AUDIT REPORT (CIVIL) - TAMIL NADU - 2006-2007

00479

(1179)

Report of the Comptroller and Auditor General of India

for the year ended 31 March 2007

(Civil)

Government of Tamil Nadu

N.T.P supplied by the Office of the Principal Accountant General (Civil Audit)
Printed at Government Central Press, Chennai - 600 079

http://www.cag.gov.in

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PREFACE

This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts of the State Government for the year ended 31 March 2007.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments of Government including the Public Works Department and Autonomous Bodies.

4. Reports containing (a) the observations arising out of audit of Statutory Corporations, Boards and Government companies, (b) observations on Revenue Receipts of the State Government and (c) observations relating to Local Bodies are presented separately.

5. The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 2006-2007 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 2006-2007 have also been included wherever necessary.

OVERVIEW

OVERVIEW

This Audit Report has two chapters containing observations on the Finance and the Appropriation Accounts of the Government of Tamil Nadu for the year 2006-07, and three others, comprising eight reviews (including one information technology review) and 24 paragraphs dealing with the result of performance audit of selected programmes and schemes as well as audit of financial transactions of the Government.

Audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. Audit conclusions have been drawn and recommendations made taking into consideration the views of Government, wherever received.

A summary of the financial position of the State and the audit findings is given below.

1 Financial Position of the State Government

The revenue receipts of the State Government during 2006-07 were Rs 40913 crore, registering an increase of 20.5 *per cent* over 2005-06. The revenue expenditure during the year was Rs 38265 crore, an increase of 19.5 *per cent* over 2005-06. Consequently, the State Government had a revenue surplus of Rs 2648 crore. Given an increase of Rs 710 crore in non debt capital receipts and an increase of Rs 1898 crore and Rs 1214 crore respectively in capital expenditure and disbursement of loans and advances, fiscal deficit has increased by Rs 1705 crore in 2006-07 over the previous year. An increase of Rs 947 crore in interest payments however resulted in a decline of Rs 758 crore in primary surplus in 2006-07 over the previous year. Return on investment of Government funds in companies, cooperative units etc., was only 0.6 *per cent* during the year while Government continued to borrow funds from the market at a higher rate of interest. The fiscal liabilities of the State Government during 2006-07 was Rs 66320 crore and were about 1.62 times the revenue receipts during the year.

(Paragraphs 1.1 to 1.13)

2 Allocative Priorities and Appropriation

During 2006-07, expenditure of Rs 52204.28 crore was incurred against the total grants and appropriations of Rs 57066.06 crore, resulting in a saving of Rs 4861.78 crore. The overall saving was the result of saving of Rs 4957.39 crore offset by an excess of Rs 95.61 crore. This excess requires regularisation under Article 205 of the Constitution of India. Substantial surrenders of Rs 5401.32 crore representing 85 *per cent* of total provision of Rs 6344.97 crore in respect of 166 schemes were made on account of either non-implementation or slow implementation of schemes. Of these, the entire provision of Rs 3336.79 crore made for 62 schemes was surrendered. Reappropriation proved excessive or insufficient and resulted in savings/excess over Rs 10 lakh in 594 sub-heads, of which the savings/excess was more than Rs two crore in 87 cases.

(Paragraphs 2.1 to 2.8)

3 *Irrigation projects financed by NABARD*

Projects sanctioned by NABARD were to be completed within a period of three years. Out of 269 projects with an irrigation potential of 71,235 ha which were proposed to be completed by March 2007, 251 projects with an irrigation potential of 42,839 ha were completed. Defective formulation of 10 projects sanctioned for Rs 191.60 crore, led to the creation of irrigation potential of 2,596 ha only against 21,004 ha envisaged. The department spent Rs 2.47 crore on works not contemplated in the approved project report. Poor investigation of the projects led to extra commitment of Rs 9.33 crore. Designing the reservoir/canals for higher capacity resulted in extra expenditure of Rs 5.77 crore. Adoption of higher specifications other than those prescribed by Bureau of Indian Standards resulted in avoidable expenditure of Rs 4.97 crore. Non-formation of Water User Association prevented participation of farmers in irrigation management.

(Paragraph 3.1)

4 *Medical Education*

A performance review on medical education in the State revealed that the primary objective of producing sufficient skilled medical and para medical personnel for providing effective and quality medical care was not achieved to a large extent due to poor planning and an inconsistent policy on the participation of private sector in medical education. This had also led to a wide gap between the existing intake capacity of medical seats and the demand for medical courses. Several post graduate medical courses were conducted in the State without getting the required recognition of Medical Council of India. Government medical colleges did not have the required continuous provisional affiliation to the Dr. MGR Medical University. Lack of teaching staff and infrastructure, continued absenteeism of doctors and deficiencies in conducting nursing/para medical courses affected the quality of medical education imparted. Poor Government patronage to research activities and non functioning of departments created for this purpose in the Dr. MGR Medical University resulted in inadequate research facilities.

(Paragraph 3.2)

5 *Functioning of teaching hospitals*

A performance review on the functioning of teaching hospitals in the State revealed that super speciality treatments like heart surgery and kidney transplant were not continuously provided in the teaching hospitals except in Chennai and Madurai. Peripheral hospitals established in Chennai for decongesting the nearby teaching hospitals failed to achieve this objective due to lack of important speciality services and vital diagnostic facilities besides inadequate medical/para medical and supporting staff and poor utilization of created infrastructure. Important diagnostic facilities were not available in 12 teaching hospitals which had a bed strength of more than 500. Idle/non-functioning equipment, ineffective and deficient supporting services like ambulance services and steam laundry services affected the quality of medical care extended to the public. Provisions of Environmental Acts and Rule were not followed by the teaching hospitals for the disposal of bio-medical wastes. Funds earmarked for purchase of medicines and equipment were lying with Tamil Nadu Medical Service Corporation due to lack of proper monitoring.

(Paragraph 3.3)

6 Educational Development of Scheduled Castes and Scheduled Tribes

Government earmarked major portion of the funds allocable to the Scheduled Castes and Scheduled Tribes to their educational development for their upliftment. Despite spending huge funds in this connection, the literacy rate of SCs and STs was below the over all literacy rate as per 2001 census and the difference in the literacy rate of ST and the overall literacy rate was more pronounced. Non-compilation of data on number of SC and ST students eligible for various concessions and scholarships resulted in provision of funds for various schemes on their educational development on an adhoc basis in the budget estimates leading to non-extension of such concessions and scholarships in time, as envisaged under various directions of Government of India and State Government. Delay in opening of schools and hostels for SC/ST students and failure to provide proper infrastructure in schools adversely affected education of the students and the amenities available to them. Pass percentage of SC/ST children in Tenth and Twelfth examinations deteriorated from 2002-03 onwards and was much lower than the overall pass percentage during 2002-06 and needs immediate attention.

(Paragraph 3.4)

7 Functioning of Tamil Nadu Agricultural University

A review of the functioning of Tamil Nadu Agricultural University revealed that the quality of valuation of examination papers needs to be improved. There was shortfall in coverage of students ranging between 30 and 55 *per cent* during 2001-05 in respect of "Periyar Endowment" scholarship. Forty two sub-projects were abandoned due to retirement, transfer or death of principal investigators which indicate that the sub-projects did not serve the intended purpose. The University had not introduced any successful hybrids for rice, sorghum, pearl millet and cotton during the last ten years and failed to popularise new varieties. Non-reckoning of certain items of University receipts for the purpose of grant resulted in excess claiming of grant to the extent of Rs 9.55 crore during 2002-06. University diverted plan funds of Rs 26.23 crore to meet Non plan expenditure during 2003-06 and spent Rs 7.40 crore over and above the funds received for 259 schemes indicating diversion of funds.

(Paragraph 3.5)

8 Member of Legislative Assembly Constituency Development Scheme

Member of Legislative Assembly Constituency Development Scheme is being implemented in the State since 1997-98 with the objective of bridging the critical infrastructure gap in the Assembly Constituencies. A review on the functioning of the scheme revealed that a database of the works required to be taken up in each district had not been compiled. Funds were retained even after completing the works targeted for execution. Scheme funds were diverted for an unrelated scheme and for execution of works prohibited by Government during 2002-06. No register was maintained for the assets created under the scheme. No utilisation certificates were furnished by the Director of Rural Development and Panchayat Raj since 2004-05 and by the Commissioner of Corporation of Chennai since 2001-02.

(Paragraph 3.6)

9 Ineffective computerisation in Agriculture Department

Though computerisation in the Department had commenced in 1994, there exists no long-term strategic Information Technology plan aimed at achieving their functional objectives. Computerisation of the Monday Message Monitoring System commenced in October 2004 without a feasibility study and without going through the full course of a System Development Life Cycle. At the districts, there existed no mechanism for timely collection of all the required data. The National Informatics Centre developed software was deficient and required feeding several items of either already available data or derived data, which combined with the lack of input and validation controls, resulted in a deficient and un-reliable database.

(Paragraph 3.7)

10 Internal control in Inspectorate of Factories

A review of the internal control on selected areas in the Inspectorate of Factories revealed ineligible provision of salary for vacant posts in the budget estimate in contravention to the existing provision in Tamil Nadu Budget Manual, non reconciliation of receipts realised though envisaged in Tamil Nadu Treasury Rules, incorrect maintenance of basic registers meant to ensure mandatory issue/renewal of licences of all factories and testing of all existing pressure vessels as required in the Tamil Nadu Factories Rules. No independent internal audit system existed in the Inspectorate to assist them in knowing the extent of compliance of various norms/rules prevailing and to correct them selves periodically.

(Paragraph 5.1)

11 Audit of Transactions

Besides the above, audit of financial transactions, test-checked in various Departments of the Government and their field offices revealed instances of wasteful/unfruitful expenditure and other irregularities involving Rs 31.89 crore as mentioned below:

Unfruitful/wasteful expenditure of Rs 16.22 crore were noticed in Municipal Administration and Water Supply Department (Rs 9.63 crore), Home and Youth Welfare and Sports Development Departments (Rs 3.44 crore), Small Industries Department (Rs One crore), Agriculture Department (Rs 0.70 crore), Animal Husbandries and Fisheries Department (Rs 0.45 crore), Public

Works Department (Rs 0.34 crore) Highways Department (Rs 0.39 crore), and Handlooms, Handicrafts, Textiles and Khadi Department (Rs 0.27 crore) .

(Paragraphs 4.1.1 to 4.1.9)

Avoidable/excess expenditure of Rs 7.41 crore were noticed in Municipal Administration and Water Supply Department (Rs 3.30 crore), Highways Department (Rs 1.85 crore), Public Works Department (Rs 0.88 crore), Home Department (Rs 0.58 crore) Rural Development Department (Rs 0.53 crore) and Revenue Department (Rs 0.27 crore).

(Paragraphs 4.2.1 to 4.2.8)

Blocking of funds aggregating Rs 5.05 crore were noticed in Home Department (Rs 2.29 crore), Animal Husbandry and Fisheries Department (Rs 1.08 crore), Housing and Urban Development Department (Rs 0.91 crore), Tourism and Culture Department (Rs 0.40 crore) and Highways Department (Rs 0.37 crore).

(Paragraphs 4.3.1 to 4.3.5)

Apart from these, there were regularity issues and other points aggregating to 2.83 crore in Higher Education Department.

(Paragraph 4.4.1)

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

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CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (**Appendix 1.1-Part A**). The Finance Accounts of the Government of Tamil Nadu are laid out in 19 statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State of Tamil Nadu. The lay out of the Finance Accounts is depicted in **Appendix 1.1 -Part B.**

1.1.1 Summary of Receipts and Disbursements

Table 1.1 summarises the finances of the Government of Tamil Nadu for the year 2006-07 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1.1: Summary of receipts and disbursements for the year 2006-07

(Rupees in crore)

2005-06	Receipts	2006-07	2005-06	Disbursements	2006-07		
Section-A: Revenue					**Non Plan**	**Plan**	**Total**
33960	**Revenue receipts**	**40913**	**32009**	**Revenue expenditure**	31064	7201	**38265**
23326	Tax revenue	27771	12891	General services	14952	43	14995
2601	Non-tax revenue	3422	11316	Social services	7597	5429	13026
5013	Share of Union Taxes/Duties	6394	5773	Economic services	6356	1441	7797
3020	Grants from Government of India	3326	2029	Grants-in-aid and Contributions	2159	288	2447
Section-B: Capital							
--	Misc. Capital Receipts	--	4054	Capital Outlay	99	5853	5952
892	Recoveries of Loans and Advances	1602	1040	Loans and Advances disbursed	1982	272	2254
8966	Public Debt receipts*	7147	2046	Repayment of Public Debt*			4690
--	Contingency Fund	16	16	Contingency Fund			..
39603	Public Account receipts	57895	38132	Public Account disbursements			55326
1192	Opening Cash Balance	7316	7316	Closing Cash Balance			8402
84613	**Total**	**114889**	**84613**	**Total**			**114889**

* Excluding net transactions under ways and means advances and overdraft.

Following are the significant changes during 2006-07 over previous year:

- Revenue receipts increased by Rs 6953 crore over last year mainly due to increase in State's Own Tax Revenue (Rs 4445 crore) and State's Share in Central taxes and duties (Rs 1381 crore) and non-tax revenue (Rs 821 crore).

- An increase of Rs 6265 crore in revenue expenditure in 2006-07 over last year was due to increase in expenditure under all components viz., General Services (Rs 2104 crore), Social Services (Rs 1710 crore), Economic Services (Rs 2024 crore) and Grants-in-aid and contributions (Rs 418 crore).

- The capital expenditure and disbursement of loans and advances have increased by Rs 1898 crore and Rs 1214 crore in 2006-07 over the previous year. Steep increase in loans and advances disbursed was mainly under Loans for Urban Development Schemes, Cooperation schemes, Cooperative Sugar mills, Industrial Financial Institutions and State Transport undertakings.

- Despite an increase of Rs 2644 crore in repayments of debt and of Rs 17194 crore in public account disbursements, cash balances of the State increased from Rs 7244.78 crore during 2005-06 to Rs 8302.53 crore during 2006-07.

1.1.2 State Fiscal Position by Key Indicators

The fiscal position of the State Government during the current year as compared to the previous year is given in **Table 1.2**.

Table 1.2

(Rupees in crore)

2005-06	Sl. No	Major Aggregates	2006-07
33960	1	**Revenue Receipts (2+3+4)**	**40913**
23326	2	Tax Revenue (Net)	27771
2601	3	Non-Tax Revenue	3422
8033	4	Other Receipts	9720
892	5	**Non-Debt Capital Receipts**	**1602**
892	6	*Of which* Recovery of Loans	1602
34852	7	**Total Receipts (1+5)**	**42515**
27326	8	**Non-Plan Expenditure (9+11)**	**33145**
26627	9	On Revenue Account	31064
4559	10	*Of which* Interest Payments	5506
699	11	On Capital Account	2081
716	12	*Of which* Loans disbursed	1982

(Rupees in crore)

2005-06	Sl. No	Major Aggregates	2006-07
9777	**13**	**Plan Expenditure (14+15)**	**13326**
5382	14	On Revenue Account	7201
4395	15	On Capital Account	6125
323	16	*Of which* Loans disbursed	272
37103	**17**	**Total Expenditure (8+13)**	**46471**
(+) 1951	**18**	**Revenue Deficit (-)/ Revenue Surplus (+) (1-9-14)**	**(+) 2648**
(-) 2251	**19**	**Fiscal Deficit (-)/Fiscal Surplus (+)(1+5-17)**	**(-) 3956**
(+) 2308	**20**	**Primary Deficit (-)/ Primary Surplus (+) (19 -10)**	**(+) 1550**

Table 1.2 shows that revenue receipts increased by Rs 6953 crore (20.5 *per cent*) during 2006-07 while revenue expenditure increased by Rs 6256 crore (19.5 *per cent*) over the previous year resulting in an increase of Rs 697 crore in revenue surplus during 2006-07 over the previous year. Given an increase of Rs 710 crore in non debt capital receipts and an increase of Rs 1898 crore and Rs 1214 crore respectively in capital expenditure and disbursement of loans and advances, fiscal deficit has increased by Rs 1705 crore in 2006-07 over the previous year. An increase of Rs 947 crore in interest payments however resulted in a decline of Rs 758 crore in primary surplus in 2006-07 over the previous year.

1.2 Methodology adopted for the assessment of Fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts are analysed wherever necessary over the period of 2001-07 and observations are made on their behaviour. In its Restructuring Plan of state finances, Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all states are required to enact the Fiscal Responsibility (FR) Acts and draw their fiscal correction path accordingly for the five year period (2005-06 to 2009-10) so that fiscal position of State could be improved as committed in their respective FR Acts/Rules during medium to long run. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their FR Acts and in other Statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices.

Table 1.3: Trends in Growth and composition of GSDP

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Gross State Domestic Product (GSDP)	149074	158370	175897	200780	223528	246266
Growth rate of GSDP	5.6	6.2	11.1	14.1	11.3	10.2

The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc., with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure etc., are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. Audit observations on the Statements of Finance Accounts for the year 2006-07 bring out the trends in the major fiscal aggregates of receipts and expenditure; wherever necessary analyse them and show these in the light of time series data **(Appendix 1.2)**, Abstract of Receipts and Disbursements **(Appendix 1.3)**, Sources and Applications of funds **(Appendix 1.4)** and Summarised Financial Position of Government of Tamil Nadu **(Appendix 1.5)**. The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in **Appendix 1.1 Part C**.

1.2.2 The Tamil Nadu Fiscal Responsibility (TNFR) Act

The State Government has enacted the Tamil Nadu Fiscal Responsibility Act, 2003 in May 2003, to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework.

Accordingly, the Tamil Nadu Legislative Assembly had passed the Tamil Nadu Fiscal Responsibility (Amendment) Act, 2005 (Act 7 of 2005) on 10 May 2005. According to the Act the Government is committed to

- reduce the ratio of revenue deficit to revenue receipt every year by three *per cent* to five *per cent* depending on the economic situation in that year to a level below five *per cent* by 31 March 2008, eliminate revenue deficit by 2008-09 and adhere to it thereafter,
- reduce the ratio of fiscal deficit to GSDP every year by 0.25 *per cent* to 0.30 *per cent* beginning from financial year 2002-03 with medium term goal of the ratio of fiscal deficit to GSDP not being more than three *per cent* to be attained by March 2008 and adhere to it thereafter,
- cap the total outstanding guarantee to hundred *per cent* of the total revenue receipts in the preceding year or at 10 *per cent*, of the previous year GSDP whichever is lower, and,

- cap the risk weighted guarantees to 75 *per cent* of the total revenue receipts in the preceding year or at 7.5 *per cent* of the GSDP, whichever is lower.

1.2.3 Fiscal Policy Statement(s) 2006-07

In compliance with this Act, a MTFP based on current fiscal trends and policy initiatives undertaken by the Government has been prepared with the projections for the period 2005-08 and it was placed before the Legislative Assembly along with the Budget for 2006-07 on 27 July 2006.

This Act was subsequently amended to bring it in line with the requirements prescribed by the Twelfth Finance Commission. According to Section 3(1) of this Act, the Government is required to place before the Legislative Assembly a Medium Term Fiscal Plan (MTFP) along with the Budget. Section 3(2) of this Act, requires that the MTFP shall set forth a multi-year rolling target for the fiscal indicators like revenue deficit and fiscal deficit while clearly indicating the underlying assumptions made to arrive at those projections.

The **table 1.4** depicts comparative position of selected fiscal variables vis-à-vis the targets set for them in MTFP for 2006-07.

Table 1.4: Position of key indicators

(Rupees in crore)

	Projected in MTFP for 2006-07	**Actual**	**Percentage increase (+)/ decrease (-) over MTFP projections**
Total Revenue Receipts (TRR)	31695	40913	(+) 29
State's Own Revenues (SOR)	24389	31193	(+) 28
State's Own Tax Receipts	22476	27771	(+) 24
Non-Tax Revenue	1913	3422	(+) 79
Total Revenue Expenditure	33092	38265	(-) 16
Capital Outlay	4475	5952	(+) 33
Salaries	10357	8645	(+) 17
Pension and Retirement benefits	5313	5430	(-) 2
Subsidies	8074	4177	(+) 48
Interest payments	5571	5506	(+) 1
Revenue Deficit	(-) 1397	(+) 2648	(+) 290
Fiscal Deficit	(-) 6076	(-) 3956	(+) 35
Primary Deficit	(-) 505	(+) 1550	(+) 407

The comparative position reveals that the Government has achieved the targets set for 2006-07 under the MTFP for 2006-07 except in case of total revenue expenditure and pension and retirement benefits. As a result of better fiscal performance of the State, a debt waiver of Rs 263.28 crore was granted by the Government of India to the State as an incentive under DCRF[1] during 2006-07.

[1] Debt Consolidation Relief Facility

1.3 Trends and composition of Aggregate Receipts

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from GOI. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table 1.5** shows that the total receipts of the State Government for the year 2006-07 were Rs 107573 crore. Of these, revenue receipts were Rs 40913 crore, constituting 38 *per cent* of the total receipts. The balance came mainly from borrowings and Public Account.

Table 1.5: Trends in Growth and composition of Aggregate Receipts

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Sources of State's Receipts						
I Revenue Receipts	18818	20837	23706	28452	33960	40913
II Capital Receipts	4846	9829	10298	12919	9858	8749
Recovery of Loans and Advances	324	433	575	783	892	1602
Public Debt Receipts	4522	9396	9723	12136	8966	7147
Miscellaneous Capital Receipts	..	..	..	..	..	..
III Contingency Fund	1	..	..	..	..	16
IV Public Account Receipts	21209	27156	28107	31864	39603	57895
a. Small Savings, Provident Fund etc.	2863	2895	2688	1982	2943	3214
b. Reserve Fund	196	(-) 159	737	2057	6310	2388
c. Deposits and Advances	6915	8113	8742	10076	8914	11601
d. Suspense and Miscellaneous	6561	12044	12286	15461	19308	38662
e. Remittances	4674	4263	3654	2288	2128	2030
Total Receipts	44874	57822	62111	73235	83421	107573

The revenue, capital and Public Account receipts constituted 38, 8 and 54 *per cent* of total receipts respectively. The debt capital receipts which create future repayment obligation after increasing from Rs 4522 crore in 2001-02 to Rs 12136 crore in 2004-05, decreased to Rs 7147 crore in 2006-07. The recovery of loans and advances is improved by Rs 710 crore over previous year.

1.3.1 Revenue Receipts

Statement 11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. Overall revenue receipts, its annual rate of growth, GSDP, ratio of these receipts to the GSDP and its buoyancies are indicated in **Table 1.6.**

Table 1.6: Revenue Receipts - Basic Parameters

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Receipts (RR)	20837	23706	28452	33960	40913
Own Taxes (*per cent*)	14342 (69)	15945 (67)	19357 (68)	23326 (68)	27771 (68)
Non-Tax Revenue (*per cent*)	1861 (9)	2094 (9)	2209 (8)	2601 (8)	3422 (8)
Central Tax Transfers (*per cent*)	3047 (14)	3544 (15)	4236 (15)	5013 (15)	6394 (16)
Grants-in-aid (*per cent*)	1587 (8)	2123 (9)	2650 (9)	3020 (9)	3326 (8)
Rate of growth of RR (*per cent*)	10.7	13.8	20.0	19.4	20.5
RR/GSDP (*per cent*)	13.2	13.5	14.2	15.2	16.6
Revenue Buoyancy (ratio) with GSDP	1.72	1.24	1.42	1.71	2.01
State's own taxes Buoyancy (ratio) with GSDP	1.64	1.01	1.51	1.81	1.87
Revenue Buoyancy with reference to State's own taxes (ratio)	1.05	1.23	0.93	0.95	1.07
GSDP Growth (*per cent*)	6.2	11.1	14.1	11.3	10.2

General Trends

The revenue receipts have shown a progressive increase over the period 2001-07 with only marginal changes in its composition i.e., the share of own taxes, non-tax revenue, Central tax transfers and grants-in-aid changing minimally. The increase of 20.5 *per cent* in Revenue Receipts during 2006-07 was on account of increase in State's own taxes (19.1 *per cent*), non-tax revenue (31.6 *per cent*), Central tax transfers (27.5 *per cent*) and Grants-in-aid from GOI (10.1 *per cent*).

Tax Revenue:

Tax revenue increased by 19.1 *per cent* during the current year (Rs 27771 crore) over the previous year (Rs 23326 crore). The revenue from Sales Taxes not only contributed major share of tax revenue (64 *per cent*) but also increased by 14 *per cent* over the previous year. The other major contributors for the increase in the State's tax revenue are Stamps and Registration Fees (Rs 912 crore), State Excise (Rs 809 crore) and Taxes on Goods and Passengers (Rs 258 crore). **Table 1.7** below shows the trend of tax revenue during 2001-07.

Table 1.7: Tax revenue

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Taxes on Sales, Trades etc.	8386	9590	11005	12996	15555	17727
State Excise	2058	2114	1657	2549	3177	3986
Taxes on Vehicles	648	746	934	1015	1125	1261
Stamps and Registration Fees	1138	1079	1316	1604	2085	2997
Land Revenue	50	8	18	72	179	121
Taxes on Goods and Passengers	283	489	611	764	985	1244
Other taxes*	447	316	404	357	220	435
Total	13010	14342	15945	19357	23326	27771

* other taxes includes taxes on immovable property other than Agricultural land and taxes and duties on electricity.

Non-Tax Revenue:

Non-tax revenue which constituted 8 *per cent* of total revenue receipts increased by Rs 821 crore recording a growth rate of 31.6 *per cent* over previous year. The major contributors for the increase over previous year are Interest receipts (Rs 306 crore), Miscellaneous General Services (Rs 600 crore) and Non-ferrous Mining and Metallurgical Industries receipts (Rs 101 crore) off-set by the decrease in receipts under Food, Storage and Warehousing (Rs 221 crore). The increase under interest receipts was mainly due to increased interest received from Investment of cash balances (Rs 207 crore) departmental Commercial Undertakings (Rs 47 crore) local bodies (Rs 47 crore) and other interest receipts (Rs 49 crore) which was offset slightly by the decrease under interest received from Public sector and other undertakings. The debt relief (Rs 263.28 crore) given by Government of India under DCRF booked under the head 'Miscellaneous General Services' was one of reasons for a sharp increase in non tax revenue of the State during the current year.

The actual revenue receipts vis-à-vis assessments made by State Government to Twelfth Finance Commission (TFC) for 2006-07 are given below:

Table 1.8

(Rupees in crore)

	Assessment made by State Government and projected in TFC report	Projections made by State Government under revised medium term fiscal plan for 2006-07	Actuals
Tax revenue	24091	22476	27771
Non-tax revenue	2513	1913	3422

The tax revenue has increased by 15.3 *per cent* and the non-tax revenue by 36.2 *per cent* over the normative assessment made by the TFC for the State for 2006-07. The actual realisation of tax revenue also exceeded by 23.6 *per cent* as compared to the projection made by State Government for 2006-07 under MTFP. The actual realisation of non-tax revenue was higher by 78.9 *per cent* than the projection made under MTFP for 2006-07.

Central Tax Transfers:

Central tax transfers increased by Rs 1381 crore (28 *per cent*) over the previous year and constituted 16 *per cent* of the total revenue receipts. The increase was mainly due to Corporation tax (Rs 612 crore), Customs duties (Rs 270 crore), Taxes on income other than Corporation tax (Rs 236 crore) and Service tax (Rs 244 crore).

Grants-in-aid:

Grants-in-aid from Government of India increased by Rs 306 crore (10 *per cent*) from Rs 3020 crore in 2005-06 to Rs 3326 crore in the current year. The increase was mainly under grants under State Plan schemes (Rs 598 crore) offset by the decrease under Non-plan grants (Rs 263 crore) and Central/Centrally sponsored plan schemes (Rs 29 crore). Details of Grants-in-aid from GOI are given in **Table 1.9**.

Table 1.9 : Grants-in-aid from Government of India

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Grants for State plan schemes	668	603	937	1054	986	1584
Non-plan grants	168	455	532	961	1290	1027
Grants for Central schemes	66	66	57	73	67	88
Centrally sponsored schemes	480	463	597	562	677	627
Total	1382	1587	2123	2650	3020	3326
Percentage of increase/decrease over previous year	(-) 10.1	(+) 14.9	(+) 33.7	(+) 24.9	(+) 14	(+) 10.1

1.3.2 Arrears of Revenue

The arrears of revenue which was Rs 11132.07 crore in 2005-06 steeply decreased to Rs 318.48 crore during 2006-07. Of the arrears, Rs 127.39 crore (40 *per cent*) were outstanding for more than five years. The arrears mainly pertained to Stamp Duty and Registration Fees (Rs 160.35 crore) and Urban Land Tax (Rs 114.98 crore).

1.4 Application of resources

1.4.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table 1.10.**

Table 1.10: Total Expenditure – Basic Parameters

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Total expenditure (TE)*	23882	28012	29872	34805	37103	46471
Rate of Growth (*per cent*)	0.5	17.3	6.6	16.5	6.6	25.2
TE/GSDP Ratio (*per cent*)	16.0	17.7	17.0	17.3	16.6	18.9
RR /TE Ratio (*per cent*)	78.8	74.2	79.4	81.8	91.5	88.0
Buoyancy of Total Expenditure with reference to:						
GSDP (ratio)	0.10	2.77	0.60	1.17	0.58	2.48
RR (ratio)	0.19	1.62	0.48	0.83	0.34	1.23

* Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

Total expenditure during the current year has increased by Rs 9368 crore over the previous year mainly due to increase under Revenue expenditure (Rs 6256 crore) Capital expenditure (Rs 1898 crore) and repayment of loans and advances (Rs 1214 crore). In terms of Plan and Non-plan expenditure, the plan expenditure increased by Rs 3549 crore and the non-plan expenditure registered an increase of Rs 5819 crore over last year. The percentage of total expenditure to revenue receipts during 2006-07 was 113.6 indicating that about 88 *per cent* of the State's total expenditure was met from its current revenue, leaving the balance to be financed by borrowings.

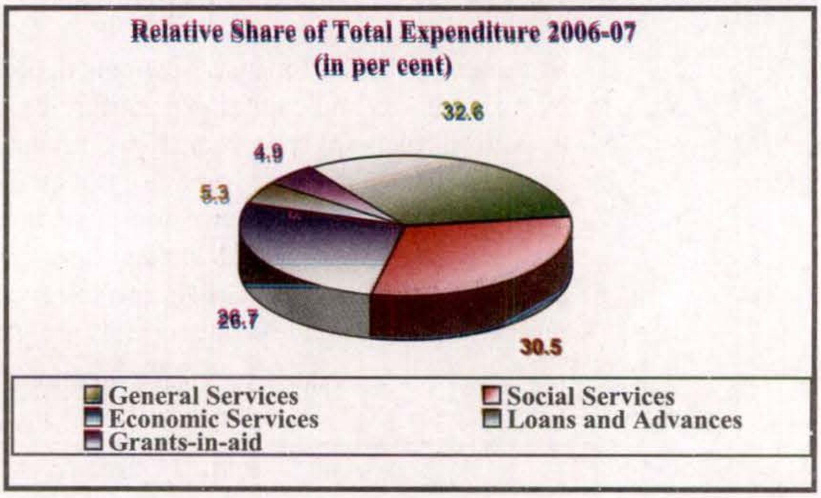
Trends in Total Expenditure by Activities

In terms of the activities, total expenditure could be considered as beingcomposed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in **Table 1.11**.

Table 1.11: Components of Expenditure – Relative Share

(*per cent*)

	2002-03	2003-04	2004-05	2005-06	2006-07
General Services	35.9	36.3	35.7	35.1	32.6
Of which Interest payments	14.7	15.7	13.7	12.3	11.8
Social Services	30.7	33.9	34.9	33.5	30.5
Economic Services	25.3	21.5	20.7	23.1	26.7
Grants-in-aid	5.6	4.9	5.6	5.5	5.3
Loans and Advances	2.5	3.4	3.1	2.8	4.9



Interest payments and expenditure on General Services considered as non-developmental expenditure together accounted for 32.6 *per cent* of total expenditure in 2006-07. The share of Social Services after increasing from 30.7 *per cent* in 2002-03 to 34.9 *per cent* in 2004-05 declined to 30.5 *per cent* in 2006-07. The share of Economic Services after declining from 25.3 *per cent* in 2002-03 to 20.7 *per cent* in 2004-05, increased to 26.7 *per cent* in 2006-07. While the Grants-in-aid decreased from 5.6 *per cent* in 2004-05 to 5.3 *per cent* in 2006-07, the loans and advances after decreasing from 3.4 *per cent* in 2003-04 to 2.8 *per cent* in 2005-06, increased to 4.9 *per cent* in 2006-07.

1.4.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table 1.12.**

Table 1.12: Revenue Expenditure: Basic Parameters

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Expenditure (RE)	25688	25271	29155	32009	38265
Of which					
Non-Plan Revenue Expenditure (NPRE)	22715	20835	25251	26627	31064
Plan Revenue Expenditure (PRE)	2973	4436	3904	5382	7201
Rate of Growth (*per cent*)					
Revenue Expenditure	19.2	(-) 1.6	15.4	9.8	19.5
NPRE	18.7	(-)8.3	21.2	5.4	16.7
PRE	22.5	49.2	(-) 12.0	37.9	33.8
NPRE/GSDP (*per cent*)	14.3	11.8	12.6	11.9	12.6
NPRE as *per cent* of TE	81.1	69.7	72.5	71.8	66.8
NPRE as *per cent* of RR	109.0	87.9	88.7	78.4	75.9
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	3.07	(-) 0.15	1.09	0.86	1.92
Revenue Receipts (ratio)	1.79	(-) 0.11	0.77	0.51	0.95

Overall revenue expenditure of the Government, declined from Rs 25688 crore in 2002-03, to Rs 25271 crore in 2003-04 and then increased to Rs 38265 crore in 2006-07. The percentage of increase over 2005-06 was 19.5. While the increase under non-plan revenue expenditure was 16.7 *per cent*, the increase under plan revenue expenditure was 33.8 *per cent*. The non-plan revenue expenditure as a percentage of GSDP declined from 14.3 *per cent* in 2002-03 to 12.6 *per cent* in 2006-07. As a percentage of total expenditure and revenue receipts, the non-plan revenue expenditure declined respectively from 81.1 *per cent* to 66.8 *per cent* and from 109 *per cent* to 75.9 *per cent* during 2002-07. This indicated that 66.8 *per cent* of total revenue expenditure was non-plan revenue expenditure and 75.9 *per cent* of revenue receipts was utilised towards non-plan revenue expenditure during 2006-07. The increase of Rs 4437 crore in NPRE during the current year was mainly due to increase under Pension and Other Retirement Benefits (Rs 970 crore), interest payments (Rs 947 crore), General Education (Rs 737 crore), Civil Supplies (Rs 683 crore), Roads and Bridges (Rs 352 crore), Compensation assignments to local bodies (Rs 311 crore), Crop Husbandry (Rs 295 crore), Police (Rs 185 crore), Power (Rs 155 crore), Medical and Public Health (Rs 149 crore), Village and Small Industries (Rs 100 crore) offset by the decrease under Relief on account of Natural Calamities (Rs 1597 crore). The increase in PRE by Rs 1819 crore over previous year was mainly due to Information and Publicity (Rs 694 crore), Housing (Rs 366 crore), Urban Development (Rs 297 crore), Social Security and Welfare (Rs 262 crore), and Other Rural Development Programmes (Rs 180 crore) offset by decrease under Miscellaneous General Services (Rs 250 crore).

The actual non-plan revenue expenditure vis-à-vis assessments made by State Government and projected in the report of TFC are given below:

Table 1.13

(Rupees in crore)

	Assessment made by State Government and projected in TFC report	Projections made by State Government under revised medium term fiscal plan for 2006-07	Actual non-plan revenue expenditure during 2006-07
Non-plan revenue expendiuture	26064.90	32200.88	31064.47

The actual NPRE during the current year (Rs 31064 crore) had exceeded the NPRE (Rs 26065 crore) projected in the TFC report by Rs 4999 crore, but it remained marginally lower than the projections made by the Government in MTFP.

1.4.3 Committed Expenditure

1.4.3.1 Expenditure on Salaries

Table 1.14: Expenditure on Salaries

(Rupees in crore)

Heads	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on Salaries	7225	7066	8238	8342	8645
As *per cent* of GSDP	4.6	4.0	4.1	3.7	3.5
As *per cent* of RR	34.7	29.8	28.9	24.6	21.1

Salary expenditure including Dearness Allowance of the State Government over the last five years is given above **(Table 1.14)**. Salaries alone consumed nearly 21.1 *per cent* of the revenue receipts of the Government during 2006-07.

Salary expenditure of the State Government (Rs 8645 crore) during 2006-07 constituted 31.6 *per cent* of the Revenue expenditure net interest and pension payments (Rs 27329 crore[2]) and was within the norm of 35 *per cent* recommended by the TFC.

1.4.3.2 Pension Payments

Table 1.15: Expenditure on Pensions

(Rupees in crore)

Heads	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on Pensions	3327	3280	3902	4460	5430
Rate of Growth	9.1	(-) 1.4	19.0	14.3	21.7
As *per cent* of GSDP	2.1	1.9	1.9	2.0	2.2
As *per cent* of RR	16.0	13.8	13.7	13.1	13.3
As *per cent* of NPRE	14.6	15.7	15.5	16.8	17.5

Pension payments during the current year have increased by Rs 970 crore recording a growth rate of 21.7 *per cent* over previous year. Pension payments consumed 13.3 *per cent* of the revenue receipts of the Government

[2] Revenue expenditure (Rs 38265 crore) less interest payment (Rs 5506 crore) and pension payments (Rs 5430 crore).

during 2006-07 and increased by 63.2 *per cent* from Rs 3327 crore in 2002-03 to Rs 5430 crore in 2006-07. Significant increase in expenditure on pension during 2006-07 was mainly due to increase of 52.6 *per cent* over last year's expenditure under family pensions, 37 *per cent* under superannuation and retirement benefits and 43.3 *per cent* under pensions to employees of State aided Educational Institutions. As a percentage of non-plan revenue expenditure, it constituted about 17.5 *per cent* during 2006-07.

The actual pension payments during 2006-07 (Rs 5430 crore) were less than the assessment made (Rs 5564 crore) by State Government and projected by TFC. The Government also introduced a contributory pension scheme for employees recruited on or after April 2003 to mitigate impact of raising pension liabilities of Government in future.

1.4.3.3 Interest payments

Interest payments made during the period 2002-03 to 2006-07 along with its percentage to Revenue Receipts and Revenue Expenditure are given in **Table 1.16** below:

Table 1.16: Interest payments

Year	Interest Payments (Rupees in crore)	Growth rate	Percentage of Interest payments with reference to	
			Revenue Receipts	Revenue Expenditure
2002-03	4133	17.6	19.8	16.1
2003-04	4700	13.7	19.8	18.6
2004-05	4755	1.2	16.7	16.3
2005-06	4559	(-) 4.1	13.4	14.2
2006-07	5506	20.8	13.5	14.4

Interest payments increased by 33.2 *per cent* from Rs 4133 crore in 2002-03 to Rs 5506 crore in 2006-07 (the average growth rate being 9.8 *per cent*) primarily due to continued reliance on borrowings to meet the Fiscal Deficit. During 2006-07, the Government raised Rs 1814.47 crore from open market at an average rate of interest of 8.1 *per cent* per annum. It also borrowed Rs 4013.45 crore from National Small Savings Fund at 9.5 *per cent* per annum from GOI during the year. However, the actual interest payment made (Rs 5506 crore) was lower than the projection made for 2006-07 under MTFP (Rs 5571 crore). The interest payments as a ratio of revenue receipts was 13.5 *per cent* which was within the norm of 15 *per cent* recommended by the TFC to be achieved by all the States by 2009-10.

