



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

**FOR THE YEAR ENDED 31 MARCH 1996**

**No.3**

**(CIVIL)**

**GOVERNMENT OF KERALA**



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.....को विधानमण्डल में प्रस्तुत  
Presented to Legislature  
on .....

24 MAR 1997



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## PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1995-96 and other points arising from audit of financial transactions of the Government of Kerala. It also includes certain points of interest arising from the Finance Accounts for 1995-96.

The following audit reviews are, *inter alia*, included in this volume:

- (i) Employment Assurance Scheme
- (ii) Special Central Assistance to Special Component Plan
- (iii) Kanhirapuzha Irrigation Project
- (iv) National Highways
- (v) Functioning of Employment Exchanges

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

The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during 1995-96 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 1995-96 have also been included wherever considered necessary.





## OVERVIEW

This Report includes two chapters containing the observations of Audit on the State's Finance and Appropriation Accounts for the year 1995-96 and five chapters, comprising seven audit reviews (including two mini reviews) and fifty five paragraphs based on the audit of certain selected schemes, programmes, projects and financial transactions of the Government. A synopsis of the major findings is set out in this overview.

### 1. Finances of the State Government

The revenue receipts of the State Government increased from Rs.2852 crores in 1991-92 to Rs.5424 crores in 1995-96 (90 *per cent*); the growth during 1995-96 in relation to the immediately preceding year declined from 19 *per cent* to 16 *per cent*.

Tax revenue (Rs.3383 crores) and non-tax revenue (Rs.536 crores) raised by the State Government during 1995-96 constituted 62 *per cent* and 10 *per cent* respectively of the total revenue receipts. The growth of tax revenue had increased progressively during 1991-96 from Rs.1674 crores to Rs.3383 crores. The growth during 1995-96 in relation to 1994-95 was 21 *per cent*. The growth of non-tax revenue during 1995-96 was 35 *per cent*, as against the growth of 23 *per cent* in 1994-95.

Grants-in-aid from the Central Government and the State's share of Union taxes and duties constituted 9 *per cent* and 19 *per cent* respectively of the revenue receipts during 1995-96. The State's share of Union taxes and duties progressively increased from Rs.576 crores in 1991-92 to Rs.1037 crores in 1995-96. Grants-in-aid from the Central Government also increased during this period from Rs.367 crores to Rs.468 crores.

The internal debt of the State increased by 82 *per cent* from Rs.1363 crores at the end of 1991-92 to Rs.2486 crores at the end of 1995-96. Inclusive of the increase of Rs.1803 crores (74 *per cent*) in the loans and advances from the Central Government and of Rs.1721 crores (103 *per cent*) in other liabilities, the total liabilities of the State Government (Rs.10114 crores) had increased by 85 *per*



cent in relation to 1991-92 (Rs.5467 crores). The share of market loans in the State Government's borrowing programme during the period 1991-96 was conspicuously on the increase.

The growing debt burden had caused an increase in the interest payments which shot up by 91 *per cent* from Rs.483 crores in 1991-92 to Rs.924 crores in 1995-96. The outflow of funds on this account was in the order of 15-16 *per cent* of the revenue expenditure during the period. In 1995-96 the total amount of repayment of principal of Central Government loans and interest thereon was 86 *per cent* of the loans received during the year.

Government's investments in various Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives increased from Rs.698 crores at the end of 1991-92 to Rs.1110 crores at the end of 1995-96. None of the Statutory Corporations paid any dividend or interest during the five-year period. Dividend received from other concerns was also meagre and ranged between Rs.3.37 crores and Rs.5.78 crores (0.44 *per cent* and 0.52 *per cent* of the investment) only during the same period. The return on the investments was negligible compared to the rate of interest of 12.95 *per cent* payable on market borrowings.

The accounts rendered by 54 Government Companies and 3 Statutory Corporations for various years from 1984-85 to 1995-96 disclosed accumulated losses aggregating Rs.907 crores which exceeded the total investment of Rs.536 crores in these enterprises as of 31 March 1996.

During 1995-96, financial assistance aggregating Rs.1536 crores was paid to various autonomous and other local bodies, of which Rs.870 crores were paid to educational institutions and Rs.141 crores to Kerala Water Authority. The percentage of assistance in relation to the revenue raised by the State declined from 50 *per cent* in 1991-92 to 39 *per cent* in 1995-96.

To the extent information was furnished by the departments/ institutions concerned, the guarantees given by Government in connection with loans raised by various public enterprises, local bodies etc., and outstanding as of March 1996 was Rs.2082 crores (inclusive of interest due). During the period a sum of Rs.5.21 crores



was paid in 6 cases as a result of invoking of guarantees by the financial institutions. Recovery of guarantee fee of Rs.40.41 crores in 41 cases pertaining to the period 1980-81 to 1995-96 was in arrears as of March 1996.

As on 31 March 1996, recovery of Rs.794.65 crores (principal: Rs.237.35 crores; interest: Rs.557.50 crores) was in arrears in respect of loans and advances, the detailed accounts of which are maintained by the Accountant General. As regards loans and advances, the detailed accounts of which are maintained by the departmental officers themselves, similar information was furnished by only 8 of the 40 departmental officers; this showed that recovery of Rs.284 crores (principal: Rs.168 crores; interest: Rs.116 crores) was in arrears as on 31 March 1996.

(Paragraph 1.1 to 1.18)

## **2. Appropriation Audit and control over expenditure**

During 1995-96 the overall excess expenditure in 15 Grants and Appropriations aggregated Rs.46.11 crores, while savings totalling Rs.1021.35 crores occurred in 94 Grants and Appropriations. The excess expenditure aggregating to Rs.46.11 crores in 13 Grants (Rs.46.10 crores) and 2 Appropriations (Rs.0.01 crore) requires regularisation under Article 205 of the Constitution of India. Supplementary provisions of Rs.697.15 crores obtained during the year 1995-96 constituted 9 *per cent* of the original budget provision of Rs.7322.93 crores. Supplementary provision aggregating Rs.83.23 crores obtained in 27 cases proved wholly unnecessary or could have been restricted wherever necessary, to only token amounts to meet expenditure on new service/new instrument of service since the expenditure was less than even the original provisions. On the other hand the supplementary provision of Rs.115.36 crores proved insufficient in 8 cases by more than Rs.25 lakhs in each case, leaving an aggregate uncovered excess of Rs.45.80 crores. In 27 cases, supplementary provisions aggregating Rs.448.27 crores were obtained when the actual utilisation of funds was Rs.362.66 crores only. The fact that there were substantial non-utilisation/underutilisation of supplementary provision obtained indicated the need for a closer scrutiny of the supplementary estimates proposed by the departments.



Savings in excess of Rs.1 crore and by more than 10 *per cent* of the provision in each case occurred in 18 cases and ranged between 10.14 and 54.49 *per cent* of the respective provisions.

Substantial savings of more than Rs.1 crore in each case occurred in 62 cases on account of non- implementation or slow implementation of Plan schemes. In 14 of these cases the entire provision remained unutilised. Persistent savings, exceeding Rs.25 lakhs in each case, occurred in 31 cases during 1993-96.

In 19 cases, savings in excess of Rs.1 crore in each case were not surrendered. On the other hand, in 6 other cases, funds were injudiciously surrendered in March 1996 in excess of the final savings by more than Rs.25 lakhs in each case. In 49 cases reappropriation of funds proved excessive by over Rs.25 lakhs in each case. These instances were indicative of inadequate budgetary control.

Fifty one sanctions were issued for the withdrawal of Rs.52.09 crores from the Contingency Fund of the State. Three of these sanctions for an aggregate amount of Rs.6.69 lakhs were, however, not acted upon.

According to the principles of legislative control over expenditure, any excess over grants/appropriations made by the Legislature will have to be regularised by obtaining excess grants therefor. For the purpose, Government have to furnish to the Public Accounts Committee notes seeking regularisation of the excess disclosed in the Appropriation Accounts and commented upon in Audit Reports. Such explanatory notes in respect of 86 grants/appropriations where excess expenditure occurred during 1983-84, 1985-86 and 1988-89 to 1994-95 were pending as of October 1996.

(Paragraphs 2.1 to 2.13)

### **3. Employment Assurance Scheme**

The Employment Assurance Scheme was launched by Government of India in October 1993 with the twin objectives of providing assured gainful employment up to 100 days a year in the lean agricultural season in manual work to all needy adult persons in rural areas and creation of community assets for



sustained employment and development. Eighty *per cent* of the expenditure was borne by Government of India and 20 *per cent* by the State Government.

There was heavy shortfall in generation of employment under the Scheme during 1993-1996 and the shortfall ranged from 76 *per cent* to 82 *per cent*. Against the assistance of Rs.61.66 crores required for giving employment during 1995-96, the amount released by Central and State Governments was only Rs.21.78 crores. Poor utilisation of first instalment of funds in two blocks in Kannur district during 1993-94 resulted in non-release of subsequent funds by Central and State Governments of their shares amounting to Rs.62.50 lakhs.

The mandays generated in lean agricultural season during 1994-95 and 1995-96 were only 61 *per cent* and 50 *per cent* respectively of the total mandays generated.

(Paragraph 7.4)

#### **4. Special Central Assistance to Special Component Plan**

The scheme Special Central Assistance to Special Component Plan (SCA to SCP) aims to boost the various economic development programmes for the Scheduled Caste (SC) people with particular emphasis on their occupational pattern and to generate more income for them. It is a 100 *per cent* Centrally sponsored scheme and its components are implemented by various sectoral departments/voluntary organisations with the District Collectors in charge of their implementation at the district level.

(i) The financial achievement reported to Government of India was inflated as it included unutilised amounts kept in personal deposit accounts of the implementing officers. The physical achievement reported was also incorrect as it included prospective beneficiaries of the schemes sanctioned but not implemented or completed. Rupees 28.22 lakhs were diverted to schemes for the benefit of Scheduled Tribes (ST) or for unintended purposes.

(ii) Despite Government instructions to identify suitable economic development programmes capable of attracting institutional finance rather than giving emphasis on training activities, undue importance was bestowed on training



as evidenced by the allocation of almost one-third of the funds for training programmes during 1991-92 to 1995-96.

It was noticed that funds for training the SC candidates were not utilised for imparting training but applied for acquisition of assets by 5 training agencies. Test-check also revealed that expenditure of Rs.19.92 lakhs was incurred on either unproductive or unrecognised or isolated training courses deviating from the basic objective of the scheme.

(iii) Although Rs.60 lakhs were paid in November 1992 to Kerala State Federation of Scheduled Castes and Scheduled Tribes Co-operative Limited for establishment of 2 units for providing gainful employment to 250 SC persons, this could not be achieved as the 2 units did not function as of September 1996.

(iv) Assistance of Rs.19.21 lakhs paid to a society for establishing auto-bus body building unit to provide employment to 40 SC persons proved wasteful since the unit became unviable and had to be wound up.

(v) Though SCA funds amounting to Rs.27.87 lakhs were released to Animal Husbandry Department for starting dairy units, goat rearing and poultry units during 1991-92 to 1995-96, such units had not been established fully either due to lack of demand or non-extension of credit by banks. The functioning of the scheme was also not closely monitored by the Animal Husbandry Department.

(vi) The pace of implementation of the various SCA programmes was not systematically monitored by the departments concerned. The evaluation report of the State Planning Board pointed out (October 1993) absence of any in-depth study of the schemes before their approval, missing of linkages between training programmes and employment opportunities and lack of institutional finance. But the report had not furnished any information on the beneficiaries assisted and the number who could actually be lifted above poverty line. No follow up action on the evaluation report had been taken by the Government as of September 1996.

(Paragraph 3.1)



## 5. Kanhirapuzha Irrigation Project

Kanhirapuzha Irrigation Project taken up for execution in 1961 at an estimated cost of Rs.3.65 crores to increase the paddy cultivation in Mannarkad, Ottappalam and Palakkad Taluks by 42150 tonnes had not been completed even after 35 years of its commencement. The estimated cost had risen from Rs.3.65 crores to Rs.82 crores registering an increase of 2147 *per cent*. The cost of irrigation had also increased steeply from the estimated Rs.3758 per hectare to Rs.84420 per hectare.

Out of 7266 hectares of ayacut (net) claimed to have been achieved only 4941 hectares had been referred for joint verification. Water to the remaining 2325 hectares could not be released due to non-completion of certain reaches in the Left Bank Main Canal. The joint verification had been conducted in 2840 hectares alone leaving 2101 hectares unverified.

The benefit cost ratio of 1.485:1 worked out as per the revised estimate of Rs.82 crores was found to be incorrect as it included 1246 hectares of ayacut of the Left Bank Main Canal from 61.714 km to 66 km (tail end) which was proposed to be taken up only with Thuppanad scheme and 722 hectares adjudged as non-irrigable area. The correct benefit cost ratio would be 1.28:1 which was well below the viable ratio of 1.5:1 stipulated by Central Water Commission for clearance of irrigation projects.

(Paragraph 4.1)

## 6. National Highways

The expenditure on original works and maintenance and repairs on national highways exceeded the Central Budget allocation for all the years from 1991-92 onwards and the percentage of excess ranged between 21 and 153 in respect of original work and between 4 and 65 in respect of maintenance and repairs.

As at the end of 1995-96, Rs.73.59 crores were pending reimbursement of which Rs.6.11 crores related to the period 1991-92 to 1993-94.



Failure to fix the High Flood Level after necessary field investigation resulted in additional expenditure of Rs.23.33 lakhs on earth cutting and filling in a road work.

Delay of about three years in shifting the electrical posts and High Tension electrical installation resulted in cost overrun to the extent of Rs.65.41 lakhs caused by termination of original contracts and subsequent rearrangements.

Failure to make the prescribed percentage deduction from the stacked volume of coarse aggregates resulted in undue benefit of Rs.15.93 lakhs to the contractors in 5 works.

Increase in the safe testing load from the stipulated 500 tonnes to 1100 tonnes without specific approval of Ministry of Surface Transport would result in extra liability of Rs.34.36 lakhs in a road work.

(Paragraph 4.10)

## **7. Functioning of Employment Exchanges**

The main function of Employment Exchanges (Exchanges) is the registration of unemployed people with a view to obtain employment for them. The functioning of the Exchanges is regulated by the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and, the rules made thereunder.

(i) The number of job seekers at the year end ranged from 33.64 lakhs to 41.52 lakhs during 1990-91 to 1994-95 and dropped to 31.12 lakhs in 1995-96 as a result of purging of the live registers. Since the purging was not done on a regular basis, the number of job seekers carried over in the live register was inflated. Considering the magnitude of the registrants (more than 30 lakhs throughout the 6 year period 1990-96), the placements secured ranged between a meagre 0.14 lakh to 0.18 lakh.

(ii) Free coaching classes were required to be taken by the University Employment Information and Guidance Bureaux. Contrary to this, the bureau at Kochi was charging fee at Rs.250 per participant till 1991 and at Rs.300 thereafter and bureau at



Kozhikode charged Rs.30 to Rs.350 during the period 1989-95 and the Kerala University was levying rent for the accommodation provided by it.

(iii) For want of recognition to the stenography courses conducted by the Coaching-cum-Guidance Centre for Scheduled Castes/Scheduled Tribes, 327 candidates could not appear for the Kerala Government Technical Examinations.

(iv) Performance of the Vocational Guidance units in important items of work, viz., school visits and career talks in schools was dismal as the shortfall in achievement of target ranged between 57 *per cent* and 91 *per cent*:

(v) There was delay of 28 months in processing the applications for unemployment assistance in the 3 Exchanges test-checked and the delay in the Village Offices in respect of these Exchanges ranged from 27 to 63 months.

(vi) As against 1.03 lakh cases due for re-verification of eligibility for unemployment assistance during October 1994 to December 1995, only 8689 cases (8 *per cent*) were sent to the Village Offices for verification by 32 (out of 66) Employment Exchanges. Only 3149 re-verification reports were received back from the Village Offices, out of which 1661 cases turned out to be ineligible for the allowance.

(vii) Delay ranging from 3 to 6 years occurred in processing applications for assistance for starting self employment projects under Kollam, Ernakulam and Kozhikode exchanges.

(Paragraph 3.2)

## **8. Distribution of foodgrains under Revamped Public Distribution System**

Government of India decided (May 1992) to enlarge the coverage under the scheme of distribution of food grains at specially subsidised price (Rs.50 per quintal less than the issue price under the normal Public Distribution System) by extending the scheme to areas notified under the Revamped Public Distribution System (RPDS) from 1 June 1992. In Kerala, the coverage under the enlarged scheme was confined to hill areas falling within the Integrated Tribal Development Projects (ITDP) already covered under the erstwhile scheme from November 1985.



(i) Under the scheme, food grains were to be distributed at the rate of 20 kg for each family per month whereas actual distribution was effected on individual basis adopting the scale of ration allowed under the statutory rationing in force. With reference to the quantity of food grains allotted by Government of India and the number of families covered in the identified areas, the average quantity per family worked out to 26.5 kg which was higher than the quantity fixed by Government of India. The State Government availed of undue/excess subsidy amounting to Rs.33.85 lakhs for the period June 1992 - May 1994.

(ii) The entire population in the ITDP block was not covered under the scheme during June 1992 - May 1994 and distribution was confined to the tribal families alone. The lesser coverage of population led to low off-take of the food grains which in-turn resulted in short lifting of food grains by State Government. The special subsidy forgone in respect of 4.23 lakh tonnes of food grains short lifted amounted to Rs.21.15 crores.

(iii) According to the consumer price fixed by Government of India, price of rice charged to the consumer should include handling charges to a maximum of Rs.25 *per* quintal and the excess charges over Rs.25 *per* quintal, if any, were to be borne by the State Government. Due to non-absorption of the handling charges in excess of the norm (Rs.25 *per* quintal), the end-retail price fixed by the State Government was excessive ranging from Re.1 to Rs.8 *per* quintal. The quantum of excess handling charges thus passed on to consumers in 8 blocks during January 1993 - March 1996 amounted to Rs.83.62 lakhs.

(Paragraph 3.9)

## 9. Department of Museums and Zoos

(i) Against the requirement of a male-female pair of rhinos, the department purchased 2 male rhinos and that too at an exorbitant rate of Rs.6.50 lakhs per rhino whereas the price was only Rs.2 lakhs per rhino as per the price list approved by the National Zoological Park. Efforts to transfer one male rhino to other zoos in exchange for a female rhino had not succeeded as of July 1996.



(ii) The department defrayed the establishment expenditure of Rs.6.52 lakhs during 1991-95 on the staff that worked exclusively for a non-government agri-horticultural society. Similarly, expenditure on salary of a zoo-supervisor of deer park at Thripunithura was borne by the department till August 1994, though the deer park was transferred to a society in April 1993.

(iii) The department purchased cattle feed from a dealer of the Kerala Co-operative Milk Marketing Federation Limited (MILMA) at rates in excess of the approved sale price fixed by MILMA resulting in a loss of Rs.2.48 lakhs.

(iv) Though formation of a planning cell to bring the museums to contemporaneous status was sanctioned in August 1990 the scheme did not make any head-way.

(Paragraph 3.5)

## **10. University of Kerala**

While the University Grants Commission's (UGC) recommendation of pay scales was implemented, the Kerala University adopted only a lower workload and lesser number of teaching hours as compared to the norms fixed by UGC which resulted in excess teaching staff numbering 50 in 16 departments of the University. The resultant extra expenditure on pay and allowances from July 1990 to December 1995 worked out to Rs.1.46 crores.

Due to defective accounting system tuition fees amounting to Rs.15.29 lakhs from 1989-90 to 1994-95 could not be recovered from students.

The arrears in examination fees recoverable from affiliated colleges from 1987 to 1992 worked out to Rs.41.35 lakhs.

Loss on account of shortage of answer books in the Examination store of the University amounted to Rs.3.53 lakhs.

Failure to retrieve and dispose of the answer scripts of various examinations conducted during 1987-88 to 1991-92 from the examination centres resulted in loss of revenue to the tune of Rs.15.19 lakhs.



Excess utilisation of papers for printing answer books for various examinations during the period from 1989-90 to 1995-96 resulted in excess expenditure of Rs.14.30 lakhs.

(Paragraph 7.9)

#### **11. Misappropriation of Government money in a Primary Health Centre**

On the strength of fabricated allotment orders for supply of medicines and dietary articles, Government money amounting to Rs.21.34 lakhs was misappropriated by the staff of Primary Health Centre, Vilappil.

(Paragraph 3.14)

#### **12. Samridhi Kendras - Non-achievement of objectives**

Setting up of Samridhi Kendras was sanctioned by Government in October 1990 for imparting training to Scheduled Castes youth in modern techniques of production and providing employment to 20 Scheduled Caste/Scheduled Tribe youths in each district in 8 identified trades. Only 6 kendras were established as of June 1996 and 7 kendras were not set up for want of buildings, water supply, etc. Funds (Rs.16.31 lakhs) released for the 7 non-established kendras were not utilised (Rs.16.14 lakhs) and were lodged in treasury account and nationalised bank/co-operative bank account for 5 years.

(Paragraph 3.17)

#### **13. Infertuous investment on marine crafts**

(a) Expenditure of Rs.73.81 lakhs incurred on 3 hydrojet speed boats (cost: Rs.70.71 lakhs) for patrolling the sea when the ban on trawling was in force proved to be a dead investment even after carrying out repairs at a cost of Rs.3.10 lakhs. The 3 speed boats functioned for a negligible period only as against the expected operational period of 15 years. Owing to idling of the boats, the expenditure incurred (Rs.6 lakhs) on the crew of the boats became unproductive. Further, the department had to hire private boats for carrying out statutory patrolling incurring hire charges amounting to Rs.12.25 lakhs.

(Paragraph 3.8)



(b) Under the scheme 'Modernisation of police force', 8 fibre glass boats were ordered in February 1991 from a Kochi firm. Though payment of Rs.11.31 lakhs for 8 boats was made to the firm between March 1991 - January 1992, one boat was supplied belatedly in January 1995 and remaining one boat had not been supplied till December 1995. Out of 7 boats supplied (March, May, November 1991/January 1995), only one boat was in satisfactory working condition. Five boats were operated for lesser periods and were kept in docks for periods ranging from 9 months to 50 months which were awaiting repairs. One boat supplied in January 1995 was not put to use at all for want of accessories. The department had to incur avoidable expenditure of Rs.3.78 lakhs towards hire charges on engaging private boats.

(Paragraph 3.15)

#### **14. Reconstruction of houses damaged by floods/ cyclone during October/ November 1992**

Under the scheme of construction of 31520 houses damaged by flood/ cyclone of October/November 1992 (total cost Rs.47.29 crores) taken up for execution in August 1993 with loan from Housing and Urban Development Corporation (HUDCO), and subsidies from Government of India / State Government, only 1293 houses were constructed as of March 1996.

7322 houses were under various stages of construction and 856 houses were abandoned. Only 9471 applicants out of the target of 31520 could be identified and assistance sanctioned as of March 1996. However, HUDCO loan of Rs.11.11 crores and a total subsidy of Rs.22.51 crores from the State Government and Central Government for the construction of 22414 houses was availed of by Kerala State Housing Board.

The interest payable in respect of excess loan of Rs.5.43 crores drawn from HUDCO worked out to Rs.73.31 lakhs annually.

(Paragraph 7.10)



## 15. Other topics of interest

(a) An air-conditioning plant erected in January 1991 in the State Archives building at the cost of Rs.27.49 lakhs for preservation of valuable documents could not be put to use for more than 4 years due to delay in providing the required high tension power supply. An amount of Rs.1.17 lakhs had also to be incurred to rectify damages caused to its parts because of its non working for long periods.

(Paragraph 3.6)

(b) For establishing a surgery wing in the Ayurveda College, Trippunithura, 12 posts of medical/ para medical staff were sanctioned in April 1989, based on which 6 para medical personnel deputed from allopathy hospitals joined the college. Though, Government kept in abeyance, their earlier orders of April 1989 subsequently in May 1990, the deputationist-staff were not redeployed. The stay orders were not lifted as of April 1996. Failure to revert/redeploy the allopathic staff in the wake of Government's stay orders (May 1990) resulted in avoidable establishment expenditure of Rs.14.14 lakhs on idle staff.

(Paragraph 3.13)

(c) Award of contract before finalising proper design after necessary soil investigation and delay in handing over of site had resulted in an additional payment of Rs.38.78 lakhs on a work under Pamba Irrigation Project

(Paragraph 4.3)

(d) In spite of the stipulation in the contract documents that contractors were not eligible for any extra payment relating to protective works, an amount of Rs.53.15 lakhs was paid in respect of three works of Kallada Irrigation Project contracted between February 1991 and January 1992.

(Paragraph 4.6)



(e) Department's failure to identify proper dumping yard for dumping excavated earth of a canal work necessitated reconveyance of the dumped earth later causing an additional expenditure of Rs.12.65 lakhs.

(Paragraph 4.7)

(f) An extra expenditure of Rs.13.59 lakhs was incurred for construction of flume canal additionally when the original contractor for canal formation failed to consolidate the dumped earth with power roller, as provided in the contract in respect of a work under Kallada Irrigation Project.

(Paragraph 4.8)

(g) For construction of a branch canal, a contractor claimed before arbitrator extra payment for two items on account of change of classification of earth work and conveyance of excess cut earth, when the department rejected these claims. The contractor later offered to withdraw these two claims from arbitrator, if the department agreed to settle them on negotiation. The claims were settled on negotiation by the Superintending Engineer based on inspection conducted by the Executive Engineer which was two years after the completion of the work. The payment of Rs.34.33 lakhs was, however, in excess by Rs.25.07 lakhs of that worked out for the quantities recommended for higher rates by the Executive Engineer.

(Paragraph 4.9)

(h) Failure to terminate the original contract on time and non acceptance of tender in the retender within the validity period resulted in prolongation of a road work for 9 years and an additional expenditure of Rs.19.94 lakhs.

(Paragraph 4.12)

(i) Persistence with the original contractor for construction of Puthiyappa breakwater in spite of contractor's lapses delayed the work and also resulted in an extra payment of Rs.2.30 crores by way of enhanced rate.

(Paragraph 4.15)



(j) Out of 21.20 lakh tickets of various denominations (valued Rs.1.6 crores) printed for raising funds for establishment of a planetarium under the Kerala State Science and Technology Museum, Thiruvananthapuram only 19.28 lakh tickets valued at Rs.1.09 crores were taken to stock and the remaining 1.92 lakh tickets valued Rs.0.07 crore were missing.

Though 0.53 lakh tickets valued Rs.3.21 lakhs were sold, only Rs.0.96 lakh had been accounted for.

(Paragraph 7.7)

(k) A Rural Home Science College established by the Kerala Agricultural University in September 1986 had to be closed after 2 years as the course offered by it was not materially different from that taught in other colleges and there was no recognition of Government for the course. The extra expenditure on retention of staff appointed for conducting the course worked out to Rs.17.48 lakhs.

(Paragraph 7.8)

(l) Failure of Kerala Mineral Exploration and Development Project to specify the correct specification of 2 drilling machines which went out of order 5 months after purchase resulted in idle outlay of Rs.4.88 lakhs.

(Paragraph 7.11)

(m) Rejection of a tender for supply of pipes by Kerala Water Authority from a Government of India owned Public Undertaking which was exempted from security deposit, for not furnishing security deposit resulted in additional expenditure of Rs.17.57 lakhs on purchase from the next tenderer.

(Paragraph 7.13)

(n) Out of advance payment amounting to Rs.62.06 lakhs paid between November 1988 and August 1993 by Kerala Water Authority to Kerala Premo Pipe Factory Limited for supply of pipes, the latter supplied pipes worth Rs.2.83 lakhs only and the balance advance of Rs.59.23 lakhs remained unrefunded. Alternative



arrangements for the purchase of pipes had cost the Kerala Water Authority an additional expenditure of Rs.82.34 lakhs.

(Paragraph 7.14)

(o) Award of work without ensuring supply of pipes on time resulted in cancellation of first contract and the resultant extra expenditure on retender worked out to Rs.13.54 lakhs.

(Paragraph 7.16)

(p) Failure to ensure availability of land prior to arrangements for execution of two water supply schemes resulted in unfruitful outlay of Rs.57.57 lakhs on works already executed besides non-completion of the work for the last 8/10 years.

(Paragraph 7.18 and 7.19)





# **CHAPTER I**

## **ACCOUNTS OF THE STATE GOVERNMENT**

### **1.1. Summarised financial position**

The summarised financial position of the Government of Kerala as on 31 March 1996 emerging from the Appropriation Accounts and the Finance Accounts for the year 1995-96, the Abstract of Receipts and Disbursements and the Sources and Application of Funds for the year are indicated in the statements in the succeeding pages.

Based on the accounts and other data, an analysis of the status of the finances of the State Government during 1995-96 in relation to the position obtaining in the preceding four years is set out in this chapter.

# I. Summarised financial position of the Government

<i>Amount as on 31 March 1995 (Rupees in Crores)</i>	<i>Liabilities</i>	<i>Amount as on 31 March 1996 (Rupees in crores)</i>
2079.32	Internal debt including ways and means advances but excluding overdrafts	2486.28
1765.30	Market loans	2110.89
131.37	Loans from Life Insurance Corporation of India	152.68
182.65	Loans from other Institutions	222.71
..	Ways and means advances	..
3726.05	Loans and advances from Central Government	4238.25
425.90	Pre-1984-85 loans	395.20
1406.21	Non-Plan loans	1721.49
1841.36	Loans for State Plan Schemes	2069.58
15.94	Loans for Central Plan Schemes	15.20
36.64	Loans for Centrally Sponsored Plan Schemes	36.78
59.80	Contingency Fund	47.78
3015.49	Small Savings, Provident Funds, etc.	3389.01
378.73	Deposits	497.13
17.85	Reserve Funds	58.27
23.01	Gross	62.83
5.16	Less: Investments	4.56
9277.24	Total	10716.72



**of Kerala as on 31 March 1996**

<i>Amount as on 31 March 1995 (Rupees in crores)</i>	<i>Assets</i>	<i>Amount as on 31 March 1996 (Rupees in crores)</i>
4118.13 <sup>#</sup>	Gross capital outlay	4681.60
970.76 <sup>#</sup>	Investment in shares of companies, corporations, etc.	1109.51
3147.37	Other capital outlay	3572.09
1637.47 <sup>#</sup>	Loans and advances	1973.84
659.16	Loans for power projects	790.23
894.72	Other development loans	1089.27
83.59	Loans to Government servants and Miscellaneous loans	94.34
2.06	Other advances	2.40
220.68	Remittance balances	260.73
164.66	Suspense and miscellaneous balances - other items (Net)	206.21
439.49	Cash	504.38
15.16	Cash in treasuries	18.29
0.16	Remittances in transit - Local *	(-)6.61
1.65	Departmental cash balance	1.55
0.18	Permanent cash imprest	0.18
421.31	Cash balance investment	498.03
1.03	Deposits with Reserve Bank of India	(-)7.06
**	Deposits in other banks	**
2694.75 <sup>#</sup>	Deficit on Government Account	3087.56
	Previous year deficit	2694.67
	Add: Prior period adjustments	0.08
	Gross	2694.75
	Add :Revenue deficit during current year	402.81
	Appropriation to Contingency Fund	(-)10.00 <sup>@</sup>
9277.24	Total	10716.72

<sup>#</sup> Figures changed due to *pro forma* adjustments vide para No.7 of the 'Explanatory notes' at page 8.

\* Represents remittances between treasuries and currency chest remaining unadjusted at the end of the year.

\*\* Amount negligible.

@ Foot-note at Page 5 may be referred to.

## II Abstract of Receipts and

## SECTION A - REVENUE

Receipts	(Rupees in crores)	Disbursements	(Rupees in crores)		
			Non-Plan	Plan	Total
<b>1 Revenue receipts</b>		<b>1. Revenue expenditure</b>			
(i) Tax revenue	3382.68	(i) General Services	2338.28	0.81	2339.09
(ii) Non-tax revenue	535.49	(ii) Social Services	1975.24	335.27	2310.51
(iii) State's share of Union Taxes and duties	1036.96	(iii) Agriculture and Allied Activities	205.26	248.28	453.54
(iv) Non-Plan grants	78.90	(iv) Rural Development	42.40	153.21	195.61
(v) Grants for State Plan Schemes	143.30	(v) Special Areas Programmes	..	9.83	9.83
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	246.23	(vi) Irrigation and Flood Control	61.74	60.21	121.95
		(vii) Energy	0.03	7.14	7.17
		(viii) Industry and Minerals	28.32	77.13	105.45
		(ix) Transport	148.06	3.37	151.43
<b>2 Revenue deficit carried to Section B</b>	402.81	(x) Science, Technology and Environment	0.92	6.32	7.24
		(xi) General Economic Services	30.82	18.60	49.42
		(xii) Grants-in-aid and Contributions	75.13	..	75.13
<b>Total</b>	<b>5826.37</b>		<b>4906.20</b>	<b>920.17</b>	<b>5826.37</b>



## Disbursements for 1995-96

## SECTION B - OTHERS

Receipts	(Rupees in crores)	Disbursements	(Rupees in crores)
1 Opening cash balance including permanent advance and cash balance investment	439.49	1. Opening Overdraft from Reserve Bank of India	..
		2. Capital Outlay	563.47
		(i) General Services	23.44
		(ii) Social Services	69.02
		(iii) Agriculture and Allied Activities	58.90
		(iv) Special Areas Programmes	..
2. Capital receipts	..	(v) Irrigation and Flood Control	170.34
		(vi) Energy	0.19
		(vii) Industry and Minerals	91.31
		(viii) Transport	142.06
		(ix) General Economic Services	8.21
3. Recoveries of loans and advances	31.74	3. Loans and advances disbursed	368.11
(i) From Power Projects	3.23	(i) For Power Projects	134.30
(ii) From Government Servants	15.99	(ii) To Government Servants	26.73
(iii) From others	12.52	(iii) To others	207.08
4. Public Debt receipts	1083.09	4. Revenue deficit brought down	402.81
(i) Internal debt other than ways and means advances	427.64	5. Repayment of Public Debt	163.93
(ii) Ways and means advances excluding overdraft	Nil	(i) Internal debt other than ways and means advances	20.68
(iii) Loans and advances from Central Government	655.45	(ii) Ways and means advances excluding overdraft	..
		(iii) Repayment of loans and advances to Central Government	143.25
5. Contingency Fund	(-) 9.80**	6. Appropriation to Contingency Fund	(-) 10.00*
6. Public Account receipts	7482.84	7. Contingency Fund	2.22
(i) Small savings, Provident funds, etc.	2722.71	8. Public Account disbursements	7032.44
(ii) Reserve Funds	89.62	(i) Small savings, Provident funds, etc.	2349.19
(iii) Deposits and advances	1312.66	(ii) Reserve Funds	49.20
(iv) Suspense and Miscellaneous	1475.25	(iii) Deposits and advances	1194.60
(v) Remittances	1882.60	(iv) Suspense and Miscellaneous	1516.80
7. Closing overdraft from Reserve Bank of India	..	(v) Remittances	1922.65
		9. Cash balance at end	504.38
		(i) Cash in treasuries, Deposits with RBI and other banks and Remittances in transit	4.62
		(ii) Departmental cash balance including permanent advances	1.73
		(iii) Cash balance investment	498.03
Total	9027.36		9027.36

\* Minus figure represented the net effect of the account adjustments carried out on lapsing of the Kerala Contingency Fund (Amendment) Ordinance 1995 (Ordinance No.3 of 1995) (Rs.35 crores) during April 1995 and that on issuance of two Ordinances in January 1996 and February 1996 for enhancement of the corpus by Rs.25 crores.

\*\* Minus figure was due to transfer of amount from Contingency Fund to the Consolidated Fund on the lapse of Kerala Contingency Fund (Amendment) Ordinance No.3 of 1995.

### III. Sources and Application of funds during 1995-96

(A) Sources	(Rupees in crores)	(B) Application	(Rupees in crores)
1 Revenue receipts	5423.56	1 Revenue expenditure	5826.37
2 Recoveries of Loans and Advances	31.74	2 Capital expenditure	563.47
3 Increase in Public Debt	919.16	3 Lending for development and other purposes	368.11
4 Net Receipts from Public Account	450.40	4 Appropriation to Contingency Fund	(-)10.00 *
(i) Increase in Small Savings, Provident Funds etc.	373.52		
(ii) Increase in Reserve Funds	40.42		
(iii) Increase in Deposits and Advances	118.06		
(iv) Effect of Suspense Balance	(-) 41.55		
(v) Effect of Remittance Balance	(-) 40.05		
		5 Net effect from Contingency Fund transactions	12.02
		6 Increase in cash balance including permanent advances, departmental cash balance and cash balance investment	64.89
Total	6824.86		6824.86

\* Foot-note at page 5 may be referred to.



## **Explanatory notes**

1. The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.
2. Government accounts being mainly on cash basis, the revenue surplus or deficit had been worked out on cash basis. Consequently, items payable and receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
3. Although a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end use.
4. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account with the result that cumulative position of such surplus or deficit is not ascertainable. The balance figure of Rs.184.56 crores as on 31 March 1982 was, therefore, treated as cumulative surplus for drawing up the first statement of financial position for 1982-83 which took the place of a Balance Sheet.
5. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of other States and others pending settlement, etc. The balance under Suspense and Miscellaneous had increased from Rs.164.66 crores as on 31 March 1995 to Rs.206.21 crores as on 31 March 1996.
6. The closing cash balance according to the accounts of the Reserve Bank of India was Rs.8.04 crores against the figure of Rs.7.06 crores reflected in the State

Government accounts. The difference of Rs.0.98 crore (net credit) was under reconciliation (November 1996).

7. The amount as of 31 March 1995 in respect of 'Gross capital outlay, 'Loans and Advances' and 'Deficit on Government account' shown in this summary are at variance with those shown in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1995 (No.3) because of the *pro forma* adjustments carried out on the progressive balances consequent on:

i) conversion of loans granted to M/s. Travancore Cochin Chemicals Limited (Rs.11.69 lakhs), Trivandrum Spinning Mills Limited (Rs.1.7 crores), Kerala State Coir Corporation Limited., Alappuzha (Rs.99.86 lakhs) and Primary Coir Vyavasaya Co-operative Societies, Mats and Matting co-operative societies (Rs.1.01Crores) into share capital (Rs.3.83 Crores).

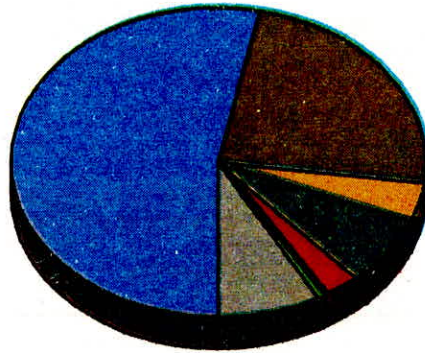
ii) Rectification of the misclassification of Rs.1.25 lakhs under '4851-195-(xiii)-Share participation in Industrial Co-operative Societies' in the accounts for 1994-95 instead of the correct head '4851-200-Other Village Industries'.

iii) Rectification of the misclassification of Rs.6.97 lakhs under '5054-80-800' which occurred during 1985-86. The expenditure was correctly classifiable under '3054-05-800-99'.

iv) Rectification of the misclassification of Rs.1.80 lakhs in 1993-94 (Rs.1.05 lakhs) and 1994-95 (Rs.0.75 lakh) under '4885-60-800-98', since the debit actually related to '2851-102-86-01' - salaries.

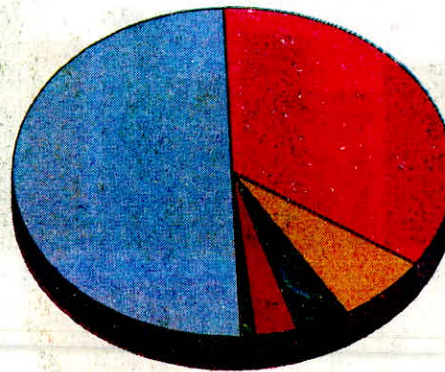


## RECEIPTS



Public Debt 8%	Recoveries of Loans and Advances 0.2%
Central Grants 3%	Share of Union Taxes and Duties 7.4%
Non-Tax Revenue 4%	Tax Revenue 24.1%
Public Account 53.3%	

## DISBURSEMENTS



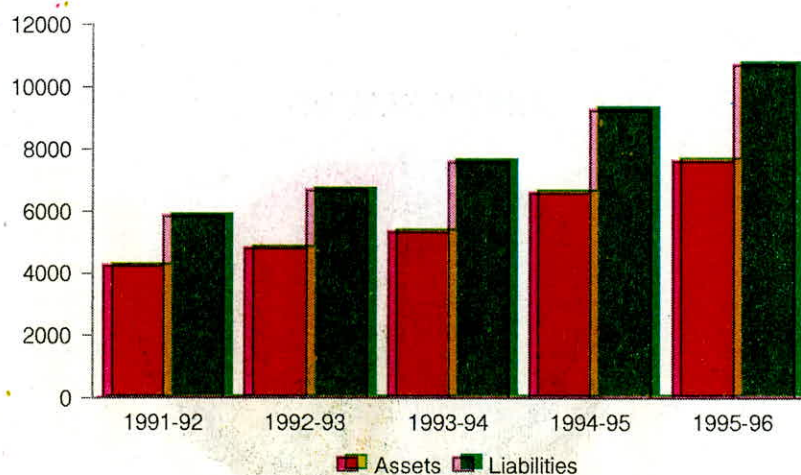
Public Account 50%	Public Debt Repayment 1%
Loans and Advances 3%	Capital Outlay 4%
Plan Revenue Expenditure 7%	Non-Plan Expenditure 35%

## 1.2. Assets and Liabilities of the State Government

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

Year	Assets	Liabilities
	(Rupees in crores)	
1991-92	4238.37	5829.68
1992-93	4800.30	6679.02
1993-94	5341.82	7591.91
1994-95	6582.57	9277.24
1995-96	7629.16	10716.72

**ASSETS AND LIABILITIES OF STATE GOVERNMENT**  
(Rupees in Crores)



While the assets had grown by 80 *per cent* during the 4 years, the liabilities had grown by 84 *per cent*. At the end of 1991-92, the liabilities were in excess of the assets by Rs.1591.31 crores.



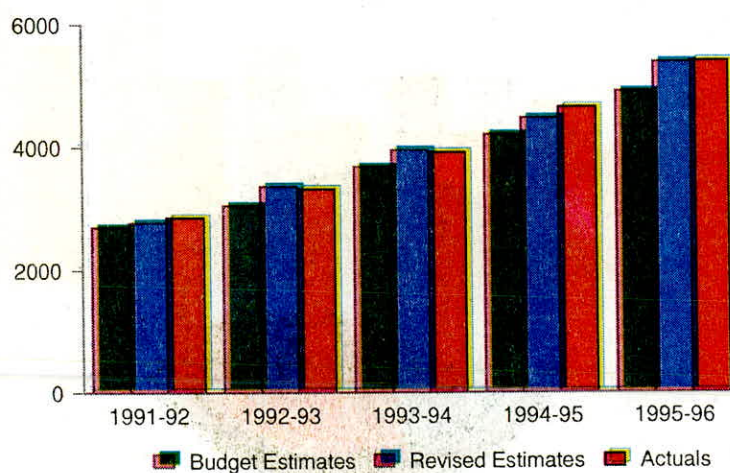
### 1.3. Revenue receipts

The actual revenue receipts during the five years ending 1995-96 are mentioned below:

Year	Budget estimates	Revised estimates	Actuals		Percen- tage of growth
			of revenue receipts	Growth over the previous year	
(Rupees in crores)					
1991-92	2690.36	2766.84	2852.13	449.20	19
1992-93	3045.57	3366.16	3318.73	466.60	16
1993-94	3688.59	3951.33	3921.75	603.02	18
1994-95	4216.96	4489.54	4666.42	744.67	19
1995-96	4928.69	5405.96	5423.56	757.14	16

#### REVENUE RECEIPTS

(Rupees in Crores)



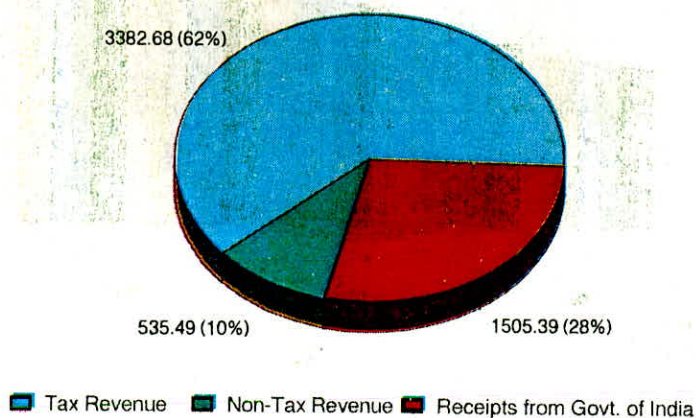
Though the growth of revenue in 1995-96 was Rs.757 crores in absolute terms, the percentage of growth had declined from 19 in 1994-95 to 16 during 1995-96.

The details of revenue raised by the State and of the State's share of taxes, duties and grants received from the Government of India were as under:-

	1991-92	1992-93	1993-94	1994-95	1995-96
	<i>(Rupees in crores)</i>				
I. Revenue raised by the State Government					
(a) Tax Revenue	1673.95	1886.96	2344.86	2799.10	3382.68
(b) Non-Tax Revenue	234.72	279.40	322.93	396.35	535.49
Total	1908.67	2166.36	2667.79	3195.45	3918.17
II. Receipts from Government of India					
(a) State's share of					
(i) Income tax, etc.	190.41	225.94	289.87	319.20	436.44
(ii) Union Excise Duties	386.01	461.02	461.31	519.22	600.52
(b) Grants-in-aid	367.04	465.41	502.78	632.55	468.43
Total	943.46	1152.37	1253.96	1470.97	1505.39
III. Total receipts of State Government (Revenue Account)	2852.13	3318.73	3921.75	4666.42	5423.56
IV. Percentage of receipts from Government of India to total receipts	33	35	32	32	28
V. Percentage of revenue raised to total receipts	67	65	68	68	72

### REVENUE RECEIPTS

(Rupees in Crores)





#### 1.4. Tax revenue

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

<i>Year</i>	<i>Tax Revenue (Rupees in crores)</i>	<i>Percentage growth over previous year</i>
1991-92	1673.95	25
1992-93	1886.96	13
1993-94	2344.86	24
1994-95	2799.10	19
1995-96	3382.67	21

The increase in tax receipts during the year 1995-96 compared to the previous year was partly due to the substantial increase in the share of net proceeds of Income Tax assigned to the State, an increase of Rs.117.24 crores over the share of Rs.319.20 crores received in 1994-95.

