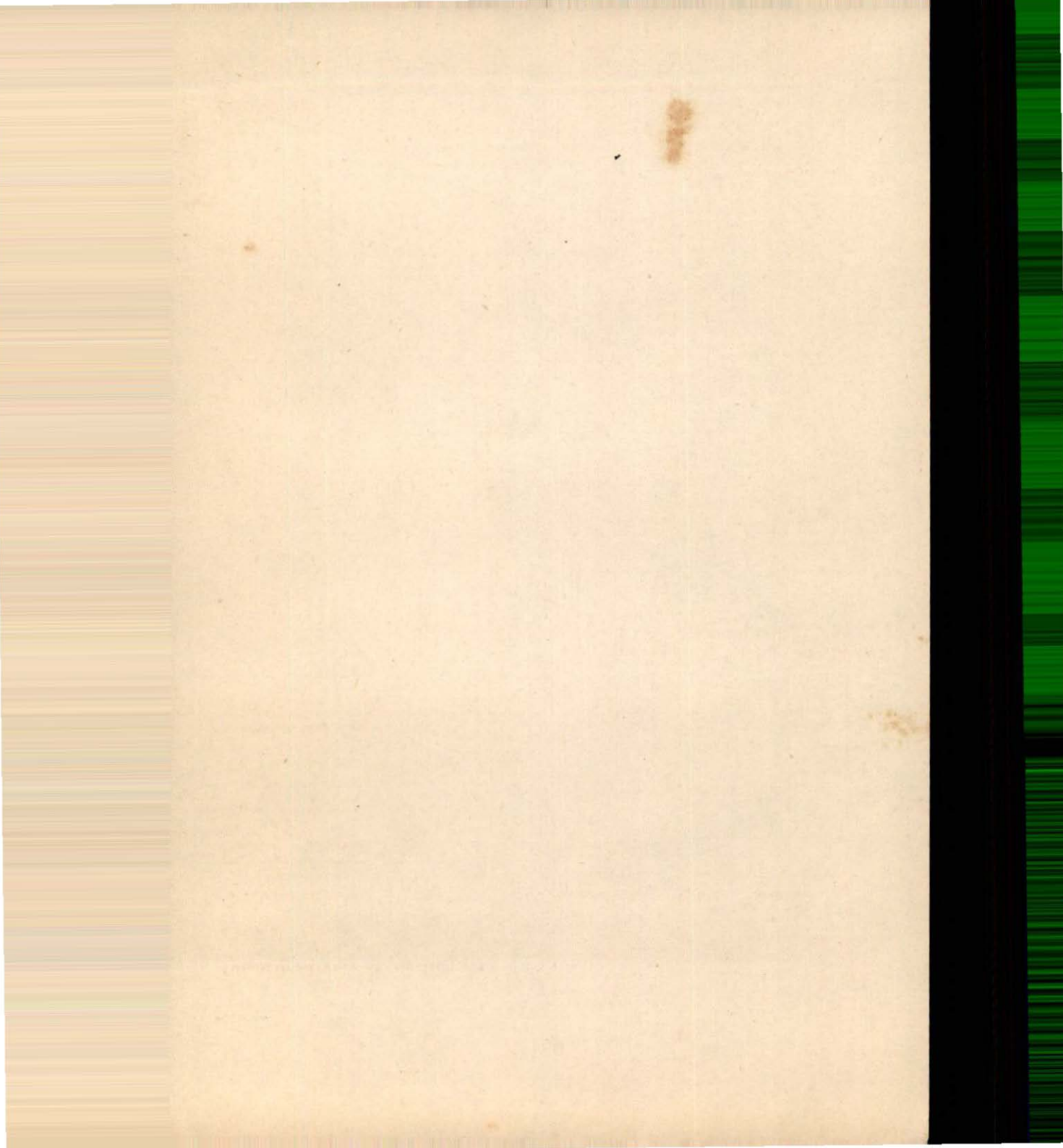
## APPENDIX 2.6 (Concl.)

## Details of cases of withdrawal of

(Reference: Paragraph: 2.8—)

Sl. no.	Drawing/Disbursing Officer	Amount drawn (in lakhs of rupees)	Nature of drawal
(1)	(2)	(3)	(4)
7.	Tahsildar, Karthigappally	0.69	Financial assistance for the marriage of daughters of widows.
LOCAL ADMINISTRATION & SOCIAL WELFARE DEPARTMENT			
8.	Regional Town Planner, Ernakulam	0.17	Rent of office building.
Total		14.61	





**funds in advance of requirements**

Page 35)

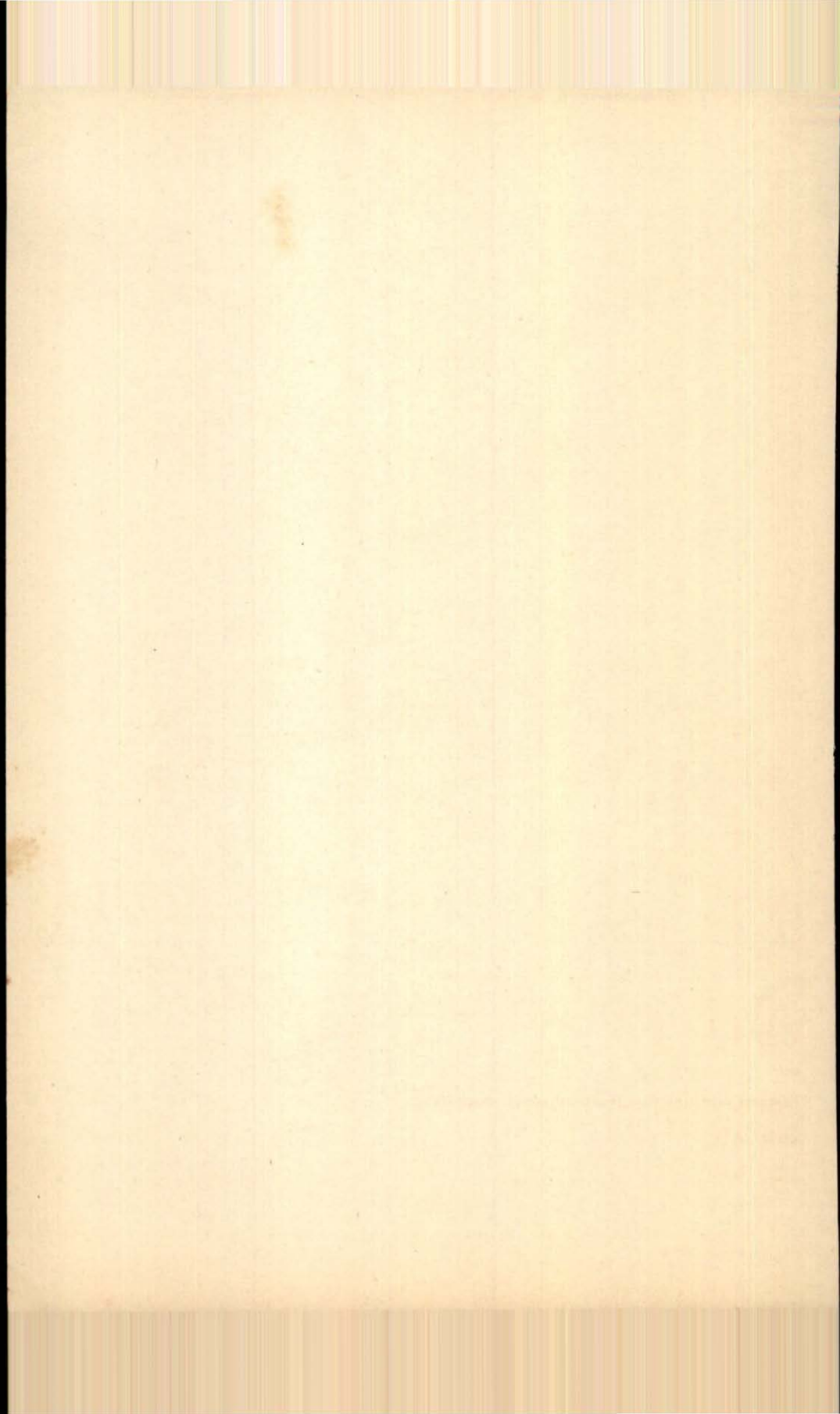
<i>Amount disbursed</i> <i>(in lakhs of rupees)</i>	<i>Amount refunded</i> <i>(in lakhs of rupees)</i>	<i>Amount remaining</i> <i>undisbursed</i>	<i>Remarks</i>
<i>(month of disbursement)</i>	<i>(month of refund)</i>	<i>(in lakhs of rupees)</i>	
(5)	(6)	(7)	(8)
0.68 (Between April and June 1982)	0.01 (July 1982)	..	Failure of the parties to turn up in time.
0.17 (April 1982)	..	..	Want of the sanction of the com- petent authority fixing the rate of rent.
14.11	0.23	0.27	

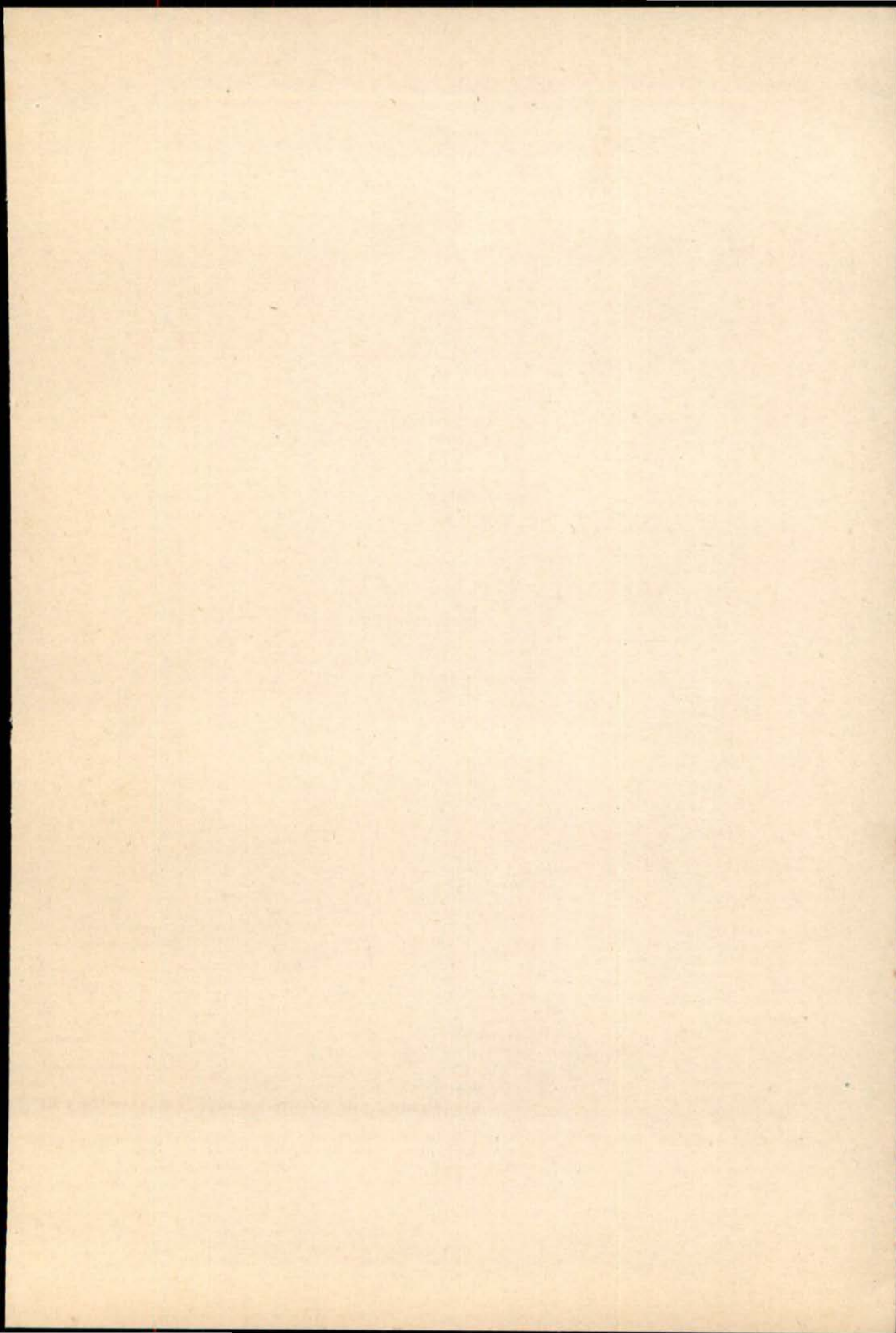
## APPENDIX

## Statement showing details of samples drawn

(Reference :