1.4.3.4 Subsidies

State Government has been paying subsidies to specific targeted groups as well as various corporations. The trends in the subsidies given by the State Government during the last five years are given in **Table 1.17.**

Table 1.17: Subsidies

Year	Amount (Rupees in crore)	Percentage increase (+)/ decrease (-) over previous year	Percentage of subsidy in revenue expenditure
2002-03	1768	(-) 19.9	6.9
2003-04	1680	(-) 5.0	6.6
2004-05	2513	49.6	8.6
2005-06	3426	36.3	10.7
2006-07	4177	21.9	10.9

The increase in total subsidies paid was mainly due to the increased subsidy of Rs 750 crore given for food security under Public Distribution System from Rs 1200 crore in 2005-06 to Rs 1950 crore in 2006-07.

1.5 Expenditure by Allocative Priorities

1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore, ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. The higher the ratio of these components to total expenditure and GSDP, the better is the quality of expenditure. **Table 1.18** gives these ratios during 2002-07.

Table 1.18: Indicators of Quality of Expenditure

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Capital Expenditure	1628	3590	4564	4054	5952
Revenue Expenditure	25688	25271	29155	32009	38265
As *per cent* of Total Expenditure					
Capital Expenditure	5.8	12.0	13.1	10.9	12.8
Revenue Expenditure	91.7	84.6	83.8	86.3	82.3
As *per cent* of GSDP					
Capital Expenditure	1.0	2.0	2.3	1.8	2.4
Revenue Expenditure	16.2	14.4	14.5	14.3	15.5

Though the Revenue expenditure in absolute terms increased from Rs 32009 crore in 2005-06 to Rs 38265 crore in 2006-07, as a percentage to total expenditure, it decreased from 86.3 to 82.3 over last year. However, capital expenditure increased in absolute terms by Rs 1898 crore was well as a percentage of total expenditure from 10.9 to 12.8 over last year. Also both revenue and capital expenditure as a percentage of GSDP increased from 14.3 *per cent* to 15.5 *per cent* and 1.8 *per cent* to 2.4 *per cent* respectively over last year.

1.5.2 Expenditure on Social Services

Given the fact that human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table 1.19** summarises the expenditure incurred by the State Government in expanding and strengthening of Social Services in the State during 2001-07.

Table 1.19: Expenditure on Social Services

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Education, Sports, Art and Culture	**4299.80**	**4158.92**	**4254.13**	**4696.66**	**5273.06**	**6240.04**
Revenue Expenditure of which	4292.87	4145.33	4175.06	4597.28	5012.54	6061.10
Salary and Wages component	2473.88	2324.59	2257.11	2434.09	2535.98	3184.02
Non-salary Wage component	1818.99	1820.74	1917.95	2163.19	2476.56	2877.08
Capital Expenditure	6.93	13.59	79.07	99.38	260.52	178.94
Health and Family Welfare	**1219.66**	**1236.25**	**1268.87**	**1351.95**	**1639.11**	**1670.51**
Revenue Expenditure of which	1184.39	1187.88	1202.96	1304.16	1392.87	1551.97
Salary and Wages component	862.45	836.70	820.54	858.57	890.83	1057.75
Non-salary Wage component	321.94	351.18	382.42	445.59	502.04	494.22
Capital Expenditure	35.27	48.37	65.91	47.79	246.24	118.54
Water Supply, Sanitation, Housing and Urban Development	**938.15**	**981.89**	**1837.53**	**2606.63**	**900.18**	**1922.35**
Revenue Expenditure of which	324.31	443.53	556.70	402.88	404.03	1185.20
Salary and Wages component	23.80	18.59	18.35	19.28	21.24	24.43
Non-salary Wage component	300.51	424.94	538.35	383.60	382.79	1160.77
Capital Expenditure	613.84	538.36	1280.83	2203.75	496.15	737.15
Other Social Services	**1885.45**	**2213.04**	**2749.50**	**3476.98**	**4625.29**	**4325.55**
Revenue Expenditure of which	1875.49	2197.30	2663.05	3378.43	4506.96	4228.07
Salary and Wages component	620.94	602.36	736.42	783.27	751.98	905.01
Non-salary Wage component	1254.55	1594.94	1926.63	2595.16	3754.98	3323.06
Capital Expenditure	9.96	15.74	86.45	98.55	118.33	97.48
Total (Social Services)	**8343.06**	**8590.10**	**10110.03**	**12132.22**	**12437.64**	**14158.45**
Revenue Expenditure of which	7677.06	7974.04	8597.77	9682.75	11316.40	13026.35
Salary and Wages component	3981.07	3782.24	3832.42	4095.21	4200.04	5171.21
Non-salary Wage component	3695.99	4191.80	4765.35	5587.54	7116.36	7855.14
Capital Expenditure	666.00	616.06	1512.26	2449.47	1121.24	1132.10

The total expenditure under Social Services increased from Rs 8343 crore in 2001-02 to Rs 14158 crore in 2006-07 indicating the Government commitment to improve social well being of the society. The salary component in total expenditure under social services decreased from 47.7 *per cent* in 2001-02 to 44.3 *per cent* in 2006-07. However, the non-salary component in total expenditure increased from 36.5 *per cent* to 55.5 *per cent* over the same period. While the Revenue expenditure under Social Services increased by 69.7 *per cent* from Rs 7677 crore in 2001-02 to Rs 13026 crore in 2006-07, the Capital expenditure increased by 70 *per cent* from Rs 666 crore to Rs 1132 crore over the same period.

Recognising the need to improve the quality of education and health services, TFC recommended that the non-plan salary expenditure under education and health and family welfare should increase only by five to six *per cent* while non-salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. However, trends in expenditure (taking expenditure under both plan and non plan heads) reveal that the salary and wage component under education sector increased by 28.7 *per cent* over 2005-06 while non-salary and wage component by 58.2 *per cent*. Similarly under

Health and Family Welfare sector, the salary and wage component increased by 22.6 *per cent* while Non-salary and wage component decreased by 53.5 *per cent*. The expenditure pattern both in education and health services has not been as per the norms of the TFC which needs correction in the ensuing years.

1.5.3 Expenditure on Economic Services

Expenditure on economic services includes all such services that promote directly or indirectly, productive capacity within the State's economy. The expenditure on economic services (Rs 12422 crore) during 2006-07 accounted for 26.7 *per cent* of the total expenditure (**Table 1.20**).

Table 1.20: Expenditure on Economic Services

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Agriculture, Allied activities	**1342.95**	**1241.62**	**1199.77**	**1391.02**	**1430.23**	**3288.87**
Revenue Expenditure of which	1238.85	1143.51	1102.10	1291.16	1251.73	1799.30
Salary and Wages component	491.10	470.52	454.48	484.92	504.34	575.76
Non-salary Wage component	747.75	672.99	647.62	806.24	747.39	1223.54
Capital Expenditure	104.10	98.11	97.67	99.86	178.50	1489.57
Irrigation and Flood Control	**718.36**	**789.10**	**783.04**	**847.30**	**797.38**	**932.02**
Revenue Expenditure of which	416.35	486.09	537.75	569.70	532.33	605.13
Salary and Wages component	134.27	124.44	117.70	131.83	130.56	154.46
Non-salary Wage component	282.08	361.65	420.05	437.87	401.77	450.67
Capital Expenditure	302.01	303.01	245.29	277.60	265.05	326.89
Power and Energy	**134.63**	**2027.27**	**640.10**	**1149.41**	**1052.00**	**1357.07**
Revenue Expenditure of which	34.63	2002.27	440.10	1064.41	1027.07	1182.07
Salary and Wages component	0.83	0.56	0.59	0.64	0.72	0.78
Non-salary Wage component	33.80	2001.71	439.51	1063.77	1026.35	1181.29
Capital Expenditure	100.00	25.00	200.00	85.00	25.00	175.00
Transport	**671.75**	**742.22**	**1682.20**	**1480.52**	**2254.20**	**2540.46**
Revenue Expenditure of which	263.90	367.59	451.25	638.14	618.83	859.38
Salary and Wages component	74.05	71.36	68.56	70.47	83.16	93.95
Non-salary Wage component	189.85	296.23	382.69	567.67	535.67	765.43
Capital Expenditure	408.75	374.63	1230.94	842.38	1635.37	1681.08
Other Economic Services	**2335.06**	**2299.45**	**2127.59**	**2324.59**	**3046.32**	**4303.94**
Revenue Expenditure of which	2288.64	2262.16	2076.23	1890.66	2342.53	3350.86
Salary and Wages component	269.75	258.48	248.50	267.44	260.54	303.66
Non-salary Wage component	2018.89	2003.68	1827.73	1623.22	2081.99	3047.20
Capital Expenditure	46.42	37.29	51.36	433.93	703.79	953.08
Total (Economic Services)	**5203.67**	**7099.65**	**6432.68**	**7192.84**	**8580.21**	**12422.37**
Revenue Expenditure of which	4242.39	6261.62	4607.41	5454.07	5772.50	7796.75
Salary and Wages component	970.01	925.36	889.82	955.30	979.33	1128.62
Non-salary Wage component	3272.38	5336.26	3717.59	4498.77	4793.17	6668.13
Capital Expenditure	961.28	838.03	1825.27	1738.77	2807.71	4625.62

The total expenditure in 2006-07 under Economic Services increased by 45 *per cent* over 2005-06 mainly because of increase under Revenue Expenditure by 35 *per cent* and under Capital expenditure by 65 *per cent*.

Out of the total expenditure on Economic Services during 2006-07, Other Economic Services constituted 35 *per cent* Agriculture and Allied activities constituted 26 *per cent*, Transport constituted 20 *per cent*, Energy constituted 11 *per cent* and Irrigation and Flood Control constituted 8 *per cent*. As compared 2001-02, the total expenditure in 2006-07 under Agriculture and allied activities increased by Rs 1946 crore of which the increases in Revenue expenditure and Capital expenditure were Rs 560 crore and Rs 1386 crore respectively. Similarly the increase of total expenditure under Transport during 2001-07 was Rs 1868 crore of which the share of increase in Revenue and Capital expenditure were Rs 596 crore and Rs 1272 crore respectively. Under Irrigation and flood control, the increase under total expenditure during 2001-07 was Rs 214 crore with the increase under Revenue and Capital expenditure amounting to Rs 189 crore and Rs 25 crore respectively.The salary component in total expenditure on economic services decreased from 18.6 *per cent* in 2001-02 to 9.1 *per cent* in 2006-07. The non-salary component increased from Rs 3272.38 crore in 2001-02 to Rs 6668.13 crore in 2006-07 at an average rate of growth of 19.9 *per cent* per annum.

The trends in revenue and capital expenditure on economic services indicate that the capital expenditure increased from Rs 961.28 crore in 2001-02 to Rs 4625.62 crore in 2006-07, while revenue expenditure increased from Rs 4242.39 crore in 2001-02 to Rs 7796.75 crore in 2006-07.

An increase of Rs 2024 crore (35 *per cent*) in revenue expenditure under economic services during 2006-07 over previous year was mainly due to increased revenue expenditure under Agriculture and Allied Activities (Rs 548 crore), Rural Development (Rs 80 crore), Irrigation and Flood Control (Rs 73 crore), Energy (Rs 155 crore), Industry and Minerals (Rs 178 crore), Transport (Rs 241 crore) and General Economic Services (Rs 749 crore) and increased Capital Expenditure mainly under Agriculture and allied activities (Rs 1311 crore), Rural Development (Rs 293 crore), Irrigation and Flood Control (Rs 62 crore) and Energy (Rs 150 crore).

1.5.4 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies etc., during the period of five years ending 2005-06 is given in **Table 1.21** below:

Table 1.21: Financial Assistance to local bodies and other institutions

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	316	325	388	484	570
Municipal Corporations and Municipalities	866	847	919	954	1591
Zilla Parishads and Other Panchayati Raj Institutions	1351	1735	1584	1287	1508
Development Agencies	186	312	189	202	295
Hospital and Other Charitable Institutions	4	19	9	20	20
Other Institutions[3]	3265	1890	2395	2119	4753
Total	5988	5128	5484	5066	8737
Assistance as a percentage of RE	23	20	19	16	23

[3] Institutions/Agencies connected with Water Supply and Sanitation, Housing, Social Welfare, Labour and Employment, Forestry and Wild Life, Agriculture and Allied Activities, Village and Small Industries, Industries and Minerals and Relief on account of Natural Calamities.

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As seen from the above table, grants-in-aid extended to Municipal Corporations and Municipalities and Other Institutions increased during 2006-07, as compared to last year by 67 and 124 *per cent* respectively.

The increase of grants-in-aid to Municipal Corporations and Municipalities was mainly due to assistance to new schemes viz., Jawaharlal Nehru Urban Renewal Mission (Rs 123 crore) and urban infrastructure development schemes for small and medium towns (Rs 173 crore) besides increased provision of grants to the ULBs as per the recommendations of State Finance Commission.

1.6 Misappropriation, losses, defalcations, etc.

Cases of misappropriation of Government money reported to Audit up to March 2007 and on which report on final action *viz.*, write-off or recovery was pending at the end of June 2007 are given below in **Table 1.22.**

Table 1.22: Misappropriation cases

	Number of cases	Amount (Rupees in lakh)
Cases reported up to the end of March 2006 and outstanding at the end of June 2006	290	699.06
Cases reported during April 2006 to March 2007	5	10.74
Total	**295**	**709.80**
Cases cleared during July 2006 to June 2007	33	4.74
Cases outstanding at the end of June 2007	262	705.06

Department-wise and year-wise analysis of the pending cases are given in **Appendix 1.6** . In all these cases, report on departmental action taken and results of the proceedings against Government servants responsible, which are required to be sent to audit, were still awaited.

Further, 252 cases of shortage, theft, damage to property, etc., involving Rs 2 crore were reported to audit up to March 2007 by departments other than Public Works, Highways and Forest Departments. Besides, 2824 cases involving Rs 17.01 crore were either reported by or noticed during audit of Public Works, Highways and Forest Departments up to March 2007. Department-wise and year-wise analysis of these cases are contained in **Appendix 1.7.**

1.7 Delay in furnishing utilisation certificates

Of the 7,156 utilisation certificates (UC) due in respect of grants and loans aggregating Rs 1196.44 crore paid upto 2005-06, 3,843 UCs for an aggregate amount of Rs 876.88 crore were in arrears. Details of department-wise break-up of outstanding UCs are given in **Appendix 1.8**

1.8 Assets and Liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, Government accounts do capture the financial liabilities of the Government and assets created out of the expenditure incurred.

Appendix 1.5 gives an abstract of such liabilities and the assets as on 31 March 2007, compared with the corresponding position on 31 March 2006. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly, the capital outlay and loans and advances given by the State Government and cash balances. **Appendix 1.2** depicts the time series data on State Government finances for the period 2002-07.

During 2006-07, liabilities grew by 7.2 *per cent*. Similarly, assets comprising mainly capital expenditure and loans and advances given by the Government grew by 18.8 *per cent* during 2006-07.

1.8.1 Financial results of Irrigation Works

Statement 3 of Finance Accounts depicts the financial results of five major and 47 medium irrigation projects involving capital expenditure of Rs 2454.08 crore at the end of March 2006. It shows that revenue realised from these projects during 2005-06 was Rs 11.74 crore only and this was not sufficient to cover even the direct working expenses. After meeting the working and maintenance expenditure (Rs 117.72 crore) and interest charges (Rs 114.22 crore), the projects suffered a net loss of Rs 223.19 crore. The losses comprised Rs 157.62 crore on the major irrigation projects and Rs 65.57 crore on the medium irrigation projects.

1.8.2 Incomplete projects

According to information received from the State Government, there were 82 incomplete projects which were scheduled for completion before 31 March 2007 on which Rs 565 crore of capital expenditure was incurred. Each of these projects cost more than Rs 1 crore but were incomplete for reasons such as non-receipt of revised administrative sanction, pending land acquisition, delay in finalisation of tenders, etc. The time overrun noticed as of 31 March 2007 in the incomplete projects ranged between 16 days to 75 months.

1.8.3 Financial analysis of Government investments

1.8.3.1 Government Investments and returns

As of 31 March 2007, Government had invested Rs 4278.43 crore in statutory corporations, rural banks, joint stock companies and co-operatives **(Table 1.23)**. The return on this investment was between 0.8 and 1.1 *per cent* in the last five years while Government paid interest at the average rate of 7.8 to 10.1 *per cent* on its borrowings during this period.

Table 1.23: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on government borrowing	Difference between interest rate and return
	(Rupees in crore)			(*per cent*)	
2002-03	3131.26	25.99	0.8	10.1	9.3
2003-04	2464.36	27.20	1.1	10.1	9.0
2004-05	2557.71	24.25	0.9	9.1	8.2
2005-06	2744.60	20.92	0.8	7.8	7.0
2006-07	4278.43	26.32	0.6	8.6	8.0

The above investments of Rs 4278.43 crore were made by State Government in 69 companies (statutory corporations: 2, Government Companies: 63 and Joint Stock companies: 4) and Cooperative institutions. Of these, the investment aggregated to Rs 1538.63 crore in 34 loss making government companies and cooperative institutions. The cumulative loss as of March 2007 in the above loss making companies worked out to Rs 3961 crore. Some of the Government companies incurring huge cumulative loss of more than Rs 100 crore are given below:

Table 1.24

Name of the corporation	Cumulative loss as of 31 March 2007 (Rupees in crore)
Metropolitan Transport Corporation (Chennai Division I)	526.20
Express Transport Corporation (Tamil Nadu Division I) Limited	459.79
Tamil Nadu State Transport Corporation (Coimbatore) Limited	214.21
Tamil Nadu State Transport Corporation (Villupuram) Limited	182.56

1.8.3.2 Loans and advances by State Government

In addition to investments in co-operative societies, corporation and companies, Government has also been providing loans and advances to many of these institutions/organisations. Total outstanding loans and advances as on 31 March 2007, was Rs 6151 crore (**Table 1.25**). Average rate of interest received against these loans advanced was 5.9 *per cent* during 2006-07 as against 5.4 *per cent* in previous year.

Table 1.25: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Opening Balance	4348	4612	5048	5351	5499
Amount advanced during the year	697	1011	1086	1040	2254
Amount repaid during the year	433	575	783	892	1602
Closing Balance	4612	5048	5351	5499	6151
Net addition	264	436	303	148	652
Interest Received	311	215	175	292	343
Average rate of interest earned (in *per cent*)	6.9	4.5	3.4	5.4	5.9
Average interest rate paid on borrowings by State Government (in *per cent*)	10.1	10.1	9.1	7.8	8.6
Difference between weighted interest paid and average rate of interest received (in *per cent*)	(-) 3.2	(-) 5.6	(-) 5.7	(-) 2.4	(-) 2.7

The above table indicates that the difference between the average rate of interest paid by the State Government over that earned, after decreasing from 5.7 *per cent* in 2003-04 to 2.4 *per cent* in 2005-06, increased slightly to 2.7 *per cent* in 2006-07.

Loans and Advances given increased from Rs 1040 crore in 2005-06 to Rs 2254 crore in 2006-07 mainly due to increased loan under Urban Development Schemes and cooperation schemes and to cooperative sugar mills, Industrial Financial Institutions and State Transport Undertakings.

Similarly amount of loan repaid, increased from Rs 892 crore in 2005-06 to Rs 1602 crore in 2006-07 mainly due to increased repayment of loans under Agriculture and Allied Activities (Rs 913 crore) offset by the decreased repayment of loans under Energy (Rs 77 crore) and Industry and Minerals (Rs 98 crore).

1.8.4 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) – ordinary and special – from Reserve Bank of India (RBI) has been put in place.

Ways and Means Advances and Overdrafts availed, the number of occasions it was availed and interest paid by the State during 2002-06 are detailed in **Table 1.26**.

Table 1.26: Ways and Means Advances and Overdrafts of the State

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Ways and Means Advances					
Availed in the Year	8624.44	1710.13	1337.07	675.12	--
Outstanding WMAs, if any	651.42	596.33	391.45	--	--
Number of Days	284	41	23	14	--
Interest Paid	20.46	7.64	1.40	0.61	--
Overdraft					
Availed in the year	1911.22	--	--	--	--
Number of Days	71	2	--	--	--
Interest Paid	3.98	0.86	--	--	--

The Ways and Means Advance availed of declined sharply since 2002-03 as indicated in **Table 1.26** and no Ways and Means Advances were obtained during 2006-07. State had not availed of any overdraft since 2003-04.

1.9 Undischarged Liabilities

1.9.1 Fiscal Liabilities – Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits. Statement 4 read with Statements 16 and 17 of the Finance Accounts show the year end balances under Debt, Deposit and Remittance heads from which the liabilities are worked out.

Table 1.27 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table 1.27: Fiscal Liabilities – Basic Parameters

	2002-03	2003-04	2004-05	2005-06	2006-07
Fiscal Liabilities (Rupees in crore)	43915	49445	55144	62310	66320
Rate of Growth (*per cent*)	15.8	12.6	11.5	13	6.4
Ratio of Fiscal Liabilities to					
GSDP (*per cent*)	27.7	28.1	27.5	27.9	26.9
Revenue Receipts (*per cent*)	210.8	208.6	193.8	183.5	162.1
Own Resources (*per cent*)	271.0	274.1	255.7	240.3	212.6
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	2.53	1.14	0.81	1.15	0.63
Revenue Receipts (ratio)	1.48	0.9	0.58	0.67	0.31
Own Resources (ratio)	1.41	1.1	0.59	0.64	0.32

The overall fiscal liabilities of the State increased from Rs 43915 crore in 2002-03 to Rs 66320 crore in 2006-07. Fiscal liabilities of the State comprise Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liability (Rs 53082 crore) comprise of market loan (Rs 16376 crore) loan from GOI (Rs 6466 crore), Special Securities issued to National Small Savings Fund of the Central Government (Rs 25630 crore) and other loans (Rs 4610 crore). The Public Account liabilities (Rs 13238 crore) comprise of Small Savings, Provident Fund (Rs 7088 crore), Interest bearing obligations (Rs 1982 crore) and non-interest bearing obligations (Rs 4168 crore) both containing deposits and other earmarked funds.

The growth rate of Fiscal Liabilities was 6.4 *per cent* during 2006-07 over previous year. The ratio of fiscal liabilities to GSDP increased from 27.7 *per cent* in 2002-03 to 28.1 *per cent* in 2003-04 and then decreased to 26.9 *per cent* in 2006-07. These liabilities stood at 1.62 times of the revenue receipts and 2.13 times of the State's own resources at the end of 2006-07. The fiscal liabilities had grown faster than the State's GSDP during 2002-06. The buoyancy of these liabilities with respect to GSDP during the year 2006-07 was 0.63 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.63 *per cent* during 2006-07.

State Government had a set up sinking fund for amortisation open market loans, Central Government loans and Special Securities issued to National Small Savings Fund. As of March 2007, the balance in sinking fund was Rs 1574.11 crore out of which Rs 1380.43 crore were invested in securities.

1.9.2 Status of Guarantees – Contingent liabilities

1.9.2.1 Guarantees given

Guarantees are given by Government of Tamil Nadu for the due discharge of certain liabilities like loan, repayment of share capital etc., raised by statutory corporation, Government companies and cooperative institutions as also for payment of interest and minimum dividend.

Table 1.28: Guarantees given by Government of Tamil Nadu

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding amount of guarantees	Percentage of maximum amount guaranteed to total revenue receipt
2002-03	16353	8677	78.5
2003-04	18843	10098	79.5
2004-05	17220	8424	60.5
2005-06	13669	5564	40.3
2006-07	15942	4038	39.0

These guarantees constitute contingent liabilities of the State since in the event of non-payment of loans, there may be an obligation on the Government to honor these commitments. The maximum guarantees given in a year and the outstanding guarantees at the close of the year are given in **Table 1.28**

In consideration of the guarantees given by the Government, the institutions, in some cases are required to pay guarantee fees. During 2006-07, Rs 4.25 crore was received as guarantee fees and Rs 18.84 crore was pending recovery towards the guarantee fees as on 31 March 2007.

1.9.2.2 Capping of total outstanding guarantees as per TNFR Act, 2003

According to the TNFR Act passed by the State Legislature in May 2003 as amended in February 2004 and May 2005 the Government should cap the total outstanding guarantees to 100 *per cent* of the total revenue receipts in the preceding year or at 10 *per cent* of GSDP, whichever is lower and cap the risk weighted guarantees to 75 *per cent* of the total revenue receipts of the preceding year or at 7.5 *per cent* of GSDP, whichever is lower.

Table 1.29: Outstanding guarantee compared to revenue receipts and GSDP

(Rupees in crore)

Year	Outstanding amount of guarantee at the end of the year	Revenue Receipts of the previous year	Percentage of column (2) figures to column (3) figures	GSDP of previous year	Percentage of column(2) to column (5)
(1)	(2)	(3)	(4)	(5)	(6)
2003-04	10098	20837	48.5	158370	6.5
2004-05	8424	23706	35.5	175897	4.8
2005-06	5564	28452	19.6	200780	2.8
2006-07	4038	33960	11.9	223528	1.8

From the above figures **(Table 1.28)**, it is seen that maximum amount of guarantees as on 31 March 2007 was Rs 15942 crore against which sums outstanding on that date were Rs 4038 crore (Principal: Rs 3960 crore; Interest: Rs 78 crore). The outstanding guarantees for 2006-07 at 11.9 *per cent* of revenue receipts and 1.8 *per cent* GSDP for the previous year *viz*., 2005-06 were within the ceiling limits prescribed under TNFRBM Act 2003 as amended thereafter in 2005.

1.9.2.3 Guarantee Redemption Fund

Government constituted a Guarantee Redemption Fund (GRF) in March 2003 for discharge of invoked guarantees. The guarantee fees collected are initially credited to Government account and then transferred to this fund. During

2003-04 to 2006-07, Rs 224 crore had been credited to the Guarantee Redemption Fund and out of this Rs 162.21 crore was met from the fund on invoking guarantees during the above period, as detailed below:

Table 1.30

(Rupees in crore)

Year	**Amount**	
	Deposited	**Withdrawn**
2003-04	50.00	3.51
2004-05	50.00	89.99
2005-06	74.00	67.98
2006-07	50.00	0.73
Total	**224.00**	**162.21**

Though the accretions to the Fund were to be invested in specified securities, no investment was made. The balance at the credit of the Fund as on 31 March 2007 was Rs 61.79 crore. During 2006-07, Rs 50 crore were credited and Rs 0.73 crore were met from the fund for meeting guarantee given for Tamil Nadu Handloom Weavers Cooperative Society Limited (Co-optex).

1.10 Debt Sustainability

The debt sustainability is defined as the ability of the State to maintain a constant debt – GDP ratio, over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between cost of additional borrowings with returns from such borrowings. It means the rise in fiscal deficit should match with the increase in capacity to service the debt. A prior condition for debt sustainability is the debt stabilisation in terms of debt/GSDP ratio.

1.10.1 Debt-stabilisation

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided preliminary balances are either zero or positive or are moderately negative. Given the rates spread (GSDP growth rate – interest rate) and quantum spread (debt * rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt – GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt – GSDP ratio would be rising and in case it is positive, debt – GSDP ratio would eventually be falling. Trends in fiscal variable indicating the progress towards the debt-stabilisation are indicated in **Table 1.31**.

Table 1.31 : Debt-sustainability – interest rate and GSDP in *per cent*

	2001-02	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**
GSDP growth	5.64	6.24	11.07	14.15	11.33	10.17
Weighted interest rate	11.04	7.20	6.15	6.29	7.69	8.10
Interest spread	(-) 5.40	(-) 0.96	4.92	7.86	3.64	2.07
Quantum spread (Rs in crore)	(-) 1804.73	(-) 364.16	2160.62	3886.38	2007.24	1289.82
Primary deficit(-)/surplus(+)	(-) 1227	(-) 2609	(-) 891	(-) 815	(+) 2308	(+) 1550

Table 1.31 reveals that quantum spread together with primary deficit has been negative during 2001-02 and 2002-03 led to an increase in debt-GSDP ratio during these years. From 2003-04 onwards, the quantum spread together with primary deficit turned positive, indicating the declining trend in debt/GSPD ratio from 28.1 in 2003-04 to 26.9 in 2006-07. The ratio of fiscal deficit to GSDP also moved almost on similar trajectory indicating a decline since 2002-03. These trends indicate that the State is moving towards debt stabilisation, which in turn improves the debt sustainability position of the State.

1.10.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. **Table 1.32** indicates the resource gap as defined for the period 2002-07.

Table 1.32: Net Availability of Borrowed Funds

(Rupees in crore)

Year	Incremental				Resource Gap
	Non-debt Receipts	Primary Expenditure[4]	Interest Payments	Total Expenditure	
2001-02	466	(-) 260	389	129	337
2002-03	2128	3510	620	4130	(-) 2002
2003-04	3011	1293	567	1860	1151
2004-05	4954	4878	55	4933	21
2005-06	5617	2494	(-) 196	2298	3319
2006-07	7663	8421	947	9368	(-) 1705

The persistent negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. During 2001-07, only two out of six years reflects the negative resources gaps indicating an enhancement in the capacity of the State to meet its expenditure out of its non debt receipts. During the current year the negative resource gap was primarily on account of a steep increase in primary expenditure over the previous year.

1.10.3 Net availability of borrowed funds

Another important indicator of debt sustainability is the net availability of funds after the payment of the principal on account of earlier contracted liabilities and interest.

Table 1.33 below gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years.

[4] Primary Expenditure is defined as the Total Expenditure net of the interest payments.

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Table 1.33: Net Availability of Borrowed Funds

(Rupees in cror

	2002-03	2003-04	2004-05	2005-06	2006-07
Internal Debt					
Receipt	17883	10410	12215	9200	6820
Repayment (Principal + Interest)	11851	5774	7216	5841	8311
Net Fund Available	6032	4636	4999	3359	(-) 1491
Net Fund Available (*per cent*)	34	45	41	37	..
Loans and Advances from GOI					
Receipt	920	1023	1259	442	327
Repayment (Principal + Interest)	3164	4608	5270	728	1169
Net Fund Available	(-) 2244	(-) 3585	(-) 4011	(-) 286	(-) 842
Net Fund Available (*per cent*)	--	--	--	--	..
Total Public Debt					
Receipt	18803	11433	13474	9642	7147
Repayment (Principal + Interest)	15015	10382	12486	6569	9480
Net Fund Available	3788	1051	988	3073	(-) 2333
Net Fund Available (*per cent*)	20.1	9.2	7.3	31.9	..

The net funds available on account of internal debt and loans and advanc from GOI after declining from Rs 3788 crore in 2002-03 to Rs 988 crore i 2004-05, increased to Rs 3073 crore in 2005-06. However, during 2006-0 repayment of both internal debt and loans and advances from GOI was high than the receipt under them. The **Table 1.33** above gives the position of th receipt and repayment of internal debt over the last five years. The net fun available, after providing for the interest and repayments, varied between 7 *per cent* and 31.9 *per cent* during 2002-06.

1.11 Management of deficits

The deficit in the Government accounts represents the gap between its receip and expenditure. The nature of deficit is an indicator of the prudence of fisc management of the Government. Further, the ways in which the deficit financed and the resources raised are applied are important pointers to i fiscal health.

1.11.1 Trends in deficits

Table 1.34 given below showing the basic parameters of fiscal imbalanc during the period 2002–07 revealed that the State Government improved i financial position over the years and achieved revenue surplus and prima surplus during 2005-06 and 2006–07 but continued to have fiscal deficit.

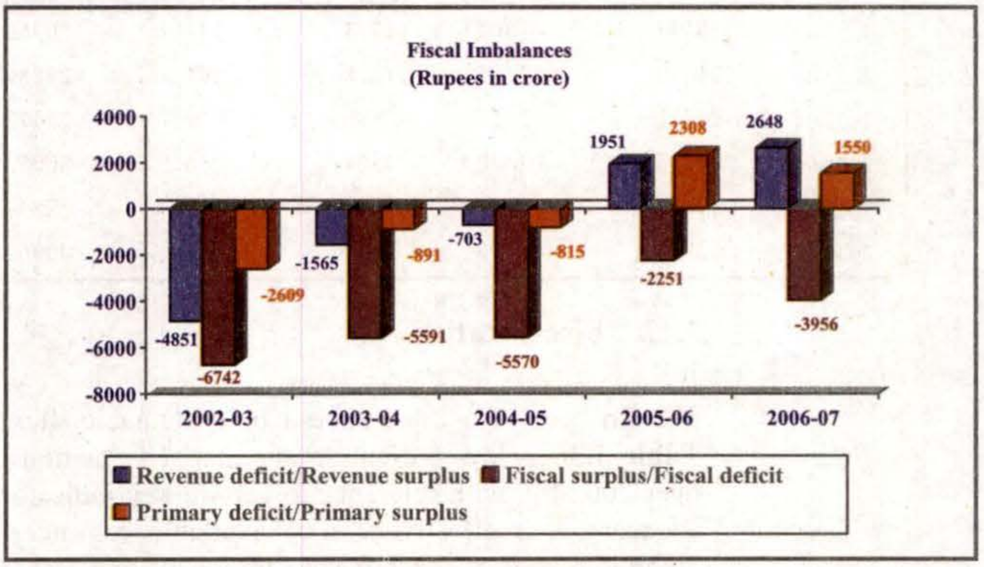
Table 1.34: Fiscal Imbalances: Basic Parameters

Parameters	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue deficit (RD) (-) / Revenue Surplus (RS) (+) (Rupees in crore)	(-) 4851	(-) 1565	(-) 703	(+) 1951	(+) 2648
Fiscal deficit (FD) (Rupees in crore)	(-) 6742	(-) 5591	(-) 5570	(-) 2251	(-) 3956
Primary deficit[5] (PD) (-)/ Primary surplus (PS) (+) (Rupees in crore)	(-) 2609	(-) 891	(-) 815	(+) 2308	(+) 1550

[5] Primary deficit defined as the fiscal deficit net of interest payments indicates th extent of deficit which is an outcome of the fiscal transactions of the States duri the course of the year.

Parameters	2002-03	2003-04	2004-05	2005-06	2006-07
RD or RS/GSDP (*per cent*)	(-) 3.1	(-) 0.9	(-) 0.4	0.9	1.1
FD/GSDP (*per cent*)	(-) 4.3	(-) 3.2	(-) 2.8	(-) 1.0	(-) 1.6
PD or PS/GSDP (*per cent*)	(-) 1.6	(-) 0.5	(-) 0.4	1.0	0.6
RD or RS/FD (*per cent*)	72.0	28.0	12.6	(-) 86.7	(-) 66.9

Table 1.34 reveal that the revenue account experienced huge deficit during 2002-05, as the revenue expenditure exceeds the revenue receipts during all those years. However, during 2005-06 and 2006-07, the revenue account turned in to a surplus mainly due to increased revenue receipts. The fiscal deficit, which represents the total borrowings of the Government and its total resource gap, after improving from Rs 6742 crore in 2002-03 to Rs 2251 crore in 2005-06, again increased to Rs 3956 crore in 2006-07. The Primary deficit of the State decreased from Rs 2609 crore in 2002-03 to Rs 815 crore in 2004-05. During 2005-06, it turned into primary surplus of Rs 2308 crore. In 2006-07, the primary surplus slightly declined to Rs 1550 crore because the increase in fiscal deficit (Rs 1705 crore) was more than the increase in the interest payments (Rs 947 crore).



1.11.2 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of Primary Deficit into Primary Revenue Deficit[6] and Capital Expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of RD to FD indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD declined steeply during 2002-05 and the RD was wiped out and turned into surplus during 2005-06 and 2006-07. This trajectory shows a consistent improvement in the quality of deficit.

The bifurcation of the factors resulting in to primary deficit or surplus of the State during the period 2001-07 reveals **(Table 1.35)** that throughout this period except in the year 2002-03, the primary deficit was on account of

6 Primary Revenue Deficit is the gap between non-interest revenue expenditure of the State and its non-debt receipts and it indicate the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.

capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were enough to meet primary expenditure requirements in the revenue account during these years, rather left some receipts to meet the expenditure under the capital account. But the surplus non-debt receipts were not enough to meet the expenditure requirements under capital account, resulting in primary deficit till 2004-05. During 2005-06 and 2006-07, the availability of sufficient surplus out of non-debt receipts after meeting the primary expenditure led to the primary surplus.

Table 1.35: Primary deficit/surplus – Bifurcation of factors

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and advances	Primary Expenditure	Primary Revenue Deficit (-)/ Surplus (+) with reference to Revenue expenditure	Primary Deficit (-)/ Surplus (+) with reference to Capital expenditure
(1)	(2)	(3)	(4)	(5)	(6)=(3)+(4)+(5)	(7)= (2)-(3)	(8)=(2)-(6)
2001-02	19142	18044	1778	547	20369	1098	(-) 1227
2002-03	21270	21555	1628	697	23880	(-) 285	(-) 2610
2003-04	24281	20571	3590	1011	25172	3710	(-) 891
2004-05	29235	24400	4564	1086	30050	4835	(-) 815
2005-06	34852	27450	4054	1040	32544	7402	2308
2006-07	42515	32759	5952	2254	40965	9756	1550

1.12 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. **Table 1.36** below presents a summarised position of Government finances over 2002-07, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facts.

Table 1.36: Indicators of Fiscal Health (in *per cent*)

Fiscal Indicators	2002-03	2003-04	2004-05	2005-06	2006-07
I Resource Mobilisation					
Revenue Receipt/GSDP	13.2	13.5	14.2	15.2	16.6
Revenue Buoyancy	1.72	1.24	1.42	1.71	2.01
Own Tax/GSDP	1.64	1.01	1.51	1.81	1.87
II Expenditure Management					
Total Expenditure/GSDP	17.7	17.0	17.3	16.6	18.9
Total Expenditure/Revenue Receipts	134.4	126.0	122.3	109.3	113.6
Revenue Expenditure/Total Expenditure	91.7	84.6	83.8	86.3	82.3
Capital Expenditure/Total Expenditure	5.8	12.0	13.1	10.9	12.8
Buoyancy of TE with RR	1.62	0.48	0.83	0.34	1.23
Buoyancy of RE with RR	1.79	0.11	0.77	0.51	0.95
III Management of Fiscal Imbalances					
Revenue deficit (-) /Revenue Surplus (+) (Rs in crore)	(-) 4851	(-) 1565	(-) 703	(+) 1951	(+) 2648
Fiscal deficit (Rs in crore)	(-) 6742	(-) 5591	(-) 5570	(-) 2251	(-) 3956
Primary Deficit (-)/ Primary Surplus (+) (Rs in crore)	(-) 2609	(-) 891	(-) 815	(+) 2308	(+) 1550
Revenue Deficit/Fiscal Deficit	72.0	28.0	12.6	(-) 86.7	(-) 66.9

Fiscal Indicators	2002-03	2003-04	2004-05	2005-06	2006-07
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	27.7	28.1	27.5	27.9	26.9
Fiscal Liabilities/RR	210.8	208.6	193.8	183.5	162.1
Buoyancy of FL with RR	1.48	0.91	0.58	0.67	0.31
Buoyancy of FL with Own Receipt	1.41	1.11	0.59	0.64	0.32
Net Funds Available under Public Debt	20.1	9.2	7.3	31.9	..
V Other Fiscal Health Indicators					
Return on Investment	0.8	1.1	0.9	0.8	0.6
Balance from Current Revenue (Rs in crore)	(-) 3010	(+) 1280	(+) 1962	(+) 6054	(+) 7550
Financial Liabilities / Assets	0.42	0.45	0.51	0.61	0.67

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of resources. The buoyancy of the revenue receipts indicates the nature of tax regime and the State's increasing access to resources. The revenue receipts comprising only tax and non-tax resources of the State but also the transfers from Union Government as a ratio to GSDP during the current year is 16.6 *per cent* an increase of 1.4 percentage point over the previous year. The ratio of own taxes to GSDP showed improvement since 2003-04 and it increased from 1.51 *per cent* in 2003-04 to 2.10 *per cent* in 2006-07.