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

	<i>1991-92</i>	<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>
	<i>(Rupees in crores)</i>				
1. Sales Tax	1122.10 (67)	1305.59 (69)	1533.24 (65.4)	1864.93 (66.6)	2285.96 (67.6)
2. State Excise	210.30 (13)	222.21 (12)	330.95 (14.1)	353.21 (12.6)	449.29 (13.3)
3. Taxes on Vehicles	94.76 (6)	111.89 (6)	151.06 (6.4)	183.90 (6.6)	222.87 (6.6)
4. Stamps and Registration	152.19 (9)	189.61 (10)	230.16 (9.8)	295.81 (10.6)	353.79 (10.5)
5. Land Revenue	11.44 (1)	11.85 (0.7)	19.79 (0.8)	22.65 (0.8)	23.71 (0.7)
6. Taxes and duties on electricity	41.15 (2)	22.15 (1)	44.46 (2)	49.99 (1.8)	7.51 (0.2)
7. Taxes on Agricultural Income	35.13 (2)	12.52 (0.7)	20.88 (0.9)	17.24 (0.6)	26.08 (0.7)
8. Other taxes	6.88 (..)	11.14 (0.6)	14.32 (0.6)	11.37 (0.4)	13.47 (0.4)
Total	1673.95 (100)	1886.96 (100)	2344.86 (100)	2799.10 (100)	3382.68 (100)

### 1.5. Non - tax revenue

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

<i>Year</i>	<i>Non-tax revenue (Rupees in crores)</i>	<i>Percentage growth over previous year</i>
1991-92	234.72	12
1992-93	279.40	19
1993-94	322.93	16
1994-95	396.35	23
1995-96	535.49	35

The substantial increase in non-tax revenue collected during 1995-96 was because of the spurt in receipts under Interest receipts (Rs.63 crores), sale of timber and other forest produce (Rs.22 crores), State Lotteries (Rs.20 crores), Employees' State Insurance Scheme (Rs.10 crores), guarantee fees (Rs.3 crores), from patients of hospital and dispensary services (Rs.5 crores), etc.

### 1.6. Revenue expenditure

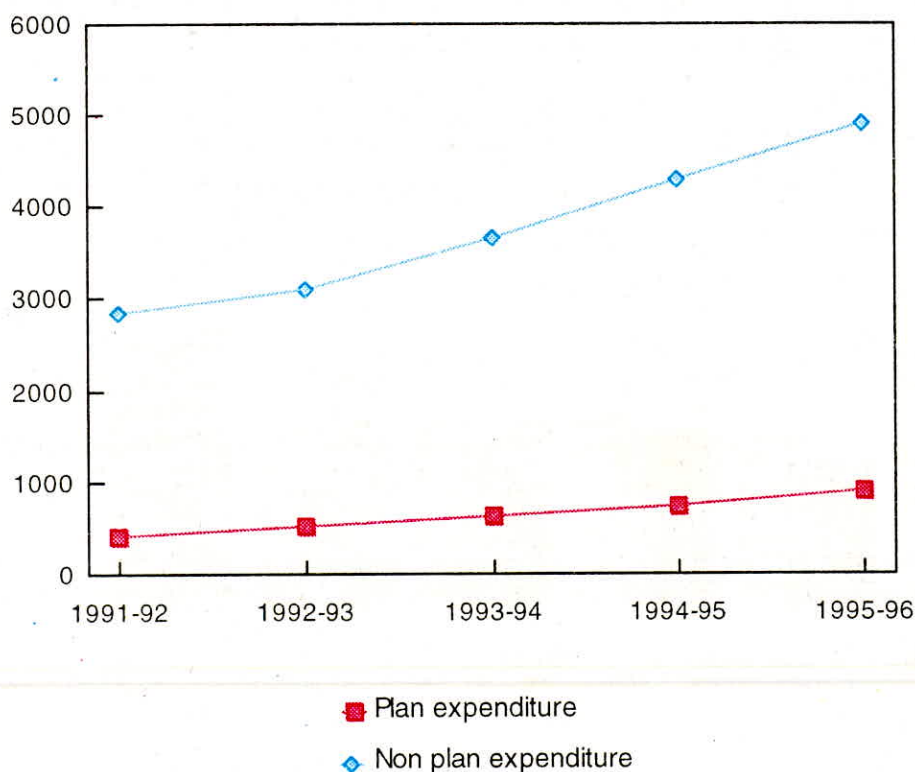
The revenue expenditure (Plan) during 1995-96 was Rs.920.17 crores against the net budget estimates (including supplementary) of Rs.1026.45 crores disclosing a shortfall of Rs.106.28 crores. The Non-Plan revenue expenditure during the year was Rs.4906.20 crores against the net budget estimates (including supplementary) of Rs.5217.93 crores disclosing a shortfall of Rs.311.73 crores. The main reasons for variation in expenditure, wherever furnished by Government, are given in Chapter II of this Report.



### 1.7. Growth of revenue expenditure

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

Year	Revenue expenditure			Revenue deficit
	Plan	Non-Plan	Total	
	(Rupees in crores)			
1991-92	410.07	2806.39	3216.46	364.33
1992-93	530.60	3125.53	3656.13	337.40
1993-94	630.23	3663.13	4293.36	371.61
1994-95	761.35	4304.95	5066.30	399.88
1995-96	920.17	4906.20	5826.37	402.81



The total revenue expenditure (both Plan and Non-Plan) increased from Rs.3216.46 crores in 1991-92 to Rs.5826.37 crores in 1995-96 (81 per cent). While Plan expenditure increased by 124 per cent between 1991-92 and 1995-

96, the increase in Non-Plan expenditure was 75 *per cent*. The increase in revenue expenditure during 1995-96 was 15 *per cent* compared to that incurred in 1994-95.

The major areas where the out-flow of funds was comparatively more pronounced during 1995-96 in relation to 1994-95 were interest payments (Rs.104 crores), general education (Rs.74 crores), pensions and retirement benefits (Rs.151 crores), medical and public health (Rs.52 crores), police (Rs.25 crores), state lotteries (Rs.20 crores), etc.

### 1.8. Non-Plan revenue expenditure

Non-plan expenditure constituted a major chunk of revenue expenditure as its percentage share of expenditure to the total expenditure incurred during the 5 years 1991-96 ranged between 84 and 87.

(i) The increase in non-Plan expenditure in 1995-96 was Rs.601 crores in absolute terms, an increase of 14 *per cent* in relation to 1994-95. The growth in non-Plan expenditure registered a phenomenal increase in 1995-96 in relation to 1994-95 in the following sub-sectors :-

Sl. No.	Sector/Subsector	1994-95	1995-96	Percentage of increase over the previous year
		(Rupees in crores)		
1	Information and publicity	1.39	4.94	255
2	Relief on account of natural calamities	33.29	83.47	151
3	Irrigation and flood control	48.93	61.74	26
4	Industry and Minerals	22.80	28.32	24
5	Transport	100.54	148.06	47



### 1.9. Interest payments

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

Year	Interest payments	Opening balance of					Total obligation	Percentage of interest paid to total obligation
		Internal debt	Small savings, Provident Funds etc.	Loans and advances from Central Govt.	Reserve funds bearing interest	Other obligations		
( Rupees in crores )								
1991-92	483.42	1139.82	1411.31	2165.66	0.53	-	4717.32	10
1992-93	542.51	1363.47	1668.32	2434.77	0.60	-	5467.16	10
1993-94	687.16	1694.15	1881.94	2721.04	0.67	-	6297.80	11
1994-95	819.67	1734.68	2349.76	3114.22	0.74	-	7199.40	11
1995-96	924.16	2079.32	3015.49	3726.05	0.83	-	8821.69	10

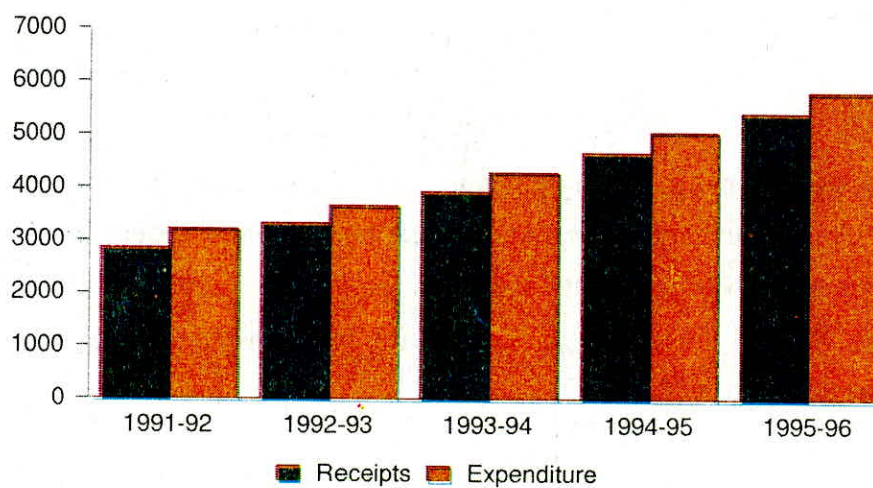
The gap between interest payment and interest receipts (including interest received from departmental commercial undertakings) was widening and the net burden on revenue ranged from Rs.464 crores (16 per cent of the total revenue receipts) to Rs.824 crores (17 per cent of the total revenue receipts) during the period 1991-92 to 1995-96.

### 1.10. Revenue deficit

The progression of revenue deficits during the past 5 years 1991-96 is depicted in the following table:

Year	Revenue			Percentage of increase over the previous year		Percentage of actual deficit to revenue receipts
	Receipts	Expenditure	Deficit	Revenue receipts	Revenue expenditure	
	(Rupees in crores)					
1991-92	2852.13	3216.46	364.33	19	14	13
1992-93	3318.73	3656.13	337.40	16	14	10
1993-94	3921.75	4293.36	371.61	18	17	9
1994-95	4666.42	5066.30	399.88	19	18	9
1995-96	5423.56	5826.37	402.81	16	15	7

**REVENUE DEFICIT**  
(Rupees in Crores)



By the end of 1995-96, revenue receipts had grown by 90 per cent in relation to 1991-92, compared to the growth of 81 per cent in revenue expenditure.



Though the percentage of revenue deficit to revenue expenditure declined from 11 in 1991-92 to 7 in 1995-96, the revenue deficit increased by Rs.38.48 crores during 1995-96 in relation to that in 1991-92.

### 1.11. Financial assistance to local bodies and others

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

Sl. No.	Name of body	1991-92	1992-93	1993-94	1994-95	1995-96
(Rupees in crores)						
1	Municipalities, Corporations, District Councils, Panchayats, Development Authorities etc.	197.62	58.73*	66.75	57.40	92.78
2	Educational Institutions (Aided Schools, Private Colleges, Universities, etc.)	491.66	548.24	683.41	834.33	869.89
3	Co-operative Societies and Institutions	13.21	41.12#	27.65	42.12	35.32
4	District Rural Development Agencies	6.88	71.61	88.60	83.50	67.75
5	Command Area Development Authority	13.85	17.85	19.78	21.08	20.68
6	Kerala Water Authority	91.31	108.65	125.68	126.63	140.75
7	Other institutions	144.53	120.63	185.31	234.93	309.41
	Total	959.06	966.83	1197.18	1399.99	1536.58
8	Revenue raised by the State	1908.67	2166.36	2667.79	3195.45	3918.17
9	Percentage of assistance to revenue raised by the State	50	45	45	44	39
10	Revenue Expenditure	3216.46	3656.13	4293.36	5066.30	5826.37
11	Percentage of assistance to revenue expenditure	30	26	28	28	26

\* The decrease was due to transfer back of certain functions allotted to District Councils to the Government departments.

# The increase was due to release of grant to Kerala State Co-operative Bank/Kerala State Co-operative Agricultural Development Bank under the Kerala Co-operative Agricultural and Rural Debt Relief Scheme.

The total amount of assistance during 1995-96 had grown by 60 *per cent* over that in 1991-92. The assistance to private educational institutions and the Universities shot up from Rs.491.66 crores in 1991-92 to Rs.869.89 crores in 1995-96, percentage of escalation being 77. Assistance of Rs.140.75 crores was provided to Kerala Water Authority in 1995-96.

The percentage of assistance to local bodies in relation to the revenue raised by the State, however, declined from 50 *per cent* in 1991-92 to 39 *per cent* in 1995-96.

### 1.12. Capital expenditure

The capital expenditure during 1995-96 was Rs.563.47 crores against the net budget estimates (including supplementary) of Rs.636.64 crores, the short-fall in expenditure being Rs.73.17 crores.

The short-fall in actual expenditure vis-a-vis the provision (net budget estimates plus supplementary) ranged between 9 *per cent* and 22 *per cent* during 1991-92 to 1995-96. The year-wise details are given in the table below:

Year	Provision			Actuals of capital expenditure			Shortfall in expenditure	Percentage of variation
	Original budget estimates (Net)	Supplemen- tary	Total	Non-plan	Plan	Total		
( R u p e e s   I n   c r o r e s )								
1991-92	318.14	30.39	348.53	(-)1.46*	287.58	286.12	62.41	18
1992-93	338.50	18.54	357.04	(-)3.04*	280.94	277.90	79.14	22
1993-94	376.22	30.10	406.32	0.09	363.24	363.33	42.99	11
1994-95	435.27	54.36	489.63	4.36	441.65	446.01	43.62	9
1995-96	500.40	136.24	636.64	1.82	561.65	563.47	73.17	11

\* Minus expenditure mainly due to 'Receipts and recoveries on Capital Account' being more than the outgo of funds during the years.



It would be seen that the actual expenditure fell short of the original provision during the years 1991-92 to 1993-94. There was a steady growth in Capital expenditure from Rs.286 crores during 1991-92 to Rs.563 crores in 1995-96, except during 1992-93, when it was Rs.278 crores only.

The important functions/programmes where substantial shortfalls occurred and the main reasons wherever furnished by Government, are given in Chapter II of this Report.

### **1.13. Public Debt and other debt liabilities**

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

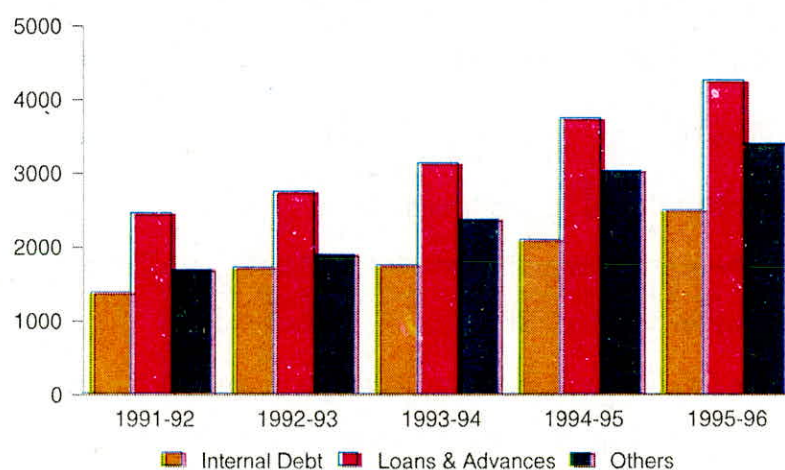
Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprises long term loans raised in the open market and loans received from the Life Insurance Corporation of India, National Bank for Agriculture and Rural Development and other institutions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

The details of such liabilities of the State Government during the five years ending March 1996 are given below:

As on the last day of the financial year	Internal debt	Loans and advances from Central Government	Total Public Debt	Other liabilities (Small savings, Provident funds, etc.)	Total liabilities
(Rupees in crores)					
1991-92	1363.47	2434.77	3798.24	1668.32	5466.56
1992-93	1694.15	2721.04	4415.19	1881.94	6297.13
1993-94	1734.68	3114.22	4848.90	2349.76	7198.66
1994-95	2079.32	3726.05	5805.37	3015.49	8820.86
1995-96	2486.28	4238.25	6724.53	3389.01	10113.54

#### PUBLIC DEBT

(Rupees in Crores)



The total liabilities of the Government increased by 85 per cent from Rs.5,467 crores in 1991-92 to Rs.10,114 crores in 1995-96. While Public Debt increased by 77 per cent, from Rs.3,798 crores in 1991-92 to Rs.6,725 crores in 1995-96, other liabilities increased faster by 103 per cent, from Rs.1,668 crores to Rs.3,389 crores during the 4 years.



The annual rate of growth in Public Debt and other liabilities during 1991-96 is indicated in the following table:

Year	Net increase				Annual growth in total liabilities
	Internal debt	Govt. of India loan	Public Debt	Other liabilities (Small Savings, provident funds, etc.)	
	(Rupees in crores)				
1991-92	223.65	269.11	492.76	257.01	749.77
1992-93	330.68	286.27	616.95	213.62	830.57
1993-94	40.53	393.18	433.71	467.82	901.53
1994-95	344.64	611.83	956.47	665.73	1622.20
1995-96	406.96	512.20	919.16	373.51	1292.67

The growth of Public Debt was steadily climbing up, except for a down-swing during 1993-94. The incremental growth rate nearly doubled in 1995-96 in relation to 1991-92. The annual rate of growth of Internal Debt during the years 1992-93, 1994-95 and 1995-96 were 48 per cent, 750 per cent and 18 per cent respectively.

The resources mobilised through market loans constituted a major source of finance for implementation of Plan Schemes. The quantum of market borrowings envisaged in the Annual Plans, fresh loans raised, repayment of previous loans effected and interest paid during the years 1991-96 are indicated below:

<i>Year</i>	<i>Market borrowings prescribed</i>	<i>Fresh loan raised</i>	<i>Repayments made</i>	<i>Interest paid</i>
<i>( Rupees in crores )</i>				
1991-92	194.50	192.92	0.02	100.37
1992-93	192.36	215.01	21.70	127.56
1993-94	193.16	219.64	26.43	153.23
1994-95	245.61	295.61	0.20	185.59
1995-96	345.61	345.61	0.02	217.00

On a test-check of loan records maintained by Finance Department and other departments the following was noticed :-

Based on the sanctions accorded by the Ministry of Home Affairs, 3 loans for an aggregate amount of Rs.3.25 crores were obtained from the General Insurance Corporation of India (Rs.1 crore each in March 1992 and March 1995 and Rs.1.25 crores in March 1994) for purchase of Capital fire fighting equipment/appliances. Out of the loan of Rs.3.25 crores availed of, the actual utilisation as of November 1996 was Rs.0.71 crore only. In view of the interest costs and repayment liabilities, drawal of the loans even before finalisation of the purchase proposals and completion of formalities/preliminary procedures, was injudicious.

#### 1.14. Debt Service

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

The outflow of funds on account of interest payments (Gross) had been gradually rising with the interest payments in 1995-96 being 91 *per cent* more than the outgo on this account in 1991-92. The position is summarised in the following table:-

Year	Revenue expenditure	Interest payments	Interest payments as a percentage of revenue expenditure
	( Rupees in crores )		
1991-92	3216.46	483.42	15
1992-93	3656.13	542.51	15
1993-94	4293.36	687.16	16
1994-95	5066.30	819.67	16
1995-96	5826.37	924.16	16

Thus outgo of funds on payment of interest was 15 *per cent* of the revenue expenditure during 1991-92 and 1992-93 and remained at 16 *per cent* during the next 3 years 1993-96.



The magnitude and impact of the debt servicing done during the past 5 years are indicated in the following table.

Year	Borrowings	Repayments effected	Interest paid	Total Debt Service	Debt Service as a percentage of borrowing
	(Rupees in crores)				
1991-92	3830.23	3080.46	483.36	3563.82	93
1992-93	4393.24	3562.67	542.51	4105.18	93
1993-94	4089.67	3188.14	687.09	3875.23	95
1994-95	3944.30	2322.09	819.67	3141.76	80
1995-96	3805.79	2513.12	924.15	3437.27	90

Though there was a marginal reduction in debt servicing done in 1994-95, it increased in 1995-96. Ninety *per cent* of the borrowings was accounted for by the volume of amortisation of debt servicing done in 1995-96 compared to 80 *per cent* in 1994-95.

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

Year	Repayments of GOI loans			Loans received during the year	Percentage of repayment to loans received
	Principal	Interest	Total		
	(Rupees in crores)				
1991-92	305.91	231.15	537.06	575.02	93
1992-93	243.28	237.62	480.90	529.55	91
1993-94	202.67	278.16	480.83	595.85	81
1994-95	137.59	330.70	468.29	749.42	62
1995-96	143.25	418.07	561.32	655.45	86

Bulk of loans raised during 1991-96 (62 to 93 *per cent*) was applied for repayment of previous loans and interest due thereon. The net Central assistance to the State by way of loans during 1995-96, after repayment of loans and interest, was 14 *per cent* which was much less compared to that during 1993-94 and 1994-95 ranged from 19 to 38 *per cent* of the total receipts from Government of India during these years.

### 1.15. Investment and returns

In 1995-96, Government invested Rs.138.75 crores in share capital of Statutory Corporations (Rs.31.20 crores), Government Companies (Rs.81.49 crores), Joint Stock Companies (Rs.2.57 crores) and Co-operative Banks and Societies (Rs.23.49 crores).

The investment of the Government in the share capital of different concerns at the end of each year from 1991-92 to 1995-96 and the return in the form of interest/dividends are indicated below:

Year	Amount invested	Return on investment	
	up to the end of the year	Amount	As percentage of investment
	(Rupees in crores)		
1991-92	698.46	3.52	0.50
1992-93	762.30	3.37	0.44
1993-94	851.00	3.91	0.46
1994-95	970.76*	4.54	0.47
1995-96	1109.51	5.78**	0.52

The negligible return on investment during the period 1991-96, ranging between 0.44 *per cent* and 0.52 *per cent* of the total investment up to the end of the respective years was against the average rate of interest of 12.95 *per cent* on market borrowings. The accumulated loss of 54 Government Companies and three Statutory Corporations in which Government investment as on 31 March 1996 was Rs.535.70 crores as disclosed in the accounts rendered by them for the various years from 1984-85 to 1995-96, was Rs.906.60 crores (vide Appendix 1).

\* See Explanatory Note No.7 below the account statements in paragraph 1.1.

\*\* Excludes Rs.0.03 crore classified under 'Dividends from other investments' for want of full details of the institutions to which it could be apportioned.



No dividend or interest was received from Statutory Corporations during 1991-92 to 1995-96. The share of dividends received from Government Companies, Joint Stock Companies and Co-operative institutions is indicated below:

	1991-92	1992-93	1993-94	1994-95	1995-96
	(Rupees in crores)				
Government Companies	2.97	2.64	2.84	3.69	4.63
Other Joint Stock Companies	0.44	0.42	0.48	0.54	0.52
Co-operative Banks and Societies	0.11	0.31	0.59	0.31	0.63

### 1.16. Loans and advances by State Government

The State Government have been advancing loans to Government Companies, Corporations, Autonomous Bodies, Co-operatives, Non-Government institutions, etc., for developmental and non-developmental activities. The position of such loans for the five years from 1991-92 to 1995-96 is given below:

	1991-92	1992-93	1993-94	1994-95	1995-96
	(Rupees in crores)				
Opening Balance	931.00*	1083.24*	1189.15*	1378.53*	1637.47*
Amount advanced during the year	175.14	137.10	233.95	288.47	368.11
Amount repaid by the beneficiaries during the year	22.15	20.42	33.44	25.71	31.74
Closing Balance	1083.99	1199.92	1389.66	1641.29	1973.84
Net loans and advances disbursed	152.99	116.68	200.51	262.76	336.37
Interest received and credited to revenue	6.85	8.92	11.55	19.15	46.91

\* Differs with the closing balance of the previous year due to pro forma corrections carried out during the respective years.

The trend in disbursement and recovery of loans and advances by the State Government during the 5 years 1991-92 to 1995-96 is indicated in the following table:

Year	Disbursement of loans		Recovery of loan		Interest received on outstanding loans	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
(Rupees in crores)						
1991-92	168.40	175.14	17.29	22.16	10.10	6.85
1992-93	141.79	137.10	21.80	20.42	13.68	8.92
1993-94	180.10	233.96	22.35	33.44	22.32	11.55
1994-95	248.73	288.48	24.07	25.71	15.26	19.15
1995-96	266.74	368.11	26.56	31.73	16.97	46.91

*Recoveries in arrears* : In respect of loans and advances the detailed accounts of which are maintained by the Accountant General, an amount of Rs.794.65 crores was in arrears as on 31 March 1996 as shown below:

	Principal	Interest
	(Rupees in crores)	
1. Kerala State Electricity Board	106.95	408.06
2. Kerala State Road Transport Corporation	39.90	37.08
3. Kerala Water Authority	81.72	103.15
4. Kerala State Housing Board	3.74	2.82
5. Other institutions	5.04	6.19
Total	237.35*	557.30*

During the period from 1991-92 to 1995-96, the State Government granted 20 loans totalling Rs.363.49 crores to the Kerala State Electricity Board.

\* This does not include arrears in respect of loans for which terms and conditions have not been fixed by Government/ Sanctioning authority.



Of this, an amount of Rs.157.94 crores represented electricity duty due to Government from the Board, which was converted into fresh loans. It also included conversion of the accumulated interest of Rs.35.40 crores as on 31 March 1981 into a fresh loan to KSEB sanctioned by Government in April 1982 which was carried out in the accounts for 1995-96 based on Government orders dated 4 July 1995.

According to the orders issued by Government in March 1961, each Head of the Department should intimate to the Accountant General every year by 15 July, the arrears (as on 31 March preceding) in recovery of principal and interest on loans, the detailed accounts of which are maintained by the departmental officers. Of the 40 departmental officers from whom statements were to be received for the year 1995-96, 32 departmental officers had not furnished the statements as of November 1996, as against 28 officers in the previous year. The position of arrears in recovery of principal and interest based on information furnished by 8 departmental officers is as under:-

Name of department	Arrears as on 31 March 1996	
	Principal	Interest
	(Rupees in crores)	
Agriculture	4.52	7.10
Agriculture (Dairy Development)	1.32	2.77
Food and Civil Supplies	97.60	16.90
Industries	64.56	89.07
Total	168.00	115.84

### 1.17. Ways and means advances and overdraft

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

Bank. The extent to which the Government maintained the minimum balance with the Bank during the period 1991-92 to 1995-96 is indicated below:-

	1991-92	1992-93	1993-94	1994-95	1995-96
(i) Number of days on which minimum balance was maintained					
(a) without obtaining any advance	14	32	204	336	366
(b) by obtaining ways and means advances	156	165	108	28	Nil
(ii) Number of days on which there was shortfall from the agreed minimum balance	1	2	Nil	Nil	Nil
(iii) Number of days on which overdraft was taken	195	166	53	1	Nil

The position of ways and means advances, shortfall and overdraft taken by the State Government and interest paid thereon during 1991-92 to 1995-96 is detailed below:

	1991-92	1992-93	1993-94	1994-95	1995-96
	(Rupees in crores)				
<b>Ways and Means Advances</b>					
(i) Advances taken during the year	473.54	520.58	465.68	128.52	Nil
(ii) Advances outstanding at the end of the year	41.19	41.01	11.94	Nil	
(iii) Interest paid	3.71	3.30	1.56	0.20	
<b>Overdraft</b>					
(i) Overdraft taken during the year (gross)	1136.61	1332.33	402.91	330.07	Nil
(ii) Overdraft outstanding at the end of the year	73.19	156.04	Nil	Nil	
(iii) Interest paid	1.66	2.23	0.74	0.24*	

\* Includes Rs.24.31 lakhs paid towards overdrafts availed of in 1993-94



### 1.18. Guarantee given by Government

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

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
		(Rupees in crores)	
1992	2833.10	1624.37	120.06
1993	2732.51	2180.32	115.41
1994	3680.76	2139.93	180.06
1995	4407.14	3086.16	142.48
1996	5167.48	1983.20	99.12

The substantial drop in the outstandings on account of the contingent liability during 1995-96 had to be viewed in the backdrop that many beneficiary institutions had not furnished the particulars in respect of outstanding guarantees pertaining to them (Statutory Corporation: 1; Boards: 2; Government Companies: 15; Other institutions: 15 and the Local Bodies like City Corporations, Municipalities, etc.).

Six cases where Government had made payments amounting to Rs.5.21 crores during the period from April 1991 to March 1996 arising from invoking of guarantees are listed below:

Name of institution	Amount paid by Government (Rupees in lakhs)
1. Trivandrum District (Northern) Regional Fish Marketing Co-operative Society Limited, Anjengo	80.33
2. Kozhikode Regional Fish Marketing Co-operative Society (Puthiappa) Limited	48.34
3. Kerala Fisheries Corporation Limited	85.56
4. Trivandrum Rubber Works	138.00
5. Calicut Wholesale Co-operative Consumer Limited	61.92
6. Kerala Soaps and Oils Limited	106.43
Total	520.58

An amount of Rs.4.75 crores was received as guarantee fee during 1995-96. In 41 cases, guarantee fee amounting to Rs.40.41 crores pertaining to the period 1980-81 to 1995-96 was in arrears as on 31 March 1996.

## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1. Summary of expenditure

The summarised position of actual expenditure during 1995-96 against provision is as follows:-

	Original grant/ Appropriation	Supplemen- tary grant/ Appropriation	Total	Actual expenditure	Variation Savings(-)/ Excess(+)
( Rupees in crores )					
1. Revenue					
Voted	4945.66	441.41	5387.07	4998.80	(-) 388.27
Charged	927.96	25.77	953.73	941.55	(-) 12.18
2. Capital					
Voted	505.90	133.67	639.57	568.46	(-) 71.11
Charged	6.45	2.57	9.02	5.02	(-) 4.00
3. Public Debt					
Charged	670.22	--	670.22	163.93	(-) 506.29
4. Loans and Advances					
Voted	266.74	93.73	360.47	368.11	(+) 7.64
5. Transfer to Contingency fund					
By Ordinance			25.00 *	25.00 *	--
Total	7322.93	697.15	8045.08 **	7070.87**	(-) 974.21

The actual expenditure, however, included funds drawn from the Consolidated Fund, but, not spent during the year. According to the information available with Audit, a total sum of Rs.63.99 crores relating to 21 heads of accounts

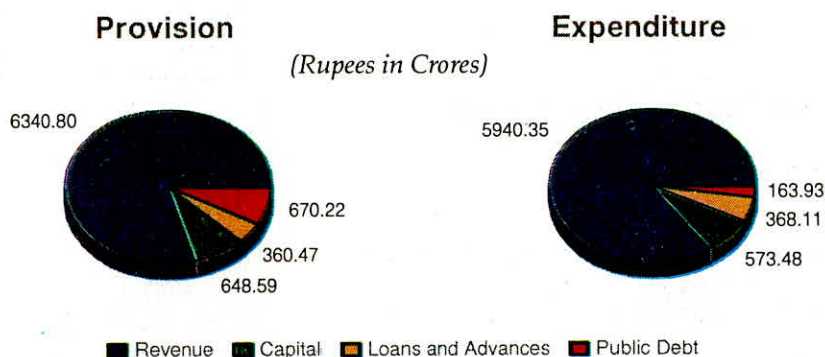
\* The corpus of the Contingency Fund was temporarily enhanced from Rs.25 crores to Rs.40 crores with effect from 20 January 1996 and from Rs. 40 crores to Rs.50 crores from 16 February 1996 vide Ordinances No.1 & 4 of 1996 promulgated on the respective dates.

\*\* Includes Rs.25 crores transferred to the Contingency Fund by the above mentioned Ordinances.



was drawn by 62 departmental officers towards the end of the financial year 1995-96 and kept unspent in deposit accounts (personal deposit or savings bank) with the treasuries during 1995-96. Consequently, the amount shown as actual expenditure was overstated.

The pie chart below depicts the provision and expenditure during 1995-96.



## 2.2. Results of Appropriation Audit

The overall saving was the net result of saving in 94 grants/appropriations and excesses in 15 as shown below:

	Savings		Excess		Net savings(-)/ excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
( Rupees in crores )						
Voted	414.05	84.82	24.75	21.35	(-) 388.27	(-) 63.47
Number of grants	(32)	(22)	(9)	(4)		
Charged appropriations	12.19	510.29	0.01	-	(-) 12.18	(-) 510.29
Number of appropriations	(24)	(16)	(2)			

The supplementary provision obtained during the year worked out to 9 per cent of the original budget provision. The broad results emerging from Appropriation Audit are set out in the following paragraphs:

### 2.2.1. Excess over grant/appropriation

In the Revenue section, there was an overall excess of Rs.24.75 crores in 9 grants and Rs.55,766 in 2 appropriations. Excess in the Capital section amounted to Rs.21.35 crores in 4 grants. Accordingly, 15 cases of excess expenditure (Revenue Section: 11 ; Capital Section: 4) detailed below required regularisation under Article 205 of the Constitution.

Sl. No.	Number and name of grant	Total grant or appropriation (Rs)	Actual expenditure (Rs)	Amount of excess (Rs)
<b>REVENUE SECTION (Voted grants)</b>				
1	V-Agricultural Income Tax and Sales Tax	24,63,06,000	25,69,68,262	1,06,62,262
2	XIV-Stationery and Printing and other Administrative Services	44,00,08,000	45,31,94,314	1,31,86,314
3	XX-Water Supply and Sanitation	101,69,23,000	102,04,06,165	34,83,165
4	XXVI-Relief on account of Natural Calamities	108,06,00,000	129,18,10,533	21,12,10,533
5	XXXIII - Fisheries	33,78,15,000	34,18,56,340	40,41,340
6	XXXV-Panchayat	56,35,08,000	56,69,01,423	33,93,423
7	XLI - Transport	7,14,56,000	7,16,70,394	2,14,394
8	XLII - Tourism	15,50,85,000	15,51,42,027	57,027
9	XLIII-Compensation and Assignments	75,00,00,000	75,12,91,346	12,91,346
<b>CAPITAL SECTION (Voted grants)</b>				
10.	XIV-Stationery and Printing and other Administrative Services	40,00,000	43,77,432	3,77,432
11.	XV- Public Works	133,40,17,000	136,76,14,343	3,35,97,343
12.	XXXIX - Power	116,45,01,000	134,29,66,000	17,84,65,000
13.	XLI - Transport	24,48,01,000	24,58,55,781	10,54,781
<b>REVENUE SECTION (Charged appropriations)</b>				
14.	VI-Land Revenue	2,33,000	2,50,578	17,578
15.	XXXIV-Forest	3,00,000	3,38,188	38,188



### 2.2.2. Unnecessary/excessive/inadequate supplementary provision

The supplementary provisions aggregating Rs.83.23 crores obtained in 27 cases (Appendix 2) were wholly unnecessary or could have been restricted to token amounts wherever necessary to meet the expenditure on new service items since the expenditure was even less than the original provisions.

In 27 cases, against the supplementary provisions aggregating Rs.448.27 crores obtained, the actual utilisation was only Rs.362.66 crores (81 *per cent* ) and the savings in individual cases ranged from Rs.0.29 crore to Rs.20.07 crores (Appendix 3).

In 8 cases, though supplementary provision aggregating Rs.115.36 crores was obtained, the provision proved insufficient by more than Rs.25 lakhs in each case, leaving an aggregate uncovered excess expenditure of Rs.45.80 crores. (Appendix 4).

### 2.2.3. Major Savings

In the following voted grants/charged appropriations there was substantial non-utilisation of provision, the saving in each case was more than Rs.1 crore and also by more than 10 *per cent* of the provision.

Sl. No.	Number and name of grant/ appropriation	Amount of saving (Rupees in crores and percentage of saving)	Main reasons for saving
<b>REVENUE (VOTED ) SECTION</b>			
1	IV Elections	18.69 ( 54.49)	Non incurring of expenditure under issue of photo identity cards to voters.
2	XVII Education, Sports, Art and Culture	189.04 (11.64)	Less expenditure under assistance (teaching grant ) to non-government primary schools, colleges and institutions, grant to non-government special schools, etc.
3	XVIII Medical and Public Health	58.99 (14.88)	Not intimated.
4	XIX Family Welfare	6.99 (10.60)	-do-
5	XXI Housing	10.47 (26.64)	-do-
6	XXII Urban Development	3.64 (21.19)	Due to release of funds to the implementing agencies directly by the Central Government.

Sl. No.	Number and name of grant/ appropriation	Amount of saving (Rupees in crores and percentage of saving)	Main reasons for saving
7	XXIV Labour and Labour Welfare	5.97 (10.22)	Non-receipt of sanction for purchase of stores, shortfall in supply of items already ordered, non-starting of certain schemes and new trades for ITI and post ITI courses.
8	XXV Social Welfare including Harijan Welfare	20.07 (10.14)	Non rendition of monthly accounts for the whole year by the District Collector, Palakkad and partly by others except District Collector, Kollam, non-functioning of certain Anganvadi Centres and Abalamandirs in full swing, limiting of tours of officers, etc.
9	XXVII Co-operation	4.65 (13.43)	Due to inadequacy of eligible proposals for assistance, limiting of expenditure to the allocation of funds by NCDC, etc.
10	XXVIII Miscellaneous Economic Services	4.12 (14.74)	Due to release of funds to the urban local bodies (implementing agencies) directly by the Central Government.
11	XXXIV Forest	13.22 (15.38)	Non-execution of works due to labour problems, non-filling up of vacant posts and funds remaining unutilised due to non-release of Central assistance.
12	XXXVI Community Development	23.91 (14.70)	Non receipt of more allocation from Government of India to extend the Employment Assurance Scheme - Special Component Plan - to 15 more blocks for which funds were originally provided.

#### CAPITAL (VOTED) SECTION

1	XVII Education, Sports, Art and Culture	6.22 (21.30)	Non-execution of some civil works for want of approval from World Bank authorities (Rs.2.42 crores), non-starting of 92 courses proposed for the year (Rs.1.50 crores).
2	XX Water supply and Sanitation	14.35 (24.02)	Not intimated.
3	XXV Social Welfare including Harijan Welfare	2.84 (21.00)	-do-
4	XXVII Co-operation	20.73 (49.58)	-do-
5	XXIX Agriculture	9.38 (39.76)	The entire provision under loans to cultivators for short term credit (Rs.4 crores) remained unutilised for want of administrative sanction from GOI, want of eligible applications for loan scheme of CADA from farmers (Rs.90 lakhs).

#### CAPITAL (CHARGED) SECTION

1	XXXVIII Irrigation	2.75 (40.01)	Not intimated.
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#### 2.2.4. Significant cases of savings in Plan expenditure

Due to non-implementation/slow implementation of the Plan schemes, substantial savings of more than Rs.1 crore each occurred in 62 cases; the entire provision remaining unutilised in 14 of these cases. Details are given in Appendix 5.

#### 2.2.5. Significant cases of savings in non-Plan expenditure

In the cases detailed in Appendix 6, the non-Plan expenditure fell short of the provision by more than Rs.1 crore in each case and by more than 10 *per cent*.

#### 2.2.6. Persistent savings

Persistent savings exceeding Rs.25 lakhs in each case noticed in the voted grants/charged appropriations are given in Appendix 7.

#### 2.2.7. Surrender of savings

All anticipated savings should be surrendered as soon as the possibility of savings is envisaged. However, of the amount of Rs.281.38 crores surrendered during 1995-96, surrender of Rs.273.27 crores (97 *per cent*) was made only on the last working day of the financial year, i.e., 30 March 1996.

In the following grants, savings exceeding Rs.1 crore in each case remained unsurrendered.

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Savings	Amount not surrendered
( Rupees in crores )					
<b>REVENUE (VOTED) SECTION</b>					
1	VI - Land revenue	70.06	64.16	5.90	5.45
2	VIII - Excise	21.66	20.25	1.41	1.41
3	XI - District Administration and Miscellaneous	71.21	69.07	2.14	2.09
4	XII - Police	227.71	206.37	21.34	5.87
5	XV - Public Works	214.47	212.09	2.38	2.38
6	XVI - Pension and Miscellaneous	802.34	795.54	6.80	4.73
7	XVII - Education, Sports, Art and Culture	1638.57	1449.53	189.04	95.16
8	XVIII - Medical and Public Health	396.55	337.56	58.99	47.96



Sl. No.	Number and name of grant	Total grant	Actual expenditure	Savings	Amount surrendered
( Rupees in crores )					
9	XXI - Housing	39.30	28.83	10.47	10.46
10	XXIV - Labour and Labour Welfare	58.36	52.40	5.97	2.15
11	XXV - Social Welfare including Harijan Welfare	197.87	177.80	20.07	16.99
12	XXVII - Co-operation	34.63	29.98	4.65	1.14
13	XXXIV - Forest	85.98	72.75	13.23	4.00
14	XXXVI - Community Development	162.61	138.70	23.91	15.46
<b>REVENUE (CHARGED) SECTION</b>					
15	Debt charges	934.07	924.15	9.92	9.88
<b>CAPITAL (VOTED) SECTION</b>					
16	XXXVII - Industries	197.51	183.96	13.55	11.84
17	XXV - Social Welfare including Harijan Welfare	13.52	10.68	2.84	1.20
18	XXIX - Agriculture	23.59	14.21	9.38	1.48
<b>CAPITAL (CHARGED) SECTION</b>					
19	XXXVIII - Irrigation	6.86	4.11	2.75	2.75

### 2.2.8. Injudicious surrenders

(a) In the following grants/charged appropriations where surrender of savings exceeding Rs.25 lakhs in each case was made on 30 March 1996, there were eventual excesses indicating incorrect estimation of savings and surrender of funds:-

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Excess	Amount surrendered on 30 March 1996
( Rupees in crores )					
<b>REVENUE (VOTED) SECTION</b>					
1	XIV - Stationery and Printing and other Administrative Services	44.00	45.31	1.31	1.53
2	XXVI - Relief on account of natural calamities	108.06	129.18	21.12	4.89
3	XXXIII - Fisheries	33.78	34.18	0.40	0.27
4	XLI - Transport	7.15	7.17	0.02	0.38
5	XLII - Tourism	15.50	15.51	0.01	0.43
<b>CAPITAL (VOTED) SECTION</b>					
6	XV - Public Works	133.40	136.76	3.35	1.00



(b) In the following cases, the surrender of funds made in each case on 30 March 1996 was injudicious/excessive being in excess of final savings by Rs.25 lakhs or more :

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Savings	Amount surrendered	Amount surrendered in excess
( Rupees in crores )						
<b>REVENUE (VOTED) SECTION</b>						
1	II - Heads of States, Ministers and Headquarters staff	37.48	36.15	1.33	2.00	0.67
2	IX - Taxes on vehicles	7.92	7.53	0.39	0.78	0.39
3	XXVIII - Miscellaneous Economic Services	27.94	23.82	4.12	5.13	1.01
4	XXXVIII - Irrigation	67.55	67.48	0.07	0.48	0.41
<b>CAPITAL (VOTED) SECTION</b>						
5	XXXVIII - Irrigation	162.57	156.18	6.39	9.11	2.72

## 2.2.9. Injudicious reappropriation of funds

Reappropriation is transfer of funds within a grant, from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Before withdrawal of funds from one head it is to be ensured that there is a definite or reasonable chance of saving under that head and that before additional funds are provided, it is to be ensured that there is likelihood of increased expenditure under that head. Details of 49 cases where withdrawal of funds or additional provision proved excessive by over Rs.25 lakhs in each case are mentioned in Appendix 8.

## 2.2.10. Trend of recoveries and credits

During 1995-96, recoveries to be adjusted in accounts in reduction of expenditure were estimated at Rs.108.37 crores ( Revenue Section: Rs.96.43 crores; Capital Section: Rs.11.94 crores) against which the actual recoveries were 123.99 crores (Revenue Section : Rs.113.98 crores; Capital Section: Rs.10.01



crores). In the Revenue Section though there were excess recoveries under 'Public Works' (Rs.2.73 crores) and 'Relief on account of Natural calamities' (Rs.14.71 crores) there was major shortfall under 'Irrigation' (Rs.1.02 crores). In the Capital Section, there was shortfall under 'Food' (Rs.1.93 crores).

#### **2.2.11. Failure to furnish reasons for variation**

After the close of each financial year, the detailed appropriation accounts showing the final grant/appropriation, the actual expenditure and resultant variation are sent to the controlling officers by the Accountant General (Accounts and Entitlements) for furnishing promptly the reasons for variations in general and those under important sub heads in particular. The number of heads for which reasons were not received as at the end of November 1996 was 443 representing 72 *per cent* of the total number of 618 heads for which explanations for variations were required to be furnished.

#### **2.3. Budgetary procedures and control over expenditure**

A review of the budgetary procedures and control over expenditure was conducted by Audit in respect of the following grants.

XIV	-	Stationery and Printing and other Administrative Services
XVII	-	Education, Sports, Art and Culture
XIX	-	Family Welfare
XXXI	-	Animal Husbandry
XXXIV	-	Forest

Some of the significant irregularities noticed during the review are detailed below:

##### *(i) Defective/inaccurate budgeting*

According to provisions in the financial rules and Manuals, the estimates of expenditure prepared by the department should be those for the expenditure as anticipated in the ensuing financial year with reference to the existing sanctions and actual requirements. The estimates should neither be inflated nor underpitched but should be as accurate as possible. Failure to observe these principles had resulted in abnormal savings in the following instances.



(a) In the following cases, the entire provisions were unnecessary resulting in total savings.

Sl. No.	Number and name of grant	Head of Account	Original provision	Surrender/ Savings reappropriated ( Rupees in lakhs )
1	XIV -Stationery and Printing and other Administrative Services	4058-103-98	10.00	10.00
2	XVII -Education, Sports Art and Culture	2202-101-85	1955.00	1955.00
3	XXXI -Animal Husbandry	2403-190-96	25.00	25.00
4	XXXIV - Forest	2406-02-110-73	273.00	273.00
5	-do-	2406-02-110-70	120.00	120.00

(b) In the following instances, the provisions made were excessive, resulting in substantial savings.

Sl. No.	Number and name of grant	Head of Account	Original provision	Savings ( Rupees in lakhs )
1	XVII -Education, Sports, Art and Culture	2202-02-109	58.35	49.45
2	- do -	2202-02-106-99	3224.45	1575.16
3	- do -	2203-104-96	50.00	20.00
4	XXXI -Animal Husbandry	2403-190-97	25.00	12.50
5	- do -	4403-103-98	15.00	7.30
6	XXXIV - Forest	2406-02-110-81	40.00	20.00
7	- do -	2406-02-110-82	30.00	15.00
8	- do -	4406-02-110-99	43.21	29.35
9	- do -	4406-02-110-98	85.00	78.50



(ii) *Delay in processing proposals for reappropriation of funds and resumption of savings*

According to Budget Manual the last date for sending to Government proposals by Chief Controlling Officers for reappropriation is 15 February. In the 8 cases as per Appendix 9, the Chief Controlling Officers had sent the proposals very late, 19 March to 30 March and the Government had ordered the reappropriation of funds and resumption of savings even on the last working day (30 March) of the financial year.