Year	Corporations			Municipalities	
	No. of Corporations	Prescribed quota of samples	Actual no. of samples drawn (Percentage)	No. of Municipalities	Prescribed quota of samples
(1)	(2)	(3)	(4)	(5)	(6)
1977-78	3	2,040	1,291 (63.28 per cent)	29	6,750
1978-79	3	2,400	1,041 (43.37 per cent)	38	11,040
1979-80	3	2,400	1,068 (44.50 per cent)	41	12,180
1980-81	3	2,400	1,147 (47.79 per cent)	42	12,420







3.1

**in Corporations, Municipalities and Panchayats**

Paragraph 3.6—Page 49)

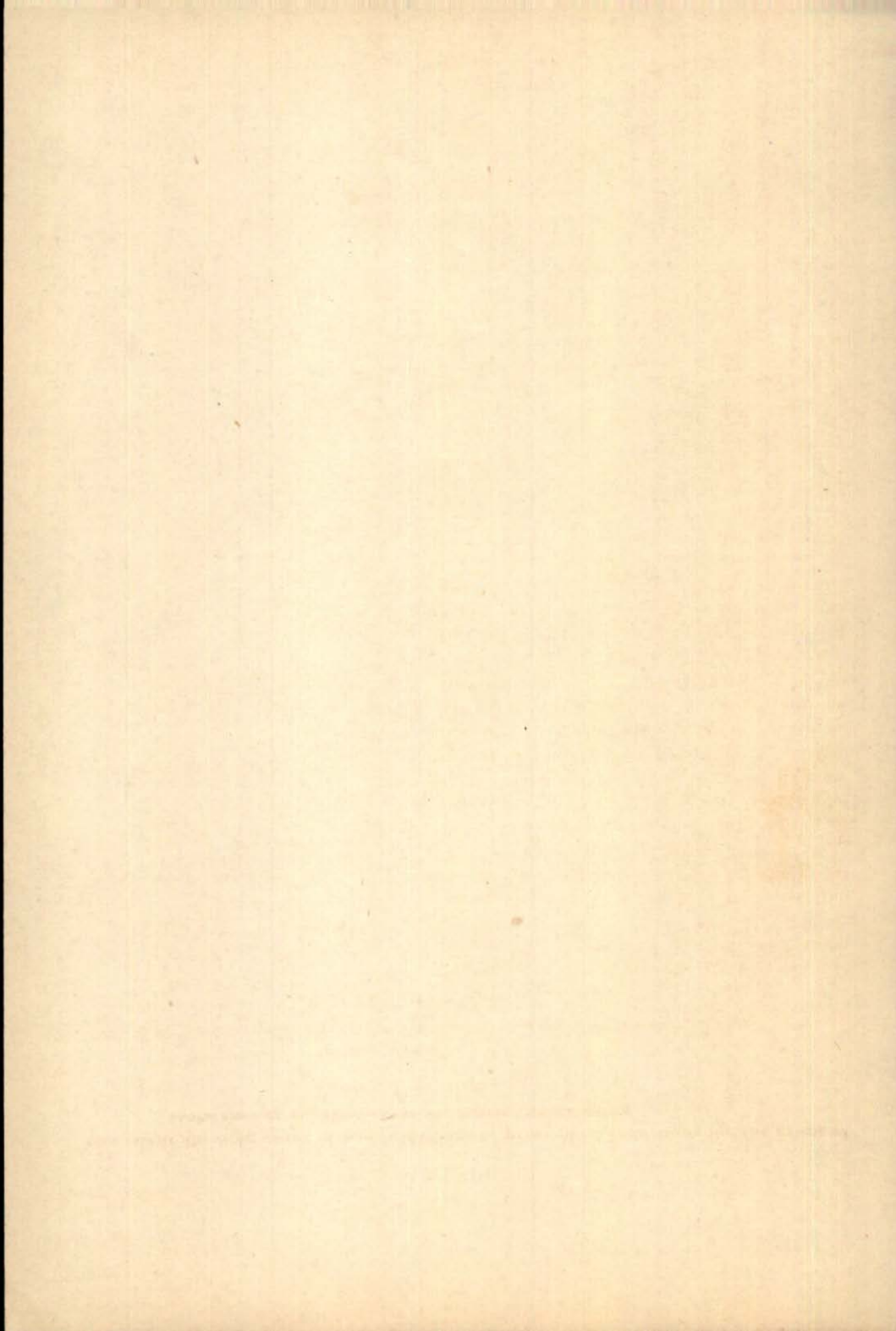
Actual no. of samples drawn (Percentage)	No. of Panchayats	Panchayats	
		Prescribed quota of samples	Actual no. of samples drawn (Percentage)
(7)	(8)	(9)	(10)
4,871 (72.16 per cent)	967	12,108	11,656 (96.27 per cent)
6,244 (56.56 per cent)	975	12,108	10,157 (83.89 per cent)
5,074 (41.66 per cent)	972	12,048	12,179 (101.09 per cent)
5,156 (41.51 per cent)	972	12,036	11,247 (93.44 per cent)

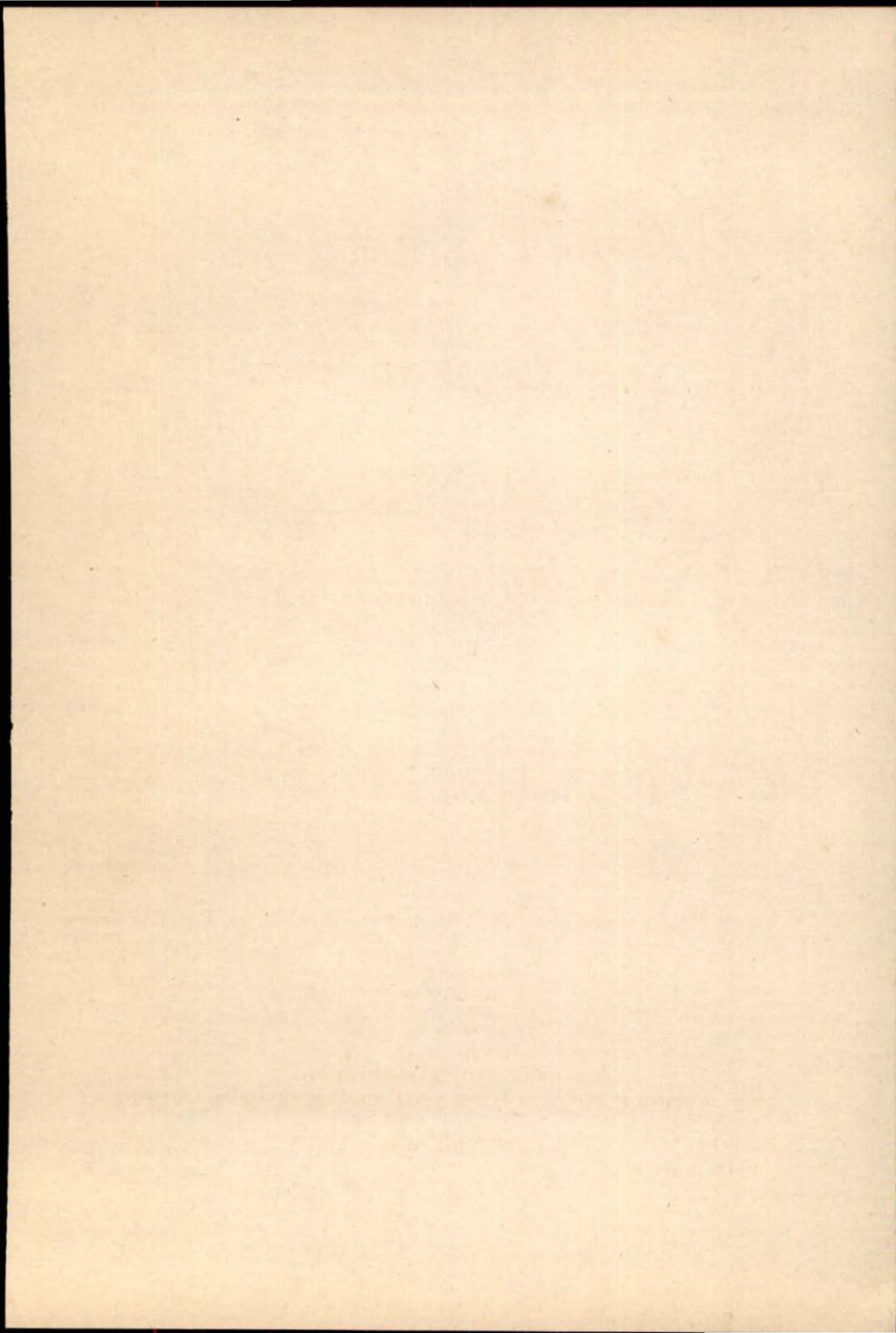
APPENDIX 3.2

**Statement showing cases of non-fulfilment of prescribed conditions for the grant of assistance to rural workers for house construction**

(Reference : Paragraph 3.7—page 57)

<i>No. of Blocks</i>	<i>No. of beneficiaries assisted</i>	<i>Assistance paid (in lakhs of rupees)</i>	<i>Conditions not fulfilled</i>
1979 scheme			
4	8	0.05	First instalment of grant of Rs. 0.05 lakh was paid without a certificate that the construction had reached basement level.
6	23	0.09	Second instalment of grant of Rs. 0.09 lakh was paid without production of a certificate that the construction had reached roof level.
9	88	0.41	First instalment of grant of Rs. 0.17 lakh to 29 beneficiaries and second instalment of grant of Rs. 0.24 lakh to 59 beneficiaries were disbursed without execution of agreement.
4	25	0.10	Agreements were found executed in 25 cases on dates prior to the purchase of stamp paper on which the agreements were executed.
1	21	0.21	Full amount of grant of Rs. 1000 per beneficiary was paid to 21 beneficiaries though the estimated cost of construction of houses in all these cases ranged from Rs. 450 to Rs. 700 per house.
17	214	2.02	Information regarding the estimated cost of construction of houses had not been furnished by the beneficiaries.
8	78	0.76	Information regarding the extent of land owned by the beneficiaries had not been furnished.
1981 Scheme			
8	296	8.83	Applications were not accompanied by plans and estimates of houses. (In 949 other cases in five other Blocks, assistance was reported to have been paid on the basis of a common plan without insisting on individual plans and estimates).
7	28	0.42	Second instalment of loan of Rs. 1,500 per beneficiary was disbursed without a certificate that the construction had reached lintel level.
7	40	0.40	Grant of Rs. 1000 per beneficiary was paid without a certificate that the construction had reached roof level.





APPENDIX 3.3

**District-wise details of action taken for construction of buildings for the District Industries Centres**

(Reference: Paragraph 3.8—Page 59)

<i>Name of District</i>	<i>Action taken</i>
Trivandrum Quilon Kottayam Idukki Ernakulam and Malappuram	Site for construction not yet selected/acquired.
Alleppey	1.39 acres (0.56 hectare) were acquired at a cost of Rs. 2.61 lakhs. Sanction for construction of the building at an estimated cost of Rs. 7.33 lakhs was issued in December 1981. Work was stated to be in progress (January 1983).
Calicut	Work was sanctioned in January 1982 at an estimated cost of Rs. 13.19 lakhs. Government stated (January 1983) that the work was in progress.
Trichur	The work was sanctioned in July 1981 at an estimated cost of Rs. 4.66 lakhs. As there were no reasonable offers when the work was put to tender, SIDEKO prepared a revised estimate for Rs. 9.43 lakhs which was sanctioned by Government in April 1982. Government stated (January 1983) that the work had been started.
Palghat	The site selected is in the possession of the Kerala Agro-Industries Corporation Limited (a State Government Company); the Company has not vacated the land yet (January 1983).
Gannanore	The work (estimated cost: Rs. 13.07 lakhs) was sanctioned by Government in March 1982 and the construction is stated to be in progress (January 1983).