Various ratios containing the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilisation efforts. The revenue expenditure as a percentage of total expenditure declined from 91.7 *per cent* in 2002-03 to 82.3 *per cent* in 2006-07 (except during 2005-06). The ratio of Revenue Expenditure to Total Expenditure during 2006-07 is 82.3 which indicate that 82.3 *per cent* of total expenditure of the State was in the nature of current consumption. Increasing reliance on revenue receipts to finance the total expenditure reflected by the falling total expenditure to revenue receipts ratio which was 113.6 during 2006-07 indicates that about 88 *per cent* of total expenditure was met from its current revenues, leaving only a small portion of revenue receipts for new ventures and for which Government has to borrow funds necessarily.

However, decreasing ratio of fiscal liabilities to revenue receipts and increasing proportion of plan expenditure and Capital expenditure in the total expenditure indicate improvement in both developmental and quality of expenditure.

Revenue surplus and significant decline in fiscal deficit since 2002-03, despite a slight increase during 2006-07 indicates improvements in fiscal position of the State. The Balance from Current Revenue (BCR Rs 7550 crore) increased by 285 *per cent* over 2004-05 indicates that ample funds are available for creation of assets and to meet State Plan Schemes in the last two years.

1.13 Conclusion

The fiscal position of the State viewed in terms of the key fiscal parameters – revenue, fiscal and primary deficit – has shown a mixed trend in 2006-07 relative to the previous year. Although revenue surplus has improved during 2006-07 by Rs 697 crore but fiscal deficit and primary surplus has indicated deterioration primarily on account of an increase Rs 1898 crore and

Rs 1214 crore respectively in capital expenditure and disbursement of loans and advances during the current year over the previous year.

The expenditure pattern of the State reveals that the revenue expenditure as a *percent*age to total expenditure although indicated a declining trend but it still constitutes little more than 82 *per cent* of the total expenditure during 2006-07 leaving inadequate resources for expansion of services and creation of assets as a result of which only 67 *per cent* of fiscal liabilities of the State has asset backup during 2006-07. The NPRE of the State at Rs 31064 crore during 2006-07 exceeded the normative projection of the TFC for the State for the year by Rs 4999 crore. Moreover, within the non plan revenue expenditure, four components – salary expenditure, pension liabilities, interest payments and subsidies – constitute about 76 *per cent* of NPRE during 2006-07. These trends in expenditure indicate the need for changing allocative priorities. The increasing fiscal liabilities accompanied with negligible rate of return on government investments and inadequate interest cost recovery on loans and advances might lead to a situation of unsustainable debt situation in medium to long run, unless suitable measures are initiated to compress the non plan revenue expenditure and to mobilise the additional resources both through the tax and non tax sources in ensuing years.

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

2.1.1 The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget.

2.1.2 Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2006-2007 against 53 grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	34901.15	1438.06	36339.21	33245.49*	(-) 3093.72
	II Capital	6439.48	963.54	7403.02	5983.25	(-) 1419.77
	III Loans and Advances	1041.56	1382.25	2423.81	2254.33*	(-) 169.48
Total Voted		**42382.19**	**3783.85**	**46166.04**	**41483.07**	**(-) 4682.97**
Charged	IV Revenue	*5857.24*	*175.09*	*6032.33*	*6023.35*	*(-) 8.98*
	V Capital	*0.16*	*8.13*	*8.29*	*7.60*	*(-) 0.69*
	VI Public Debt-Repayment	*3694.93*	*1164.46*	*4859.39*	*4690.26*	*(-) 169.13*
Total Charged		***9552.33***	***1347.68***	***10900.01***	***10721.21***	***(-) 178.81***
Appropriation to Contingency Fund (if any)		..	..	..	..	..
Grand Total		**51934.52**	**5131.53**	**57066.05**	**52204.28****	**(-) 4861.77**

* These are gross figures except in respect of Grant Nos. 20, 21, 39 and 40 in which certain suspense heads are operated.

** The total expenditure includes Rs 1397.92 crore transferred to 8443-Civil Deposits - 800 Other Deposits-AE Deposits of Government Companies, Corporations, etc., in respect of 24 Corporations/Autonomous Bodies but kept unutilised.

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2.3 Results of Appropriation Audit

2.3.1 Excess over provision requiring regularisation - previous years

As per Article 205 of the Constitution, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 5817.83 crore for the years 1998-2006 was yet to be regularised as detailed in Appendix 2.1.

2.3.2 Excess over provision during 2006-07 requiring regularisation

The excess expenditure in six grants amounting to Rs 95.22 crore and two appropriations Rs 0.39 crore, requires regularisation under Article 205 of the Constitution.

(Amount in Rupees)

Sl. No.	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
	Voted Grants -				
1.	05	Agriculture Department (Capital)	74,38,59,000	81,54,93,613	7,16,34,613
2.	28	Information and Tourism Department - Information and Publicity (Capital)	35,73,000	38,48,009	2,75,009
3.	40	Public Works Department – Irrigation (Revenue)	627,44,99,000	712,44,70,264	84,99,71,264
4.	44	Small Industries Department (Capital)	95,04,000	97,24,958	2,20,958
5.	47	Tamil Development - Culture and Religious Endowments Department - Hindu Religious and Charitable Endowments (Capital)	85,00,000	1,35,81,114	50,81,114
6.	49	Youth Welfare and Sports Development Department (Loans)	..	2,50,00,000	2,50,00,000
	Total Voted		**703,99,35,000**	**799,21,17,958**	**95,21,82,958**
	Charged Appropriations -				
7.	02	Governor and Council of Ministers (Revenue)	*4,38,31,000*	*4,51,81,758*	*13,50,758*
8.	38	Public Department (Revenue)	*7,20,000*	*32,65,790*	*25,45,790*
	Total Charged		***4,45,51,000***	***4,84,47,548***	***38,96,548***
Grand Total			**708,44,86,000**	**804,05,65,506**	**95,60,79,506**

2.3.3 Expenditure incurred without provision

In 25 sub-heads, expenditure of Rs 12.03 crore had been incurred either without budget provision or the entire provision was withdrawn through reappropriation.

2.3.4 Original budget and supplementary provisions

The overall saving of Rs 4861.78 crore was the result of saving of Rs 4957.39 crore in 50 grants and 44 appropriations under Revenue Section, 35 grants and three appropriation under Capital Section and 16 grants and one appropriation (Public Debt-Repayments) under Loan Section, offset by excess of Rs 95.61 crore in one grant and two appropriations under Revenue Section, four grants under Capital Section and one grant under Loan Section. Out of 690 sub-heads, explanations for variation were not received (July 2007) in respect of 415 sub-heads (Saving: 261 sub-heads and Excess: 154 sub-heads).

2.3.5 Supplementary provision obtained during the year constituted 10 *per cent* of original provision as against 14 *per cent* in the previous year.

2.3.6 Unnecessary supplementary provision

Supplementary provision aggregating Rs 879.17 crore obtained in 38 cases, Rs 10 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.2.**

2.3.7 In 24 cases, against additional requirement of Rs 1721.09 crore, supplementary grants and appropriation of Rs 2173.13 crore were obtained resulting in saving, in each case exceeding Rs 50 lakh, aggregating Rs 452.04 crore. Details of these cases are given in **Appendix 2.3.**

2.3.8 Substantial surrenders

Substantial surrenders were made in respect of 166 schemes on account of either non-implementation or slow implementation. Out of the total provision amounting to Rs 6344.97 crore in these 166 schemes, Rs 5401.32 crore (85 *per cent*) were surrendered, which included cent *per cent* surrender in 62 schemes (Rs 3336.79 crore). Results of review conducted by Audit in respect of a few of these cases are given in **Appendix 2.4.**

2.3.9 Surrender in excess of actual saving

In 23 cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of actual savings indicating inadequate budgetary control. As against savings of Rs 1494.76 crore, the amount surrendered was Rs 1654.77 crore resulting in excess surrender of Rs 160.01 crore. Details are given in **Appendix 2.5.**

2.3.10 Substantial savings

In 28 cases, the expenditure fell short by more than Rs 1 crore in each case and also by 15 *per cent* or more of the total provision as detailed in **Appendix 2.6**.

2.3.11 Excessive/unnecessary 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. Injudicious reappropriation proved excessive or insufficient and resulted in savings/excess of over Rs 10 lakh in 594 sub-heads. The excess/saving was more than Rs 2 crore in 87 sub-heads as detailed in **Appendix 2.7**.

2.3.12 Unexplained reappropriations

According to paragraph 151 of Tamil Nadu Budget Manual, Volume I, reasons for the additional expenditure and the savings should be explained in the reappropriation statement and vague expressions such as "based on actuals", "based on progress of expenditure", etc., should be avoided. However, a scrutiny of reappropriation orders issued by the Finance Department revealed that in respect of 4801 out of 19798 items (24 *per cent*) reasons given for additional provision/withdrawal of provision were of general nature like "actual requirement" and "based on latest assessment".

2.4 Non-reconciliation of Departmental figures

2.4.1 To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General.

2.4.2 Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard persisted during 2006-07 also. Eight Controlling Officers did not reconcile expenditure amounting to Rs 228.21 crore as of September 2007 which included Rs 219.06 crore in respect of Commissioner of Social Welfare and Nutritious Meal Programme.

2.4.3 The Tamil Nadu Budget Manual stipulates (vide Paragraph 109) that Chief Controlling Officers should arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the Treasury or otherwise accounted for and compare these with the statements of treasury credits furnished by the Accountant General, Tamil Nadu, to see that the amounts reported as collected have been duly credited to Government account. Paragraph 128 of the Budget Manual also stipulates that all disbursing officers and subordinate controlling officers should reconcile their departmental figures including receipts with the treasury figures.

2.4.4 Eleven Controlling Officers did not reconcile receipts amounting to Rs 6.06 crore as of September 2007.

2.4.5 The Director of Government Examinations (DGE), Chennai conducts Higher Secondary Examination/Matric/Anglo-Indian Examinations throughout Tamil Nadu and Puducherry. The heads of educational institutions (except in Chennai District) were collecting the examination fees from the students at the rate prescribed by Government from time to time and the fees so collected were remitted into Government account through treasury challans. In Chennai District, the fees were remitted by way of Demand Draft (DD) by the institutions. The fees in respect of other services[1], as prescribed by DGE were remitted by the individuals through treasury challans/DDs.

Scrutiny of records (June 2007) at the DGE revealed that DGE is reconciling the departmental receipts with the treasury only in respect of five districts[2] fully and two districts[3] partly where the regional offices of DGE were located, though each of this regional office have two to seven districts under their jurisdiction. The receipts received by 24 districts and Chennai district (two PAOs) amounting to Rs 33.15 crore during 2004-05 and Rs 42.32 crore during 2005-06 were thus not reconciled with the treasuries/PAOs.

DGE stated (June 2007) that due to shortage of staff, reconciliation could not be done and for the receipts received in the districts (other than those seven districts, where regional offices of the DGE were located), the receipt figures of the Accountant General (Accounts & Entitlement), Chennai were adopted for reconciliation purposes. In the absence of reconciliation of entire receipts, the correctness of receipts accounted for could not be vouchsafed.

2.5 Rush of expenditure

According to the Tamil Nadu Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 34 sub-heads, expenditure exceeding Rs 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in March 2007 (**Appendix 2.8**).

2.6 Non-adjustment of temporary advances

2.6.1 Drawing and Disbursing Officers (DDOs) draw temporary advances for the purpose of meeting contingent expenditure either on the authority of standing orders or specific sanction of the State Government. According to

[1] Obtaining Xerox copy of answer sheets, revaluation of answer papers, retotalling of marks etc.

[2] Coimbatore, Cuddalore, Trichy, Tirunelveli and Vellore.

[3] Madurai (PAO only) and Chennai (PAO (south) only).

the provisions of Article 99 of Tamil Nadu Financial Code, Volume I, if any temporary advance is pending for more than four months, the Treasury Officer/Pay and Accounts Officer is required to write to the Head of Department concerned for adjustment within a month duly supported with vouchers. An advance pending for more than five months should be brought to the notice of the Government.

2.6.2 Scrutiny of records of the offices of the Director of Teacher Education Research and Training (DTERT) and the Secretary to the Government of Tamil Nadu, Information and Tourism Department revealed that Government, in violation of the above article, sanctioned drawal of advances under Article 99 of TNFC, Volume I aggregating Rs 1.30 crore for four schemes[4]. After incurring an expenditure of Rs 67.25 lakh, Rs 42.25 lakh was remitted back to Government Account after a delay of 16 and 24 months, and the balance of Rs 23.83 lakh (including interest of Rs 3.53 lakh) continued to be kept by DTERT unutilised, outside Government account for periods upto 17 months, as discussed below:

- Rupees 20 lakh received from Government of India for the preparation of perspective plan under Restructuring and Reorganisation of Teacher Education were released (March 2004) to the DTERT. Of this, Rs 2.75 lakh alone were spent for organising various workshops, meetings and studies to prepare the perspective plan. As GOI had specifically mentioned in their sanction order (July 2003) that no expenditure could be made beyond March 2004 and the State Government had to obtain prior permission for carrying forward the unspent balance, Rs 17.25 lakh were remitted (August 2005) back to State Government account, 16 months after its drawal, which is yet to be refunded to Government of India.

- Rupees 25 lakh released (March 2004) for the establishment of web streaming system in Information and Public Relations Department, were remitted (April 2006) back to Government account, 24 months after its drawal as the department failed to establish the system due to poor response for the tender calls issued in January 2004, March 2004, July 2005 and September 2005. The Secretary to Government, Tamil Development, Religious Endowments and Information Department admitted (May 2007) that the funds were drawn in advance in March 2004 to avoid lapse of funds and the project could not take off leading to surrender of funds.

- Out of Rs 74.30 lakh drawn and deposited in an SB account in May 2005 for the scheme "Computerisation of DTERT and strengthening of hardware and software", Rs 51.66 lakh were incurred towards purchase of software, hardware, furniture, motor vehicles etc., from ELCOT,

[4] Preparation of perspective plan under Restructuring and reorganisation of Teacher Education (Rs 20 lakh), Computerisation of DTERT and strengthening of hardware and software (Rs 74.30 lakh), Programmes and Projects for faculty development-Exposure visit (Rs 10.50 lakh) and Establishment of Web Streaming System in Tourism Department (Rs 25 lakh). Total Rs 129.80 lakh or Rs 1.30 crore.

TANSI, Voltas and Trans Tempo etc., and Rs 3.88 lakh were spent towards preparation of Audio/video workshops. Due to the delayed supply of software and electronic equipment, the production of audio and video was delayed. As of March 2007, Rs 22.29 lakh (including interest) were still kept unutilised in an SB Account, outside Government account.

- Out of Rs 10.50 lakh drawn in February 2005 for the scheme "Programme and Projects for faculty development" under DTERT, Rs 1.54 lakh were still lying unspent in an SB account even after two years.

2.7 Personal Deposit Accounts

2.7.1 Personal Deposit (PD) Accounts are created by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. There were 1,322 PD accounts in 29 District Treasuries and five Pay and Accounts Offices in operation. Of these accounts, 1,145 PD accounts were not closed as of March 2007 and the balance of Rs 197.23 crore with these accounts was not transferred back to the respective service heads. Of these 1,145 accounts 876 accounts were not operated during 2006-07.

2.7.2 During the inspection of treasuries by the Accountant General (A&E) it was found that 124 PD accounts with balances exceeding Rs 5,000 were remaining inoperative for periods ranging from three to 26 years. The total amount involved in these accounts was Rs 5.04 crore. Of these accounts seven were not in operation for more than 20 years; 26 for more than ten years and 36 for more than five years.

2.7.3 According to Tamil Nadu Financial Code, Government funds should not on any account be reserved or appropriated by transfer to a deposit or any other head or be drawn from the treasury and kept in a cash chest in order to prevent the funds from lapsing.

Based on the recommendation of Twelfth Finance Commission, Government sanctioned (March 2006) the construction of tenements in selected mofussil areas, by Tamil Nadu Slum Clearance Board (TNSCB) under "State specific needs grants" and transferred the amount of Rs 2.50 crore released for this purpose, to the Deposit Account of TNSCB.

Even before commencing the scheme, TNSCB transferred (July 2006) the entire amount to its current account maintained in a nationalised bank, outside Government account. As of February 2007, only Rs 10.94 lakh were spent. The Executive Engineer, (Planning) TNSCB admitted (March 2007) that the works had not commenced as the tenders had not been finalised. As the amount was not required immediately, drawal of the money from Government account by TNSCB for keeping it outside was not justified. The amount could have been drawn in phases as and when required, as Government had placed the amount in the Deposit account in Government account with that intention only.

The Chief Engineer, TNSCB stated (August 2007) that out of the eight schemes for which the above amount was drawn, six schemes were dropped and the other two schemes were in progress.

2.8 Non-utilisation of Reserve Fund

Locking of Rs 614.69 crore levied as infrastructure surcharge

Government issued (August 2003) orders for the creation of an Infrastructure Development Fund (Fund) under Public Account to pool the collection of a specific infrastructure surcharge of five *per cent*, leviable on Sales Tax. This was also later notified under the Tamil Nadu General Sales Tax Act, 1959. The amount realised was to be credited to a new sub-head was to be utilised for various infrastructure development schemes in order to improve the quality of life of the people and to provide a conducive environment for growth of business and industry.

Government subsequently decided (February 2004) through an amendment to invest the unutilised balance in the Fund in the GOI securities. As of March 2007, no expenditure was incurred out of the Fund and the amount invested out of the fund was Rs 867.23 crore. Consequent to the introduction of VAT in the State from January 2007, this surcharge was abolished.

In response to an audit query on the reasons for non-utilisation of the accumulated amount in the Fund for any infrastructural development projects, Deputy Secretary, Finance Department stated (May 2006) that no proposals were received from Secretariat departments/Heads of Department (HODs) seeking financial sanction.

The Deputy Secretary also stated (May 2007) that the scheme for the development of infrastructure of ordinary nature were implemented out of regular budgetary allocations, as part of the capital works programme of the Government for which funds were mobilised through borrowings from NABARD and other external agencies. This infrastructure fund was created to provide financial support to mega projects. This was, though, contradictory to what was envisaged in the original Government order on the formation of the fund, in which Government had not categorised the infrastructure projects into two classes, viz., mega or ordinary.

The Finance Accounts revealed that sizeable capital expenditure was incurred under eight out of 11 sectors identified by Government during 2004-05 and 2005-06 (**Appendix 2.9**) and loans were also obtained from LIC, NABARD, HUDCO, HDFC, TUFIDCO, CANFIN, IOB etc., for executing infrastructural projects in five out of the earmarked 11 sectors (**Appendix 2.10**) for which the departments could have utilised the amount available in the "Fund". The weighted interest rate paid on the borrowings of the State Government was 9.1 and 7.8 *per cent* during 2004-05 and 2005-06 respectively.

Audit noticed as a specific case that Rs 847.78 crore were obtained during 2004-05 and 2005-06 as loans from NABARD for various infrastructural development projects at an interest rate of 6.50 *per cent* (the rate prevailing since 2003-04) while the interest earned by investing the Fund amount was only around 4 to 5 *per cent*.

Thus, neither had the departments taken care to utilise the funds for infrastructural projects executed by them, nor did Finance Department, through which such projects were to be cleared and sanctioned, propose to utilise the funds. This defeated the purpose for which the fund was created, depriving the public who paid the additional surcharge, of the benefits projected.

CHAPTER III

PERFORMANCE AUDIT

CHAPTER III

PERFORMANCE AUDIT

This chapter presents seven performance audits (including one information technology review). The Performance audits include reviews on Irrigation projects financed by NABARD, Medical Education, Functioning of Teaching Hospitals, Educational Development of Scheduled Castes and Scheduled Tribes, Member of Legislative Assembly Constituency Development Scheme and Functioning of Tamil Nadu Agricultural University. The information technology review is on Ineffective Computerisation in Agriculture Department.

PUBLIC WORKS DEPARTMENT

3.1 Irrigation projects financed by NABARD

Highlights

Rural Infrastructure Development Fund constituted by Government of India was to be operated by National Bank of Agriculture and Rural Development (NABARD) for assisting State Governments to complete rural infrastructure projects under various sectors. The irrigation projects executed in the State through NABARD loan assistance suffered from defective project formulation. As a result, some projects could not contribute to increased irrigation potential/agricultural production. Loan register was not maintained and interest as claimed by NABARD was paid without any check. Avoidable delay in completing the projects as targeted, delayed the benefits of increased agricultural production. Poor investigation, defects in design, and execution and adoption of higher specification led to extra expenditure of Rs 24.52 crore. Non-adherence to the prescribed standards resulted in sub-standard work.

- **Three projects formulated for creating irrigation potential of 8,469 hectare would affect the availability of water to the lower down ayacuts and defeat the objective of increasing the agricultural production.**

(Paragraph 3.1.6.1)

- **Non-inclusion of works essential for increasing the irrigation potential, non-availability of water and location of ayacuts at higher levels than the sluice of the tank rendered five projects unviable.**

(Paragraphs 3.1.6.2 and 3.1.6.3)

- **Failure to increase the capacity of tanks, incorrect assessment of water availability rendered three projects incapable of creating the envisaged irrigation potential.**

(Paragraph 3.1.6.5)

- **Poor investigation of the projects led to extra commitment of Rs 9.33 crore.**

(Paragraph 3.1.9.1)

- **Rupees 2.47 crore was spent on works not contemplated in the approved project report.**

(Paragraph 3.1.9.2)

- **Designing the reservoir/canals for higher capacity resulted in extra expenditure of Rs 5.77 crore.**

(Paragraphs 3.1.10.1 to 3.1.10.4)

- **Adoption of higher specifications than that prescribed by Bureau of Indian Standards resulted in avoidable expenditure of Rs 4.97 crore.**

(Paragraphs 3.1.10.7 and 3.1.10.8)

- **Net overpayment on account of price variation and allowing excess lead amounted to Rs 67.14 lakh.**

(Paragraph 3.1.11)

- **Delay in sanction of estimates and change in design during execution resulted in non-accrual of benefits of irrigating 15,298 hectares.**

(Paragraph 3.1.14.1)

3.1.1 Introduction

Government of India (GOI) constituted (1995-96) Rural Infrastructure Development Fund (RIDF) to be operated by National Bank for Agriculture and Rural Development (NABARD) for assisting the State Governments to complete rural infrastructure projects under various sectors[1], which were lying incomplete for want of funds. The scope of RIDF was extended to cover new projects also in the rural areas. The projects sanctioned in each year are treated as a Tranche and 12 tranches (RIDF I to XII) were sanctioned by NABARD as of March 2007.

The Irrigation Projects implemented by Government of Tamil Nadu (GOTN) utilising RIDF envisaged increasing of cultivable command area and cropping intensity by conservation and optimum utilisation of water through execution of medium and minor irrigation projects and formation and modernisation of tanks. During 1999-2006, NABARD sanctioned 701 irrigation projects (20 on-going projects and 681 new projects) at a total cost of Rs 706 crore, of which 37 new projects valuing Rs 11.02 crore were deleted. Tranche-wise

[1] Irrigation, Roads and Bridges, Education, Health, Power, Water Supply etc.

details of works taken up for execution and completed, irrigation potential envisaged and created and total expenditure incurred are given below:

Tranche number		Works sanctioned excluding deleted works			Works Completed as of March 2007		Total expenditure as of March 2007[2] (Rs in crore)
		Number	Amount (Rs in crore)	Irrigation Potential (in ha)	Number	Irrigation Potential (in ha)	
RIDF V	1999-2000	60	29.98	8225	60	8225	32.95
RIDF VI	2000-01	18	42.03	7971	18	7971	45.08
RIDF VII	2001-02	10	110.31	13091	7	1628	124.41
RIDF VIII	2002-03	3	70.14	5402	3	5402	71.16
RIDF IX	2003-04	178	195.76	36546	163	19604	152.75
RIDF X	2004-05	283	154.99	45883	62	13782	66.47
RIDF XI	2005-06	112	91.77	34424	1	53	29.53
TOTAL		**664**	**694.98**	**151542**	**314**	**56665**	**522.35**

ha: hectare

The increase in irrigation potential of 1.52 lakh ha was arrived at based on the envisaged ayacuts[3], which require additional water for cultivation (stabilisation) and ayacuts which would be fully benefited by the projects (bridging the gap and new ayacuts).

3.1.2 Organisational set up

Finance Department of the GOTN is the nodal agency for drawal of loan and its repayment and the Water Resources Organisation Wing of Public Works Department (PWD) headed by the Engineer-in-Chief (EIC) executes the Irrigation projects. The projects were formulated by the Chief Engineer, Plan Formulation (CE-PF) with the assistance of 10 Executive Engineers (EEs) and three Superintending Engineers (SEs). The works were executed by 38 EEs under the supervision of 15 SEs and monitored by four Regional Chief Engineers (CEs). The Chief Engineer, Design Research and Construction Support (CE - DRCS) assisted by six SEs and 17 EEs provides technical guidance. The Secretary, PWD is the administrative head. A High Power Committee headed by the Chief Secretary monitors the project implementation.

3.1.3 Audit Objectives

The performance audit of irrigation projects financed by NABARD was conducted with a view to assess whether:

- the projects were holistically formulated and were viable,
- systematic planning was done to complete the works in time,

[2] Includes Rs 56.18 crore being the expenditure incurred by the State Government before appraisal by NABARD in respect of 20 on-going works.

[3] Cultivable lands.

- execution of the projects was managed efficiently, effectively and economically with due adherence to quality standards, and.
- the completed projects achieved their objectives.

3.1.4 Audit criteria

The following criteria were adopted:

- Norms fixed By NABARD,
- General instructions issued by GOTN and Central Water Commission (CWC),
- Manual on Irrigation and Power Channel published by CWC,
- Ellis Irrigation Manual for formulation of projects, and,
- Bureau of Indian Standards (BIS) specifications, Indian Roads Congress guidelines.

3.1.5 Audit Methodology and coverage

The records relating to 262 works (39 *per cent*) costing Rs 422 crore (61 *per cent* of total sanction) sanctioned and executed during 1999-2006 were test checked (**Appendix 3.1**) in the office of 20 EEs, six SEs and four CEs. Besides, the records relating to financing and monitoring of the projects maintained by EIC and Government (PWD and Finance) were also scrutinised during January 2007 to March 2007. Audit was carried out by examining documentary evidence, gathering and analysing relevant statistical data and related specifications, undertaking site inspections and holding discussions with the officials of the Department. Entry conferences were held with EIC (January 2007) and Secretary to Government, PWD (February 2007). Exit conference was held in May 2007 with Special Secretary to Government, PWD and his views were considered while finalising the review.

3.1.6 Audit findings

Formulation of Projects

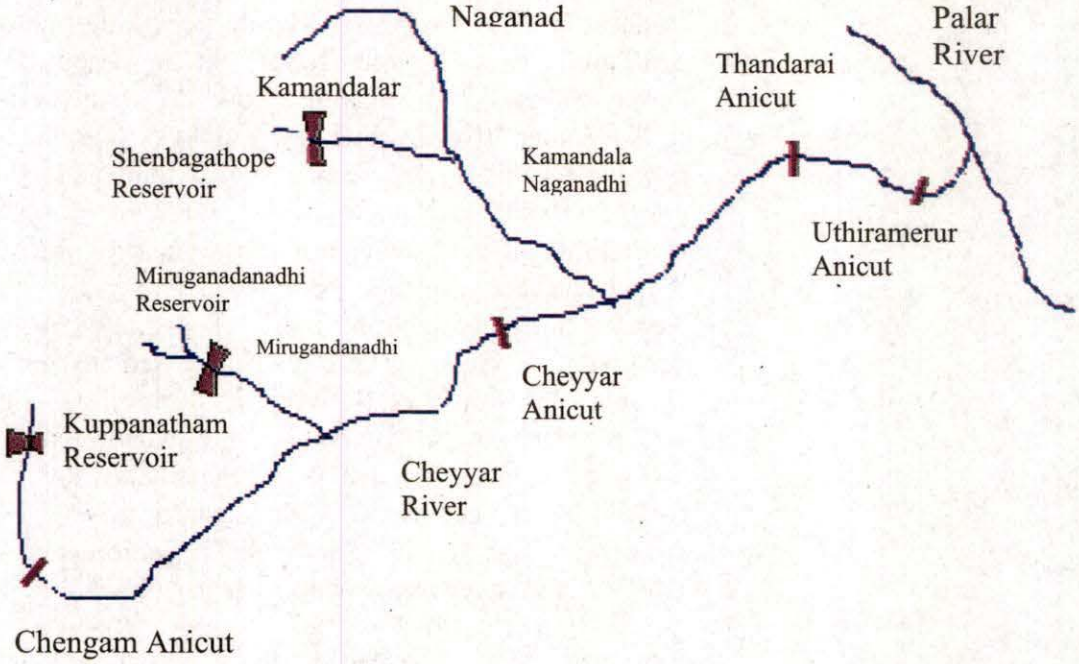
The irrigation projects are formulated to create additional irrigation potential which would increase the agricultural production. Audit scrutiny revealed that the EIC has formulated 10 projects (sanctioned cost : Rs 191.60 crore), which would create irrigation potential of only 2,596 ha as against 21,004 ha envisaged in the project reports. Besides, one project was taken up unnecessarily as the envisaged irrigation potential could be created even without implementing it. The cases are discussed below:

3.1.6.1 Projects which would not contribute increased agricultural production

The objective of increasing agricultural production was defeated due to defective project formulation.

Kuppanatham, Mirugandanadhi and Shenbagathope Reservoir projects sanctioned by NABARD during April 2002 to September 2003 for Rs 82.52

crore are located in Cheyyar River and its tributaries. The last anicut[4] in Cheyyar River before its confluence with Palar River is Uthiramerur anicut. The location of various anicuts and proposed reservoirs are depicted below:



Audit scrutiny revealed that, 1,300 mcft out of 3,000 mcft of water required for the registered ayacuts of Palar River was to be contributed by the surplus from Cheyyar River at Uthiramerur anicut. The surplus of 1,300 mcft of water was achieved at Uthiramerur anicut only in three out of 20 year period from 1977 to 1996 (15 *per cent* dependability) which was much less than the norm of 75 *per cent* dependability prescribed by NABARD. Hence, no project for impounding water upstream of Uthiramerur anicut should have been sanctioned. The Department, however, proposed (October 1996 to July 1999) to construct three reservoirs to create an additional irrigation potential of 8,469 ha upstream of Uthiramerur anicut considering the surplus yield available at these dam sites. The department spent Rs 77.65 crore on these projects as of March 2007 and the Mirugandanadhi project was completed in March 2006. As the surplus at Uthiramerur anicut is the net effect of the surplus at all upstream anicuts as well as local yield at various dam sites, these projects would only affect the downstream ayacuts in Palar Command. The additional agricultural production in Cheyyar Command due to creation of irrigation potential under these projects would, therefore, be off-set by the decrease in the agricultural production in Palar Command due to non-availability of water in the Palar River. Thus, sanction of these projects defeated the objective of increasing the agricultural production and would render the expenditure of Rs 77.65 crore on these projects wasteful.

4 Masonry or concrete structure constructed across a river to divert specific quantity of water to the tanks or to the ayacuts directly through supply channels.

2-26—10a

3.1.6.2 *Unviable projects*

The following projects were unviable due to non-availability of water and location of ayacuts at levels higher than the sluice of the tank.

Badathalav tank receives its supply from Marasandirum anicut. Projecting an availability of 642 mcft of water at the anicut, the work of excavation of supply channel from Badathalav tank to 11 lower down tanks was sanctioned in November 2004 for Rs 7.12 crore for development of irrigation potential for 642 ha. Audit scrutiny revealed that the Badathalav tank surplused only in 1986 during 1986-2000 when the project report was prepared indicating non-availability of water even for the ayacuts of Badathalav tank. Besides, the anicut had not surplused during these 15 years indicating that there was no surplus water available as indicated in the project report. Revenue records relating to Badathalav tank also disclosed that only three to 10 *per cent* of ayacuts were cultivated in five years during 1997-2004 and 30 and 32 *per cent* in the remaining two years. In spite of non-availability of required water in the anicut even for the ayacuts of Badathalav tank, the sanction for the project to feed 11 more tanks was obtained from NABARD. As such, the project would not create the additional irrigation potential of 642 ha, though Rs 7.49 crore have been spent till March 2007.

The work of modernisation[5] of Tiruvirundalpuram tank was sanctioned for Rs 67.86 lakh to irrigate 258 ha. Audit scrutiny of the revenue records revealed that only 38 ha could be irrigated and the remaining ayacuts were located at levels higher than the sluice of the tank. The project report, however, indicated that 195 ha were irrigated from the tank, which was incorrect. The modernisation of the tank would, therefore, not yield the additional irrigation potential envisaged. The work was completed at a cost of Rs 62.28 lakh in July 2005.

3.1.6.3 *Projects which are unviable due to non-inclusion of essential works*

Works essential for increasing the irrigation potential were not included in the projects.

The Nilaiyur Extension Channel project sanctioned for Rs 19.79 crore in April 2002 envisaged creation of additional irrigation potential of 4,027 ha by extending the existing Nilaiyur channel. The carrying capacity of the extension channel was 654 cusecs whereas the carrying capacity of the Nilaiyur channel at the off-take point of extension channel was only 175 cusecs. As such, only a maximum of 175 cusecs could be fed into the extension channel and the actual irrigation potential created was 847 ha. The work was completed in September 2004.

5 Renovation of tank bunds, supply channels and surplus courses, reconstruction of sluices and lining of field channels.


Heavy jungle growth in the supply channels

The work of modernisation of Irunchirai tank, which was sanctioned (September 2005) for Rs 87.25 lakh was completed at a cost of Rs 83.98 lakh in January 2007. Audit scrutiny revealed that the tank receives water mainly from Gridhamal river and Nattandi Odai[6]. Due to heavy jungle growth in the supply channels, water received in the tank was less than 40 *per cent* of the total capacity during 1996 to 2004 and only 20 *per cent* of the total ayacut of 593 ha were irrigated during this period. The project, however, had not included provision for removal of the jungle growth. Consequently, implementation of this project would not increase the envisaged irrigation potential of 593 ha.

3.1.6.4 Wasteful expenditure on unnecessary project

Project taken up unnecessarily though the envisaged irrigation potential could be created even without implementing it.

The Nagariar Reservoir Project proposed to store 73 mcft out of 208 mcft of surplus water by constructing a reservoir across Nagariar and release it in the river to feed 11 tanks to stabilise 1267 ha. The original proposal was sent by the CE-PF to Government in January 1998. The Collector opined (April 1998) against the construction of the reservoir, on the ground that the lands to be benefitted were already wet lands and the project would affect the lower ayacuts. The Commissioner of Land Administration concurred with the Collector and informed (June 1998) the Government that the funds could be better utilised for rehabilitating the 13 down stream tanks. However, Government sanctioned (June 1998) the project based on the proposals of CE-PF. After incurring Rs five lakh towards preliminary expenses, the project was got sanctioned by NABARD in September 1999 and completed in April 2004 at a cost of Rs 12.61 crore.

Audit scrutiny revealed that the SE, PF Circle, Trichy informed (June 1998) the Collector that the project has been taken up as the tanks and supply channels lower down get breached during flash floods in the river and the ayacuts of the tanks do not have water at critical stages and sought his concurrence for the project. The Collector, however, stated (July 1998) that his concurrence was not relevant in view of Government sanction.

The records of the executing division revealed that though there was a surplus of 208 mcft of water at the reservoir site, the actual surplus after feeding the 11 tanks downstream was only six mcft and two more tanks located after supply to these 11 tanks were deficient to the extent of 89 mcft. As such, the surplus of 73 mcft proposed to be stored in the reservoir could have been fed into these two tanks to increase their irrigation potential. Breaching of supply channels and intermediate tanks could be prevented by proper regulation of sluices in the intermediate anicuts and strengthening of channels/tank bunds.

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6 small stream.

Thus, the formation of a reservoir for storing surplus water when such storage facilities are available in the downstream is not justified.

3.1.6.5 Projects which would not create the envisaged irrigation potential

As against 3,598 ha irrigation potential envisaged in revised project, only 1,912 ha was achieved.

The Malattar Anicut Project originally sanctioned in October 1991 for Rs 17.25 crore envisaged provision of additional irrigation potential for 1,912 ha under 54 tanks in Kamudhi and Mudhukulathur taluks. Based on Government instructions to reduce the cost and make the project viable, the crest level of the anicut was reduced from 25.6 m to 24.35 m without change in the irrigation potential but reducing the cost to Rs 15.40 crore. The body wall of the anicut was constructed at a cost of Rs 5.81 crore with State funds. While proposing the project for NABARD loan, the crest level of the anicut was again increased to 25.6 m and the irrigation potential was also increased to 3,598 ha. The project was sanctioned by NABARD for Rs 36.25 crore in February 2004. Audit scrutiny revealed that the original proposal to divert 353 mcft of water was increased to 687 mcft of water in the revised proposal given to NABARD. The details of the capacity of the 54 tanks as given in the original proposal and in the revised proposal given to NABARD and the details of original and revised ayacuts proposed to be benefited are given in **Appendix 3.2**. The total capacity of the tanks was 431 mcft as per the original proposal but the capacity of the tanks were boosted to 1311 mcft in the proposal sent to NABARD. As the storage capacity of the tanks cannot be increased and the project contemplated diversion of surplus water to the tanks in five days, the additional irrigation potential of 1,912 ha envisaged in the original project could only be achieved.

Irrigation potential envisaged was not created due to incorrect assessment of water availability.

Construction of Anicut across Vashishtanadhi sanctioned by NABARD in November 2000 for Rs 10.88 crore envisaged creation of additional irrigation potential of 1,110 ha under 25 beneficiary tanks. Audit scrutiny revealed that 12 of the 25 tanks have surplus from their own self catchments and three tanks already receives water from nearby Thottapadi anicut. As such, only 370 ha under the remaining 10 tanks could be benefited by this project and inclusion of infrastructure costing Rs two crore for the 15 tanks was wasteful.

Varattar Reservoir Project was sanctioned by NABARD in November 2002 for Rs 33.49 crore to create additional irrigation potential of 2063 ha. It was seen that as against 333 mcft of water required for irrigation from the reservoir, the normal yield in the catchment area of the reservoir was only 166.65 mcft. While preparing the project report the increase in yield was projected at 100 *per cent* instead of 25 *per cent* as is normally done. As such, the actual availability of water was only 208 mcft, which could create an irrigation potential of 1,215 ha only.

3.1.7 Financial Management

NABARD released 90 to 95 *per cent* of the sanctioned cost of the projects as loan repayable in seven years with two year moratorium period. The loan was released on reimbursement basis. Besides, 10 to 20 *per cent* of the loan was released as mobilisation advance (start-up advance) for purchase of equipment, etc., on request from GOTN. Payment made under each reimbursement claim was treated as a loan. Finance Department of GOTN was the nodal department for documentation and drawal of fund and repayment of principal with interest.

Against Rs 522.35 crore spent as of March 2007, reimbursement claim was preferred for Rs 435.59 crore and a loan of Rs 407.69 crore was obtained. The difference between the expenditure and claim preferred was mainly due to pre-project expenditure incurred by the State Government for 20 ongoing works, exclusion of state's share from the claims and delay in compilation. The difference between claim preferred and loan obtained was mainly due to restriction of loan to NABARD sanction. Test-check revealed that there was huge escalation in cost due to change of design, execution of additional works etc., in five projects[7] and NABARD restricted the loan to sanctioned amount resulting in disallowance of Rs 9.63 crore. Consequently, the amount was borne by the State.