(iii) *Non-surrender of savings*

The Budget Manual stipulates that all anticipated savings should be surrendered, explaining the reason thereof, as and when these were noticed unless these were required to meet excess under other units which were definitely known at that time.

No portion of the final saving of Rs.785.60 lakhs in 20 cases as per details in Appendix 10 was surrendered.

(iv) *Incurring of expenditure without provision- Grant No.XVII*

(a) Under the head of account 2202-01-107-99 an expenditure of Rs.13.11 lakhs was incurred for in-service training without any budget provision.

(b) Under the head of account 2203-00-112-92 an expenditure of Rs..5.09 lakhs was incurred for the Central Technical Library and Documentation Centre without any budget provision.

## **2.4. Inflation of Budget Estimates**

Budget estimates are required to be as accurate as practicable and are to be prepared on a realistic basis so that the amounts proposed are not found to be either excessive or inadequate later on. In the case mentioned below, unnecessary provision was made in the budget leading to undue inflation of budget estimates.

District Primary Education Programme was a scheme implemented by the Primary Education Development Society of Kerala (an autonomous body) with assistance from International Development Agency (IDA). According to the financing



pattern, 85 *per cent* of the expenditure was to be met out of grant received from IDA through Government of India and the State was to contribute only 15 *per cent* of the expenditure. In the budget for 1995-96, Rs.19.55 crores were provided under the head 2202-01-101-85 (Grant No.XVII-Education, Sports, Art and Culture) towards payment of Central share for the scheme in addition to Rs.3.45 crores provided under 2202-01-101-86 towards State share. As the Central share was released directly to the implementing agency by Government of India from the very beginning of the scheme (1994-95), no provision was needed in the State Budget towards Central share. Consequently, the entire provision of Rs.19.55 crores provided towards Central share proved unnecessary and had to be reappropriated/resumed at the end of the financial year.

Government stated (July 1996) that budget estimates were made on the basis of schematic allocation furnished by the State Planning Board and the excess occurred due to failure of Education Department to indicate the manner in which Government of India assistance was released. But, as the scheme was continuing from 1994-95, Government was aware of the direct release of Central share to the implementing agency without routing through State budget.

## **2.5. Underestimation of requirements in the Budget**

The expenditure for the 'Market Development Assistance Scheme' for the financial year 1995-96 was estimated at Rs.7.60 crores by the Director of Handloom and Textiles (Chief Controlling Officer ) and proposal for this amount was sent to Government for inclusion in the Budget Estimates for the year. But in the Budget Rs.2 crores alone were provided for this scheme under the head of account 2851-103-86 (Grant No. XXXVII-Industries ). A proposal for inclusion of Rs.7.76 crores for this scheme in the first batch of Supplementary demands for grants was also not accepted by Government. Soon after the supplementary demands were passed by the Legislature, a sum of Rs. 5 crores was additionally authorised for this scheme, invoking paragraph 95(3) of Kerala Budget Manual. In the last batch of supplementary demands for Grants in March 1996 a sum of Rs.8.78 crores was provided for this scheme to regularise the additional expenditure of Rs. 5 crores and



to meet further commitments. The final grant of Rs.10.78 crores for the scheme was more than five times the original provision of Rs.2 crores and indicated gross underestimation of requirements.

Government stated that rebate/market development assistance was given to Handloom and Textiles over and above the budget provision on the basis of *ad hoc* decision and during the year it was decided to give additional funds only in August 1995. But this reply was not tenable as Government was providing financial assistance for rebate/market development assistance year after year and the Budget was required to provide for all anticipated expenditure. Thus, reduction in the amount proposed by the Director, Handloom and Textiles which had to be restored later by Supplementary Grant in March 1996 was injudicious.

## **2.6. Irregular exhibition of unutilised funds as expenditure in Government Accounts**

The Financial Rules provide that all appropriations would lapse at the close of the financial year and that a Government servant should not, on any account, reserve or appropriate by transfer to a deposit or any other head or draw from the treasury and keep in a cash chest, any portion of an appropriation remaining unexpended during the year in order to prevent it from lapsing and use it for expenditure after the end of the year. The Rules also provide that no attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March.

It was seen during test check that a total sum of Rs.63.99 crores relating to 21 heads of account was drawn by 62 departmental officers towards the end of the financial year 1995-96 and retained in the deposit account (personal deposit and savings bank deposit) with treasuries without spending it before the end of the financial year. As the funds drawn were not actually utilised for the intended purpose during the year, these did not represent actual expenditure though debited



in the accounts under the relevant major heads. A few cases where the amount of the irregular drawal from treasury was substantial are detailed below :

<i>Head of Account</i>	<i>Amount drawn (Rupees in lakhs)</i>	<i>Date of drawal</i>	<i>Remarks</i>
2705-00-101	2068.00	13 March 1996	The amount was paid to Command Area Development Authority for implementation of 15 projects.
2202-80-800-92	764.93	30 March 1996	The appropriation under the head was enhanced to Rs.767.48 lakhs from Rs.200 lakhs by reappropriation for meeting the expenditure under the 100 <i>per cent</i> Centrally Sponsored Scheme, "Operation Black Board".
2202-02-800-87 4202-01-800-92	39.45	30 March 1996	
3452-80-800-90(38)	30.00	30 March 1996	The amount was provided by a supplementary grant in August 1995 for urgent expenditure on the Scheme for Tour Operators
2405-00-800-76	353.00	30 March 1996	The amounts were drawn for defraying expenditure in several Fisheries Schemes.
2405-00-800-93	26.00	"	
2405-00-800-80	30.00	"	
2405-00-101-76	39.22	"	
6405-00-195-99	593.00	"	
6405-00-800-84	639.23	"	
2245	348.08		Funds required for providing urgent relief on account of drought and flood.
2851-190-97	544.00	30 March 1996	

In the Revenue portion of grant number XXXIII-Fisheries, as a result of the irregular drawal, the expenditure had exceeded the grant by Rs.40.41 lakhs and hence required regularisation. Had the drawal of funds and its deposit in PD Account been avoided, the necessity for approaching the Legislature for regularisation of excess under this grant would not have arisen. Similarly the irregular drawal and deposit of Rs.12.95 lakhs under major head 2215 and Rs.348.08 lakhs under major head 2245 contributed to this extent in the overall

excess in the Revenue portion of grant number XX Water supply and Sanitation and grant number XXVI Relief on account of Natural Calamities respectively.

## 2.7. Irregular deposit of Government funds outside Government account

Government issued instructions from time to time to all drawing and disbursing officers to refrain from withdrawing funds from the treasuries and depositing in commercial/co-operative banks to avoid lapse of funds. It was, however, noticed that in the following cases, large amounts were drawn from Government account and deposited in Nationalised/Co-operative Banks violating Government's instructions.

(i) District Collector, Thiruvananthapuram had drawn Rs.2.65 crores relating to various schemes and deposited in Savings Bank/Fixed Deposit accounts in two nationalised and one co-operative Bank as detailed below:

Sl. No	Name of Scheme	Savings Bank Account		Fixed Deposit Account		Name of bank
		Date of deposit	Amount (Rupees in lakhs)	Date of deposit	Amount (Rupees in lakhs)	
1.	Computerisation of land records.	April 1991	6.13	October 1993	15.00	State Bank of India Thiruvananthapuram
				March 1995	10.00	-do-
2.	Rajiv Gandhi National Drinking Water Mission for providing drinking water for SCs/STs	November 1995	7.15	December 1995	20.00	Indian Overseas Bank, Thiruvananthapuram
3.	MP's Local Area Development Scheme (Central assistance)	...	...	December 1995	150.00	-do-
4.	National Social Assistance Programme (Central Assistance)	November 1995	1.05	November 1995	50.00	-do-
5.	Housing Scheme	Balance as on 31 December 1995	5.93		-	District Co-operative Bank, Thiruvananthapuram
Total			20.26		245.00	



(ii) In March 1995, Government accorded special sanction to the drawing and disbursing officers of Agriculture Department to open Treasury Public Accounts in the concerned treasuries and to transfer the amount deposited by them in banks to these accounts immediately. Despite these directions, the Principal Agricultural Officer, Thrissur continued to operate savings bank accounts in one commercial bank and one co-operative bank and deposited funds to the extent of Rs.1.99 crores in those accounts between March 1995 and September 1996, on the plea that the Sub Treasury where an account was opened in March 1995 was a non-banking treasury. However, the department had not obtained sanction from Government, pointing out this difficulty and obtained sanction for retaining the deposit in the commercial banks. As of September 1996, Rs.5.08 lakhs (Commercial Bank: Rs.4.45 lakhs and Co-operative Bank: Rs.0.625 lakh) remained outside Government account.

The above points were referred to Government in September 1996; reply had not been received (October 1996).

## **2.8. Irregularities in payment of loan to Kerala State Electricity Board**

### *Violation of 'new service' regulation :*

In the Budget for 1995-96, Rs.70 crores were provided under the head of account '6801-190-98-Loans to Kerala State Electricity Board (Power)' in 'Grant No.XXXIX-Power' with the stipulation that the loan assistance would not be paid in cash, but would be adjusted against dues from Kerala State Electricity Board (KSEB). Subsequently, in the Supplementary Demands for Grants of August 1995 approval of Legislature was obtained for cash release of Rs.20 crores as a temporary loan out of this provision, by obtaining a token amount under this head to satisfy new service requirements. The amount of Rs.20 crores was paid to KSEB in September 1995. Though approval of Legislature was obtained only for cash release of Rs.20 crores, further cash release of Rs.32 crores (Rs.15 crores in October 1995 and Rs.17 crores in February 1996) was made without approaching the Legislature again. The payment of Rs.32 crores in cash to KSEB was, therefore, on a new service, and was unauthorised.

The matter was reported to Government in August 1996; reply had not been received (November 1996).

## 2.9. Drawal of funds in advance of requirements

Financial Rules prohibit drawal of money from the treasury unless it is required for immediate disbursement. Drawal of funds from treasury with a view to avoid lapse of funds and depositing the amount in Deposit accounts, etc., for later utilisation, violates the extant provision of the Financial Rules. A few instances of drawal of funds in advance of requirement are given under:

The General Manager, District Industries Centre, Palakkad had drawn funds to the extent mentioned below and retained them unutilised in Treasury Savings Bank account for long period.

<i>Sl. No.</i>	<i>Month of drawal</i>	<i>Purpose</i>	<i>Amount (Rs. in lakhs)</i>
1	January/March 1993	Acquisition of land and construction of workshed and compound wall at Industrial Development Area, Kanjikode for SC/ST	12.32
2	March 1994	Establishment of telephone booths for physically handicapped SC entrepreneurs	1.00

In the first case, out of Rs..12.32 lakhs, Rs..3.28 lakhs was paid to Nirmithi Kendra, Palakkad in January 1996 for construction of worksheds leaving a balance of Rs..9.04 lakhs with the Department (April 1996). In respect of the second case Rs..1 lakh drawn in March 1994 had not been utilised as of April 1996.

The matter was referred to Government in September 1996; reply had not been received (November 1996)

## 2.10. Double drawal of funds

Based on a sanction issued by the Director of Social Welfare in February 1996, Rs.5 lakhs provided in the Budget under the head 2235-02-106-93 for financial assistance to ex-convicts and probationers were drawn on 22 March 1996 by presenting a Contingent Bill. On the authority of the same sanction, Rs. 5 lakhs was again drawn on 30 March 1996 by the same officer by presenting a grant-in-aid bill. Both the amounts were credited to a PD Account of the Director of Social Welfare. Out of Rs.10 lakhs thus credited, Rs. 5 lakhs was



withdrawn on 30 March 1996 and the balance of Rs. 5 lakhs was credited to the Consolidated Fund on 30 November 1996.

Government stated (November 1996) that the double drawal occurred due to lapse on the part of certain officers of the Directorate of Social Welfare and disciplinary action had been recommended against them.

## **2.11. Contingency Fund**

The contingency Fund of the State is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances for meeting unforeseen expenditure pending authorisation by the Legislature. Advances from the fund are to be made only for meeting expenditure of an emergent character postponement of which till its authorisation by the Legislature would not be desirable.

### **(i) Advances from the Contingency Fund**

A total of 51 sanctions were issued during 1995-96, advancing an aggregate amount of Rs.52.09 crores from the Contingency Fund, out of which the amounts of two sanctions were reduced by Rs.51.73 lakhs. Three sanctions for an aggregate amount of Rs.6.69 lakhs were not operated upon.

### **(ii) Avoidable advance from the Contingency Fund**

Government have been regularly providing financial assistance to the Kerala State Civil Supplies Corporation. However, only a token provision was being made in the budgets for the purpose. The expenditure on the financial assistance was met by drawing advances from the Contingency Fund. The advances drawn from 1991-92 to 1995-96 were Rs.12 crores, Rs.8 crores, Rs.5 crores Rs.7.75 crores and Rs.24 crores respectively. As the Contingency Fund was to be utilised for meeting expenses which could not be anticipated at the time of budget preparations, the payment became inevitable afterwards, the drawal of advance from the Contingency Fund for providing regular financial assistance to the Kerala State Civil Supplies Corporation was irregular.

The matter was referred to Government in August 1996; reply had not been received (November 1996).

## 2.12. Arrears in departmental reconciliation

Departmental figures of expenditure are required to be reconciled every month with those in the books of Accountant General (Accounts and Entitlements) in order to enable the departmental officers to exercise proper control over expenditure and to detect frauds and defalcations, if any, at an early stage. The reconciliation was in arrears in many departments. The number of controlling officers who had not reconciled their expenditure up to the end of 1995-96 and the number of reconciliation certificates due from them as of August 1996 are indicated below:

<i>Year</i>	<i>Number of controlling officers</i>	<i>Number of monthly reconciliation certificates due</i>
1991-92	8	85
1992-93	7	71
1993-94	23	230
1994-95	38	640
1995-96	85	1317
Total		2343

Of the 2343 certificates in arrears, as many as 364 certificates were due from the Revenue Department.

## 2.13. Excess of earlier years pending regularisation

In terms of Article 205 of the Constitution of India expenditure in excess of grants/charged appropriations authorised by the Legislature is to be regularised in the manner prescribed by the Constitution. According to the procedure prescribed (February 1982) for the purpose, the notes seeking regularisation of excess expenditure should be furnished to the Committee of Public Accounts, after getting them vetted by Audit, by 31 May of the second succeeding year of accounts or immediately after presentation of the Appropriation Accounts to the Legislature, whichever is later. In view of the persistent and inordinate delay in submission of the explanatory notes, the Public Accounts Committee (1993-95) observed in its 73rd



Report presented to the Legislature on 11 February 1994 that the notes should invariably be furnished within the prescribed time limit and that the Finance Department should watch over and keep the momentum in furnishing the notes. However notes in respect of many cases of excess expenditure which occurred during 1990-91 to 1994-95 are yet to be furnished to Audit.

As of October 1996, Government had not furnished the initial notes for the regularisation of excess expenditure aggregating Rs.1099.86 crores in 64 voted grants (Rs.205.90 crores) and in 22 charged appropriations (Rs.893.96 crores) pertaining to the years 1983-84; 1985-86 and 1988-89 to 1994-95.

## **CHAPTER III**

### **CIVIL DEPARTMENTS**

#### **PLANNING AND ECONOMIC AFFAIRS DEPARTMENT**

#### **3.1. Special Central Assistance to Special Component Plan**

##### **3.1.1. Introduction**

Special Central Assistance to Special Component Plan (SCA to SCP) is a cent *per cent* Centrally Sponsored Scheme implemented in the States/Union Territories since 1979-80. It is an additive to the Special Component Plan of the States/Union Territory Administrations. The main objective of the scheme is to give thrust to the economic development programmes for the scheduled castes (SC) people with reference to their occupational pattern and secondly to increase their income. The funds were to be used for income generating economic development programmes and organisation of training programmes relevant to the occupational pattern of the beneficiaries, supported by back up services and follow-up action.

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

Planning and Economic Affairs Department is the central agency for the State level monitoring of the scheme. The allocation of funds to the various districts, receipt and consolidation of progress reports on the implementation of the scheme in the districts, periodical inspection of the implementation of the scheme are the main functions attended to by the department. At the District level, the District Collectors are in charge of the implementation of the scheme assisted by the District Planning Officers. The schemes are implemented by various departments of Government and voluntary organisations.

##### **3.1.3. Audit coverage**

A review of the scheme was conducted during March-April 1996 covering the period 1991-92 to 1995-96 with reference to the records in the Planning and Economic Affairs Department in the Secretariat, District Planning Offices, Thiruvananthapuram, Kollam and Thrissur, Nirmithi Kendra, Thrissur, Kerala State



Development Corporation for Scheduled Castes/Scheduled Tribes (KSDC) and District Office of the Scheduled Castes Development at Thiruvananthapuram. The results of the review are given in the succeeding paragraphs.

#### 3.1.4. Highlights

- The expenditure figures reported to Government of India included unutilised amounts retained in the personal deposit accounts of the implementing agencies and hence were not actual. The achievement reported included beneficiaries of schemes not implemented or completed.

(Paragraph 3.1.5(b))

- In 4 districts, out of Rs.62.23 lakhs allotted between 1985 and 1995 only Rs.9.66 lakhs (15.52 *per cent*) were utilised. Of the expenditure of Rs.9.66 lakhs, Rs.6.39 lakhs represented expenditure incurred on other purposes. The unspent balance of Rs.52.57 lakhs had not been refunded to Government of India or got revalidated for future utilisation.

(Paragraph 3.1.6(i))

- Rupees 50 lakhs sanctioned for payment to Kerala State Development Corporation for Scheduled Castes/Scheduled Tribes (KSDC) were drawn twice (Rs.100 lakhs) and the excess drawal was refunded after being kept unutilised for nearly three years.

(Paragraph 3.1.6(ii))

- Even though Special Central Assistance to Special Component Plan funds were to be utilised for the benefit of scheduled caste people only, Rs.17.88 lakhs were spent by the KSDC on schemes to benefit scheduled tribes. Rupees 10.34 lakhs were also diverted for purposes other than those intended.

(Paragraph 3.1.8)

- An amount of Rs.60 lakhs paid in November 1992 to Kerala State Federation of Scheduled Castes and Scheduled Tribes Co-operatives Limited for establishment of two units to provide employment to 250 scheduled caste persons proved wasteful as the units had not started their activities even as of September 1996.

(Paragraph 3.1.9(i))

- Assistance of Rs.8.79 lakhs paid for setting up a training centre for imparting training to disabled scheduled caste for production of coir/coir mats proved wasteful as the centre had not started functioning due to non installation of machinery.

(Paragraph 3.1.9(ii))

- Undue emphasis was given to training instead of identifying appropriate economic development programmes. Funds allocated for training constituted 33 *per cent* of the total allocation for the period 1991-92 to 1995-96.

(Paragraph 3.1.10(a))

- An amount of Rs.19.92 lakhs was incurred on unproductive, isolated or unrecognised training courses and Rs.43.76 lakhs accounting for 78 *per cent* of the assistance released were utilised for the acquisition of assets by five training agencies.

(Paragraph 3.1.10)

- An amount of Rs.19.21 lakhs paid to Kollam District Auto-Bus Body Builders Society for establishment of a bus body building unit proved wasteful as the unit was found uneconomical and was wound up.

(Paragraph 3.1.11(ii))

- Though a sum of Rs.27.87 lakhs was released to Animal Husbandry Department for goat rearing, dairy and poultry units and Rs.4.98 crores to KSDC subsidy schemes during 1991-92 to 1995-96, no evaluation



was done by the agencies in respect of the number of units now surviving and benefits derived by SC families.

(Paragraph 3.1.12)

- The pace of implementation of the various SCA programmes was not systematically monitored by the departments concerned. The evaluation report of the State Planning Board pointed out (October 1993) absence of any indepth study of the schemes before their approval, missing of linkages between training programmes and employment opportunities and lack of institutional finance. But the report had not furnished any information on the beneficiaries assisted and the number who could actually be lifted above poverty line. No follow-up action on the evaluation report had been taken by the Government as of September 1996.

(Paragraph 3.1.13)

### 3.1.5. Financial and physical performance

#### (a) Financial

Release of funds by Government of India (GOI) and expenditure reported by the State Government were as under :

Year	Amount released by GOI	Expenditure	
		As reported by State Government	Accounts figures
( R u p e e s   i n   l a k h s )			
1991-92	372.45	388.57	467.83
1992-93	431.97	519.31	612.40
1993-94	402.84	376.45	365.75
1994-95	508.81	554.66	512.18
1995-96	492.73	438.90	437.75

The expenditure figures reported by the State Government were at variance with the accounts figures. The department had not reconciled the difference as of May 1996.

(b) *Physical*

The details of the physical targets and achievements under SCA to SCP were as under:

<i>Year</i>		<i>Targets</i>		<i>Achievements</i>
1991-92	(B)	15000	(B)	13738
1992-93	(B)	15000	(B)	14500
1993-94	(B)	20180	(B)	19235
	(F)	1749	(F)	1684
	(U)	2		--
1994-95	(F)	3264	(F)	3234
	(U)	95	(U)	95
	(B)	5074	(B)	5025
	(T)	3400	(T)	3305

F - Family

U - Unit

B - Beneficiary

T - Trainees

The expenditure figures were, however, not factual as these included unutilised/unspent balances retained by the implementing agencies in various Treasury Public Accounts (TPA) and Savings Bank accounts at the close of each year. The achievement included the beneficiaries expected to derive benefits in respect of those schemes which were sanctioned for implementation but were not implemented or completed.

**3.1.6. Non-utilisation/Double drawal of funds**(i) *Non-utilisation of funds*

A test-check of utilisation of funds in 4 districts (Thiruvananthapuram, Kollam, Thrissur and Palakkad) revealed that out of Rs.62.23 lakhs sanctioned for implementation of 12 schemes, during March 1985 to March 1995, Rs.52.57 lakhs remained unutilised as of March 1996. Six schemes had not been taken up and 6 schemes were partly implemented. Rupees 6.39 lakhs were diverted to schemes not envisaged under SCP. Details are given in Appendix 11.



(ii) *Double drawal of funds*

Government sanctioned in January 1992 an amount of Rs.50 lakhs to KSDC under SCA to SCP. KSDC presented a contingent bill duly countersigned by the Secretary, Scheduled Castes/Scheduled Tribes (SC/ST) Development Department at the District Treasury, Thrissur on 19 February 1992 and got the amount transfer credited to its TPA with the Treasury. On 9 March 1992 based on the same sanction the Director, SC/ST Development Department, also credited Rs.50 lakhs to the TPA of KSDC with the Sub Treasury, Vellayambalam, Thiruvananthapuram resulting in double drawal of Rs.50 lakhs. Though the double drawal came to the notice of KSDC in April 1992, the matter was reported to Government only in July 1993 with a request to adjust the excess drawal against future releases to them. However, Government turned down the request of KSDC and directed (August 1994) to refund the excess in three instalments. The excess amount of Rs.50 lakhs was, however, refunded in lump in February 1995. Thus, an amount of Rs.50 lakhs was retained by KSDC for a period of nearly three years, indicating lack of co-relation of the figures relating to allocation and drawal of funds from the treasuries. The loss sustained by Government by way of interest at the rate of 6 *per cent per annum* worked out to Rs. 8.87 lakhs for the period from March 1992 to February 1995.

**3.1.7. Allocation of funds to District Tourism Promotion Councils/ Nirmithi Kendra Units not eligible for assistance**

While the share of SCA to SCP funds to Agricultural sector during 1991-92 to 1995-96 was Rs.79.72 lakhs, District Tourism Promotion Councils coming under tourism sector and not eligible for assistance under the scheme, received an assistance of Rs.1.18 crores during the same period. Similarly the assistance released to Nirmithi Kendras for conducting training in low-cost house construction amounted to Rs.1.84 crores. The releases made to tourism sector and training programmes through Nirmithi Kendras during 1991-92 to 1995-96 constituted 13.9 *per cent* of total releases made by the State Government under the scheme during the period.



### 3.1.8. Diversion of funds

(i) KSDC received an assistance of Rs.3.95 crores under SCA to SCP during the period from 1991-92 to 1995-96 for implementing various schemes for SC. Of this, an amount of Rs.17.88 lakhs was utilised by the KSDC for payment of assistance to STs. As GOI was making separate allotments for SCA to SCP as well as SCA to Tribal Sub Plan (TSP), the utilisation of SCA to SCP funds for SCA to TSP schemes amounted to diversion.

(ii) In respect of 4 other agencies in two districts (Thiruvananthapuram and Kollam), out of Rs.10.71 lakhs released during September 1985 to March 1995, Rs.10.34 lakhs were diverted for purposes other than those intended.

### 3.1.9. Unfruitful expenditure

(i) In November 1992, the State Government sanctioned Rs.60 lakhs to the Kerala State Federation of Scheduled Castes/Scheduled Tribes Co-operatives Limited as working capital grant (Rs.40 lakhs) and share capital grant (Rs.20 lakhs) for starting two projects, namely, cheevakkai\* unit at Kalpetta (Rs.45 lakhs) and honey processing unit at Thrissur (Rs.15 lakhs). The projects were initially set up with assistance from National Co-operative Development Corporation. The cheevakkai and honey processing units were to benefit 250 SC people. The cheevakkai unit commissioned in August 1993 had worked only partially till December 1995 after which production was stopped due to high humidity problem in the region. During this period, the Unit was engaged only in the collection and sale of unprocessed cheevakkai. Even though it was decided in May 1995 to shift the unit from Kalpetta to Thrissur, the idea was dropped in January 1996.

The honey processing unit was intended to collect honey from different floral origins and blend them attractively for marketing by processing and bottling. The processing unit, had not started its activities as of September 1996. The machinery purchased in October 1993 at the cost of Rs.1.12 lakhs had not been installed so far (September 1996) for want of power connection. The power

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\* A natural substitute for shampoo



connection applied for in June 1994 had not been provided for want of adequate transformer capacity. The intended training for 20 SC candidates was also not conducted due to non commissioning of the unit. The working capital fund was used for collection of honey which was sold in auction without processing.

Thus the two projects on which Rs.60 lakhs had been invested as early as in November 1992 had failed to provide the intended gainful employment to SC people as of September 1996.

(ii) A project for imparting training to disabled SCs in coir mats/carpets production and also to set-up a training centre was approved for implementation in Vettikkavala Block area of Kollam District in March 1988. During the period from March 1988 to October 1995, assistance to the tune of Rs.8.79 lakhs was extended to the project. The centre had not started functioning as of April 1996 due to non-installation of machinery, even though a building was completed way back in January 1989 at a total cost of Rs.1.01 lakhs.

### **3.1.10. Training**

#### *(a) Allocation for Training Programmes*

The State Government, in December 1989, directed the District Collectors and the other implementing departments or agencies to make all out efforts to identify proper economic development projects which could attract institutional finance, instead of giving emphasis on training programmes. However, the allocation by the State Government for training was 33 *per cent* of the total allotment of Rs.21.74 crores for the period 1991-92 to 1995-96.

#### *(b) Training programmes not relevant to the occupational pattern of the beneficiaries*

As per the GOI instructions, the utilisation of SCA funds for training programmes should be relevant to the occupational pattern of the beneficiaries supported by necessary back-up services and follow-up actions. In the following cases, the training conducted was not relevant to the occupational pattern of the beneficiaries.

(i) The District Level Working Group (DLWG), Kollam, approved in September 1994 a training course to SC youths in physical efficiency with a view to equip them to seek employment in Military and Para-military Forces. An amount of Rs.4.23 lakhs had been sanctioned to the District Tourism Promotion Council (DTPC), Kollam for the training. Since securing a job in Military and Para-military Forces was not relevant to the occupational pattern of the beneficiaries, it violated the instructions of GOI. Further, the DTPC was not the proper agency to organise a training on physical efficiency, as their field of operation was tourism.

(ii) The District Collector, Thiruvananthapuram sanctioned (July 1994) 6 training courses at a total outlay of Rs.6.07 lakhs. Of these, an amount of Rs.2.05 lakhs was allotted for conducting an Orientation Course in the Formulation and Management of Voluntary Organisations through Bharat Sevak Samaj. 280 SC people were trained as of June 1996 at the expense of Rs.1.23 lakhs. As this training was also not relevant to the occupational pattern, it violated the instructions of GOI for utilisation of SCA fund.

*(c) Acquisition of assets by training agencies*

In respect of 11 training programmes involving 5 agencies, out of Rs.56.26 lakhs released during 1991-92 to 1995-96, the amount earmarked or spent on acquisition of assets by the agencies was Rs.43.76 lakhs. When training agencies were entitled to tuition fee or institutional fee, payment of huge sum for acquisition of assets for their institutions was irregular. Agencies like Nirmithi Kendra, DTPC and Quilon Public Library had no recognition to conduct the course of training undertaken by them and SCA funds were utilised to improve their infrastructure facilities.

*(d) Conduct of training courses not having recognition*

(i) A permanent computer centre to train SC youths became operational in the Collectorate at Kollam in February 1995. An amount of Rs.11.17 lakhs had been sanctioned as assistance to this project up to September 1995. The first batch of 10 students was given training in computer operation during February 1995 to January 1996. However, the software for training was yet to be purchased (March 1996). Further the course of study had not been recognised by any institution competent to issue certificates. As there was no follow-up of the candidates who completed the



training, the employment potential had not been assessed. The specific purpose served by this training course could not also be ascertained.

(ii) Bharat Sevak Samaj, Thiruvananthapuram was entrusted in September 1994 with a programme of training 50 SC women in Pre-primary Teachers course under a scheme called 'Sisulakshmi Teachers Training' at the cost of Rs.2.47 lakhs. Thirtyeight students had successfully completed the training. The course was not recognised by the Education Department.

### **3.1.11. Sanctioning of non-viable schemes**

#### *(i) Setting up of milk booths*

A scheme for setting up 31 retail MILMA\* milk booths in Municipal areas (17) and by the side of National Highways (14) at the cost of Rs.3.62 lakhs was sanctioned by the DLWG, Thrissur in March 1990. The amount was sanctioned for meeting the subsidy element of Rs.11666 per beneficiary. The balance required for the establishment of the booth, amounting to Rs.23334 (estimated cost per booth:Rs.35000) was to be met by the beneficiary from his own contribution/institutional finance. Due to objection raised by the Public Works Department to locate the booths by the side of National Highway, the scheme could not be implemented. The scheme was abandoned in February 1995 due to failure to secure suitable alternative land by prospective beneficiaries. SCA to SCP funds allotted to the scheme remained unutilised for a period of five years, and it was finally resumed in March 1995 by the District Planning Officer.

#### *(ii) Establishment of Auto-Bus Body Building Unit*

The District Level Working Group for Kollam District arranged training for 40 SC youths in modern bus body building during October 1989 to April 1991 at an expense of Rs.6.32 lakhs with a view to providing them with employment. A bus building unit (Unit) was established in October 1991 in Umayanalloor under a society - Kollam District Auto-Bus body Builder's Society registered under the Travancore - Cochin Scientific, Literary and Charitable Societies Registration Act,

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\* Kerala Co-operative Milk Marketing Federation Limited

1955 with the District Collector as Chairman. Rupees 8.67 lakhs was released to the Unit in March 1990 and March 1991. The unit secured only two orders for body building till October 1995. Meanwhile, the Unit purchased (July 1993) a bus chassis and converted (September 1994) into a luxury bus at the total cost of Rs.9.99 lakhs. The luxury bus was intended for hiring out to tourists, etc. However, for want of order, the society decided (October 1995) to wind up the Unit and the luxury bus was sold to the DTPC, Kollam for Rs.7.20 lakhs to be paid in 48 instalments starting from January 1996. No instalment had been paid by the DTPC as of May 1996. Efforts to dispose of the tools and machinery belonging to the Unit costing Rs.1.70 lakhs through auction conducted in March 1996 had not succeeded due to lack of bidders. Meanwhile, 22 out of the 40 SC youths had left the Unit reportedly for better opportunities. Thus the objective of providing employment to 40 SC youths did not fructify and the expenditure of Rs.19.21 lakhs incurred out of SCA to SCP funds proved infructuous.

### **3.1.12. Non-monitoring of income generating schemes**

(i) An amount of Rs.27.87 lakhs was sanctioned to the District Animal Husbandry Officer, Thiruvananthapuram during the period 1991-92 to 1995-96 towards subsidy for starting 298 dairy units, 320 goat rearing units and 200 poultry units. However, only 43 dairy units, 115 goat rearing units and 44 poultry units were started as of March 1996. As per the details furnished by 13 veterinary surgeons of the district, out of 202 units started, the details in respect of 32 units alone were available as of August 1996. The performance of the rest of the units were either not monitored or the units were not in existence.

(ii) During the period 1991-92 to 1995-96 the KSDC had disbursed assistance amounting to Rs.4.98 crores under SCA to SCP. The total number of beneficiaries was 14489 (up to March 1996). However, KSDC had not evolved any procedure to ensure that the assistance received by them was utilised for the purpose for which it was sanctioned, and that the beneficiaries were engaged in gainful employment. The reason attributed by the KSDC for non-monitoring was lack of field staff.



### **3.1.13. Monitoring and evaluation**

#### *(a) Monitoring*

The State/District Level monitoring of implementation of SCA programmes was carried out by the Central Planning and Monitoring (CPM) Unit attached to the Planning Department and DLWG respectively. The system of monitoring was not effective. The monthly progress reports submitted by the District Collectors and the annual review reports prepared therefrom by the CPM unit did not reflect various stages of the implementation of the programme for which funds were provided but not at all taken up or partially taken up and left incomplete. The unspent amounts retained by the implementing officers/agencies were also not shown.

#### *(b) Evaluation*

No evaluation of the implementation of the scheme had been conducted by any external agency as of May 1996. But the State Planning Board conducted (1993) an internal evaluation study of the scheme implemented during 1990-91 and 1991-92. The evaluation report (October 1993) pointed out lack of indepth study of the schemes by DLWGs before approval, lack of effective monitoring and follow-up, absence of linkage of training programmes with employment opportunities, inadequacy of institutional credit, etc.. But the report had not furnished any information on the number of beneficiaries assisted and the number who could actually be lifted above poverty line. No follow-up action on the evaluation report had been taken by Government as of September 1996.

The points mentioned above were referred to Government in July 1996; reply had not been received (September 1996).

## **LABOUR AND REHABILITATION DEPARTMENT**

### **3.2. Functioning of Employment Exchanges**

#### **3.2.1. Introduction**

Employment service through Employment Exchanges (Exchanges) is a joint concern of the Central and State Governments. Exchanges seek to promote the best possible co-ordination between demand and supply of man power.

The main functions of the Exchanges are:

- (i) registration as well as renewal of registration of job seekers;
- (ii) submission and placement of job seekers including physically handicapped against vacancies notified to the Exchanges;
- (iii) collection of employment potential data from public sector and private sector;
- (iv) vocational guidance to students and others and
- (v) payment of unemployment assistance and self employment assistance.

Under the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 (EE(CNV) Act) which came into effect from 1 May 1960, all vacancies occurring in the public sector (except those filled on the advice of the Public Service Commission) and in the private sector are to be notified to the Exchanges. The functioning of the Exchanges largely rests on this Act and the rules framed thereunder.

During the period from 1990-91 to 1995-96, the department had incurred an expenditure of Rs.127.56 crores against the budget provision of Rs.131.34 crores.

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

The Director of Employment and Training heads the organisation in the State and is assisted by three Divisional Employment Officers at Thiruvananthapuram, Kochi and Kozhikode and eleven District Employment Officers. Besides, there are 50 Town Employment Exchanges (TEEs), 5 University Employment Information and Guidance Bureaux, 2 Coaching-cum-Guidance Centres for Scheduled Castes/Scheduled Tribes and one Special Employment Exchange for physically handicapped and Professional and Executive Employment Exchange at Thiruvananthapuram. Also, there are 6 Employment Market Information units attached to the Divisional/District Employment Exchanges (DEE) and 2 Self Employment Guidance units attached to the DEEs at Kollam and Idukki and 15 special cells for physically handicapped attached to various DEEs/TEEs.



### 3.2.3. Audit coverage

Mention was made in paragraph 3.14 of the Report of the Comptroller and Auditor General of India for the year 1984-85 (Civil) about some aspects of the working of the Exchanges. A further review was conducted during August-December 1995, covering the period 1990-91 to 1994-95, with reference to the records of Labour and Rehabilitation Department of Government, the Directorate, two Divisional Employment Exchanges (Kochi and Kozhikode), one District Employment Exchange (Kollam) and two Town Employment Exchanges (Attingal and Neyyattinkara), Coaching-cum-Guidance Centres for SC/ST (Kochi and Kozhikode), Special Employment Exchange for physically handicapped (Thiruvananthapuram), Vocational Guidance unit (Thiruvananthapuram) and 4 University Employment Information and Guidance Bureaux (Thiruvananthapuram, Kochi, Kottayam and Kozhikode).

### 3.2.4. Highlights

- While number of unemployed registrants during 1990-91 to 1994-95 ranged between 33.64 lakhs and 41.52 lakhs, it dropped appreciably to 31.12 lakhs in 1995-96 due to massive purging of lapsed registrants during October 1995-May 1996. The number of vacancies notified and that of placements secured, however, were only in the range of 0.21 lakh to 0.28 lakh and 0.14 lakh to 0.18 lakh respectively. The number of registrants on the rolls of the Exchanges till 1995-96 was inflated due to failure to carry out regular purging of the live registers.

(Paragraph 3.2.5)

- Even though 17 institutions made appointments during 1987-95 without notifying the vacancies to the Employment Exchanges or obtaining non-availability certificates, penal action as contemplated in the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 had not been taken against them even as of July 1996.

(Paragraph 3.2.6)

- The performance of the Employment Market Information units established for collection and processing of employment market information for effective functioning of the Exchanges remained poor.

(Paragraph 3.2.7)

- According to guidelines, coaching classes to prepare candidates for competitive examinations conducted by various agencies were to be taken free of cost. Contrary to this, the Bureau at Kochi was charging fee at Rs.250 per participant till 1991 and at Rs.300 thereafter and Bureau at Kozhikode charged Rs.30 to Rs.350 during the period 1989-95.

(Paragraph 3.2.8(a))

- The Coaching-cum-Guidance Centre for Scheduled Castes/Scheduled Tribes established under vocational guidance programme of National Employment Service conducted stenography classes for Kerala Government Technical Examination and 327 candidates were trained by these centres. However, they could not be presented to the examination for want of recognition of these centres.

(Paragraph 3.2.8(b))

- Achievement of Vocational Guidance Units in respect of important items of work of school visits and career talks in schools fell short of the targets by 57 *per cent* to 91 *per cent* during 1990-91 to 1994-95.

(Paragraph 3.2.8(c))

- Staff sanctioned for Self Employment Guidance Units for identifying areas of self employment, preparation of portfolio files for the guidance of job seekers, etc., were engaged in routine work of registration of job seekers, guiding visitors, etc., of the Employment Exchanges rendering Rs.14.86 lakhs spent on pay and allowance from 1990-91 to 1995-96 largely unproductive.

(Paragraph 3.2.8(d))



- There was delay in processing of applications and sanctioning of unemployment assistance. At the end of 1995-96, 1.17 lakh applications for assistance were pending with the Exchanges and Village Offices.

(Paragraph 3.2.10(ii))

- Out of 1.04 lakh cases due for reverification during October 1994 to December 1995, only 8689 (8 *per cent*) had been sent to Village Offices for re-verification by 32 out of 66 Employment Exchanges; 3149 (36 *per cent*) cases only were received back from Village Offices, of which 1661 were found to be ineligible.

(Paragraph 3.2.10(iv))

- Though self employment assistance was to be sanctioned only after approval by the District Level Committee on Self Employment, 17682 applicants were sanctioned lump sum money and 1676 applicants were given seed money by the District Employment Exchange, Kollam without obtaining sanction from its District Level Committee. Delay ranging from 3 to 6 years was noticed in the processing of applications for self-employment assistance in the three Exchanges (Kollam, Kozhikode and Ernakulam) test checked.

(Paragraph 3.2.11)

### 3.2.5. Employment services

#### (i) *Registration, submission and placement*

Job seekers are required to register their names with the Exchanges, and to renew the registration every third year. The details of registration, submissions\*

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\*

Introduction of an applicant to an employer for consideration against a vacancy is termed as 'submission'.

made and placements secured, during the period from 1990-91 to 1995-96 were as under:

Year	Total number of registrants	Number of new registrants	Number of Vacancies notified	Number of Submissions made	Number of Placements made	Percentage of	
						submissions to total number of registration	placements to total number of registration
( in lakhs )							
1990-91	33.64	4.50	0.27	1.84	0.16	5	0.47
1991-92	37.34	5.39	0.24	1.79	0.17	5	0.45
1992-93	38.83	5.40	0.22	1.68	0.18	4	0.46
1993-94	40.44	3.57	0.21	1.58	0.14	4	0.35
1994-95	41.52	3.47	0.28	2.05	0.18	5	0.43
1995-96	31.12	3.40	**	1.78	0.17	6	0.50

While the number of registrants was in the range of 31.12 lakhs and 41.52 lakhs during 1990-91 to 1995-96 the vacancies notified was in the range of 0.21 lakh and 0.28 lakh, and the placements secured was in the range of 0.14 lakh and 0.18 lakh only during the period. The main reason for the low percentage of vacancy notification and placements was exclusion of vacancies in several Government organisations from the purview of Exchanges and non-implementation of various provisions of EE(CNV) Act.

(ii) *Defective maintenance of live-registers*

Job seekers are required to renew their registration every third year. If the renewal is not made, their names are purged from the register (Live-register). Regular purging had not been done by the Exchanges with the result that the number of registrants as per the live-register failed to exhibit the actual number of job seekers. A test-check of 70 purged cases in one District Employment Exchange (Kollam) and two Town Employment Exchanges (Neyyattinkara and Attingal) revealed that the delay in purging was in the range of 3 months to 8 years. In October 1995, the Director instructed the field offices to update the live register by purging all the lapsed registrations. According to progress reports received from 66

\*\* Not available



field offices as of May 1996, the total number of live registrants was only 31.12 lakhs as against 41.52 lakhs in April 1995.

Government stated (September 1996) that strict instructions had been issued to Employment Officers to purge lapsed registration in the live register regularly.

### **3.2.6. Enforcement of Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959**

Under the Employment Exchanges (Compulsory Notification of Vacancies), Act 1959, it is mandatory for the employers to notify the vacancies arising in their establishments to the Exchanges. Various executive orders issued by Government, however, make it obligatory on the part of Government departments and Public Sector Undertakings to notify vacancies to Exchanges. They are to issue open advertisements only after obtaining a non-availability certificate from the Exchanges. The private sector seldom notified the vacancies to Exchanges. The Director of Employment and Training is vested with the power to institute prosecution against those employers violating the provisions of the EE(CNV) Act.

The Employment Officers were required to conduct periodical inspection of the records of the establishments (bigger establishments once in two years and smaller ones once in three years) under public sector and private sector within their jurisdiction to ensure the accuracy and reliability of data furnished by the employers, to educate the employers about their obligation under the EE(CNV) Act and to verify whether the vacancies arisen had been duly notified to the Exchanges, etc. The records test-checked indicated that physical monitoring was not undertaken till November 1993. During 1994-95 and 1995-96, only 450 inspections were carried out in the 14 Districts, though there were 20373 institutions as of March 1996. The poor performance was attributed to inadequacy of staff.

Seventeen institutions coming under the jurisdiction of 5 Exchanges (District Employment Exchange, Kannur and Kottayam, Divisional Employment Exchange, Ernakulam and Thiruvananthapuram and Professional and Executive Employment Exchange, Thiruvananthapuram) made appointments during 1987-95 without notifying the vacancies to the Exchanges or before obtaining non availability

certificates. The penal action of imposing fine contemplated in the Act had not been taken against them even as of July 1996.

Government stated (September 1996) that the penalty contemplated in the EE(CNV) Act was not a deterrent punishment and that it was necessary to revise the existing EE(CNV) Act for which action had been initiated by the Director of Employment and Training.

### **3.2.7. Employment Market Information Units**

Employment Market Information (EMI) units were established for collection and processing of EMI for effective functioning of Exchanges. There were 6 EMI units functioning in Thiruvananthapuram, Kollam, Alappuzha, Kottayam, Ernakulam and Kozhikode districts and in other 8 Districts the EMI work was being attended to by the Employment Officers of respective districts, with the assistance of a Junior Employment Officer.

The list of employers in each district was to be updated once in two years by the Directorate. It was seen that the biennial updating of the list of employers had not been done in 3 districts (Alappuzha, Idukki and Kannur) on time and the delay ranged from one year to over two years.

The Director of Employment and Training instructed (April 1993) the field offices to update the employer's register and furnish a report on the new establishments identified by May 1993. No action had been taken in 10 out of 14 districts to update the list as of May 1996. In four districts (Thiruvananthapuram, Kollam, Ernakulam and Kozhikode) though a list of 1668 establishments was prepared with reference to treasury records and telephone directories, identification of new establishments was pending in the 3 districts as of May 1996, while in Kozhikode 245 new establishments could be identified.

Non-agricultural establishments in the private sector employing 25 or more persons were required to furnish, quarterly and biennially to the Exchanges, details of the number of persons they were employing, vacancies that had occurred etc., A test-check of submissions of returns for the quarters ended 31 March of 1992, 1993



and 1994 disclosed shortfall to the extent of 23 to 14 *per cent*. The details of biennial returns were not available with the Directorate.

The quarterly and annual area level employment market reports in the Exchanges and annual employment review in the Directorate were due in one district (Alappuzha) from 1988-89 and 13 districts from March 1995 onwards and at Directorate from 1994-95 onwards (May 1996).

Government stated (September 1996) that all the available staff were pooled and utilised for priority works like registration, renewal and oral enquiries and that works like Employment Market Information were relegated to the background.

### **3.2.8. Vocational Guidance Programme of National Employment Service**

Vocational guidance programme was introduced by Government of India in 1987, to educate and enable the young and educated work force during their post matriculation stage, to realise their own potential, and also for providing them adequate information on job opportunities.