APPENDIX—3.4

**Year-wise break-up of the outstanding audit observations**

(Reference: Paragraph 3.11—Page 75)

Year	Police		Jails		Fire Force		Port	
	Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount
(Amount in lakhs of rupees)								
1972-73	..	..	..	..	..	..	1	0.01
1973-74	16	6.40	..	..	..	..	1	0.03
1974-75	15	0.42	..	..	..	..	1	0.001
1975-76	93	3.00	..	..	..	..	19	0.62
1976-77	200	4.30	..	..	..	..	19	2.38
1977-78	169	7.35	..	..	..	..	60	0.12
1978-79	337	30.29	..	..	2	0.03	42	3.00
1979-80	327	25.06	..	..	15	2.04	47	58.84
1980-81	128	127.68	3	0.16	11	5.56	27	8.91
1981-82	207	50.84	109	3.85	18	0.44	9	4.15
Total:	1492	255.34	112	4.01	46	8.07	226	78.061







APPENDIX—3.5

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

(Reference: Paragraph 3.12—page 76)

<i>Sl. no.</i>	<i>Department</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
1.	Public Works	19	14.95
2.	Public Health Engineering	9	8.91
3.	Forest	9	1.45
4.	Revenue	27	4.31
5.	Development	15	1.19
6.	General Education	15	6.08
7.	Higher Education	8	1.53
8.	Health	11	6.64
9.	Treasury	9	2.07
10.	Animal Husbandry	6	2.47
11.	Agriculture	4	0.52
12.	Industries	1	0.17
13.	Police	4	0.35
14.	Taxes	7	0.15
15.	Food	4	1.33
16.	Fisheries	4	0.30
17.	Regisration	3	0.03
18.	Dairy Development	1	0.11
19.	Jails	1	0.01
20.	Motor Vehicles	2	0.92
21.	Excise	2	0.33
22.	Panchayat	3	0.36
	Total	164	54.18

APPENDIX—3.6

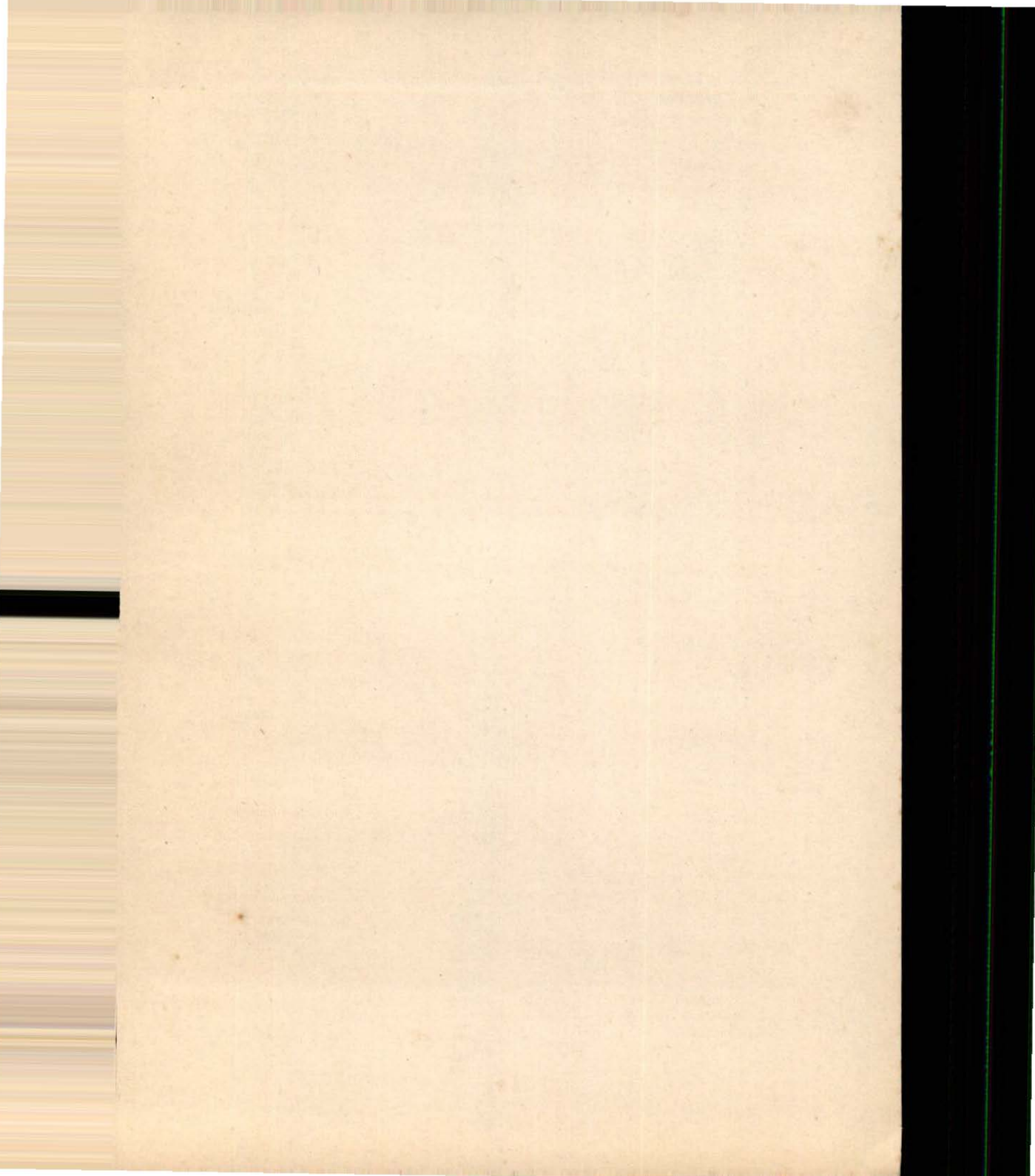
**Writes off, waivers and ex-gratia payments**

(Reference: Paragraph 3.13—Page 77)

Sl. no.	Name of Department	Writes off		Waiver		Ex-gratia payments	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
(Amount in lakhs of rupees)							
1.	Agriculture	82	2.36 (A)	3	0.11(B)	1	0.50(C)
2.	Development	4	0.65 (D)	..	..	..	..
3.	Finance	1	0.06	1	0.16	6	0.16
4.	Food	10	0.26	..	..	..	..
5.	General Administration..	..	..	1	1.57(E)	1	0.10
6.	General Education	1	0.14	1	0.05	..	..
7.	Health	11	0.12	..	..	3	0.37
8.	Higher Education	20	0.88	..	..	..	..
9.	Home	3,343	2.34	6	0.13	..	..

- (A) Includes Rs. 2.05 lakhs towards the arrears of irrigation cess for the period upto 31st March 1974 in respect of Minor Irrigation Works executed in Malappuram, Palghat, Trichur and Kottayam Districts.
- (B) Includes Rs. 0.10 lakh being the difference between the sale value and the seigniorage value of the trees felled by the Kerala State Electricity Board for construction of Mukkali-Silent Valley road.
- (C) Being the amount paid to the family of a Senior Inspector of Co-operative Societies who fell ill while on check post duty and died at the hospital.
- (D) Includes Rs. 0.58 lakh being the balance amount of principal and interest of loans given to two Fisheries Co-operative Societies.
- (E) Being the interest payable to Government by the Kerala Tourism Development Corporation Limited on the value of Bolghatty Palace, Ernakulam from the date of transfer of the property to the Corporation to the date of issue of shares for the value.





Sl. no.	Name of Department	Writes off		Waiver		Ex-gratia payments	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
(Amount in lakhs of rupees)							
10.	Irrigation and Rehabilitation	65	0.54	..	..	..	..
11.	Labour	..	..	..	..	2	0.10
12.	Local Administration and Social Welfare	1	0.02	..	..	..	..
13.	Public Works	7	1.20 (F)	..	..	..	..
14.	Revenue	3	2.91	..	..	..	..
15.	Transport, Fisheries and Ports	8	1.04	2	0.23(G)	..	..
16.	Law	2	0.02	..	..	..	..
	Total:	3,558	12.54	14	2.25	13	1.23

(F) Includes Rs. 1.18 lakhs being the outstanding under Miscellaneous Public Works Advance in respect of defunct Malabar District Board.

(G) Includes Rs. 0.15 lakh being the balance of motor conveyance advance due from a deceased officer.

## APPENDIX

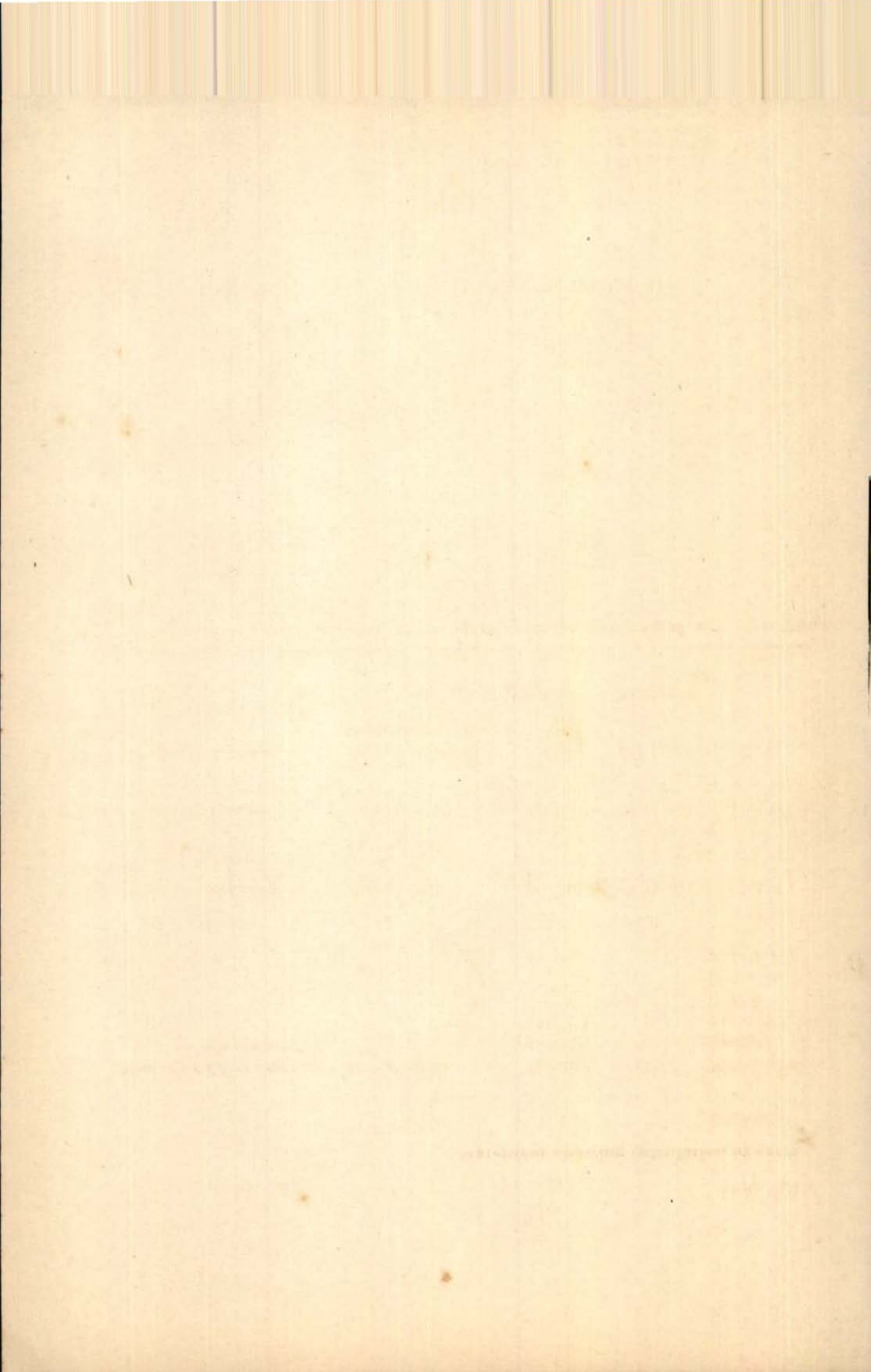
## Statement showing calculation of extra

(Reference :

<i>Name of firm from whom pig lead was purchased</i>	<i>Date of purchase</i>	<i>Quantity purchased (M. T.)</i>	<i>Cost Rs.</i>	<i>Rate at which purchase was made (F.O.R. Ernakulam Rs./ M.T.)</i>
(1)	(2)	(3)	(4)	(5)
A.S. Hasanali and Company, Bombay	August 1975 to October 1975	99.513	9,35,709	9,444
Indian Lead (P) Limited, Bombay	January 1978	50.000	5,14,028	9,899
Indian Lead (P) Limited, Bombay	August 1978 and September 1978	219.676	22,11,323	9,777
Total		369.189	36,61,060	..