Principal and interest were paid as demanded by NABARD, the Finance department did not keep independent records.

The Finance Department did not maintain sector-wise loan details and particulars of repayment condition, payment of interest and principal for each loan. Instead, details of loan received, repayments made and balance to be repaid were obtained monthly from NABARD and pasted in the register. Finance Department made the repayment of the principal and interest as and when the claims were received from NABARD. As such, the claims were not checked before making payments.

3.1.8 Avoidable delay in finalisation of tender

Delay in issue of administrative sanction resulted in non-finalisation of tenders in time.

NABARD sanctioned (April 2005) Rs 76.50 crore for modernising 277 tanks and the works were to be completed by March 2007. The administrative sanction was, however, issued only in September 2005 after deleting 27 tanks, which were sanctioned under another Centrally Sponsored Scheme. To achieve better quality and monitoring of works and to get competitive rates, the 250 works were grouped into packages and tenders were called for in December 2005 and January 2006. Tenders for packages relating to 42 works were finalised before issuing of notification for elections for the Legislative Assembly. The new Government decided (May 2006) to invite tenders afresh for each work separately. Consequently, the estimates for 208 works were revised adopting the schedule of rates of 2006-07 and tenders were floated. As of March 2007, only 42 works were completed, 200 works were in progress, six were not taken up and two works were executed under another scheme. The avoidable delay in issuing administrative sanction had resulted in non-finalisation of tenders before elections. Further, revision of estimates contributed to further delay and 206 works were not completed within the targetted date.

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[7] Shenbagathope, Nagariar and Mirugandanadhi Reservoir Projects, Kalvoy-Sadayaneri and Badathalav Supply Channels.

3.1.9 Cost escalation due to inadequate investigation

In order to curtail deviation during execution and additional financial burden, Government ordered (March 1980) that the project report should be prepared after conducting detailed investigation for obtaining administrative sanction. If any deviation required during execution, Government was to be informed of the full cost implication explaining the reasons for not foreseeing it. Government also warned of disciplinary action if items not contemplated in the sanction were taken up without specific prior approval. In the following cases, the Department violated these instructions resulting in excess expenditure over sanction as well as execution of unapproved items.

3.1.9.1 Extra commitment due to poor investigation

Failure to conduct detailed investigation led to extra financial commitment.

In the following projects, there were extra expenditure due to poor investigation of the projects at the formulation stage :

The Nagariar Reservoir Project report for Rs 7.97 crore was prepared based on the type design of the Pambar Reservoir scheme without conducting detailed investigation. Though the cost of the project as per the design given by Designs Circle worked out to Rs 11.11 crore, the CE, Madurai restricted the technical sanction to Rs 8.70 crore[8] and got the project sanctioned by NABARD (loan: Rs 7.83 crore) in September 1999. The CE, Madurai obtained revised administrative sanction for Rs 12.90 crore (May 2003) from Government and completed (April 2004) the work at a cost of Rs 12.61 crore. By taking up the work without projecting the actual cost to Government, the Government was forced to accord revised administrative sanction and complete the project by meeting the additional commitment with State funds.

The Ayyanarkoil Odai Reservoir Project Report for Rs 3.54 crore was prepared based on the design given by CE-PF without detailed investigation. The CE, Madurai Region technically sanctioned the estimate for Rs 3.87 crore in March 2004 even before receipt of detailed design from CE-DRCS. The work was taken up in August 2004. Due to adoption of norms and specifications recommended by CE-DRCS during November 2004 to May 2005 and change in alignment of earthdam, the cost of the project increased to Rs 7.29 crore. Due to change of design, the work was stopped in October 2005 after spending Rs 2.33 crore. Revised administrative sanction for the project was not accorded by Government till August 2007. Issue of technical sanction without obtaining the design approval from CE-DRCS resulted in cost escalation which was to be met from the State funds.

In the work of extension of Krishnagiri Reservoir Project, there was huge variation in the classification of soil during execution due to inadequate investigation in canal alignment resulting in additional commitment of Rs 0.94 crore.

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[8] 10 *per cent* over the administrative sanction.

3.1.9.2 Execution of unapproved works

In the following cases, the executing divisions spent Rs 2.47 crore on items of work which were not included in the approved project report by utilising the savings in these projects:

	Name of the Project	Unapproved items executed	Cost (Rupees in lakh)
(a)	Varattar Reservoir Project	Forming surplus course in the downstream of spillway	52.00
(b)	Andiappanur Odai Reservoir Project	Improvements to a portion of Kurisilapattu supply channel	50.00
		Provision of link canal to connect two streams of the project	81.20
(c)	Construction of Lakshmipuram Anicut	Dismantling of old anicut, provision of right side bank connection on the down stream and improvements to four tanks	47.12
(d)	Construction of masonry kondam[9] at Jaggiramangalam	Provision of graded metal base to solid apron, masonry wall lining to supply channel, removal of earth mound, improvements to supply channel for Asaneri tank and construction of culvert.	16.99
		Total	**247.31**

3.1.10 Designs and specifications

3.1.10.1 Designing of excess capacity of reservoir

Capacity of the reservoir was not based on water availability.

The Kuppanatham Reservoir Project envisaged realisation of 833 mcft of water at the reservoir site and to store this water, the capacity of the reservoir was designed for 700 mcft with Full Reservoir Level (FRL) of 350 m. The season-wise yield from reservoir catchment indicated that the maximum storage of water in the reservoir would be 427, 512, 370 mcft during June-September, October-December, January-May respectively. As the maximum storage required for the season would be 512 mcft, the capacity of the reservoir should have been restricted to 540 mcft with FRL of 348 m. By designing the reservoir for 700 mcft, the Department acquired excess land for water spread area and incurred additional expenditure on construction of headworks. The extra expenditure due to designing of the reservoir of higher capacity worked out to Rs 1.29 crore.

9 Kondam is a structure for diversion of water partially.

3.1.10.2 Designing of excess capacity canal

Canal was designed without observing the water flow in the river.

The appraisal report for the Vashishtanadhi Anicut Scheme indicated that there was sufficient flow of water in the river during November/December to February, which could be diverted for feeding 25 tanks covered by the anicut. The CE-PF in December 1998 observed that the carrying capacity of the canal could be designed for a minimum of 15 days supply and the design should be evolved after detailed analysis of the water flow in the river. However, without observing the water flow in the river, the canal was designed for diverting the entire surplus water required in five days. Audit scrutiny also revealed that there was flood flow in the river for 54 to 74 days during 2004-06. As such, the canal should have been designed for diverting the surplus water in 15 days as suggested by CE-PF. Designing of high capacity canal to divert water in five days resulted in additional expenditure of Rs 1.11 crore.

3.1.10.3 Adoption of higher side slope for canal designing

Side slope of 1.5:1 was adopted for lining of canals in Varattar Reservoir Project as against 1:1 prescribed in the Manual on Irrigation published by the CWC. Besides, the left main canal for the reach LS 6067 m to LS 8084 m was designed for higher cross section without considering the quantity of water diverted through branch canals and direct irrigation sluices in reach LS 5150 m to LS 6067 m. These two failures resulted in avoidable expenditure of Rs 28.93 lakh.

3.1.10.4 Designing channel for higher carrying capacity

Diversion of water through branch canal was not considered while designing the main canal.

The Nilayur Extension Channel was designed to carry 654 cusecs of water for a length of 8.68 km. As the water is to feed 94 tanks located in various stretches of this channel, the carrying capacity of the channel should have been designed taking into account the diversions made at intermediate points to feed the tanks. Construction of the channel for 654 cusecs uniformly for the entire length resulted in extra expenditure of Rs 3.08 crore.

3.1.10.5 Unwarranted change of design

Adoption of higher slope led to increase in expenditure.

Manual on Irrigation and BIS prescribed a side slope of 0.25:1 to 0.5:1 for canals excavated in rocky strata. While designing the slope of supply channel from Badathalav tank, the CE-DRCS suggested (September 2004), a slope of 0.5:1 in hard rock terrains as the top soil existed only for a depth of two metre beyond which the layers were rocky. The work was taken up in February 2005. The CE, Chennai Region, who inspected the site, instructed to provide side slope of 1:1 to avoid sliding and to ensure the stability of the channel. Accordingly, the design of the channel was revised. Consequently, the cost of the project was increased from Rs seven crore to Rs 13.50 crore. The revised estimate was sanctioned by Government in December 2006.

Audit scrutiny revealed that the inspection of the CE was made immediately after the commencement of the work and only about 53,000 cubic metre (cu m) of earth was excavated. The inspection report also mentioned that the classification of soil requires change as the site condition indicated presence of rocky strata requiring blasting which was estimated subsequently at 71 *per cent* against the original estimate of 33 *per cent*. The actual quantum of rocky strata requiring blasting in the works executed till March 2006 worked out to 69 *per cent*. In as much as the quantum of rocky strata requiring blasting increased considerably and there is a provision for side berms in the design approved by CE-DRCS, the change of design, which resulted in increase in cost by Rs 3.48 crore, was unwarranted.

3.1.10.6 Unnecessary provision of regulators

Provision of regulators in addition to leading channel proved unnecessary.

With a view to divert flood water to four groups of 25 tanks in five days, the project proposals (September 1999) for construction of anicut across Vashistanadhi contemplated construction of feeder channels from one tank to another on the outer periphery of the tanks with dividing dams to feed respective tanks and lower down tanks. Based on the instructions of the SE, PF Circle, Salem (February and April 2000), construction of feeder channels were replaced by the provision of sluice with regulator in each tank for carrying the required discharge to lower down tanks through the existing surplus courses. The project sanctioned in November 2000 and the works were taken up for execution during March and April 2002. The CE, Chennai region during his inspection in April 2002, however, instructed to provide leading channels to 21 tanks (excluding four tail end tanks) in addition to regulator to help simultaneous filling of tanks as well as taking water to the regulator directly to feed the next tank. The provision of the leading channel is nothing but the feeder channel proposed in the original project report. As the CE inspected the work immediately after the works were awarded, he should have given instructions for deletion of the provision for regulators and ordered the construction of leading channels as feeder channels. The unnecessary provision of regulators resulted in wasteful expenditure of Rs 96.69 lakh.

3.1.10.7 Provision of higher thickness of lining for field channels

Field channels were lined in excess of the thickness prescribed in BIS.

A comment was made in paragraph 4.2.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2005 – Government of Tamil Nadu (Civil) regarding additional expenditure due to provision of higher thickness of cement concrete lining for field channels. Test check of 96 works of modernisation of the tanks executed in five divisions[10] revealed provision of higher thickness for lining the field channels than that prescribed in the BIS resulting in avoidable additional expenditure of Rs 3.75 crore.

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[10] Vellar Basin Division, Virudhachalam, Upper Pennaiyar Basin Division, Dharmapuri, Middle Pennaiyar Basin Division, Thiruvannamalai, Lower Palar Basin Division, Kancheepuram and Kosasthalayar Basin Division, Thiruvallur.

3.1.10.8 *Excess use of cement*

Revised BIS was not adopted in cement concrete works.

The BIS relating to Plain Cement Concrete (PCC) and Reinforced Cement Concrete (RCC) was revised in 2000 prescribing lesser usage of cement considering the higher grades of cement manufactured. In four projects[11], for which agreements were executed during 2000-06, the pre-revised BIS was specified for adoption in the work. This resulted in quoting higher rate for these works. The avoidable expenditure due to non-adoption of revised BIS worked out to Rs 1.22 crore.

3.1.11 Overpayments

Overpayments amounting to Rs 68.61 lakh were noticed in four projects due to non-enforcement of contract conditions.

3.1.11.1 *Overpayment of price variation charges*

Price variation charges were paid in contravention of agreement provisions.

The contract for works with a completion period of more than 18 months provides for price adjustment in respect of material, labour, fuel, etc. In the following projects, the contractors were overpaid Rs 44.55 lakh due to the reasons mentioned against each.

	Name of the Project	Overpayment of price variation	Reasons
(a)	Andiappanur Odai Reservoir Project	Rs 14.08 lakh	(i) The total percentage governing the price adjustment should be 100 whereas the aggregate of percentages prescribed for each component was 102. (ii) Contrary to agreement provisions, the value of work done paid during the quarter was adopted instead of value of work done during the quarter. This also resulted in payment of price variation for value of work done in excess of that executed and paid for.
(b)	Shenbaga-thope Reservoir Project	Rs 21.14 lakh	Contrary to the agreement provisions, the contractor was paid price variation of Rs 21.14 lakh for additional items of work.
(c)	Formation of 18th Canal	Rs 9.33 lakh	The price adjustment was computed by adopting the price index of subsequent quarters for the portions of work executed and measured during previous quarters.

11 Modernisation of Cauvery Regulators, Shenbagathope Reservoir Project, Vashistanadhi Anaicut, Andiappanur Odai Reservoir Project.

3.1.11.2 Overpayment due to excess lead

The agreement for the work of construction of spillway of Varattar Reservoir Project provided for quarrying jelly and rough stone required for the work from quarries at Keeraipatti village (seven km) and Venkatasamudram village (36 km) respectively. During execution, both jelly and rough stones were brought from a quarry at Kudumiyanpatti village which was nine km from the site. The EE obtained permission (March 2002) from the District Collector to use this quarry for a period of three years and recovered the seigniorage charges payable for the quarried material from the bills of the contractor and remitted it to the Collector. Though a different quarry was used for bringing the material, the EE had not revised the rates based on the actual lead. This resulted in overpayment of Rs 22.59 lakh (**Appendix 3.3**).

3.1.12. Other points of interest

3.1.12.1 Avoidable expenditure on road works

Without obtaining the design for widening/constructing 15 culverts approved by the Highways Department, the work of widening and extension of Kalvoy-Sadayaneri Channel was taken up for execution in December 1999. While the work was under execution, Highways Department insisted (November 2000) to adopt the standards prescribed by Ministry of Road Transport and Highways. Consequently, the designs were revised and the revised items were entrusted to the original contractor as additional items. This resulted in avoidable expenditure of Rs 0.50 crore due to execution of work at rates higher than the agreement rates.

Higher specification was adopted in execution of road works.

The estimate for formation of reservoir at Shenbagathope included formation of an approach road branching off from a village road to the dam site. Though the village road has three metre pavement and one metre side berms and was laid with Water Bound Macadam (WBM) and Premix Carpet (PC), the new road was formed for a width of 3.65 metre with 1.8 metre side berms with WBM, Bituminous Macadam and PC. Laying of road with higher specifications resulted in additional expenditure of Rs 18.90 lakh.

3.1.12.2 Extra expenditure due to non-usage of rock available at site

Blasted rock was not used in the work leading to extra expenditure of Rs 51.61 lakh.

The agreement for Mirugandanadhi Reservoir Project did not provide for use of rough stone available in the water spread area as well as stones available from blasting of hard rock at the spillway site. During execution 21,550 cum of blasted stones were sold by auction for Rs 1.16 lakh. During execution, the contractor actually used 46,620 cum stone in the work, which included 33,895 cum of stones collected from the water spread area and blasted stones purchased from the person who purchased them from the department in the auction. Had the agreement provided for use of stones available at site, the payment of Rs 51.61 lakh towards the cost of 33,895 cum of stone at Rs 152.25 per cum[12] could have been avoided. Excluding the revenue of Rs 1.16 lakh realised by sale of blasted stone, the extra expenditure worked out to Rs 50.45 lakh.

3.1.12.3 *Idle Investment*

Due to non-forming of Water Users Association, 20 buildings constructed at a cost of Rs 31.60 lakh remained unoccupied as of March 2007.

3.1.13 Quality Control

Execution of irrigation projects conforming to standards is essential for the stability of the structures. In the following projects, non-adherence to standards resulted in sub-standard work as discussed below:

Non-adherence to quality standards resulted in leakages.

Even during execution of Andiappanur Odai Reservoir Project, test results indicated non-achievement of standard norms repeatedly. During inspection in March 2006, the special CE, Projects Circle pointed out defective works including leakage in roof and sidewalls of the gallery at a number of places. In spite of repeated reminders, the contractor had not rectified the defects and the leakage were not arrested even by March 2007.

During execution of Lakshmipuram Anicut Project, it was observed that (November 2003), the flood banks eroded and turned the adjacent roads slushy thereby causing hindrance to vehicles. As the flood bank was formed with clay soil, it was proposed to provide turfing for the side slopes of the flood bank, but it was not executed. After completion of the work (May 2004), as sliding of flood bank during rainy season continued, the CE instructed to provide gravel for side slopes and on top of the left side flood bank. Though estimates were prepared in October 2004, they were not executed as of March 2007.

The Bureau of Indian Standards (BIS) stipulated provision of either 'full cut-off[13]' or 'partial cut-off'[14] with impervious blanket (clay) on the upstream of the earthen dam to prevent seepage whenever sandy strata (pervious zone)/porous strata was noticed at the site of the earthen dam. While executing Varattar Reservoir Project, only partial cut-off without impervious blanket was provided and the project was completed. Non-provision of impervious blanket as stipulated in BIS resulted in steady seepage for more than 45 days when water was stored in the reservoir during 2006-07. Such steady seepage for more than a month is regarded as critical for the downward slope, as per BIS.

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12 Rs 140 per cum (Cost of stone as per estimate excluding transportation, chiseling etc.) plus Rs 12.25 per cum (tender premium at 8.75 *per cent*).

13 a cut-off taken to an impervious stratum.

14 a cut-off which does not go down to impervious stratum.

3.1.14 Impact of completed projects

3.1.14.1 Non-achievement of projected irrigation potential

rigation potential
ot created within the
rget date.

Projects sanctioned by NABARD were to be completed within a period of three years. Out of 269 projects with an irrigation potential of 71,235 ha which were proposed to be completed by March 2007, 251 projects with an irrigation potential of 42,839 ha were completed. As such, major projects were not completed and 40 percentage of irrigation potential was not created within the target date. Test check of eight incomplete projects revealed that three projects were delayed due to court cases for acquiring land for canal portions and the remaining five projects were not completed mainly due to delay in sanction of estimates, change in design during execution, increase in project cost due to execution of additional works which resulted in preparation of revised estimate and delay in obtaining revised administrative sanction from Government. These avoidable delays resulted in non-accrual of the benefits of irrigation potential of 15,298 ha in these five projects **(Appendix 3.4)**.

Out of 262 projects test checked in audit, 95 projects were completed by March 2006. The impact of these completed projects for the season 2006-07 revealed the following:

(i) Of the 95 projects completed by March 2006, 27 projects related to minor and medium irrigation and formation of new tanks which envisaged creation of 11,309 ha of irrigation potential. Test check of benefits accrued from 11 such completed projects revealed that creation of irrigation potential of 668 ha were only achieved as against 5,018 ha envisaged in these projects. The shortfall of 87 *per cent* was mainly due to (a) non-availability of water as envisaged in the project, (b) non-inclusion of essential works in the project, (c) non-acquisition of land for storage of water and (d) location of ayacuts at higher level. The details are given in **Appendix 3.5**.

(ii) Test check of records of Revenue Department in respect of 14 out of the remaining 68 projects relating to modernisation of tanks revealed that the irrigation potentials of 1261 ha as against 2124 ha envisaged in these projects were created. The shortfall was mainly due to non-availability of water, non-development of ayacuts, location of ayacuts at higher level. The details are given in **Appendix 3.6**.

3.1.14.2 Non-formation of Water Users Association

Due to the non-formation of WUAs, farmers could not participate in irrigation management.

NABARD, while sanctioning the projects stipulated formation of Water Users Association (WUA) to involve participation of farmers in irrigation management. The NABARD guidelines envisaged formation of WUAs as pre-condition for taking up tank modernisation projects as they have to play a vital role in post renovation period of the irrigation tank. The main functions of the WUAs as per Tamil Nadu Farmers Management of Irrigation Systems Act are (a) to regulate use of water, (b) to promote economy in the use of water, (c) to maintain the irrigation system, (d) to conduct periodical social audit and (e) to remove encroachments. Audit scrutiny revealed that WUAs were not formed in any of the projects, which are under progress. While no WUA was formed in Madurai region even for completed works, WUAs which were formed in Chennai region in respect of certain completed works were formed under the Societies Act and not under Tamil Nadu Farmer Management of Irrigation Systems Act. As such, the function envisaged could not be undertaken by these WUAs. The concept of participation of farmers in irrigation management in respect of projects undertaken with NABARD assistance was defeated.

3.1.15 Conclusion

The projects were formulated without adequate investigation and without ascertaining the ground realities. Unviable projects were formulated by boosting the availability of water. Consequently, the irrigation potential envisaged was not created even after spending huge amount. Due to poor investigation, wrong designing and non-adoption of standards and specifications, funds received by way of loan were wasted.

3.1.16 Recommendations

- Projects should be formulated based on need and reliable data
- Projects should be sanctioned after preparation of detailed estimates to avoid time and cost overrun
- Standards and specifications should be adhered to ensure quality and economy
- Reasons for non-achievement of objective should be evaluated in respect of completed projects.

The above points were referred to Government in July 2007; reply had not been received (November 2007).

3.2 Medical Education

Highlights

The primary objective of Medical Education Department is to produce highly skilled medical and paramedical personnel for providing effective and quality medical care to people. Medical Council of India is entrusted with the maintenance of uniform standards of medical education both at under graduate and post graduate levels throughout the nation. A performance review on medical education in the State revealed want of proper planning and absence of a policy on the role of private sector resulting in relative stagnation of the intake capacity of medical seats as compared to demand; several PG medical courses and BDS courses conducted were not recognised by the Medical/Dental Council of India; Government medical colleges did not have the required continuous provisional affiliation to Dr MGR Medical University due to non-payment of specified fees. Patronage of research activities was poor resulting in inadequate research facilities. There was shortage of teaching faculty and lack of infrastructural facilities in medical colleges affecting the quality of medical education.

➢ **The available intake capacity of medical seats was inadequate in comparison with the existing demand for medical courses every year. Government's action in increasing the seats of five Government medical colleges by 315 by spending Rs 18.19 crore also failed due to the Medical Council of India (MCI) not approving the increase because of lack of teaching faculty.**

(Paragraph 3.2.7)

➢ **Only 14 to 16 *per cent* of the aspirants for PG courses got admission during 2002-07 because of the limited availability of seats for PG courses.**

(Paragraph 3.2. 8.1)

➢ **Of 38 PG and 24 Post PG speciality courses recognised by MCI, eight PG and seven Post PG courses were not offered by medical colleges in the State.**

(Paragraph 3.2.8.2)

➢ **Fifty eight courses, many of them PG courses, were being conducted in nine Government medical colleges and nine private medical institutions even though these were not recognised by MCI.**

(Paragraph 3.2.9.1)

- Nursing courses suffered from deficiencies like shortage of teaching staff, lack of infrastructure etc. Paramedical courses were not continued during 2006-07 by the Director of Medical Education depriving 2760 candidates of admission to various paramedical courses.

(Paragraphs 3.2.10.2 and 3.2.10.3)

- There were vacancies in the posts of Professors/Readers and in the posts of Assistant Professors/Lecturers/Tutors which affected the quality of medical education. Emoluments of the faculty were lower than that of their counterparts in Arts and Science Colleges.

(Paragraphs 3.2.11.1 and 3.2.11.2)

- Some of the staff in position in four sample Government medical colleges did not have the requisite PG degree.

(Paragraph 3.2.11.3)

- In seven Government medical colleges, 27 post graduate degree/diploma courses were not inspected by the University and continuous provisional affiliation was not given for various periods since 2002-03. This is because the Government medical colleges are not paying the required inspection/affiliation fees.

(Paragraph 3.2.12.2(a))

- In violation of the University Act, the Post Graduate Institute of Basic Medical Sciences was not affiliated to Dr. MGR Medical University on account of issues like non-award of UGC scales by the University, fewer promotional opportunities, etc., not having been settled for a long time.

(Paragraph 3.2.12.2(b))

- The inefficiency of the Dr. MGR Medical University led to UGC not recognising and funding its administrative and research work. Very little research was being done. The University could only offer scales of pay lower than UGC scales and so could not attract qualified personnel. Government also failed to extend their support to persons/colleges for conducting research.

(Paragraphs 3.2.12.3(a) and 3.2.12.3(c))

- Infrastructure like lecture halls, staff quarters, libraries, internet facility etc., as prescribed by MCI, were found lacking in the sample medical colleges.

(Paragraph 3.2.13)

3.2.1 Introduction

Directorate of Medical Education (DME) established in 1966, is incharge of medical education and administers the teaching hospitals attached to Government medical institutions. Dr. MGR Medical University (University), Chennai, established in 1988, exercises academic control over medical education in the State. The details of medical institutions functioning in the State both under the Government and in the private sector are given below:

Nature of Institutions	Number in		Sanctioned intake							
			UG courses-MBBS		PG Course		PG Diploma		Diploma courses	
	Govt sector	Private sector	Govt sector	Private sector	Govt sector	Private sector	Govt sector	Private sector	Govt sector	Private sector
Medical Colleges	14	11	1,645	1,220	429	Nil	460	Nil	910	Not available
Dental Colleges	1	17	100	1,470	36	283	Nil	Nil	Nil	Nil
Nursing Colleges	2	73	75	3,400	8	533	Nil	Nil	Nil	Nil
School of Nursing	21	97	Nil	Nil	Nil	Nil	Nil	Nil	1,795	2,405

Besides, there were 44 teaching hospitals attached to these Government medical/dental colleges, helping Government in imparting medical education to the students of those institutions, also providing tertiary medical care to the people.

3.2.2 Organisational set up

Secretary to Government of Tamil Nadu, Health and Family Welfare Department is incharge of medical education and teaching hospitals at Government level and the Director of Medical Education (DME) heads the administration of the field formations. An organisational chart of the Department is given in **Appendix 3.7.** Dr MGR Medical University (University) provides affiliation, conducts examinations and awards degrees and diplomas to the students. The Dean of the medical/dental college administers the attached hospitals. Tamil Nadu Medical Services Corporation (TNMSC) supplies medicines and equipment to the hospitals besides maintaining all medical equipment.

3.2.3 Audit Coverage

Performance audit on medical education for the period 2002-2007 was conducted during February 2007 to May 2007 by test check of records in the Health and Family Welfare Department in the Secretariat, Directorate of Medical Education, Dr. MGR Medical University (University), and in six medical colleges[1] out of 14 (43 *per cent),* one dental college at Chennai and eight nursing schools[2] out of 21.

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1 Government K.A.P.Viswanathan Medical College, Tiruchirappalli, Government Mohan Kumaramangalam Medical College, Salem, Government Stanley Medical College, Chennai, Government Medical College, Vellore, Government Medical College, Thanjavur and Tirunelveli Medical College, Tirunelveli.

2 Nursing schools attached to GMKMC Hospital, Salem, Government Stanley Medical College Hospital, Chennai, Government Medical College Hospital, Thanjavur, Kanniyakumari Medical College Hospital, Nagercoil, Government Hospital, Dindigul, Government Rajaji Hospital, Madurai, Government AGM Hospital, Tiruchirappalli and Government Medical College Hospital, Tirunelveli

3.2.4 Audit Objectives

Performance audit was conducted

- to assess the adequacy of the planning process
  - for creating sufficient capacity in MBBS/BDS and PG courses both in Government/private sector, as compared to existing demand of aspirants for the medical profession, and,
  - in generating a sufficient reserve of qualified medical and paramedical professionals for the development of medical education;
- to examine the availability and utilisation of infrastructure, teaching faculty, funds provided in the University and selected colleges for teaching and research activities; and,
- to analyse the relevance and reliability of the existing internal controls.

3.2.5 Audit Criteria and methodology

The following criteria were adopted to assess the performance of the department and the selected colleges/hospitals.

- Guidelines of Government of India (GOI)/Medical Council of India (MCI)/Dental Council of India (DCI)/Nursing Council of India (NCI)/Pharmacy Council of India (PCI) and the State Government,
- Goals and targets set by Government, including Government orders and departmental instructions issued from time to time,
- accepted best practices prevailing in the field of medical education, and,
- codes and manuals of the department.

The performance audit commenced with a pilot study in January 2007 and field units were selected on random sampling basis. The audit objectives and criteria were discussed with Secretary to Government, Health and Family Welfare Department at an entry conference held in March 2007. Besides test check of connected records in the sample units, information were also obtained from various official sources and from written replies from the concerned officers at Government/district/field level before arriving at audit conclusions. The important points noticed during performance audit are given in the succeeding paragraphs.

3.2.6 Financial achievement

3.2.6.1 Expenditure under medical education

Expenditure incurred under medical education during the last five years is given below:

(Rupees in crore)

Year	Plan expenditure		Non-plan expenditure		Total expenditure
	Revenue	Capital	Revenue	Capital	
2002-03	2.60	8.51	96.41	-	107.52
2003-04	2.09	7.21	92.61	-	101.91
2004-05	5.71	0.65	154.67	-	161.03
2005-06	10.42	26.34	116.31	-	153.07
2006-07	8.97	9.85	137.61	-	156.43

The increase under non-plan revenue expenditure was mainly due to the salary component. The capital plan expenditure during the period 2002-06 was mainly on construction of buildings for the new medical colleges at Thoothukudi, Theni and Kanniyakumari. As the funds for capital expenditure were provided directly to PWD, DME had no system to monitor the utilisation of funds towards construction activities.

3.2.6.2 Discrepancies in selection committee funds

a) A selection committee headed by an Additional Director of Medical Education as secretary of the committee is functioning in the Directorate of Medical Education to co-ordinate medical, paramedical and nursing admissions under a single window system. The revenue realised through the sale proceeds of application forms, admission cards, interview cards, prospectus etc. was credited to the PD account, opened for this purpose. The expenditure on printing of the above items, stationery, selection processes etc, are being met from this PD account.

The selection committee realised Rs 15.34 crore during March 1998 to January 2007 as revenue and credited the funds to PD account, of which Rs 13.30 crore were spent directly from PD account. Retention of Government receipts without remitting the money into Consolidated Fund and direct utilisation of these receipts for expenditure circumvents the existing legislative procedure of incurring expenditure after voting through an Appropriation Act. The DME stated (March 2007) that Finance Department had already raised this matter and Government had been addressed for further clarification in March 2007.

Perusal of connected records revealed the following deficiencies.

- Rs 6.83 crore[3] out of the total expenditure of Rs 13.30 crore during 2001-07, were spent on various items, not connected with selection purposes, which ought to have been met from departmental funds and,

- Vouchers for Rs 14.56 lakh paid in lumpsum to the Deans of Medical colleges, for meeting the expenditure relating to MCI inspection were

3 Payment of affiliation fees/inspection fees to Medical Council of India, advocate fees, telephone charges, payment of air-fare, purchase of furniture, fuel charges etc.

not produced to Audit, as the vouchers were not received from the Deans concerned.

b) Further the amount of Rs 5,000 deposited by each of the candidates selected for medical and dental courses was credited in a bank account every year. On admission of the candidate, the amount was to be transferred to the college to which he had been admitted. In cases where candidates had not joined, the amount was to be forfeited. Audit observed that Rs 1.19 crore out of the deposit amount collected during the last six years remained (March 2007) in bank accounts. The amount of actual interest accrued till date in the account was not made available. The selection committee did not have the details of amounts due to be transferred to various colleges nor of what was to be forfeited.

The absence of a proper system in this regard resulted in retention of forfeited amounts outside Government account instead of remitting them to Government account.

3.2.7 Poor and inadequate planning for increasing the number of MBBS seats

3.2.7.1 The primary objective of the Department is to produce highly skilled medical and paramedical manpower to provide effective and quality tertiary medical care to the people and also, to promote medical research to enhance the quality of human life. Assessing the requirement of medical and paramedical personnel on a scientific basis taking into account the growth and greying of population (demographics), pattern of diseases prevailing and emerging morbidity rate, etc., is essential for proper and effective planning.

Inadequate intake capacity of medical seats as compared to the demand existing.

The total intake capacity of MBBS seats under UG courses in the State as of 2007 is only 2,865 in the existing 14 Government medical colleges (1,645) and 11 private medical colleges (1,220). The intake capacity under UG courses (BDS) in dental colleges is 1,570 (one Government college: 100 and 17 private dental colleges: 1,470). The number of MBBS seats in the State is rather low when compared with the 65,000 seats[4] available in engineering colleges in the State (less than five *per cent* of the seats for engineering) despite a gradual increase of 800 seats during 2003-07 by establishment of three new Government colleges and four private colleges. The demand for medical seats was very heavy as the number of aspirants[5] applying during the last five years ranged between 8,069 and 14,941.

A comparison of the State with neighbouring states is given below:

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[4] Under Government colleges: 3,455 seats and under private sector colleges: 61,545 seats.

[5] 2002-03: 14,941 ; 2003-04: 12,815 ; 2004-05: 12,783 ; 2005-06: 12,812 ; 2006-07: 8,069 and 2007-08: 13,304.

Name of the State	Number of medical seats (MBBS)[6]	Population (2001 census) (Number in crore)	Population per medical seat (in number)
Tamil Nadu	2,865	6.24	21,782
Andhra Pradesh	3,825	7.57	19,798
Kerala	2,050	3.18	15,531
Karnataka	4,355	5.27	12,108

The table above shows that Tamil Nadu ranked last among the southern states as it had just one medical seat (MBBS) for a population of 21,782.

Inconsistent policy regarding role of private sector in medical education.

The planning for creation of additional capacity is important as the number of aspirants is very high in comparison with the number of medical seats available now in the State. Keeping in view the norms of Medical Council of India (MCI) and Dental Council of India (DCI) and because it would be prohibitively expensive to open more medical colleges in the State sector, Government decided (August 2001) to overcome the shortage of doctors in rural areas by allowing private organisations to open medical/dental colleges in backward areas of the State, by relaxing some existing conditions prescribed early in 1999-2000. Despite the opening up of this area, only four medical colleges under private sector with 500 seats were established during the last five years in addition to the three colleges established in the Government sector. DME, in response to Audit, stated (May 2007) that its recommendation for the establishment of two medical colleges and eight dental colleges in the private sector and issue of essentiality certificates to these colleges was under finalisation. The reply showed that the department/Government, deviating from their earlier decisions, is now concentrating on the dental side rather than on the medical side. In view of resistance from the medical students and due to the new policy decision of starting Government colleges in all districts, the State Government reversed their earlier decision of allowing private sector into the field despite several agencies in the private sector being willing to open new medical colleges.

MCI did not agree to increase intake capacity of five medical colleges due to lack of sufficient teaching faculty. Rs 18.19 crore, cost of infrastructure created also became unfruitful.

Government decided (November 2001) to implement the other alternative of increasing the intake capacity of five existing Government medical colleges by 315 seats and spent Rs 18.19 crore on construction of classrooms, auditorium, laboratories etc., during 2003-07. Medical Council of India (MCI) did not, however, agree to the proposed increase in the intake capacity of these colleges on the ground that they lacked sufficient teachers in non-clinical departments. The expenditure of Rs 18.19 crore thus became infructuous (March 2007). Government finally announced a new policy decision during 2006-07 of starting one medical college in each district of the State which did not have a medical college. However, no action has been taken as yet.

Thus, lack of proper planning and the absence of a well thought out and consistent policy on the role of private sector, resulted in Government's lack

6 Figures from the website of Medical Council of India www.*mciindia.org*

of success in increasing the number of MBBS seats for medical students in comparison with the increasing demand and rising aspirations of the people. Also, the Government's failure in attracting and retaining qualified personne to meet MCI's norms in furthering medical education in the State furthe aggravated the position.

3.2.7.2 *Absence of a system for verification of mark sheets*

DME had no system to verify the genuineness of the plus two mark sheets o students admitted to the diploma in nursing course in Government nursin schools. DME referred the plus two mark sheets to the Director o Government Examinations (DGE), based on a complaint received from a individual. DGE reported after verification, that the details given in respect o 15 students who had secured admission differed from the details available a per the records of DGE. In a similar incident, when doubts were raised in th case of 25 nurses who had already completed the nursing course in 2003 an were employed in different Government hospitals on consolidated salary, n action was reported to have been taken to get their certificates verified fo authenticity. In response to an audit query on the system of verification o certificates submitted at the time of admission of nursing students, the DM replied (May 2007) that these certificates were not verified by the selectio committee upto 2005-06. However, instructions have been issued to all th Principals of nursing schools to ascertain the genuineness of the certificates o all candidates admitted for nursing course for 2006-07 from the DGE. Te check in one sample hospital viz. Stanley Medical College Hospital, Chenn revealed that the certificates were not sent for verification (May 2007). I another sample hospital, Government Medical College Hospital, Vellore, th certificates sent to DGE were yet to be received (May 2007).

3.2.8 Shortage of post graduate (PG) and speciality courses

3.2.8.1 *Shortage of PG courses*

At the post graduate(PG) level 157 PG degree and 76 PG diploma courses medicine are available in the State (169 in Government and 64 in the priva sector). In dentistry, 42 PG degree courses are available (7 in Governme and 35 in the private sector).

An analysis of the admission of students to PG courses during 2002-0 revealed that though there was enough demand, only 14 to 16 *per cent* of t aspirants got admission because of limited number of seats in Governme colleges as given below:

Year	Number of seats available in Government colleges				Number of applications received	Number admitted (percentag
	MD	MS	Diploma	Total		
2002-03	278	140	451	869	5416	853(16)
2003-04	278	140	451	869	5570	812(15)
2004-05	289	146	468	903	5696	905(16)
2005-06	293	146	468	907	5808	897(15)
2006-07	284	145	460	889	6001	843(14)

Though DME proposed to start 27 courses in seven colleges, MCI did not agree because of inadequate infrastructure and instrumentation, and lack of qualified staff.

3.2.8.2 *Shortage of speciality courses*

Government has not assessed the requirement of various specialists to serve the State on a scientific basis by considering the population and incidence of various diseases. As against 24 post PG and 38 PG speciality courses in the approved list of Medical Council of India (MCI), colleges in Tamil Nadu did not offer or conduct 7 post PG and 8 PG courses as given below.

Post PG Courses (DM and M.ch)	Clinical pharmacology, Endocrinology, Neonatology, Neuro Radiology, Pulmonary Medicine, Cardio thoracic and vascular surgery and Endocrine Surgery
PG Courses (MS and MD)	Aviation Medicine, Bio-physics, Community Health administration, Health administration, Hospital administration, Lab medicine, Nuclear Medicine and Physical Medicine and Rehabilitation

(i) Out of the above 15 unavailable courses, DME proposed to start three post PG[7] courses and one PG course (Health Administration) in two colleges *viz.,* Madras Medical College, Chennai and Madurai Medical College, Madurai during 2006-07. MCI, however, did not recommend the courses for want of qualified staff, library and laboratory facilities, leading to their continued non-availability in the State.

(ii) The population of elderly people keeps increasing in the State and as per census 2001, the population of citizens of 60 to 70 years of age and above 70 years of age stood at 34 lakh and 20 lakh respectively. Though the ageing population is growing at a steady pace, MD (Geriatrics), a speciality course exclusively for the care of aged people was offered only in Madras Medical College since 1999-2000 with an intake capacity of two seats. In the wake of increased longevity, steps should have been taken to increase the number of specialists in this course. However it was noticed that no proposals were made to increase the intake capacity or to start this course at other medical colleges.