Vocational guidance facility was extended through different Vocational Guidance units. The deficiencies noticed in the functioning of these units during a test-check covering the period 1990-91 to 1995-96 were as under:

#### *(a) University Employment Information and Guidance Bureaux*

University Employment Information and Guidance Bureaux were functioning in all the five Universities in the State, covering 265 colleges. The overall guidance and control was vested with the Vice-Chancellors of respective Universities through the Advisory Committee set up by them.

The Bureaux were to conduct coaching classes for competitive examinations, career talks in colleges, to maintain career libraries, to publish career bulletins, etc., for the benefit of students and alumni.

The term of office of the Committees was three years. Four out of the five Committees reconstituted during January 1989 to July 1990 had not met even once during their tenure. No reasons were on record for the non-convening of the meetings. The Advisory Committee of Cochin University recommended in May 1991

to give importance to placement activities. However, Bureau had obtained placement details in respect of six cases only against a total number of 391 submissions made during 1990-91 to 1995-96. Further, the placement details in respect of 139 applications forwarded to the Central Employment Exchange were also not obtained. No Advisory Committee was functioning in any of the five Universities after July 1993.

The Bureaux at Thrissur and Kozhikode claimed jurisdiction over the sixteen Colleges in Thrissur district. Demarcation of the jurisdiction of these Bureaux had not been settled either by the department or by the Universities concerned.

No specific targets were fixed in respect of the activities of the Bureaux till July 1994. The performance of the five Bureaux in respect of their assigned activities during 1994-95 with reference to targets ranged from 8 *per cent* to 87 *per cent* as indicated in Appendix 12.

According to the guidelines coaching classes to prepare candidates for competitive examinations conducted by various agencies like Kerala Public Service Commission, Union Public Service Commission, Banking Service Recruitment Board, etc., were to be held free of all costs. However, the Bureau at Kochi was charging fee at Rs.250 per participant till 1991 and at Rs.300 thereafter and Bureau at Kozhikode charged Rs.30 to Rs.350 during the period 1989-95 and the Kerala University was levying rent for the accommodation provided by it.

(b) *Coaching-cum-Guidance Centre for SCs/STs*

A Coaching-cum-Guidance Centre (CGC) was functioning in Thiruvananthapuram since August 1969 under the control of the Government of India for the benefit of SC/ST candidates. Two centres were set up (March 1985) by Government with 50 *per cent* Central assistance at Kochi (covering 4 central districts) and Kozhikode (covering 6 northern districts). The main objective of these centres was to channelise the available educated SC/ST manpower to appropriate vocations through various guidance activities. The units were being run on Central assistance up to 1989-90 and thereafter with State funds.

While the CGC at Kochi received an amount of Rs.11.69 lakhs under SCA to SCP during 1992-93 to 1995-96, the amount received by the Kozhikode Centre



was only Rs.3.01 lakhs as a result of which the coverage was restricted to 3 to 4 districts against the 6 districts under its jurisdiction.

Stenography classes for Kerala Government Technical Examination (KGTE) passed candidates as well as others with a duration of three months and one year respectively were conducted by the Centres at Kochi and Kozhikode. As of October 1995, 327 candidates were trained by these centres. However, the candidates could not be presented for KGTE by the CGCs as the Centres were not recognised as training institutions.

(c) *Vocational guidance units*

Fourteen vocational guidance units were started in the State during 1961-62 to 1989-90 in three Divisional and eleven District Employment Exchanges. Out of the 13 items of activity assigned to these units performance of 9 to 11 items only were reviewed by the State Vocational Guidance Officer (SVGO). The achievement during 1990-91 to 1994-95 in respect of the important items, viz., school visits and career talks in schools fell short of the targets by 57 *per cent* and 91 *per cent* respectively. The reasons for the non-achievement was attributed to shortage of funds for travelling allowance and redeployment of the staff for other items of work.

(d) *Self employment guidance units*

Two self employment guidance units were set up in Kollam and Idukki between 1989 and 1991. Till the end of VII Plan these were run with 50 *per cent* Central assistance and thereafter with State funds. The important functions of these units were identification of the areas of self employment, preparation of the portfolio files for the guidance of job seekers, preparation of ready made project reports/profiles in consultation with various agencies such as Banks, Industries Department, etc. Separate staff consisting of one Employment Officer, two Technical Assistants and one Clerk-cum-Typist were sanctioned to each unit. However, only clerks were posted in the place of Technical Assistants. No targets, however, were given for these units. Except introducing persons to Banks for their assistance for self employment no other assigned activities were carried out by these units and the units were engaged in routine activities of the Exchanges like guiding visitors, registration of job seekers, reference of job seekers to training agencies, etc. The expenditure of Rs.14.86 lakhs incurred on pay and allowances of

the staff of these units during 1990-91 to 1995-96, therefore, remained largely unproductive.

(e) *Special Employment Exchange and Special Cells for physically handicapped*

One Special Employment Exchange and fifteen Special Cells attached to DEEs and TEEs were established exclusively for physically handicapped. The objective was to secure as much employment opportunities to the physically handicapped registrants by regular interaction with employers, submission against vacancy orders, monitoring of placements, review of old cases, follow-up, etc. However, the placements obtained during the period 1993-94 to 1995-96 were 547, 720 and 610 respectively against the corresponding number of registrants of 15444, 15485 and 13555.

The Director issued instructions to the units in November 1994 for creating self employment opportunities for physically handicapped by arranging 'telephone booths' through Telecom Department and also with the help of voluntary organisations. However, the units at Thiruvananthapuram, Kollam, Ernakulam and Kozhikode had not initiated any action in this regard even though there were 5047 registrants in the live-registers of these units as of March 1996.

Government stated (September 1996) that at least two physically handicapped persons were required to manage one booth and generally the profit from it would not be adequate. However, no records to substantiate Government's statement could be found in Audit.

In September 1985, Government had launched a scheme for providing employment to 150 physically handicapped persons per *annum* in Government service. During the period from 1985 to 1995 only 728 physically handicapped candidates had been given employment against 1266 permanent vacancies available in 12 of the 14 districts. Even though the Special Employment Exchange for the physically handicapped, and the 15 Special Cells were to refer physically handicapped persons in their live-register to the Vocational Rehabilitation Centre for physically handicapped under the Ministry of Labour, Government of India, audit scrutiny revealed that during the period 1992-93 to 1994-95 only 124 candidates were referred to the centre.



### 3.2.9. Computerisation of Employment Exchanges

In 1987, Government of India released an assistance of Rs.1 lakh each for the computerisation of Exchanges at Thiruvananthapuram and Kozhikode. An additional amount of Rs.5 lakhs was sanctioned by the State Government for the purpose in April 1993. However, the computerisation of the Exchanges had not been completed even as of July 1996.

The provision of Rs.27 lakhs made in the Budget estimate for 1992-93 for computerisation of Exchanges was surrendered as no expenditure could be incurred for computerisation. A proposal for the computerisation of six District Employment Exchanges at a cost of Rs.1.79 crores submitted by the National Informatics Centre (NIC) in April 1993 had not been approved by Government as of February 1996. The department had also not followed up the matter.

### 3.2.10. Kerala Unemployment Assistance Scheme

Kerala Unemployment Assistance Scheme introduced in 1982 provided for payment of an allowance at the rate of Rs.50 (revised to Rs.60 from April 1987 and Rs.70 from August 1991) *per mensem* to unemployed persons registered in the Exchanges. Registrants, not being students, in the age group of 18-35 years who had passed the Secondary School Leaving Certificate (SSLC) examination (an appearance in the SSLC examination in the case of SC/ST registrants) were eligible for the assistance if their family income was less than Rs.4000 *per annum*. The allowance was payable only to those registrants whose name was in the live-register of the Exchanges and was continuing without any employment for the preceding three years. The number of beneficiaries and amount paid as assistance under the scheme during the period from 1991-92 to 1995-96 were as under.

Year	Number of registrants as on the last day of the year	Number of beneficiaries	Amount
	(in lakhs)		(Rupees in lakhs)
1991-92	37.34	3.92	16.20
1992-93	38.83	4.22	6.26
1993-94	40.44	4.62	17.49
1994-95	41.52	4.79	21.37
1995-96	31.12	-	-

(i) *Non-refund of balance in Personal Deposit account*

According to the scheme, the amount required for payment of the allowance was to be drawn by debiting the expenditure to the relevant head of account and crediting the amount to a Personal Deposit account opened in the name of the Employment Officer and payment made therefrom. The accounting procedure stipulated that the balance in the Personal Deposit account at the close of the year was to be reconciled with the treasury accounts and the outstanding balance recredited to the relevant service head of account. This procedure was not followed by the Exchanges as they used the Personal Deposit account balance for a particular year for payment during the succeeding years. The Personal Deposit account of the Town Employment Exchange, Neyyattinkara showed a balance of Rs.8 lakhs at the end of 1993-94. However, this balance was neither recredited to Government account nor included in the year 1994-95 in the accounts of the Exchange.

Government stated (September 1996) that the matter was under correspondence with the Director of Treasuries to set right the irregularity in the accounts and disciplinary action had been initiated against the officials concerned.

(ii) *Delay in sanctioning of the assistance*

The assistance was being given only with effect from the month in which it was sanctioned and any delay in sanctions would result in denial of the assistance to beneficiaries for such periods till it was sanctioned. The time schedule as fixed for receipt of application by the Director during 1990-91 to 1992-93 was 1 to 4 months more than that fixed by Government and there was also a time gap of 4 to 6 months between Government sanction and the commencement of the time schedule.

Even this schedule was not adhered to as in respect of 3 Exchanges (District Employment Exchange, Kollam and Town Employment Exchanges, Neyyattinkara and Attingal) test-checked, the delay in processing the applications was 28 months (2049 applications) and the delay in the Village Offices in respect of these exchanges was 27 months (5642 applications), 50 months (2043 applications) and 63 months (4004 applications).

As at the end of 1995-96, 1.17 lakh applications were pending of which 0.19 lakh were with the Exchanges and 0.98 lakh were with the Village Offices.



Government stated (September 1996) that due to the increased number of applications neither the Exchanges nor the Village Offices were able to dispose of the applications in time and that when part of the work under the scheme was transferred to Panchayat Raj institutions the hardship caused to the beneficiaries would be removed.

*(iii) Payment of allowance with retrospective effect*

The rules did not provide for payment of unemployment assistance with retrospective effect. Test-check of records in five Exchanges revealed that arrears amounting to Rs.38.12 lakhs had been irregularly paid in 4182 cases between November 1989 and October 1995 as detailed below:

<i>Name of Exchange</i>	<i>Month of disbursement</i>	<i>Number of cases</i>	<i>Amount (Rupees in lakhs)</i>
Taluk Employment Exchange Neyyattinkara	November 1989	1532	21.63
Divisional Employment Exchange, Kozhikode	January and February 1991	734	11.12
Divisional Employment Exchange, Kochi	March 1990	79	0.23
District Employment Exchange, Kollam	April and May 1995	74	0.21
Taluk Employment Exchange, Attingal	September and October 1995	1763	4.93
<b>Total</b>		<b>4182</b>	<b>38.12</b>

*(iv) Shortfall in re-verification of eligibility for allowance*

In February 1992, Government ordered re-verification of 5 cases per village per month of the claims. However, the department did not act on the Government order until May 1994. Further, the department insisted on the progress report of re-verification only from October 1994. It was noticed on a test-check that out of 1.04 lakh cases stipulated for re-verification during October 1994 to December 1995 only 8689 (8 per cent) had been sent to the Village Offices for re-verification by 32 out of 66 Exchanges; 3149 (36 per cent) cases only were received back from Village Offices after re-verification, of which 1661 were found to be

ineligible. Thirty four Exchanges had not taken any action for re-verification as of December 1995.

### **3.2.11. Self Employment Scheme 1982**

Under this scheme introduced in November 1982, all unemployed (excluding students) in the age group of 18-40 years and having a family income of less than Rs.4000 per *annum*, who were in the live-registers of the Exchanges for 3 years on the first day of the year of application were eligible for assistance for starting self employment projects. The selected applicant was eligible for an assistance of Rs.600. If the beneficiary avails of any bank finance, the assistance would be deposited in a nationalised bank as seed money for securing the bank loan with a concessional rate of interest of 4 *per cent per annum* (the concessional rate of interest is admissible only if the family income is less than Rs.3000 per *annum* in the case of urban/semi urban areas and Rs.2000 per *annum* in the case of beneficiaries of rural areas). The beneficiaries who are selected for the assistance will not be eligible for the unemployment assistance.

During the period from 1990-91 to 1995-96, 14236 persons were paid assistance amounting to Rs.85.42 lakhs. Of the 14236 beneficiaries, only 2095 persons (14.7 *per cent*) availed of bank loan.

No survey was conducted by the department to ascertain whether the beneficiaries had utilised the assistance for starting gainful employment.

According to the rules for granting self employment assistance, the applications should be scrutinised to find out the suitability and viability of the projects proposed and was to be submitted for sanction before the District Level Committee on self employment with the District Collector as Chairman and District Employment Officer as Convenor. However, 17682 applicants were sanctioned lump sum money and 1676 applicants were given seed money by District Employment Exchange, Kollam without obtaining sanction from its District Level Committee.

Delay varying from 3 to 6 years was noticed in the processing of applications in the Exchanges.



In Kollam, 2010 applications were pending with the Village Offices as of October 1995. Of this, 1120 applications related to the period 1990-93. In addition, 432 applications received for assistance in 1994 had not been processed by the Exchange even as of December 1995. It was seen that in respect of payments made to nine beneficiaries in December 1994 their applications for assistance were submitted during the period 1988(2), 1989(2), 1990(4) and 1991(1).

In Ernakulam, 1010 applications were received during 1990-94 seeking assistance under the scheme. Of this, 184 applications were rejected and assistance was paid in 82 cases, leaving 744 applications pending. The payment of assistance in respect of 12 applications received during the period 1988 and 1991 was made during October 1994 to January 1995.

In Kozhikode, 8855 applications were pending (Exchange: 7891; Village Offices: 746 and Banks: 218).

## **AGRICULTURE DEPARTMENT**

### **3.3. Loss due to imprudent investment of *Kissan Nidhi***

In terms of agricultural development policy declared by State Government in March 1992, Government decided in February 1993 to give awards and incentives to farmers, farmers' organisations, scientists, journalists, etc., for outstanding performance in the field of agriculture. For the implementation of the scheme, Government ordered in May 1993 constitution of a fund to be known as *Kissan Nidhi* with a corpus of Rs.50 lakhs by contributions from Central and State governments, voluntary organisations, local bodies, co-operatives, Government companies, farmers and others. The amount required each year for giving the awards and incentives was to be met out of the interest accruing on the investment of the fund and the fund itself was to be left untouched. The mode of investment of the fund was, however, not specified by Government.

The Director of Agriculture deposited contributions received to the fund from March 1993 onwards in a Savings Bank (SB) account opened in a Co-operative Bank. On 29 June 1993, stating that the interest accrued in the SB

account would not be sufficient for giving awards, the Director of Agriculture sought sanction from Government for transferring the amount of Rs.54 lakhs from the SB account to fixed deposit account. However, Government sanction was accorded after six months in December 1993 and the SB account was closed. The amount outstanding in the account was transferred (January 1994) to Treasury fixed deposit. As the interest earned in the SB account was not found sufficient for meeting the expenditure on the awards for 1992-93, the award amount (Rs.3.93 lakhs) was met (February 1994) from Government account.

Though the Director of Agriculture had received the proposed corpus of the fund by June 1993, delay in receiving Government sanction for transferring the amount in the SB account carrying 5.25 *per cent* interest to the Treasury fixed deposit carrying 12 *per cent* interest resulted in a loss of interest of Rs.2.27 lakhs. Had the deposit been made in the Treasury fixed deposit from July 1993 onwards, an amount of Rs.4 lakhs (including Rs.0.22 lakh earned in the SB account till June 1993) would have been received as interest.

## **AGRICULTURE (ANIMAL HUSBANDRY) DEPARTMENT**

### **3.4. Misutilisation of funds under National Project for Rinderpest Eradication**

Government of India (GOI) had sanctioned Rs.30 lakhs to the State Government in September 1994 for implementing the National Project for Rinderpest Eradication during the year 1994-95. The amount sanctioned by GOI was to be utilised for the renovation of building (Rs.11 lakhs), staff training (Rs.6 lakhs), construction of quarantine area at check post (Rs.7 lakhs) and communication campaign as media usage (Rs.6 lakhs). Expenditure towards salary and allowances of staff, fuel charges, etc., were to be met out of funds provided by State Government and cost of computers, etc., from European Economic Community (EEC) funds.

However, the department utilised the amount on salary and allowances, travelling allowance, office expenses, etc., which were not meant to be met out of the Central assistance. Utilisation of the Central assistance of Rs.30 lakhs for items to be financed out of State funds or EEC funds was irregular.



Government stated (August 1996) that there was no diversion of funds and expenditure was incurred for the purchase of refrigerators, deep freezers, vehicle for setting up the cold chain to store vaccine and for providing proper movement of staff engaged for field vaccination. Government's reply was untenable as the allocation of Central assistance was for specific purpose which did not include these items.

## **CULTURAL AFFAIRS DEPARTMENT**

### **3.5. Department of Museums and Zoos**

The Department of Museums and Zoos had under its control the following units, viz., (i) Art museum, Natural history museum, Sri Chitra art Gallery, Zoological garden and Botanical garden at Thiruvananthapuram; (ii) State Museum and Zoo, having zoo, botanical garden, art museum and a multi purpose museum at Thrissur, (iii) Art Gallery, Krishna Menon Museum and Botanical garden at Kozhikode. A test-check of the records of the Directorate of Museums and Zoos and the institutions at Thiruvananthapuram and Thrissur for the period from 1990-91 to 1994-95 revealed the following irregularities.

#### *(i) Procurement of animals for the zoos*

(a) The Director of Museums and Zoos proposed to Government in June 1990, procurement of a pair of rhinos for Thiruvananthapuram zoo. On a reference made by Government, the Assam Government intimated (August 1991 ) that one male rhino could be supplied on payment of Rs.6.50 lakhs. As the price quoted by the Assam zoo was found to be exorbitant as compared to the price listed by the National Zoological Park, New Delhi (Rs.2 lakhs effective from 1 April 1988 with no revision intimated thereafter), the Director suggested (November 1991) to Government to ascertain the approved price list of National Zoological Park, New Delhi. However, the State Government had referred the matter to the Director of Museums, New Delhi from where there was no response. Before ascertaining competitive price either by pursuing the matter with the National Zoological Park, New Delhi or by reference to other zoos in the country, two male rhinos were procured in 1993 at the price of Rs.13 lakhs. It was noticed in audit that procurement of two male rhinos was unnecessary as the requirement was one male

rhino and one female rhino. The two male rhinos were stated to have been purchased on the expectation that one male rhino could be transferred to any other zoo later where female rhino was available for exchange. However, the exchange had not materialised as of July 1996. The department stated (June 1996) that a proposal for exchange of a male rhino with a female rhino from San Diego zoo, United States of America was under consideration. Retention of the rhino without mate for more than a year had also violated rule 10(3) of the Recognition of Zoo Rules, 1992.

(b) An amount of Rs.0.44 lakh was paid in April 1986 to Sree Chamarajendra Zoological Gardens, Mysore for supply of a pair of tigers for Thrissur zoo. The tigers were not supplied, nor the amount refunded by the Mysore zoo till date (March 1996). The department had not pursued the case after April 1994.

(ii) *Boating service in the Thiruvananthapuram Zoo*

The department entrusted in January 1993 running of a boating service in the lake in Thiruvananthapuram museum campus with the District Tourism Promotion Council (DTPC), Thiruvananthapuram. An agreement incorporating the terms of contract for running the boating service was executed with the DTPC only in August 1994 according to which boats were to be provided by the DTPC and the hire charges of boats collected by the DTPC from the public was to be remitted into a joint account of the department and the DTPC opened in a nationalised bank. The expenditure for the service was to be met from this account. Monthly statement of accounts was to be furnished by the DTPC to the department and the net revenue from the boating service was to be utilised for developmental activities in museum as decided by a committee constituted for the purpose.

It was noticed that joint account was opened only in October 1994 and the revenue since then only was credited to this account. No monthly statement of accounts was furnished by the DTPC. Statements of accounts for the periods, from 26 January 1993 to 20 July 1995 and from 21 July 1995 to 31 January 1996 were submitted in July 1995 and February 1996 respectively according to which there was a net revenue of Rs.1.02 lakhs as of January 1996. An amount of Rs.3.09 lakhs was shown as expenditure towards value of boats (Rs.2.54 lakhs) and remittance into DTPC account (Rs. 0.55 lakh) which was against the terms of



agreement. No meeting of the committee to decide the utilisation of net revenue was convened as of June 1996 with the result that no developmental activities were undertaken utilising the net revenue collected. The department had also not evolved any procedure to ensure the correctness of the receipt and payment reported by the DTPC.

(iii) *Deployment of staff of the Department to non-government bodies*

(a) A Lower Division Clerk and four Gardeners borne on the establishment of the department were working exclusively for the Kerala Agri-Horticulture Society, Thiruvananthapuram, a non-government body constituted for promotion of agriculture and horticulture, ever since the formation of the society in 1945. The expenditure on their pay and allowances was being met by the department. During 1991-95 an expenditure of Rs.6.52 lakhs had been incurred on pay and allowances of the staff. Meeting the expenditure from Government funds on salary of staff employed under a non-government body was irregular.

(b) A Zoo Supervisor was transferred from Thiruvananthapuram Zoo to the Deer park, Trippunithura in September 1992 when it was established. In April 1993, the deer park was brought under a society formed for preservation of the Trippunithura palace. But the Zoo Supervisor was reverted to the department in August 1994 only. As the control of the deer park ceased to be with the department from April 1993, payment of salaries and allowances (Rs.0.56 lakh) to the Supervisor from April 1993 till August 1994 by the department was irregular.

(iv) *Formation of a planning cell*

Based on project report prepared by a Curator in the Department of Museums, Government of Gujarat, the State Government sanctioned formation of a planning cell in the Directorate in August 1990 with the objective of bringing up the museums in the State to contemporary level.

The same Curator was appointed on deputation basis as Planning Officer for a period of 3 years for creation of cell. He joined duty in January 1991 and was relieved in April 1994. In June 1994, the department reported to Government that the objectives could not be achieved by the Planning Officer as the scheme could be implemented only on the basis of a master plan to be prepared by an expert

committee instead of by an individual officer. Thus, the expenditure of Rs.1.87 lakhs incurred on the salary of the Planning Officer proved unproductive.

(v) *Extra expenditure on the purchase of cattle feed*

The cattle feed required by the State Museum and Zoo, Thrissur was being supplied from 1980 onwards by a stockist of the cattle feed unit, Malampuzha under the Kerala Co-operative Milk Marketing Federation Limited (MILMA), a Public Sector Undertaking. When it was noticed by the Superintendent, State Museum and Zoo, Thrissur in March 1993 that the cost of the cattle feed supplied by the stockist was very high as compared to the rates fixed by MILMA, such purchase of the cattle feed was arranged direct from MILMA from March 1993 onwards. During the period from August 1986 to March 1993 the rates for a bag containing 45 Kg of the feed charged by the stockist ranged between Rs.127.65 and Rs.346.50, while the rates fixed by MILMA were in the range of Rs.76.32 and Rs.162. For a quantity of 94.28 tonnes of cattle feed purchased from the stockist between August 1986 and March 1993, the department incurred an excess expenditure of Rs.2.48 lakhs. When the zoo authorities informed MILMA about the higher rates claimed by their stockist, they stated that the rates fixed by MILMA were clearly printed on the bag, and there was no necessity for payment of higher rates over and above those approved rates. The case was under investigation by the Vigilance Department (August 1996)

The points mentioned above were referred to Government in May 1996; reply had not been received (September 1996).

### **3.6. Avoidable expenditure on repairs and energy charges for an air-conditioning plant**

The work of centralised air-conditioning of the State Archives building at Thiruvananthapuram for preserving the valuable documents was awarded to a firm in May 1987. The work due for completion by August 1987 was completed in January 1991 at the cost of Rs.27.49 lakhs. The commissioning of the air-conditioning plant was delayed as gas charging and testing of the air-conditioning system could not be done because the required high tension electric supply of 205 kilowatt power was not provided. An outdoor transformer was installed in March 1991 based on sanction issued (May 1989) by the Electrical Inspectorate,



Thiruvananthapuram. The sanction was, however, cancelled (April 1990) by the Electrical Inspectorate on the ground that the approval could be given only for an indoor transformer. However, in March 1991, the Electrical Inspectorate accorded sanction for energising the outdoor transformer. Even though the department addressed the Kerala State Electricity Board (KSEB) for power connection in March 1987, it was followed up only in January 1990. It took a further three years for providing electric supply due to procedural delays and shortage of materials (Current Transformer and Potential Transformer units and metering equipment). The electric supply was provided in August 1993.

Meanwhile, due to long delay in the operation of the plant, several parts of the plant got damaged. The work of repairing the plant at the cost of Rs.1.17 lakhs was awarded to the same firm in February 1994. The repairing had to wait till January 1995 and the delay was attributed by the Public Works Department to non-completion of approach road to the plant, sump and pump house. (The approach road proposed for construction was in lieu of earlier *kutch*a road which was damaged by rain.) The plant was commissioned in January 1995.

Thus, the air-conditioning plant installed at the cost of Rs.27.49 lakhs in January 1991, could not be put to use for four years resulting in damages to parts, repair of which cost an additional amount of Rs.1.17 lakhs. The department had also to pay a sum of Rs.2.71 lakhs to the Kerala State Electricity Board on fixed charges on high tension electric installation during August 1993 to December 1994 when the installation was not used.

## **FISHERIES AND PORTS DEPARTMENT**

### **3.7. Unproductive expenditure on a boat building yard**

Mention was made in paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year 1982-83 (Civil) about the uneconomic working of the two departmental boat building yards at Sakthikulangara in Kollam district and at Beypore in Kozhikode district.

The poor working of the boat building yard at Beypore was again commented in paragraph 7.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1988, No.6 of 1989 (Civil). A further test-check was conducted by Audit covering the period from 1988-89 to 1994-95 and the details are given in succeeding paragraphs.

(i) The working of the Beypore yard had deteriorated still further during the seven year period from 1988-89 to 1994-95. The total number of boats constructed during this period was seven at an average of 1 per year against the capacity to build 40 boats per year.

(ii) The total number of boats repaired was 26 as against 77 during the preceding seven years from 1981-82 to 1987-88.

(iii) The revenue realised during the period was Rs.18.80 lakhs (excluding cost of materials: Rs.30.50 lakhs) which accounted for only 14 *per cent* of the total establishment expenditure of Rs.1.34 Crores. Of the total of 4.72 lakh man hours available during 1988-89 to 1994-95 only 1.78 lakh man hours (38 *per cent*) could be utilised by the yard.

(iv) Construction of two boats undertaken by the yard during 1991-92 and to be completed by October 1991 was not completed as of December 1995. The construction of the boats which started in September 1991 and December 1991 was discontinued in January 1994 and July 1994 as the *anjili* wood required for fabrication of engine foundation of the boats could not be procured. Steps initiated for the procurement from the Forest Department had not succeeded as *anjili* wood of required size was not available in the Forest depots. Efforts to procure *anjili* wood by inviting tenders on March 1994 also did not succeed as Government sanction of accepting the tender submitted by the department had not been accorded. The *anjili* wood was later received from the Forest Department in November 1995. The construction of the boats had not been completed as of June 1996.

From January/July 1994, when the construction of the boats was suspended, the workers were totally idling. The idle wages paid to the workers till November 1995 amounted to Rs.38.78 lakhs.



Thus, the boat building yard was continuing without adequate work and hence the recurring expenditure of Rs.17 lakhs per *annum* (average) on salaries of 44 staff members continued to be liability to Government.

The department stated (August 1996) that there was no demand for wooden boats owing to the technological developments and it was therefore difficult to undertake any fresh construction work with the existing skeleton staff which was reduced as a result of non filling of the posts that became vacant on retirement of the staff. The department further added that the remaining employees of the yard were regular departmental employees covered under Kerala Service Rules and hence eligible for regular salary whether the unit was undertaking any work or not. The reply of the department was not acceptable as department could have taken steps for the profitable redeployment of staff who could not be assigned any worthwhile work.

The matter was referred to Government in April 1996; reply had not been received (August 1996).

### **3.8. Idle hydrojet marine speed boats**

For patrolling of sea during the trawl ban period and sea rescue operations, the Director of Fisheries placed (October 1981) supply orders with a firm in Indore for supply of three hydrojet speed boats at the total cost of Rs.70.71 lakhs. The boats were supplied by the firm in July 1982, January 1983 and March 1984. These were allotted to the Zonal Offices at Ernakulam (Boat 1), Kozhikode (Boat 2) and Kollam (Boat 3).

Mention was made in paragraph 6.5(ix) of the Report of the Comptroller and Auditor General of India for the year 1986-87 (Civil) about their defective construction, poor upkeep and consequential non-use for surveillance work. Government had informed the Public Accounts Committee in October 1993 that one of the boats had already been got repaired and that the repairs of the remaining 2 boats would be arranged, if the repairs done were found to be successful on trial

runs. On a further scrutiny by Audit, it was noticed that all boats continued to remain idle. The actual duration of their working and the extent of the idling were as under:

<i>Reference to boat</i>	<i>Date of allotment</i>	<i>Period during which worked</i>	<i>Actual hours/ months of working</i>	<i>Year and month from which docked for repair</i>
Boat 1	July 1982	1982-88	800 hours	1989
Boat 2	March 1985	1985-87	137 hours	September 1987
Boat 3	July 1984	1984-87	36 months	September 1987

As against the expected life span of 15 years, the boats have been practically idling ever since their purchase, the periods of their actual working being nominal or negligible. Thus the investment of Rs.70.71 lakhs on the boats had been largely unproductive.

The following points were also noticed in audit:

(i) The repair work of the boat number 2 allotted to the Zonal Office, Kozhikode was entrusted (June 1991) to a Kochi firm for Rs.3.55 lakhs. Though the boat was ready for trial run in May 1992 after repair, the trial run was conducted only after 18 months in October 1993 due to non filling of posts of driver and boson, shortage of funds for fuel, etc. Even though, the result of the trial run was termed as satisfactory, by the Chief Civil Engineer, the boat could not be put to use. However, the Deputy Director of Fisheries, Kozhikode, stated that according to the reports of foreman, boson and engine driver who were also present during the trial run, defects were noticed during trial run. As the defect was noticed during the trial run in October 1993, when the guarantee period of six months from October 1993 as per the terms of agreement was not over, the repair work should have been arranged with the firm before the expiry of the guarantee period. The reason for not doing so was not on record. Thus, the repair charges of Rs.3.10 lakhs (paid to the firm) also did not serve any purpose.

(ii) In May 1994, a committee was constituted by the Director of Fisheries to explore the possibility of repairing and resuming boats number 1 and 3. The committee which was to submit its report within seven days had not submitted it till date (October 1996).



(iii) Idle wages paid to the crew of the boats not in operation till March 1995 amounted to Rs.6 lakhs. The department also had to incur expenditure on hiring of boats during the period and the amount of hire charges involved during the two years 1994-95 and 1995-96, the details of which were furnished to Audit amounted to Rs.12.25 lakhs.

The matter was referred to Government in March 1995; reply had not been received (August 1996).

## **FOOD AND CIVIL SUPPLIES DEPARTMENT**

### **3.9. Distribution of food grains under Revamped Public Distribution System**

A scheme for distribution of food grains at specially subsidised rates to the people living in tribal areas covered under Integrated Tribal Development Project (ITDP) was being implemented from November 1985. Government of India (GOI) decided in May 1992 that food grains (rice and wheat) at such specially subsidised central issue price be distributed from 1 June 1992 in areas identified under Revamped Public Distribution System (RPDS) namely, areas covered under the Drought Prone Area Development Programme (DPAP), Desert Development Project and certain designated hill areas. The specially subsidised price of rice and wheat was fixed by GOI at Rs.50 per quintal lower than the issue price under the normal public distribution system. As statutory rationing was in vogue in the State the card holders in the identified areas drew their quota of ration under RPDS only and the scale was the same as that prescribed under the statutory rationing in the State. As there were no areas in the State coming under DPAP, Desert Development Project and hill areas, there was no increase in the area of implementation of the scheme and the scheme was continued to be implemented in the areas covered under the scheme launched in 1985. A test-check of the records relating to the implementation of the scheme revealed the following points:

#### *(i) Distribution of food grains in excess of the prescribed norm*

The specially subsidised food grains was distributed initially to tribal population in 21 blocks in 7 districts of the State till May 1994 and later extended to the entire population from June 1994. As per the scheme, the food grains at the

specially subsidised price was to be distributed through the public distribution system at the rate of 20 Kg per family per month. As the State Government's rationing pattern was not on family basis, but on individual basis classifying the individual as adult and non-adult (children between the age of 2 and 12), the above norm was not followed. With reference to the quantity of food grains allotted to the State Government by GOI under RPDS and the number of families covered under RPDS in the identified areas, the average quantity of food grains per family distributed worked out to 26.5 kg which was in excess of the norms prescribed by GOI. The State Government availed an undue subsidy of Rs.33.85 lakhs on the excess 6770 tonnes of rice during June 1992 to May 1994.

(ii) *Short coverage of population in the identified areas*

The distribution of food grains at the specially subsidised rate was to be made to the entire population in the areas covered under the scheme. However, the State Government had limited the distribution to the tribal population of the ITDP. As a result, out of the total population of 3.24 lakhs in 21 blocks, only 0.43 lakh representing the tribal population was covered under the programme. The less coverage (86.72 *per cent*) resulted in a low off-take of the subsidised food grains. This shortfall in the coverage came to light when, GOI sought the reason for the low off-take. In reply, the Government stated the low off-take was due to allotment of the specially subsidised food grains only to the scheduled tribe population in the ITDP blocks, which was consistent with the pattern of distribution adopted in the earlier scheme introduced from November 1985. It was noticed, however, that the 1985 scheme had covered the entire population of the ITDP block. As distribution of subsidised food grains to the tribal population alone was violative of the directions issued in May 1992 by GOI, the State Government had begun distributing the subsidised food grains to non-tribal population also from June 1994. Based on the theoretical requirement of specially subsidised rice assessed by the State Government, the State Government required 20,000 tonnes of rice per month. However, as the distribution of the specially subsidised rice was limited to tribal population only, the State Government had lifted only 56,800 tonnes of food grains from June 1992 to May 1994. The quantity thus short-lifted amounted to 4.23 lakh tonnes and the corresponding subsidy involved was Rs.21.15 crores during the period from June 1992 to May 1994.



(iii) *Over-charging of consumers*

In order that the end retail price should be uniform throughout the country, GOI had directed that the States should pass on only Rs.25 per quintal to the consumer and cover handling cost, commission, etc. within this amount. It had also been stipulated that if these costs could not be covered within Rs.25 per quintal, the additional expenditure should be borne by the State Government. The end retail price was fixed by GOI accordingly, by increasing the specially subsidised central issue price by Rs.25. However, the rate fixed by the State Government was in excess of the maximum end price of GOI by Re.1 to Rs.8 per quintal. This resulted in overcharging of the consumers by Rs.83.62 lakhs in 8 blocks from January 1993 to March 1996. Government stated (December 1995) that limiting the overheads within Rs.25 per quintal was not practicable in the State. Government has not, however, clarified as to why they could not absorb the excess handling charges, which GOI had specifically asked the State Government not to pass on to the consumers.

The matter was referred to Government in July 1996; reply had not been received (August 1996).

## **HEALTH AND FAMILY WELFARE DEPARTMENT**

### **3.10. Unfruitful expenditure on an in-patient ward**

A 20 bed in-patient ward for the Primary Health Centre, Vazhakulam was constructed in February 1990 at the cost of Rs.5.52 lakhs under National Rural Employment Programme. Staff consisting of three Nurses, one Nursing Assistant and one Hospital Attendant was appointed in November 1990.

However, the ward could not be used, as the building was leaking and the cover of the water tank was lost in a cyclonic storm. An estimate for Rs.1.45 lakhs for repairs and construction of compound wall was forwarded to the Director of Health Services by the Public Works Department for administrative sanction in July 1993. The sanction to the estimate was pending (January 1996).

Meanwhile, the staff was deputed to Government Hospital, Perumbavoor on working arrangement during the period from August 1992 to June 1993 and later

from December 1995 (except the Hospital Attendant). The in-patient ward was opened for patients for a brief period from October 1994 to December 1994 before it was closed again. To an Audit query, (November 1994) the District Medical Officer of Health stated that the admission was delayed due to the leaking roof of the building and acute water scarcity. According to him, as there was no compound wall to the hospital, local people trespassed into the hospital during odd hours for antisocial activities and therefore the patients refused to get admitted to the hospital.

Thus, the in-patient ward on which Rs.5.52 lakhs was spent 6 years back had remained unutilised. Besides, Rs.7.50 lakhs spent on salary and allowances of the staff from November 1990 to July 1992, July 1993 to September 1994 and January 1995 to December 1995 remained unproductive.

Government stated in May 1996 that the staff were posted in anticipation of administrative sanction and on the belief that in-patient ward could be put to use without delay.

### **3.11. Retention of staff in excess of requirement**

In March 1991, Government sanctioned a 50 bed Taluk Ayurveda Hospital in Sulthan Bathery in Wayanad District with necessary staff comprising three Medical Officers, eight Nurses and five Nursing Assistants. The hospital started functioning from April 1991 with full sanctioned staff comprising fresh recruits and staff on transfer. However, as against the sanctioned bed strength of 50, only 14 in-patients could be admitted since the hospital building, a rented building provided by Sulthan Bathery Gram Panchayat had no space to accommodate more patients. Even though, the hospital was reported to have been sanctioned on the specific undertaking of the Panchayat that necessary building could be provided by the Panchayat, a suitable building was not provided to the hospital as of March 1996. The Secretary, Sulthan Bathery Gram Panchayat stated (November 1995) that the construction of hospital building was in progress in Kidanganad village.

While the bed strength was only 14 as against the sanctioned number of 50, no reduction in the staff sanctioned for the full bed strength of 50 was made as of April 1996. The District Medical Officer, Wayanad intimated the Director of Indian



Systems of Medicine, Thiruvananthapuram in November 1995 that there was excess staff of 8 numbers (One Medical Officer, 4 Nurses and 2 Nursing Assistants and one Sanitation Worker). The wages paid to this excess staff from April 1991 to December 1995 worked out to Rs.6.16 lakhs. In addition, an expenditure of Rs.0.80 lakh on the cots and mattresses not put to use also remained as an idle outlay.

The matter was referred to Government in March 1996; reply had not been received (August 1996)

### **3.12. Avoidable expenditure on interest on electricity charges**

The Kerala State Electricity Board (KSEB) charged interest at 18 *per cent per annum* up to 2 April 1992 and 24 *per cent per annum* thereafter on the electricity charges if paid after the due dates of payment.

In 20\* Primary Health Centres/Hospitals under District Medical Officer of Health, Ernakulam it was noticed that a total of Rs.89.73 lakhs representing electricity charges payable to KSEB from 1987-88 to November 1995 were under default as of March 1996 and the interest payable till March 1996 amounted to Rs.48.14 lakhs.

The District Medical Officer of Health, Ernakulam had attributed the reason for non-payment of the electricity charges on due dates to non-allotment of funds.

The matter was referred to Government in December 1995; reply had not been received (August 1996).

### **3.13. Unproductive expenditure on pay and allowances**

Considering the inconvenience caused to the students of Bachelor of Ayurvedic Medicine and Surgery degree in Ayurveda College, Trippunithura, where they had to depend on Allopathy Hospital 16 km away for practical training in

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Government Hospitals at Aluva, Edappally, Ernakulam, Kadayirupu, Koonammavu, Kothamangalam, Njarakkal, North Parur, Perumbavoor, Puthenvelikara, Trippunithura, Primary Health Centres at Ankamali, Chellanam, Elanji, Kumarapuram, Kumbalangi, Community Health Centres at Kaladi, Piravom, Government School of Nursing, Ernakulam and Taluk Headquarters Hospital, Muvattupuzha.

surgery, Government sanctioned (April 1989) establishment of a surgery wing in the college with twelve posts of medical and paramedical staff. In February 1990, Government sanctioned construction of a mini theatre and purchase of equipment for the surgery wing. However, by an order issued in May 1990, Government kept in abeyance their earlier orders for the establishment of the surgical unit in the wake of agitation by students of Allopathic Medical Colleges. The orders of May 1990 were not revoked as of April 1996.

Meanwhile, as per Government orders of April 1989 and February 1990 two head nurses and three staff nurses and one pharmacist were deputed from Government Allopathy hospitals to the Ayurveda College, Trippunithura in April 1990. These staff were, however, not redeployed from May 1990 when Government's orders for establishment of the surgery unit were kept in abeyance. The Principal, Ayurveda College, Trippunithura stated (May 1994) that the paramedical staff was not redeployed in anticipation of the ban being lifted soon. Out of the six staff members, three staff nurses and one pharmacist were redeployed in April 1993, July 1995, November 1995 and remaining two head nurses were still continuing (March 1996).

Thus, failure to redeploy the staff immediately after Government had issued orders keeping in abeyance their earlier orders establishing the surgery unit had resulted in payment of wages amounting to Rs.14.14 lakhs to idle staff.

A mini theatre was constructed at the cost of Rs.1.25 lakhs in January 1994. The theatre had not been put to use as the air conditioning work for which Rs.1.38 lakhs deposited with the Public Works Department in February 1990, had not been completed as of June 1996.

Government stated (July 1996) that even though the doctors sanctioned by Government did not join the department, it was not possible to terminate the deputation of the staff as their services were required to assist two allopathy doctors working in the out-patient section. However, no specific orders to this effect had been issued by Government. Moreover, the Principal, Government Ayurveda College had stated (February 1996) that no paramedical staff was necessary in the hospital as no specialised doctors were available.



### **3.14. Misappropriation of Government money in a Primary Health Centre**

Primary Health Centre (PHC), Vilappil was incurring expenditure for salary and allowance of staff, on local purchase for medicines and dietary articles based on the monthly allotments made by the District Medical Officer of Health (DMO), Thiruvananthapuram. During April 1994 to March 1995, PHC, Vilappil had spent Rs.16.93 lakhs more than the actual allotment for medicines and Rs.4.41 lakhs more than the actual allotment for dietary articles provided by the DMO. The expenditure in excess of the actual allotment was made allegedly by unauthorised upward revision of the allotments at the DMO's office before sending it to the PHC, Vilappil. Wide variations between allotments and expenditure on medicines and dietary articles was noticed by Audit during the local audit of PHC, Vilappil conducted from 16 June 1995 to 20 June 1995 and this was pointed out to the Medical Officer on 20 June 1995. Taking note of the developments, the Internal Audit wing of DMO's office went to the PHC, Vilappil on 23 June 1995, completed the preliminary audit and submitted the report on that day.

The additional amount (Rs.21.34 lakhs) drawn in contingent bills from the Sub Treasury, Malayinkil was reportedly spent on purchase of medicines and dietary articles. As per the bills for the purchase, medicines were purchased from two shops of which one was non-existent during the period. Many of the medicines purchased were stated to have not been included in the Stock register. Based on the enquiry, by the Internal Audit wing of DMO's office, the Medical Officer, a Lower Division Clerk of PHC and an Upper Division Clerk of the office of the DMO were suspended by Government in June 1995. The Sub Treasury Officer and an Accountant of Sub Treasury Office, Malayinkil were also placed under suspension in July 1995. Meanwhile, the Medical Officer committed suicide in August 1995 and a case has been registered. The case of misappropriation had also been referred (July 1995) to the Vigilance department. Further developments were awaited (October 1996).

The matter was referred to Government in July 1996; reply had not been received (August 1996).

## HOME DEPARTMENT

### 3.15. Idle investment on Fibre Glass Boats

In November 1989, Government sanctioned purchase of eight Fibre Glass Boats at the cost of Rs.11.20 lakhs under the scheme of 'Modernisation of Police force'. Based on tenders, purchase order was issued by Government in February 1991 to a firm in Kochi for supply of eight boats at the cost of Rs.11.57 lakhs.

The firm supplied 3 boats each in March 1991 and May 1991 and 2 boats in November 1991 and received payments totalling Rs.11.31 lakhs between March 1991 and January 1992 after a deduction of Rs.0.26 lakh towards penalty for belated supply. The eight boats were allotted (2 each) to Superintendent of Police (SP) Kollam, SP, Alappuzha, Commissioner of Police, Kochi City and SP, Ernakulam Rural between March 1991 and January 1992. SP, Ernakulam Rural to whom 2 boats (Cost Rs.2.89 lakhs) were allotted in January 1992, had not taken possession for want of operating crew. When the operating crew was available in May 1993, the firm demanded 60 days time for delivery of the boats. The time sought by the firm was for replacement of the metal parts like steering, cable assembly, etc. which were removed to prevent corrosion on account of delay in taking possession by the department. The firm, however, failed to supply the boats till January 1995, when one out of the two boats was supplied. This boat also could not be put to use (December 1995) as the accessories like tools kit, life jacket, fire extinguisher, wire ropes, oar, etc., were not supplied by the firm. The second boat had not been supplied so far (December 1995).

Of the remaining six boats, only one boat had been working satisfactorily. Five boats had worked for 6 months, 13 months, 17 months, 3 years and 3 years and 3 months. These boats had been docked for repairs from October 1991, July 1992, January 1993, March 1994 and April 1995 respectively. They still remained to be repaired and put to use (December 1995).

One boat allotted to S.P, Kollam had developed mechanical trouble in October 1991, within the guarantee period of one year. The engine of the boat taken away for repairs by the representative of the firm in October 1991 was not returned after repairs so far (December 1995). A legal notice was issued to the firm in September 1994. Further developments were awaited.



Thus, excepting one boat which had been reported to be working satisfactorily and two boats which had worked for more than three years all the remaining five boats remained practically unutilised and the intended benefit expected of the boats could not be derived. It was noticed in audit that before selecting the firm, its previous experiences/financial status, etc. were not considered as required under the rules. It was also noticed in audit that as per the terms of the contract, before delivery, each boat would have to be inspected on receipt of completion report; but only three (one in each consignment) out of the eight boats were inspected by a committee constituted for the purpose. The reasons for not inspecting the remaining five boats were not on record.

Further, an approximate amount of Rs.3.79 lakhs incurred on hiring of boats in the Office of the SP, Alappuzha from June 1991 to March 1996 could have been avoided, had the two boats been in working condition. Also an expenditure of Rs.0.97 lakh on pay and allowance of one boat syrang attached to the Office of the SP, Alappuzha from June 1991 to April 1996 was rendered wasteful as no boat was in working condition.