---

\* Calculated with reference to the goods rate for transport of pig lead from







4.1

**expenditure on the purchase of pig lead**

*Paragraph 4.6—Page 91)*

<i>M.M.T.C. rate (F.O.R. ex-works Rs./M.T.)</i>	<i>Estimated freight upto Ernakulam* (Rs./M.T.)</i>	<i>Net excess over M.M.T.C. rate (Rs./M.T.)</i>	<i>Extra expenditure Rs.</i>
(6)	(7)	(8)	(9)
8,855	195.20	393.80	39,188
9,200	254.10	444.90	22,245
9,000	254.10	522.90	1,14,869
..	..	..	1,76,302

---

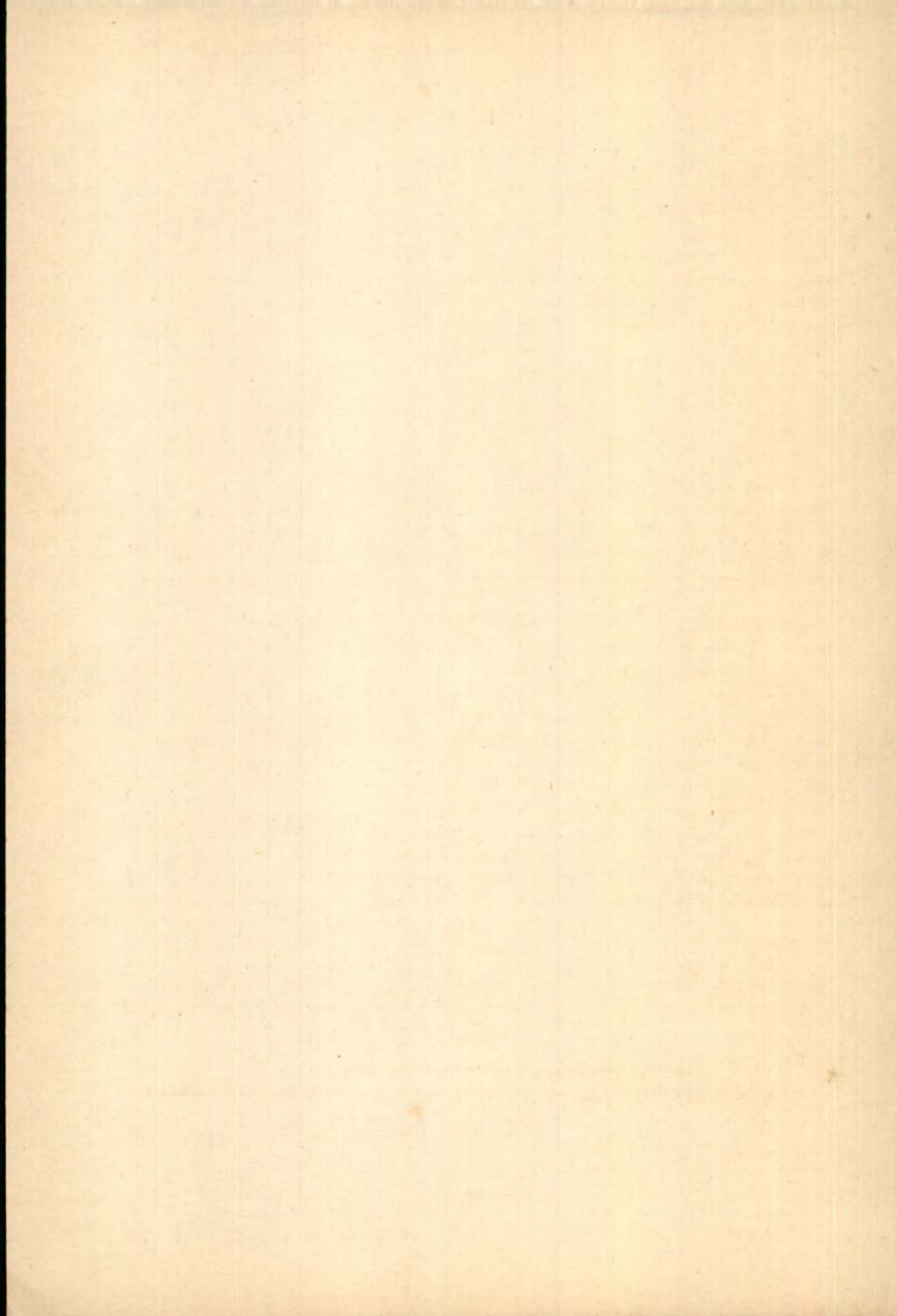
Katrasgarh Railway Station to Ernakulam.

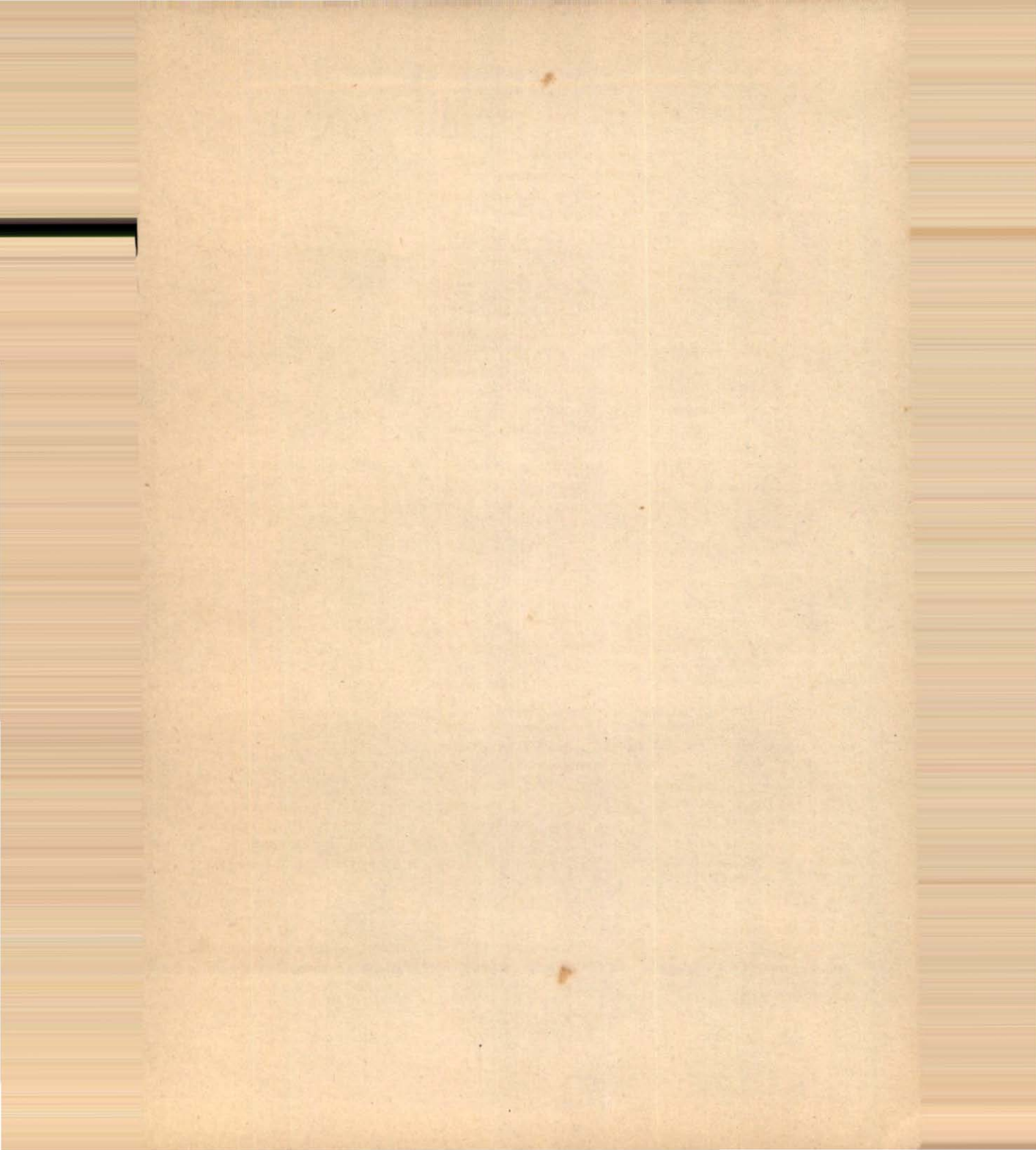
APPENDIX 4.2

**Statement showing details of action taken by the Public Health Division, Trivandrum on outstanding Inspection Reports**

(Reference: Paragraph 4.10—Page 97)

<i>Sl. no.</i>	<i>Month of receipt of Inspection Report in the Division</i>	<i>Period of Report</i>	<i>Reference to the paragraph with details</i>	<i>Reference to the latest action taken by the Division</i>
(1)	(2)	(3)	(4)	(5)
1.	December 1969	1-5-1969 to 31-10-1969	Para No. I—Emergency sanitation works in Trivandrum Corporation area—regarding recovery of dues of Rs. 0.54 lakh from the Corporation of Trivandrum.	Letter No. A7-4789/69 dated 29-6-1979 of the Executive Engineer, Public Health Division, Trivandrum addressed to the Chief Engineer, Public Health Engineering Department, Trivandrum
2.	January 1971	1-5-1970 to 30-11-1970	Para No. II—Rural Water Supply Scheme, Varkala Distribution system—calling for details of cost on account of departmental supply of G.I. pipes and specials.	Letter No. A2-1954/71 dated 6-2-1981 of the Executive Engineer, Public Health Division, Trivandrum addressed to the Executive Engineer, Public Health Water Supply Division (North), Trivandrum.
3.	(Issued by the Accountant General in March 1972)	26-8-1971 to 31-1-1972	Para No. V—Construction of Gallery bath houses and office attached to the Swimming Pool inside the Water Works Compound—calling for details of recovery of extra expenditure from the contractor consequent on the rearrangement of work.	Notings dated 4-7-1980 in the connected file stating that the liabilities of the contractor had not been fixed.
4.	(Issued by the Accountant General in March 1972)	26-8-1971 to 31-1-1972	Para VII—Defective maintenance of stock account—pointing out incomplete maintenance of the records and the need for reconciliation of the physical balance of stock with the account balance.	Notings dated 4-7-1980 in the connected file that the stock account was not maintained properly during the period from June 1970 to August 1981.





## APPENDIX 4.2—Contd.

<i>Sl. no.</i>	<i>Month of receipt of Inspection Report in the Division</i>	<i>Period of Report</i>	<i>Reference to the paragraph with details</i>	<i>Reference to the latest action taken by the Division</i>
(1)	(2)	(3)	(4)	(5)
5.	(Issued by the Accountant General in October 1973)	1-2-1972 to 30-12-1972	Para I—Poovarkarichal Water Supply Scheme—Pointing out the delay in assessing the liability of the contractor and recovery of extra cost consequent on the execution of work through alternate agency.	The Assistant Executive Engineer, Water Works Sub Division, No. III Trivandrum was reminded by the Division in February 1981.
6.	do.	1-2-1972 to 30-12-1972	Para II—Protected Water Supply Scheme to Kovalam Tourist Centre—calling for details of recovery of Rs. 0.16 lakh from the contractor.	Letter dated 2-7-1980 of the Executive Engineer, Public Health Division, Trivandrum to the Accountant General indicating that the matter was pending with the District Collector, Ernakulam.
7.	20-11-1973	1-12-1972 to 31-7-1973	Para VIII—Conveyance contract entered into by the Division—calling for details of extra expenditure recovered from the contractor.	Notings dated 9-7-1980 in the connected file that the liabilities of the contractor were not fixed.
8.	8-7-1976	1-6-1975 to 30-4-1976	Para II—Water Supply to Kovalam—Construction of pumping main distribution system—calling for details of recovery of cost of materials (Rs. 0.36 lakh) from the contractor.	Letter No. A7-3996/76 dated 27-9-1978 of the Executive Engineer, Public Health Division, Trivandrum to the Accountant General stating that the final liability of the contractor was being determined.
9.	8-7-1976	1-6-1975 to 30-4-1976	Para IV—Extension of Drainage line, etc. eastern side of Killippalam—pointing out an extra expenditure of Rs. 0.08 lakh owing to departmental delay.	Details not available.