3.2.9 Non-recognition of existing PG and BDS courses

3.2.9.1 *Failure in getting MCI recognition for various courses conducted*

Under Section 10A of the Indian Medical Council (IMC) Act, 1956, permission to establish a new college or a new course of study or for increasing the admission capacity in any course or study should be obtained from the Government of India (GOI), which accords permission, based upon the recommendation of Medical Council of India (MCI). The permission so granted is valid till the first batch of students completes the course and

[7] DM (Endocrinology), DM (Neonatology) (in two colleges) and DM (Clinical Pharmacology).

thereafter, the concerned college needs to apply for recognition under Section 11(2) of IMC Act, if it is not already included in the first schedule[8].

(a) Medical Council of India (MCI) had addressed (August 2000) all the Health Secretaries/Medical Education Secretaries of all State Governments directing the University or the autonomous institution to approach GOI for getting those post graduate degrees recognised, which had not been recognised earlier irrespective of whether they had been instituted before the IMC (Amendment) Act, 1933 or permitted under Amendment Act recognised through MCI, so as to ensure that students passing out from such institutions were not put to any disadvantage. As no concrete action was taken by Government, the MCI again urged the University to ensure that all post graduate courses offered get recognition. Further MCI stated that as the candidates were not informed about non-recognition by MCI at the time of admission, the University should indicate the status of recognition in the prospectus of such courses.

Accordingly, the University forwarded (February 2002) the proposal for the recognition of 69 postgraduate diploma/degree courses[9] at eight colleges to GOI along with a demand draft for Rs 34.50 lakh towards inspection fees (at the rate of Rs 50,000 per course). As of March 2007, 41 courses out of 69 have been recognised subsequent to the inspections conducted by MCI and compliance reported by the concerned colleges.

Conducting of 58 courses without getting recognition from MCI.

As of March 2007, out of 233 higher speciality degree, postgraduate degree and diploma courses conducted by nine out of 14 Government medical colleges and nine out of 11 private medical institutions affiliated to Dr M G R Medical University, 58 courses[10] (commenced between 1952 and 2004) are presently unrecognised by MCI ***(Appendix 3.8)***. The main reason pointed out by MCI was the shortage of required qualified teachers. During 2002-07, the period of audit, 591 students were admitted to these unrecognised courses. The total number of students admitted since inception of these unrecognised courses was not made available by DME to Audit.

(b) Nineteen post graduate degree holders of Thanjavur Medical College reported, as early as in September 1999, that because of the non-recognition of their PG courses, they were unable to appear for the supplementary courses in other universities or to apply for higher courses or for jobs abroad and their representation to the University had been turned down as the University had no powers for giving recognition, which lie only with MCI.

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8 First schedule to IMC Act, 1956 contains the list of colleges/courses in India already recognised for the purpose of IMC Act.

9 Chengalpattu Medical College: 1, Kilpauk Medical College:9, Madras Medical College: 7, Madurai Medical College: 11, Stanley Medical College: 15, Thanjavur Medical College: 15, Tirunelveli Medical College: 7 and Coimbatore Medical College: 4.

10 52 courses conducted by seven Government medical colleges and six courses conducted by two private medical institutions.

In Thanjavur Medical College, one of the test checked units, MCI refused to recognise two courses[11] as the departments concerned were headed by Professors, whose PG degrees were not recognised by MCI.

MCI did not conduct inspection for recognition in eight courses due to shortage of qualified teachers in the respective disciplines.

The main reason attributed by DME to the MCI not inspecting the colleges, was shortage of qualified teachers in the respective discipline in eight[12] out of 15 courses not inspected in three medical colleges in Chennai and one each in Madurai, Thanjavur and Tirunelveli.

3.2.9.2 Perusal of certain cases in sample hospitals revealed the following.

Non recognition of Diabetology course

Diabetology courses conducted in Madras Medical College during 1986-2005 without recognition of MCI.

A postgraduate diploma course in Diabetology in Madras Medical College was started from 1986-87 based on the permission given by MCI to start the course in 1985 under Section 10A. The course commenced from 1986-89 batch with 3 students for each academic year. MCI did not seek any clarification on the course at the time of giving initial permission. When the college approached MCI belatedly in 2003 for recognition of the course, MCI did not recognise the course stating that Diabetics was only a disease and could not be considered a speciality and insisted upon the discontinuance of the course. However, the course was continued till December 2005 without recognition. By that time, 53 doctors had completed the course but their PG diplomas are still unrecognised (April 2007).

Non-recognition of Clinical Haematology course

Due to deficiencies like non-availability of investigation facilities, inadequate instrument, equipment etc., the Post graduate Clinical Haematology course in Madras Medical College was not recognised by MCI.

The postgraduate course DM (Clinical Haematology) started with two students from 1999-2000 in Madras Medical College and continued upto 2002-03. MCI decided not to recommend recognition based on their inspection report (September 2002) stating that there were no facilities to carry out investigation study in this speciality, instruments/equipment were grossly inadequate and facilities for modern indoor care were not available. The Continuous Provisional Affiliation (CPA) was not granted by Dr MGR Medical University from the academic year 2001-02. The college discontinued the course after 2002-03 without taking any remedial action for rectifying the deficiencies. Four doctors who had undergone the course and obtained their degree during 1999-2002 were affected by this non-recognition.

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[11] M.S.(Anatomy) and M.Ch (Neuro surgery).

[12] M.D., Anatomy (Stanley Medical College), M.D., Physiology (Kilpauk Medical College), M.S., Anatomy (Madras Medical College), M.D., Physiology (Madurai Medical College), M.D., Forensic Medicine (Madurai Medical College), M.D., Radio Diagnosis (Madurai Medical College), M.S., Anatomy (Thanjavur Medical College) and M.D., Forensic Medicine (Tirunelveli Medical College).

Continuance of increased intake without approval of Dental Council of India

DCI did not approve the increased intake of 40 seats in Tamil Nadu Dental College and Hospital due to deficiency in staff and infrastructure.

(a) Government increased (April 1995) the number of seats in BDS courses in Tamil Nadu Dental College and Hospital, Chennai from 60 to 100 from 1995-96. Though GOI and DCI renewed the approval for the course from year to year upto 2005-06, the DCI did not recommend (June 2006) necessary approval for the increased seats on account of non-furnishing of a compliance report on the deficiency in staff and infrastructure already pointed out by the Council. Even in the latest report (June 2006) the Principal merely stated that the required faculty was being recruited and the required infrastructure would be provided as the college had already acquired sufficient land. Despite DCI's objection to the continuance of increased intake, Government admitted 100 students to this course for the academic year 2006-07.

(b) Based on an observation made by the Madras High Court on a writ petition filed by 90 dental students, GOI regularised (December 2005) the excess intake of 90 students on the condition that 2 seats in any of the speciality courses were to be surrendered each year till the entire excess intake was neutralised. GOI also stated that such relaxation would not be made in future. However, the intake of students was continued at the increased level even as of February 2007. A compliance report was sent for the failings pointed out by DCI by the Principal in February 2007 to DCI and further action in this matter is still awaited (April 2007).

(c) Similarly, 38 students were admitted against the sanctioned capacity of 20 in 7 speciality courses[13] under dental education during 1997 to 2001 without the approval of DCI and no action was taken subsequently for getting recognition for the increased intake under these courses from DCI.

3.2.9.3 Failure of the Government, in providing necessary qualified teaching staff and the required infrastructural facilities, despite the MCI/DCI repeatedly reiterating these deficiencies as the reasons for non-recognition of PG/BDS courses, led to this situation.

[13] Prosthodontics – 6 against 2, Periodontics – 6 against 3, Orthodontics- 6 against 4, Oral surgery-6 against 4, Oral pathology-4 against 2, cons.dentistry-6 against 3 and Oral medicine-4 against 2.

3.2.10 Deficiencies in the functioning of colleges

3.2.10.1 Non adherence to MCI norms

Inspection fees of Rs 64 lakh paid to start 32 PG degree/diploma courses in medical colleges was locked up due to refusal of MCI in giving recognition as the department failed to provide required faculty and infrastructure.

Without ensuring the adequacy and availability of qualified faculty and necessary infrastructure as per MCI norms, DME proposed (between 2002 and 2007) to start 32 PG degree/diploma courses in various government medical colleges (including five new courses as discussed in para 3.2.8) and paid inspection fees and processing fees for course recognition at the rate of Rs two lakh per course to MCI which were not-refundable. However MCI refused recognition (between November 2006 and February 2007) for these courses citing shortage of qualified teaching staff. This had resulted in the non-commencement of the courses and Rs 64 lakh spent for this purpose became unfruitful.

3.2.10.2 Deficiencies in conducting nursing courses

Prior to 2002-03, nine Government nursing schools attached to different medical college hospitals[14] were functioning in the State with a combined annual intake of 745 students for the diploma in nursing course. Based on a Government decision to start nursing schools in district headquarters, Government ordered the establishment of 12 new nursing schools with an annual intake capacity of 50 per school and increasing the annual intake by 50 seats in each of the existing nine nursing schools.

Perusal of connected records in the sample eight schools out of the 21 schools revealed the following:

(a) Six out of eight sample schools did not have a Principal. The shortage of other teaching staff viz. Vice Principal, Senior Tutor, Tutor and Additional Tutor for Interns, as required by Indian Nursing Council (INC) norms in eight sample schools ranged between 36 and 68 *per cent,* as given in **Appendix 3.9.**

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[14] Government General Hospital, Chennai; Government Stanley Hospital, Chennai; Kilpauk Medical College Hospital, Chennai; Government Rajaji Hospital, Madurai; Thanjavur Medical College Hospital; Tirunelveli Medical College Hospital; Annal Gandhi Memorial Government Hospital, Tiruchirappalli; Government Mohan Kumaramangalam Medical College Hospital, Salem and Coimbatore Medical College Hospital.

(b) Audit found that Government failed to sanction the required number of teaching staff as per INC norms in five sample nursing schools.[15] Inadequate teaching faculty along with lack of infrastructural facilities were also pointed out by INC during their visit (February 2007) for the recognition of General Nursing Midwife course in the school of nursing in AGM Hospital, Tiruchirappalli, one of the sample school.

Deficiencies like shortage of teaching staff, retention of funds outside Government account, direct utilisation of Government receipts for Government expenditure, lack of infrastructure, etc., in conducting nursing courses were noticed.

(c) Rs 2.09 crore were lying unutilised out of the fees collected by seven sample hospitals as of March 2007 in their PD Account in Government Account.

(d) Government ordered (December 2006) recruitment of part time lecturers utilising the unutilised funds available with them, for the newly introduced subjects[16] from 2006-07 onwards, as per the nursing curriculum stipulated by INC in June 2004. DME reiterated (January 2007) the same by directing the Heads of Medical Institutions to issue necessary instructions to the Principals of the schools. However, none of the sample nursing schools had recruited any part time lecturers. As a result these courses had not commenced (May 2007).

(e) None of the sample nursing schools had sufficient classrooms, hostels and other infrastructure to meet the INC norms.

(f) Seven sample schools[17] had mini-bus/van to facilitate the visit of students to various health facilities as part of the course curriculum. However, drivers and funds for fuel were not provided to these schools for running the vehicles. As a result, the vehicles were put to limited use by the students through their own personal arrangements, defeating the objective of visiting various health facilities during their study period.

3.2.10.3 Non conducting of Para Medical courses

Non continuation of para medical courses during 2006-07, depriving 2,760 personnel from getting into these courses.

Based on Government's announcement in the Legislative Assembly (3 April 2003), DME forwarded (April 2003) a proposal to start nine new paramedical certificate courses[18] of one-year duration in Government medical colleges to train manpower for operation of biomedical equipment. Government accorded formal permission to DME in June 2003 for starting the courses from the academic year 2003-04 with instructions to send full details

15 Stanley Medical College; Kanniyakumari Medical College; Annal Gandhi Memorial Hospital at Tiruchirappalli; Tirunelveli Medical College Hospital and GMKMC Hospital, Salem.

16 English, Health Economics and Computer Science.

17 Kanniyakumari Medical College Hospital, Nagercoil; Government Hospital, Dindigul; Government Rajaji Hospital, Madurai; Annal Gandhi Memorial Hospital, Tiruchirappalli, Tirunelveli Medical College Hospital, GMKMC Hospital, Salem and Thanjavur Medical College Hospital.

18 (i) Cardiac sonography technician, (ii) ECG, Tread mill and pump technician, (iii) Catheterization lab technician, (iv) Emergency care technician, (v) Respiratory therapy technician, (vi) Dialysis technician, (vii) Anesthesia technician, (viii) Theatre technician and (ix) Ortho technician.

of syllabus, eligibility/mode of selection of students, mode of examination in consultation with the specialists before 15 July 2003. Based on the meeting convened by the DME with the Deans and the revised proposals of DME (October 2004 to December 2004), Government issued (March 2005) orders for starting 10 certificate courses and one Diploma course in Medical Lab Technician (DMLT) in all Government Medical Colleges after splitting the ECG, Treadmill Technician and Pump operator course into two courses viz. (i) ECG/Treadmill Technician course and (ii) Pump Technician course. The courses were started for the academic year 2005-06 in October 2005 and 2760 students (1850 students for 10 certificate courses and 910 students for DMLT course) were enrolled for the academic year 2005-06. However, no admission to these courses was made for the next academic year 2006-07 as the Government could not approve DME's proposal for increasing the intake capacity of these courses to 5000 in time. As the Government orders were received only in March 2007, the Directorate of Medical Education stated (July 2007) that action is being taken for admission for the academic year 2007-08.

DME could have conducted these courses with the intake already sanctioned by Government during 2006-07 and the increase could have been effected after getting Government sanction. The non-continuation of the existing courses reflected poor planning on the part of DME and hampered the creation of more qualified paramedical personnel, as 2,760 candidates were denied admission to paramedical courses.

3.2.10.4 Inadequate community medicines classes

Deficiencies in conducting community medicines classes, prescribed by MCI

According to the syllabus prescribed by MCI, 30 hours of theory and at least 30 hours of field visits (15 field visits each of two hour duration) have to be conducted for community medicine during the first year of MBBS. In Thanjavur Medical College, however, classes of community medicine were conducted only during the second year, which was against the directions of MCI and would also affect the conduct of second year classes specified as per the course curriculum. In Salem Medical College, the number of field visits undertaken for community medicine ranged between five and seven against the envisaged 15 visits and the field trips to PHCs/UHPs were not undertaken though envisaged in the syllabus prescribed by MCI. In Vellore Medical College also, four field trips alone were undertaken. These defects were noticed in three out of the six medical colleges audited, defeating the objective envisaged in the syllabus.

3.2.10.5 Inadequate dissection of cadavers

The MCI syllabus prescribes dissection of body parts of cadavers by students to acquire knowledge of human anatomy. The ratio between the dissected cadavers and the students as per MCI norms is 1:10. Test check of records revealed that the percentage of shortfall during 2002-07 in dissection of cadaver ranged between 38 and 92 in Thanjavur Medical College, 10 and 80 in Government KAPVMC, Tiruchirappalli and 38 and 54 in Tirunelveli Medical College. In Government Medical College, Vellore, the percentage of shortfall was 50 during 2005-06 and 2006-07. This shortfall would lead to the students not acquiring the requisite knowledge during the practical sessions. The cause for the shortfall was attributed to the scarcity of cadavers by the Thanjavur and Tiruchirappalli Medical Colleges.

3.2.10.6 Poor pass percentage under MBBS course

An analysis of pass percentage in the final examinations during the period 2002-07 revealed that only 53 *percent* (3752 out of 7130) students completed the course in the stipulated 4 ½ years. Of the remaining, 30 *percent* (2178 students) and 17 *percent* (1200 students) took 5 years and more than 5½ years respectively for completing the course. It was also noticed that 51 students and 15 students had taken more than seven years and ten years respectively for completing the course, because of the lack of any cap on the number of years or attempts, as available for engineering courses.[19]

In Thoothukudi Medical College (started in 2000-01), which had a large number of vacancies of teaching faculty[20], 39 *per cent* students completed the MBBS course within the stipulated 4 ½ years.

All the above clearly affected the availability of qualified medical professionals in the field.

3.2.11 Teaching Staff

3.2.11.1 Poor salary structure in Medical Colleges

Due to non-awarding of UGC scales, the teaching staff of medical and dental colleges were drawing less pay than their counterparts in Arts and Science colleges.

The teaching staff of medical and dental colleges were receiving less emoluments when compared to their counterparts in Arts and Science Colleges who were drawing UGC scales, as shown below.

Sl.No.	Name of the Post	Scale of pay of Medical University	Scale of pay of Madras University
1.	Professors	Rs 12750 – 375 –16500	Rs 16400 – 500 -22400
2.	Readers	Rs 10000 – 325 –15200	Rs 12000 - 420 - 18300
3.	Lecturers	Rs 9100 – 275 – 14050	Rs 10000 – 325 - 15200

3.2.11.2 Shortage of staff

Government medical colleges are chronically short of teaching staff, resulting in poor quality education and non recognition of courses by MCI.

As against the normative requirement of 4,938 teaching staff of different categories (excluding DME and Deans) in medical colleges and teaching hospitals attached to all the medical colleges in the State, as per MCI norms, Government sanctioned only 4,355 Posts (88 *per cent*) as of April 2007. 3,87[illegible] posts alone (78 *per cent* of MCI norms) were filled up, leaving the remaining

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19 A maximum period of seven years was only allowed for passing the BE course

20 Thoothukudi Medical College: 26 out of 49 posts of Professor/Reader and 28 out of 110 posts of Assistant Professor/Tutors

482 posts vacant relating to all teaching hospitals under the control of DME. The details of vacancies of the teaching staff in the 14 government colleges and one dental college in the State, as given by DME, are given in **Appendix 3.10A**.

The vacancy position (April 2007), as seen from **Appendix 3.10A**, is acute in the cadre of Professor/Reader in eight medical colleges[21] with the percentage of vacancy against the sanctioned strength ranging between 24 and 56. Though the position of the State as a whole, in the case of Assistant Professors/Lecturers/Tutors was slightly better, the vacancy in this post was severe in three colleges with the percentage against the sanctioned strength varying between 25 and 29.

The vacancy position in the teaching posts as of April 2007 in the sample medical colleges and the dental college, is given in **Appendix 3.10B**.

Vacancy in the posts of Professor/Reader was acute in four sample colleges. Similarly the position of vacancy in the post of Assistant Professor/Lecturer/Tutor was high in one sample college.

The vacancy in the posts of Professor/Reader is acute at 38 *per cent* in Tirunelveli Medical College, 27 *per cent* in the Tamil Nadu Government Dental College and Hospital, 25 *per cent* in GMK Medical College, Salem and 24 *per cent* in Government Medical College, Vellore and in the remaining sample colleges, it ranged between seven and 20. Similarly the percentage of vacancy in the posts of Assistant Professor/Lecturer/Tutor is high at 29 *per cent* in Government Medical College, Vellore and it ranged between three and 18 in the remaining six sample medical colleges. The vacancy in both the cadres is pronounced in Government Medical College, Vellore.

3.2.11.3 Non availability of qualified staff

Staff in position in four sample colleges without the requisite PG degree in their relevant subject.

Of the staff in position in four sample medical colleges viz Government Mohan Kumaramangalam Medical College (GMKMC), Salem, KAP Viswanathan Medical College (KAPVMC), Tiruchirappalli, Tirunelveli Medical College and Stanley Medical College (SMC), Chennai, 56, 56, 43 and 40 *per cent* of teaching staff respectively in 8 non–clinical departments[22] did not possess the requisite PG degree in the subject which they taught, affecting the quality of education imparted. The macro position of unqualified staff without PG degree, holding teaching position in all the medical colleges in the State was not available with the DME and the University.

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21 Tirunelveli Medical College (31), Thoothukudi Medical College (26), Kanniyakumari Medical College (28), Theni Medical College (23), Coimbatore Medical College (23), GMKMC, Salem (19), Vellore Medical College (12) and Tamil Nadu Government Dental College (6).

22 Anatomy, Physiology, Biochemistry, Pathology, Microbiology, Pharmacology, Forensic Medicine and Community Medicine.

3.2.11.4 *Unauthorised absence*

DME failed to take legal action in the cases of doctors went on unauthorised absence.

DME stated (June 2007) that as of March 2007, 355 PG doctors teaching in medical colleges in the State were on unauthorised absence for more than one year. Though it was reported that all these doctors had executed a bond for specified amount with a binding period[23], the details of bond along with the amount of the bond, year of passing PG course and the period of service rendered after passing PG course were not compiled for these 355 doctors by the Department. Test-check of case files and service registers of 48 doctors of five sample units revealed that 35 doctors[24] (73 *per cent)* after their MBBS course, had secured admission to their PG degree courses under service quota.[25] DME also failed to initiate any legal action for getting the bond amount from these absent doctors. Instead, the DME merely issued notices under Rule 17 B of Service Rules and forwarded the details of these cases to Government, where again no action was taken. This unchecked absenteeism of teaching staff also contributed to the shortage of teachers. Stringent legal action by the DME/Government against such absentees and recovering the bond amount, which was steeply increased in August 2004, would have eased the absenteeism subsequently.

3.2.11.5 *Voluntary retirement*

Records revealed that 74 Surgeons and 150 Assistant Surgeons/Tutors took voluntary retirement in the State during 2002-07 constituting about 6 *per cent* of the total staff.. The exodus of such experienced persons from medical colleges/teaching hospitals, constituting above 46 *per cent* of the vacant posts highlights the need for devising ways of retaining qualified teaching staff.

3.2.11.6 The Government is thus slowly losing skilled medical and paramedical professionals due to absenteeism, voluntary retirement, etc.

3.2.12 Functioning of Tamil Nadu Dr. MGR Medical University

3.2.12.1 The University was established under the Tamil Nadu Dr. MGR Medical University Chennai Act, 1987 (Act). The main objectives of the University were to provide for research and for the advancement and dissemination of knowledge in the field of medical science; to provide for instructions and training in such branches of learning as it may determine in the field of medical science; to develop research facilities and to organise advanced studies and research programmes from time to time. As of January

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23 Rs 50,000 till 2003 with a specific binding period of 15 years and Rs 5 lakh for PG diploma and Rs 10 lakh for PG degree/MDS/Higher speciality courses with specific binding periods ranging from 20 years till the date of superannuation.

24 Stanley Medical College Hospital: 17, AGM Government Hospital, Tiruchirappalli: 8, Government KAPVMC, Tiruchirappalli: 4, Government Medical College, Vellore: 1, and Tirunelveli Medical College: 5.

25 50 *per cent* of the Post Graduate seats are reserved for medical officers in Government service as service quota.

2007, 232 medical institutions were affiliated to the University, offering courses in 123 disciplines.

Scrutiny of records with reference to affiliation of colleges and creation of various departments for conducting research facilities for furthering of medical education revealed the following.

3.2.12.2 Affiliation of courses

(a) Non issue of continuous provisional affiliation

Section 5(5) of the University Act provides for affiliation of colleges lying within the University area, to the University. As per statute 42 and 43 of the University, colleges will be affiliated provisionally at the first instance, and on completion of the course by the first batch of students, permanent affiliation will be granted based on the application of the concerned colleges to the University. The amendment to this clause in August 2005 provide for issue of continuous provisional affiliation (CPA) instead of permanent affiliation. The procedure for this involves inspection of the college by the University on request and payment of prescribed fees by the college.

Continuous provisional affiliation was not issued to Government colleges due to non-payment of prescribed fees for inspection and affiliation.

In seven government colleges, 27 courses were not inspected and continuous provisional affiliation not given.

As government colleges did not pay the inspection and affiliation fees, the governing council of the University in March 2005 resolved not to inspect these colleges till the arrears were settled in full. Consequently, the quinquinniel inspection due in 2005 in respect of 5 government colleges[26], which existed prior to the formation of the University, were not conducted by the University due to non payment of fees by these colleges. In another five colleges inspection was not conducted in two government medical colleges[27] after 2003-04 and in three government medical colleges[28] after 2006-07 by the University. Consequently CPA was not issued. Besides, 27 post graduate degree/diploma courses conducted by seven other government colleges were not inspected and CPA has not been issued for various periods from 2000-01, the details of which are given in the **Appendix 3.11**. However since these colleges are Government institutions, University continued to issue degrees to the passing students of these colleges.

26 Madras Medical College, Stanley Medical College, Madurai Medical College, Kilpauk Medical College and Thanjavur Medical College.

27 GMKMC, Salem and Government KAPVMC, Tiruchirappalli.

28 Government Medical Colleges at Thoothukudi, Vellore and Theni.

(b) Non affiliation of medical institution

One post graduate institute in Chennai was not affiliated to Dr MGR Medical University as required under University Act mainly due to non-awarding of UGC scales, fewer promotional opportunities in the Universities etc.

According to Section 6(1) of the Act, no college or institution within the University area was to be affiliated to any other university other than this University. However, Dr A.L.M. Post Graduate Institute of Basic Medical Sciences functioning in Taramani, Chennai offering 11 courses continued to be affiliated to Madras University and the degrees are awarded by the Madras University. Unresolved issues such as continuing the UGC scales of pay (which they are presently getting) on transfer to the Medical University, better promotional opportunities for the staff, receipt of UGC grants, etc. blocked the transfer of this institution from Madras University to Medical University, even after 20 years.

3.2.12.3 Establishment of departments for conducting research facilities

(a) Poor functioning of established departments

Due to non functioning of required number of departments, University failed to get financial assistance from UGC

A high level team of the University Grants Commission (UGC) after visiting in April 1993, remarked that one of the criteria for UGC recognition and funding of the University is that it should have at least five departments working, with adequate staff under its direct control. As the University could not establish 5 fully functional departments till date, it could not take up the matter of UGC recognition and funding. As a result, the University failed to get financial support from UGC for its administrative and research activities.

The details of expenditure incurred during 2001-06 for various departments are given in **Appendix 3.12.**

Poor/non-functioning of the departments created for research activities in the Medical University

Perusal of connected records revealed that to undertake research and to impart knowledge on current trends in medical education research, Government issued orders for establishing seven departments in the University from time to time since 1996 of which only four departments[29] were functioning. Of the remaining, Medical Genetics department was not functioning despite incurring Rs 36.52 lakh, while Hospital Administration and Medical Biotechnology departments were not even established despite spending Rs 14.01 lakh and Rs 0.04 lakh respectively. The University replied (August 2007) that due to dearth of non-clinical facilities, there was no response for the advertisement seeking eligible candidates issued in earlier years and fresh advertisements have been issued (June 2007) in the newspapers for filling up the posts.

Even in three of the functioning four departments (Experimental Medicine, Epidemiology and Transfusion Medicine), the University did not allocate funds during 2001-06 for research activities and major research activities/programmes were taken up only with external funds.

Out of 15 research posts (Reader/Professor/Lecturer) created by the University in eight departments, including one department (Siddha) which was

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29 Experimental Medicine, Epidemiology, Immunology and Transfusion Medicine Departments

established through a decision of Governing Council of the University 11 posts[30] were vacant as of March 2007. While the posts were vacant in respect of three departments (biotechnology, hospital administration and siddha) since inception, the other posts were vacant for a long period.

Poor utilisation of grants released for the departments

Out of Rs 25 lakh, sanctioned by State Government in May 2003 for Epidemiology Department to improve the molecular epidemiology facilities, Rs 10 lakh only was released. The University spent just one lakh towards purchase of books to date (March 2007) and deferred the purchase of equipment already identified (Cost: Rs nine lakh) as the posts of laboratory personnel had not been filled. As a result, University could not avail of the remaining amount of Rs 15 lakh out of the sanctioned grant of Rs 25 lakh.

(b) Non-establishment of envisaged departments

Three departments proposed to be established in Tenth five year plan period not established

The University proposed in their Tenth Five Year Plan document to establish four departments viz. (i) department of pharmaceutical science, (ii) department of Siddha, (iii) department of bio medical, and, (iv) department of nursing. Though a proposal involving an investment of Rs 1.31 crore was forwarded to Government under 2002-03 Part II Scheme for the formation of the Department of Pharmaceutical Sciences, the proposal was not considered by Government. Although the University estimated a requirement of Rs one crore each for the establishment of other three departments in the tenth five year plan document, no proposals were prepared and sent to Government in respect of these three departments, despite their importance.

(c) Payment of lower scale of pay to teaching staff

Absence of provision of UGC scale of pay

Representations from Research Professors of the Taramani Institute of Post Graduate Research showed that the absence of provision of UGC scale of pay, which was higher than the scale of pay currently offered by the Medical University, was the main reason for their reluctance in joining the University. The Vice Chancellor of the University had reported to Government, as early as in February 1989 that unless the UGC scale was allowed, eligible and qualified staff could not be attracted and retained in the University. Even though the University was vested with powers to appoint Professors, Readers and Lecturers and fix their emoluments as per Section 14 of the Act, University failed to exercise these powers in the interest of the University and public. Government also failed to advise the University in this important matter so far (May 2007).

(d) Non-utilisation of funds given for a research project

Despite the receipt of Rs.24.38 lakh by the University in 2001-02 from a foreign agency (GLAXO WELCOME, United Kingdom) for monitoring "Death due to HIV related cases in India", the project was not taken up for

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30 Epidemiology: Professor (1), Medical Genetics: professor (1) and lecturer (1), Bio Technology: Professor (1) and Lecturer (1), Transfusion Medicine: Assistant Professor (1), Immunology: Lecturer (1), Hospital Administration: Reader (1), Experimental Medicine: Professor (1) and Siddha: Professor (1) and Lecturer (1)

implementation so far (April 2007) due to constant change of Principal Investigators.

All this clearly shows that the University had not made much head way in research activities, the prime objective of the University, to help the medical and paramedical personnel upgrade their knowledge in the field of medical sciences. The Finance Officer of the University stated (August 2007) that with the limited resources and faculties, research work is undertaken in two departments (Department of Experimental Medicine and Department of Immunology) and action is being taken to do more research work after the transfer of four non-clinical departments of Taramani Institute of Post Graduate Research to the University, which is now under consideration of the Government.

3.2.13 Lack of infrastructure in Medical Colleges

The availability of infrastructure is crucial for imparting quality medical education.

Infrastructure facilities prescribed by MCI lacking in Government medical colleges

The availability/non-availability of infrastructure in various medical institutions in the State had not been compiled by the DME to enable Audit to assess the picture in the State as a whole.

The details of infrastructure prescribed by MCI and lacking in sample units are given below.

- As against the norm of four lecture halls, Government Vellore Medical College and Government Thanjavur Medical College have only two halls each,
- Government Vellore Medical College, Government KAPVMC, Tiruchirappalli and the Government Dental College, Chennai have no staff quarters. The number of staff quarters in the remaining three sample colleges was also grossly inadequate,
- Libraries in the three sample medical colleges viz. GMKMC, Salem, GKAPVMC, Tiruchirappalli and Government Vellore Medical College have only one library staff each against the MCI norms of 12 and fewer books (ranging between 3412 and 6241) against the MCI norm of 7000. Use of library facilities was very limited, and,
- No internet facilities were available in two medical colleges viz. GMKMC, Salem and KAPVMC, Tiruchirappalli. Further enquiry revealed that the MEDLAR system, an internet based network which enabled free access to all kinds of medical literature including the priced ones, established in all medical colleges in 1995 with central

assistance was not functioning in six sample colleges[31] due to non-working of the internet system. While GMKMC, Salem stated that MEDLAR is not functioning due to non-availability of computer operator, the Government Thanjavur Medical College reported that MEDLAR is outdated and hence not utilised.

3.2.14 Inadequate training activities

Poor training activities and non-availing of grants offered by MCI for training.

To update the knowledge of medical/paramedical professions, the department is organising in-service training, continuing medical education programmes (CME), workshops, symposiums etc. Information collected from 28 departments in the five sample colleges revealed the following:

- Against the targetted 280 CME programmes (at the rate of two programmes per department per year) only 37 programmes were conducted during 2002-07 and,
- MCI offered a grant of Rs one lakh for conducting CME programmes utilising the services of NRI faculties and Rs 50,000 with local faculties. However, none of the sample colleges had availed of this grant to conduct these programmes.

3.2.15 Poor patronage of research activities by the Government

Government failed to provide sufficient encouragement to research activities.

One of the main objectives of the department was to pursue and encourage research in the field of medical sciences. None of the sample colleges, though, had undertaken any research project during 2002-07, except student research as a part of the PG and post PG courses. Also no staff in any of the sample colleges had received citations in indexed medical journals. DME attributed the following reasons for non-pursuance of research activities by the doctors of Government medical institutions:

- lack of time to spend on research,
- absence of any financial assistance from Government or any financial incentive,
- time consuming procedures in obtaining the permission of State Government for seeking funding from research agencies like Indian Council for Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), etc.,
- non- consideration of research achievements for promotion to higher posts, despite existence of specific MCI norms in this regard,
- non-availability of facility for availing special casual leave and TA/DA for participation in scientific conferences to present papers, and,
- non provision of sabbatical leave for working with leading institutions in India and abroad in order to gain expertise.

Thus lack of encouragement for taking up research work would lead to continued dependence on imported technologies and non-development of region specific treatment methods for health issues local to the State.

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[31] GMKMC, Salem, GKAPVMC, Tiruchirappalli, Government Medical College, Vellore, Stanley Medical College, Chennai, Thanjavur Medical College and Tamil Nadu Government Dental College and Hospital, Chennai.

3.2.16 The issues relating to teaching hospitals are discussed at length in a separate review on "Functioning of Teaching Hospitals" in this report.

3.2.17 Conclusion

The primary objective of producing sufficient skilled medical and paramedical personnel for providing effective and quality medical care was not achieved to a large extent due to poor planning and an inconsistent policy on the participation of private sector in medical education. This had also led to a wide gap between the existing intake capacity of medical seats and the demand for medical courses. Post graduate medical/dental courses were conducted without getting the required recognition of Medical/Dental Council of India. Lack of teaching staff and infrastructure, utilisation of teaching staff without the requisite PG degree, continued absenteeism of doctors and the absence of legal action against them, and deficiencies in conducting nursing/paramedical courses affected the quality of medical education imparted. Dr MGR Medical University is not conducting inspection of Government medical colleges due to non-payment of inspection/affiliation fees. Continuous provisional affiliation was not given to 27 courses by the University for various periods since 2002-03 due to various deficiencies. Adequate research activities were not conducted by the University due to poor/non-functioning of the departments created for this purpose in the University.

3.2.18 Recommendations

- Efforts should be made for increasing the intake capacity of medical seats in tune with the demand of public for both undergraduate and postgraduate courses. Where the costs are prohibitive, the private sector should be encouraged to play its part.
- It should be ensured that all post graduate courses conducted are recognised by MCI/DCI. Government should take up this issue urgently with Government of India, and follow up regularly with MCI.
- Sufficient teaching faculty with requisite qualification should be sanctioned and adequate infrastructure facilities should be provided to medical colleges/dental college/nursing schools, for enabling them to impart quality medical education and for getting the recognition and affiliation for the courses from the Medical/Dental Council of India.
- The Government must review the service conditions and consider granting UGC scales to attract and retain qualified teaching staff.
- Dr MGR Medical University should give greater thrust to research activities by strengthening the departments established for this purpose by attracting qualified staff.
- The amount relating to the initial deposit obtained from the selected candidates and lying without transfer to the colleges upto the previous year should be transferred to Government Account.

The above points were referred to Government in July 2007; reply had not been received (November 2007).

3.3 Functioning of teaching hospitals

Highlights

Teaching hospitals attached to medical colleges are providing tertiary medical care besides giving practical exposure to medical students on various types of medical treatment and use of equipment.

> **Super speciality services like heart surgery, kidney transplants etc., were not continuously provided by medical college hospitals in the State except in Chennai and Madurai.**

(Paragraph 3.3.6.1(c))

> **Absence of important specialities/services like cardiology, diabetology, nephrology, neurology, urology and gastroenterology, want of vital diagnostic facilities and lack of medical and paramedical staff and infrastructure facilities resulted in poor utilisation of two peripheral hospitals and thus the envisaged objective of decongesting teaching hospitals was not achieved.**

(Paragraph 3.3.6.2)

> **Important diagnostic services were not available in 12 teaching hospitals which had a bed strength of more than 500, thereby depriving patients of quality medical care. Absence of specified certification/ accreditation/calibration of instruments/equipment and non-registration of X-ray machines in the sample hospitals, as envisaged, resulted in the hospitals not ensuring quality and accuracy.**

(Paragraph 3.3.6.3)

> **Idle equipment costing Rs 4.51 crore, equipment under disrepair lying unattended, deficient supporting services like ambulance services and steam laundries in the sample hospitals affected the quality of medical care extended apart from affecting medical education.**

(Paragraphs 3.3.6.4, 3.3.7.1 and 3.3.7.2)

> **Details of utilisation of funds released to Tamil Nadu Medical Services Corporation were not obtained and monitored by the Director of Medical Education, resulting in funds of Rs 100.37 crore lying unutilised with Tamil Nadu Medical Services Corporation as of March 2007.**

(Paragraph 3.3.9.2)

3.3.1 Introduction

Teaching hospitals are hospitals attached to medical colleges and providing medical care to the general public. A total of 44 teaching hospitals including four peripheral hospitals with 21,399 beds and 21 nursing schools are attached to the 15 medical /dental colleges functioning in the State. While 15 hospitals are in campus or near the concerned medical colleges, 29 are located away from the colleges. All these hospitals are involved in medical education besides providing tertiary medical care to ailing patients including speciality treatment to patients referred to them by other medical institutions such as Primary Health Centres and Government district/taluk hospitals.

3.3.2 Organisational set up

Secretary to Government of Tamil Nadu, Health and Family Welfare Department is in charge of teaching hospitals at Government level and the Director of Medical Education (DME) at the State level. The Dean of the Medical/Dental College administers the attached teaching hospital. An organisational chart of the system is given in **Appendix 3.13.** Tamil Nadu Medical Services Corporation (TNMSC) purchases and supplies medicines and equipment to these hospitals besides maintaining all medical equipment.

3.3.3 Audit coverage

Performance audit on the functioning of teaching hospitals for the period 2002-2007 was conducted during February 2007 to May 2007. The records of the Health and Family Welfare Department in the Secretariat, Directorate of Medical Education and nine[1] out of 40 teaching hospitals, eight[2] out of 21 nursing schools and two[3] out of four peripheral hospitals, were examined.

3.3.4 Audit objectives

Performance audit was conducted

- to ascertain the availability, adequacy and quality of various services rendered by teaching hospitals, and the adoption of modern techniques in treatment, patient-care and hospital management,

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1. (1) Government Annal Gandhi Memorial (AGM) Hospital, Tiruchirappalli, (2) Government Dental College Hospital, Chennai (3) Government Mohan Kumaramangalam Medical College (GMKMC) Hospital, Salem (4) Government Medical College Hospital, Thanjavur, (5) Tirunelveli Medical College Hospital (6) Government Royapettah Hospital, Chennai (7) Government TB Hospital, Tambaram, (8) Government Stanley Hospital, Chennai and (9) Government Medical College Hospital, Vellore.
2. Nursing schools attached to GMKMC Hospital, Salem, Government Stanley Medical College Hospital, Chennai, Government Medical College Hospital, Thanjavur, Kanniyakumari Medical College Hospital, Nagercoil, Government Hospital, Dindigul, Government Rajaji Hospital, Madurai, Government AGM Hospital, Tiruchirappalli and Government Medical College Hospital, Tirunelveli.
3. Government Peripheral Hospital, Periyar Nagar and Government Peripheral Hospital, Tondiarpet.

- to check the availability and utilisation of created infrastructure, equipment, manpower, etc., in providing medical care.
- to assess efficiency in inventory and asset management in teaching hospitals, and,
- to study the relevance and reliability of internal controls.

3.3.5 Audit criteria and methodology

The following criteria were adopted to assess the performance of teaching hospitals.

- Guidelines issued and goals and targets prescribed by the State Government,
- Codes and manuals of the Department, and,
- norms stipulated for certification/accreditation/calibration of medical equipment/instruments for ensuring quality of services rendered with them.