The matter was referred to Government in April 1995; reply had not been received(August 1996).

## **REVENUE DEPARTMENT**

### **3.16. Avoidable expenditure on payment of interest**

In a judgement dated 17 December 1987, the Sub Court, Ernakulam directed the Government to pay additional compensation amounting to Rs.10.66 lakhs to three persons whose 64.57 ares of land had been acquired by Government in May 1982 for a playing ground for St.Albert's College, Ernakulam. The amount was paid after a lapse of 71 months in November 1993. Interest at the rate of 9 *per cent* for the first year from the date of acquisition and 15 *per cent* thereafter on the decreed amount of Rs.10.66 lakhs working out to Rs.16.13 lakhs from May 1982 to 31 October 1992 had been paid. The additional commitment by way of interest from December 1987 to October 1992 due to delayed payment of the decreed amount worked out to Rs.7.72 lakhs. The net loss to Government by taking into account the difference in the interest on ways and means advance (11 *per cent*) and interest paid (15 *per cent*), was Rs.2.06 lakhs. Paucity of funds was the reason given for not

making prompt payment of the decretal amount. The financial rules of the State Government, however, provided that in no case should inevitable payments be delayed. Thus delaying payment and inviting interest liability were in violation of the financial rules.

The matter was referred to Government in February 1996; reply had not been received (August 1996).

### **SCHEDULED CASTES AND SCHEDULED TRIBES DEVELOPMENT DEPARTMENT**

#### **3.17. Samridhi Kendras - Non-achievement of objectives**

In October 1990, Government sanctioned establishment of 'Samridhi Kendras' (Kendras) in each district by reorganising on commercial basis the existing production-cum-training centres under the Scheduled Castes Development Department. The Kendras, registered under Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, aimed at imparting training to Scheduled Caste youths in modern techniques of production and utilising the trained manpower in the production-cum-marketing Centres run by them and, thereby, helping the economic development of weaker sections. The scheme was intended to provide employment to 20 Scheduled Caste/Scheduled Tribe (SC/ST) youths in each district in eight trades identified for the purpose. However, out of 13 Kendras proposed to be set up only 6 Kendras were established (June 1996). Of the 6 Kendras, the Kendra in Palakkad district though set up in October 1995 was yet to procure the required raw materials for starting production (July 1996) and Kendra in Kasaragod functioned only for 6 months in 1992 as it had to vacate the building and a suitable alternative building could not be located. Seven Kendras could not be started (April 1996) due to non-availability of building, water supply and trained hands. Out of Rs.16.31 lakhs placed at the disposal of the District Development Officers for Scheduled Castes by the Director of Scheduled Castes Development and District Collectors concerned during the period from March 1991 to September 1992 for establishing the 7 Kendras only a sum of Rs.0.17 lakh was spent for the purpose and the balance of Rs.16.14 lakhs was kept in Treasury and Nationalised/Co-operative Bank accounts for the last 5 years. Lack of planning and



delay in providing necessary infrastructure, thus led to the non-implementation of the scheme in majority of the districts.

The matter was referred to Government in May 1996; reply had not been received (August 1996).

## GENERAL

### 3.18. Outstanding Inspection Reports

Audit observation on financial irregularities and defects noticed during local audit but not settled on the spot are reported to the Heads of offices as well as to their next higher departmental authorities through Inspection Reports. More important irregularities are brought to the attention of Heads of the Department and Government. Provisions in the Kerala Financial Code enjoin that the reply to the Inspection Reports should be furnished to the Accountant General within four weeks of their receipt.

At the end of June 1996, 12,382 Inspection Reports issued to various departments upto December 1995 which contained 39,005 paragraphs had not been settled. The year-wise break-up of the outstanding Inspection Reports is given below:

<i>Year</i>	<i>Number of Inspection reports</i>	<i>Number of paragraphs</i>
Upto 1991-92	5822	14669
1992-93	1498	4604
1993-94	1749	6100
1994-95	2048	8131
1995-96 (upto December 1995)	1265	5501
Total	12382	39005

For the prompt settlement of audit objections 74 Audit Committees (37 at Government level and 37 at department level) were constituted. During the year 1995-96, there were only 21 sittings (Government level:5 and department level:16)

of the committees as a result of which only 79 paragraphs in 7 reports were got settled.

A review of the position of Inspection Reports issued to various offices under Scheduled Castes and Scheduled Tribes Development Department and under Local Administration Department revealed the following:

(i) *Scheduled Castes and Scheduled Tribes Development Department*

Of the Inspection Reports issued till the end of December 1995, 340 Reports involving 1154 paragraphs (Scheduled Castes Development Department: Inspection Reports-311, paragraphs:1037; Scheduled Tribes Development Department: Inspection Reports : 29, paragraphs-117) remained to be settled at the end of June 1996. Year-wise details of pendency are given below:

Year	Scheduled Castes Development Department		Scheduled Tribes Development Department		Total	
	Number of Inspection Reports	Number of Paragraphs	Number of Inspection Reports	Number of Paragraphs	Number of Inspection Reports	Number of Paragraphs
	Earliest Year 1982-83		Earliest Year 1983-84			
Upto 1991-92	162	401	21	80	183	481
1992-93	33	126	3	19	36	145
1993-94	46	182	3	9	49	191
1994-95	45	226	2	9	47	235
1995-96	25	102	Nil	Nil	25	102
Total	311	1037	29	117	340	1154

Apart from the general observations on inadequate financial control and failure of systems and procedures, 729 paragraphs of the outstanding Inspection Reports contained comments on specific cases of irregularities, as indicated below:



Serial Number	Nature of irregularities	Scheduled Castes Development Department	Scheduled Tribes Development Department	Total
		Number of Paragraphs		
1	Non-implementation/irregularities in implementation and avoidable/excess payment in implementation of various schemes	73	13	86
2	Irregular sanction/irregular utilisation/non-utilisation/non-submission of utilisation certificate to A.G	126	7	133
3	Advances pending/delay in adjustment of advances	37	11	48
4	Drawal of funds in advance and in excess of requirement/retention of huge balances in savings bank accounts of treasury and commercial banks	131	17	148
5	Loan amount and interest thereon pending recovery	49	1	50
6	Non-production of acquittance, payee's receipt for grant/ subsidy/ scholarship	16	2	18
7	Loss to Government due to theft, defalcation, misappropriation or other wise and non-recovery of personal liabilities	32	2	34
8	Idle/avoidable/infructuous expenditure	29	Nil	29
9	Non-adjustment of cost of goods sold on credit and idle stock of finished goods	33	Nil	33
10	Non-receipt of share certificate in support of investment made in corporations/ companies	2	Nil	2
11	Excess payment of personal claims	58	9	67
12	Other objections	74	7	81
Total		660	69	729

No audit committee meeting of the department was held during the year 1995-96.

(ii) *Local Administration Department*

Of the Inspection Reports issued to the various offices under Local Administration Department till the end of December 1995, 107 Reports involving

237 paragraphs remained to be settled at the end of June 1996. Year-wise details of pendency are given below:

Year	Panchayats		Municipal Administration		Town Planning		Total	
	Number of Inspection Reports	Number of paragraphs	Number of Inspection Reports	Number of paragraphs	Number of Inspection Reports	Number of paragraphs	Number of Inspection Reports	Number of paragraphs
Upto 1991-92	39	75	3	4	12	18	54	97
1992-93	9	32	1	3	4	5	14	40
1993-94	9	11	1	7	4	6	14	24
1994-95	6	31	2	12	11	24	22	67
1995-96	Nil	Nil	2	8	1	1	3	9
Total	63	149	9	34	35	54	107	237

Apart from the general observations on the inadequate financial control and failure of systems and procedures, 142 paragraphs of the outstanding Inspection Reports contained comments on specific cases of irregularities, as indicated below:

Serial Number	Nature of irregularities	Panchayats	Municipal Administration	Town Planning	Total
		Number of paragraphs			
1	Non-production of utilisation certificate/ delay in utilisation of grants/ diversion of the of grant	7	1	1	9
2	World Bank aided water supply and rural sanitation scheme - non-collection of establishment charges and other irregularities	3	Nil	Nil	3
3	Retention of staff in excess of requirements/unproductive wages/fees	1	2	Nil	3
4	Drawal of fund in advance of necessity/ blocking up of fund/ loss to Government due to keeping of money outside treasury	4	4	Nil	8
5	Revenue pending collection/ lack of effective steps to collect revenue/ lack of reconciliation/ improper maintenance of DCB register	11	1	4	16
6	Non-remittance of revenue collected on behalf of Central and State Government	6	Nil	Nil	6
7	Excess payment of personal claims	37	8	20	65
8	Other objections	20	6	6	32
Total		89	22	31	142



No audit committee meeting of the department was held during the year 1995-96.

### 3.19. Follow-up action on Audit Reports

As per instructions, Government has to finalise remedial action on all audit paragraphs within a period of 2 months of the presentation of Reports of the Comptroller and Auditor General of India to the Legislature. The Administrative Departments concerned have to forward notes explaining the remedial action taken on the audit paragraphs to the Public Accounts Committee (PAC)/Committee on Public Undertakings (COPU) \*, as the case may be, and also to the Accountant General within 2 months. Further, according to the recommendation of the High Powered Committee accepted by Government in November 1993, Government should, without waiting for any notice or call from the PAC/COPU, submit Action Taken Notes (ATNs) on paragraphs and reviews included in Audit Reports indicating the corrective action taken or proposed to be taken within a period of 3 months.

The position regarding furnishing of ATNs in respect of paragraphs included in the Reports of the Comptroller and Auditor General of India, Government of Kerala (Civil) relating to the years from 1986-87 to 1994-95 as of December 1996 was as indicated below:

<i>Reference to Report (Year &amp; Nos.)</i>	<i>Number of paragraphs included in the Audit Report</i>	<i>Number of paragraphs for which ATNs have been furnished by Government</i>	<i>Number of paragraphs on which ATNs were due from Government</i>
1986-87	52	43	9
1987-88 -			
No.5 of 1989	19	1	18
No.6 of 1989	29	27	2
1988-89 (No.4)	57	38	19
1989-90 (No.3)	41	30	11
1990-91 (No.3)	38	28	10
1991-92 (No.3)	41	29	12
1992-93 (No.3)	53	24	29
1993-94 (No.2)	73	20	53
1994-95 (No.3)	65	11	54
Total	468	251	217

\* Paragraphs relating to the Kerala Water Authority are examined by COPU.



The Department wise details of the ATNs pending have been furnished in Appendix 13.

### 3.20. Misappropriations, losses, etc.

As reported to audit, 146 cases of misappropriations, losses, etc. involving Government money (Rs.132.67 lakhs) which took place till the end of March 1996 were pending finalisation at the end of June 1996. This included 4 cases where the monetary value of loss/misappropriation had not been assessed. Department-wise details of the cases are given in Appendix 14. Year-wise analysis of the outstanding cases is given below:

Year	Number of cases	Amount (Rupees in lakhs)
1990-91 and prior years	90	98.49
1991-92	2	0.68
1992-93	12	1.65
1993-94	21	19.36
1994-95	13	9.76
1995-96	8	2.73
Total	146	132.67

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

Particulars	Number of cases	Amount (Rupees in lakhs)
(i) Awaiting departmental and criminal investigation	26	71.67
(ii) Departmental action started but not completed	58	35.49
(iii) Awaiting order for recovery/write off	44	14.04
(iv) Pending in courts of law	18	11.47
Total	146	132.67



### **3.21. Writes off and waivers**

According to the information received by Audit, sanctions for the write off of Rs.4.60 lakhs in 438 cases and waivers amounting to Rs.1.65 lakhs in 4 cases were issued by various authorities during 1995-96. Department-wise details are given in Appendix 15. Information for 1995-96 sought for in April 1996 had not been received (October 1996) from 29 Departments of Government and 41 Heads of Departments.

## **CHAPTER IV**

### **WORKS EXPENDITURE**

#### **IRRIGATION DEPARTMENT**

#### **4.1. Kanhirapuzha Irrigation Project**

##### **4.1.1. Introduction**

Kanhirapuzha Irrigation Project (Project) in Palakkad District was taken up for execution in 1961, for increasing paddy production by 42150 tonnes in Mannarkkad, Ottappalam and Palakkad Taluks by providing irrigation facilities to an ayacut\* area of 21854 hectares (two crops in 9713 hectares each and a third crop in 2428 hectares). The project provided for construction of a dam for a length of 2128 metres (m) to impound 61.10 million cubic metres of water in the reservoir. A masonry dam of 232m length, an earthen dam of 1896m on either bank, a Right Bank Main Canal (RBMC) of 9.36 km and Left Bank Main Canal (LBMC) of 66 km and distributaries for a total length of 169.97 km were the other features of the project. The project which was to be completed by 1965-66 was partly commissioned in 1980 and had been targeted to be commissioned fully by 1997-98. The estimated cost of construction which was Rs.3.65 crores in 1961 had been revised thrice in 1975 (Rs.10.52 crores), 1984 (Rs.43.06 crores) and 1994 (Rs.82 crores). The last two revisions were pending approval by Government. The expenditure on the project up to March 1996 was Rs.71.49 crores.

##### **4.1.2. Organisational set up**

The project was executed by 3 Project Divisions (reduced to 2 Divisions with effect from 1 February 1992) under the supervision and control of the

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\* Ayacut: Cultivable command area of an irrigation system



Superintending Engineer, Siruvani Project Circle, Palakkad. The Chief Engineer, Project I, Kozhikode was in overall charge of the execution of the project and administrative control vested with Secretary, Irrigation Department.

#### **4.1.3. Audit coverage**

Mention was made under paragraph 4.2 of the Report of the Comptroller and Auditor General of India for the year 1982-83 (civil) about some aspects in the implementation of the project. Results of further review conducted during August-December 1995 covering the period from 1983-84 to 1995-96 with reference to the records in the Circle Office and the two Divisions are mentioned in the succeeding paragraphs.

#### **4.1.4. Highlights**

- **Kanhirapuzha Irrigation Project intended for increasing the paddy cultivation of Mannarghat, Ottappalam and Palakkad taluks by 42150 tonnes and stipulated for completion by 5 years had not been completed even after 35 years of its commencement.**

**(Paragraph 4.1.1)**

- **The estimated expenditure had gone up from Rs.3.65 crores (1961) to Rs.82 crores (1994) showing a huge 2147 *per cent* increase, resulting in escalation of cost of irrigation per hectare from Rs.3758 as per the original estimate to Rs.84420 as per the revised estimate.**

**(Paragraph 4.1.5)**

- During the period from 1990-91 to 1995-96 the establishment expenditure was disproportionately higher than the works expenditure with percentage of establishment expenditure to works expenditure ranging from 27 to 68.

(Paragraph 4.1.7)

- Out of 7266 hectares of ayacut (net) claimed to have been achieved, water had not been supplied to 2325 hectares due to non completion of certain reaches and hence only 4941 hectares had been referred for joint verification, out of which only 2840 hectares had been jointly verified.

(Paragraph 4.1.8)

- The benefit cost ratio worked out as 1.485:1 in the revised estimate had not taken into account the ayacut area of 1246 hectares relating to the canal portion from 61.714 km to 66 km which was proposed to be taken with the implementation of Thuppanad Scheme. Out of 7266 hectares of ayacut claimed to have been achieved 722 hectares were outside the purview of irrigation. Hence the ayacut available would only be 7745 hectares and correspondingly the benefit cost ratio would work out to 1.28:1 which was well below the benefit cost ratio of 1.5:1 fixed by the Central Water Commission.

(Paragraph 4.1.9)

- Despite adequate rainfall available in the catchment area, water could not be stored up to 97.5 metre (full reservoir level) as a result of failure to rectify the leaks in the dam.

(Paragraph 4.1.10)



- Delay in acceptance of tender within the validity period in one work (Left Bank Main Canal Chainage 48840 to 49000 metres) and injudicious rejection of tender received in the first tender call in another work (formation of Kulappully distributary) in avoidable expenditure of Rs.14.36 lakhs.

(Paragraphs 4.1.14)

#### 4.1.5. Project estimates and expenditure

The estimated cost of the Project had gone up by 2147 *per cent* from Rs.3.65 crores in 1961 to Rs.82 crores in 1994. The escalation in the project cost was due to (i) increase in cost of labour and materials (ii) increase in land acquisition charges which was necessitated by prolonged period of execution (iii) preparation of the estimate before completion of the detailed investigation of major length of the main canal and most of the distributaries etc., and changes necessitated during the course of execution. The component-wise details of original estimate and the latest revised estimate and expenditure were as under:

<i>Items</i>	<i>Original estimate (1961)</i>	<i>Latest revised estimate (1994)</i>	<i>Expenditure upto March 1996</i>
<i>(Rupees in lakhs)</i>			
Head works	193.14	1344.14	1560.79
Main canals and branches	84.65	3646.02	3319.96
Distributaries	47.00	1525.25	934.98
Special tools and plants	..	146.34	..
Ordinary tools and plants	3.06	..	..
Water courses	..	111.08	118.09
Losses on stock	..	0.75	..
Establishment charges	33.85	1401.08	1214.74
Indirect charges	4.95	133.22	..
Less: Receipts and recoveries	(-)1.55	(-)107.88	..
Total	365.10	8200.00	7148.56

As a result of delay in completion of the project and revision of estimates, the cost of irrigation per hectare had gone up from Rs.3758 as per the original estimate to Rs.84420 as per the latest revised estimate.

#### 4.1.6. Physical targets and achievements

The physical targets and achievements component-wise at the end of June 1996 were as under:

<i>Components of work</i>	<i>Target</i>	<i>Achievement</i>	<i>Work remaining to be completed</i>
1 Head works			
(i) Masonry dam	232 metres	Completed in 1980	Nil
(ii) Earthen dam	1896 metres	Completed in 1980	Nil
2 Main Canal			
(i) RBMC	9.36 km	Completed	Nil
(ii) LBMC	66 km	59.19 km excluding missing links for a total length of 2.52 km at Chainage between 41.42 km and 61.71 km	Work from Chainage 61.71 km to 66 km was not commenced (August 1996)
3 Distributaries			
(i) RBMC			Nil
(ii) LBMC	169.97 km	128.42 km	41.55 km

Even though the LBMC had been constructed for a total length of 59.19 km (excluding missing link of 2.52 kms), water could not be brought beyond 35 km, due to the long delay (1978-79 to 1993-94) in completion of the reach from Chainage 35060 metre to 35900 metre and slackness on the part of the contractor/contractors as well as the delay in rearrangement when the original contract was terminated. Water for the third crop could, however, be released only up to km 18.

#### 4.1.7. High rate of establishment expenditure

The establishment expenditure provided in the original estimate was Rs.33.85 lakhs which worked out to 10 *per cent* of the works expenditure of Rs.3.25 crores. As at the end of March 1996 the establishment expenditure stood at Rs.12.15 crores which was 21 *per cent* of the works expenditure of Rs.58.16 crores. The following table would indicate that during the last six years i.e., 1990-91 to



1995-96, the expenditure on establishment was disproportionately high when compared to the works expenditure.

<i>Year</i>	<i>Works expenditure</i>	<i>Establishment expenditure</i>	<i>Percentage of establishment expenditure to works expenditure</i>
	<i>(Rupees in lakhs)</i>		
1990-91	283.51	100.50	35
1991-92	219.34	109.64	50
1992-93	229.60	93.67	41
1993-94	202.89	116.80	58
1994-95	182.68	123.89	68
1995-96	543.13	144.46	27

The unbridled growth in the establishment expenditure ranged from 27 *per cent* to 68 *per cent* of the works expenditure during 1990-91 to 1995-96. This was attributed by the department to less allocation of funds for works expenditure.

#### 4.1.8. Irrigation targets and achievements

The ayacut target envisaged in the Project report was 9713 hectares (net). The distribution of the target and achievement and utilisation of the ayacut were as under:

	<i>Ayacut</i>	<i>Ayacut achieved (May 1996)</i>	<i>Ayacut utilised (May 1996)</i>
	<i>(in hectares)</i>		
1 LB Main canal	1594	1351	642
2 LB Distributaries	6594	4390	2774
3 RB Main canal	542	542	542
4 RB Distributaries	983	983	983
Total	9713	7266	4941

Though the Irrigation Department had claimed achievement of net ayacut area of 7266 hectares, only 4941 hectares had been referred to the Revenue

Department for joint verification. The balance of 2325 represented dry ayacut which could not be irrigated due to non completion of certain reaches. Joint verification had been conducted only in 2840 hectares (up to June 1989) leaving 2101 hectares unverified (May 1996). There was no further verification of ayacut (October 1996). The revenue loss by way of water cess sustained by Government due to non-verification of 2101 hectares amounted to Rs.3.78 lakhs for the 3 years from 1993 to 1996.

#### **4.1.9. Benefit cost ratio and reduction in ayacut**

The net ayacut of 9713 hectares originally proposed was after taking into account the LBMC length as 66 kms. In January 1989, the Superintending Engineer, Siruvani Project Circle stated that the ayacut of the canal beyond km.56.89 could be served effectively only after taking up Thuppanad Scheme as II stage of Kanhirapuzha Project. According to him canal execution beyond Chainage km.56.60 would not serve any purpose. It was decided at a High Level Committee meeting held in April 1995 that works on formation of LBMC up to 61.714 km only need be arranged for early commissioning of the scheme and that balance portion of main canal and distributaries were to be taken up as part of Thuppanad Scheme. Thuppanad Scheme with a huge outlay of Rs.92 crores proposed in March 1994 had not been sanctioned as of June 1996. However, works between Chainage km.56.89 and km.61.714 had been arranged and an expenditure of Rs.1.29 crores had been incurred. Assuming that the works of LBMC up to 61.714 km would serve its purpose, the ayacut area left out in Chainage km.61.714 to km.66 was 1246 hectares. Excluding this ayacut from the targeted 9713 hectares, the ayacut available for irrigation would be 8467 hectares only. Further, Special Tahasildar (PAR) Palakkad had reported (November 1995) that an extent of 722 hectares was not irrigable in the area identified by the Irrigation Department. If this also was deducted the ultimate ayacut would be 7745 hectares.

Taking into account this reduction in ayacut (1968 hectares) for computing the benefit cost ratio, the actual benefit cost ratio would be 1.28:1 as against 1.485:1 computed in the revised estimate. This benefit cost ratio was well below the benefit cost ratio of 1.5:1 fixed by the Central Water Commission.



#### **4.1.10. Leaks in the dam**

An Expert Committee was constituted by Government in November 1983 to guide officers at site in executing necessary rectificatory works on leaks in the dam. The committee had found that the leaks in all the blocks were due to reasons like seepage from foundation, leaks through face drains and masonry dam. The Committee had recommended grouting throughout the length of upstream side of the masonry dam and till the rectification work was over, restriction of the storage capacity to +95 metres from the full reservoir level of +97.5 metre. The following items of work recommended by the expert committee had not been carried out as of December 1995:

- (i) grouting the final stage of 5 metres each in six 28 metre deep additional test holes;
- (ii) grouting 31 holes redrilled in LBH portion to full depth 12 metres boring, and grouting through inclined hole in LBH portion;
- (iii) redrilling the drainage holes on the surface of the dam;
- (iv) filling the joints of down stream portion of spill way by watertight material.

Thus, the rectificatory work which commenced in 1983 had not been completed and the leaks continued unabated. Even though there was higher rainfall at the catchment area as compared to the projected rainfall, no benefit could be derived, by way of impounding water above 95 metres and upto 97.5 metres, because of failure to rectify the leaks.

#### **4.1.11. Loss due to poor quality of work**

Acting on a complaint, the Director of Vigilance conducted a detailed enquiry on the guniting work of the dam. The chemical analysis report from the Forensic Science Laboratory, Thiruvananthapuram established short usage of cement in the guniting work. The loss sustained by Government on this account amounted to Rs.5.79 lakhs. Two Assistant Executive Engineers were suspended in September 1994 but were reinstated in April 1995. The case registered in March 1994 by the Vigilance Police was not finalised as of March 1996 and the loss had not been made good as on date.

#### 4.1.12. Loss due to realignment of canals

Realignment of canals in two reaches had resulted in abandoning work already done based on the original alignment and loss sustained was to the tune of Rs.1.78 lakhs as under:

<i>Reach</i>	<i>Chainage of realignment</i>	<i>Reasons of realignment</i>	<i>Financial implication</i>
Forming Kailiyad South MD from Chainage 1580 metre to 1910 metre including cross drainage works	Chainage 1507 to 1580 metre	The quantity of earth cutting reckoned at the estimate stage was 2100 m <sup>3</sup> *. After awarding the contract when initial levels were taken, the quantity of earth cutting required was found to be 11200m <sup>3</sup> . In order to avoid this huge cutting as well as more dumping space, realignment of the canal at higher level was done as an alternative.	In order to avoid acquisition of land to accommodate the excess cutting, canal portion from Chainage 1507 to 1580metre was realigned abandoning the canal portion in this Chainage already constructed at the cost of Rs.1.10 lakhs. The loss of Rs.1.10 lakhs could have been avoided had the quantity of earth cutting been assessed correctly at the estimate stage itself.
Forming LBMC from Chainage 53400 to 54000 metre	Chainage 53390 to 53520 metre	During earth work excavation heavy slippage of earth was noticed during monsoon of 1984.	The canal was realigned avoiding the portion from Chainage 53400 metre to 53520 metre where frequent slippages occurred resulting in infructuous expenditure of Rs.0.68 lakh on the earthwork already done in this reach. This could have been avoided had instructions by the SE in January 1994 for providing protection arrangements at essential points been followed.

\*

m<sup>3</sup> = Cubic metres



#### **4.1.13. Irregular payment to contractor**

The work of formation of LBMC from Chainage 49200 metre to 49700 metre including Cross Drainage works (balance works) costing Rs.20 lakhs was awarded to a contractor in August 1991. The tender schedule for the work included rock blasting under wet conditions for a quantity of 5200 cubic metres at the rate of Rs.1343 per 10 cubic metre. During the course of execution the contractor demanded additional rate (Rs.268 per 10 cubic metre) for this item on the ground that he had to provide protective blasting measures to safeguard dwelling houses, electrical lines etc., during rock blasting. Even though, as per Madras Detailed Standard Specifications which formed part of the agreement for the work and departmental instruction, the adoption of protective measures during blasting operation was the responsibility of the contractor and therefore the contractor was not entitled for any additional payment, the department paid an extra Rs.2.35 lakhs in May 1995 to the contractor.

#### **4.1.14. Avoidable expenditure due to departmental lapses**

The department incurred an avoidable expenditure of Rs.14.36 lakhs in two cases, details of which were as under:

(i) In response to a tender call made by the Superintending Engineer, Siruvani Project Circle, Palakkad for the work of forming LBMC from Chainage 48840 metre to 49000 metre (balance works) a single tender with a quoted amount of Rs.15.50 lakhs was received in 1991. As the required Government sanction for acceptance of tender was not accorded before the validity period which expired by 16 January 1992, the work was retendered in June 1992 and awarded to a contractor in April 1993 for Rs.24.79 lakhs. Thus the failure to accept and issue the work order to the tenderer within the validity period cost the department an avoidable expenditure of Rs.8.89 lakhs.

(ii) Tenders for the work of formation of Kulappully distributary from Chainage 1520 metre to 1710 metre with an estimated cost of Rs.18.14 lakhs (excluding cost

of materials) was invited by the Superintending Engineer, Siruvani Project Circle in May 1991. As the lowest tender with a quoted amount of Rs.28.87 lakhs was considered high, a retender was made in February 1992. The tender with a quoted amount of Rs.30.55 lakhs was recommended to Government for acceptance. However, Government sanction accepting the tender was accorded in September 1992, one month after the expiry of the validity period of the tender. The work was again retendered after revising the estimate from Rs.18.14 lakhs to Rs.27 lakhs as per the revised Schedule of Rates 1992 and awarded to a contractor in June 1993 for Rs.34.34 lakhs. The work was in progress (December 1995). Thus injudicious rejection of the tender received in the first tender call resulted in an additional expenditure of Rs.5.47 lakhs (estimated). This loss could have been reduced to Rs.3.79 lakhs, had Government sanction been accorded well before the expiry of the validity period in respect of the tender received in the second tender call of February 1992.

#### **4.1.15. Excess expenditure on dewatering**

The work of formation of LBMC from Chainage 48840 metre to 49700 metre was split up as 4 reaches (Reach I: 48840 to 48930 metre; Reach II: 48930 to 49000 metre; Reach III: 49000 to 49200 metre and Reach IV: 49200 to 49700 metre) and awarded to 4 contractors during 1984-85 for completion latest by May 1986. The works were not completed within the due date and when the contractors demanded enhanced rates, the contracts were terminated between August 1986 and February 1991.

The balance works in all the four reaches after clubbing works in reach I and II were retendered and awarded to 3 contractors in August 1991 (two reaches Chainage 49000 metre to 49200 metre and 49200 metre to 49700 metre) and April 1993 (Chainage 48840 metre to 49000 metre). Work in the reach 49000 metre to 49200 metre was completed but the remaining two works were not completed as of March 1996.



The original estimate for the entire reach from Chainage 48840 metre to 49700 metre except the last reach of 49200 metre to 49700 metre provided for dewatering of a quantity of 800 hours at the rate of Rs.10.77 per hour (total estimated cost: Rs.0.09 lakh). The dewatering done and paid for in the original contracts was Rs.0.79 lakh for 6773 hours including 3280 hours for the last reach. Another quantity of 14120 hours was paid for to the subsequent contractors. Thus, the estimated quantity of 800 hours had been increased to 20893 hours. The expenditure had also increased from the estimated Rs.0.09 lakh to Rs.7 lakhs. The Executive Engineer attributed the huge quantity of dewatering to slow progress in the last reach which resulted in stagnation of maximum water in the upstream area. The Executive Engineer had not, however, explained as to why the works in these reaches could not be so phased as to limit the dewatering to the minimum required. Audit could also notice that the works commenced in 1984-85 dragged on for many years contributing to the increased dewatering as a result of the spread over of the work to more than one monsoon.

#### **4.1.16. Extra expenditure due to change of alignment of canal**

The work of forming Karavattur distributary from Chainage 0 metre to 810 metre including cross drainage works estimated to cost Rs.4.40 lakhs was awarded to a contractor in March 1984 for Rs.3.29 lakhs at 25.22 *per cent* below estimate. Four months after award of contract, in July 1994, the department proposed a change in the alignment of the canal at Chainage 390 metre so as to avoid acquisition of a costly building. The change in alignment had necessitated an estimated 1718 cubic metres of filling with contractor's own earth. Because of the delay in approving the rate for filling as well as the proposals for some additional work, the contract was terminated in April 1993 and the balance work was rearranged in February 1994 for Rs.2.94 lakhs. The work was completed in March 1995 at the cost of Rs.3.33 lakhs. Had the alignment of the canal been fixed observing the codal provision, the department could have avoided an additional expenditure of Rs.2.60 lakhs as well as delay of 10 years in the completion of the work.

#### 4.1.17. Termination of contracts with risk and cost to the contractor

An amount of Rs.46.60 lakhs was due from 3 contractors whose contracts were terminated with risk and cost. The particulars were as under:

Sl. No.	Name of work	Year of contract	Date of termination	Reason for termination	Amount of risk and cost (Rupees in lakhs)	Details of action taken
1	Forming LBMC from Chainage 33060 to 33130 metre	1978-79	...	Delay in completion	3.40	Auction of contractor's properties were conducted in October 1992. Government purchased it for Re.1. But High Court stayed the confirmation of sale in January 1993.
2	Forming LBMC from Chainage 33130 to 33400 metre	1978-79	...	-do-	2.18	-do-
3	Forming LBMC from Chainage 35060 to 35900 metre	1978-79	...	-do-	7.51	-do-
4	Forming LBMC from Chainage 36130 to 36900 metre	1978-79	...	-do-	5.21	-do-
5	Forming LBMC from Chainage 49200 to 49700 metre	1984-85	8 January 1991	-do-	27.43	Referred to Revenue Department for Revenue Recovery action.
6	Forming LBMC from Chainage 42200 to 43200 metre	1986-87	4 May 1994	-do-	0.87	-do-
Total					46.60	

The above points were referred to Government in July 1996; reply had not been received (September 1996).



## **4.2. Unproductive establishment expenditure**

On the basis of the report (March 1991) of the Executive Engineer, Chimony Dam Project Division that the construction of earth dam was almost complete and therefore the continuance of the Mechanical sub division under the Division was not essential from April 1991, Government ordered (October 1992) shifting of the sub division to Muttom under Muvattupuzha Valley Irrigation Project Division No.I, Thodupuzha. The Chief Engineer in February 1993 sanctioned the continuance of one of the sections of the sub division till March 1993 for disposal of unserviceable Tools and Plant. However, the sub division was shifted to Muttom only in April 1995 and a skeleton staff comprising one Assistant Engineer, one driver, and three workers was being retained from April 1995 for miscellaneous works without sanction from Government/Chief Engineer (December 1995).

The retention of Mechanical sub division under Chimony Dam Project Division from April 1993 to March 1995 in violation of Government orders resulted in unproductive expenditure on pay and allowances of Rs.26.55 lakhs in addition to Rs.1.45 lakhs spent on pay and allowances of the skeleton staff from April 1995 to December 1995.

The matter was referred to Government in February 1995; reply had not been received (August 1996).

## **4.3. Extra payment to contractor due to departmental lapses**

According to Kerala Public Works Department Manual, work should in no case be arranged without ensuring the availability of land required for construction and without a proper design. In terms of provisions in the Madras Detailed Standard Specifications which formed part of the agreement for execution of works, the site was to be handed over to the contractor within two months of the agreement. Failure to adhere to the above provisions resulted in extra payment of Rs.38.78 lakhs in the following work:

The work "Construction of a bridge-cum-aqueduct at Prayattukadavu across Manimala river" forming part of Kaviyoor branch canal of Pamba Irrigation Project was awarded to a contractor in June 1987 for Rs.39.33 lakhs at 7.25 *per cent* below estimate. As per the terms of the agreement executed on 30 June 1987,

the work was to be completed within 18 months, i.e., before 29 December 1988. The site to be handed over before 30 August 1987 was handed over to the contractor in December 1987 (left bank) and September 1988 (right bank) only. The delay of 15 months of the handing over of the site in the right bank was stated to be due to non-settlement of a litigation. The soil test to assess the bearing capacity of the soil was conducted after awarding the contract, as a result of which the earlier design had to be revised in March 1990. The work was completed in February 1993 at the cost of Rs.96.28 lakhs and final payment made in November 1993.

Alleging delay in handing over of site and change of design etc., the contractor demanded (December 1988 and January 1989) enhancement by 50 *per cent* of the schedule rate for the items of work executed after 29 December 1988 and Rs.8.60 lakhs towards form works and paid wages for idle staff till 23 December 1988. On 15 March 1990, the contractor further demanded Rs.8.75 lakhs on account of idling charges of machinery and wages for the period from 24 December 1988. A High Level Committee constituted by Government for examination of the claims of the contractor recommended (February 1991) payment of 50 *per cent* over the schedule rate in respect of work done after 29 December 1988 and rejected the other two claims. Government accepted the recommendation (March 1991) and Rs.17.23 lakhs were paid to the contractor in November 1993. Meanwhile, the contractor, in August 1991 claimed a total amount of Rs.45.14 lakhs comprising Rs.17.35 lakhs of the rejected claims and Rs.18 lakhs for additional work with interest at the rate of 18 *per cent per annum* (Rs.9.79 lakhs). When the High Level Committee decided not to pay any amount other than that already paid to the contractor, the contractor filed a petition in the High Court which directed the Government (31 March 1993) to consider and dispose of the contractor's petition within two months. The High Level Committee, in May 1993 recommended payment of Rs.21.55 lakhs comprising Rs.17.35 lakhs towards compensation due to idling of men, materials and machinery upto 15 March 1990 and Rs.4.20 lakhs against value of work done over estimated quantity due to change in design.

Thus, delayed handing over of the site and revision of design after award of the contract resulted in extra payment of Rs.38.78 lakhs to the contractor.

The matter was referred to Government in December 1995; reply had not been received (October 1996).



#### **4.4. Extra expenditure due to purchase of cement at higher rates**

In August 1994, the Superintending Engineer, Irrigation Central Circle, Thrissur invited tenders for the supply of 5000 tonnes of cement required for the Chimony Dam Project during 1994-95. The single tenderer, Cement Corporation of India (CCI), had quoted Rs.2259 per tonne for delivery at Pudukkad and Ollur and Rs.2252 per tonne at Thrissur, valid up to 15 December 1994. Even though the Chief Engineer forwarded the tender to Government on 14 November 1994, i.e., within the stipulated one month before the expiry of the validity period, the Tender Committee of Government considered the tender only on 25 February 1995. Government's sanction for the purchase was issued on 27 April 1995 i.e., after elapse of another 61 days. But the firm backed out from the offer as the validity period was over.

In order to execute ongoing works, the Division purchased between February and June 1995, 1771.70 tonnes of cement locally at higher rates ranging from Rs.2500 to Rs.2680 per tonne while the quoted rate of CCI was Rs.2259 per tonne. The extra expenditure incurred on local purchase of cement amounted to Rs.6.27 lakhs. Had the tender of CCI been accepted by the Government within the validity period for the acceptance of tender, extra expenditure of Rs.6.27 lakhs could have been avoided.

The matter was referred to Government in February 1996; reply had not been received (August 1996).

#### **4.5. Idling of a mobile workshop**

One Hindustan Mascot chassis was purchased by the Executive Engineer, Kallada Irrigation Project Division No.V, Kollam in March 1984 at the cost of Rs.1.42 lakhs. In March 1986 the Chief Engineer, Project III sanctioned the conversion of the chassis into a mobile workshop at the cost of Rs.2.56 lakhs. Accordingly, the chassis was converted into a mobile workshop in December 1992 at the cost of Rs.2.15 lakhs. However, the registration of the mobile workshop had not been done so far, as the department could not produce the sale certificate and road worthiness certificate prescribed in the Motor Vehicles Act 1988.

Due to failure on the part of the department in producing documents required for the registration of the mobile workshop, the vehicle could not be used. This resulted in idling of Government money to the extent of Rs.3.57 lakhs for the last 3 years.

The matter was referred to Government in April 1996; reply had not been received (August 1996).

#### **4.6. Payment beyond the scope of agreement**

Mention was made in paragraph 4.4 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1995 (Civil) about the extra payment made for protective blasting in the formation of Paravoor distributary from Chainage 24740 metre to 32337 metre. Three more instances involving extra payment for protective blasting in the formation of three other distributaries of Kallada Irrigation Project were noticed.

According to Madras Detailed Standard Specifications, also applicable to Irrigation Department, Kerala, the contractors were bound to protect all existing and adjoining premises during blasting operations and were not entitled to any extra payment for such protective works. The department had also issued instructions in November 1981 to the effect that provision for protective blasting, if necessary, should be included in the estimate after inspection of the site by an officer not below the rank of Executive Engineer and no extra payment should be made in such cases. Despite these provisions, extra payment amounting to Rs.53.15 lakhs was made at higher rates ranging between Rs.208 and Rs.431.60 per cubic metre for a total quantity of 26041.595 cubic metres of earth work in three works 'Konny distributary, Kurathikkad distributary and Mynagappally distributary' contracted between February 1991 and January 1992.

The matter was referred to Government in May 1996; reply had not been received (August 1996).



#### **4.7. Extra expenditure on reconveyance of cut earth**

The work " Kallada Irrigation Project (KIP) - Formation of Left Bank Main Canal from Chainage 49180 metre to 50180 metre including cross drainage works" entrusted to a contractor for Rs.23.74 lakhs in February 1986 was completed at the cost of Rs.25.74 lakhs in June 1991. The Superintending Engineer (SE) who was due to retire on 30 April 1991 negotiated with the contractor and got a supplemental agreement executed on that day allowing Rs.60 per cubic metre for conveying and disposing of 34187.74 cubic metres of excess cut earth from canal formation outside the canal reaches. When the irregularity of extending unauthorised aid to the contractor was first pointed out by Audit in July 1991 which was later accepted by the Chief Technical Examiner (CTE), Government, in October 1992 informed the contractor that the supplemental agreement executed by the SE on the day of his retirement without safeguarding the interest of Government was void and not binding. Aggrieved by this decision, the contractor represented to the Minister (Irrigation) in October 1992 and the matter was referred to the High Level Committee (HLC). Meanwhile, the contractor approached the High Court and the Court directed Government (September 1993) to pass appropriate orders on the contractor's petition within a period of 3 months. The HLC after examining the contractor's petition observed in November 1993 that the department had no authority to point out a private land, not acquired by it, to dump excess earth and hence the action of the departmental officers was irregular. The HLC also recommended payment of Rs.37 per cubic metre for 34187.74 cubic metres of earth reconveyed. The recommendation was accepted by Government in December 1993 and payment of Rs.12.65 lakhs made in February 1994.

Though the names of the departmental officers responsible for issuing irregular directions for dumping earth in private land were reported as required by Government in July 1994 by the Executive Engineer to SE in November 1995, no action was taken against the erring officials.

The matter was referred to Government in May 1996; reply had not been received (August 1996).

#### **4.8. Extra expenditure due to improper supervision by departmental officers**

The work "Kallada Irrigation Project (KIP) - Right Bank Canal - Formation of Chavara distributary from Chainage 2000 metre to 3500 metre and from Chainage 6010 metre to 6210 metre (balance work)" was awarded to a contractor for Rs.15.60 lakhs in December 1993 and completed in June 1995 at the cost of Rs.29.72 lakhs. In the above reaches the original contractor, whose contract was terminated in July 1991, had dumped cut earth without consolidation for forming the canal though the contract provided for consolidation in 15 centimetre layers using power roller etc. On the ground that the people residing by the side of the canal expressed fear of infiltration of water into low lying areas since the embankment was formed over the dumped earth without consolidation, Government sanctioned in April 1994, based on the recommendations of High Level Committee (HLC) in March 1994, the additional work of construction of flume canal in the above reaches at an estimated cost of Rs.11.40 lakhs. The extra payment made in August 1995 on the construction of flume canal worked out to Rs.13.59 lakhs.

Government, on the recommendation of HLC, had ordered (April 1994), disciplinary action against the departmental officers on the ground that dumping of cut earth without consolidation by the original contractor was due to improper supervision. No action was taken against the officers concerned (August 1996).

The matter was referred to Government in May 1996; reply had not been received (August 1996).

#### **4.9. Irregular payment to a contractor for extra items**

The work "K I and T C D P - LBC - Formation of Kottiyam Branch Canal from Chainage 11000 metre to 11759 metre and from Chainage 13100 metre to 15421 metre including cross drainage works" was awarded to a contractor in September 1987 at the cost of Rs.41.30 lakhs for completion by 2 November 1988. The work was completed in February 1991 and the final bill for Rs.82 lakhs was paid in September 1991. In December 1993, a supplementary payment of Rs.34.33 lakhs was made to the contractor to satisfy two extra claims made by the contractor. A scrutiny of the supplementary payment revealed the following irregularities:



Item 3 (a) of Appendix L canal formation of the tender schedule provided for 57755 cubic metres of earth work excavation in all classes of soil excluding hard rock but including medium rock which required stray blasting at the rate of Rs.20 per cubic metre. When the earth work excavation was in progress, in April 1988, the contractor informed the Superintending Engineer (SE) that hardly 40 *per cent* of the earth was found on the surface and the entire strata found beneath was metamorphic rock/hard narickkal requiring continuous blasting and demanded a higher rate of Rs.120 per cubic metre. The SE turned down the demand (September 1988) stating that there was no metamorphic rock or narickkal and that the soil was hard laterite which was classified under ordinary rock and covered in the agreed specification in the original agreement. In May 1992, seven months after the final bill had been settled, the Chief Engineer (CE) appointed an arbitrator for settling the dispute. Before the arbitrator, the contractor put forth claims on 16 counts, all of which were rejected by the Department. While the arbitration proceedings were in progress, the contractor approached the SE in February 1993 for settlement of two of the 16 claims namely, (i) excavation of 11500 cubic metres of ferruginous quartzite rock at Rs.120 per cubic metre and (ii) conveying excess cut earth of 12900 cubic metres to his dumping yard at Rs.50 per cubic metre. The SE referred the offer of the contractor to the Executive Engineer (EE) for his remarks. Concerning the first claim, stating that on inspection he had noticed a very hard variety of strata formation which could be removed only by continuous blasting, wedging and chiselling, the EE recommended revision in rate for excavating a quantity of 9191 cubic metres of ferruginous quartzite rock. Consequently, the SE after negotiation with the contractor revised (March 1993) the rate to Rs.75 per cubic metre for the entire quantity of 58814 cubic metres instead of for 9191 cubic metres and Rs.32.35 lakhs was paid accordingly in December 1993. Regarding the second claim, under Appendix L - 1 of the tender schedule (construction of flumed structures), the contractor was to execute 10815 cubic metres of earth work excavation for foundation of the canal and backfill around the structures with excavated materials available from foundation excavation. The agreed rate for this item was Rs.12 per cubic metre. At the time of execution, the department had changed the specification of construction of flumed canal, from 13594 metre to 13756 metre and from 15240 metre to 15402 metre to cut and cover and syphon respectively, which resulted in reduction of filling quantity. The EE recommended

(March 1993) revision of rate for 5779 cubic metres. The SE however revised the existing rate of Rs.12 per cubic metre to Rs.41 for the total executed quantity of 8574.575 cubic metres and Rs.1.98 lakhs was paid accordingly in December 1993. The following points were noticed:

(i) The action of the SE in honouring the two claims of the contractor before the Arbitrator passed the award was irregular. The contractor's claim that there was hard rock which required continuous blasting was rejected earlier by the SE as baseless. Therefore, payment at the enhanced rate based on the recommendation of the EE after 1½ year of the payment of final bill lacked justification.

(ii) While the EE recommended revision of rate for a quantity of 9191 cubic metres only, the SE applied the revised rate of Rs.75 per cubic metre for the entire executed quantity of 58814.312 cubic metres and paid Rs.32.35 lakhs.

(iii) As against the recommendation of the EE for payment at the revised rate for conveyance of 5779 cubic metres of excess cut earth, the SE revised the rate for the entire quantity of 8574.575 cubic metres (executed quantity) which resulted in an additional benefit of Rs.0.81 lakh to the contractor over that recommended by EE.

The arbitration proceedings were completed in September 1994 and the arbitrator awarded payment of Rs.58 lakhs with 18 *per cent* interest from 30 May 1992 against the claims presented before him excluding the two claims settled by the SE. The award was pending in the sub-court for decree (April 1996).

The matter was referred to Government in February 1995; reply had not been received (August 1996).