APPENDIX 4.2—*Concd.*

<i>Sl. no.</i>	<i>Month of receipt of Inspection Report in the Division</i>	<i>Period of Report</i>	<i>Reference to the paragraph with details</i>	<i>Reference to the latest action taken by the Division</i>
10.	July 1976	1-6-1975 to 30-4-1976	Para III—Theft of departmental materials—calling for details of recovery from the officers responsible for the loss of departmental materials.	Letter No. A7-3996/76 dated 27-9-1978 of the Executive Engineer to the Accountant General intimating that the matter was under correspondence with superior officers.
11.	November 1978	1-6-1977 to 31-8-1978	Para I—Pointing out shortage in transportation of materials from Central Stores Division, Ernakulam to Public Health Division, Trivandrum and calling for details of further action taken.	Letter No. A7-8578/78 dated 28-4-1980 of the Executive Engineer to the Superintending Engineer.
12.	November 1978	1-6-1977 to 31-8-1978	Para VIII—Chief Minister's Defence Fund—missing of receipt books—pointing out the loss of 8 receipt books.	Letter No. A7—8578/78 dated 24-7-1981 of the Executive Engineer to the Chief Engineer stating that investigation had not been done.
13.	December 1980	1-8-1979 to 30-9-1980	Para II—Supply of water to Hindustan Latex Limited—pointing out non-execution of agreement, etc.	Details of latest action not available.
14.	December 1980	1-8-1979 to 30-9-1980	Para IV—Transport contract for 1972-73—Recovery of loss of Rs. 0.17 lakh from a contractor.	Chief Engineer's proceedings dated 22-4-1980 appointing Superintending Engineer (Public Health) South Circle to conduct enquiry and fix responsibility.







APPENDIX 4.3

**Statement showing details of important irregularities commented upon in the Inspection Reports and the present stage of action**

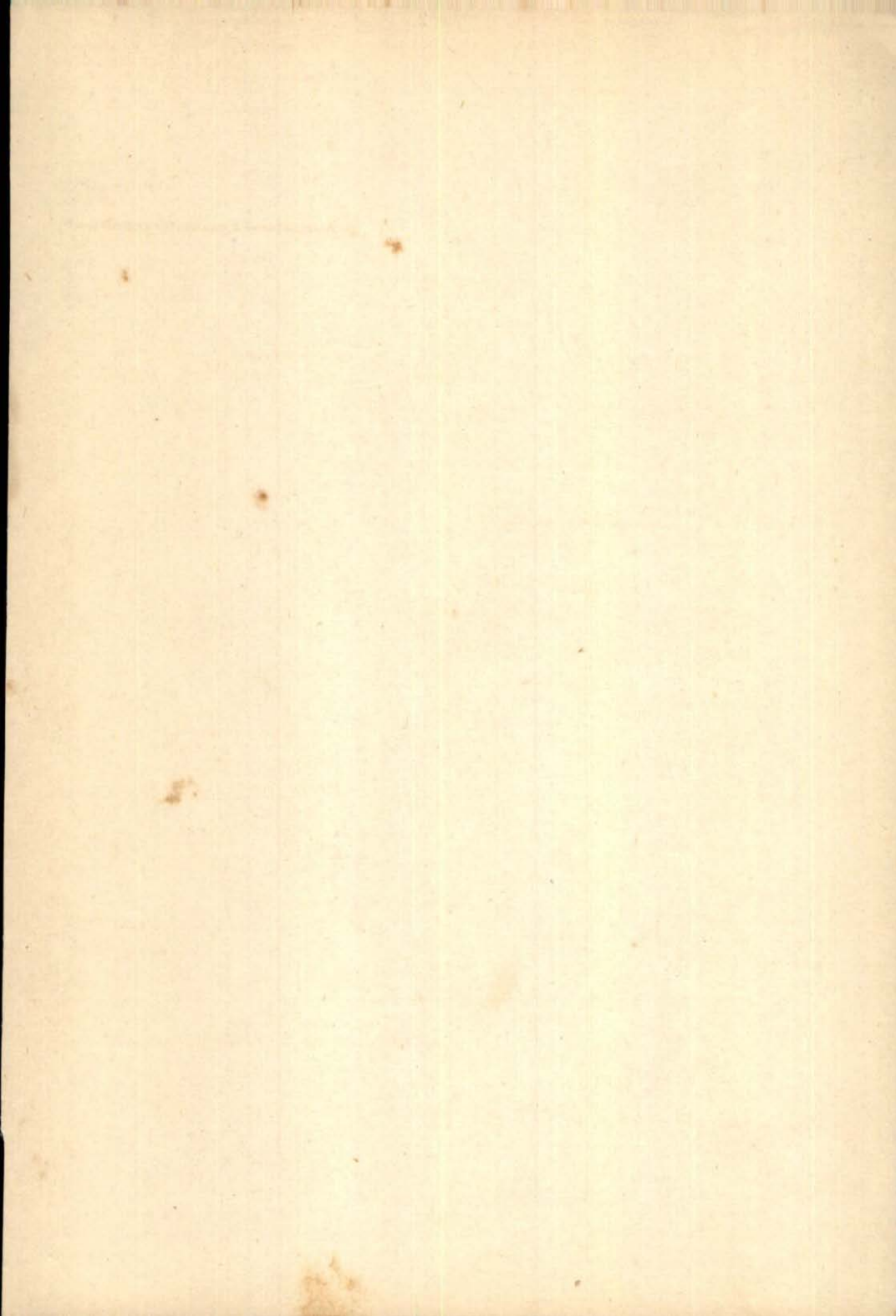
(Reference: Paragraph 4.10—Page 97)

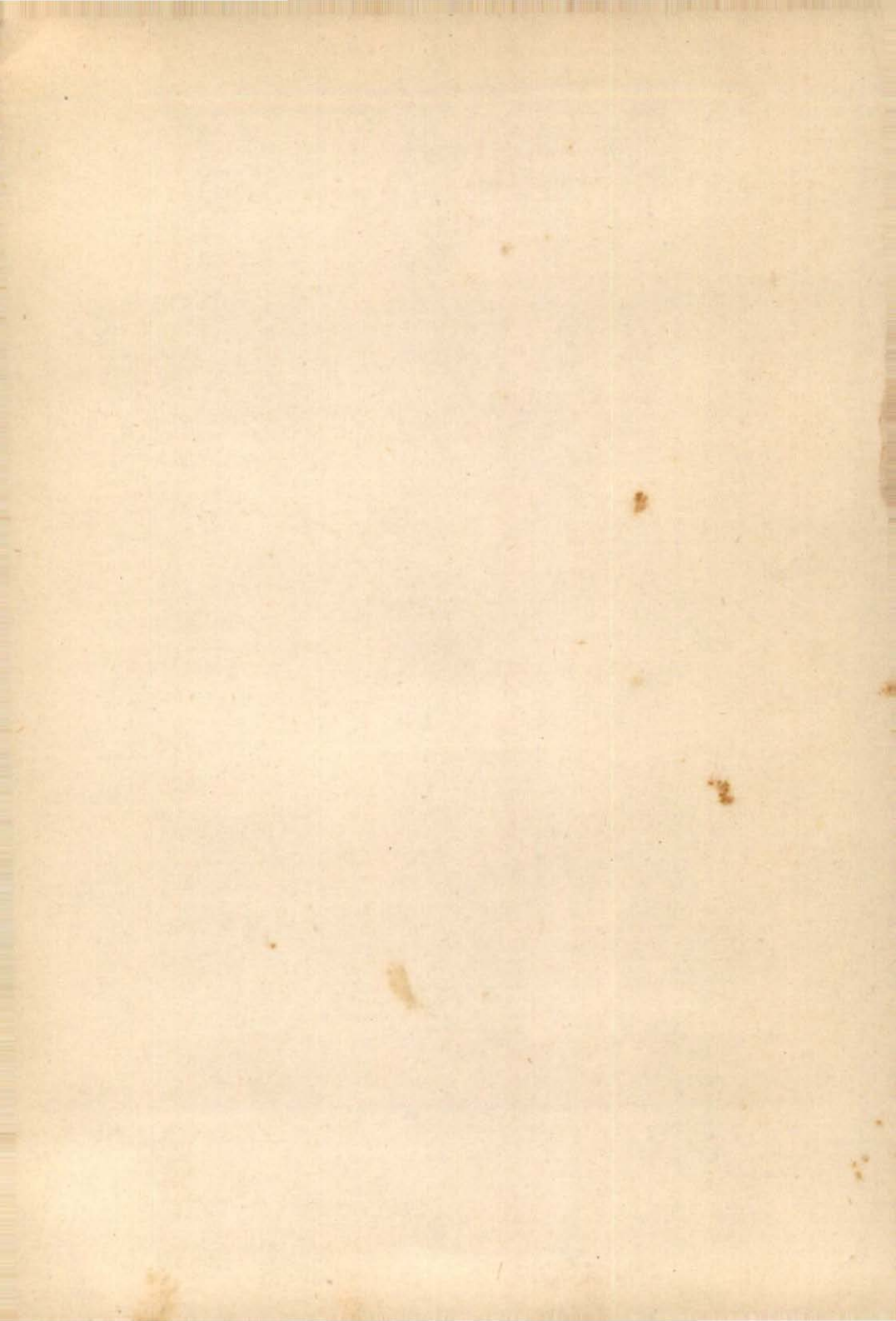
<i>Sl. no.</i>	<i>Name of Division</i>	<i>Nature of comment</i>	<i>Present stage of action</i>
1.	Public Health Division, Trivandrum	Non-repayment of a loan of Rs. 0.54 lakh by Trivandrum Corporation (commented upon in the Inspection Report issued in December 1969).	The loan has not been repaid so far (September 1982).
2.	Public Health Division, Trivandrum	Non-fixation of the liability of a contractor whose contract was terminated at his risk and cost in August 1968 (commented upon in the Inspection Report issued in March 1972).	The department has not so far fixed the liability (September 1982).
3.	Public Health Division, Trivandrum	Loss of receipt books (commented upon in the Inspection Report issued in October 1978).	An investigation proposed to be conducted has not so far been conducted (September 1982).
4.	Public Health Division, Trivandrum	Non-utilisation of a filter plant costing Rs. 0.74 lakh installed in 1968 in the premises of Hindustan Latex Limited (commented upon in the Inspection Report issued in November 1980).	The plant has not been used (September 1982).
5.	Buildings and Roads, Muvattupuzha	Non-recovery of Rs. 0.33 lakh being the cost of unused/unaccounted departmental materials issued to a contractor between May 1961 and January 1963 (commented upon in the Inspection Report issued in June 1973).	The amount has not so far been recovered (September 1982).
6.	Buildings and Roads, Muvattupuzha	Expenditure of Rs. 3.18 lakhs incurred prior to 1957 by the erstwhile Public School Project Division, Madupetty on a work without getting an estimate sanctioned by the competent authority (commented upon in the Inspection Report issued in August 1978).	The expenditure has not so far been regularised reportedly due to non-availability of complete records/vouchers (September 1982).
7.	Buildings and Roads, Muvattupuzha	Delay in recovery of Rs. 1.60 lakhs from a defaulter contractor (commented upon in the Inspection Report issued in June 1975).	Present position was not indicated by the Division.

## APPENDIX

**Summarised Financial results of***(Reference: Paragraph 6.1—**Figures in column 3 to 10 are*

<i>Name of the concern</i>	<i>Year of commencement</i>	<i>Government capital</i>		<i>Mean capital</i>
		<i>1st April</i>	<i>31st March</i>	
(1)	(2)	(3)	(4)	(5)
State Water Transport Department, Alleppey (1979-80)	1968	1,48.00	1,69.57	1,58.79





6.1

**Government Commercial Undertakings**

*page 104)*

*in lakhs of rupees)*

<i>Block assets</i>	<i>Depreciation</i>	<i>Loss (—)</i>	<i>Interest charge added back</i>	<i>Total returns (Columns 8+9)</i>	<i>Percentage of return on mean capital</i>
(6)	(7)	(8)	(9)	(10)	(11)
72.15	6.67	(—)19.74	5.89	(—)13.85	..