The performance audit commenced with a pilot study in January 2007 and field units were selected on random sampling basis. The audit objectives and criteria were discussed with the Secretary, Health and Family Welfare Department at an entry conference held in March 2007. Besides test check of connected records in the sample units, information was also obtained from various official sources and written replies from the officers at Government/district/unit level. The important points noticed during the performance review are given in succeeding paragraphs.

3.3.6 Deficiencies in extension of tertiary medical care facilities

3.3.6.1 Non availability of super speciality treatments

(a) The performance of teaching hospitals in terms of some major services rendered by them during 2002-07, for the entire State, as furnished by DME, is given in **Appendix 3.14 A.**

(b) The details of bed strength and average bed occupancy ratio of the 44 teaching hospitals are given in **Appendix 3.14 B.** While no beds are available in seven hospitals, the performance of 14 hospitals[4] which had an average bed

[4] Kilpauk Medical College Hospital, Chennai, Chengalpattu Medical College Hospital, Thanjavur Medical College Hospital, Raja Mirazdar Hospital, Thanjavur, Coimbatore Medical College Hospital, GMKMC Hospital, Salem, AGM Hospital, Tiruchirappalli, Vellore Medical College Hospital, Kanniyakumari Medical College Hospital, Theni Medical College Hospital, IOG Hospital for Women and Children, Chennai, ICH Hospital for Children, Chennai, Government Kasturba Gandhi Hospital for Women, Chennai and Government Hospital for Thoracic Medicine, Tambaram.

occupancy ratio of more than 100 *per cent* during 2002-07, and 17 hospitals[5] which had a bed occupancy ratio between 50 and 100 *per cent* was good. The performance of the remaining six hospitals was poor with their bed occupancy ratio ranging between nine and 49.

Speciality services were not continuously provided in the teaching hospitals except in Chennai and Madurai.

(c) Twenty out of 44 teaching hospitals in the State are large institutions with a bed strength of more than 500. Of these, 12 are medical college hospitals. While four medical college hospitals were in Chennai with bed strength ranging between 515 and 2,700, one was in Madurai (Government Rajaji Hospital) with a bed strength of 2,218. The remaining seven medical college hospitals[6] were outside Chennai with bed strength ranging between 541 and 1,118. Speciality services like open heart surgery and kidney transplantation were continuously provided only in four[7] and three[8] teaching hospitals respectively. Non availability of continuous super speciality services outside Chennai and Madurai is a matter of concern to be addressed. Even in Chennai, patients have to wait for about six to 12 months in getting money from Tamil Nadu State Illness Assistance Fund for the conduct of such surgeries in one sample hospital as discussed in the subsequent paragraph.

(d) The performance of heart surgery cases including open heart surgeries, valve replacement, closed mitral commisuromy and other heart surgery cases declined in Stanley Medical College Hospital, from 277 in 2002-03 to 196 during 2006-07. Out of 63 patients registered for free heart surgery during 23 February 2006 to 30 June 2006, utilising assistance from Tamil Nadu State Illness Assistance Fund (TSIA fund), a fund created by Government for helping the poor public, intimations were sent for 59 patients. Of this, only 11 had undergone the surgeries. The remaining patients did not turn up for surgery as it took six to 12 months for the Dean to fix up the free surgeries. As of 10 August 2007, 144 patients are in the waiting list. Though the hospital had the facility to handle 200 open heart surgeries *per annum*, only an average of 120 surgeries *per annum* were conducted during 2002-07. The Professor and Head of Cardio Thoracic Surgery informed audit that only if uninterrupted supply of consumables was made available under both TSIA fund and General Fund, 200 surgeries *per annum* could be conducted and non-

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5 Stanley Medical College Hospital, Chennai, Government Rajaji Hospital, Madurai, Tirunelveli Medical College Hospital, Thoothukudi Medical College Hospital, Government Royapettah Hospital, Chennai, Government RSRM Hospital, Government Peripheral Hospital, Anna Nagar and Government Cancer Hospital, Karapettai, Government General Hospital, Chennai, Government Opthalmic Hospital, Chennai, Institute of Mental Health, Chennai, Government TB Hospital, Otteri, Government Peripheral Hospital, K.K.Nagar, Government Peripheral Hospital, Periyar Nagar, Government Peripheral Hospital, Tondiarpet, Government Institute of Rehabilitation Medicine, Chennai and TB Hospital, Thoppur, Madurai.

6 Tirunelveli Medical College Hospital: 1,118, Coimbatore Medical College Hospital: 1,045, GMKMC Hospital, Salem: 831, Thanjavur Medical College Hospital: 678, Chengalpattu Medical College Hospital: 630, Thoothukudi Medical College Hospital: 612 and Vellore Medical College Hospital: 541.

7 Government General Hospital, Chennai, Stanley Medical College Hospital, ICH & HC, Chennai, and Government Rajaji Hospital, Madurai.

8 Government General Hospital, Stanley Medical College Hospital and Kilpauk Medical College Hospital all in Chennai.

availability of funds under TSIA funds towards purchase of consumables, valves, etc., was the main reason for the poor performance.

3.3.6.2 Poor functioning of peripheral hospitals

Government established four peripheral hospitals[9] in Chennai city during the 1970s to reduce congestion at the existing teaching hospitals and proposed to develop them gradually into multi-speciality hospitals to cater to the medical needs of the suburban population. Though the population in the suburban areas had increased manifold during the last 30 years, these hospitals failed to fulfill the objective for which they were established, as discussed below:

Non-availability of speciality services and vital diagnostic services, and acute vacancy position of medical and para medical personnel resulted in declining number of out patients in peripheral hospitals.

Against the increase of 7.25 *per cent*[10] in the combined outpatient (OP) cases in respect of the related four teaching hospitals during 2002-2005, the combined OP census of four peripheral hospitals attached to the above teaching hospitals had declined by 33.06 *per cent*[11] during the same period. Similarly, the inpatient (IP) census of the four teaching hospitals increased by 10.03 *per cent*[12] while that of the four peripheral hospitals declined by 36.45 *per cent*[13] during this period.

The factors contributing to the declining trend in two sample peripheral hospitals (Periyar Nagar and Tondiarpet) are listed below:

- Important specialities such as cardiology (except in KK Nagar), diabetology, nephrology, neurology, urology, burns ward, gastroenterology, STD clinic, etc., were not available and vital diagnostic facilities such as CT Scan, EEG, EMG, etc., were lacking, and,
- Chronic vacancy position (February 2007) in the cadre of medical officers (20 *per cent* of the sanctioned posts) and other paramedical and supporting staff (23 *per cent* of the sanctioned posts), affected the performance of these peripheral hospitals.

Some of the infrastructure created in these hospitals, was not being used, as indicated below:

- Both passenger lifts in Periyar Nagar Peripheral Hospital were not functioning since January 2003 and December 2005 respectively due to the absence of an annual maintenance contract since July 2002 and April 2003 respectively. Though the Executive Engineer (Public Works Department) (EE(PWD)) Electrical Division, Chennai was

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9 Anna Nagar (attached to Kilpauk Medical College Hospital), KK Nagar and Periyar Nagar (attached to Madras Medical College Hospital) and Tondiarpet (attached to Stanley Medical College Hospital).

10 16,816 OP cases in 2002 to 18,035 OP cases in 2005 per day in four teaching hospitals.

11 3,944 OP cases in 2002 to 2,640 OP cases in 2005 per day in four peripheral hospitals.

12 3,910 IP cases in 2002 to 4,302 IP cases in 2005 per day in four teaching hospitals.

13 321 IP cases in 2002 to 204 IP cases in 2005 per day in four peripheral hospitals.

addressed as early as in March 2003 for rectifying the defects in the lifts and to take over the maintenance of lifts, as was the practice in Chennai city hospitals, no further action was taken for repairing the lifts and its maintenance.

- Mortuary Block (cost: Rs 5.50 lakh) in Periyar Nagar was not in use since its construction in 1983 owing to cracks noticed in its interior as well as in its exterior, and lack of proper refrigeration. Consequently, the building has not been handed over by the Public Works Department (PWD). A reference made to PWD in January 2003 for its utilisation as record room was still pending.

- The kitchen in the Tondiarpet Peripheral Hospital remaine non-functional since April 2002, due to non-availability of rice permi from the Tamil Nadu Civil Supplies Corporation. The civil surgeon o the hospital failed to follow up the matter and obtain the require permit so far. As a result, only unboiled milk and bread was issued t the patients. Also Rs 1.39 lakh incurred in 2005 on laying gas pipelin and construction of new kitchen building also became unfruitfu (June 2007).

- A 50 bed ward (cost: Rs 43.78 lakh) constructed and taken over i November 2004 in Government Peripheral Hospital, Tondiarp remained unutilised since its inauguration in June 2005 due to lack o staff (no sanction), and lack of funds for procurement of surgica equipment, generator, etc.

The bed occupancy rate in Periyar Nagar and Tondiarpet Peripheral Hospita had declined from 79 *per cent* in 2002 to 36 *per cent* in 2005 and 80 *per ce* in 2002 and 52 *per cent* in 2005 respectively reflecting poor patronage by th public.

3.3.6.3 Lack of main diagnostic services

(a) Diagnostic equipment like X-Ray, USG, CT Scan, MRI Scan etc., hav to be provided in all major hospitals, and laboratories have to be establish for providing quality medical care to the patients.

A comprehensive picture at the State level on the availability of maj diagnostic services in the teaching hospitals, and connected non-function equipment was not available with the DME. Such details could have help DME to prepare an action plan for making them functional within a specifi period, based on availability of funds.

Main diagnostic facilities not available in several major teaching hospitals having bed strength of more than 500

(b) In 12 teaching hospitals, which had a bed strength of more than 500 each, important diagnostic equipment was not available for diagnosing the ailments of patients, as given below:

- Angiogram and MRI scan were not available in 10 hospitals.[14]
- Doppler was not available in 10 hospitals.[15]
- EEG was not available in eight hospitals.[16]
- Colonoscope was not available in seven hospitals.[17]

The hospitals did not have any system to ask for such equipment, as they are now required to make a proposal for such equipment only under Part II proposals, which are sanctioned by Government purely on the basis of availability of funds.

Sample hospitals had not got accreditation/ certification of clinical laboratories from the agencies concerned to ensure quality of services rendered. No system exists for the periodical calibration of laboratory equipment for ensuring accuracy.

(c) None of the 11 test checked hospitals (nine teaching and two peripheral hospitals) had any accreditation or certification from the National Accreditation Board for Testing and Calibration Laboratories (NABL), a GOI agency, or any other certification agency, to ensure quality of services. Again, these 11 hospitals (except for the bio-chemistry laboratory in GMKMC Hospital, Salem) had no system to calibrate laboratory instruments periodically to ensure accuracy.

(d) Nine sample hospitals could not carry out several diagnostic services for more than a year due to lack of kits and reagents **(Appendix 3.15)** causing hardship to poor patients, who were solely dependent on these hospitals due to the exhorbitant cost prevailing for such services in private hospitals.

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14 Stanley Medical College Hospital, Kilpauk Medical College Hospital, Chengalpattu Medical College Hospital, Thanjavur Medical College Hospital, Coimbatore Medical College Hospital, Tirunelveli Medical College Hospital, GMKMC Hospital, Salem, Thoothukudi Medical College Hospital, Government KAPVMC Hospital, Tiruchirappalli and Vellore Medical College Hospital.

15 Stanley Medical College Hospital, Kilpauk Medical College Hospital, Chengalpattu Medical College Hospital, Government Rajaji Hospital, Madurai, Coimbatore Medical College Hospital, Tirunelveli Medical College Hospital, GMKMC Hospital, Salem, Thoothukudi Medical College Hospital, Government KAPVMC Hospital, Tiruchirappalli and Vellore Medical College Hospital.

16 Kilpauk Medical College Hospital, Chengalpattu Medical College Hospital, Thanjavur Medical College Hospital, Tirunelveli Medical College Hospital, GMKMC Hospital, Salem, Thoothukudi Medical College Hospital, Government KAPVMC Hospital, Tiruchirappalli and Vellore Medical College Hospital.

17 Chengalpattu Medical College Hospital, Thanjavur Medical College Hospital, Coimbatore Medical College Hospital, Tirunelveli Medical College Hospital, GMKMC Hospital, Salem, Government KAPVMC Hospital, Tiruchirappalli and Vellore Medical College Hospital.

X-ray machines in sample hospitals not registered as required; badges for measuring radiation level and protective gear were not provided to the staff operating X-ray machines.

One radiographer had to manage 11 X-ray machines in one hospital.

(e) According to GOI regulations X-ray machines were to be registered with Atomic Energy Regulatory Board (AERB) and should hold valid licence. However, in seven sample hospitals[18] 38 X-ray machines were not registered with AERB. In three sample hospitals[19], the staff operating the X-ray machines were not provided with the mandatory badges to measure the radiation level and in three other sample hospitals[20], the staff were not provided with protective gear. GMKMC Hospital, Salem despite having 11 X-ray machines located in different buildings in the hospital campus had only one radiographer per shift. Since no post of radiographer was sanctioned for seven X-ray machines purchased after 1980, the Head of the Department of Radiology stated (March 2007) that the shortage of radiographer was managed by engaging the security and sanitary staff contracted through private agencies for X-ray duty. This practice would clearly be compromising the quality of diagnostic services. Five posts of radiographer were sanctioned by Government but action is yet to be taken for posting these staff.

(f) The CT Scans and the MRI Scans in all Government Hospitals wer owned and operated by Tamil Nadu Medical Services Corporation (TNMSC and all patients were to pay the prescribed charges. This system was agains the policy of Government of providing free medical care to all patients havin monthly income less than Rs 1,000.

3.3.6.4 Idle equipment

Medical equipment forms an integral part of diagnostic and treatmen procedures. As compiled by Audit, Rs 178.85 crore were spent by DME o the purchase and maintenance of equipment towards teaching hospitals durin 2002-07.

Equipment costing Rs 4.51 crore are lying unutilised in sample hospitals.

Test check revealed that 100 items of equipment, (each costing more tha Rs 1 lakh) costing Rs 4.51 crore, though functional, remained unutilised i seven test checked hospitals, with the period of non-utilisation rangin between one and four years as detailed in **Appendix 3.16.** The main reason for the non-utilisation were non-provision of funds to hospitals fo maintenance subsequent to the entrustment of annual maintenance contrac (AMC) to TNMSC, and lack of coordination between the concerned hospital TNMSC and the AMC contractors.

From 2003-04 onwards, funds for maintenance of equipment were provide by Government to TNMSC who in turn is arranging the AMC for medica equipment, which were found to be in working condition at the time of join inspection by the hospital authorities and the AMC agency. The DME pai

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18 Stanley Hospital, GMKMC Hospital, Salem, Government Vellore Medical Colleg Hospital, Annal Gandhi Memorial Hospital at Tiruchirappalli, Governme Peripheral Hospitals at Periyar Nagar and Tondiarpet, Government Dental Hospita Chennai.

19 Government Medical College Hospital, Vellore, Government Peripheral Hospital a Tondiarpet and Government Thanjavur Medical College Hospital.

20 Government Medical College Hospital, Thanjavur, Government Peripheral Hospital at Periyar Nagar and Tondiarpet.

Rs 15.95 crore to TNMSC for arranging the maintenance of hospital equipment in the teaching hospitals during 2003-07. This work is done through contractors.

It was observed that some of the medical institutions had reported to TNMSC that a few contractors, who were given the AMC were not regular and prompt in carrying out maintenance in time and in certain cases they did not respond when contacted by the hospitals. This was hampering the work of diagnosis. TNMSC had suggested that in such cases the Heads of medical institutions could arrange for an alternative mechanism for the repair themselves, the bills for which would be settled by TNMSC. However, the medical institutions which had equipment under disrepair did not adhere to this suggestion, and such items of equipment are kept without being repaired.

Delays in procuring petty items of spares and consumables led to non-utilisation of 11 items of equipment.

3.3.6.5 Idle buildings

Payment wards lying idle in Government General Hospital

Payment wards in Government General Hospital, Chennai, created at an approximate cost of Rs 11.73 crore were lying idle since July 2005 due to non-finalisation of the proposal by Government.

Government approved (February 2001) the proposal of DME for constructing two tower blocks in Government General Hospital at an estimated cost of Rs 99.60 crore by availing of a term loan from HUDCO and proposed to repay forty *per cent* of the loan using revenue realisable from payment wards proposed to be established in the hospital with 202 beds[21] exclusively for paying patients. Construction was completed at a cost of Rs 93.81 crore and two tower blocks were commissioned in July 2005. DME submitted the final proposal to start the payment wards in the new building in August 2006, after a delay of about 13 months since the construction of the new building. As the proposal was not a comprehensive one and required further details, further clarifications were called for by Government. The matter was still under correspondence with Government even as of April 2007. The notional revenue foregone is approximately Rs 19.50 crore. This led to idling of Rs 11.73 crore[22] spent in the creation of these wards. Though Government issued (May 2007) orders for the employment of staff duly specifying rates for various surgical and diagnostic procedures, further action in utilising wards is yet to be taken (July 2007).

3.3.7 Deficiencies in supporting services for providing medical care

3.3.7.1 Deficient Ambulance services

Ambulance services should be available round the clock every day for patients during emergencies. Certain deficiencies in such services noticed by Audit in sample districts are given below:

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21 Tower block I: 58 beds each in fifth and sixth floors and Tower block II: 86.

22 Rs 11.48 crore being the approximate cost of construction and Rs 0.25 crore being the cost of furnishings etc.

(a) In GMKMC Hospital, Salem, during 2002-07, the two ambulance attached to the hospital were utilised for VIP visits and for purposes lik transport of cash to and fro from bank, lifting medicines from TNMSC warehouses, etc.

Ambulance service was deficient in sample hospitals because of utilisation of ambulances for other unintended purposes, non availability of drivers, etc.

(b) In Thanjavur Government Medical College Hospital, there wer 11 ambulances with only four drivers, thus making it difficult to utilise all th 11 ambulances to the optimum level. Similarly in three other sampl hospitals,[23] the number of ambulance drivers was less than the number o ambulances available. Inadequate provision of drivers affected the ambulanc services badly leading to under-utilisation of the ambulances, deprivin patients of ambulance services.

Ambulances in sample hospitals not fitted with emergency kits, oxygen cylinders, etc.

(c) Out of the nine sample hospitals which furnished the details, in fiv hospitals, the ambulances were not fitted with emergency kits and in si hospitals they were not fitted with oxygen cylinders for giving urge treatment to the emergency patients, while transporting them to and from th hospital.

3.3.7.2 Poor functioning of steam laundries

Steam laundries were established in hospitals to wash the clothes of patien by applying steam at high pressure to disinfect the clothes to preve infections.

Non-functioning of steam laundries in sample hospitals.

In five sample hospitals, the steam laundries did not work for various reaso mentioned below:

Name of hospital	Period from which not functioning	Cost of establishment (Rs in lakh)	Reasons for non-utilisation
Government Peripheral Hospital, Periyar Nagar	1989 (from the year of installation)	12.00	For want of pollution c clearance and non-availabilit furnace oil.
Government Hospital for Thoracic Medicine, Chennai	July 2005	(NA)	Non-functional machinery.
AGMGH, Tiruchirappalli	February 1994	(NA)	Solar plant attached to the laund functioning.
Government Medical College, Vellore	August 2006	42.05	Non-sanction of technical staff.
GMKMC Hospital, Salem	July 2006	(NA)	Non-procurement of furnace oil.

(NA: Details not made available)

[23] Peripheral Hospital, Tondiarpet, Stanley Hospital, Chennai and Government Medic College Hospital, Vellore.

In the absence of working steam laundries, the clothes of patients were manually washed by dhobis, resulting in clothes not being disinfected fully to prevent infections.

Further, test check of linen supplied to 24 wards in four[24] of the sample hospitals during 2006-07 disclosed that washed linen was not supplied to in-patients. As against 28,468 inpatients admitted in the test checked wards during 2006-07, only 8,854 were supplied with washed bed linen, revealing the continued utilisation of soiled bed linen by the patients. This can lead to infections.

3.3.7.3 Improper disposal of bio-medical wastes

Provisions for disposal of bio-medical wastes in sample hospitals not followed.

GOI notified (July 1998) the Bio-medical Waste (Management and Handling) Rules 1998 (Rules) under the provisions of Environment (Protection) Act 1986. This was to ensure that each hospital adhered to the procedure stipulated in Schedules I to VI of the Rules regarding segregation, package, storage, treatment, transport and disposal of various kinds of bio-medical wastes. However, even as of March 2007, none of the 11 sample hospitals had a full fledged system to dispose of bio-medical wastes by following the above procedures. The bio-medical wastes were disposed of either through the solid waste management wing of the local body concerned or buried within the hospital premises spoiling the soil as well as ground water. One teaching hospital and two peripheral hospitals[25] did not also have any proper facilities for treatment of the wastes, as they did not have the required equipment like shredder, microwave, autoclave, incinerators etc.

3.3.7.4 Deficiencies in power and water supply arrangements

(i) Uninterrupted power supply is essential for proper functioning of operation theatres, blood banks, intensive care units, post operative wards, etc., in hospitals. Though all the sample hospitals were provided with generators, automatic function (AMF) panel to enable instant starting up of generators was not available in 6[26] out of 10 sample hospitals. Further two[27] hospitals did not have any staff to operate the generators when power went off.

(ii) None of the sample hospitals were equipped with centralised water purification plants to supply pure water to the patients. Though four sample hospitals had portable purifiers, the number of purifiers available was too low to cater to the needs of the patients. Further, four sample hospitals[28] had no facility to supply hot water in the wards and two other hospitals had hot water facility in just two to three wards only.

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[24] Annal Gandhi Memorial Hospital, Tiruchirappalli, GMKMC Hospital, Salem, Government Stanley Medical College Hospital, Chennai and Government Medical College Hospital, Vellore.

[25] Government Dental College Hospital, Chennai, Government Peripheral Hospitals at Periyar Nagar and Tondiarpet.

[26] Tirunelveli MCH, GMKMC Hospital, Salem, Annal Gandhi MCH, Tiruchirappalli, Government Royapettah Hospital, GPH, Periyar Nagar and GPH, Tondiarpet.

[27] Government Stanley Hospital and Tirunelveli MCH.

[28] TMC Hospital, Thanjavur, Vellore MCH, Government Royapettah Hospital and GPH, Tondiarpet.

3.3.7.5 *Shortage of sanitary workers*

Government fixed (May 2003) a norm of one worker for sanitation purposes for every 12 beds in teaching hospitals. The shortage of sanitary workers in the sample hospitals was 22 *per cent* as of July 2007. Though Government had permitted engagement of such workers by outsourcing, five sample hospitals[29] had not outsourced sufficient number of workers. As a result, the number of workers available in these five sample hospitals fell short by two to 44 *per cent* of the requirement. Audit also noticed that the outsourced workers were engaged on various activities other than sanitary works.

3.3.8 Vacancy in overall staff position under DME

Details furnished (June 2007) by DME, on the overall vacancy position for 2007 of various categories of staff under the control of the Directorate of Medical Education revealed that 567 posts of Medical Officers out of 4,494 sanctioned and 8,503 posts of other medical/para medical supporting staff out of 24,906 sanctioned were vacant.

The vacancy position in respect of some of the important medical/para medical/supporting staff is listed in **Appendix 3.17.**

3.3.9 Financial performance

3.3.9.1 *Receipts of teaching hospitals*

The main source of receipts for teaching hospitals are from hospital stoppages collected from paying inpatients. The revenue realised by the Directorate of Medical Education during 2002-07 is given below:

(Rupees in lakh)

Year	Hospital stoppages	Miscellaneous receipts	Other receipts	Total receipts	Total revenue expenditure
2002-03	179.09	58.12	21.42	258.63	287.08
2003-04	174.65	49.36	32.10	256.11	310.38
2004-05	167.75	233.47*	8197.69**	8598.91	321.13
2005-06	177.39	916.87*	71.01	1165.27	433.55
2006-07	157.26	384.76	-	542.02	413.55

* funds received from Government of India for central plan schemes incorrectly credited as miscellaneous receipts during 2004-06.

** includes pending loan amount (Rs 81.39 crore) out of the off-budget loan obtained by TNMSC from HUDCO, since brought to Government account during 2004-05.

The increase under miscellaneous receipts during 2005-06 was mainly due to income from endowments.

State level figures towards the hospital stoppages due at periodical intervals were neither compiled by the DME nor directed by Government to be compiled to assess the exact quantum of amount due to be received in this regard. Though test check of records in sample hospitals revealed that the hospital stoppages due to be collected from ESI patients were relatively more

[29] TMC Hospital, Thanjavur, Tirunelveli MCH, Vellore MCH, GPH, Periyar Nagar and GPH, Tondiarpet.

details of such dues were not compiled by DME for taking necessary action in causing their recovery at higher levels.

Rate of hospital stoppages not revised since 1995.

Perusal of records in the sample hospitals also revealed that no system exists in the hospitals to watch the settlement of claims towards hospital stoppages, particularly from ESI patients. The rate fixed for hospital stoppages were not revised since 1995 and specific reasons for non-revision were not furnished by DME. The Eleventh and Twelfth Finance Commissions recommended the rate of recovery of the cost of public services to be enhanced substantially atleast to meet partially the expenditure incurred on such services. Due to non-revision, the revenue realised did not keep pace with the expenditure incurred.

3.3.9.2 Funds lying with Tamil Nadu Medical Services Corporation

Tamil Nadu Medical Services Corporation (TNMSC) supplies medicines and equipment to the teaching hospitals and also arranges for the maintenance of equipment. Funds provided in the budget towards medicines and surgical equipment are transferred to the Deposit Account of TNMSC in quarterly instalments. Besides, funds are also provided for procurement of major items of equipment and released to TNMSC. The DME does not keep track of funds released and utilised. TNMSC also does not furnish utilisation certificates for the funds utilised for purchase of equipment. DME released large sums ranging between Rs 1.20 crore and Rs 13.85 crore in the month of March during 2002-07 to avoid lapse of budget provision.

Huge funds lying unutilised with the TNMSC.

TNMSC had Rs 270.57 crore lying unutilised as of March 2007, being the funds released for the purchase of medicines and equipment by all Heads of Department[30]. Of this, Rs 100.37 crore were the funds released for the purchase of equipment by DME. A few instances of funds given by DME and blocked up with TNMSC are detailed below.

- Out of Rs 1.50 crore being GOI funds given (February 2003) for strengthening diagnostic services in GMKMC Hospital, Salem and placed with TNMSC, equipment for Rs 0.85 crore were supplied (January 2004) and the remaining amount of Rs 0.65 crore was retained by TNMSC. Though the hospital submitted (April 2006) a proposal to utilise this amount, no further action was taken (March 2007).
- Similarly, in Tirunelveli Medical College Hospital, a sum of Rs 4.48 crore was released to TNMSC during November 2004 towards purchase of equipment. However, equipment worth Rs 3.82 crore had not been supplied (June 2007) and
- Rs 11.88 crore[31] placed with TNMSC during 2004-06 for procuring equipment under cancer control programme in three colleges, is still lying idle. While the delay in supply of equipment in the colleges at

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30 Director of Medical Education, Director of Medical and Rural Health Services, Director of Public Health and Preventive Medicine and Director of Employees State Insurance Corporation.

31 GMKMC Hospital Salem: Rs 2 crore (2002-03), Stanley Medical College, Chennai: Rs 2 crore (2003-04) and Government Arignar Anna Memorial Cancer Hospital, Kancheepuram: Rs 7.88 crore (2004-05 and 2005-06).

Salem and Chennai was due to change in the type of equipment originally proposed, the delay in Government Arignar Anna Memorial Cancer Hospital, Kancheepuram was due to the delay in construction of the building to house the equipment.

3.3.9.3 Non-reconciliation of departmental figures

Non-reconciliation of departmental expenditure in three sample hospitals.

While the GMKMC Hospital, Salem adopted the treasury figures, without reconciling the departmental figures booked, the departmental figures of the two sample peripheral hospitals viz., Periyar Nagar and Tondiarpet were not reconciled by the hospitals to which they were attached viz., Madras Medical College Hospital, Chennai and Government Stanley Medical College Hospital, Chennai. As such, the reconciliation reported to have been conducted for the State as a whole, was incorrect.

3.3.9.4 Delayed remittance of receipts

Belated remittance of receipts in one sample hospital viz., Government Royapettah Hospital, Chennai.

In violation of Rule 7 of Tamil Nadu Treasury Rules, which requires that all receipts are to be credited into Government account as and when received, the Medical Superintendent, Government Royapettah Hospital, Chennai remitted receipts towards hospital stoppages and X-ray charges during April 2005-June 2006, after retaining them for periods ranging between 14 and 105 days, with the amounts so retained ranging between Rs 1.76 lakh and Rs 2.37 lakh.

3.3.10 Administrative structure and policies

A study of the administrative structure and policies of the Medical Education Department relating to the teaching hospitals revealed the following:

3.3.10.1 Hospital Advisory Committees

The Government formed (December 2001) Hospital Advisory Committees (HAC) in each hospital to review the performance of the hospital continuously and for the development of hospitals. The members are selected from departmental officials, elected representatives, viz., MPs, MLAs and Local Body members and Non-Government Organisations. Government also directed that each HAC has to meet once in a month to discuss the performance of the hospital.

Hospital Advisory Committees either did not meet or conducted far fewer meetings than what was prescribed in sample hospitals.

Scrutiny of records in the test-checked hospitals showed that none of the HACs had met once in a month as required. In three hospitals,[32] the Committee had not been established till March 2007. In two hospitals,[33] no meetings had been held during the period under audit. In the remaining hospitals[34] against 60 meetings required for each hospital, only one to 13 meetings were held.

The system therefore needs a review to make it effective.

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[32] Government Vellore Medical College Hospital, Government Hospital for Thoracic Medicine, Tambaram and Government Peripheral Hospital, Periyar Nagar.

[33] Government Thanjavur Medical College Hospital and Government Royapettah Hospital.

[34] GMKMC Hospital, Salem, Stanley Medical College Hospital, Chennai, Government Peripheral Hospital, Tondiarpet, Tirunelveli Medical College Hospital and Government KAPVMC Hospital, Tiruchirappalli.

3.3.11 Conclusion

Super speciality treatments like heart surgery and kidney transplant were not continuously provided in the teaching hospitals except in Chennai and Madurai. Peripheral hospitals, established for decongesting the nearby teaching hospitals, failed to fulfil this objective due to lack of important speciality services and vital diagnostic facilities besides inadequate medical and paramedical/supporting staff and poor utilisation of infrastructural facility created. Important diagnostic facilities were not available in 12 major teaching hospitals having a bed strength of more than 500. Items of equipment costing Rs 4.51 crore were lying idle in sample hospitals. Non-functioning equipment was not considered for annual maintenance contract under the new system for maintenance since 2003 and continued to lie unrepaired in sample hospitals for want of funds. Supporting services like ambulance services and steam laundry services were largely ineffective affecting the provision of health care. Provisions of Environmental Acts and Rules were not followed by sample hospitals in the disposal of bio-medical wastes. Failure to have details of funds released to TNMSC and utilised by it by DME and continued release of funds even at the end of the year, resulted in Rs 100.37 crore lying unutilised with TNMSC as of March 2007. Non-reconciliation of departmental figures in three sample hospitals and belated remittance of huge amount of receipts by one sample hospital indicated poor financial management in some areas.

3.3.12 Recommendations

- Availability of super speciality treatments should be ensured in all major teaching hospitals to enable poor people to get such services at affordable cost.
- All teaching and peripheral hospitals should be strengthened with the provision of sufficient man power, equipment and infrastructural facilities.
- Vital diagnostic facilities should be made available in all teaching hospitals by providing all the required diagnostic equipment.
- All the non-functioning medical equipment should be immediately got repaired and brought under annual maintenance contract for their undisrupted functioning.
- System of provision of funds to TNMSC and its utilisation should be streamlined, and DME and Deans should monitor the purchase and repair of equipment, purchase of medicine and also construction of hospital buildings.

The above points were referred to Government in July 2007; reply had not been received (November 2007).

3.4 Educational development of Scheduled Castes and Scheduled Tribes

Highlights

Government focuses on the educational development of Scheduled Castes and Scheduled Tribes by earmarking major portion of the funds allocable for their upliftment towards education. Despite this, the literacy rate of SCs and STs was below the overall literacy rate as per 2001 census. Due to non-availability of data on number of persons eligible, funds for various schemes for the educational development of SC/ST children were provided on an adhoc basis in the budget estimates, leading to non-payment of scholarships to these children within the year due to lack of funds, causing hardship to them. Non-commencement/delayed construction of various infrastructural facilities like school buildings, hostels and non-availability of basic facilities like water, electricity and toilet in schools/hostels further aggravated the promotion of learning amongst SC/ST children. Pass percentage of SC/STs in Tenth and Twelfth standard examinations was much lower as compared to the overall pass percentage in these examinations.

- **No data was compiled regarding the number of eligible beneficiaries among SC/ST students to assess the actual requirement of funds for the educational development of SC/ST. Budget estimates were prepared every year based on the expenditure of the previous year with some ad-hoc increase.**

(Paragraph 3.4.7.1)

- **Inadequate release of funds initially to the district officers for the disbursement of scholarships resulted in belated disbursement of scholarships to students and in pending scholarship claims.**

(Paragraph 3.4.7.2)

- **Maintenance charges were paid in excess to the tune of Rs 35.95 lakh to students staying in Government hostels due to non-recovery of food charges.**

(Paragraph 3.4.7.3)

- **The impact of the cash incentive scheme to girl students has not been analysed because the required feedback was not collected from the implementing district officers, despite an annual expenditure of Rs six crore since 1995-96.**

(Paragraph 3.4.8.1)

- **Though Government of India directed in June 2003 that a census be conducted to enumerate the school going children of persons engaged in unclean occupations before March 2004, for assessing the exact requirement of Pre-matric scholarships to them, no such census was conducted even as of May 2007.**

(Paragraph 3.4.9.1 (a))

- **Construction of five ashram schools is yet to start despite sanction of Rs 1.06 crore in October 2005 including central assistance of Rs 53.75 lakh received in October 1999.**

(Paragraph 3.4.10.1)

- **Delay in the construction of hostel buildings from 2001 onwards led to badly overcrowded hostels many of which were functioning in old, dilapidated buildings with few basic amenities.**

(Paragraph 3.4.12)

- **Despite implementation of post-matric scholarship scheme, the pass percentage of SC/ST in Twelfth standard examinations declined during 2002-06.**

(Paragraph 3.4.13.1)

- **The administrative structure of the department at the district level was not conducive to the effective functioning of the department, as the staff working there were from another department.**

(Paragraph 3.4.14)

3.4.1 Introduction

Government of Tamil Nadu implements several educational development programmes for the benefit of Scheduled Castes (SCs) and Scheduled Tribes (STs) to upgrade their educational levels and skills. The objective of these schemes is to increase enrolment and retention of SCs/STs in educational institutions, reduce the drop-out rate and improve their skills. In addition to State schemes, various Centrally Sponsored Schemes are also implemented for the welfare of SCs and STs. According to 2001 census, the literacy rate of SCs and STs was 63.19 *per cent* and 41.53 *per cent* respectively as against the overall State literacy rate of 73.47 *per cent*.

The State Government is running 1,053 residential schools for SC students and 286 residential schools for ST students, covering 2.44 lakh students in the state. 1,178 hostels (30 districts) with a strength of 81,336 students and 37 hostels (15 districts) with a strength of 1,982 students are functioning in the state for the benefit of SC and ST students respectively. The boarders of the hostels are provided with boarding and lodging free of cost. In addition, text books, guides, uniforms and special guides are also supplied to SC/ST students studying in standards I to X, except for Government of India (GOI) scholarship holders.

During 2002-03 to 2006-07 the expenditure incurred towards educational development of SC and ST children under Central Plan/Sponsored Schemes and State Plan/non-plan schemes is given below.

(Rupees in crore)

Category	Central Plan/Centrally sponsored schemes	State Plan/non-plan schemes	Total
SC Children	339.28	1205.11	1544.39
ST Children	8.08	121.31	129.39
Total	**347.36**	**1326.42**	**1673.78**

3.4.2 Organisational set up

The Secretary to Government, Adi Dravidar and Tribal Welfare Department i in charge of implementing these welfare schemes at the Government level an the Director of Adi Dravidar Welfare (DADW) and the Commissioner o Tribal Welfare (CTW) are looking after the schemes implemented for th benefit of SCs and STs respectively. At the district level, District Ad Dravidar and Tribal Welfare Officer (DADTWO) is responsible for th effective functioning of the schemes for both SCs and STs. The technica wing of Tamil Nadu Adi-Dravidar Housing Development Corporatio (TAHDCO), Chennai, constructs hostels, schools buildings, teachers' quarter and class rooms, assisted by their district offices.

3.4.3 Audit coverage

Records relating to the implementation of various educational developme programmes for SCs and STs for the period 2002-07 were reviewed durin June to August 2006 and the details were updated during March and Apr 2007 in Adi Dravidar and Tribal Welfare Department in the Secretaria Directorate of Adi-Dravidar Welfare, Directorate of Tribal Welfare, Distri Adi Dravidar and Tribal Welfare offices in eight[1] selected districts in additio to the headquarters office of TAHDCO, at Chennai and its branch offices i the selected districts. Select universities[2], colleges and schools were als covered in the sample districts. The audit objectives and criteria we discussed with the Secretary, Adi Dravidar and Tribal Welfare Departme during the entry conference held in June 2006. The findings of the revie were also discussed with him in November 2006.

3.4.4 Audit objectives

The audit objectives are

- to verify whether the implementation of various schemes launched f the development of SCs/STs was effective and based on reliable a acceptable data,

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1 Chennai, Erode, Kancheepuram, Karur, Namakkal, Nagapattinam, Thoothukudi a Tiruchirapalli.

2 University of Madras, Chennai, Anna University, Chennai, Agricultural Universit Coimbatore, Bharathidasan University, Tiruchirapalli.

- to verify whether the allocation, release and utilisation of funds earmarked for various schemes were judicious, adequate and effective,
- to verify whether the efforts of both the Union Government and State Government resulted in improving the educational indicators, and,
- to verify whether the monitoring system at various levels was functioning effectively.

3.4.5 Audit criteria

The main audit criteria applied were indicators like literacy rate, drop out rate, enrolment ratio and pass percentage relating to SC/ST students and GOI and the State Government guidelines.

The important points noticed during the audit are discussed in the succeeding paragraphs.

3.4.6 Educational indicators

Key indicators like literacy rate, enrolment ratio and drop-out rate (2002-07) at both primary and upper primary level are given in **Appendix 3.18**.

3.4.6.1 Literacy rate

Poor ST literacy rate.

The difference between the overall literacy rate and ST Literacy rate for both male and female was more pronounced at 32.18 and 31.77 *per cent*, indicating the need for immediate attention in the educational development of STs.

3.4.6.2 Enrolment ratio

Gap between the NER of all boys and girls and that of SC and ST boys and girls.

Education Department had calculated the gross enrolment ratio while implementing Sarva Shiksha Abhiyan upto 2002-03 and after 2002-03, the department worked out the Net Enrolment Ratio (NER)[3] for various purposes like assessing impact, monitoring etc. Sizeable increase in NER was noticed at both primary and upper primary level in respect of SC and ST categories. However the gap of 2.65 and 3.59 *per cent* respectively between the NER of all boys and girls and that of ST boys and girls at upper primary level during 2006-07 indicated that further improvement is needed in the education of ST students.

3.4.6.3 Drop-out rate

The DR of ST children at primary and upper primary level were 3.50 and 5.03.