## **PUBLIC WORKS AND TRANSPORT DEPARTMENT**

### **4.10. National Highways**

#### **4.10.1. Introduction**

National Highways (NH) is a Central Subject and their development is the responsibility of the Government of India. The Roads Wing of the Ministry of Surface Transport (MOST) is primarily responsible for construction and maintenance



of National Highways in the country. The Ministry is also responsible for over all planning, sanctioning of projects, provision of funds and evolving standards/specifications for the execution of National Highway works. The work of construction and maintenance is entrusted to the respective State Governments on agency basis.

There are 4\* NHs in the State, having a total length of 1010.50 km constructed upto March 1990. Of these, 462 km of road did not conform to NH standards.

#### 4.10.2. Organisational set up

There is one Regional Office of MOST at Thiruvananthapuram under the charge of a Superintending Engineer functioning as local representative.

The organisational set up of the State for the implementation of NH works consisted of the Chief Engineer (CE) National Highways, Thiruvananthapuram, 4 Circle offices under the charge of Superintending Engineers at Thiruvananthapuram, Ernakulam, Thrissur and Kozhikode, 11 Divisional offices headed by Executive Engineers and 13 special Tahsildars (Land Acquisition Offices (National Highways) ).

#### 4.10.3. Audit coverage

A review on construction and maintenance of NH in the State of Kerala was conducted during January 1996 - May 1996 covering the period from 1991-92 to 1995-96 by test checking the records of CE's office, 3 Land acquisition offices (Aluva, Kozhikode, Thiruvananthapuram), 2 Circle offices (Ernakulam and Kozhikode), 5 Divisional offices (NH Division, Kollam, Ernakulam, Kozhikode and Bridges Division Vyttila and Kodungallur) and the Regional office of MOST. Important points noticed during test-check are detailed in the succeeding paragraphs.

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* National Highway	17	-	419.8 km
" "	47	-	416.8 km
" "	47A	-	5.9 km
" "	49	-	168.0 km

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#### 4.10.4. Highlights

- The expenditure on original works and maintenance and repairs exceeded the budget allocations of Government of India for all the years from 1991-92 onwards and the percentage of excess ranged between 21 and 153 in respect of original works and between 4 and 65 in respect of maintenance and repairs.

(Paragraph 4.10.5)

- An expenditure of Rs.73.59 crores up to 1995-96 was pending reimbursement from Government of India, of which Rs.6.11 crores pertained to the period 1991-92 to 1993-94.

(Paragraph 4.10.5(i))

- Unspent balance of land acquisition charges amounting to Rs.10.89 lakhs for the period from March 1992 to March 1994 was retained by Land Acquisition Office, Kozhikode without refunding it.

(Paragraph 4.10. 5(ii))

- Non-adoption of scientific methods for determination of high flood levels in a road work resulted in additional expenditure of Rs.23.33 lakhs on cutting and filling of earth in isolated reaches.

(Paragraph 4.10.6(i))

- A bridge constructed at Cherupalam in the new alignment of NH 17 in March 1995 at a cost of Rs.24.41 lakhs could not be thrown open for vehicular traffic for want of approach roads, sanction for which was yet to be accorded (March 1996).

(Paragraph 4.10.6(ii))

- Failure to ensure unhindered possession of site for an approach road due to non-shifting of electrical lines and H.T. electrical installation on time led to termination of contracts and subsequent rearrangement of work leading to a cost over-run of Rs.65.41 lakhs.

(Paragraph 4.10.6(iv))



- Failure to make the prescribed percentage deduction from the stacked volume of coarse aggregates resulted in undue benefit of Rs.15.93 lakhs to the contractors in 5 works.

(Paragraph 4.10.6(vi))

- Increase in the safe testing load from the stipulated 500 tonnes to 1100 tonnes without specific approval of the Ministry of Surface Transport would result in an extra liability of Rs.34.36 lakhs in a road work.

(Paragraph 4.10.6(viii))

#### 4.10.5. Finance - outlay and utilisation of funds

Year-wise details of allotment and expenditure and the excess of expenditure over allotment during the period from 1991-92 to 1995-96 were as under:

Year	Allotment	Expenditure	Excess of expenditure over allotment	Percentage of excess
(Rupees in lakhs)				
Original works				
1991-92	1120.00	1730.56	610.56	55
1992-93	1400.00	2085.28	685.28	49
1993-94	3089.00	3977.12	888.12	29
1994-95	3124.95	3778.29	653.34	21
1995-96	2100.00	5314.53	3214.53	153
Maintenance and Repairs				
1991-92	586.54	639.38	52.84	9
1992-93	587.82	757.10	169.28	29
1993-94	726.15	878.18	152.03	21
1994-95	924.10	957.87	33.77	4
1995-96	863.38	1425.82	562.44	65

No specific reasons for the excess expenditure over the allotment were available. The need for restricting the expenditure to the provisions made in the Central Budget and intimated to the State Government had been reiterated by the

Government of India (GOI) in March 1995. The GOI had also required the State Government (March 1995) to review the State Government's financial control mechanism which had permitted this overspending.

(i) *PAO Suspense*

The expenditure incurred on NH works is initially borne by the State Government and later reimbursed by the Pay and Accounts Office (PAO) MOST. At the end of 1995-96 an amount of Rs.73.59 crores was pending reimbursement. Of this Rs.6.11 crores related to the period 1991-92 to 1993-94.

While an amount of Rs.13.44 crores was withheld upto 1994-95 for want of vouchers, payee's receipts etc., Rs.1.22 crores representing office expenses, labour charges on toll collection, maintenance of toll plaza, salary of some category of staff, mobilisation advance etc., was disallowed.

(ii) *Drawal of funds in advance of requirement*

Land Acquisition Officers (LAO) would effect payment as and when award was passed, by means of 'D' form cheques by debit to the deposit head of account. It was found that during the financial years 1989-90 and 1990-91 large amounts were drawn by the NH department at the fag end of the financial year in favour of LAOs who deposited the amounts in treasuries as shown below:

Sl. No.	Name of Division	Name of Land Acquisition Officer	Date of drawal	Amount drawn (Rupees in lakhs)
1	NH(B) Division Kodungallur	Spl* Tahsildar NH, Tirur	27 March 1990	58.86
2	-Do-	Spl* Tahsildar LA, NH, Ernakulam	27 March 1991	127.57
3	NH Division Kozhikode	Spl* Tahsildar LA, NH, Kozhikode	28 March 1990	30.00
4	NH Division Kollam	Spl* Tahsildar LA, NH, Kollam	20 March 1990 28 March 1990 27 March 1991 30 March 1991	34.60 28.00 25.00 20.00
5	NH Division Kannur	Spl* Tahsildar LA, NH, Kannur	March 1990	98.04

\* spl = special



Unspent balances of land acquisition fund amounting to Rs.10.89 lakhs pertaining to the period March 1992 to March 1994 were retained by LAO, Kozhikode (April 1996) without being refunded.

#### **4.10.6. Execution**

##### *(i) Defective investigation*

The work of widening and strengthening of single lane section to two lane of NH 47 from km 474/700 to km 482/00 including improvement of geometrics and raising estimated to cost Rs.2.34 crores (revised to Rs.4.68 crores) was arranged in July 1993.

During the course of construction the Chief Technical Examiner, Finance-Inspection Wing, inspected the work and in his inspection note (June 1994) observed that high flood level (HFL) was determined arbitrarily without proper observation of field data collected by the department and no scientific method was adopted. According to him, lakhs of rupees could have been saved if judicious decision was taken for fixing HFL supported by proper field studies and field data. The department, however, maintained that the formation levels were fixed noting the HFL criteria and after a careful study of the flood pattern comparing with the adjoining section of the road. However, the HFL noted at the time of original proposals in isolated reaches changed considerably when the work was being executed. Further, the quantities of earth work were worked out based on the formation level fixed keeping the road level at 1.5 metres above HFL and taking into account the necessity of future four laning.

As a result, the earth work cutting quantity had increased by 57.5 cubic metres (from 166.554 cubic metres) and earth work filling quantity by 11515 cubic metres (from 22180 cubic metres). Additional expenditure involved in filling amounted to Rs.23.33 lakhs including tender excess of 47.79 *per cent*.

##### *(ii) Departmental lapse*

Administrative sanction for the work "Construction of Cherupalam Bridge" at km 416/264 of NH 17 for Rs.19.92 lakhs to be completed during 1990-91 was accorded by the MOST in July 1989. The work was awarded to a contractor in March 1991 at a probable amount of contract at 97.8 *per cent* above estimate rate

and site handed over to the contractor in April 1991 for completion by October 1992. Though the work was completed in March 1995, the final bill had not been settled. The upto date expenditure amounted to Rs.24.41 lakhs. The bridge was constructed in the new alignment of NH 17 and as there were no approaches, the bridge was not opened for vehicular traffic as of July 1996. The proposal to include the works on approaches in the annual plan for 1991-92 and administrative sanction issued by the MOST in November 1991 lapsed due to non-arrangement of the work in time. The proposals to include the works in the annual plan for subsequent years also did not materialise due to inordinate delay in revising the estimate as per standard data of MOST.

(iii) *Non-adherence to specification*

"Construction of Railway Overbridge, approaches and viaducts at Kuttippuram of NH 17" under NH Division Kozhikode provided for construction of viaducts. Pre-stressed girders and deck slab in the original design were changed to RCC beam and deck slab as per the directions of the MOST in May 1992. According to the table 1701-01 of MOST specification for Roads and Bridges and schedule of items of agreement, minimum requirement of cement for RCC mix design is 310 kg per cubic metre subject to mix design having been tested by competent agencies. The mix design for M250 and M350 tested by Government Engineering College, Thrissur and Regional Engineering College, Kozhikode in March-April 1992 recommended the usage of cement as under:

<i>Mix design</i>	<i>Govt. Engineering College Thrissur</i>	<i>Regional Engineering College (REC), Kozhikode</i>
	<i>(kg per cubic metre)</i>	
M 350	488	527
M 250	484	461

Based on these test results the Executive Engineer approved (August 1992) the usage of cement in mix design as

M 250	461 kg per cubic metre
M 350	488 kg per cubic metre



Based on the report by the Executive Engineer that the mix design for M 350 proposed by REC, Kozhikode alone could attain the required strength, the Superintending Engineer permitted to adopt the design i.e., 527 kg per cubic metre for deck slab (934.169 cubic metres). However, the higher mix of 527 kg per cubic metre was adopted for the entire RCC work (1471.052 cubic metre) without restricting it to deck slab alone resulting in excess usage of cement of 20938 kg for a quantity of 536.883 cubic metres. Excess usage of 31394 kg of cement had also occurred when a higher mix of 484 kg per cubic metre was used in the mix design of M250 instead of the lower mix of 461 kg per cubic metre which was earlier approved by the Executive Engineer for executing a quantity of 1364.940 cubic metres by the mix M250. No valid reasons for this change was on record. Similarly, the work for hand rail and footpath was to be executed with mix design M 200. Since no mix design for M 200 was tested by the agencies, the usage of cement was to be restricted to 310 kg per cubic metre as provided in MOST specification and schedule of items. However, 432 kg per cubic metre of cement was used for the work resulting in excess usage of 10366 kg. The avoidable expenditure corresponding to excess cement used worked out to Rs.1.19 lakhs.

(iv) *Failure to operate the most favourable contract*

The work 'constructing an approach road to Panampuzha bridge on Thrissur side at km 282/000 in National Highway 17' under NH Division, Kozhikode estimated to cost Rs.13.18 lakhs was sanctioned by the MOST in October 1988. The work was put to tender in March 1989 and awarded to a contractor for an agreed Probable Amount of Contract of Rs.10.25 lakhs. Even though the site was handed over to the contractor in October 1989 the contractor had not proceeded with the work on the ground that 14 electric posts and 4 high tension electric installations were not removed. The contract was terminated at the contractor's risk and cost. On retender in April 1991, the work was awarded to another contractor at Rs.12.21 lakhs and this contract had also to be terminated for the same reason. Non-settlement of dispute between the Department and Kerala State Electricity Board (KSEB) regarding meeting the expenditure for shifting the electrical posts contributed to the delay from September 1989 to June 1992 when the electric posts were removed by the KSEB. When the contractors filed suit for releasing the security deposits, the Court held that the department was at fault for not handing over the site after removing the electric posts and high tension installations. After

two more abortive tenders and revising the estimate to Rs.49.84 lakhs (as per 1992 Schedule Of Rates) and further to Rs.75.66 lakhs in December 1995, the work was finally awarded to another contractor who completed it in March 1996. The additional liability which the department had to shoulder as a result of its failure to get the electric installation removed before handing over of the site was Rs.65.41 lakhs.

- (v) *Extra expenditure of Rs.3.57 lakhs due to delay and other departmental omissions in the acceptance of favourable tenders*

In response to the tender in April 1991 for the work "NH 47 - RP 91-92 - Providing mix seal surfacing from km 373/0 to km 374/0" (estimated PAC\* : Rs.2.01 lakhs), a single tender was received quoting 32.5 *per cent* above estimate (quoted PAC: Rs.2.42 lakhs) which was valid up to 17 August 1991. The tender was sent by the Executive Engineer (EE) as per letter dated 1 July 1991 (despatched on 26 July 1991) to the Superintending Engineer (SE), who forwarded the same to Chief Engineer (CE) on 6 August 1991. However, the tender was not accepted by the CE as there was no specific recommendation from SE for accepting the tender and delay in receipt of the tender in his office. The estimate was revised based on Schedule Of Rates 1992 and the work awarded to another contractor in September 1993 at 25 *per cent* above estimate (agreed PAC: Rs.3.57 lakhs). The work was completed in February 1994 at the cost of Rs.3.45 lakhs. The non-acceptance of the original offer due to delay in finalisation of tender and lapse on the part of the SE in forwarding the same without specific recommendation resulted in extra liability of Rs.1.03 lakhs.

Tenders for the work "NH 47 - RP 91-92 Providing mix seal surfacing from km 377/0 to km 378/0" (estimated PAC: Rs.1.67 lakhs) were invited in February 1992 and the lowest offer received was 34.9 *per cent* above estimate (quoted PAC: Rs.2.05 lakhs) valid up to 20 May 1992. The tender was duly recommended and sent by the EE and SE on 30 March 1992 and 28 April 1992 respectively. However, the offer was not accepted by the CE for reasons not on record. The estimate was revised based on Schedule Of Rates 1992 (estimated PAC:Rs.3.11 lakhs) and the

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\* PAC - Probable Amount of Contract



work awarded in April 1993 at 25 *per cent* above estimate (agreed PAC: Rs.3.62 lakhs). The work was completed in February 1994 at the cost of Rs.3.45 lakhs. Non-acceptance of the favourable offer in 1992 resulted in additional extra liability of Rs.1.40 lakhs.

Tenders for the work "NH 47 - RP 91-92 - providing mix seal surfacing from km 398/0 to km 398/860" (estimated PAC: Rs.1.57 lakhs) were invited in February 1992 and the single tender received was 45 *per cent* above estimate (quoted PAC: Rs.2.05 lakhs) valid up to 20 June 1992. The tender was duly recommended and sent by Executive Engineer (EE) and Superintending Engineer (SE) on 25 March 1992 and 19 May 1992 respectively. But the tender was not accepted by the Chief Engineer (CE) within the validity period. On 1 July 1992, the CE asked the SE to get the validity period extended suitably by the contractor. On 4 August 1992, the EE requested the contractor to extend the validity period up to 20 August 1992 to which the latter did not respond. The estimate was revised based on Schedule Of Rates 1992 and the work awarded in April 1993 at 24.6 *per cent* above estimate (agreed PAC: Rs.3.21 lakhs). The work was completed in September 1993 at the cost of Rs.3.19 lakhs. The non-acceptance of the original offer resulted in extra liability of Rs.1.14 lakhs.

(vi) *Unintended benefit to contractors*

According to clause 514.5 of MOST specification for Roads and Bridges Work (2nd Revision), while making payment for supply of coarse aggregates at site, percentage deduction at prescribed rates was to be made from the volume computed by stack measurement to arrive at actual quantity to be paid for.

It was found that percentage deduction contemplated by the MOST had not been made in respect of 5 works executed by NH Division, Vyttila, Kozhikode and Kollam resulting in undue benefit to the contractors amounting to Rs.15.93 lakhs.

(vii) *Additional expenditure in an approach road work*

In the work of construction of approaches to Railway overbridge at Kuttippuram between km 316/500 to km 318/500 of NH 17, blasting of rock upto a quantity of 4399.058 cubic metres was estimated according to level calculations.

This item was executed as an extra item and payment amounting to Rs.7.48 lakhs for an executed quantity (CC IV and part bill) of 3847.855 cubic metres at the rate of Rs.1944.14 per 10 cubic metres was made to the contractor. According to the Indian Roads Congress specification for Roads and Bridge Works, when rock is found, it should be removed at sub grade top level. However, as per level calculations and actual execution, the rock was excavated at an average depth of 0.8 metre below the sub grade level (0.3 metre below the formation level) resulting in excessive depth excavation of 0.8 metre. Over excavation also occurred when the road was excavated beyond the approved width of 12 metres. The excess width ranged from 1.5 metres to 12.25 metres ie. total width varied between 13.5 metres to 24.25 metres. Thus, a quantity of 1749.48 cubic metres was excavated in excess and corresponding excess payment worked out to Rs.4.40 lakhs (including tender excess of 29.5 per cent).

(viii) *Four laning and strengthening of NH 47 from Aluva to Cherthala - extra expenditure due to change in design*

Item 5.13(a) of Bill of quantities of contract documents of N2 package provided initial load test on bored/cast-in-situ piles 2 numbers (clause 1110-2 of technical specification) at the rate of Rs.1.84 lakhs per test. As per technical specification the test should be conducted by test loading  $2\frac{1}{2}$  times of the estimated safe load. According to the drawing (DD4/91 sheet 1/38) which formed part of the agreement estimated safe load was shown as 200 tonnes. As such, test load was to be conducted for a maximum load of 500 tonnes only ( $2\frac{1}{2}$  times of 200 tonnes). However on execution it was decided to adopt estimated safe load as 440 tonnes, stated to be based on the oral orders of the Superintending Engineer, MOST. The adopted safe load of 440 tonnes was the estimated ultimate load of piles. As the decision was a change in specification of the original item it was agreed upon to execute the same as an extra item. Accordingly two tests for a maximum of 1100 tonnes ( $2\frac{1}{2}$  times of 440 tonnes) were conducted and contractor submitted a claim for Rs.35.78 lakhs per test. The division had proposed an estimate for Rs.19.02 lakhs per test and an amount of Rs.24 lakhs was paid to the contractor so far.

The change in specification during execution had resulted in an estimated extra expenditure of Rs.34.36 lakhs. Even though the Project Director, Vyttila requested (October 1994) the Chief Engineer, National Highways to get confirmed



the oral orders of the Superintending Engineer as well as approval for the variation, confirmation and approval had not been accorded by MOST as of August 1996.

(ix) *Non-furnishing of completion reports*

As per the instruction issued by MOST the executing agency should furnish to the Central Government a completion report along with the drawings of the completed works within six months of actual date of completion or from opening of the road for traffic whichever was earlier and that the report was to be accompanied by a certificate to the effect that the project had been completed according to prescribed scope, specification and approved design. It was noticed that neither the details of the completed works were maintained by the executing Divisions nor any such reports as required by MOST were forwarded to the Government of India.

**4.10.7. Advance to contractors**

*Non-recovered advances*

Under Clause 60.6 a & b of special conditions of contract the following interest free advances were paid to the contractor for the work of four laning of Aluva to Vyttila and Aroor to Cherthala and strengthening of Vyttila-Aroor NH 47 by Asian Development Bank Divisions.

Mobilisation advance	Rs.7.80 crores
Machinery advance	Rs.3.90 crores
Total	Rs.11.70 crores

According to clause 60.7 of special conditions of contract, recovery of these advances was to be started in the next interim payments, following that in which the total of all such interim payments had reached 20 *per cent* of the contract value. It was also provided therein that irrespective of the total payments made to contractor repayment of both the advances should commence from the payment subsequent to the completion of 40 *per cent* of the period of completion. The date of agreement was March 1994 and period of completion 42 months. As such, 40 *per cent* of period of completion elapsed in August 1995. Hence the recovery should

have been commenced from the interim payment bill for August 1995 itself. But no recovery was effected till December 1995. The interest loss on the recoverable amount of Rs.1.73 crores from September 1995 to December 1995 worked out to Rs.6.93 lakhs.

The points mentioned above were referred to Government in July 1996; reply had not been received (August 1996).

#### **4.11. Extra expenditure due to delay in hand-over of site**

The work "Construction of a 2-storeyed building with 4 class rooms, workshop etc., for Pre-Vocational Training Centre" attached to 'Junior Technical School, Koratty', was awarded to a contractor in April 1991 for an agreed probable amount of contract (PAC) of Rs.14.01 lakhs. The work was to be completed within 12 months from the date of handing over of site.

According to Madras Detailed Standard Specifications forming part of the agreement, the site for the work should be made available to the contractor within two months of executing the agreement, failing which the contractor can withdraw from the contract. Kerala Public Works Department Manual further stipulated that in no case should tenders be invited without ensuring the availability of land for handing over to the contractor in time. The building was proposed to be constructed on Government land under the custody of the Superintendent, Junior Technical School, Koratty. The Social Forestry Department had planted acacia trees in the proposed land under the scheme of planting trees in vacant Government lands and these trees had to be cut and removed before handing over of site to the contractor.

The Social Forestry Department was approached in April 1991 for permission to cut and remove the trees and permission was granted in August 1991, by which time the contractor backed out of the contract. The contract was, therefore, terminated in January 1992 without risk and cost.

The work was put to tender thrice between October 1992 and March 1993 after revision of estimate based on Schedule Of Rates 1992. As there was no response to the tender calls, negotiated quotation was obtained and the work



awarded to a contractor in May 1993 for an agreed PAC of Rs.21.55 lakhs. The work was completed in May 1994 at the cost of Rs.23.26 lakhs.

The delay in hand-over of the site resulted in extra expenditure of Rs.6.46 lakhs.

The matter was referred to Government in March 1995; reply had not been received (August 1996).

#### **4.12. Extra expenditure due to departmental delays in rearrangement of balance work**

The work of improvements to Uliyil Sivapuram road in Kannur District was entrusted to a contractor in November 1983 at the agreed probable amount of contract of Rs.6.99 lakhs for completion by August 1984. After executing 60 *per cent* of the work, the contractor stopped further work after receiving payment of Rs.3.90 lakhs in March 1986. Though the contractor had not done any work after March 1986, the department terminated the contract only in October 1989. Meanwhile, the period of completion was extended thrice upto 31 May 1986, 31 March 1988 and 31 March 1989. The extension of 3 years which was 4 times the agreed period of completion of 9 months was injudicious. The contract was terminated in October 1989 at the risk and cost of the contractor.

After revising the estimate based on the Schedule Of Rates 1986, the balance work estimated to cost Rs.6.11 lakhs was put to tender in December 1989 and the lowest tender received at 70 *per cent* above estimate was rejected in April 1990 as the offer was too high. Retender floated in June 1990 had no response. The estimate was again revised to Rs.8.21 lakhs based on the Schedule Of Rates 1990 and the work tendered in September 1990. However, no decision on the offer of 49 *per cent* above estimate (Rs.11.21 lakhs) was taken within the extended validity period of tender which ended on 31 March 1991. The work was again tendered in July 1991, but the tender was rejected as the offer (65 *per cent* above estimate) was very high. Based on the Superintending Engineer's direction, negotiated quotations were obtained in August 1991 and the quotation at 49 *per cent* above estimate (Rs.11.21 lakhs) was accepted by the Tender Committee on 21 November 1991. However, due to delay in receipt of communication regarding the

acceptance of tender in the Chief Engineer's Office, the work could not be awarded within the extended validity period of the tender which ended on 18 December 1991. The single tender (Rs.13.73 lakhs) received in response to retender in June 1992 was rejected as the offer was also very high. The tender attempted in December 1992 after revising the estimate based on Schedule Of Rates 1992, did not evoke any response. Finally based on the recommendation of the Chief Engineer, Government accorded sanction in July 1993 to execute the work departmentally and the work was completed in December 1994 at the total cost of Rs.26.93 lakhs.

Department's failure in timely termination of the original contract as well as non acceptance of tenders received on subsequent tender call within the validity periods resulted in prolongation of the work for 9 years and additional expenditure of Rs.19.94 lakhs. Though the additional expenditure was recoverable from the original contractor within one year of rearrangement of the balance work i.e., by July 1994, no action had been taken for the recovery, as of April 1996.

Government confirmed the facts in May 1996 and stated that action would be taken to recover the additional expenditure soon from the original contractor.

#### **4.13. Avoidable extra expenditure due to delay in acceptance of tenders**

Mention was made in paragraph 4.17 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1995 (Civil) about the extra estimated liability of Rs.32.01 lakhs in two cases due to delay at various levels in finalisation of tenders. One more case involving extra estimated liability of Rs.12.09 lakhs on account of delay in finalisation of tender noticed in audit is detailed below:

The work "Construction of quarters for staff of Industrial Training Institute, Kattapana" (estimated probable amount of contract (PAC):Rs.43.17 lakhs) was put to tender in June 1991. As there was no response, negotiated quotation at 65 *per cent* above estimate (quoted PAC: Rs.65.16 lakhs) was obtained in July 1991. The quotation was rejected by the Tender Committee as the offer was on the higher side. There was no response to the retender in September 1991. Hence quotations were invited in September 1991 and a single quotation was received



quoting 65 *per cent* above estimate. On negotiation by the Chief Engineer (CE), the contractor agreed to reduce the rate to 59 *per cent* above estimate (quoted PAC: Rs.63.13 lakhs) and extend the validity period up to 31 January 1992. Based on the approval by Tender Committee, on 5 February 1992, the quotation was accepted by CE on 12 February 1992 and selection notice issued on 5 March 1992. But the contractor backed out as the validity period of the offer was over.

The estimate was revised based on Schedule Of Rates 1992 and the work awarded to a contractor in April 1993 at the quoted rate of 23.8 *per cent* above estimate (quoted PAC: Rs.75.22 lakhs)

Thus, the delay in acceptance of quotation within the validity period, resulted in additional estimated liability of Rs.12.09 lakhs.

The matter was referred to Government in August 1995; reply had not been received (August 1996).

#### **4.14. Infertuous expenditure on crew of a boat**

The National Highway wing of the Public Works Department purchased a boat at the cost of Rs.1.05 lakhs in June 1977 for inspection of bridge works in the Cochin bypass. The boat was used till May 1987 after which it was lying in a private boat building yard awaiting repairs. Despite the Chief Inspector of boats having prepared an estimate for Rs.21,000 in September 1989 and Rs.70,000 in April 1991, it was not sanctioned and no repairs were carried out. Though the Superintending Engineer, National Highway (Central) Circle, Thrissur had suggested (March 1992) transfer of the boat to some other Division, no action in this regard was taken and the boat was lying unused in the private yard.

Though the boat was not in operation from June 1987, the driver and the lascar of the boat were still retained in the Division without any specific duties. Consequently the expenditure of Rs.5.20 lakhs incurred on the pay and allowances of the idle staff for the period from June 1987 to October 1996 was infertuous.

The matter was referred to Government in February 1996; reply had not been received (August 1996).

## FISHERIES AND PORTS DEPARTMENT

### 4.15. Extra expenditure due to departmental lapse

The work of construction of breakwater at Puthiappa under the Centrally sponsored scheme of construction of a fishing harbour at Puthiappa in Kozhikode District was administratively sanctioned by Government in March 1988 and awarded to a contractor in January 1990 for an agreed probable amount of contract of Rs.2.64 crores for completion by 6 October 1991. Owing to slackness on the part of the contractor in commencing and keeping sufficient progress of work only 32 *per cent* of the work could be completed by the stipulated date of completion i.e., October 1991. The date of completion was extended up to December 1992 initially and again up to December 1993 imposing fines for slow progress of work.

In October 1993, the contractor represented to Government that the work was delayed due to problems at quarries, heavy monsoon, diesel shortage etc., and demanded additional facilities at quarry and work site, payment of enhanced rate for conveyance of stones and enhancement of 85 *per cent* in rate for remaining items of work or to relieve him from the liability for balance work. On the ground that termination of the contract at risk and cost of the contractor and going in for retender for execution of the balance work would result in completion of the work by 1995 only and would also involve an additional expenditure of Rs.4.06 crores, the Chief Engineer (CE) Harbour Engineering Department reported the matter to Government (January 1994). In his report the CE stated that the department was not at all responsible for the delay in completion of the work and that the problems at quarries arose only after the original stipulated date of completion of the work. The issue was referred by Government in February 1994 to High Level Committee (Committee). The Committee observed (March 1994) that there was failure on the part of the Department in not terminating the contract at the appropriate time and there was no other option but to complete the work through the same contractor. Therefore the Committee recommended completing the balance work through the same contractor by payment of 38 *per cent* above estimate as per 1992 Schedule Of Rates for the balance work and allowing removal of overburden in the quarry as an extra item. The recommendations of the Committee were accepted by Government in June 1994 and the contractor executed supplemental agreement in



August 1994 for the balance work amounting to Rs.4.07 crores stipulating completion of work by June 1995. The work was completed in March 1996.

The reason attributed for non termination of the contract was that such a course of action would result in completion of the work by 1995 only and would also involve additional expenditure of Rs.4.06 crores. However, this was proved to be unfounded as the work was actually completed by March 1996 only and the estimated expenditure worked out to Rs.4.11 crores. The extra expenditure to Government in completing the balance work through the same contractor could have been avoided had the department, at the appropriate time, terminated the contract at risk and cost of the contractor, and rearranged the work. The departmental lapse in this regard would result in extra expenditure to the tune of Rs.2.30 crores based on estimated quantities of balance work excluding amount payable for improvement of quarrying facilities.

## **CHAPTER V**

### **STORES AND STOCK**

#### **IRRIGATION DEPARTMENT**

##### **5.1. Stores and stock of Pazhassi Irrigation Project**

A test check of the records of the Pazhassi Irrigation Project Division and its two sub-divisions at Kannur and Kudali during February-March 1996 revealed as under:

##### **5.1.1. Stock Accounts**

According to Kerala Public Works Account Code, advance payment made for materials are debited under the sub-head 'Advance payment' under the suspense head 'Stock'. When payments are made on receipt of materials, the cost of materials is debited to the final head by credit to the head 'Advance payment'. As at the end of January 1996, an amount of Rs.1.39 crores was outstanding under the head 'Advance payment' indicating that either the materials for which the advance was paid had not been received or the necessary accounting adjustments had not been carried out when materials were received. The Division had not taken proper action for analysing the balance and for their clearance. When materials are received for stock its value is initially credited to the sub head 'Purchase' under the suspense head 'Stock'. These credits are cleared by an equivalent debit when payment is made. As of January 1996 a credit balance of Rs.2.54 crores was outstanding under this sub head. The Division had not analysed the reasons for this pendency for taking remedial action.

##### **5.1.2. Reserve limit of stock**

According to Kerala Public Works Department Code, materials should be purchased only for works in progress and no reserve of stock should be kept. But, in case owing to remoteness from markets or for any other reasons, it was considered necessary to maintain a reserve, sanction of Government was necessary for maintenance of the reserve stock upto a maximum value prescribed. The Executive



Engineer is required to regulate the purchase to an extent sufficient to keep the stock upto that limit. The fixed maximum should be kept at the lowest point compatible with efficiency. The maximum limit of stock for the Division was Rs.8 lakhs fixed by Government long ago in March 1981. The value of stock held in the Division during the year 1995 was Rs.73 lakhs to Rs.1.30 crores, showing an increase of 813 *per cent* to 1525 *per cent* over the limit fixed. No action was taken either to get the maximum limit revised reasonably, taking into account the increase in the cost of materials or to obtain sanction from the competent authority for exceeding the stock limit.

### 5.1.3. Retention of stores for long periods

Many items purchased between May 1968 and March 1990 were still held in stock. A few such cases are mentioned below:

<i>Name of item</i>	<i>Month of purchase</i>	<i>Quantity purchased</i>	<i>Present balance in stock (February 1996)</i>	<i>Value of balance quantity (in rupees.)</i>
400 mm LP pipe	6/1979 & 7/1979	87 Nos.	74 Nos.	99,234
450 mm pipe	1/1982 to 8/1982	146 Nos.	141 Nos.	77,268
28 mm tor steel	7/1981	29.98 MT	16.762 MT	2,17,906
Bitumen	5/1978	Not known	174 barrel (27.144 MT)	28,553
150 mm sluice valve	1/1984 to 5/1984	150 Nos.	80 Nos.	3,34,075
28 mm M S rod	3/1987	57.31 MT	23.81 MT	3,09,530
MS channel 100x50 mm	4/1987	10.78 MT	10.78 MT	77,907

No action by the Division was taken either to transfer these items to other Divisions or to dispose these of otherwise. A survey report prepared by the Superintending Engineer in February 1995 for disposal of items worth Rs.0.84 lakh had not been acted upon as of August 1996.

The points mentioned above were reported to Government in September 1996; reply had not been received (October 1996).

## **AGRICULTURE (ANIMAL HUSBANDRY) DEPARTMENT**

### **5.2. Idle outlay on refrigerators**

During February-March 1989, the Animal Husbandry Department purchased 160 numbers of 165 litre capacity refrigerators for the total cost of Rs.7.67 lakhs from a firm in New Delhi through the Director General of Supplies and Disposals (DGS&D). The refrigerators were distributed in September 1989 to various veterinary institutions under the Rinderpest Eradication Scheme and Livestock Disease Control Scheme.

Seventy out of these refrigerators had become defective by May 1990; i.e., within the warranty period of one year. The firm repaired 40 refrigerators and informed (August 1991) the department that they could not repair the remaining 30 refrigerators issued to veterinary institutions located in remote areas where there was power failure on the days of visit of their technician for repairs. The suggestion of the firm to bring back the defective refrigerators to Thiruvananthapuram for repairs was, however, not accepted by the Department. Even though the matter was taken up with the DGS&D, New Delhi in April 1992, no further repairs were carried out by the firm as of April 1996. Alternative arrangements were also not made by the Department for repairs of the refrigerators.

Thus, the expenditure of Rs.1.44 lakhs on the purchase of 30 refrigerators remained unfruitful during the last 6 years.

Government confirmed the facts in August 1996 and stated that the Director of Animal Husbandry had been directed to assess the loss sustained by Government so that the DGS&D might be directed to recover the amount from the firm.

## **HEALTH AND FAMILY WELFARE DEPARTMENT**

### **5.3. Unfruitful expenditure on the purchase of motor cycles**

Mention was made in paragraph 3.6 of the Report of the Comptroller and Auditor General of India for the year 1982-83 (Civil) about the delay in allotment of 102 motor cycles, (cost Rs.8.15 lakhs) purchased by the Director of Health Services



(DHS) in 1982, to the medical officers in connection with the implementation of Community Health Volunteers Scheme.

The motor cycles were allotted to Government Rural Dispensaries at Kozhikode (38 numbers), Thiruvananthapuram (54 numbers) and Wayanad (10 numbers) between May and October 1983. According to the DHS, as some of the medical officers were ladies and many medical officers did not possess valid driving licences, most of the vehicles were not taken possession of by the medical officers. The DHS intimated Government (November 1993) that since most of the motor cycles were out of use for the preceding 10 years, the vehicles had become rusty and unfit for further use. According to him, only 9 out of the 102 motor cycles were in use and of the remaining, 21 could be put to use after repairs and 72 were beyond repairs. Government directed (December 1994) the DHS to dispose of all the vehicles except those which were in running condition. The motor cycles had not been disposed of as of October 1996.

Thus, an expenditure of Rs.8.15 lakhs incurred on the purchase of motor cycles had failed in its objective and the cost of 72 vehicles amounting to Rs.5.75 lakhs which were beyond repairs, constituted a loss to Government.

The matter was referred to Government in January 1996; reply had not been received (October 1996).

## CHAPTER VI

### COMMERCIAL ACTIVITIES

#### 6.1. General

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

a) On 31 March 1996, there were 3 departmental commercial undertakings in the State as indicated below:

- i) Text Books Office, Thiruvananthapuram
- ii) State Water Transport Department, Alappuzha
- iii) Kerala State Insurance Department, Thiruvananthapuram.

The extent of arrears as of March 1996 in the preparation of *pro forma* accounts by these undertakings was as under.

Serial Number	Name of undertaking	Period(s) for which preparation of <i>pro forma</i> accounts was in arrears	Remarks
i)	Text Books office, Thiruvananthapuram	1987-88* to 1995-96	The delay in finalisation of the accounts was attributed to: <ul style="list-style-type: none"> <li>i) lack of trained staff,</li> <li>ii) Non-reconciliation of figures,</li> <li>iii) non-maintenance of journals and ledgers and</li> <li>iv) non-receipt of <i>pro forma</i> accounts from sub depots.</li> </ul>
ii)	State Water Transport Department, Alappuzha	1988-89 to 1995-96	The delay in non-finalisation of accounts was due to dearth of trained staff.
iii)	Kerala State Insurance Department, Thiruvananthapuram	1967 to 1982 and 1991 to 1995	

\* Government in August 1990 dispensed with the preparation of *pro forma* accounts for the years 1975-76 to 1986-87.



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

<i>Name of scheme</i>	<i>Period(s) for which due</i>
<b>Agriculture (Animal Husbandry) Department</b>	
Intensive Poultry Development Block, Muvattupuzha	1986-87 to 1995-96
Intensive Poultry Development Block, Pettah	1991-92 to 1995-96
Poultry Feed Manufacturing and Distribution Scheme, Chengannur	1984-85 to 1995-96
Egg Collection and Marketing Scheme, Chengannur *	1970-71 to June 1983
Livestock and Poultry Feed Compounding Factory, Malampuzha **	1965-66 to 1975-76 and April 1976
<b>Home Department</b>	
Rubber Plantation in the Open Prison, Nettukaltheri	1994-95 and 1995-96

A synoptic statement showing the summarised financial results of the working of 1 undertaking and 2 trading schemes for the years up to which *pro forma* accounts have been received and certified in audit is given in Appendix 16.

\* The scheme was wound up from 30 June 1983.

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

## CHAPTER VII

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### 7.1. General

Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the Kerala Co-operative Societies Act, 1969, Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, Companies Act, 1956, etc., to implement certain programmes of the State Government. The grants were intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies. The salary of the teaching and non-teaching staff of a large number of private educational institutions in the State was also directly paid by Government.

During 1995-96, financial assistance of Rs.1536.58 crores was paid to various autonomous bodies and others broadly grouped as under:

<i>Name of institutions/groups</i>	<i>Assistance paid (Rupees in crores)</i>
Municipalities, Corporations, Panchayats, Development Authorities, etc.	92.78
Educational institutions (Aided schools, Private colleges, Universities, etc.)	869.89
Co-operative Societies and institutions	35.32
District Rural Development Agencies	67.75
Command Area Development Authority	20.68
Kerala Water Authority	140.75
Other institutions	309.41
Total	1536.58



## 7.2 . Delay in furnishing utilisation certificates

The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and, after verification, these should be forwarded to the Accountant General (Accounts and Entitlements) within one year from the date of sanction of assistance unless specified otherwise.

As of November 1996, 160 certificates for Rs.37.71 crores paid as grants up to 31 October 1995 were to be received in the Office of the Accountant General (Accounts and Entitlements). Department-wise break-up of outstanding utilisation certificates was as under:

Serial Number	Name of Department	Year	Certificates due	
			Number	Amount (Rupees in lakhs)
1	Cultural Affairs Department	1991-92	4	1.30
		1993-94	5	14.00
		1994-95	11	32.54
		1995-96	4	2.60
2	General Administration Department	1989-90	1	0.50
3	General Education Department	1993-94	4	15.00
		1994-95	5	14.00
		1995-96	2	8.50
4	Health and Family Welfare Department	1989-90	1	12.00
		1994-95	1	72.25
5	Higher Education Department	1986-87	3	3.18
		1989-90	14	3.78
		1990-91	27	8.96
		1991-92	1	91.00
		1992-93	7	590.27
		1993-94	14	735.93
		1994-95	15	722.18
		1995-96	25	1330.83
6	Science, Technology and Environment Department	1989-90	4	16.25
		1991-92	11	93.77
		1994-95	1	2.50
Total			160	3771.34

### 7.3. Delay in furnishing copies of accounts

In order to identify the institutions which attract audit under Section 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was granted and the total expenditure of the institutions. Information for the year 1995-96 called for in May 1996 was awaited as of October 1996 from 11 departments of Government and 13 Heads of Departments. Of the defaulting departments, the following had not furnished information for 1994-95 also.

1. Agriculture Department
2. Health and Family Welfare Department
3. Scheduled Castes and Scheduled Tribes Development Department

The status of submission of accounts by corporations and submission of Audit Reports thereon to the State Legislature as on June 1996 is given below:

<i>Name of body</i>	<i>Year up to which accounts due</i>	<i>Year up to which accounts submitted</i>	<i>Year up to which Audit Reports issued</i>	<i>Reasons for non-finalisation of Audit Report</i>
1 Kerala Khadi and Village Industries Board	1995-96	1993-94	1993-94	Accounts for 1994-95 and 1995-96 not received.
2 Command Area Development Authority	1995-96	1994-95	1994-95	Accounts for 1995-96 not received.
3 Kerala Water Authority	1995-96	1995-96	1994-95	Accounts for 1995-96 received in October 1996.
4 Kerala Institute of Labour and Employment	1995-96	1994-95	1994-95	Accounts for 1995-96 not received.



## **RURAL DEVELOPMENT DEPARTMENT**

### **7.4. Employment Assurance Scheme**

#### **7.4.1. Introduction**

The Employment Assurance Scheme (EAS) was launched by Government of India (GOI) in October 1993 with the twin objectives of providing assured gainful employment up to 100 days a year in the lean agricultural season in manual work to all needy adult persons in rural areas and creation of community assets for sustained employment and development. The expenditure on the scheme was to be shared between GOI and the State Government in the ratio 80:20. The target group of the scheme was the rural people residing in 21 Integrated Tribal Development Project (ITDP) Blocks in 7 districts in the State *vide* Appendix 17.

#### **7.4.2. Organisational set up**

The Commissioner, Rural Development (CRD) is the nodal agency for the scheme at the State level and District Rural Development Agencies (DRDAs) at the district level.

#### **7.4.3. Audit coverage**

A review of implementation of the scheme from inception to the end of March 1996 was conducted by Audit during February 1996 to April 1996 based on a test-check of the records of the Office of the CRD, 3 DRDAs<sup>1</sup> and 8 ITDP Blocks<sup>2</sup> coming under the jurisdiction of these DRDAs. The results of the review are contained in the succeeding paragraphs.

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1 Idukki, Thiruvananthapuram and Wayanad.

2 Idukki, Kalpetta, Kattappana, Perumkadavila, Sulthan Batheri, Thodupuzha, Vamanapuram and Vellanad.

#### 7.4.4. Highlights

- Out of Rs.46.03 crores released between October 1993 and March 1996, Rs.2.88 crores were lying unutilised with the implementing agencies (March 1996). There was delay in release of State share amounting to Rs.5.48 crores during 1993-94 to 1995-96.

(Paragraph 7.4.5(a)(i) to (iii))

- Poor utilisation of first instalment of funds in two blocks in Kannur district, during 1993-94, resulted in non-release of Central/State share amounting to Rs.62.50 lakhs.

(Paragraph 7.4.5(a)(iv))

- As against Rs.61.66 crores required for giving employment for 100 days to 1.52 lakh registrants during 1995-96, the assistance released was only Rs.21.78 crores.

(Paragraph 7.4.5(a)(v))

- There was shortfall in generation of employment in terms of mandays ranging from 76 *per cent* to 82 *per cent* during the period from 1993-94 to 1995-96.

(Paragraph 7.4.5(b))

- Though the scheme was to be implemented only during the lean agricultural season, 61 *per cent* and 50 *per cent* during 1994-95 and 1995-96 respectively of the total mandays generated were during the lean agricultural season.

(Paragraph 7.4.6(iii))

- Rupees 78.75 lakhs were spent on construction of compound walls in block offices, helipad, etc., even though these works were not envisaged under the scheme.

(Paragraph 7.4.7)



#### 7.4.5. Target and Achievement

##### (a) Financial

The details of release of funds by Central and State Governments and expenditure incurred thereagainst during 1993-94 to 1995-96 were as below:

Year	Opening balance	Release			Total funds available	Expen- diture (cumulative)	Unspent balance
		Central	State	Total			
(Rupees in crores)							
1993-94	..	5.80	1.45	7.25	7.25	1.71	5.54
1994-95	5.54	13.60	3.40	17.00	22.54	19.02	3.52
1995-96	3.52	17.60	4.18	21.78	25.30	22.42	2.88
Total	..	37.00	9.03	46.03	..	43.15	..

(i) The unutilised balance locked up as on 31 March 1996 with 6 DRDAs amounted to Rs.2.88 crores.

(ii) Out of the total release of Rs.7.25 crores during 1993-94, Rs.5.94 crores (82 per cent) were released only in March 1994. Out of the total release of Rs.8.25 crores to Kottayam, Idukki and Palakkad DRDAs during 1994-95, Rs.2.75 crores were released only in March 1995. Similarly out of release of Rs.9.75 crores during 1995-96 to Thiruvananthapuram, Malappuram and Kannur DRDAs, Rs.3.50 crores were also released only during March 1996.

(iii) According to the guidelines issued by GOI, the matching share of the State was to be released within a fortnight from the date of release of Central share. Out of Rs.9.03 crores released by the State Government during 1993-94 to 1995-96, Rs.5.48 crores were released belatedly, the extent of delay ranging from 6 to 234 days. Government attributed (September 1996) the delay to administrative reasons and non-availability of funds.

(iv) Due to poor utilisation of the first instalment of funds released during 1993-94 to Iritty and Peravoor Blocks in Kannur District, the 2nd instalment of

Central and State share amounting to Rs.62.50 lakhs was not released affecting the implementation of the programme.

(v) According to the instructions issued (July 1995) by GOI, no person seeking employment and willing to work was to be denied work and funds to the extent required were to be demanded from GOI. The funds required for providing wage employment for 100 days during 1995-96 to the 1.52 lakh registrants as of March 1995 would work out to Rs.61.66 crores (Central share: Rs.49.33 crores and State share: Rs.12.33 crores). However, funds released during the year was only Rs.21.78 crores and no action was taken by CRD to obtain the admissible balance amount.