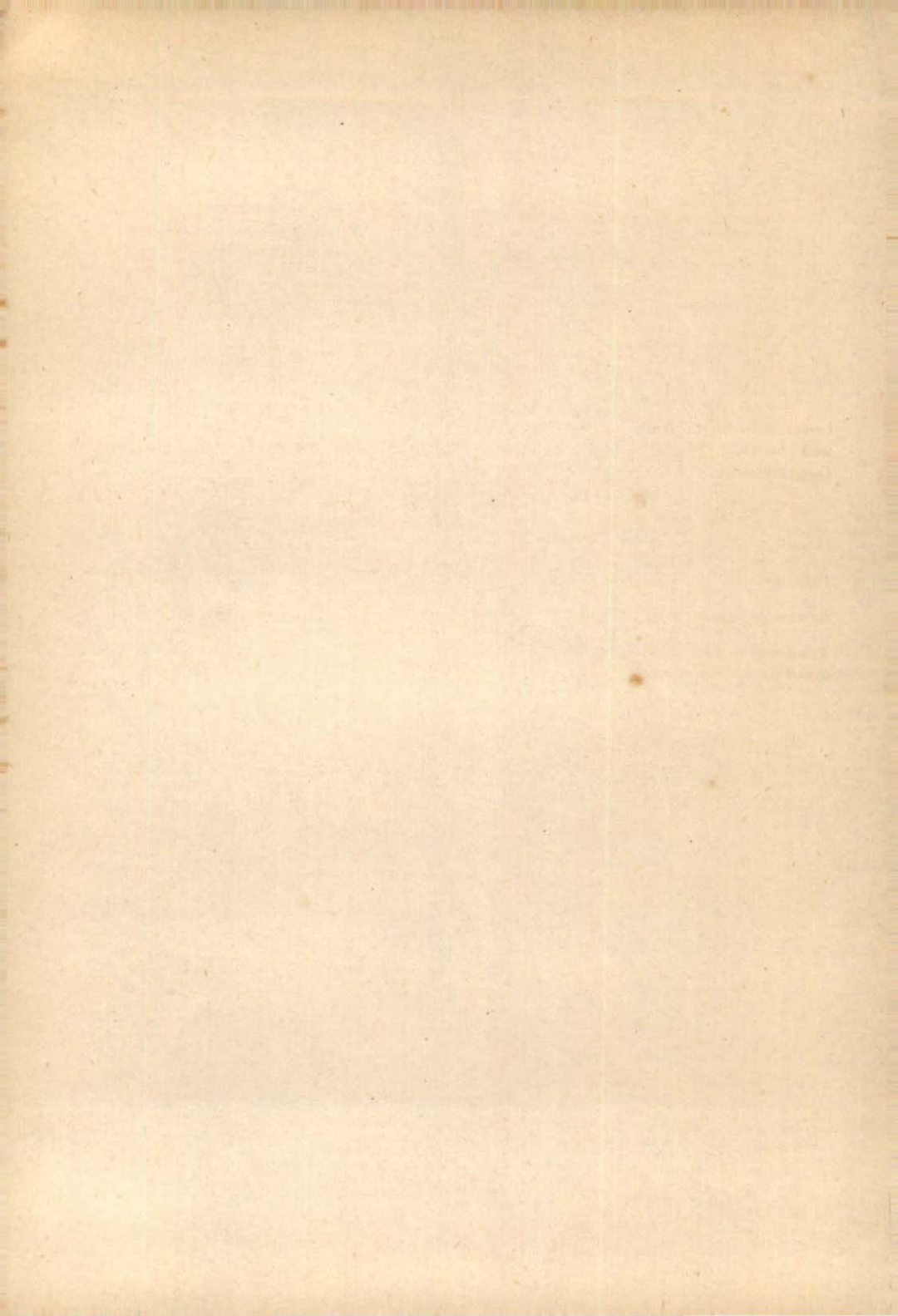
APPENDIX 7.1

**Utilisation Certificates**

(Reference: Paragraph 7.2—Page 110)

<i>Department</i>	<i>Due</i>		<i>Received</i>		<i>Outstanding</i>		<i>Oldest period to which the certificates due relate</i>
	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Agriculture Department</b>							
Agriculture	27	4,91.66	..	..	27	4,91.66	1978-79
Co-operation	1,665	2,45.72	71	4.65	1,594	2,41.07	1969-70
<b>Development Department</b>							
Harijan Welfare	13,436	2,79.98	320	9.13	13,116	2,70.85	1963-64
<b>Education Department</b>							
Higher Education	197	8,19.76	26	49.42	171	7,70.34	1972-73
Art and Culture	225	1,33.67	..	..	225	1,33.67	1968-69
<b>General Administration Department</b>							
	94	31.24	..	..	94	31.24	1975-76
<b>Health Department</b>							
Medical	25	4.96	..	..	25	4.96	1978-79
Public Health	18	19.36	..	..	18	19.36	1973-74
<b>Home Department</b>							
	64	6.04	..	..	64	6.04	1973-74
<b>Industries Department</b>							
	336	8,00.96	..	..	336	8,00.96	1971-72







## APPENDIX 7.1—Concl'd.

Department	Due		Received		Outstanding		Oldest period to which the certificates due relate
	Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Local Administration and Social Welfare Department</b>							
Urban Development	60	55.64	16	11.10	44	44.54	1974-75
Housing	1,031	56.26	..	..	1,031	56.26	1974-75
Panchayats	273	2,35.02	..	..	273	2,35.02	1974-75
<b>Revenue Department</b>	15	16.34	..	..	15	16.34	1978-79
<b>Transport, Fisheries and Ports Department</b>							
Fisheries	10	79.37	..	..	10	79.37	1978-79
Total	17,476	32,75.98	433	74.30	17,043	32,01.68	

## APPENDIX

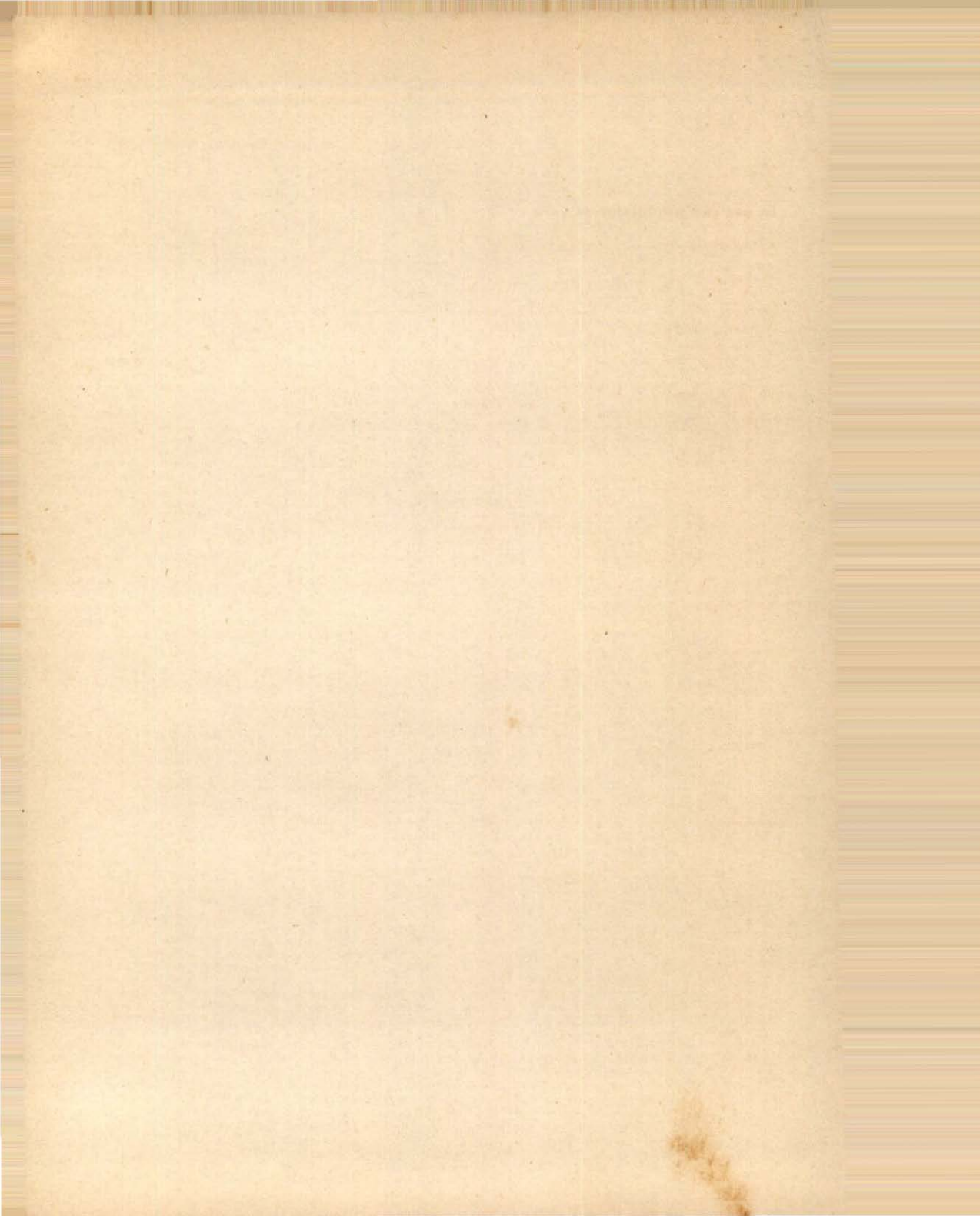
## Statement showing the number of charkas

(Reference :

	Year	Departmental/Institutional	Number of charkas in use		
			In the be- ginning of the year	Introduced during the year	Total
Cotton Khadi	1978-79	Departmental	448*	475*	923*
		Institutional	2065	780	2845
	1979-80	Departmental	1175	349	1524
		Institutional	3118	648	3766
	1980-81	Departmental	1200	499	1699
		Institutional	2920	700	3620
Muslin Khadi	1978-79	Departmental	365	475	840
		Institutional	1396	413	1809
	1979-80	Departmental	964	500	1464
		Institutional	1790	550	2340
	1980-81	Departmental	1450	650	2100
		Institutional	1970	1125	3195

\* Does not include traditional charkas





7.2

**in use and production of yarn**

*Paragraph 7.10 (ii) (1) (c)—Page 128*

*Yarn production*

<i>Number of charkas working</i>	<i>Number of hanks produced (in lakhs)</i>	<i>Weight in kg.</i>	<i>Value of yarn production (in lakhs of rupees)</i>
540*	8.83	20,020.285	6.13
1835	19.04	44,168.000	14.09
1091	15.09	35,306.020	11.73
2287	25.51	58,040.125	20.58
1482	20.44	51,794.500	15.53
2487	26.27	61,639.656	20.17
767	6.61	6,303.500	5.04
1505	12.98	12,566.600	10.58
1291	10.61	9,813.260	8.52
1918	15.98	14,349.510	14.66
1701	14.94	12,627.750	12.35
2634	21.41	18,181.700	18.23

APPENDIX 7.3

**Statement showing number of societies/institutions/individuals  
which had not started production by the end of June 1982**