As against the overall drop-out rate (DR) of 1.91and 4.08 *per cent* during 2006-07 at primary and upper primary level, the DR of SC children was 1.96 *per cent* and 4.78 *per cent* and that of ST children was 3.50 *per cent* and 5.03 *per cent*. The improvement in DR at both primary and upper primary level in respect of SCs/STs was appreciable during 2002-2007. The DR of

[3] Net Enrolment Ratio is the ratio of children in the age group 6-14 years attending school to their total population in the State.

SCs/STs at High/Higher Secondary schools was not available as it was not compiled on community basis.

3.4.7 Planning

3.4.7.1 Non-collection of data on eligible SC/ST beneficiaries

Absence of classwise data on SC/ST beneficiaries eligible for various scholarships.

Due to insufficient staff in Directorates as well as in district offices, no data was collected and maintained by the Department of Adi Dravidar Welfare or the Education department regarding the number of eligible beneficiaries among SC/ST students studying in various standards in schools and course-wise students studying in colleges. As a result, the requirement of funds for various scholarships and incentive schemes in each year could not be assessed correctly. The budget estimates are made every year based on the expenditure of the previous year by giving some ad-hoc increase.

Actual expenditure was substantially higher than the budget provision made under scholarship programmes during 2003-07 (except for GOI Pre Matric scholarship in 2003-04 and 2006-07 and for State Post Matric scholarship in 2006-07), to SCs as indicated below:

(Rupees in lakh)

Scholarship schemes	Year	Budget Estimate.	Actual Expenditure	Variations (Per centage)
GOI Post Matric Scholarship	2003-04	3242.44	5932.91	83
	2004-05	4200.00	7172.04	71
	2005-06	5831.95	9598.97	65
	2006-07	9740.95	11461.43	18
G.O.I Pre Matric Scholarship	2003-04	374.56	347.84	-7
	2004-05	424.56	672.47	58
	2005-06	300.59	402.35	34
	2006-07	300.59	277.13	-8
State Post Matric Scholarship	2003-04	160.08	453.00	183
	2004-05	288.51	380.15	32
	2005-06	300.00	390.98	30
	2006-07	400.00	387.60	-3
State Higher Educational Special Scholarship	2003-04	475.00	619.02	30
	2004-05	430.00	776.56	81
	2005-06	449.20	917.11	104
	2006-07	775.00	1005.34	30

The DADTWOs were required to send actual demand of the scholarship and other incentives/awards to the DADW. As reports were not received from them, financial/physical targets were fixed in 2005-06 based on the previous years' figures and departmental officers did not see if all the eligible SC/ST children in their area were covered under various schemes implemented under the educational sector.

3.4.7.2 Delay in disbursement of scholarships

Funds were released to districts by the DADW each year to the extent of 60 *per cent* of allotment and district authorities were authorised to draw an keep the amount in their Personal Deposit (PD) account and release the funds to the educational institutions for payment of scholarship.

Delayed release of funds for disbursement of scholarships.

The PD accounts were opened only in July/August each year and funds were released to the institutions as ad-hoc advance for payment of scholarship to SC/ST students. The balance 40 *per cent* grants were released in January/February at the time of sanction of Revised Estimate and in March at the time of reappropriation of funds. The late release of funds during March led to delay in release of scholarship to the students in the subsequent year defeating the purpose of award of scholarships.

According to the annual action plan prepared by Government, all renewal scholarships were to be paid before August and fresh scholarships before October of each academic year. Scrutiny of records in the sample districts revealed that this was not followed scrupulously as mentioned below:

(a) Scholarship applications of the Institute of Distance Education, University of Madras, claiming Rs 81.76 lakh (2011 students) for 2003-05 were belatedly received by DADWO, Chennai in December 2005 and January 2006 and were paid only in December 2006 and February 2007 respectively for want of sufficient funds in the budget.

Belated receipt of scholarship claims in Chennai.

(b) Against applications for 2004-05 scholarships received for Rs 85.26 lakh from University of Madras, funds were released partially to the University in 2004-05 (Rs 25.40 lakh) and in 2005-06 (Rs 59.86 lakh). The Assistant Registrar of the University stated (October 2006) that Rs 77.12 lakh had been disbursed to students and Rs 8.14 lakh would be disbursed on receipt of claims. The DADTWO, Chennai reported to Audit that the claims were received belatedly from the institutions each year and the clubbing of claims by them for more than one year, led to this delay.

The DADW replied (January 2007) that due to non-provision of enough funds in the budget estimate and non-sanction of separate staff to look after the scholarship work in the Districts, the DADTWOs were unable to assess the actual demand initially so as to send full proposals to Government to get the required funds in the Budget Estimate itself. Thus non-release of required funds to the institutions by the department, delay on the part of the colleges/institutions in submission of claims and disbursement certificates resulted in delayed disbursement of scholarship to the students.

3.4.7.3 *Overpayment of maintenance charges to the students staying in Government hostels*

In violation of GOI guidelines, maintenance charges were paid in full to students staying in Government hostels, without recovery towards the food charges

According to guidelines of GOI on Post Matric Scholarship scheme, scholars entitled to free board and/or lodging were to be paid maintenance charges at 1/3rd of hosteller's rate. From the scholarship holders staying in hostels, food charges were recoverable at the rate of 2/3rd of maintenance charges, as they receive free food and lodging in the department run hostels. Such recoveries towards food charges were not made from the scholarship amounts by many colleges/institutions, as the students did not disclose the information and the college authorities, too, did not get the data from the hostels/district officers. The overpayment is a recurring feature and could have been avoided had the district officers taken steps to send the list of hostellers each year to the respective colleges and instruct the colleges to deduct the charges promptly.

Test check in sample districts revealed that Rs 35.95 lakh were paid in excess towards maintenance charges due to non-recovery of food charges during 2002-06 in five districts[4] from the boarders of college hostels/ITI hostels. The total overpayment in the State as a whole could not be calculated by Audit as information for all the districts was not available. The DADW replied (January 2007) that necessary instructions would be given to all DADTWOs to recover 2/3rd scholarship amount as required in GOI guidelines from the coming year and necessary verification of hostel records would be done before sanction of scholarship.

3.4.7.4 *Collection of fees for application/registration from SC/ST students despite exemption*

Fees collected from SC/ST students despite exemption.

State Government issued orders (September 1998) exempting the SC/ST students from paying application fees/registration fees while applying for joining degree and other courses in the recognised colleges/institutions. However, the institutions/colleges, in general, were not aware of the orders and collected fees for application/ registration. In Chennai district, out of 108 institutions/colleges, only 13 institutions extended this benefit to SC/ST students and send claims for reimbursement to the District Officers. In Anna University, Chennai, applications for all UG and PG Degree courses were issued to SC/ST students at a concessional rate without giving full exemption. In Nagappattinam District, the students were not allowed the benefit of exemption and were made to remit the fees and other charges and only after receipt of scholarship these were reimbursed to the students. The Assistant Registrar, (UGC Special Cell SC/ST) of the University of Madras stated that a proposal for giving the above exemption to Post Graduate students of SC/ST category is under consideration with the authorities of the University. Though the concessions extended to SC/ST students were communicated to all officers concerned and were indicated in the Citizens Charter of the Adi Dravidar and Tribal Welfare Department every year, the instructions were not followed by the institutions.

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4 Chennai, Kancheepuram, Namakkal, Erode and Tiruchirappalli.

GOI also requested (May 2002) the State Government to issue instructions to all the recognised educational institutions in the State not to collect such exempted fees including special fees etc. at the time of admission from the eligible SC/ST students. The DADW replied (January 2007) that the educational institutions were instructed not to collect special fees and all compulsory fees and the same was to be reimbursed to the institutions by the DADTWO concerned and also added that the exemption of Special fees/ examination fees to SC/ST students is under consideration of the Government.

3.4.8 Deficiencies in the implementation of State Schemes

3.4.8.1 Deficiencies under the scheme of Cash incentive to Girls

Cash Incentive scheme to girls studying classes III to VI to reduce dropouts.

Government implemented a scheme of payment of cash incentives[5] to SC/ST girls studying in standards III to VI in a phased manner from the academic year 1995-96 to encourage them to continue their studies and to minimise drop outs. Government also limited the total number of beneficiaries to 90,000 per year covering 60,000 students in standards III to V and 30,000 in standard VI.

Deficiencies noticed when the scheme was implemented through TAHDCO, were already included in paragraph 3.6 of the Report of Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil), Government of Tamil Nadu.

Perusal of connected records relating to the period 2002-06, when the scheme was implemented by the DADTWOs, revealed the following:

Implementation of cash incentive scheme in the State was only partial.

- Since the scheme is being implemented only in 14 out of 30 districts in the State covering 0.90 lakh out of 5.18 lakh SC/ST girl students studying in Classes III to VI in the State, the envisaged intention of encouraging the enrolment of SC/ST girl students and reducing drop outs could only be achieved partially, and,

Absence of feedback from the implementing districts resulted in non-analysis of the impact of the scheme.

- Even from the implementing districts, no feedback was prescribed or received by the DADW and no analysis was made on the impact of provision of cash incentive in reducing the dropout rate among the school going girls. Despite the DADW communicating (August 2005) a method of working out the drop out rate[6], no reports were forwarded by the District authorities, as seen from the sample districts. Thus the efficacy of the scheme was not assessed to date, despite the annual expenditure of Rs six crore since 1995-96. An immediate appraisal is recommended for the programme.

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5 Rs 500 per annum to the girls studying in classes III to V and Rs 1000 per annum for girls studying in class VI in 14 educationally backward districts for SCs and in all districts except Chennai for STs.

6 $$\frac{\text{(Total number of girls in the age group of 6 to 14)} - \text{(number of girls in the age group 6 to 14 studying school)}}{\text{Total number of girls in the age group of 6 to 14}}$$

3.4.8.2 *Supply of free bicycles*

Girls studying in standard XI and XII and belonging to SC/ST and Scheduled Caste convert to Christianity (SCC) were supplied with free bicycles from 2001-02 to help them in commuting to schools. The above scheme was extended to boys from 2005-06. 4,32,001 cycles were supplied at a cost of Rs 79.43 crore[7] during 2002-07 to as many students.

Blocking of GOI assistance due to incorrect estimation by State Government along with other points relating to this scheme were already included in paragraph 4.3.2 in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Civil), Government of Tamil Nadu.

Handicapped children not covered under free bicycles scheme till March 2007.

(a) No separate allocation was made in the budget for coverage of handicapped students under the above scheme. The Department stated that proposals have been sent to Government in November 2005 for purchase and supply of tricycles to 56 handicapped students studying in XI and XII standards with an outlay of Rs.1.45 lakh and orders of Government are awaited (May 2007).

Distribution of cycles to students of residential school in violation of guidelines.

(b) Government specifically stated (July 2001) in their guidelines that students studying in residential schools and schools where the hostel and school were in the same campus, were not eligible for the supply of bicycles. However, in Tiruchirapalli District, 123 cycles[8] costing Rs.2.12 lakh have been distributed to students of Government Tribal Residential School, Top Sengattupatti. As the bicycles were intended for students to commute between school and residence, supply of bicycles to students residing within the school was irregular.

3.4.8.3 *Higher Education Special Scholarship (HESS)*

The State Government ordered (January 2003) the conversion of erstwhile loan scholarship scheme for higher education to a grant/grant cum loan scheme from 2002-03 for the benefit of SC/ST/SCC students residing in institutional hostels and whose parental income does not exceed Rs.50,000 per annum. During 2002-07, Rs 42.24 crore was given as HESS to 61,093 students.

According to GOI guidelines (April 2003), a student in receipt of any other scholarship is not entitled to receive post matric scholarship from the Union Government. The student can opt for either of the two scholarships whichever is more beneficial to him. Test check of records revealed that 89 students of Chengalpattu Law College in Kancheepuram District got HES scholarship of Rs 6.23 lakh during 2004-06, in addition to the sanction of GOI Post Matric scholarship. As these students were day scholars, payment of HES scholarships was also against the scheme guidelines.

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[7] Boys: Rs 30.85 crore (1,61,197 students) and girls: Rs 48.58 crore (2,70,804 students)

[8] 2002-03: 13, 2003-04: 27, 2004-05:7 and 2005-06: 76.

Perusal of records revealed the following:

Belated payment of HES scholarships.

- There was a two year delay in the payment of scholarships under HESS for the year 2002-03 worth Rs 23.65 lakh to 314 students in 3 districts due to delay in sanction of grants by the Government,
- In 15 districts the scholarships for 2005-06 worth Rs 2.29 crore were distributed in the next financial year due to delayed sanction by the Government, and,

Rupees 42.85 crore pending to be recovered under the erstwhile loan scholarship scheme.

- An amount of Rs 42.85 crore was pending collection from the beneficiaries under the erstwhile loan scholarship as of 31 March 2006. The recoveries pending since 1991-92 reflected the absence of a proper system of loan recovery.

3.4.8.4 Overseas Scholarships

One student was only given scholarship under overseas scholarship scheme implemented since 2002-03.

Under the reciprocal scheme of exchange of students between the universities in India and abroad, Government, in supersession of orders of September 1998, issued (August 2002) revised orders for sanction of overseas scholarship every year to 10 SC/ST students whose parental income was less than Rs 12,000 per month and who were directly proceeding to foreign countries for pursuing higher education in accredited universities/institutions. However no student was sanctioned scholarship under the programme from 2002-03 to date and Rs 10 lakh allotted each year during 2003-06 at the budget stage were surrendered. Against 10 candidates provisionally selected after an interview in January 2004, one student only was selected and was sanctioned and paid Rs 13.10 lakh as scholarship during February 2007 as per the norms of the revised scheme.

3.4.9 Central Schemes

3.4.9.1 Centrally sponsored scholarship schemes

Sl. No.	Name of the scheme	Details of scheme and beneficiaries
(i)	Prematric scholarship for children of those engaged in unclean occupations	The children of those engaged in unclean occupations like scavengers, flayers and tanners and studying in standards I to X are sanctioned scholarships every year. There was no income ceiling for the award of scholarship and all students were allowed to draw the amount irrespective of their income.
(ii)	Post matric scholarship to SC/ST students	Both residential and non-residential scholarships are awarded to the students belonging to Adi dravidar and Tribal communities (excluding Scheduled Caste Converts). From 1 April 2003 annual income limit of the parent/guardian was increased from Rs 65,290 to Rs 1 lakh for availing the scholarship.

The details of targets and achievement and the number of beneficiaries covered during 2002-07 are given in **Appendix 3.19**. Certain important points noticed on the implementation of schemes are given below:

(a) Pre matric scholarship

No survey conducted for assessing eligible number of students under Pre matric Scholarship for children of those engaged in unclean occupation.

Though the GOI insisted (June 2003) that a survey/census to ascertain the eligible number of beneficiaries in the State for the programme be completed by March 2004, no such survey was conducted so far. The GOI again emphasised (June 2005) the need for the census as it was vital to arrive at literacy rate and dropout rate of the beneficiaries availing the scholarship so that relative plans could be formulated for their overall advancement. As the actual number of beneficiaries were not available, budget estimates were made by Government based on previous years' expenditure by giving adhoc increase of two to five *per cent*.

The DADW replied (January 2007) that the Department of Evaluation and Applied Research has been addressed to conduct a State level survey of the children. Even as of May 2007, the survey was not completed.

(b) Post matric scholarship

(i) An amount Rs 52.87 crore and Rs 14.53 lakh were due to be received under this scheme by the State Government as of 31 March 2007 towards SCs and STs respectively.

(ii) As per details collected from the Institute of Distance Education University of Madras, 13 to 27 *per cent* of funds received in a year during the period 2002-06 for payment of GOI post matric scholarship to SC/ST students was paid only in the succeeding financial year.

Scholarship claims kept pending for want of funds and paid belatedly in the succeeding years due to non-assessment of eligible beneficiaries.

(iii) In five sample districts *viz.*, Karur, Namakkal, Nagapattinam Thoothukudi and Erode, applications were kept pending for want of funds and the same were cleared only during the succeeding years, indicating the inadequate assessment of funds required, due to non-availability of exac number of beneficiaries **(Appendix 3.20)**.

(iv) The disbursement certificate should be submitted and the balance remaining unpaid should be refunded to the Government within 15 days from the date of receipt of grants by the institution concerned. However the Tamil Nadu Agricultural University, Coimbatore had refunded Rs.1.74 lakh being the undisbursed scholarships amount related to 1973-2003 to the State Government only in November 2003.

Undisbursed scholarship remitted to State Government account instead of refunding to GOI.

(v) The undisbursed amount lying with colleges/institutions totalling Rs 34.81 lakh were remitted into State revenue account in three sample districts and the same has not been refunded to Government of India, or got i adjusted against the next year grant.

The DADW replied (January 2007) that instructions were issued to DADTWOs to remit back the undisbursed amount in the same head of account from which it was drawn.

3.4.10 Tribal Schools

Even though the specific objective of Tenth Five Year Plan was to improve literacy among the tribals by providing facilities for primary/middle education in their habitations, Audit observed that the literacy rate of tribes in Tamil Nadu as per 2001 census was 41.53 *per cent*, which was 31.94 *per cent* below the overall literacy rate of the State. Non utilisation/delayed utilisation of GOI grants, delay in setting up schools like Ashram/GTR schools and non-provision of required infrastructure for these schools, illustrated in the succeeding paragraphs relating to the sample districts revealed that efforts made by the Government were not adequate. Such delays would further aggravate the situation and result in non-achievement in the enhancement of tribal literacy rate, which was already less by 31.94 *per cent* as compared to the state overall literacy rate.

3.4.10.1 Delayed construction of Ashram schools

Despite GOI releasing funds, construction of five Ashram schools was delayed.

Based on the proposal (March 1997) of State Government, GOI approved (October 1999) the scheme of construction of buildings for five[9] Ashram schools, (outlay: Rs 1.08 crore with 50 *per* cent central assistance) under the centrally sponsored scheme of construction of Ashram schools in tribal areas during 1999-2000 and released its share of Rs 53.75 lakh. After a delay of five years the State Government released (October 2005) Rs 1.06 crore including State share (Rs 52.50 lakh) to TAHDCO for the construction of buildings and for maintenance of Ashram schools in five places,[10] changing three places originally approved. However, perusal of records revealed that Government had not provided any funds in the budget during 1999-2000 and verification of the five sites identified for construction revealed that a school was already functioning at two sites. This had necessitated the identification of two new sites, which consumed further time. The Department attributed the delay to ban on recruitment of staff required for the schools and administrative delay in identification of sites. The sites for construction in all places have been handed over only between December 2006 and March 2007 to TAHDCO and the works were still under progress (May 2007).

3.4.10.2 Delay in construction of buildings for Government Tribal Residential Schools

Government ordered (May 2003) starting of five tribal residential schools[11] (GTRs) for the benefit of ST children in areas with concentration of the tribal people and released Rs 55.63 lakh to TAHDCO for construction of buildings (Rs 50 lakh) and for meeting cost of utensils, furniture, food charges etc. (Rs 5.63 lakh) to DADW, Chennai. Of the five schools, buildings for three have been completed and schools are functioning in the new buildings (July 2007). Site for one school *viz.*, GTR School, Vattaparai, Kanniyakumari District was not transferred to Government by the Forest Department as GOI permission had to be obtained if the construction is to be carried out by other agencies other than Forest Department, as the area concerned was a wild life

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[9] Tholthooki and Karakkanpettai in Dharmapuri District, Kallathur in Tiruvannamalai District, Mannur and Keerapatty in Salem District.

[10] Tholthooki and Karukkanpettai in Dharmapuri District, Balapuyampatti in Tiruvannamalai District, Keelathombai and Muyalkadu in Salem District.

[11] Moolabellar Village (Dharmapuri District), Vattaparai (Kanniyakumari District), Malayalapatti (Namakkal District), Cherambadi changed subsequently to Semmanarai (The Nilgiris District) and Perumalpudur (Coimbatore District).

sanctuary. CTW, in his reply (May 2007) stated that action is being taken to construct the buildings through Forest Department and that information on the stage of construction in respect of the fifth school was awaited from DADTWO concerned.

3.4.10.3 Non-provision of infrastructure to GTR schools

Infrastructure facilities lacking in GTR schools.

(a) State Government sanctioned a sum of Rs 60.83 lakh in 3 instalments during February 1997 to November 2000 for construction of a school building, teachers quarters and Girls hostels for GRT, Melanai Papanasam. The construction of buildings could not be taken up as the Forest Department did not permit the construction of buildings as they were proposed near Mundanthurai Tiger Sanctuary and the money was diverted to another GTR school in Dindigul District. GTR School at Melanai Papanasam continues to function in semi permanent sheds even after a decade.

(b) Test check of records of five GTR schools[12], in Namakkal District revealed that no toilets and kitchens were provided. Due to absence of provision of separate kitchen, the dormitory rooms were used as kitchen resulting in inconvenience to the students. The District Collector had forwarded a proposal (August 2006) for the repair and maintenance of class rooms, construction of separate kitchen and toilets at a cost of Rs 46.95 lakh. The proposal is pending in the Directorate (May 2007).

3.4.11 Non-receipt of GOI grants for the scheme of Special Coaching

GOI grants not received for the scheme of special coaching of SC/ST students for professional courses Entrance Examinations.

Under the centrally sponsored "Coaching and Allied scheme for weaker sections including SCs and STs" pre-examination coaching has to be provided for improving their representation and standard of performance in the competitive examination for various posts/services in Government/Public Sector Undertakings. However, in Tamil Nadu no such training/coaching is imparted by the State Government for preparing the SC/ST students for appearing for Union/State Public Service Commission, Recruitment Board Examinations of the Union Government etc., despite availability of assistance from the GOI.

There is only a scheme for providing training of 21 days to students appearing for Tamil Nadu Professional Colleges Entrance Examination in the districts during March-April each year. The number trained and the expenditure incurred under this training during 2002-03 to 2006-07 are given below:

Year	Number trained	Number passed the professional course entrance examination (percentage of success)	Expenditure incurred (Rupees in lakh)
2002-03	1150	254 (22)	6.72
2003-04	1025	144 (14)	5.69
2004-05	1025	189 (18)	8.55
2005-06	1026	187 (18)	8.55
2006-07	950	(Not available)	7.22

12 Valavanthinadu higher secondary school, Mullukurichi girls high school, Sengarai high school, Sengarai primary school and Pallikattupatti primary school.

No central assistance was received for this purpose from 1993 to date for this scheme. An amount of Rs.33.53 lakh claimed from the GOI for this programme for the period 1993-2003 is yet to be received (February 2007).

3.4.12 Hostels

3.4.12.1 Delay in construction of hostel buildings

Construction of hostel buildings pending since 2002-03.

The Government decided (July 2001) to construct buildings for the 574 hostels which were functioning in private rental buildings within a period of two years. Of the above, 152 buildings were taken up for construction during 2001-02, of which 151 were completed and one was under progress. Orders were issued during 2002-07 for construction of buildings for 342 hostels (Boys hostels: 308 and girls hostels: 34) at the rate of Rs 31.50 lakh per hostel through TAHDCO for which the sites were reported as available. The remaining 80 hostels are still functioning in rented buildings.

As of March 2007, out of 342 buildings taken up for construction during 2002-07, 72 buildings remained to be constructed. Of these, 59 were under progress and tenders were yet to be called for 11 works. The remaining two works had not commenced as the sites were not handed over.

Delayed construction of hostel buildings resulted in continued expenditure on rent for these hostels.

As the construction of these hostels was not completed, Government continues to incur expenditure towards rent for these hostels. Government subsequently ordered opening of 108 new hostels in 2005-06 and permitted the Department to take buildings on rental basis. Action is yet to be taken for construction of own buildings for these hostels and Government spent, as a whole, Rs 5.69 crore, on rent for the buildings occupied as hostels during 2002-07.

3.4.12.2 Hostels lacking basic amenities

Basic amenities lacking in hostels and proposals to provide them yet to fructify.

(i) DADW Chennai, submitted proposals (August 2005 and October 2005) to Government for construction of new buildings for 61 ADW hostels with all basic facilities like water supply, drainage/toilet etc., at Rs 20.98 crore[13] under centrally sponsored scheme shared between GOI and State Government, as all the 61 hostels lacked these basic amenities. Government had not issued any orders in this regard and called for cumulative details of hostel buildings so far sanctioned and constructed and the Utilisation Certificates of previous grants in aid. The DADW stated (April 2007) that TAHDCO has been requested to furnish these details.

(ii) Similarly orders of the Government were still awaited (April 2007) on the proposals (December 2005) of DADW for the construction of additional buildings for 268 hostels (82 for girls and 186 for boys) at a cost of Rs 129.90 crore with a view to provide a healthy and airy atmosphere for the students.

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[13] 26 hostels functioning in dilapidated buildings (Rs 8.19 crore), 16 functioning in community halls/Panchayat Union buildings (Rs 5.04 crore) and 19 requiring additional buildings (Rs 7.75 crore).

Thus the students continued to live in the hostels lacking basic facilities and no concrete action was taken for their safe living and study.

3.4.12.3 *Tribal hostels functioning in dilapidated buildings*

Final Proposals for construction of new buildings for tribal hostels are yet to be received from the District Collectors.

DADTWOs of four districts (Salem, The Nilgiris, Tiruchirappalli and Tiruvannamalai) asked (November 2004 and December 2004), for the construction of new building for five tribal hostels[14] functioning in dilapidated and unsafe conditions. The CTW stated (May 2007) that the final proposals are still awaited for these hostels from the District Collectors.

3.4.12.4 *Admission of students in Government hostels in excess of the norms*

Students admitted in Government hostels in excess of norms.

Out of 1,178 Adi Dravidar Welfare hostels in the State functioning for the welfare of SC/ST students 268 hostels have inmates in excess of the admissible norms and these hostels are thus badly overcrowded.

Increase in the strength of students in the hostels in excess of the allowed limits and sanctioned strength over a period led to overcrowding in the hostels putting the students to hardship. Government ordered, in December 1991, adhoc increase of 1,000 boarders in 111 existing hostels with a sanction of Rs 7.50 lakh towards food and other charges and, in August 2003, another 1,000 boarders (poor rural SC students) were ordered to be accommodated in the 44 existing hostels situated in district headquarters with a sanction of Rs 41.54 lakh towards food charges, without provision of funds for additional facilities like accommodation and other basic amenities. However, the existing hostel buildings were already very old and did not have sufficient water, toilet and drainage facilities apart from insufficient/improper accommodation.

As there are many colleges/institutions functioning in Chennai District, the SC/ST students admitted to these institutions are seeking accommodation in the departmental hostels in large numbers. However, as against the requirement of about 1,582 seats, only 512 seats were available in the existing 12 college/ITI hostels (College hostels– seven, PG hostels – two and ITI hostels – three) with total sanctioned strength of 1,870, as only final year students would be vacating the hostels each year. To accommodate more students the Government ordered (January 2006) opening of three new hostels in Chennai with a total sanctioned strength of 250 and permitted the hiring of accommodation. However, no new building was hired on rent and the additional 246 students were accommodated in four[15] of the existing hostels. Due to increase in students' strength in these hostels, the students already accommodated were also put to hardship. In addition students who did not get

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[14] Government Tribal Hostel at Achenkuttappatti in Salem District (40 students), Government Tribal Hostel, Neerkakhimund in the Nilgiris District (100 students), Government Tribal Girls Hostels, Thuriyar and Top Sengattupatti in Tiruchirappalli District and Government Tribal Girls Hostel at Jamnamarvellur (50 students) in Tiruvannamalai District).

[15] Kodambakkam: 100; Royapuram : 70 ; Royapuram : 33 ; Nandanam : 43.

admission for the hostels and the students who were searching for a job, stay in the hostels in Chennai without any authorization.

In Nagapattinam District, the accommodation in college hostels was not adequate to cater to the needs of SC/ST students. During 2004-05, 116 SC/ST students did not get accommodation in department run hostels due to paucity of accommodation in college hostels.

In Namakkal District, the excess accommodation ranged between seven and 20 in three girls' hostels (Namakkal, Belukurichi and Mullukurichi) during 2002-06.

3.4.13 Examination results

Pass percentage of SCs/STs in examinations was lower compared to overall results.

The pass percentage of SCs/STs *vis-à-vis* general candidates appearing in twelfth and tenth standard examinations during the last five years is given in **Appendix 3.21**. The data in the Appendix revealed the following:

3.4.13.1 Twelfth standard examinations

Decrease in pass percentage during 2002-06.

The percentage of pass in respect of both SC and ST candidates declined during 2002-06 as compared to the percentage in 2001-02 indicating that the educational level of SC and ST students deteriorated after 2001-02 and did not improve much during 2002-06 even though the post-matric scholarships were implemented for their benefit during 2002-06.

3.4.13.2 Tenth standard examinations

Fluctuation in pass percentages of SC/ST candidates during 2001-06 under Tenth Standard Examination.

In respect of SC candidates, pass percentage improved from 64.3 *per cent* to 67.7 *per cent* during the period 2001-06. The gap in percentage of pass between the general candidates and SC candidates declined from 16 *per cent* to 13.1 *per cent* during 2001-06.

The pass percentage of STs came down from 69.2 *per cent* in 2001-02 to 63.1 *per cent* in 2003-04 and then increased to 67.1 in 2004-05 but again decreased to 66.1 in 2005-06. The gap in pass percentage of ST students increased from 11.1 *per cent* to 17.8 *per cent* and then slightly recovered to 14.7 *per cent* during the above period. However, the gap between SC and ST candidates and the general candidates continued to be high, and was at 13.1 and 14.7 in 2005-06. This indicated that the educational level of SCs and STs had to improve to reach the level of general candidates.

3.4.14 Manpower deployment

Government did not take decision on streamlining of staff deployment.

The DADTWO and the staff working at District level belong to revenue establishment and are being posted to the wing as and when needed by the District Collectors. As these staff are working directly under the control of District Collectors, they are being diverted very often for Jamabandi, election work, calamity relief works or other works of urgent importance on account of which they are unable for perform their duties in the Adi Dravidar Welfare wing satisfactorily. As a result, the well intended schemes for the Welfare of SC/ST could not be implemented or monitored properly, as detailed in paras 3.4.7, 3.4.8, 3.4.9. As the staff of district offices are being transferred frequently, they do not evince much interest in their work. The Adi Dravidar Department has also no powers to take disciplinary action against the staff for their lapses, as they belong to Revenue Department.

Sensing the requirement of an independent establishment for the Adi dravidar Wing, Government ordered (May 1979) that a separate service be considered for the Adi dravidar Welfare department by drawing officers from various departments and requested the DADW to send necessary proposals for this purpose. However, the proposals sent by the Director in this regard during various dates were under protracted correspondence and were still pending with the Government (April 2007). Thus, a separate service is yet to be formed for the Department and the difficulties in execution/monitoring of the programmes of welfare of SCs/STs remain.

Also, despite a separate Directorate being formed for looking after the welfare of Scheduled Tribes from April 2000, the district level offices continue to look after the programmes of both the directorates.

Thus, the administrative structure for implementing programmes for the benefit of SCs and STs was not consistent with the principle of one functionary reporting to only one superior and the district level functionaries and the Directorates are not under the same department of the Government at present.

3.4.15 Monitoring

As per instructions (May 2006) of DADW, scholarship payments and other connected records of the schools/colleges and other institutions have to be verified to the extent of specified percentages[16] by the District Officers, Special Tahsildhars and Revenue Inspectors. The check is to ensure whether the institutions are following the norms prescribed for payment of scholarships to SC/ST students and whether they are paid in time and in conformity with the rules. However, no such verification was made by the specified officers on the plea of heavy work load. Had necessary verification been done as prescribed, many of the deficiencies pointed out by Audit in various paragraphs above could have been noticed earlier and rectified. In the absence of verification, the disbursement certificates were also not forwarded by the

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[16] District Officers: 10 *per cent*, Special Tahsildhars: 25 *per cent* and Revenue Inspectors: 100 *per cent*.

institutions within the prescribed time of 15 days from the date of disbursement, to the district authorities.

3.4.16 Conclusion

The literacy rate of SCs and STs was much below the overall literacy rate as per 2001 census. The drop-out rate of SC children at upper primary level and ST Children at primary and upper primary level was higher than the overall drop-out rate at those levels. No data regarding the number of eligible SC/ST beneficiaries were compiled in the State and in its absence, funds for various schemes for the educational development of SCs/STs were provided in the budget estimates based on the expenditure of the previous year with some ad-hoc increase. This along with belated release of required funds resulted in disbursement of scholarships to SC/ST students invariably during the subsequent academic year defeating the purpose of providing scholarship. The functioning of the district level offices of the Department with most of the staff belonging to another department, resulted in poor implementation/ monitoring of the schemes taken up for SCs/STs.

3.4.17 Recommendations

- Steps should be taken to reduce the drop-out rate of ST students by extending more educational facilities like schools, scholarships etc. in the areas where the STs are concentrated.

- Data on eligible beneficiaries belonging to SC/ST have to be compiled immediately to assess the requirement of funds for their educational development.

- Funds for disbursement of scholarships have to be distributed to the districts duly adhering the approved annual action plan each year so as to complete disbursement of scholarships, by the due dates specified in the plan.

- Construction of hostels should be monitored so that delays are eliminated and hiring of buildings for hostels in Chennai expedited to reduce overcrowding in the existing hostels.

- The district level administrative structure of the department should be restructured, conducive to the proper implementation of the schemes for SCs/STs.

The above points were referred to Government in July 2007; reply had not been received (November 2007).

3.5 Functioning of Tamil Nadu Agricultural University

Highlights

Government of Tamil Nadu established the Tamil Nadu Agricultural University in Coimbatore under Tamil Nadu Agricultural University Act, 1971. A review on working of the above University was undertaken between March and May 2007.

- **Out of 1,713 papers for which revaluation was sought for during 2005-07, there was change in marks scored in respect of 94 *per cent* of the papers. Valuation thus was not upto the mark.**

(Paragraph 3.5.6.3)

- **There was shortfall in coverage of students ranging between 30 and 55 *per cent* during 2001-05 in respect of "Periyar Endowment" scholarship.**

(Paragraph 3.5.6.4)

- **The University abandoned 42 sub-projects during 2002-07 due to retirement, transfer or death of principal investigators.**

(Paragraph 3.5.7.2)

- **The University had not introduced any successful hybrids for rice, sorghum, pearl millet and cotton during the last ten years and failed to popularise new varieties.**

(Paragraph 3.5.7.4)

- **Non-reckoning of certain items of University receipts for the purpose of grant resulted in claiming of grant in excess to the extent of Rs 9.55 crore during 2002-06.**

(Paragraph 3.5.9.2)

- **The University booked non plan expenditure of Rs 26.23 crore under plan during 2003-06.**

(Paragraph 3.5.9.3)

- **In respect of 259 schemes, the University spent Rs 7.40 crore over and above the funds received for the schemes. The University did not state the source from where the amount was diverted for meeting the excess expenditure.**

(Paragraph 3.5.9.4)

3.5.1 Introduction

Tamil Nadu Agricultural University (TNAU/University) was established in the year 1971 at Coimbatore under Tamil Nadu Agricultural University Act, 1971. The objectives for establishing TNAU were (a) to impart education in different branches of agriculture and allied sciences, (b) to further the advancement of learning and prosecution of research in agriculture and allied sciences, and, (c) to undertake the extension of such sciences to the rural people in cooperation with the Government departments concerned. Though TNAU had only two constituent colleges and six agricultural research stations/institutions in 1971, as of May 2006 it had 64 institutions[1] under its control.

3.5.2 Organisational set up and activities

The Governor of the State is Chancellor of TNAU and the Minister-in-charge of Agriculture is the Pro-Chancellor. While the Vice Chancellor is in overall charge of the University, the Registrar is in charge of administration and the Comptroller in charge of finance and accounts. The organisational set up is furnished in **Appendix 3.22.** The TNAU, in addition to plan and non-plan schemes of the State Government, also undertakes schemes and conducts research financed by Indian Council of Agricultural Research (ICAR), National Agriculture Research Project (NARP), National Agriculture Technology Project (NATP), Krishi Vigyan Kendra (KVK) and schemes sponsored by Government of India (GOI). The accounts of the University are audited and certified by Director of Local Fund Audit.

3.5.3 Audit objectives

The review was conducted with objective of ascertaining whether

- The University imparts quality agricultural education,
- The resources available to research are allocated judiciously and fully employed,
- The extension activities realised the objective of laboratory to land, and,
- Proper planning is being done and the finances of the University are managed effectively.

3.5.4 Audit criteria

The following were taken as Audit criteria for the review:

- Academic Council's norms for admission,
- Norms prescribed for undertaking research projects,
- Targets fixed for extension activities by Government and University norms for achieving the targets,

[1] Constituent Colleges: 10 and affiliated colleges: 2 – concentrate on education; agriculture research stations: 33 – engaged in research activities; and Krishi Vigyan Kendras: 14 and plant clinic centres: 5 – engaged in extension activities/ transfer of technology. Total: 64.

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- University plan documents and budgetary procedures,
- Established accounting principles, and,
- Guidelines issued by the Finance Committee of TNAU.

3.5.5 Audit Coverage and methodology

The audit of the University is undertaken under Section 14 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. During the review, records of the Agriculture Department of the Secretariat and Commissioner of Agriculture were scrutinised. In addition to records of the University and the Tamil Nadu Rice Research Institute, Aduthurai, all transactions under the selected activities in three[2] out of 10 constituent colleges and in three[3] out of 14 Krishi Vigyan Kendras selected through random sampling method and activities of ten[4] out of 33 agricultural research stations consisting representative sample of various agro-climatic and crop specific zones were also reviewed. The review was conducted between March and May 2007, covering the period 2002-07.

The audit objectives and criteria were discussed with the Registrar of the University during the entry conference held in March 2007. The findings of the review were discussed with the Registrar during the exit conference in June 2007.

3.5.6 Education

The University offers twelve under-graduate courses, 29 postgraduate courses and 24 doctoral degree courses under various branches of agriculture. The pass percentage in UG courses varied from 85 to 97; in PG courses from 78 to 94 and in Ph.D from 44 to 82 during the last four years ending 2005-06 as depicted in the table below.

(No. of student

Course	Admn. 1999-2000	Pass (2002-03)	Admn 2000-01	Pass (2003-04)	Admn 2001-02	Pass (2004-05)	Admn 2002-03	Pass (2005
U.G.	443	381 (86)	440	373 (85)	424	381 (90)	511	498 (
	Admn. 2001-02	Pass (2002-03)	Admn 2002-03	Pass (2003-04)	Admn. 2003-04	Pass (2004-05)	Admn. 2004-05	Pass (2005
P.G	334	269 (81)	279	263 (94)	242	188 (78)	248	214 (
	Admn. 2000-01	Pass (2002-03)	Admn. 2001-02	Pass (2003-04)	Admn. 2002-03	Pass (2004-05)	Admn. 2003-04	Pass (2005
Ph.D	144	70 (49)	135	60 (44)	138	113 (82)	92	51 (

Admn: Admission.

Figures indicated within brackets represent the percentage of pass to the number admitted.

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2 Agricultural College and Research Institute, Coimbatore, Forest College and Research Institute, Mettupalayam and Horticulture College and Reseach Institute, Coimbatore.

3 Krishi Vigyan Kendras at Tindivanam, Vridhachalam and Virinjipuram.

4 Research Stations at Aduthurai, Aliyarnagar, Cuddalore, Gudalur, Srivilliputhur, Thirupathisaram, Tindivanam, Tirur, Virinjipuram and Yercaud.

Further 28 students participated in the International Agriculture and Rural Development Course (INTAG) in Cornell University, USA during 2004-07. During the last four years 1,040 students (2003: 80; 2004: 150; 2005: 360 and 2006: 450) got placements in various organisations.