(b) *Physical*

The district-wise details of number of persons registered and provided employment during the period from 1993-94 to 1995-96 are given in the table below:

District	Number of blocks	Number of persons registered			Number of persons employed		
		1993-94	1994-95	1995-96	1993-94	1994-95	1995-96
Thiruvananthapuram	3	4824	8501	16711	3076	5809	6255
Kottayam	2	1385	6252	8303	1039	4058	5451
Idukki	8	4600	115275	124000	4600	91510	96000
Palakkad	1	3047	7154	8179	3047	1240	2925
Malappuram	2	2118	3779	10680	1232	3773	10680
Wayanad	3	2780	5861	5871	690	3984	4196
Kannur	2	828	5425	8465	487	5105	7419
Total	21	19582	152247	182209	14171	115479	132926

The percentage of employment against number of registrants was 72, 76 and 73 for the year 1993-94, 1994-95 and 1995-96 respectively.



The achievement in generation of employment in terms of mandays was as under:

<i>Year</i>	<i>Number of persons given employment</i>	<i>Number of mandays to be generated by providing employment for 100 days</i>	<i>Number of mandays generated</i>	<i>Percentage of short fall in generation of employment</i>
		<i>(In lakh mandays)</i>		
1993-94	14171	14.17	2.60	82
1994-95	115479	115.48	27.64	76
1995-96	132926	132.93	32.47	76

#### **7.4.6. Implementation of the scheme**

##### *(i) Registration*

The Village Extension Officers were to register the names of job seekers under the scheme and the list of registrants had to be got approved by the Panchayat Committee concerned. However, no approval of the list had been obtained in any of the blocks test checked.

##### *(ii) Issue of family cards*

Each registrant was to be issued a family card indicating details of family members, employment provided, etc. Out of 1.82 lakh registrants as of March 1996, the number of registrants provided with family cards was 1.56 lakhs only. The details of employment provided to them under different schemes and the number of days of employment had not been furnished in the family cards issued. Government stated (September 1996) that there was no sufficient funds for printing the family cards under EAS.

##### *(iii) Implementation of the scheme during Agricultural season*

According to the guidelines, the works under the scheme were to be taken up only during the lean agricultural season when the availability of rural unskilled wage employment was reduced in the farming sector and the State Government was to specify the lean season in the district concerned during which period, works under the scheme were to be carried out. Employment under the scheme was to be provided for 100 days during the lean agricultural season. But the State

Government/district authorities had not specified and declared the lean agricultural seasons in the districts.

Though November to March is considered to be the lean agricultural season depending on the local conditions, the scheme was implemented throughout the year and the extent of mandays generated during the lean season of 1994-95 and 1995-96 was 61 *per cent* and 50 *per cent* respectively.

#### **7.4.7. Execution of works**

One of the types of new works to be taken up under the scheme was water and soil conservation. A test-check of 37 works executed in Thiruvananthapuram and Wayanad districts and classified under soil and water conservation works costing Rs.78.75 lakhs actually related to construction of compound walls in block offices, markets and bus stand, formation of school play grounds, construction of helipad, etc., which were not envisaged under the scheme.

The scheme provided for maintenance of muster rolls of the workers provided with employment and production of the same for audit purpose. It was noticed that the muster rolls maintained did not contain full details of employment such as registration number of workers, wages paid, authentication by Panchayat representative, etc. In the absence of records of the mandays generated, the number of mandays generated was worked out by dividing the expenditure on wage component by the average wage rate.

The assets created under EAS works were to be handed over to the concerned local body/department for future management including maintenance and the recipient body/department should enter the assets in a Register of Assets. However, there was no record indicating the handing over of the assets to the local bodies/departments concerned.

#### **7.4.8. Monitoring and evaluation**

According to the guidelines, the implementing authorities from the State level to the Block level should regularly inspect the works and record their findings for follow-up. Though it was stated that the officials concerned were visiting the



work sites at regular intervals, no records thereof were available in any of the offices test checked. No evaluation study of the scheme had been conducted by the State Government as of June 1996.

## **CULTURAL AFFAIRS DEPARTMENT**

### **7.5. Non-utilisation of *Natyagriham***

The Kerala Sangeetha Nataka Akademi (Akademi) took over possession of the *Natyagriham* (rehearsal shed for drama and other cultural activities) and a kitchen block in Thrissur in June 1992.

At the time of taking over of the building damages to bamboo mat wall had started. The building constructed at the cost of Rs.2.73 lakhs had not been put to use as of April 1996. Thus the Akademi was not benefitted by the construction of the rehearsal shed.

Government stated (December 1995) that a final decision to use the *Natyagriham* would be taken as and when the proposed art gallery building was completed. This was not tenable as at the time of constructing the *Natyagriham* there was no proposal for construction of an art gallery. No Government sanction had been accorded so far for the construction of an art gallery.

## **HIGHER EDUCATION DEPARTMENT**

### **7.6. Idle investment on planetarium chairs**

In June 1993, the Director of Kerala State Science and Technology Museum, Thiruvananthapuram placed orders on a Delhi based firm for supply of 300 chairs at the rate of Rs.2200 per chair for installation in the planetarium under construction. Before placing orders the mode of seating arrangements, viz., unidirectional or concentric circular pattern, and the definite layout of furnishing the chairs in the planetarium was not finalised. The firm supplied the chairs in September 1993. However, of the 300 chairs supplied by the firm, only 184 were installed (August 1994) in the planetarium. The remaining 116 chairs costing

Rs.2.55 lakhs were kept in the store of the Museum and continued to remain unutilised.

Government stated (November 1995) that the chairs were purchased considering the seating capacity of similar planetarium in Madras with similar projector and other planetaria in India. They further added that the mode of seating arrangements had not been finalised and, therefore, the excess number of chairs purchased could not be considered a waste as the seating arrangement might change at a later stage.

Government's reply could at best be considered an after thought as even two years after 184 chairs were arranged, the Department had no proposal to alter the seating arrangement for utilising the remaining 116 chairs.

#### **7.7. Short accounting of tickets and sale proceeds**

The Kerala State Science and Technology Museum, Thiruvananthapuram (KSSTM) was established in 1981 under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 to serve as an effective medium of mass communication for the dissemination of scientific literacy among all sections of the society with emphasis on taking science and technology to the common man.

In November 1985, the Governing body of the KSSTM constituted a special committee for raising funds to the tune of Rs.1 crore within a period of six months by way of donations, subscriptions, sale of tickets, etc., for the establishment of a planetarium at Thiruvananthapuram. In August 1986, the committee decided to collect the required funds by sale of tickets to students and teachers of schools and colleges in the State and public. Accordingly, the Director, KSSTM entrusted in September 1986, the work of printing of 12.85 lakh tickets of various denominations valued Rs.26.70 lakhs to the Kerala State Audio-Visual and Reprographic Centre, Thiruvananthapuram (AVRC). During February-March 1987 the AVRC printed 21.20 lakh tickets valued Rs.1.16 crores. The printing of excess tickets than originally ordered was done based on the oral directions of the Director, KSSTM.



Of the 21.20 lakh tickets printed, 19.28 lakh tickets valued Rs.1.09 crores were taken to stock till November 1988. The balance tickets valued Rs.6.61 lakhs were reported to be missing.

Till November 1987, KSSTM issued 64,226 tickets (value: Rs.4.34 lakhs) of various denominations for sale. Though 53,434 tickets of value Rs.3.21 lakhs were reported to have been sold, only Rs.0.96 lakh had been accounted towards sale of tickets. As of July 1995, no action had been taken by KSSTM to conduct investigation into missing tickets valued Rs.6.61 lakhs and the short accounting of Rs.2.25 lakhs towards the sale proceeds of tickets.

The matter was referred to Government in September 1995; reply had not been received (August 1996).

#### **7.8. Infertuous expenditure on establishment of College of Rural Home Science**

With a view to enable students to develop an understanding of the nature, scope and philosophy of Home Science and its role in the development of agriculture and rural communities in the larger context of national development, the Kerala Agricultural University (KAU) established a College of Rural Home Science at Vellayani (Thiruvananthapuram District) in September 1986, anticipating financial support from Indian Council of Agricultural Research (ICAR) for the first five years. The Department of Home Science already functioning under the control of Faculty of Agriculture of KAU was also shifted (September 1986) to this college. In September 1986, the Academic Council approved the curriculum and regulations for the conduct of courses. Three Assistant Professors and three Junior Assistant Professors were appointed in the Faculty of Rural Home Science. The first batch of B.Sc (Rural Home Science), a four year Undergraduate Programme, was started in 1986-87 with intake capacity of 30 students. The intake capacity of the second batch was reduced (1987) to 20 students taking into consideration the man-power requirement and facilities available to impart instruction.

The course was, however, not recognised by Government/ICAR as it was started without detailed study and preparation regarding the usefulness and utilisation of the Undergraduate Programme. The syllabus proposed for the course

was not materially different from that taught in other colleges in the State. As the future of the students graduating from the college was uncertain in view of the fact that the course was not recognised by Government/ICAR, the students started agitation (November 1988) demanding reorientation of the curriculum. Based on Government's suggestion the University ordered (January 1989) discontinuance of the Undergraduate Programme and closure of the college. The first and second batch students were admitted as fresh candidates in other professional courses conducted by the University and the Department of Home Science was retained in the College of Agriculture under the Faculty of Agriculture. The surplus staff consequent on discontinuance of the Undergraduate Programme were deployed in October 1989.

Thus, a course undertaken by KAU without adequate consideration of its usefulness and utilisation had to be abandoned midway and the expenditure of Rs.17.48 lakhs incurred for the conduct of the course for 3 years had become infructuous.

## **7.9. University of Kerala**

The erstwhile University of Travancore was reconstituted as University of Kerala in 1957. The jurisdiction of the University covers the southern districts of Kerala, viz., Thiruvananthapuram, Kollam and parts of Alappuzha and Pathanamthitta. The main sources of finance of the University are grants received from State Government, University Grants Commission (UGC), Government of India (GOI) and other agencies like Council of Scientific and Industrial Research (CSIR).

Test-check of the records of the University for the years 1989-90 to 1993-94 conducted during August 1994 to October 1994 revealed as under:

### *(1) Extra expenditure on surplus teaching staff*

The University implemented (July 1990) the UGC scheme including revision of pay scales and guidelines regarding the minimum number of actual teaching days, programme of examination and work load for teachers. While the teachers were granted the full benefit of higher pay scales as prescribed by the UGC the norms regarding the minimum number of actual teaching hours and work load were not adhered to by the University. According to guidelines, the work load of



a full time teacher in a week should not be less than 40 hours out of which direct teaching hours should be 15 hours (teaching hours: 10, laboratory/tutorial hours: 4 and testing hours:1). However, as compared to the norms, strength of teaching staff in 16 departments of the University during 1993-94 was in excess by 50 vide Appendix 18. The expenditure incurred by the University towards pay and allowances of excess staff for the period from July 1990 to December 1995 worked out to Rs.1.46 crores, calculated at the minimum of the pay scales.

Government stated (September 1995) that according to the work load fixed by the Syndicate, surplus teachers in various departments worked out to 22 as against 50 as per UGC norms. It was seen in audit that while fixing the staff strength, the University did not include 5 class room hours a week (4 hours for laboratory/tutorial and 1 hour for testing) and limited the work load of each lecturer to teaching hours alone, i.e., 10 hours instead of 15 hours of direct teaching hours a week as envisaged in the scheme. Further, the reduction in the teaching hours fixed for senior teachers was not compensated by corresponding increase in the case of junior teachers not having much work in connection with guiding researchers.

(2) *Non-realisation of grant from UGC*

In August 1984, the University approached UGC for financial assistance for the conduct of post-graduate course in 4 subjects in the Institute of Correspondence Courses (ICC). Based on the recommendations of an expert committee, UGC offered (August 1985) financial assistance of Rs.30 lakhs for 5 years from 1986-87 to 1990-91 at the rate of Rs.1.50 lakhs per subject per year. Accordingly, UGC released Rs.10 lakhs (June 1986 : Rs.4 lakhs and March 1988 : Rs.6 lakhs). The University furnished the utilisation certificate of the grant in November 1995 only. However, the University failed to furnish *pro forma* accounts of the scheme resulting in non-release of balance grant of Rs.20 lakhs by UGC.

Government stated (September 1995) that action had been taken to furnish *pro forma* accounts in respect of the financial assistance availed from UGC for the conduct of the courses.

(3) *Avoidable expenditure on rent*

An Academic Staff College (ASC), established in July 1987 with cent *per cent* assistance from UGC for conducting orientation programmes/refresher courses for teachers of the affiliated colleges under the University, started functioning in the Guest House at Kariavattom. However, the ASC conducted the courses from December 1987 to May 1990 at various buildings taken on rent. In May 1990, the ASC was shifted back to Guest House itself. In October 1989, the ASC claimed reimbursement of rent of the course venue from UGC, relying on a statement (October 1987) of the UGC that the rent paid for accommodation of participants/resource persons for the course at the ASC would be reimbursed in accordance with Public Works Department norms. UGC clarified (February 1990) that the rent for the venue of the course was not reimbursable.

Had the ASC continued to function in the Guest House itself, expenditure of Rs.1.11 lakhs incurred on rent and shifting of the course venues could have been avoided.

(4) *Non-realisation of fees*

(a) *Tuition fees*

Tuition fee for the courses offered by ICC should have been collected from students in 3 instalments. The course materials were sent to all students without ensuring remittance of tuition fee. Non-realisation of tuition fee for the period from 1989-90 to 1994-95 amounted to Rs.15.29 lakhs. The University stated (November 1994) that due to accounting system followed in earlier years the amount of arrears could not be calculated correctly. However, no action had been taken by the University as of July 1996 to streamline the accounting system for calculating arrears correctly.

(b) *Examination fee*

According to the statement of dues prepared by the Revenue section of the University on the basis of Demand, Collection and Balance (DCB) statement received from its Examination Wing, the arrears of examination fee due to be



collected from colleges for the period from 1987 to 1992 amounted to Rs.41.35 lakhs. The arrears of examination fee from 1993 onwards could not be assessed in audit as DCB statement from 1993 onwards had not been prepared as of January 1996.

(c) Medical inspection fee

The University Health Centre carries out medical inspections for the students of all the departments of the University and 10 colleges situated in Thiruvananthapuram city. For the purpose, medical inspection fee was collected at the rate of Rs.2 per student from 1966-67 to 1989-90 and Rs.5 per student from 1990-91 onwards. The colleges in Thiruvananthapuram city had to collect the fee from students and remit it to Kerala University Fund. It was seen in audit that arrears amounting to Rs.1.40 lakhs relating to the period 1975 to 1990 were due to be collected from all the departments of the University and 8 colleges in the city. The position of arrears from 1990 onwards was not made available to Audit.

(d) Students Aid Fund

The Students Aid Fund was intended for assisting poor students whose family income was less than Rs.10000 *per annum*. Rupees 2 per student for the academic year 1990-91 and Rs.3 from 1991-92 onwards were collected from every student of the University departments and colleges. The amount collected were to be remitted in separate account in Kerala University Fund. Scrutiny of the DCB statements revealed that arrears for the period up to December 1995 amounting to Rs.6.61 lakhs were to be remitted to the University by various colleges.

(5) *Inventory control*

(i) Short accounting of blank answer books

(a) Wide variations between the number of answer books delivered by the University Press and that taken into account in the stock register of the Examination store keeper were noticed. During the period 1989-90 to 1993-94, 1.57 lakh main answer books and 3.27 lakh additional books were short accounted in the

Examination stores. No action had been taken either by the University Press or Examination store to reconcile the differences. Loss on account of shortage of the answer books worked out to Rs.3.53 lakhs. The University had also not conducted annual physical verification of the answer books.

The University stated (November 1994) that the two matriculate assistants who were put in charge of the store were not capable of keeping proper accounts for the receipt of books from the Press.

(b) According to Memorandum of Instructions issued by the University, Chief Superintendents were responsible for keeping proper accounts for the stock and use of main and additional books sent by the University at the time of each examination. Test-check of the records of 5 colleges revealed that 4 colleges had not maintained accounts in respect of 5.45 lakh main answer books (cost:Rs.5.45 lakhs) and 13.74 lakh additional books (cost: Rs.8.24 lakhs) issued to them between September 1989 and March 1993. In cases where accounts were maintained, a total shortage of 45000 main answer books and 95000 additional answer books was noticed. The University had not investigated the shortage and recovered the cost from the colleges.

The University stated (November 1994) that the Chief Superintendents were helpless in getting the accounts prepared without any remuneration and problem was solved by fixing some remuneration from September 1994 onwards.

(ii) Non-disposal of old answer scripts

According to standing instructions, the University shall keep intact the answer scripts of various examinations for two years. After two years, the answer scripts shall be disposed of by inviting tenders. Out of the 353 tonnes of answer books issued to and used by various examination centres during 1987-88 to 1991-92 the University had actually disposed of 105.86 tonnes during 1989-90 to 1993-94, which fetched sale proceeds of Rs.6.51 lakhs. The University had not taken back the remaining quantity of 247 tonnes. Failure to retrieve and dispose of the remaining quantity resulted in loss of revenue to the tune of Rs.15.19 lakhs.



The University stated (November 1994) that the answer books in the centralised valuation camps alone could be disposed of. Scripts sent for home valuation could not be collected for want of staff and vehicles.

(iii) Utilisation of excess quantity of paper for printing answer books

The University press utilised 33268 reams of white paper (RA-1) for printing 116.93 lakh main answer books and 346.01 lakh additional answer books during 1989-90 to 1995-96. Calculated at the rate of 1000 main answer books or 2000 additional answer books per ream of 500 sheets and allowing admissible wastage of half *per cent* on requirement of paper, the quantity of paper that could have been utilised by the Press for printing answer books would be 29138 reams. The excess quantity of RA-1 white paper, utilised by the Press till 31 March 1996 worked out to 4130 reams costing Rs.14.30 lakhs.

(6) *Accounts*

(a) Absence of financial and accounting rules

In March 1984, the Syndicate resolved to take steps for framing financial and accounting rules. However, the rules to govern the accounting procedure had not been framed so far (December 1995).

The University stated (October 1994) that it had authorised the Finance Officer to complete the work of framing financial rules but no progress could be achieved as the post was vacant for the last two years.

(b) Annual accounts

The annual accounts of the University had to be prepared under the direction of the Syndicate and submitted to the Director of Local Fund Audit for audit. As of December 1995, though accounts had been completed up to 1991-92 audit had been completed up to 1987-88 only.

(c) Provident fund accounts

The University follows General Provident Fund (Kerala) Rules, as it does not have its own Provident Fund Rules. The University deducts subscription towards Provident Fund from the salary of the employees, keeps it *ab initio* under suspense and later on transfers it piecemeal to Provident Fund Account. The amount so transferred to Provident Fund Account, during 1989-90 to 1993-94, was short by Rs.86.16 lakhs, compared to the subscription collected from the employees.

Government stated (September 1995) that the shortfall in transfer was due to non-availability of funds.

## HOUSING DEPARTMENT

### 7.10. Reconstruction of houses damaged by floods/cyclone during October/November 1992

A scheme for reconstruction of 31520 houses fully damaged by floods/cyclone in October/November 1992 in Kerala was sanctioned by Government of India in August 1993. The cost of construction was Rs.15000 per house and the total outlay of Rs.47.29 crores was to be met by loan from Housing and Urban Development Corporation (HUDCO) (Rs.18.91 crores) and Central and State Government subsidies (Rs.14.19 crores each). The nodal agency for implementing the programme was Kerala State Housing Board (KSHB). The scheme was implemented through the District Collectors of 14 districts. The following points were noticed in the implementation of the scheme.

While approving the financial package for the construction of 31520 houses at a total cost of Rs.47.29 crores, Government of India required the State Government to formulate specific schemes/projects for reconstruction of the damaged houses and forward the same to HUDCO for sanction of loan and Central subsidy. The Disaster Housing Scheme submitted by KSHB earlier was suitably modified by HUDCO in line with the financial package sanctioned by Government of India and HUDCO wanted (September 1993) the KSHB to submit revised



application accordingly. Specific sanction for the scheme was issued by State Government only in March /June 1994. The district-wise targets were fixed by State Government only in August 1994 i.e., after the receipt of Rs.8.30 crores (paid by HUDCO in March 1994). It was seen that the district-wise targets as indicated by HUDCO and those fixed by State Government varied considerably as indicated below:

<i>District</i>	<i>Target indicated by HUDCO</i>	<i>Target fixed by Government in August 1994</i>
Thiruvananthapuram	4400	11521
Kollam	4400	3804
Kottayam	4400	3140
Pathanamthitta	2971	1502
Alappuzha	4400	2970
Idukki	549	2857
Ernakulam	--	298
Thrissur	2200	166
Palakkad	--	605
Malappuram	2000	573
Kozhikode	--	297
Wayanad	2200	2490
Kannur	2000	101
Kasaragod	2000	1196
Total	31520	31520

The financial assistance for the reconstruction of the houses was sanctioned by the District Collector based on applications received from the flood affected persons duly verified by the Village Officer/Tahsildar. The district-wise

details of number of applications received, number of cases sanctioned ,etc., as of March 1996 were as under:

<i>District</i>	<i>Number of applications received</i>	<i>Number of houses sanctioned</i>	<i>Number of houses constructed</i>	<i>Number of houses under construction</i>	<i>Number of houses abandoned</i>
Thiruvananthapuram	4484	3384	310	2369	705
Kollam	1000	354	Nil	354	Nil
Kottayam	NA	654	Nil	582	72
Alappuzha	NA	1989	Nil	1989	Nil
Pathanamthitta	869	869	442	427	Nil
Idukki	68	24	Nil	24	Nil
Ernakulam	Nil	Nil	Nil	Nil	Nil
Thrissur	NA	88	NIL	75	13
Palakkad	5	Nil	Nil	Nil	Nil
Malappuram	511	444	2	376	66
Wayanad	1396	1357	510	847	Nil
Kozhikode	297	276	11	265	Nil
Kannur	16	16	6	10	Nil
Kasaragod	16	16	12	4	Nil
Total		9471	1293	7322	856

No houses were constructed in Ernakulam and Palakkad districts eventhough targets of construction of 298 and 605 houses respectively were determined for these districts.

The pattern of assistance was determined at Rs.6000 as loan with 13.5 *per cent* interest from HUDCO and Rs.4500 each as subsidy from Central and State



Governments. The HUDCO released a loan of Rs.11.11 crores during 1993-94 and 1994-95. The subsidy of Government of India amounting to Rs.8.33 crores was also released through HUDCO. The State Government subsidy of Rs.14.18 crores was released in February 1995 (Rs.4.50 crores) and January 1996 (Rs.9.68 crores). As the houses sanctioned were only 9471, for which a loan of Rs.5.68 crores only was needed, the KSHB availed loan of Rs.11.11 crores till March 1995. The amount of loan drawn by KSHB in excess of its actual requirement was Rs.5.43 crores. The interest payable for this excess amount at the rate of 13.5 *per cent* amounted to Rs.73.31 lakhs annually, and Rs.73.31 lakhs had already become due for 1995-96. Eventhough the State subsidy for 9471 houses was Rs.4.26 crores only, withdrawal of Rs.9.68 crores in January 1996 was ostensibly to avoid lapse of budget provision.

Out of Rs.33.62 crores paid to the KSHB, (1993-94 : Rs.8.30 crores, 1994-95 : Rs.15.64 crores, 1995-96 : 9.68 crores) KSHB passed on only Rs.14.88 crores to the District Collectors as of March 1996. The balance of Rs.18.74 crores was retained by the KSHB. Out of the amount of Rs.14.88 crores paid to the District Collectors, Rs.7.23 crores (49 *per cent*) was released to the beneficiaries.

The matter was referred to Government in May 1996; reply had not been received (August 1996).

## **INDUSTRIES DEPARTMENT**

### **7.11. Procurement of drilling machines with incorrect specifications**

To undertake survey of bauxite deposits in Kasaragod district on a time bound programme, Government released (June 1990) grant-in-aid of Rs.8 lakhs to the Kerala Mineral Exploration and Development Project (KMEDP) and sanctioned (June 1990) procurement of two diamond core drill units for the exploration activities. Accordingly, tenders were invited (June 1990) and orders placed (July 1990) on a Madras based firm for supply of two units of diamond core drill and pump with required accessories at the total cost of Rs.5.37 lakhs. According to tender specification, the drill must be screw feed type capable of drilling to a

maximum depth of 150 metres and light weight designed to be towed on difficult terrain. The firm supplied the machines in September - October 1990.

On commissioning the first drilling machine in December 1990, certain defects were noticed and the operation of the machine was completely stopped in March 1991 on completion of test bore-hole. The second machine commissioned in March 1991 also went out of order within 8 days. However, the firm was paid Rs.4.79 lakhs being 89 *per cent* of the cost of the machines in January 1991 and Rs.8500 being freight charges in March 1991, on the basis of the performance certificates issued by the Geologists at the camp.

The firm was informed (May 1991) of the non-functioning of the machines and the repairs were attended to by the firm during July-September 1991. However, the defects could not be rectified and the machines continued to remain idle. Based on Government directions to initiate revenue recovery steps, the firm was issued (October 1994) notice to refund Rs.4.88 lakhs plus interest at bank rates. In response to the notice, the firm refused to refund the amount and stated (November 1994) that they had honoured the agreement and supplied units for wet drilling as per tender specifications. According to the firm the exact method of drilling was not specified in the tender and the breakdowns were mainly due to utilising the machines for dry drilling.

Failure on the part of the KMEDP to specify the correct specification of the machinery required for their exploration activities resulted in unfruitful investment of Rs.4.88 lakhs.

The matter was referred to Government in June 1995; reply had not been received (August 1996).



## **LOCAL ADMINISTRATION DEPARTMENT**

### **7.12. Irregular implementation of a Centrally sponsored scheme**

Scheme for employment through Housing and Shelter Upgradation (SHASU) was a component scheme of Nehru Rozgar Yojana and was intended to enable households belonging to the economically weaker sections to construct simple dwellings or to upgrade their dwellings with improvement of roof, walls, flooring, additional room, etc., at the cost of Rs.4000 of which Rs.3000 was in the form of loan to be provided by HUDCO through Kerala Urban Development Finance Corporation (KUDFC) and the balance (Rs.1000) as subsidy to be shared by Government of India (GOI) and the State Government in the ratio 80:20 up to 1991-92 and 60:40 from 1992-93 onwards.

Mention was made in paragraph 7.4.8(vi) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 (Civil) of certain aspects of the implementation of the scheme. Further scrutiny disclosed a case wherein the State Government issued (January 1995) sanction in favour of the Alappuzha Development Authority to raise loan of Rs.57 lakhs from KUDFC for implementing the SHASU in non municipal areas though according to the general feature of the scheme, funds were to be earmarked only for the beneficiaries in urban settlements. When this was pointed out in audit in November 1995, GOI clarified (December 1995) that the sanction given by the State Government for implementing the scheme in non-urban settlements was irregular.

The matter was referred to Government in July 1995 ; reply had not been received (August 1996).

**IRRIGATION (WATER SUPPLY) DEPARTMENT*****KERALA WATER AUTHORITY*****7.13. Extra expenditure due to delay in acceptance of tender**

The Chief Engineer (Planning, Services and General) of the Kerala Water Authority (Authority) invited (September 1992) tenders for supply of 2100 metres of 750 mm Class A cast iron pipes at the Division Store, Kozhikode, fixing the last date of receipt as 5 November 1992. The validity period of the tender was 4 months from the date of opening of tenders. Of the 3 tenders received one was not considered as it was not in order. The rates per metre (Rs.4550.70 and Rs.4587.99) quoted by the other two, firm A (a Government of India Undertaking) and firm B, were Director General of Supplies and Disposals (DGS&D) rates prevalent at that time with a price variation clause and Central Sales Tax and transportation charges.

The tender committee at its meeting held on 11 December 1992 recommended purchase from firm A. In January 1993, firm A informed the Authority that orders placed on them against the tender would be taken in their books for production only after clearance of all pending payments for pipes already supplied as per earlier supply orders. The Authority accepted the offer and placed orders in February 1993. Though the firm came forward with necessary agreement in April 1993, the Authority informed (May 1993) that the agreement could not be finalised as it was not supported by security deposit of Rs.4.78 lakhs. The decision of the Authority to insist on firm A to remit security deposit was not in order as all Government of India Undertakings were exempted from furnishing security deposit. The firm agreed (July 1993) to remit the security deposit on the condition that their dues amounting to Rs.40.39 lakhs were cleared by the Authority. The Authority thereupon decided (October 1993) to accept the offer of firm B and cancelled the supply order placed on firm A (value: Rs.95.56 lakhs) on the ground that agreement had not been executed. Supply order was placed with firm B on 15 November 1993 stipulating delivery period of 4 months.



In the meantime the rates of firm B was revised from Rs.4587.99 to Rs.5657.55 per metre consequent on the revision in the DGS&D rates from 11 June 1993, Central Sales Tax and introduction of Central Excise duty on pipes from 1 March 1994. The firm B supplied 2099.5 metres of pipes between May and November 1994. The value of the offer of firm B was Rs.1.19 crores.

The DGS&D rate was revised from 11 June 1993. Had the Authority finalised the tender with firm A in April 1993 when they came forward with the agreement, extra expenditure of Rs.17.57 lakhs due to subsequent increase in DGS&D rates, and Central Sales Tax could have been avoided.

Further, as per provision in Kerala Water Supply and Sewerage Act, 1986, purchase costing more than Rs.1 crore required prior approval of Government. Though the total value of purchase exceeded Rs.1 crore, Government sanction had not been obtained as of July 1996.

The matter was referred to Government in December 1995; reply had not been received (August 1996).

#### **7.14. Non-realisation of advance and extra expenditure due to procurement of pipes by alternative arrangement**

Six contracts for supply of pipes and rubber rings entered into with the Kerala Premo Pipe Factory Limited (a State Government Company) by the Kerala Water Authority (Authority) during the period November 1988 to July 1993 provided for 100 *per cent* payment only after receipt and verification of materials. However, violating the terms of payment, the Authority paid to the company advances amounting to Rs.62.06 lakhs between November 1988 and August 1993 against the 6 contracts. The Company supplied pipes and rubber rings costing Rs.2.83 lakhs only against 2 contracts and did not refund the balance amount of Rs.59.23 lakhs as of March 1996. Loss of interest to the Authority on the outstanding advances would work out to Rs.40.15 lakhs as of March 1996. Payment of advances not envisaged in the contracts constituted unauthorised aid to the Company.

On rearrangement the Authority had to incur an additional expenditure of Rs.82.34 lakhs in respect of 2 contracts awarded to the Company.

While accepting the Audit observations, Government stated (September 1996) that all the advances were made on the consideration that the firm was a Government undertaking.

#### **7.15. Overpayment to contractor**

Laxity on the part of Kerala Water Authority (Authority) in exercising the prescribed checks on contractors' bills while making payments resulted in overpayments to the tune of Rs.3.07 lakhs as mentioned below:

The work of construction of an overhead tank of capacity 9 lakh litres at Kallissery under augmentation of water supply scheme to Thiruvalla and Changanassery was entrusted to a contractor in June 1992. The Authority supplied mild steel (MS) plates for executing 13 extra items for fabrication of MS pipes and specials required for the work. While making payment for the extra items in March 1995, the Authority did not recover the cost of MS plates. This resulted in overpayment of Rs.3.07 lakhs to the contractor. Government stated (August 1996) that the excess amount paid to the contractor would be recovered from his next bill. The details of recovery were awaited (August 1996).

#### **7.16. Extra expenditure due to non-supply of pipes**

In November 1992, the Superintending Engineer, Public Health Circle, Kottayam (SE) awarded the work 'Extension of distribution system to various parts of Cheriyanadu Panchayat' (estimated cost: Rs.8.91 lakhs) to a contractor at 61.2 *per cent* below estimate excluding cost of departmental materials (agreed probable amount of contract: Rs.3.59 lakhs) stipulating completion by 21 April 1993. According to the contract, the contractor was to execute the pipe laying work for distribution system with the pipes supplied by the Kerala Water Authority (Authority).



The pipes required by the Authority were procured centrally by the Chief Engineer (Planning, Services and General) who placed orders for the purchase of 24000 metres of PVC pipes in December 1992 based on indents placed by the SE in June 1992. However, the Authority could not supply the pipes to the contractor within the stipulated contract period due to non-receipt of pipes. As a result, the contractor requested (December 1993) the SE either to revise the rate or to relieve him from the contract. The SE terminated (February 1994) the contract without risk and cost. The Executive Engineer, Public Health Division, Alappuzha invited (February 1994) fresh tenders after splitting the work into 4 zones so as to complete the work by March 1994. The action of the Executive Engineer was violative of Codal provisions according to which the power delegated to an authority to sanction expenditure on works must not be so used as to evade the necessity for obtaining sanction from higher authority by splitting the work the total cost of which would exceed what the authority was empowered to sanction. The work under each zone was awarded to 4 contractors at agreed probable amount of contract of Rs.3.94 lakhs each. The whole work was completed in November 1994 at the total cost of Rs.17.13 lakhs.

Thus, award of the work without ensuring supply of pipes in time resulted in cancellation of the first contract and completion of the work at an additional cost of Rs.13.54 lakhs.

The matter was referred to Government in March 1996; reply had not been received (August 1996).

#### **7.17. Irregular payments to contractors**

According to the specification accompanying tenders which formed part of the agreement for the work of construction of overhead tanks for water supply schemes the rates tendered by the contractors were inclusive of the cost of supplying the requisite agency with necessary equipment to set out the work as well as to afford facilities for such examination of the work as the Officers of the Kerala

Water Authority (Authority) might at any time consider desirable as also to count, weigh and assist in the measurement or check measurement of the work or materials.

Mention was made in paragraph 7.11 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1995 (Civil) about the irregular payment made to a contractor for affording facilities to the Officers of the Authority for supervision and check measurement. Further test-check conducted by Audit revealed irregular payment aggregating Rs.15.51 lakhs to contractors in 3 works<sup>A</sup> for providing 'staging' along the periphery of the columns of overhead tanks to facilitate departmental inspection during construction.

According to the terms of contract, the contractors were bound to execute the work in strict accordance with the accepted tender specifications and drawings and defects, if any, due to unsound or imperfect workmanship were to be rectified at their cost. Thus avoidance of leakage in the overhead tanks constructed was the responsibility of the contractor and testing the tank was not a charge on the Authority.

Scrutiny of the bills of contractors in respect of 3 works<sup>B</sup> revealed that the Authority had paid Rs.6.88 lakhs towards extra item of testing overhead tanks for leakage.

These points were referred to Government in May 1996; reply had not been received(August 1996).

- 
- A
- (i) Construction of 9 lakh litres capacity overhead tank at Kallissery for augmentation of water supply scheme to Thiruvalla and Changanassery municipalities,
  - (ii) Construction of overhead tank of 2.5 lakh litres capacity for Accelerated Rural Water Supply Scheme to Vallikkunnam village and
  - (iii) Construction of overhead tank of 4.54 lakh litres capacity for Accelerated Rural Water Supply Scheme to Puthuppally.
- B
- (i) Construction of 19 lakh litres capacity overhead tank at Thiruvalla,
  - (ii) Construction of overhead tank of 4.54 lakh litres capacity for Accelerated Rural Water Supply Scheme to Puthuppally and
  - (iii) Construction of 9 lakh litres capacity overhead tank at Kallissery.



### **7.18. Unfruitful expenditure on a water supply scheme**

Under the Kerala Public Works Department Manual, tenders for carrying out a work should, in no case, be invited before making sure that land would be ready for being handed over to the contractor. Such land should either have been already acquired or be otherwise available or land acquisition proceedings should have reached a stage where there was reasonable prospect of its becoming available before the contractor started the work.

In August 1984, Government sanctioned a water supply scheme to Kazhakuttam-Menamkulam village in Thiruvananthapuram District under Accelerated Rural Water Supply Scheme at the estimated cost of Rs.35.41 lakhs including the cost of pipes. The scheme envisaged construction of two overhead tanks of 2 lakh litres capacity each, two pump houses and laying of distribution system. The works (estimated cost: Rs.8.40 lakhs) were entrusted to a contractor in November 1984 at the agreed probable amount of contract of Rs.7.60 lakhs (excluding cost of pipes) for completion in one year.

By March 1988, the contractor completed 85 *per cent* of the distribution line at the cost of Rs.50.92 lakhs (including cost of pipes). The other components of the scheme were not carried out as Kerala Water Authority could not take possession of the required land. Since there was no prospect of getting the land, the Superintending Engineer terminated the contract in December 1990. Following the termination of the contract materials valued Rs.3.50 lakhs had not been returned by the contractor. The works had not been rearranged so far (February 1996).

Failure to ensure availability of land prior to arrangement of the work resulted in the expenditure of Rs.50.92 lakhs incurred on the scheme up to March 1988 remaining unfruitful for over eight years.

The matter was referred to Government in March 1996; reply had not been received (August 1996).

### **7.19. Delay in execution of a water supply scheme owing to non-availability of land**

Under the Kerala Public Works Department Manual, tenders for carrying out a work should, in no case, be invited before making sure that land would be ready for being handed over to the contractor.

A water supply scheme for providing water supply to Kulakkada Harijan Colony in Kulakkada Panchayat in Kollam District was sanctioned by the District Collector in July 1984 at the estimated cost of Rs.7.87 lakhs under special component plan benefiting scheduled castes. The scheme involved the construction of (i) a well-cum-pump house, (ii) an overhead tank of 45000 litres capacity and (iii) pumping main and distribution system.

The Kerala Water Authority (Authority) awarded the civil works costing Rs.3.47 lakhs to a contractor in September 1984 at 17.5 *per cent* below estimate, stipulating the date of completion as September 1985. The contractor completed the work on the distribution system by December 1985. The other components of the scheme were not taken up and the work was at a standstill from December 1985 onwards due to non-availability of the required land for constructing open well and overhead tank. The total expenditure incurred on the scheme up to January 1996 amounted to Rs.6.65 lakhs.

Failure of the Authority to ensure the availability of land before arranging the work resulted in non-completion of a water supply scheme intended to benefit a harijan colony even after more than ten years and in an unproductive expenditure of Rs.6.65 lakhs.

The matter was referred to Government in May 1996; reply had not been received (August 1996).



## **7.20. Infertuous expenditure on construction of a well**

According to the Kerala Public Works Department (KPWD) Manual, for construction of shallow wells or tube wells, the prospect of striking water was to be investigated by driving a bore hole in the site and the quality of water tested to ensure that the water available from the source was fit for human consumption.

Based on proposals received from Kerala Water Authority (Authority), the District Collector, Kannur sanctioned (April 1989) the work 'Improvements to water supply scheme at Poithumkadavu' (estimated cost : Rs.7.60 lakhs) under drought relief works. The work included construction of an open well, relaying pumping main and distribution lines and repairs to ground level tank. The Authority entrusted (May 1990) the work to a contractor at agreed probable amount of contract of Rs.7.07 lakhs, after getting a report on the ground water investigation conducted by the Geological Wing. The Authority, however, did not conduct chemical analysis of water as envisaged in the KPWD Manual to check if the water was suitable for human consumption. After construction of the well up to a depth of 9.5 metres at the cost of Rs.3.62 lakhs the Authority conducted (July 1991 and June 1992) the sample tests of water and found that it was unfit for human consumption. In December 1992, the work was abandoned.

Failure of the Authority to ascertain suitability of water before constructing the well resulted in infertuous expenditure of Rs.3.62 lakhs.

The matter was referred to Government in May 1996; reply had not been received (August 1996).

**7.21. Short realisation of cost of tender forms**

According to the provisions in Kerala Financial Code, the scale of prices prescribed for tender form for both purchase of stores and execution of works are one and the same. Till 5 August 1993, the Kerala Water Authority (Authority) levied the cost of tender forms according to the scale of prices approved by Government. The Authority revised the rates for tender forms for purchase of materials with effect from 6 August 1993 on the ground that the cost of man-power involved in preparing the forms and cost of stationery were high. However, the cost of tender forms for execution of works were not revised.

Non-adoption of revised rates for tender forms for execution of works also resulted in short realisation of revenue to the tune of Rs.25.95 lakhs excluding Sales Tax in 17 divisions and 8 circle offices of the Authority for the period from December 1993 to March 1995. Figures of short realisation of revenue by the remaining offices of the Authority were awaited (August 1996).

The matter was referred to Government in May 1996; reply had not been received (August 1996).

**7.22. Excess payment due to irregular fixation of pay**

The pay and allowances and other conditions of service of the staff of Kerala Water Authority (Authority) are regulated according to the provisions contained in Kerala Service Rules and orders issued by Government from time to time.



Test-check of the Service Books of 400 employees of the Authority conducted between August 1995 and January 1996 revealed irregularities in fixation of pay of 64 employees consequent on their promotion to higher post/grade promotion/implementation of pay revision sanctioned by Government with effect from 1 March 1992. Excess payment involved in 46 cases, where such excess payments could be quantified, worked out to Rs.4.70 lakhs.

The matter was referred to Government in May 1996; reply had not been received (August 1996).