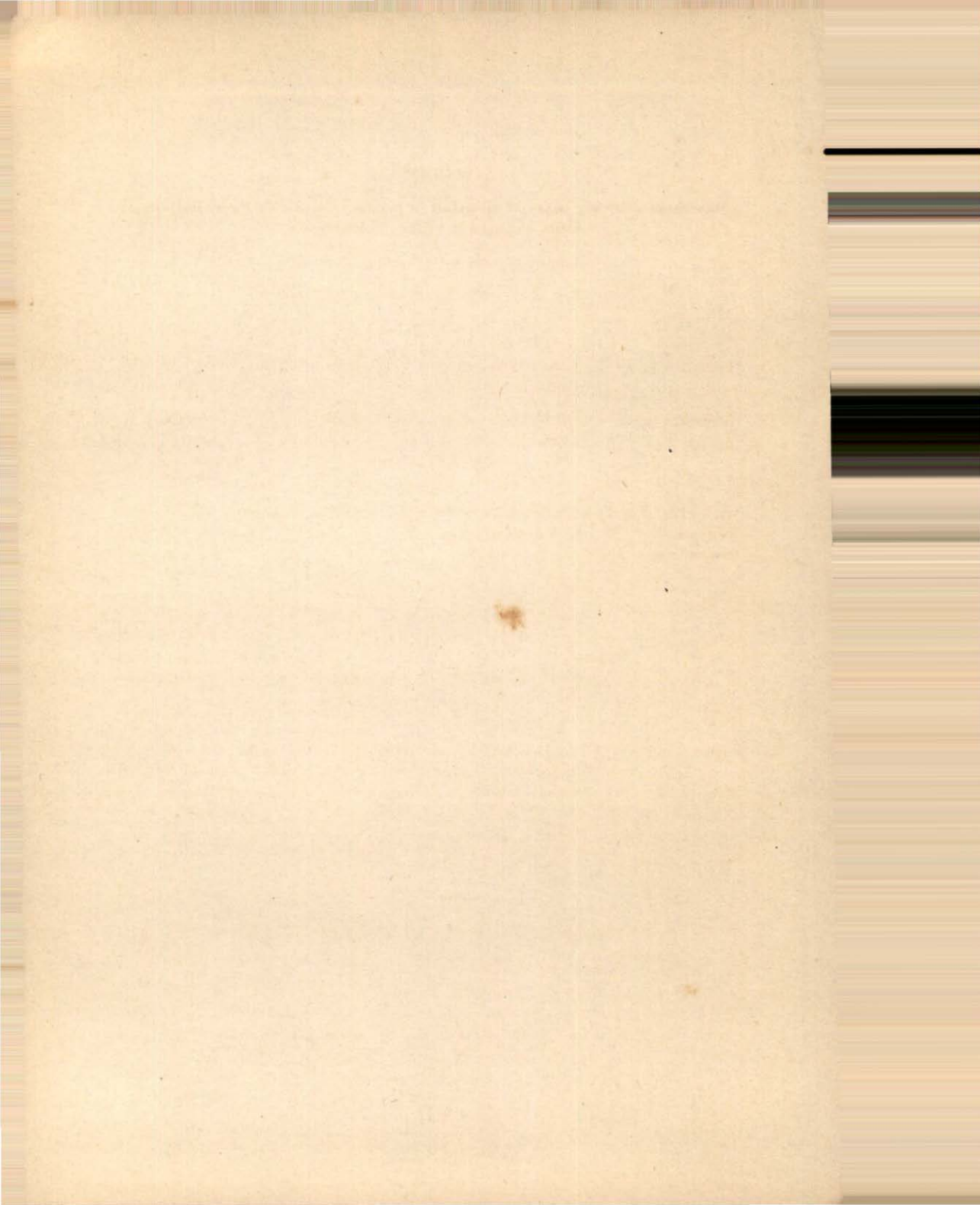
(Reference: Paragraph 7.10 (iii) (a)—Page 131)

<i>Sl. no.</i>	<i>Name of industry</i>	<i>Societies/institutions/individuals not started production as at the end of June 1982</i>	
		<i>Number</i>	<i>Financial assistance paid (in lakhs of rupees)</i>
1	Village oil	*	*
2	Cottage Match	90	71.45
3	Village Pottery	23	57.45
4	Cane and Bamboo	Nil	Nil
5	Blacksmithy and carpentry	2	0.16
6	Lime Manufacture	2	0.50
7	Non-edible oil and soaps	7	8.53
8	Gurkhandsari	1	0.64
9	Palmgur	1	0.10
10	Fruit processing and preservation	10	3.79
11	Handmade paper	1	3.50
12	Village Leather	11	*
13	Processing of cereals and pulses	16	1.81
14	Medicinal plants	Nil	Nil
	<b>Total</b>	<b>164**</b>	<b>147.93</b>

\*Information awaited

\*\*42 societies which had received an assistance of Rs. 51.40 lakhs did not commence production for reasons such as want of licence, lack of working capital, want of power connection, etc.







APPENDIX 7.4

**Statement showing cases of shortfall in production in 1980-81 by individual units engaged in village industries**

(Reference: Paragraph 7.10 (iii) (b)—Page 131)

<i>Sl. no.</i>	<i>Name of industry</i>	<i>Name of Unit</i>	<i>Anticipated production</i>	<i>Actual production</i>	<i>Reasons for shortfall</i>
1	Handmade paper	Elanthur Unit at Quilon	50-60 tonnes	15,255 kg.	Defective machinery.
2	Handmade paper	Olanikkara Unit at Trichur	40-45 tonnes	942 kg.	Low capacity of heater machines and old machinery.
3	Non-edible oil and soap unit, seed collection	Kanjirappally Rubber Seed Collection Co-operative Society	40 tonnes	20,000 kg.	Lack of adequate working capital and seasonal nature of collection depending upon climatic conditions.
		Poochakkal Village Oil Industry Co-operative Society	40 tonnes	5,785 kg.	
		Muthukulam Village Oil Industry Co-operative Society	40 tonnes	3,000 kg.	
4	Village Pottery	Clay Workers Industrial Co-operative Society, Feroke	6 lakh tiles	2.35 lakh tiles	Insufficiency of rocks and pallets and working fund.

## APPENDIX 7.5

### **Statement showing cases of non-utilisation of funds provided by the Board for the development of Khadi and Village Industries**

(Reference: Paragraph 7.10 (x)—Page 134)

#### *Khadi Industry*

(1) Between 1977-78 and 1980-81, certain\* units refunded to the Board Rs. 36.43 lakhs disbursed to them in earlier years for the development of khadi. Reasons for the non-utilisation are awaited (November 1982) from the Board.

(2) Out of Rs. 10.23 lakhs advanced by the Board between March 1978 and April 1979 to its district office at Trichur under the Khadi development programme for meeting expenditure on purchase of looms and warping sets, for setting-up a bleaching and processing unit and payments of stipends to weavers, spinners, etc., Rs. 2.50 lakhs alone are reported to have been utilised for payment of an advance for the construction of sheds. The Project Officer, Trichur stated (June 1982) that it was not possible to start a bleaching and processing unit for want of land and technical staff, that the machinery for warping set was not available in the State and that the unutilised amount would be refunded to the Board.

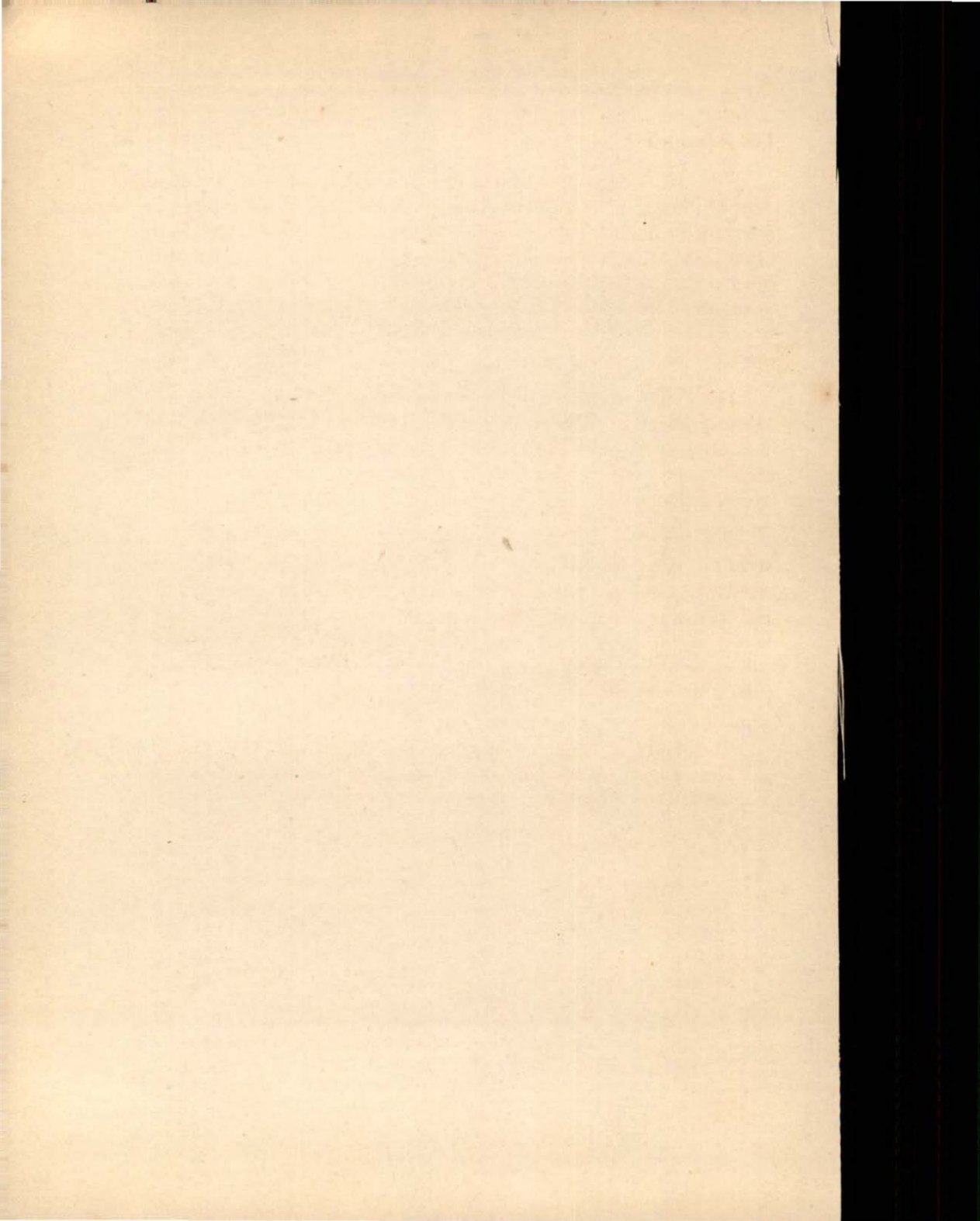
(3) A co-operative society in Trichur district (Wadakkancherry Block Khadi and Village Industries Co-operative Society) which received from the Board financial assistance of Rs. 0.87 lakh in March 1979 for development of Khadi industry, utilised only Rs. 0.07 lakh and did not refund the balance. The Project Officer, Trichur stated (June 1982) that the society had been asked to refund unutilised amount.

(4) Out of the assistance of Rs. 1.61 lakhs (loan: Rs. 1.03 lakhs, grant: Rs. 0.58 lakh) paid in March 1979 to a society (Shertallai South Khadi Producers Industrial Co-operative Society), only a part amount was utilised till September 1980. The Board stated (July 1982) that the amount unutilised would be ascertained and recovered.

---

\* Information awaited.





*Village Industries*

(5) Working capital loan of Rs. 52.31 lakhs paid by the Board in March 1980 to 106 match units was not utilised in most cases as the societies could not start production for want of licences or for other reasons. The Board stated (June 1982) that the unutilised amount would be got refunded. Two other units, one at Trivandrum and the other at Trichur which received an assistance of Rs. 0.92 lakh between March 1977 and February 1979 for starting match industries did not also start production nor did they refund the assistance received.

(6) Three societies\* and two departmental\*\* units which received an assistance of Rs. 2.57 lakhs between March 1975 and March 1979 for establishing blacksmithy and carpentry units did not utilise the assistance for reasons such as lack of technical staff, unfavourable feasibility report, etc. Two of the societies had not refunded the amount received by them (Rs. 0.85 lakh) so far.

(7) \*\*\*Five societies/institutions which received an assistance totalling Rs. 1.01 lakhs between January 1978 and March 1981 for starting four village industries, did not start production for reasons such as want of land, unfavourable feasibility report, disputes among the committee members of the society, failure to execute the hypothecation deed and bond for the loan received, etc. All these societies/institutions refunded the assistance received between April 1980 and June 1982.