(SHANKAR NARAYAN)

*Accountant General (Audit), Kerala.*

Thiruvananthapuram,

The **28 Feb. 1997**

Countersigned



(V.K.SHUNGLU)

*Comptroller and Auditor General of India.*

New Delhi,

The **5 March 1997**





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## **APPENDICES**

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## APPENDIX 1

### Statutory Corporations and Public Undertakings and their accumulated loss *vis-a-vis* Government share capital

(Reference : Paragraph 1.15 ; Page 26)

Sl. No	Name of concern	Amount invested as of March 1996 (Rs. in crores)	Accumulated loss	
			Upto the year	Amount (Rs. in crores)
1	Kerala State Warehousing Corporation	2.75	1994-95	0.95
2	Kerala State Road Transport Corporation	54.77	1994-95	275.04
3	Kerala Industrial Infrastructure Development Corporation	52.30	1995-96	0.45
4	The Kerala Fisheries Corporation Limited	4.85	1984-85	11.05 <sup>(*)</sup>
5	Kerala Tourism Development Corporation Limited	10.81	1991-92	8.53
6	Kerala Construction Components Limited	0.28	1988-89	0.76
7	Traco Cable Company Limited	12.82	1994-95	3.74
8	The Kerala Premo Pipe Factory Limited	1.31	1992-93	1.11
9	The Kerala Ceramics Limited	2.97	1995-96	19.30 <sup>(p)</sup>
10	The Kerala Agro-Industries Corporation Limited	3.05	1993-94	4.50
11	Trivandrum Spinning Mills Limited	4.64	1994-95	8.20
12	Kerala Electrical and Allied Engineering Company Limited	12.35	1994-95	27.80
13	Kerala Soaps and Oils Limited	2.59	1990-91	20.03
14	Travancore Plywood Industries Limited	0.49	1994-95	9.62
15	Trivandrum Rubber Works Limited	2.75	1988-89	13.21
16	United Electrical Industries Limited	3.88	1994-95	0.81
17	Kerala State Handloom Development Corporation Limited	6.04	1995-96	6.11 <sup>(p)</sup>
18	Handicrafts Development Corporation of Kerala Limited	1.61	1990-91	1.46
19	The Kerala State Cashew Development Corporation Limited	29.96	1995-96	142.06 <sup>(p)</sup>
20	Chalakydy Refractories Limited	3.27	1989-90	3.36
21	Kerala State Coir Corporation Limited	4.20	1995-96	2.79 <sup>(p)</sup>
22	Kerala State Drugs and Pharmaceuticals Limited	0.26	1991-92	19.72
23	Sitaram Textiles Limited	4.20	1995-96	17.80 <sup>(p)</sup>
24	Kerala State Textile Corporation Limited	11.33	1990-91	5.30
25	The Kerala Land Development Corporation Limited	6.71	1992-93	18.21
26	Kerala State Industrial Enterprises Limited	42.60	1994-95	0.02
27	Kerala State Electronics Development Corporation Limited	86.49	1993-94	66.61
28	The Kerala Minerals and Metals Limited	30.93	1994-95	50.10
29	The Kerala State Civil Supplies Corporation Limited	8.56	1989-90	22.07
30	The Kerala Forest Development Corporation Limited	4.19	1989-90	0.81
31	Scooters Kerala Limited	1.50	1995-96	4.45 <sup>(p)</sup>

(\*) Under liquidation

(p) Provisional figure

## APPENDIX 1 - Concl'd.

Sl. No	Name of concern	Amount invested as of March 1996 (Rs. in crores)	Accumulated loss	
			Upto the year	Amount (Rs. in crores)
32	Kerala Automobiles Limited	5.16	1994-95	15.71
33	Steel Industries Kerala Limited	24.38	1994-95	7.74
34	Kerala State Construction Corporation Limited	0.88	1991-92	6.25
35	Kerala State Film Development Corporation Limited	11.22	1992-93	8.72
36	Kerala Livestock Development Board Limited	3.54	1995-96	1.99(p)
37	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	0.71	1993-94	0.79
38	Kerala State Coconut Development Corporation Limited	2.85	1990-91	8.41
39	Kerala Small Industries Development Corporation Limited	4.48	1993-94	9.09
40	Overseas development and Employment Promotion Consultants Limited	0.52	1993-94	0.19
41	Malabar Cements limited	26.01	1994-95	3.02
42	Kerala Fishermen's Welfare Corporation limited	0.42	1982-83	1.00(*)
43	Kerala State Engineering Works Limited	0.19	1991-92	1.51(*)
44	Metropolitan Engineering Company Limited	2.41	1991-92	3.77
45	The Kerala State Handicapped persons' Welfare Corporation Limited	1.41	1987-88	0.44
46	Kerala Artisans' Development Corporation Limited	0.65	1989-90	0.40
47	Kerala State Development Corporation for Christian Converts from Scheduled Castes and the Recommended Communities Limited	2.98	1987-88	0.34
48	Transformers and Electricals Kerala Limited	11.20	1993-94	39.82
49	The Metal Industries Limited	0.38	1994-95	0.27
50	Meat Products of India Limited	0.98	1993-94	2.21
51	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	0.58	1994-95	0.12
52	Kerala State Women's Development Corporation Limited	1.25	1990-91	0.06
53	Kerala State Horticultural Products Development Corporation Limited	0.83	1991-92	0.28
54	Kunnathara Textiles Limited	1.71	1988-89	4.49
55	Kerala Hitech Industries Limited	13.00	1994-95	4.31 <sup>(p)</sup>
56	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	0.50	1990-91	0.09
57	Steel Complex Limited	3.00	1994-95	19.60
<b>Total</b>		<b>535.70</b>		<b>906.60</b>

(p) Provisional figure

(\*) Under liquidation



## APPENDIX 2

### Cases of unnecessary supplementary grants/appropriations

(Reference: Paragraph 2.2.2 ; page 35)

Sl. No.	Number and name of grant/appropriation	Original grant	Supplementary grant	Actual expenditure	Savings
(Rupees in crores)					
<b>REVENUE (VOTED) SECTION</b>					
1	I - State Legislature	6.49	0.19	6.26	0.42
2	IV - Elections	31.29	3.00	15.60	18.69
3	VIII - Excise	21.19	0.47	20.25	1.41
4	XII - Police	220.57	7.13	206.37	21.33
5	XVII - Education, Sports, Art and Culture	1623.98	14.58	1449.53	189.03
6	XVIII - Medical & Public Health	370.00	26.54	337.56	58.98
7	XXI - Housing	38.73	0.56	28.83	10.46
8	XXII - Urban Development	14.66	2.50	13.53	3.63
9	XXIV - Labour and Labour Welfare	55.87	2.48	52.39	5.96
10	XXVIII - Miscellaneous Economic Services	26.49	1.45	23.82	4.12
11	XXX - Food	12.99	0.40	12.31	1.08
12	XXXIV - Forest	78.44	7.53	72.75	13.22
13	XXXVI - Community Development	161.61	1.00	138.70	23.91
<b>REVENUE (CHARGED) SECTION</b>					
14	XV - Public Works	0.22	0.01	0.14	0.09
<b>CAPITAL (VOTED) SECTION</b>					
15	XVII - Education, Sports, Art & Culture	25.67	3.53	22.99	6.21
16	XX - Water Supply and Sanitation	53.75	6.00	45.40	14.35
17	XXIV - Labour and Labour Welfare	0.48	0.15	0.36	0.27
18	XXVII - Co-operation	41.02	0.78	21.08	20.72
19	XXIX - Agriculture	21.26	2.32	14.21	9.37
20	XXXI - Animal Husbandry	6.90	0.10	6.75	0.25
21	XXXIII - Fisheries	41.54	0.59	40.14	1.99
<b>CAPITAL (CHARGED) SECTION</b>					
22	XV - Public Works	0.72	0.02	0.28	0.46
23	XVII - Education, Sports, Art & Culture	0.18	0.09	0.07	0.20
24	XXI - Housing	0.02	0.01	0.01	0.02
25	XXXVII - Industries	0.10	0.05	0.10	0.05
26	XXXVIII - Irrigation	5.20	1.66	4.11	2.75
27	XL - Ports	0.02	0.09	-	0.11
<b>Total</b>		<b>2859.39</b>	<b>83.23</b>	<b>2533.54</b>	<b>409.08</b>

## APPENDIX 3

### Cases of excessive supplementary grants/ appropriations

(Reference : Paragraph 2.2.2 ; page 35)

Sl. No.	Number and name of grant/appropriation	Original grant	Supplementary grant	Actual expenditure	Savings
( Rupees in crores )					
<b>REVENUE (VOTED) SECTION</b>					
1	II - Heads of States, Ministers and headquarters staff	35.89	1.59	36.15	1.33
2	III - Administration of Justice	38.16	2.11	39.45	0.82
3	VII - Stamps and Registration	18.88	2.10	20.44	0.54
4	IX - Taxes on Vehicles	6.92	1.00	7.53	0.39
5	XI - District Administration and Miscellaneous	57.15	14.05	69.06	2.14
6	XIII - Jails	10.33	1.50	11.32	0.51
7	XV - Public Works	153.22	61.24	212.09	2.37
8	XVI - Pension and Miscellaneous	677.49	124.84	795.53	6.80
9	XXIII - Information and Publicity	5.82	2.02	7.48	0.36
10	XXV - Social Welfare including Harijan Welfare	170.80	27.07	177.80	20.07
11	XXIX - Agriculture	303.65	35.79	336.67	2.77
12	XXXI - Animal husbandry	47.96	5.36	48.35	4.97
13	XXXII - Dairy	11.40	4.30	15.28	0.42
<b>REVENUE (CHARGED) SECTION</b>					
14	II - Heads of states, Ministers and headquarters staff	8.59	1.04	9.12	0.51
15	III - Administration of Justice	5.31	0.82	5.77	0.36
16	XVI - Pensions & Miscellaneous	0.93	0.83	1.35	0.41
17	Debt charges	911.38	22.69	924.15	9.92
<b>CAPITAL (VOTED) SECTION</b>					
18	XVIII - Medical & Public Health	11.89	7.43	18.91	0.41
19	XIX - Family Welfare	0.74	2.37	2.28	0.83
20	XXI - Housing	10.87	10.00	20.20	0.67
21	XXV - Social Welfare including Harijan Welfare	6.95	6.57	10.68	2.84
22	XXX - Food	13.13	31.80	40.89	4.04
23	XXXIV - Forest	6.17	1.61	6.33	1.45
24	XXXVII - Industries	166.79	30.71	183.96	13.54
25	XLII - Tourism	4.42	2.00	5.96	0.46
<b>CAPITAL (CHARGED) SECTION</b>					
26	XXXIV - Forest	-	0.45	0.16	0.29
27	XXXVIII - Irrigation	115.59	46.98	156.18	6.39
<b>Total</b>		<b>2800.43</b>	<b>448.27</b>	<b>3163.09</b>	<b>85.61</b>



## APPENDIX 4

### Cases of inadequate supplementary grant

(Reference: Paragraph 2.2.2 ; page 35)

Sl. No.	Number and name of grant/appropriation	Original grant	Supplementary grant	Actual expenditure	Excess
(Rupees in crores)					
REVENUE (VOTED) SECTION					
1	V - Agricultural Income tax	23.95	0.67	25.69	1.07
2	XIV - Stationery and Printing and other administrative services	40.97	3.02	45.31	1.32
3	XX - Water Supply and Sanitation	95.67	6.02	102.04	0.35
4	XXVI - Relief on account of Natural Calamities	62.00	46.06	129.18	21.12
5	XXXIII - Fisheries	31.62	2.16	34.18	0.40
6	XXXV - Panchayat	54.35	2.00	56.69	0.34
CAPITAL (VOTED) SECTION					
7	XV - Public works	113.37	20.03	136.76	3.36
8	XXXIX - Power	81.05	35.40	134.29	17.84
Total		502.98	115.36	664.14	45.80

## APPENDIX 5

### Significant cases of savings in Plan expenditure

(Reference : Paragraph 2.2.4 ; page 37)

Sl. No	Number and name of grant	Name of scheme	Amount of savings (Rupees in crores and percentage of saving)
<b>REVENUE (VOTED) SECTION</b>			
1	XVII - Education, Sports, Art and Culture	i) Government primary schools- District Primary Education Programme (100 % CSS)	19.55 (100.00)
		ii) Computer Literacy and studies in Government High Schools (100% CSS)	2.76 (69.00)
		iii) Projects for non-conventional sources of energy including programmes to be implemented by ANERT	5.19 (60.29)
		iv) New source of energy including integrated rural energy Programme-grant-in-aid	5.79 (68.12)
2	XVIII - Medical and Public Health	TB-excluding operational cost (CSS 50%)	1.35 (64.29)
3	XIX - Family Welfare	i) Rural Family Welfare Services- Rural Family Welfare Planning Centres (100% CSS)	5.80 (14.96)
		ii) Expansion of ICDS Programme (100% CSS)	1.61 (51.60)
		iii) Compensation - Tubectomy	3.22 (64.40)
		iv) Extension of sterilisation facilities in rural and semi rural areas (100% CSS)	1.03 (82.40)
		v) Health Project in backward coastal areas in Kerala DHS Cell	1.70 (61.81)
4	XXI - Housing	i) Rajiv One Million housing Scheme	9.68 (34.23)
5	XXII - Urban Development	Prime Minister's Integrated Development Programme for Class II Towns	3.58 (71.60)
6	XXV - Social Welfare including Harijan Welfare	i) Financial assistance to SCs for construction of houses (grant) District plan	1.44 (96.00)
		ii) Rehabilitation housing programme for houseless and landless SC families in Kerala (District Plan)	1.35 (96.43)
		iii) Economic Development Schemes for SCs utilising special Central assistance	1.62 (27.00)
		iv) Integrated Development of most backward Harijan habitats	2.52 (100.00)
		v) Housing	3.09 (90.62)



## APPENDIX 5 - Contd.

Sl. No	Number and name of grant	Name of scheme	Amount of savings (Rupees in crores and percentage of saving)
7	XXVII - Co-operation	i) Subsidy to Harijan/Girijan Co-operatives- Special Component Plan	1.35 (79.41)
		ii) Integrated Project for Coconut Development, Processing and Marketing (100% NCDC)	2.46 (41.00)
8	XXVIII- Miscellaneous Economic Services	Nehru Rozgar Yojana (CSS with 60% CA)	2.27 (64.86)
9	XXIX - Agriculture	(i) Promotion of group farming for augmenting rice production (District Plan)	8.57 (61.21)
		(ii) Comprehensive Coconut Development Programme on area basis	14.52 (58.08)
		(iii) Coconut Development Board Scheme for integrated farming in coconut holding for productivity improvement (100% CSS)	2.82 (46.38)
		(iv) Small farm mechanisation	1.04 (46.22)
		(v) Assistance to village panchayats under Kerala Panchayat Raj Act 1994	10.96 (27.12)
		(vi) Agricultural Development Programmes - Special Component Plan (District Plan)	2.51 (33.47)
		(vii) Other Agricultural Programmes - Kerala Agricultural Marketing Project	1.63 (27.17)
10	XXXI - Animal Husbandry	Establishment of livestock production, processing and marketing co-operative societies	3.00 (100)
11	XXXIV - Forest	(i) Establishment of an international centre for Bio-diversity studies (100% CSS)	2.73 (100)
		(ii) Eco Tourism in Wildlife Sanctuaries and National Parks	1.20 (100)
		(iii) Integrated Wasteland Development Project (100% CSS)	3.00 (100)
12	XXXVI - Community Development	(i) Employment Assurance Scheme to the rural poor (CSS 80% CA)	15.75 (87.74)
		(ii) Supply of modern tool kits to rural Artisans Programme (100% CSS)	1.20 (100)
		(iii) Employment Assurance Scheme - Special Component Plan (20% SS)	14.38 (88.99)
		(iv) Employment Assurance Scheme - Tribal Sub Plan (20% SS)	1.15 (63.81)

## APPENDIX 5 - Contd.

Sl. No	Number and name of grant	Name of scheme	Amount of savings (Rupees in crores and percentage of saving)
13	XXXVII - Industries	(i) Other Expenditure - State Investment subsidy	4.00 (80)
		(ii) Mineral Exploration - UNDP Kerala Mineral Exploration and Development Project - Grant	1.00 (80)
CAPITAL (VOTED) SECTION			
1	XV - Public Works	(i) State Highways - Bridges and culverts	1.40 (46.20)
		(ii) State Highways - Development and improvements	7.40 (40.53)
		(iii) District and other roads - Major District Roads, Bridges and culverts	1.32 (65.34)
		(iv) Other District Roads - Development and improvements	1.15 (21.69)
2	XVII - Education, Sports, Art & Culture	(i) Construction of work-sheds in schools for conducting vocational courses (CSS)	1.34 (67)
		(ii) Civil works for District Institute of Education and training (DIET) 100% CSS	1.29 (86)
		(iii) Land acquisition and civil works for Technical Education with World Bank Assistance	2.42 (44)
3	XX - Water Supply and Sanitation	(i) Loans to Kerala Water Authority	14.35 (24.81)
4	XXVII - Co-operation	i) Share contribution to Consumer Co-operatives (NCDC Sponsored Scheme - 100%)	1.01 (100.00)
		ii) Assistance to Kerala Kera Karshaka Sahakarana Federation (KERAFED state share)	1.11 (55.50)
		iii) Assistance to KERAFED (100% NCDC)	10.34 (98.48)
		iv) Rural Consumer Development Scheme Margin money to Link Societies	1.00 (100)
		v) Integrated Development of primary Agricultural Credit Societies (100% NCDC)	1.04 (52.00)
		vi) Integrated Project for Coconut Development, Processing and Marketing (KERAFED) (100% NCDC)	12.00 (100)
5	XXIX - Agriculture	EEC aided schemes - Minor Irrigation Schemes (11) EEC aided schemes	2.98 (99.33)



## APPENDIX 5 - Concl'd.

Sl. No	Number and name of grant	Name of scheme	Amount of savings (Rupees in crores and percentage of saving)
6	XXXIII - Fisheries	Monitoring and evaluation programmes Inland fish marketing (100% CSS)	1.58 (64.49)
7	XXXIV - Forest	Facilities to Sabarimala pilgrims	1.10 (73.33)
8	XXXVII - Industries	(i) Investments in public sector and other undertakings - Kerala Mineral Development Corporation	2.00 (100)
		(ii) Capital outlay on Engineering Industries - Kerala Electrical and Allied Engineering Co. Ltd.	1.42 (100)
		(iii) Kerala Industrial Infrastructure Development Corporation-investment (central assisted)	7.00 (25.93)
		(iv) Provision for revival/diversification of State Public Sector undertakings Lumpsum provision	37.00 (100)
		(v) Industrial Rehabilitation Scheme	3.00 (100)
9	XXXVIII- Irrigation	(i) Kallada Irrigation Project - Direction and Administration	3.61 (26.24)
		(ii) Modernisation and water management - Establishment share Debit transferred from 2701-80-General	8.49 (94.33)
<b>CAPITAL (CHARGED) SECTION</b>			
	XXXVIII- Irrigation	Kallada Irrigation Project - Major works	2.33 (77.67)

(Note: Figures within parantheses represent savings as percentage of provision)

## APPENDIX 6

### Significant cases of savings in Non Plan expenditure

(Reference : Paragraph 2.2.5 ; page 37)

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Nature of activity</i>	<i>Amount of saving (Rs. in crores and percentage of saving)</i>
<b>REVENUE (VOTED) SECTION</b>			
1	IV -Election	Issue of photo identity cards	22.55 (90.20)
2	VI -Land Revenue	Preparation of land records for the implementation of Land Reforms - Resurvey of areas where the records are in bad condition (Cadastral Survey)	2.94 (14.09)
3	VI -Land Revenue	Preparation of land records from resurvey records	1.90 (30.06)
4.	XI -District Administration and Miscellaneous	Payment of incentives to investors under savings for Cancer Care Scheme	2.21 (22.13)
5	XII -Police	i) Armed Force	10.03 (28.81)
		ii) Wireless & Computers - Wireless Unit	1.31 (25.89)
6	XV -Public Works	i) Execution	5.43 (21.94)
		ii) Suspense Stock	1.37 (17.13)
		iii) Flood damage repairs	3.53 (55.85)
7	XVI -Pensions and Miscellaneous	i) Commuted value of pension payments in India	42.32 (36.80)
		ii) Family Pension	14.03 (25.50)
		iii) Gratuities	14.52 (21.35)
8	XVII -Education, Sports, Art and Culture	i) Teaching Grant	44.95 (10.70)
		ii) Grant to non-Government special schools	1.21 (24.94)
		iii) Text Books Publication	15.33 (47.55)



## APPENDIX 6 - Contd.

Sl. No.	Number and name of grant	Nature of activity	Amount of saving (Rs. in crores and percentage of saving)
9	XVIII - Medical and Public Health	i) Employees State Insurance Scheme - Dispensaries ii) Hospitals & Dispensaries iii) Allopathy - Medical College Hospital, Thiruvananthapuram iv) Ayurveda - Other hospitals & Dispensaries v) Primary Health Units and Health Centres vi) Hospitals and Dispensaries except General/District/Taluk Hospitals vii) Assistance to Block Panchayats under Kerala Panchayat Raj Act 1994 - Block Grant for Revenue Expenditure viii) Assistance to Village Panchayats under Kerala Panchayat Raj Act 1994 - Block grant for Revenue expenditure ix) Malaria Eradication x) Filariasis Control xi) Leprosy Control Schemes	3.76 (14.60) 20.10 (23.77) 2.07 (13.73) 2.13 (11.09) 8.10 (27.78) 13.55 (32.55) 3.54 (84.09) 4.27 (100) 2.44 (37.71) 1.42 (43.96) 1.84 (39.40)
10	XXV - Social Welfare including Harijan Welfare	i) Special pension scheme for physically handicapped and disabled and mentally retarded persons ii) Other Social Security and Welfare Programmes - Destitute Pension iii) Freedom fighters' pension	4.97 (54.70) 9.50 (59.19) 1.18 (17.61)
11	XXXI - Animal Husbandry	Veterinary Services and Animal Health - Hospitals and Dispensaries	1.61 (11.08)

## APPENDIX 6 - Concl'd.

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Nature of activity</i>	<i>Amount of saving (Rs. in crores and percentage of saving)</i>
12	XXVI -Relief on account of natural calamities	i) Repairs and restoration of damaged Government office buildings	2.59 (86.33)
		ii) Exgratia payments to bereaved families	1.75 (34.86)
13	xxxvi -Community Development	i) Recurring expenditure on personnel retained on NES pattern	3.57 (18.84)
		ii) Community Development Programmes - Special Component Plan - Applied Nutrition Programme	1.17 (45)
14	xxxviii -Irrigation	General - Execution	5.75 (37.41)
15	XLIII -Compensation & Assignments	Taxes on Vehicles - Compensation to local bodies	4.21 (16.84)
REVENUE (CHARGED) SECTION			
1	Debt charges	i) Interest on ways and means advances by the RBI	1.50 (100)
		ii) Interest on overdraft account with the RBI	1.00 (100)
		iii) Interest on small savings, PF, etc., interest on Savings Deposits - State Savings Bank Deposits	5.59 (20.70)



## APPENDIX 7

### Persistent savings

(Reference: Paragraph 2.2.6 ; page 37)

Sl. No.	Number and name of grant/appropriation	Amount of saving (Rupees in crores)		
		1993-94	1994-95	1995-96
REVENUE (VOTED) SECTION				
1	I - State Legislature	0.29	0.77	0.42
2	II - Heads of States, Ministers and Headquarters staff	4.54	3.23	1.33
3	III - Administration of Justice	0.45	1.01	0.82
4	VI - Land Revenue	3.60	6.33	5.91
5	VIII - Excise	0.89	0.44	1.41
6	XI - District Administration and Miscellaneous	1.18	1.34	2.14
7	XII - Police	24.79	24.83	21.34
8	XIII - Jails	1.23	1.31	0.51
9	XV - Public Works	4.84	6.46	2.38
10	XVII - Education, Sports, Art and Culture	27.70	30.00	189.04
11	XXII - Urban Development	5.38	1.58	3.63
12	XXIII - Information and Publicity	0.45	0.52	0.37
13	XXIV - Labour and Labour Welfare	13.64	10.76	5.97
14	XXV - Social Welfare including Harijan Welfare	12.05	5.31	20.07
15	XXVIII- Miscellaneous Economic Services	6.14	5.72	4.12
16	XXIX - Agriculture	6.10	9.69	2.77
17	XXXI - Animal Husbandry	7.01	6.66	4.98
18	XXXII- Dairy	2.46	0.47	0.43
19	XXXIV- Forest	1.67	6.11	13.22
20	XXXVI- Community Development	12.98	37.68	23.91
21	XL - Ports	0.33	0.60	0.34
REVENUE (CHARGED) SECTION				
22	XVI - Pensions and Miscellaneous	0.42	0.27	0.41
23	XXXVII-Industries	0.61	0.61	0.60
CAPITAL (VOTED) SECTION				
24	XVII - Education, Sports, Art and Culture	2.32	1.72	6.21
25	XIX - Family Welfare	5.13	8.51	0.83
26	XXI - Housing	0.68	0.57	0.67
27	XXVII- Co-operation	25.42	2.66	20.73
28	XXIX - Agriculture	4.72	9.21	9.38
29	XXXIII- Fisheries	1.79	0.78	1.99
30	XXXVII-Industries	2.86	13.82	13.55
CAPITAL (CHARGED) SECTION				
31	XV - Public Works	0.57	1.03	0.45

## APPENDIX 8

### Injudicious reappropriation of funds

( Reference : Paragraph: 2.2.9 ; page 39)

Sl No	Number and Name of grant, Head of Account and purpose	Provision (Original plus supplementary)	Reappropriation	Final grant	Actual Expenditure	Excess (+) Savings (-)
( Rupees in lakhs )						
<b>a. Surplus withdrawals</b>						
1	IX. Taxes on vehicles 2041-00-001-99 Administration charges	500.99	(-)47.39	453.60	493.33	(+)39.73
2	XVI Pensions and Miscellaneous 2071-01-104-99 Gratuities	6800.00	(-)1809.49	4990.51	5347.06	(+)356.55
3	XVII - Education, Sports, Art and Culture 2202-02-106-99 Text Books Publication	3224.45	(-)1575.16	1649.29	1691.11	(+)41.82
4	XVII - Education, Sports, Art and Culture 2202-02-800-87 Introduction of Vocational courses in selected Secondary Schools and upgrading them as Higher Secondary Schools	352.01	(-)63.47	288.54	427.71	(+)139.17
5	2202-03-104-99 Assistance to non Government Colleges and institutions - Teaching grant	18074.33	(-)4558.79	13515.54	13939.19	(+)423.65
6	2202-80-004-98 State Institute of Education	64.99	(-)52.78	12.21	53.03	(+)40.82
7	XVIII - Medical and Public Health 2210-01-110-95 Allopathy Medical College Hospital Alapuzha	631.49	(-)51.04	580.45	607.07	(+)26.62
8	XVIII Medical and Public Health 2210-03-103-96 Strengthening of Public Health Centres and Sub centres and opening of new PH Centres and sub centres (Plan)	200.00	(-)85.07	114.93	254.90	(+)139.97
9	2210-03-796-98 Strengthening of existing PH Centres/Subcentres and opening of new PH Centres and subcentres	45.00	(-)28.16	16.84	49.64	(+)32.80
10	2210-06-101-99 National Malaria Eradication Programme	80.00	(-)38.22	41.78	105.62	(+)63.84
11	4210-01-110-93 Allopathy - improvement of Health facilities - Land Acquisition and building	386.14	(-)75.27	310.87	336.31	(+)25.44



## APPENDIX 8 - Contd.

Sl No	Number and Name of grant, Head of Account and purpose	Provision (Original plus supplementary)	Reappropriation	Final grant	Actual Expenditure	Excess (+) Savings (-)
( Rupees in lakhs )						
	XXVIII - Miscellaneous Economic Services	170.00	(-)27.25	142.75	246.62	(+)103.87
12	3475-00-201-86 Strengthening of Revenue machinery and updating of Land records					
13	XXIX Agriculture 2401-00-102-90 Promotion of group farming for augmenting Rice Production (Plan)	1400.00	(-)1032.00	368.00	542.62	(+)174.62
14	XXIX Agriculture 2401-00-102-85 Development of Rice Cultivation in areas with Special Problems	750.00	(-)50.00	700.00	749.96	(+)49.96
15	2401-00-108-63 Comprehensive Coconut Development Programme on Area Basis	2500.00	(-)2030.00	470.00	1047.79	(+)577.79
16	2401-00-113-90 Small Farm Mechanisation	225.00	(-)175.00	50.00	120.79	(+)70.79
17	2401-00-796-99 Agriculture Development Programmes - Tribal sub plan	100.00	(-)77.00	23.00	86.87	(+)63.87
18	XXIX Agriculture 2401-00-800-98 Agricultural Development Programmes - Special Component Plan	750.00	(-)510.00	240.00	498.77	(+)258.77
19	2402-00-102-89 Soil Conservation in the lands belonging to Harijans-Special Component Plan	85.00	(-)63.44	21.56	48.80	(+)27.24
20	2702-01-001-99 Minor Irrigation - Surface Water Direction and administration	1127.33	(-)244.00	883.33	1036.04	(+)152.71
21	XXXI Animal Husbandry 2403-00-101-97 Strengthening and reorganisation of veterinary hospital	240.00	(-)70.64	169.36	205.99	(+)36.63
22	2403-00-800-95 Animal Husbandry programmes - special component plan for SCs	105.00	(-)104.29	0.71	65.99	(+)65.28
23	XXXIII - Fisheries 2405-00-800-75 Savings cum relief scheme to fishermen	650.00	(-) 60.00	590.00	745.61	(+)155.61
24	6405-00-800-84 Loan for Kuwait fund assisted project for prawn culture	1020.00	(-)380.77	639.23	704.71	(+)65.48

## APPENDIX 8 - Contd.

Sl No	Number and Name of grant, Head of Account and purpose	Provision (Original plus supplementary)	Reappropriation	Final grant	Actual Expenditure	Excess (+) Savings (-)
( Rupees in lakhs )						
25	XXXVI - Community Development 2515-00-102-96 Community Development programmes Special component plan	35.00	(-)35.00	-	29.63	(+)29.63
26	2515-00-102-72 Composite programme for women and pre school children	140.00	(-)64.90	75.10	101.14	(+)26.04
27	XXXVII - Industries 4851-00-102-96 Development plots and new industrial estates	175.00	(-)81.12	93.88	198.53	(+)104.65
28	XXXVIII Irrigation 4701-02-103-99 Kallada Irrigation Project - Direction and Administration (b) Excessive Augmentation	1376.04	(-)410.00	966.04	1015.21	(+)49.17
29	XV Public works 2059-01-053-99 Maintenance and repairs of office Buildings	199.20	73.50	272.70	222.48	(-)50.22
30	XV Public works 2059-60-051-86 Public Works (Civil)	105	100.00	205.00	155.41	(-)49.59
31	2059-80-053-99 Maintenance and repair	89.20	64.00	153.20	114.90	(-)38.30
32	XXV Social Welfare including Harijan Welfare 2225-02-191-96 Assistance to Block panchayats under Kerala Panchayat Raj Act, 1994 01 Block grants for Revenue expenditure	-	416.25	416.25	373.77	(-)42.48
33	XVI - Pension and Miscellaneous 2071-01-105-99 Family Pension and miscellaneous	6772.49	3227.51	10000.00	8596.92	(-)1403.08
34	XVII - Education, Sports, Art and culture 2202-01-191-97&98 Assistance to District/village panchayats under Kerala panchayat Raj Act	-	253.39	253.39	220.06	(-) 33.33
35	2202-80-004-91 State council of Educational Research and Training, Kerala	- 100.00	78.06 38.17	78.06 138.17	8.50 64.61	(-)69.56 (-)73.56
36	4202-01-203-99 Construction of buildings for colleges and Hostels including Law Colleges	416.04	118.48	534.52	492.28	(-)42.24
37	XVIII - Medical and Public Health 2210-01-110-98 Allopathy Medical College Hospitals	1758.09	48.33	1806.42	1599.90	(-)206.52



## APPENDIX 8 - Concl'd.

Sl No	Number and Name of grant, Head of Account and purpose	Provision (Original plus supplementary)	Reappropriation	Final grant	Actual Expenditure	Excess (+) Savings (-)
( Rupees in lakhs )						
38	2210-01-110-67 Scheme for introduction and development of Blood Transfusion service (100% C.S.S)	25.00	27.08	52.08	-	(-)52.08
39	2210-03-191-96 Assistance to Block Panchayats under Kerala Panchayat Raj Act 1994		100.51	100.51	-	(-)100.51
	(01) Block grant for Revenue expenditure		421.91	421.91	67.65	(-)354.26
40	2210-03-191-95 Assistance to village panchayats under Kerala Panchayat Raj Act 1994		83.90	83.90	-	(-)83.90
			427.29	427.29	-	(-)427.29
41	2210-04-191-95 Assistance to Village Panchayats under Kerala Panchayat Raj Act 1994 - Block grant for Revenue expenditure		27.49	27.49	-	(-)27.49
	XXV Social Welfare including Harijan welfare		416.25(p)	416.25	373.77	(-)42.48
42	2225-02-191-96 Assistance to Block Panchayats under Kerala Panchayat Raj Act 1994					
	XXVII - Co-operation		184.78	184.78	135.24	(-)49.54
43	2425-00-191-97 Assistance to District Panchayat under Kerala Panchayat Raj Act 1994					
	XXIX Agriculture	-	4042.38	4042.38	2946.01	(-)1096.37
44	2401-00-191-96 Assistance to village panchayats under Kerala Panchayat Raj Act 1994					
45	2402-00-191-98 Assistance to District Panchayats under Kerala Panchayat Raj Act 1994	-	201.02	201.02	114.02	(-)87.00
46	4702-00-101-97 Lift irrigation (District Plan)	273.00	26.00	299.00	247.20	(-)51.80
47	XXXIII - Fisheries 2405-00-800-86 Housing Scheme assisted by National fishermen Welfare fund	275.00	60.00	335.00	263.50	(-)71.50
48	XXXVI - Community Development 2515-00-191-99 Assistance to Block Panchayats under Kerala Panchayat Raj Act 1994	-	68.00	68.00	5.84	(-)62.16
			56.77	56.77	25.76	(-)31.01
49	2515-00-191-98 Assistance to Block panchayats under Kerala Panchayat Raj Act 1994	-	34.10	34.10	-	(-)34.10

## APPENDIX 9

### Delay in processing proposals for reappropriation of funds and resumption of savings

(Reference : Paragraph 2.3 ; page 42)

<i>Sl. No.</i>	<i>Number and name of the Grant</i>	<i>Name of Controlling Officer</i>	<i>Date of submission of proposal for reappropriation/ resumption</i>	<i>Date of order of reappropriation/ resumption</i>
1	XIV - Stationery and Printing and other Administrative Services	(i) Chief Engineer, Buildings and Local Works, Thiruvananthapuram	22 March 1996	30 March 1996
		(ii) Commandant General, Home Guards, Civil Defence and Fire Services, Thiruvananthapuram	30 March 1996	30 March 1996
		(iii) Director of State Lotteries, Thiruvananthapuram	30 March 1996	30 March 1996
2	XVII - Education, Sports Art and Culture	(i) Director of Public Instruction, Thiruvananthapuram	30 March 1996	30 March 1996
		(ii) Director of Collegiate Education, Thiruvananthapuram	30 March 1996	30 March 1996
		(iii) Director of Technical Education, Thiruvananthapuram	30 March 1996	30 March 1996
3	XXXI - Animal Husbandry	Director of Animal Husbandry, Thiruvananthapuram	29 March 1996	30 March 1996
4	XXXIV - Forest	Chief Conservator of Forests, Thiruvananthapuram	19 March 1996	30 March 1996



## APPENDIX 10

### Cases of non-surrender of savings

(Reference : Paragraph 2.3 ; page 42)

Sl. No.	Number and name of the Grant	Head of Account	Final grant	Savings not surrendered
			( Rupees in lakhs )	
1	XIV - Stationery and Printing and other Administrative Services	2058-00-103-97	25.00	22.68
2	XVII - Education, Sports, Art and Culture	2202-02-800-91	15.00	15.00
		2203-00-004-97	10.00	10.00
		4202-02-104-98 (charged)	4.00	4.00
		4202-02-104-97	5.99	5.99
		4202-04-105-99	10.00	10.00
		6202-03-800-99	39.00	39.00
3	XIX - Family Welfare	2211-00-001-99	63.23	7.39
		2211-00-003-98	110.00	20.70
		2211-00-101-98	309.35	158.51
		2211-00-104-96	41.50	30.83
		2211-00-108-98	6.54	6.54
		4211-00-101-98	68.20	39.17
4	XXXIV -Forest	2406-00-001-96	175.21	45.75
		2406-01-101-96	150.00	26.81
		2406-01-105-99	1231.00	238.34
		2406-01-800-95	374.30	56.68
		2406-01-800-81	25.00	11.31
		2406-01-800-78	20.00	13.71
		4406-01-070-99	93.00	23.19
Total				785.60

# APPENDIX

## Details of non

(Reference: Paragraph

Sl No	Name of scheme	District	Agency	Amount sanctioned (Rupees in lakhs)	Month and year of release
1	Formation of Sericulture Society	Thiruvananthapuram	DDO for SC Thiruvananthapuram	9.50	March 1991
2	Starting of lottery vending units for SC youths	-do-	-do-	1.52	March 1994
3	Training in starting industrial units	Kollam	District Industries Centre, Kollam	7.20	March 1992
4	Starting of furniture unit	Thrissur	Joint Registrar of Co-operative Societies, Thrissur	0.96	March 1994
5	Setting up of silk reeling centre for developing sericulture industry	Thrissur	Project Officer, Khadi & Village Industries, Thrissur	4.88	March 1990
6	Manufacturing of tiles, metal fabrication, silk reeling, etc.	Thiruvananthapuram	DDO for SC Thiruvananthapuram	0.75	October 1993
				1.44	February 1994
7	Training in low-cost housing for SCs	Palakkad	Nirmiti Kendra	7.09	1992-93
				7.50	1993-94
				5.50	1994-95
8	Computer training for 40 SC youths	Thrissur	Nirmiti Kendra, Thrissur	1.06	August 1994
9	Coaching for competitive examinations for 120 SC youths	Thiruvananthapuram	Centre for career development	1.25	March 1990
10	Construction of dormitory	Thiruvananthapuram	Dhanwantari Centre, Medical College	10.00	March 1985
11	Working capital grant to Taluk Harijan Auto rickshaw Co-operative Society, Thiruvananthapuram	Thiruvananthapuram	Society	3.00	March 1987
12	Subsidy to six beneficiaries	Thrissur	Project Officer, Khadi & Village Industries	0.58	March 1992
Total				62.23	



## utilisation of funds

3.1.6(i) ; Page 56)

Target	Achievement	Unspent balance (Rupees in lakhs)	Period of retention		Remarks
			Years	Months	
60	--	9.50 February 1996	4	11	Want of Bank credit
--	--	1.52 March 1996	2	0	Want of response from beneficiaries
--	--	7.20 March 1994	2	0	Failure of Department to conduct training
--	--	0.96 March 1996	2	0	Want of Bank credit
--	--	4.88 January 1996	6	0	Sanction issued by District Collector in January 1996 for conducting 4 training schemes utilising the fund. Interest of Rs.1.28 lakhs accrued for the period March 1990 to March 1994 not resumed by District Collector as of January 1996.
--	--	0.75 March 1996	2	5	Schemes not implemented as of March 1996
--	--	1.44 March 1996	2	1	
--	--	7.09 June 1995	2	3	Rs.5 lakhs and Rs.3 lakhs were diverted for opening fixed deposit accounts on 31 December 1994 and 27 May 1995 respectively
--	--	2.84 June 1995	1	3	
--	--	5.50 June 1995	0	3	
40	36	0.19	1	9	Want of response from beneficiaries and irregular attendance by the selected candidates
120	71	0.51 February 1996	5	11	Want of response from beneficiaries
--	--	7.00 March 1996	11	0	Non-allotment of land. Rs.3 lakhs utilised for purchase of an Ambulance Van
--	--	3.00 March 1993	6	0	Full amount with interest amounting to Rs.1.07 lakhs subsequently utilised for other schemes
--	--	0.19 January 1996	6	7	Amount sanctioned for another 4 training programmes in January 1996
52.57					

## APPENDIX 12

### Details of performance of University Employment Information and Guidance Bureaux during 1994-95

(Reference: Paragraph 3.2.8(a) ; Page 72)

<i>Sl. No.</i>	<i>Name of activity</i>	<i>Target</i>	<i>Achievement</i>	<i>Percentage of achievement</i>
1	College visits	120	72	60
2	Career talks	120	45	37.5
3	Career conference/seminars	..	..	..
4	Coaching classes	40	15	37.5
5	Group discussions	160	27	16.8
6	Industrial visits	..	5	..
7	Model interviews	..	4	..
8	Publication of bulletins	40	35	87.5
9	Review of old cases	480	40	8.3



## APPENDIX 13

### Statement showing number of paragraphs in respect of which Action Taken Notes have not been furnished by the Administrative Departments

(Reference: Paragraph 3.19 ; Page 104)

<i>Sl. No.</i>	<i>Name of department</i>	<i>Year of Audit Report</i>	<i>No. of audit paragraphs</i>
1	Agriculture Department	1986-87	1
		1991-92	1
		1993-94	2
		1994-95	1
2	Agriculture (Animal Husbandry) Department	1994-95	1
3	Finance Department	1988-89	2
		1991-92	1
		1992-93	4
		1993-94	12
		1994-95	3
4	Fisheries & Ports Department	1986-87	1
		1993-94	2
5	Food and Civil Supplies Department	1994-95	2
6	Forest and Wild Life Department	1987-88	1
		(No.6 of 1989)	
		1991-92	1
		1992-93	1
		1993-94	4
		1994-95	1
7	General Administration Department	1987-88	1
		(No.6 of 1989)	
8	General Education Department	1994-95	1
		1990-91	1
		1991-92	1
		1993-94	1
		1994-95	2
9	Health and Family Welfare Department	1986-87	1
		1992-93	4
		1993-94	2
		1994-95	3
10	Higher Education Department	1991-92	1
		1992-93	2
		1993-94	2
		1994-95	4
11	Home Department	1994-95	5
12	Housing Department	1993-94	1

### APPENDIX 13 - Concl.

Sl. No.	Name of department	Year of Audit Report	No. of audit paragraphs
13	Industries Department	1989-90	1
		1994-95	2
14	Irrigation Department	1989-90	3
		1990-91	2
		1991-92	6
		1992-93	6
		1993-94	6
		1994-95	9
15	Labour and Rehabilitation Department	1994-95	1
16	Local Administration Department	1987-88	1
		(No.5 of 1989)	
		1993-94	1
17	Public Works and Transport Department	1986-87	6
		1988-89	2
		1990-91	2
		1991-92	1
		1992-93	5
		1993-94	7
		1994-95	3
18	Revenue Department	1994-95	1
19	Rural Development Department	1992-93	1
		1994-95	1
20	Scheduled Castes and Scheduled Tribes Development Department	1993-94	3
21	Science and Technology Department	1987-88	1
		(No.5 of 1989)	
22	Irrigation (Water Supply) Department - Kerala Water Authority *	1987-88	16
		(No.5 of 1989)	
		1988-89	15
		1989-90	7
		1990-91	5
		1992-93	6
		1993-94	10
		1994-95	13
23	Co-operation/Industries/Local Administration Departments	1994-95	1
Total			217

\* Paragraphs relating to KWA are examined by COPU



## APPENDIX 14

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

(Reference: Paragraph 3.20 ; Page 104)

Sl. No.	Name of Department	Number of cases	Amount (Rupees in lakhs)
1	Agriculture Department		
	(i) Agriculture	6	0.53
	(ii) Animal Husbandry	3	0.36
2	Cultural Affairs Department		
	(i) Archives	1	0.21
3	Finance Department		
	(i) National Savings	1	0.44
	(ii) Treasuries	12	56.22
4	Forest and Wild Life Department	1	0.48
5	General Education Department	20	8.80
6	Health and Family Welfare Department		
	(i) Health Services	12*	4.82
	(ii) Medical Education	4	1.21
7	Higher Education Department		
	(i) Collegiate Education	6	1.88
	(ii) Printing and Stationery	1	0.14
	(iii) Technical Education	2	0.93
8	Home Department		
	(i) Police	4	0.68
	(ii) Administration of Justice	3**	0.25
9	Irrigation Department	20	25.87
10	Industries Department	1	0.22
11	Labour and Rehabilitation Department	1	0.03
12	Public Works and Transport Department		
	(i) Buildings	9	1.16
	(ii) Roads and Bridges	12	4.18
13	Revenue Department		
	(i) Land Revenue	16	3.83
	(ii) Land Board	1	0.05
	(iii) Survey and Land Records	1	5.60
14	Rural Development Department	3	0.16
15	Scheduled Castes/Scheduled Tribes Development Department	2**	0.17
16	Taxes Department		
	(i) Agricultural Income Tax and Sales Tax	2	0.02
	(ii) Lotteries	2	14.43
TOTAL		146	132.67

\* Included two cases where monetary value was not assessed

\*\* Included one case where monetary value was not assessed

## APPENDIX 15

### Department-wise details of writes off and waivers

( Reference : Paragraph 3.21 ; Page 105)

Sl. No.	Name of Department	Writes off		Waivers	
		Number of cases	Amount (Rupees in lakhs)	Number of cases	Amount (Rupees in lakhs)
1	Agriculture Department				
	(i) Agriculture	1	0.237		
	(ii) Animal Husbandry	1	0.078		
2	Co-operation Department	6	0.383		
3	Fisheries and Ports Department				
	(i) Ports	-	-	1	0.083
4	Food and Civil Supplies Department				
	(i) Civil Supplies	3	0.175		
5	Forest and Wildlife Department	1	0.313		
6	Health and Family Welfare Department				
	(i) Health Services	1	0.347		
	(ii) Medical Education	1	0.250		
7	Higher Education Department				
	(i) Collegiate Education	1	0.373		
	(ii) Technical Education	386	1.013		
8	Home Department				
	(i) Police	4	0.210	1	0.190
	(ii) Fire force	1	0.005		
9	Industries Department	1	0.217	2	1.377
10	Irrigation Department	2	0.029		
11	Labour Department				
	(i) Factories and Boilers	1	0.123		
	(ii) Industrial training	1	0.129		
12	Public Works and Transport Department	2	0.108		
13	Revenue Department				
	(i) Land Revenue	1	0.130		
	(ii) HR & CE	20	0.039		
	(iii) Legal Metrology	1	0.139		
14	Rural Development Department	2	0.247		
15	Social Welfare Department	1	0.052		
Total		438	4.597	4	1.650



## APPENDIX 16

### Summarised financial results of Government Commercial Undertakings

(Reference : Paragraph 6.1 ; page 149)

Sl. No.	Name of Undertaking	Period of Accounts	Government capital 31 March	Mean capital	Block assets (net)	Depreciation	Loss(-) Profit(+)	Interest charges added back	Total return col. (8)+(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
( R u p e e s i n l a k h s )									
1	Kerala State Insurance Department, Thiruvananthapuram								
	a) Life Insurance Business	1990	Nil	Nil	Nil	0.11	Nil	Nil	Nil
	b) General Insurance Business	1990	Nil	Nil	Nil	0.21	(+)312.34	Nil	312.34
2	Intensive Poultry Development Block, Pettah	1983-84	27.48	25.00	4.06	0.25	(+)0.18	1.68	1.86
3	Rubber Plantation in the Open Prison, Nettukaltheri	1983-84	17.24	17.73	17.24	0.20	(+)8.92	1.18	10.10

## APPENDIX 17

### List of Integrated Tribal Development Project Blocks

(Reference: Paragraph: 7.4.1. ; Page: 153)

<i>Serial number</i>	<i>District</i>	<i>Block</i>
1	Thiruvananthapuram	Vamanapuram Vellanad Perumkadavila
2	Kottayam	Erattupetta Kanjirappally
3	Idukki	Azhutha Kattappana Nedumkandom Devikulam Adimali Elamdesom Thodupuzha Idukki
4	Palakkad	Attappady
5	Malappuram	Nilambur Wandoor
6	Wayanad	Kalpetta Sulthan Bathery Mananthavady
7	Kannur	Iritty Peravoor



## APPENDIX 18

### Details of excess teaching staff in various departments under the University of Kerala

(Reference : Paragraph 7.9(i) ; page 163)

Name of Department under the University	Courses offered	Maximum direct teaching hours per week				Maximum number of teachers required as per UGC norms	Number of teaching staff available in departments				Excess teaching staff
		I MA/ M.Sc/ M.Com	II MA/ M.Sc/ M.Com	M.Phil/ Other courses	Total		Professor	Reader	Lecturer	Total	
Aquatic Biology	MSc (2 years) M.Phil (1 year)	25	25	25	75	5	5	2	6	13	8
Bio chemistry	-Do-	25	25	25	75	5	5	2	--	7	2
Botany	-Do-	25	25	25	75	5	4	4	2	10	5
Chemistry	-Do-	25	25	25	75	5	4	1	3	8	3
Mathematics	-Do-	25	25	25	75	5	3	3	1	7	2
Physics	-Do-	25	25	25	75	5	4	2	1	7	2
Statistics	-Do-	25	25	25	75	5	0	6	1	7	2
Zoology	-Do-	25	25	25	75	5	3	4	--	7	2
Malayalam	MA (2 years) M.Phil (1 year)	25	25	25	75	5	3	3	1	7	2
Politics	-Do-	25	25	25	75	5	2	4	2	8	3
Geology	M.Sc (2 years)	25	25	--	50	4	3	4	1	8	4
Linguistics	MA (Linguistics) MA(applied linguistics)	25 + 25	25 + 25	--	100	7	7	2	2	11	4
English	MA, M.Phil Diploma (1 year)	25	25	25 + <del>25</del>	100	7	1	5	2	8	1
Communi- cation and Journalism	MCJ (2 years)	0	0	50	50	4	--	1	5	6	2
Education	M.Ed (1 year)	0	0	25	25	2	4	1	3	8	6
Psychology	MA, M.Phil	25	25	25	75	5	3	2	2	7	2
Total										50	





## ERRATA

### Report of the Comptroller and Auditor General of India for the year ended 31 March 1996, No.3 (Civil) - Government of Kerala

<i>Page No.</i>	<i>Reference to Paragraph, line, etc.</i>	<i>For</i>	<i>Read</i>
xi	Line 5	557.50	557.30
xiv	Line 9	Co-operative Limited	Development Co-operatives Limited
xix	Line 11	any head-way	any head-way as of August 1996
xxiv	Line 1	Rs.1.6 crores	Rs.1.16 crores
xxv	Last line	(Paragraph 7.18 and 7.19)	(Paragraphs 7.18 and 7.19)
13	1st Table - 2nd column - last row	3382.67	3382.68
25	1st Table - 4th column - last row	924.15	924.16
49	Line 9	unforeseen	unforeseen
49	Line 11	postponment	postponement
50	Line 5 from bottom	Committee of Public Accounts	Committee on Public Accounts
54	Line 2	Tribes Co-operatives	Tribes Development Co-operatives
54	Line 8	scheduled caste	scheduled castes
58	Line 13	Scheduled Castes/ Scheduled Tribes	Scheduled Castes and Scheduled Tribes Development
96	Line 7 from bottom	They	These
102	1st Table - 6th column - 4th row	11	14
107	Line 13	Mannarghat	Mannarkkad
109	Line 4	in	resulted in
109	Line 6	(Paragraphs 4.1.14)	(Paragraph 4.1.14)
117	Line 11 from bottom	1994	1984
171	Line 14	9.68 crores	Rs.9.68 crores
173	Line 9	Corporation	Corporation Limited
181	Line 9	relaying	re-laying
182	Line 9	were	was
207	Line 3 from bottom 4th & 5th columns	6 7	3 10
212	Sl.No.11 - column 2	Labour Department	Labour and Rehabilita- tion Department
213	Sl. No.3 - column 3	1983-84	1993-94