---

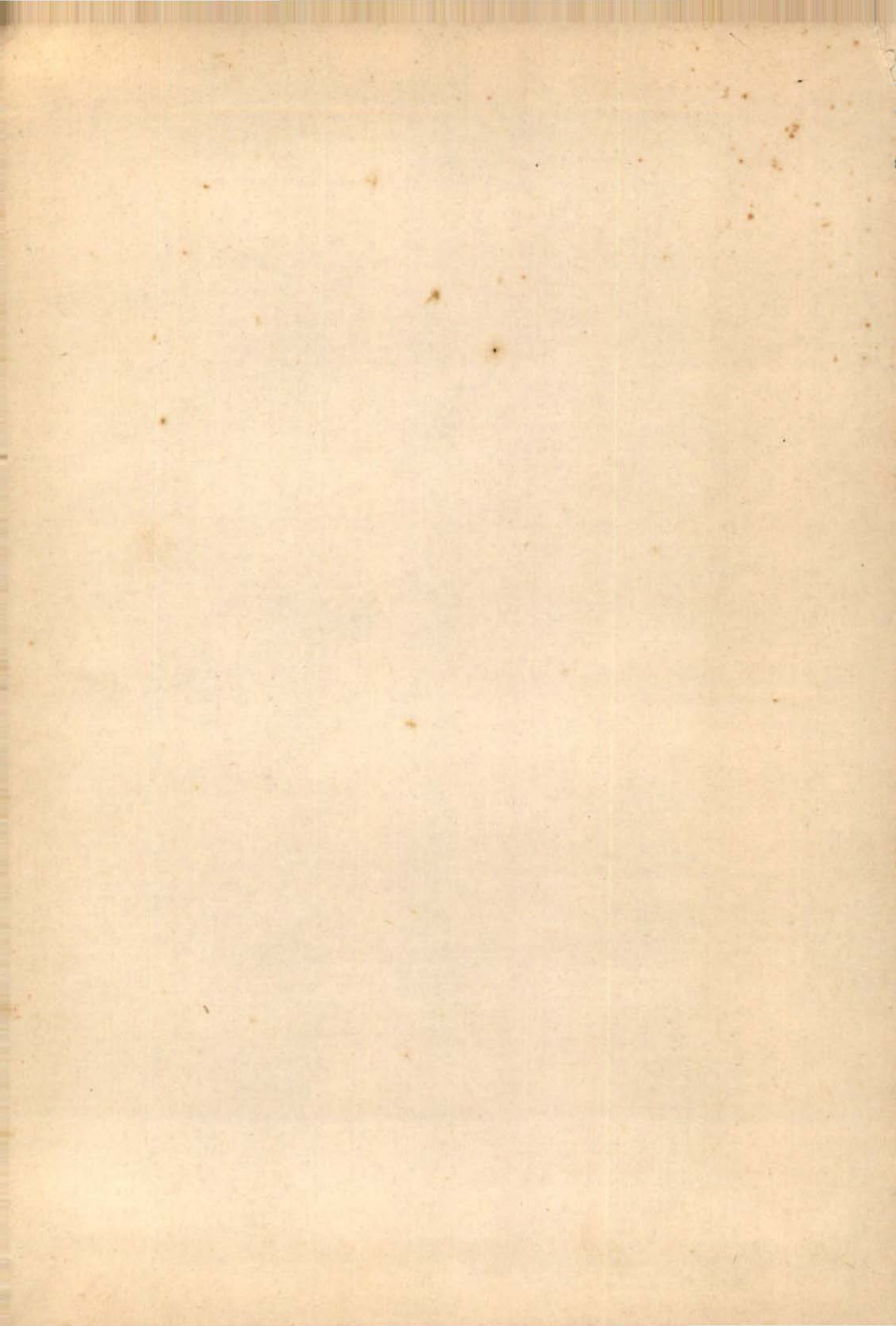
\*Mithraniketan, Vellanad, Trivandrum; Pathinkara Thenmala Valanthai Vyavasaya Society, Calicut; Karuvanna Grama Vyavasaya Co-operative Society Limited, Trichur.

\*\*Departmental Units at Trichur and Palghat.

\*\*\*The Educational and Technical Institute for the Blind, Trichur; The Thottamangalam Gramavyavasaya Sahakarana Sangham, Palghat; Peringala Khadi and Village Industries Society, Alleppey; Pottathara Girijan Service Co-operative Society Limited, Palghat; Mankara Mahila Samajam, Palghat.

Faint, illegible text, possibly bleed-through from the reverse side of the page. The text is arranged in several paragraphs and is mostly obscured by the paper's texture and fading.

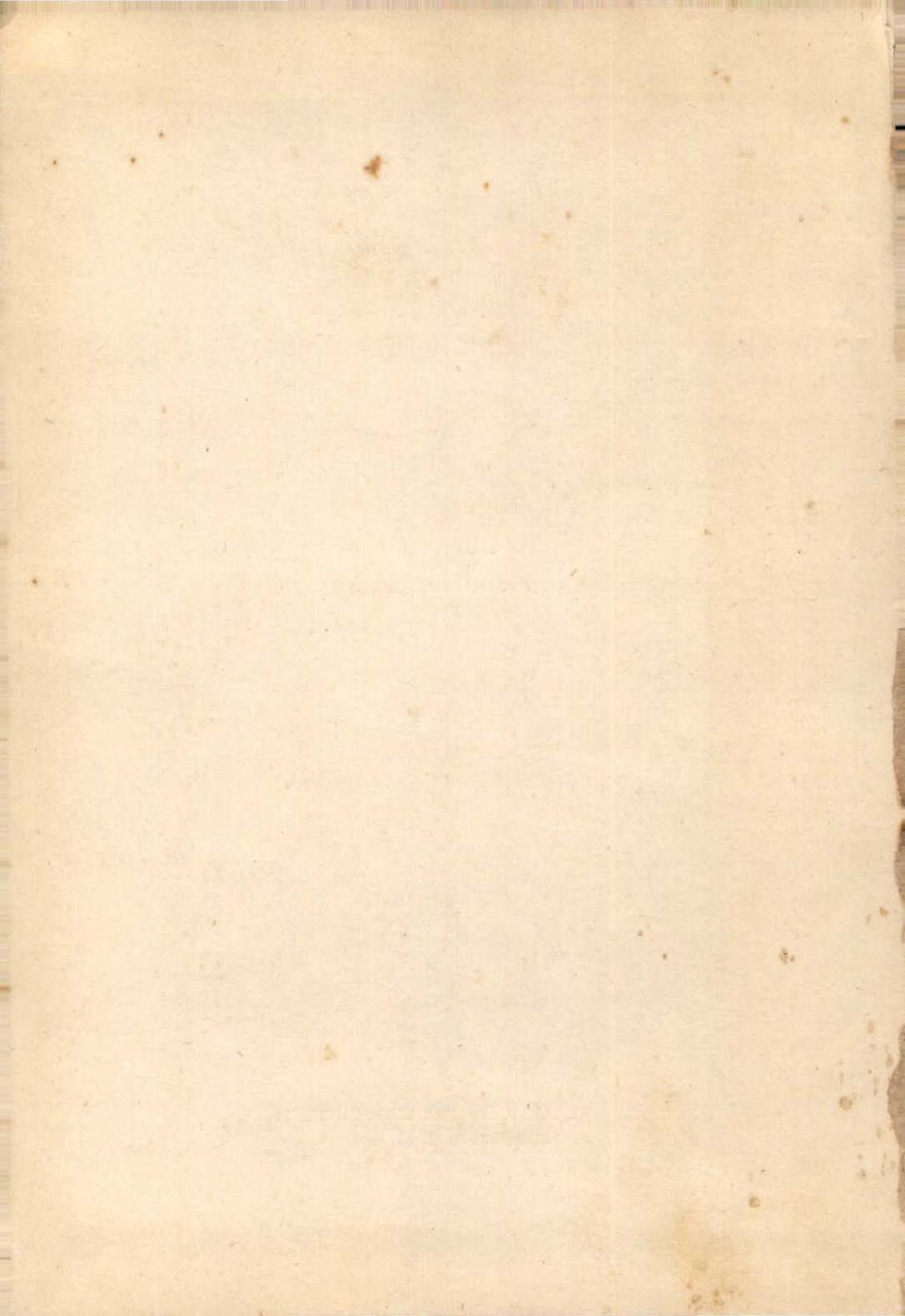






©  
COMPTROLLER AND AUDITOR GENERAL OF INDIA  
1983

PRINTED BY THE S. G. P. AT THE GOVERNMENT PRESS,  
TRIVANDRUM, 1983.



ERRATA

Report of the Comptroller and Auditor General of India for the year 1981-82, (Civil)  
Government of Kerala

Page no.	Reference to paragraph, line, etc.	For	Read
11	Table—Heading—last column	Outatanding	outstanding
14	Sub paragraph (v)—Heading	Ways and means from Reserve Bank of India	Ways and means advances from Reserve Bank of India.
14	Line 23 from top	4,37.31	4,37.32
15	3rd line from top	inter st	interest
16	13th line from bottom	Co-opertive	Co-operative
18	Table Heading—column 3	Amount (in lakhs rupees)	Amount (in lakhs of rupees)
18	Table Heading—Column 4	Number of of concerns	Number of concerns
19	Tabular statement—Heading—1st column	corporation	Corporation
19	Tabular statement—item 2—last column	31st March 1982	31st March 1981
19	Tabular statement—item 7—2nd column	15400	154.00
24	2nd line from bottom	unnecessary	unnecessary
25	6th line from bottom	'Loans to Kerala State Electricity Board';	'Loans to Kerala State Electricity Board',
27	Item 3/XXII—Housing—1st sentence	Saving	Saving
29	Sl. no. 1 under sub para 2.3(iv)(a)—Last column	(99)	(92)
31	Last para under 5. Agriculture—First sentence	form	from
32	Line 3 from top	Block	Blocks
33	Line 3 from bottom	Contingency	Contingency
34	Line 14 from top	if any at an early stge	if any, at an early stage.

<i>Page no.</i>	<i>Reference to paragraph, line, etc.</i>	<i>For</i>	<i>Read</i>
36	Line 4 from top	criteria	criteria
37	Line 11 from top	foundation	foundation
43	Sub paragraph 5 Improvement of habitat—1st line	managment	management
44	2nd line from bottom	R. 5,000	Rs. 5,000
48	19th line from top	Coch n	Cochin
48	5th line from bottom	prevention	Prevention
55	Sub paragraph (iii)—4th line	Govenment	Government
58	Line 5 from bottom	entrepreneurs	entrepreneurs
61	Sub paragraph (b)—4th line	General Manager DICs,	General Managers, DICs,
67	16th line from bottom	in	in
67	15th line from bottom	(ii)	(ii)
70	Last line	distributed	distributed.
76	Heading	3.12	3.12.
80	Line 7 from top	contract	contracts
80	Line 9 from bottom	extra for	extra rate for
80	Last line	1978	1978,
90	Line 16 from top	refered	referred
92	Last line	March, 1972	December 1972
93	6th line from bottom	notice.	notices.
108	Paragraph (5)—1st line	Messrs, Rehabilitation Plantation	Rehabilitation Plan- tations Limited,
108	Paragraph (7)—1st line	Corporation	Corporation Limited
109	Paragraph (6)—3rd line	insurance	insurance.
109	Paragraph (7)—1st line	Kerala Shipping Corporation	Kerala Shipping Corporation Limited
115	Line 14 from top	reply however;	reply, however,
115	Line 16 from top	taff	staff

<i>Page no.</i>	<i>Reference to paragraph, line, etc.</i>	<i>For</i>	<i>Read</i>
123	Line 7 from top	Civil	(Civil)
126	Line 18 from top	The programme	(a) The programme
133	Sub para (vi)—second paragraph— Line 10	also	also
148	Item No. 19—Last column—1st line	attributed	attributed
151	Table—Heading—4th column	Expenditure	Expenditure
151	Table—sl. no. 1—Remarks column— 3rd line	of	to
155	Sl. No. 18—Grant No. XXIX— 4th Column	6,82,80,330	6,82,80,329
	last column	8,20,030	8,20,029
164	Sl. No. 6 (a) 2nd column—2nd line	Primary School	Primary Schools
180	Appendix 4.2—Sl. No. 3—Column (4)—2nd line	Gallery	Gallery,
185	Heading—Column (10)	(Column 8+9)	(Columns 8+9)
191	Appendix 7.4—Sl. no. 4— 6th column	rocks	racks