3.5.6.1 Faculty

The sanctioned faculty for the ten constituent colleges under Tamil Nadu Agricultural University was 662 of which 140 posts were vacant as of January 2007 (**Appendix 3.23**). Out of the ten colleges, the vacancy was more than 30 *per cent* of sanctioned strength in three colleges in Killikulam, Kumulur and Madurai. About 80 *per cent* of the faculty members were trained in various academic institutions within and outside the country under Agriculture Human Resource Development Programme.

The Academic Council of the University did not fix any norms for teachers-students ratio. However, the teachers-students ratio was stated to be 1:12.

The University did not furnish any information to Audit on the books published, papers presented and conferences attended by the faculty of TNAU.

3.5.6.2 Condonation of shortfall in attendance

On an average about 540 students are admitted by the University in the first semester of under graduate courses every year. As per Rule 6 of Semester System Rules and Regulations of Under-graduate Education, 1999 a student has to earn 80 *per cent* of attendance to appear for the examination. Each semester has 105 working days. As the University admitted candidates even after commencement of classes there was shortfall in attendance and the minimum requirement of attendance for appearing in examinations could not be maintained. The Academic Council had condoned the shortfall in attendance beyond 20 *per cent* to the extent indicated below:

(No. of students)

Year	Shortage in attendance		
	21 to 40 *per cent*	41 to 60 *per cent*	More than 60 *per cent*
2002-03	55	32	62
2003-04	50	32	10
2004-05	145	57	11

The Academic Council of the University, taking cognizance of the delay in admission of candidates, suggested (December 2002) that the University explore the possibility of admitting students under single window system.

Amendment to rule requiring 80 *per cent* attendance would hamper quality of education.

However, during the year 2005-06, the Academic Council, got the above rule provision amended in such a way that for calculating 80 *per cent* attendance the number of working days was to be calculated only from the date of joining of the student for the first semester. The amendment would mean that a student with just a day's attendance could also sit for the first semester examination. Thus the amendment has reduced the rule requiring 80 *per cent* attendance to a farce and also thereby affected the quality of education.

In reply the University stated that in case of ICAR candidates from other states there was late admission, which was beyond its control. However, the contention of the University was not tenable as the University admitted only 16 and 13 candidates for UG programme under ICAR quota during 2004-06.

3.5.6.3 Valuation

According to para 11.9 of Under-graduate Rules and Regulations, 1999 (semester system) of Tamil Nadu Agricultural University, a student can submit a request for revaluation / re-totalling in the prescribed format to the Controller of Examinations (CE) through the Deans concerned not later than ten working days after the issue of report cards to the students, the fee for such revaluation / re-totalling being Rs 150 (increased to Rs 300 with effect from April 2003).

The number of students who took up under-graduate examination was 3,918 during odd and even semesters of 2005-06 and odd semester of 2006-07. Number of students who applied for revaluation during 2005-07 and the results of revaluation are given below:

Year	No. of students who applied for revaluation	Total number of papers for which revaluation was applied for	Result of revaluation		
			Higher marks awarded	Lower marks awarded	No change in marks
2005-06	587	722	492	190	40
2006-07	835	991	701	229	61
Total	**1,422**	**1,713**	**1,193**	**419**	**101**

Out of 1,713 papers for which revaluation was sought in 2005–07 there was change in marks in respect of 1,612 papers (94 *per cent*).

Out of 1,713 papers for which revaluation was applied for, higher marks were awarded in respect of 1,193 papers (70 *per cent*) and lower marks were awarded in respect of 419 papers (24 *per cent*) after such revaluation. Thus, there was change in marks scored in respect of 94 *per cent* of the papers for which revaluation was applied for indicating that valuation in the first instance was not done with due care.

The University should seek to improve the quality of valuation of examination papers.

3.5.6.4 Endowment accounts

For awarding medals to meritorious students, the University is having a number of endowments. The Academic Council suggested (January 2004) that the life of all existing endowments be limited to 10 years from the date of acceptance, and after the tenth year the amounts in such endowments transferred to a separate general endowment account and the amount used for instituting new endowments by the University. Accordingly, the University closed (March 2004) 99 endowments involving a total amount of Rs 5.56 lakh. The University did not, however, institute any new endowment, but donated

Rs 3.65 lakh to Chief Minister's Public Relief Fund and transferred the balance amount to general fund in violation of the suggestions of the Academic Council.

The purpose for which 'Periyar endowment' was instituted was not served as there was shortfall in coverage of students to the extent of 30 to 55 *per cent* during 2001-05 and Rs 11.19 lakh was diverted for other purposes.

Government of Tamil Nadu instituted (July 1997) an endowment in the name of Periyar with Government contribution of Rs 25 lakh. The Government directed that 80 *per cent* of the interest earned by depositing the above amount be distributed to students as scholarship, and the balance, added to the endowment. It was also expected that the amount available for distribution as scholarship would be Rs 3 lakh every year and a scholarship not exceeding Rs 5,000 was to be distributed to 60 students. The University did not maintain a separate account for the above endowment. The actual amount distributed during 2001-05 varied from Rs 1.35 lakh to Rs 2.10 lakh per year and number of students benefited varied from 27 to 42 indicating shortfall in coverage ranging from 30 to 55 *per cent*. The University unauthorisedly utilised Rs 11.19 lakh from the interest earned on the above endowment deposits for construction/modernisation of central exhibition hall in 2002-03 without the approval of the Government.

The University thus has failed to utilise the endowment deposits for the purpose for which they were instituted.

3.5.7 Research

3.5.7.1 Research schemes

The research effort in TNAU was mainly directed towards development of new varieties/hybrids in agricultural and horticultural crops and introduction of new management technologies for improved agricultural practices and plant protection. In addition, research for development of new agricultural equipment for mechanisation of farms was also undertaken.

Research activities in TNAU are financed by the Government of Tamil Nadu, ICAR and external agencies. Research activities are undertaken through research sub projects on various topics allotted to the scientists. The topics for research are generated in various crop scientist meets, scientific workers conference (SWC), meetings with the Joint Directors of Agriculture Department, etc.

The details of sub projects taken up during 2002-07 are furnished in **Appendix 3.24**. Of the 1,654 sub projects (including opening balance of 677 in 2002-03) taken up during 2002-07, 897 were completed, 26 kept in abeyance, 102 were deleted and 629 were in progress. The University did not give details on the outcome of the 897 completed sub projects.

3.5.7.2 Research activity in test checked research stations

Test check of records pertaining to research activities in ten research stations disclosed the following position for the period 2002-07:

Sl. No.	Name of ARS	Position of number of sub projects during 2002-2007				
		Opening balance and new projects	Number of sub projects			Closing Balance
			Completed	Kept in abeyance	Deleted	
1	Aduthurai	103	57	3	5	38
2	Aliyarnagar	53	33	0	0	20
3	Cuddalore	41	11	1	5	24
4	Gudalur	2	1	0	0	1
5	Srivilliputhur	31	18	0	1	12
6	Thirupathisaram	16	1	1	2	12
7	Tindivanam	46	21	4	5	16
8	Tirur	16	8	0	2	6
9	Virinjipuram	5	3	0	0	2
10	Yercaud	41	12	0	3	26
	Total	**354**	**165**	**9**	**23**	**157**

Forty two sub projects were abandoned due to retirement, transfer or death of the principal investigators.

Out of 354 research sub projects taken up during 2002-2007, nine projects have been kept in abeyance and 23 projects were deleted mainly due to transfer of principal investigators. However, the above figures do not include 19 sub projects proposed for deletion by Yercaud agriculture research station even before achieving the objectives due to non-availability of scientists on account of retirement, transfer, etc. Out of 165 research projects completed during the above period, the research stations have released only four new varieties of rice (three in Aduthurai and one in Thirupathisaram) and two new varieties of sugarcane (in Cuddalore) and 11 new management technologies (three in Aduthurai, three in Cuddalore and five in Srivilliputhur). Of the 21 sub projects completed by Agriculture Research Station, Tindivanam, three sub projects were completed after five to seven years delay and in respect of 16 sub projects pending completion, completion report in respect of four sub projects due for completion in March 2006 were not furnished (June 2007).

A plan scheme titled 'Scheme for physiological studies on salt tolerance and development of rice varieties tolerant to coastal and inland salinity' was in operation in Rice Research Station (RRS), Tirur from May 1993. The expenditure on the scheme for the period 2001-07 was Rs 29.43 lakh. So far no such variety/hybrid has emerged even after 14 years of research.

Agriculture Research Station, Tindivanam completed (September 2004) a research sub project on 'Field screening of groundnut cultures/liners for resistant to insect pests'. The Research Project Advisory Committee of the University, while approving (June 2005) the completion report, stressed that a further project be taken up to confirm resistant lines. This was not done. Similarly a research sub project on 'Studies on the insects collected in light trap at oilseeds research station, Tindivanam' was taken up in October 2001 and completed in September 2003. While scrutinising the completion report, the Director, Tamil Nadu Rice Research Institute (TRRI), Aduthurai stated (May 2005) that a comprehensive conclusion would be arrived at only on further data gathered over years as the pest incidence was very low during the project period. However, this project, too, was not followed up.

The above instances would indicate that the sub projects did not serve the intended purpose.

3.5.7.3 *Man power in research stations*

The sanctioned strength of scientists for the 33 research stations under TNAU was 396 of which 150 posts were vacant as of January 2007. In respect of the ten test checked research stations nine posts were vacant for more than 10 years, 15 posts for more than five years and 16 posts for more than one year. All the 15 sanctioned posts were vacant in Agriculture Research Station, Virinjipuram as of March 2007.

The shortage of 38 *per cent* of the sanctioned strength of scientists would have adversely affected the quality of research in the University.

3.5.7.4 *Hybrid crops improvement*

The University did not introduce any successful hybrids for rice, sorghum, pearl millet and cotton.

The Tenth Plan envisaged development of suitable hybrids in rice, sorghum, pearl millet, maize and red gram to increase the productivity with a low cost of cultivation. The development of hybrids by TNAU and their performance are discussed below:

Tenth plan emphasised the development of hybrids in rice with good cooking quality coupled with pest and disease resistance. The actual quantity of hybrid rice (CORH2 and ADTRH1 released during 1998) breeder seeds distributed was only 220 Kgs, 260 kgs and 56 kgs respectively during 2003-04, 2004-05 and 2005-06. The University stated that the two new hybrid varieties were not preferred by the farmers due to their cooking quality and aroma. The performance of the high yielding varieties ASD 16 (Karif), CR 1009 and TPS 3 (Rabi) was also not found satisfactory.

Though COH(M) 5, a maize hybrid was developed in 2006, it is only utilised for the purpose of conducting front line demonstrations (FLD). The maize market is dominated by private hybrids and the existing COH(M) 4 of TNAU introduced in 2002 failed to win the preference of farmers as the private hybrids excelled in terms of yield.

Cotton hybrid TCHB 213 was developed by TNAU during 1990. The distribution of this breeder seed (hybrid) was only eight kgs and one kg as against the total quantity of 278 kgs and 168 kgs of cotton seeds distributed during 2003-04 and 2004-05 to state agencies and there was no indenting/distribution of the above hybrid during 2005-06.

Thus, no hybrid seed was developed for sorghum, pearl millet and cotton since 1997 and two rice hybrids developed were not preferred by the stake holders.

3.5.7.5 *Breeder Seed Production*

Production and distribution of breeder seeds

In the following instances, the breeder seed distribution to State Government Department by TNAU was less than the indented quantity.

(in Kgs)

Crop	Year	Quantity indented	Quantity distributed	Shortfall (*per cent*)
Pulses	2005-06	9,029	8,177	9
Oil seeds	2003-04	98,819	70,818	28
	2004-05	58,175	41,190	29
Cotton	2003-04	278	252	9

Specific reasons for short fall in supply were not furnished by the University. Even though the ARS, Virinjipuram, one of the test checked units, had 51.52 acres of farm land, which was shared with KVK, Virinjipuram, no cropping programme for production of breeder seeds was proposed during 2004-06.

Production of truthfully labelled Seeds

The truthfully labelled (TFL) seeds[5] production at TRRI, Aduthurai was as below:

(in Kgs)

Year	Total produced	Grain (percentage)
2003-04	72,028	35,262 (49)
2004-05	56,939	33,729 (59)
2005-06	56,207	17,887 (32)

Production of grain to the extent of 32 to 59 *per cent* of total TFL seeds produced during 2003-06 would indicate the failure of the farm to produce quality seeds.

The above instances would reflect the deficiencies in production and distribution of seeds by Tamil Nadu Agricultural University.

3.5.7.6 Part II Schemes

Two Part II schemes, 'Strategies and programme for increasing the production and productivity of maize in Tamil Nadu' and 'Popularising Sweet Sorghum in different agro climatic zones of Tamil Nadu' were taken up during 2005-07. The main objective was to develop location specific production technologies for maize hybrids and sweet sorghum in addition to popularising them in farmers' holdings. Both the schemes were completed in March 2007 for dissemination to farmers. The University stated that as the trials were not conducted in the same places, a breakthrough on location specific production technologies for fertiliser could not be developed within the two years and would take at least four or five years. In the above circumstances the programmes should not have been taken up in Part II schemes.

[5] Truthfully labelled means that the quality of the seed is guaranteed by the seller for the prescribed minimum standards but the purity and quality of such seeds are not certified by any seed certification agency under the provisions of the Seed Act, 1966.

[6] The expenditure on 'Popularising Sweet Sorghum in different agro climatic zones of Tamil Nadu' was Rs 8 lakh and the details of expenditure for 'Strategies and programme for increasing the production and productivity of maize in Tamil Nadu' are awaited.

The University's research activities have thus not been successful for the period 2002-07.

3.5.8 Extension activities

3.5.8.1 Meetings of Research and Extension Education Councils

Extension Education Council meeting was conducted in January 2007 after a gap of six years.

According to TNAU Act, 1971 the meetings of the Research Council and Extension Education Council are to be conducted every year. However, it is noticed that 39th Research Council Meeting was conducted in December 2002 and the subsequent meeting was held in January 2007. Similarly the 37th Extension Education Council Meeting was conducted in November 2001 and the subsequent meeting was held in January 2007. This would indicate that extension activities were not given due importance. The University stated (August 2007) that approval for new non-official members was awaited from the State Government and hence the meeting of the Council was not convened.

3.5.8.2 Training to extension functionaries

It is seen that between June 2004 and March 2007 a total number of 149 training courses have been conducted by KVK, Virinjipuram for farmers, members of self help groups, rural youths, etc. However most of the training programmes were given to the farmers/self help groups in the nearby blocks Vellore, Anaicut, Kaniyambadi, K.V. Kuppam and Gudiyatham. The participation from distant blocks like Tirupattur, Wallajah, etc., was less than five *per cent* of the total trainees. The University stated (August 2007) that the blocks situated away from the KVK would also be covered from 2007-08.

Similarly the extension activities in Villupuram district by KVK, Tindivanam covered only eight[7] nearby blocks out of 22 blocks in the district. The University replied (August 2007) that the KVK was established only two years back and hence, all the blocks could not be covered for want of time and man power.

3.5.8.3 Implementation of ISOPOM scheme

To popularise the production potential of hybrids/new varieties and package of practices of respective crops to farmers and to assess the production constraints, the centrally sponsored scheme of ISOPOM (Integrated scheme of oil seeds, pulses, oil palm and maize) was implemented in 18 places. Cropwise demonstrations conducted during 2005-07 by TNAU centres at 10 places are as follows:

Crop	Number of Block demonstrations		Number of IPM[8] demonstrations	
	Allotted	Conducted	Allotted	Conducted
Oil seeds	52	21	66	17
Pulses	300	103	51	20
Maize	15	7	9	4
Total	**367**	**131**	**126**	**41**

7 Gingee, Mailam, Marakanam, Thirukovilur, Tindivanam, Vanur, Vikravandi and Villupuram.

8 Integrated Pest Management.

Out of 493 demonstrations allotted, reports have been received for 172 demonstrations as of January 2007. Reports from other eight places are awaited (March 2007). The main cause for delay in conducting the demonstrations was stated to be allotment of large number of demonstrations to KVKs.

3.5.8.4 Popularising new varieties

The distribution details of breeder seeds of rice and groundnut varieties released prior to 1997 and after 1997 are furnished in the table below for the period 2003-06.

(in Kgs)

Seed	Year	Distribution of breeder seeds relating to varieties released		
		Prior to 1997*	Since 1997*	Total
(i) Rice	2003-04	45,211(61)	29,045(39)	74,256
	2004-05	58,268(69)	26,024(31)	84,292
	2005-06	58,843(62)	35,309(38)	94,152
(ii) Groundnut	2003-04	70,252(93)	5,137(07)	75,389
	2004-05	47,990(94)	3,230(06)	51,220
	2005-06	81,699(91)	7,630(09)	89,329

* The figures in brackets indicate percentage to total quantity released.

As may be seen from the above, the distribution of varieties released afte 1997 ranged from 31 to 39 *per cent* in respect of rice and just six to nine *pe cent* in respect of groundnut. Further, there was no indent for six varietie developed by TNAU since 1997 (Rice: two, Sorghum: one, Maize: one Cumbu: one and Sunflower (hybrid): one). A survey conducted by the Centr for Agriculture and Rural Development Studies of the TNAU for the perio 2004-06 also found that of the six varieties of rice preferred by the farmers five varieties were introduced prior to 1997 and one variety in 1998. Th University thus failed to popularise the new varieties introduced.

3.5.9 Financial Management

3.5.9.1 Funding

Various sources of receipts of TNAU during 2002-06 and the expenditur there from were as below:

(Rupees in c

Source	2002-03		2003-04		2004-05		2005-06*	
	Receipt	Expr.	Receipt	Expr.	Receipt	Expr.	Receipt	Ex
State Government grants for:								
Non plan schemes	42.92@	49.86	46.25	42.16	31.14	45.99	43.50	[illegible]
Plan schemes	17.00	17.57**	28.00	28.84	30.04	26.67	29.79	[illegible]
ICAR	16.23	16.70	16.69	15.82	21.77	19.77	26.29	[illegible]
GOI	3.11	3.27	4.47	3.44	5.67	5.80	6.48	
Others	4.05	3.29	4.56	4.32	4.10	5.44	12.26	
University receipts.	6.35		6.86		6.88		8.20	
Total	**89.66**	**90.69**	**106.83**	**94.58**	**99.60**	**103.67**	**126.52**	**[illegible]**

* Accounts have been finalised upto 2005-06 only.

@ Higher rounding.

** lower rounding given during conversion from absolute figures to rupees in crores.

The State Government released an excess grant of Rs 2.73 crore upto 2005-06.

The Pubic Accounts Committee with respect to Paragraph Number 6.5.5 in the Report of Comptroller and Auditor General of India for the year 1984-85, had recommended that the State Government should release only such amount as was likely to be spent by the University during the year as grant. However, the State Government had released an excess grant of Rs 2.73[9] crore up to the end of 2005-06.

3.5.9.2 Receipts not taken into account for reckoning the net grant

As certain items of receipt were not reckoned for the purpose of grant to be released, the government released an excess grant of Rs 9.55 crore during 2002-06.

As per TNAU Act, 1971 the Tamil Nadu Government releases a non-lapsable lump sum grant not less than the net expenditure of the University every year. The net expenditure for the purpose should be arrived at after adjusting the receipts of the University. However, the University has diverted the following receipts for non-budgetary activities and did not reckon them for the purpose of arriving at the net grant:

The University operated an account titled 'Deposits'. The University had parked its receipts[10] amounting to Rs 1.61crore during 2003-06 in the deposit account.

The University diverted normal receipts such as institutional charges collected under various schemes, sale of books, hire charges, affiliation fees, etc., amounting to Rs 5.55 crore during 2002-06 to Education and Research Development Fund (ERDF).

The University extended a loan of Rs 1.23 crore from ERDF during 2003-06 to various profit making schemes in the name of Venture Capital Scheme[11] (VCS) with the approval of the Vice Chancellor of the University. The profit earned during 2003-06 from VCS, Rs 1.28 crore was not taken as receipts of the University.

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	(Rs in crore)
Opening Balance (2002-03)	(-) 3.59
Receipts (Plan and Non-Plan including University receipts) during 2002-06	296.93
Total	293.34
Expenditure (Plan and Non-Plan) during 2002-06	290.61
Net excess release of grant	2.73

10 (a) Excess opening balance and closed account (Rs 74.01 lakh in 2004-05), (b) admission fees collected by the Dean (Agri.) (Rs 25.78 lakh in 2005-06), (c) sale proceeds of application forms collected by the Dean (Agri.) (Rs 25.76 lakh in 2004-06), (d) training fund received from Hill Area Development Project (Rs 7.05 lakh in 2003-04), (e) recoveries towards five *per cent* minimum benefit (Rs 12.96 lakh in 2005-06) and (f) recovery of fair rent fixed (Rs 15.01 lakh in 2005-06). Total : Rs 160.57 lakh or Rs 1.61 crore.

11 Schemes such as 'Production of truthfully labelled seeds', 'Production of bio–inoculants under quality control', 'Production and supply of seedlings of Jatropha curcas', etc.

The University constructed (2004-05) a technology park comprising five buildings with a constructed area measuring about 37,500 sq. ft. in its Coimbatore campus. The University diverted Rs 43.23 lakh from its receipts for meeting the expenditure of Rs 1.15 crore on construction.

The University is offering consultancy services since 2003. The ratio at which the consultancy charges were to be shared between the University and scientists was not got approved either by Government or by Board of Management. Presently the charges are shared at a ratio fixed by the Vice Chancellor. As per the annual accounts of the University for the year 2003-06, Rs 54 lakh, being the share of the University, was kept in a separate bank account instead of taking the amount as receipt of the University.

The University Provident Fund (UPF) account is operated for accommodating the provident fund amounts of the employees temporarily until disbursement/credit to the respective accounts. It was pointed in Paragraph Number 6.5.5 of CAG's Audit Report – Civil - 1984-85, that the University was not exhibiting interest earned on investment of Provident Fund deposits in excess of the amount paid towards annual interest to the subscribers' accounts as miscellaneous receipts as required under University Provident Fund Rules, 1976. Government in Agriculture Department had replied to the Committee on Public Accounts that the provident fund accumulations would be deposited into a personal deposit (PD) account and the Government would allow interest on the deposit at the same rate to be paid to the subscribers and hence, earning of excess interest would not arise. However, the University did not follow the above procedure even after opening (1990-91) a PD account. The University had accumulated Rs 75.37 lakh up to 1998-99 towards excess interest but did not take it as receipts. The amount was reduced to Rs 13.82 lakh as of 2005-06 due to non-crediting of the UPF subscription into interest earning deposits then and there.

Due to non-inclusion of the above amounts, there was an excess release of grant to the extent of Rs 9.55 crore during 2002-06.

3.5.9.3 Budgeting

Failure to obtain administrative sanction of Government for operating ICAR schemes (Partly financed)

Expenditure of Rs 11.46 crore on plan schemes was incurred during 2002-06 without consent of Government for continuance.

The University has undertaken various schemes, which are shared in the ratio of 75:25 between the ICAR and State Government during the IX Plan period. Though the State Government had not given its concurrence for continuance of these schemes during Tenth Plan period i.e., from 2002-03 onwards, the University continued to implement the schemes and booked the State Government share of expenditure under plan schemes funds of the State Government. An expenditure of Rs 11.46 crore was booked during 2002-06 on these schemes. This reflects the failure of the Director of Research to obtain sanction from Government and the Government's negligence in scrutinising the budget proposals of the University.

Irregular booking of non-plan expenditure under plan

Non-plan expenditure of Rs 26.23 crore was booked against funds available under plan schemes during 2003-06.

The University closed 89 plan schemes during 2003-04 and utilised the plan funds to meet non-plan expenditure of Rs 26.23 crore pertaining to the agricultural research stations and certain research schemes of the University during 2003-06. Provisions under plan schemes were made for these schemes during 2006-07 also. Plan funds are meant for developmental activities while non-plan funds are mainly meant for maintenance. Thus the University diverted plan funds to the extent of Rs 26.23 crore during 2003-06 on non-plan schemes.

3.5.9.4 Diversion

Minus balance in scheme accounts

As of August 2007, there was a minus balance of Rs 7.40 crore in 259 scheme accounts indicating diversion from other scheme funds to these schemes.

Financial powers are decentralised and there are 79 drawing officers in the University. The Comptroller of the University transfers the amounts received from the sponsors (ICAR, GOI, NATP, NARP, etc.) to the drawing officers as and when required. The funds were released to the drawing officers by the Comptroller in an adhoc manner without scheme wise breakup. As of August 2007, there was minus balance in 259 scheme accounts indicating excess expenditure of Rs 7.40 crore as indicated below:

(Rs in crore)

Name of the funding agency	Number of schemes	Excess expenditure
GOI	69	1.97
ICAR	69	2.03
Other agencies	121	3.40
Total	**259**	**7.40**

Out of the above, 73 schemes were not operated during 2004-05 and 2005-06. The University did not state the source from where funds were diverted to meet the excess expenditure.

3.5.9.5 Non-preparation of a manual streamlining procedures

The Finance Committee, while discussing (October 2006) an audit paragraph raised in Local Fund Audit on defalcation of University receipts by the staff of University, directed a thorough review of the defalcation cases and its submission before the Committee at the next meeting. However, this was not done during the next meeting held in March 2007. Though the University was established in as far back as 1971 and there are 79 drawing officers operating about 1,400 accounts, the University has not brought out a manual streamlining the procedures and fixing responsibilities. Similar defalcation cannot be ruled out as receipts and withdrawals amounting to Rs 7.62 lakh[12] pertaining to period 1972-2005 were not reconciled so far.

[12] Withdrawal of Rs 1.42 lakh by Dean (Agri.) during 1972 – June 2003; withdrawal of Rs 2.92 lakh by Dean (Horti.) prior to December 2003 and remittance of receipts by Dean (Agri.) in August 2005 – Rs 3.28 lakh. Total : Rs 7.62 lakh.

3.5.9.6 *Accounting System*

The Finance Committee recommended (September 2003) maintenance of accounts in double entry system and the University decided to implement the system from April 2004 onwards. however the switchover was not done as of May 2007. Due to non adoption of double entry system the reasons for the minus balance in 'Other Deposits' (Rs 4.61 crore) and the balance of Rs 8.54 crore in University Provident Fund Account (though no amount is due to subscribers) could not be ascertained. The TNAU Act, 1971 provided for preparation of balance sheet every year.

The deficiencies on budgeting procedure and claim for net grant, diversion of funds and accounting procedure discussed in the above sub paragraphs would indicate that financial management in the University was inadequate.

3.5.10 Conclusion

The amendment providing condonation of shortfall in attendance for taking up first semester examination for under-graduate courses would hamper the quality of education imparted. Out of 1,713 papers for which revaluation was sought for, there was change in number of marks scored in respect of 1,612 papers. The University did not also do well in the field of research as it did not introduce any successful hybrids during the last ten years. Further, it also failed to popularise new varieties. The University did not reckon certain items of receipts for the purpose of claiming grant resulting in excess release of grant. Excess expenditure of Rs 7.40 crore was incurred over and above the funds provided in respect of 259 schemes and the source from which funds were diverted was not divulged by the University.

3.5.11 Recommendations

- The valuation system should be revamped.
- The University should strive to develop and popularise new varieties, and improve its research and extension work.
- The procedure for claiming the grant should be streamlined so that all the receipts of the University are taken into account and there was no claim for excess grant.
- The University should refrain from utilising plan funds for non-plan expenditure and diverting funds from one scheme to other.

The above points were referred to Government in July 2007; reply had not been received (November 2007).

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

3.6 Member of Legislative Assembly Constituency Development Scheme

Highlights

Member of Legislative Assembly Constituency Development Scheme is being implemented in the State since 1997-98 with the aim of bridging the critical infrastructure gap in Assembly Constituencies. Perusal of connected records relating to the implementation of the scheme showed that a database of works required to be taken up in each district had not been compiled, unutilised funds released during 2002-04 had been retained even though no work was pending, Rs 30.75 crore were diverted to an unrelated scheme, works prohibited under the scheme were executed resulting in ineligible expenditure of Rs 23.80 crore and asset registers for the assets created under the scheme were not maintained.

3.6.1 Introduction

Member of Legislative Assembly Constituency Development Scheme (MLACDS) is a fully funded state scheme implemented in the State since 1997-98. The main objective of the scheme is to bridge the critical infrastructure gap in Assembly Constituencies. Under this scheme, each Member of Legislative Assembly (MLA) has to identify the works that are to be executed in his constituency. The fixed annual allocation per constituency was stepped up by Government from time to time since 1997-1998[1]. There are 235 MLAs in the state. Each MLA has to use the funds from this scheme within his constituency except for the lone nominated MLA who could use funds anywhere in the State.

3.6.2 Organisational set up

The Secretary, Rural Development Department and the Director of Rural Development and Panchayat Raj (DRDPR) are responsible for implementing and monitoring the scheme at Government and state level respectively. The District Rural Development Agency (DRDA) with the District Collector as Chairman is implementing the scheme at district level in all districts except Chennai, wherein the scheme is implemented by the Commissioner of Municipal Corporation of Chennai (COC). The scheme was implemented in districts through Panchayat Unions, Urban Local Bodies, Government

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1 1997-98: Rs 25 lakh, 1998-99: Rs 35 lakh, 1999-2000: Rs 50 lakh, 2000-01: Rs 77 lakh, 2001-05: Rs 82 lakh, 2005-06: Rs 1 crore and 2006-07: Rs 1.20 crore.

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departments like Public Works Department, Highways and Rural Works, etc., and Government undertakings[2].

3.6.3 Audit Coverage

A review of the implementation of the scheme relating to the period 2002-07 was conducted during March 2007 and April 2007 in the Rural Development Department in the Secretariat, office of DRDPR, three DRDAs[3], including six implementing agencies in these three sample districts and the Municipal Corporation of Chennai and its two zones[4]. Important points noticed during the review are given in the succeeding paragraphs.

3.6.4 Planning

Non-compilation of database of works, required to be executed immediately in each Constituency.

As the main objective of the scheme is to take up works to bridge the critical infrastructure gap in each constituency, it is essential to have a database on such gaps in each constituency/district, duly identified so as to enable to take up those on priority basis. However no such database was maintained at district/block level and this was also admitted by DRDAs in the sample districts and by the COC.

Further, Government had earmarked in the annual sanction order itself, a portion of the scheme funds to certain common priority works[5] to be executed in all constituencies. As the critical infrastructure gaps were different for each of the constituency, the earmarking of scheme funds for common works would not address the existing problem fully, as many constituencies may not require such common works. Incidentally audit also noticed that reports came, stating that some of the common works prioritised by Government could not be taken up, especially in urban areas, either due to non-requirement or due to other problems which necessitated in prescribing alternate works. Moreover, a uniform allocation to each constituency every year would also be construed as deficient in view of the magnitude and extent of the critical infrastructural gaps existing in different constituencies, which could be dealt only by allotting sufficient funds to the constituency, based on the needy works identified to be taken up immediately. This was found to have been followed for another state scheme "Decentralised District Planning (DDP)".

3.6.5 Financial and Physical Performance

Based on the annual sanction order of Government, DRDPR released the funds to the DRDAs and the COC. After the issue of administrative sanction funds were released by DRDAs/COC to the executing agencies. The annual allocation of funds and the actual release along with financial and physical

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2 Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO), Metropolitan Transport Corporation (MTC), Tamil Nadu Water Supply and Drainage (TWAD) Board, Tamil Nadu Slum Clearance Board (TNSCB) etc.

3 Kancheepuram, Salem and Villuppuram .

4 Zone number 2 and 6.

5 Integrated Sanitary complexes for women, BC/MBC,SC/ST Students hostels, Water supply works, cement roads, Street lights etc.

achievement as compiled by DRDPR and submitted to Government under the scheme are given in **Appendix 3.25**.

Perusal of connected records revealed the following:

Belated release of funds during 2002-04

- Funds amounting to Rs 23.18 crore and Rs 48.17 crore related to 2002-03 were released to districts only in April 2003 and August 2003. 50 *per cent* of funds relating to 2003-04 were released only in February and March 2004.

Non-completion of all works within the year, though envisaged.

- Though Government prescribed, every year from 2002-03, that all works for each year be completed by the month of February, the works were continued to be executed in the succeeding years during 2003-07. The financial and physical achievement was low during 2003-06, the same was very poor during 2006-07, as shown below:

(in percentage)

	2003-04	2004-05	2005-06	2006-07
Financial	59	66	74	38
Physical	72	82	77	46

Retention of huge unutilised funds.

- Even as of March 2007, Rs 55.36 crore[6] related to the years 2002-03 to 2005-06 were lying unutilised with the districts. Though the DRDPR reported that no works relating to 2002-04 were pending, Rs 20.50 crore relating to this period were retained by the DRDAs in their accounts without justification. Further, despite the fact that 665 works (0.71 *per cent*) alone were pending out of 93,107 works taken up during 2004-06, Rs 34.86 crore relating to the period were retained as on 31 March 2007. No specific reasons were furnished by DRDPR for non-refunding the unutilised funds. The scheme guidelines did not specify, till June 2006, anything on unutilised funds except in the case of new MLAs taking over after the election, who had been permitted only to utilise the savings in the fund by sanctioning new works. The DRDPR, as the state monitoring agency, could have retained the funds required for completing the pending works and the remaining amount could have been refunded to Government. Finally, Government, while issuing (July 2006) the revised guidelines for the implementation of the scheme during 2006-07, decided that the MLAs can recommend new works, utilising funds of earlier years lying unutilised, due to non-recommendation of works or non-issue of administrative sanction for the recommended works. Action on this Government order is yet to be taken (June 2007).

Poor performance during 2006-07.

- Utilisation of funds in the state as a whole relating to the year 2006-07 as of March 2007 was poor with as much as Rs 173.82 crore out of Rs 282 crore lying unutilised. Out of 56,228 works taken during the year, only 25,916 works were completed and the remaining works are under progress.

Poor performance in Chennai District.

- The performance in Chennai district was poor, as Rs 16.94 crore (out of Rs 18 crore) related to 2006-07 were lying unutilised as of

6 2002-03; Rs 11.74 crore, 2003-04; Rs 8.76 Crore, 2004-05; Rs 20.82 crore and 2005-06; Rs 14.04 Crore.

March 2007. Most of the works relating to 2002-03 and 2003-04 were completed after a delay of about two years. Though no works were pending relating to 2002-04, Rs 5.36 crore relating to those years were retained by the COC without refunding it to Government. Five works relating to 2004-05 (Estimate: Rs 1.30 crore) were pending even after a lapse of two years of which four were under progress and tender was under finalisation for the remaining work. Fifty seven works relating to 2005-06 (Estimate: Rs 5.84 crore) were pending of which 37 works were under progress and tender was under finalisation for the remaining 20 works. None of the 122 works taken up during 2006-07 were completed (March 2007) and no specific reasons for the pendency were available.

- As obtained from the minutes of the monthly monitoring meetings conducted by DRDPR and the records produced in the sample districts, the slow progress of works is attributed to the delays in recommendation of works by MLAs, delays in according administrative sanction, delays in tender process, delays in execution of works and problems in selection of sites.

- DRDPR, being the state monitoring agency failed to keep track of funds lying unutilised since 1997-98 (year of commencement) and, consequently, failed to refund the balance amount to Government. This indicates lack of control. As funds released were shown as expenditure in Government accounts, the availability of huge unutilised funds clearly indicated that expenditure was inflated to the extent of the unutilised funds.

Failure to compile data of funds lying unutilised since 1997-98, the year of commencement.

3.6.6 Interest lying unutilised

Interest lying unutilised with Corporation of Chennai.

Though nothing was mentioned regarding the utilisation of interest in the MLACDS guidelines, DRDAs, as the district level facilitator-cum-monitoring authority, should have ascertained the quantum of interest accrued. Since a fixed amount was earmarked for each constituency and the interest accrued was over and above the amount, it should have been credited to Government account.

The Commissioner, Corporation of Chennai requested (December 2005) Government for instructions for apportioning the interest to each of the constituencies. As no reply was received from Government (April 2007), Rs 4.73 crore accrued as interest from 1998-99 onwards was lying unutilised. No interest was earned in Villupuram and Salem districts as funds were kept in the District Treasury and in respect of Kancheepuram, details were not made available (March 2007).

3.6.7 Diversion of funds

Diversion of scheme funds to a specific scheme.

Based on orders (October 2004) issued by Government Rs 30.75 crore[7] was transferred from MLACDS funds during 2004-05 and utilised for a new scheme "Namadhu Gramam" which was fully funded by Government. As the objective of the scheme "Namadhu Grammam" was development of education, health etc., in villages and works under the scheme were to be identified by the Gram Sabhas concerned, the scheme was entirely different

[7] at the rate of Rs 15 lakh per constituency from 205 rural constituencies.

from MLACDS. Such dovetailing of MLACDS fund to Namadhu Gramam Scheme was irregular and resulted in diversion of funds.

3.6.8 Violation of guidelines

3.6.8.1 Execution of prohibited works under the scheme

Taking up of prohibited works costing Rs 23.80 crore under the scheme.

Scheme guidelines prohibit the execution of certain works like construction of office/residential buildings for Central/State Government departments, Government organisations, Public Sector Undertakings/agencies, private/ co-operative/commercial organisations, bus shelters and road side concrete drains besides repairs and maintenance works and purchase of materials for stock.

However during 2002-06, 364 prohibited works[8] were taken up and executed under the scheme in the four sample districts incurring expenditure of Rs 15.33 crore (**Appendix 3.26**). Further 55 such works at an estimated cost of Rs 1.49 crore, are under progress in Chennai, Salem and Villupuram Districts.

Further Government ordered (May 2005) repairs to group houses constructed prior to 1991, and allocated Rs 25 lakh from MLACDS fund for each constituency for this purpose. As expenditure on assets benefiting individuals was prohibited under the scheme, this was a violation of the guidelines of the scheme. In three test checked districts[9] 8,879 group houses had been repaired at an expenditure of Rs 8.47 crore during 2005-06.

3.6.8.2 Works executed in different constituencies

Scheme guidelines envisage the taking up of works under the scheme on the recommendation of the MLAs in their assembly constituency. However in two sample districts (Chennai and Salem), three works (Cost: Rs 43 lakh) were executed in the assembly constituencies viz., Royapuram(1), and Salem II(2) during 2002-03 and 2005-06, based on the recommendation of the MLA representing different constituencies viz., Harbour and Salem I respectively.

3.6.9 Non-maintenance of Asset Register

Asset register not maintained.

The assets created under the scheme were to be handed over to the concerned local bodies in whose area the assets were created. As per the accounting procedure of DRDAs (amended in 2001), the DRDAs and blocks, being the sanctioning authorities and grantee institutions, respectively, should maintain a register of the permanent and semi-permanent assets (database of assets) created wholly and partly out of Government grants in respect of each scheme separately. Tamil Nadu Financial Code also prescribed the maintenance of an asset register for the assets created out of scheme funds. However, three sample DRDAs, COC and eight implementing agencies of four sample

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8 Provision of drainage, desilting of water bodies, repairs to Tamil Nadu Slum Clearance Board tenements, construction of Bus Terminus for Metropolitan Transport Corporation, Milk producers co-operative Society buildings, PDS outlet, Library buildings, hospital buildings etc.

9 Kancheepuram : 2026 works costing Rs 183.65 lakh
Villupuram : 4111 works costing Rs 390.01 lakh
and Salem : 2742 works costing Rs 273.63 lakh.

districts admitted that no such asset register was maintained. In the absence of asset registers, DRDAs/local bodies could not ensure whether there was any duplication of works.

3.6.10 Non-furnishing of Utilisation Certificates

Utilisation certificates not furnished since 2004-05.

Though Government prescribed from 2002-03 onwards that a utilisation certificate (UC) for MLACDS for each year be furnished by DRDAs through DRDPR to Government by 31 March, the DRDPR had not furnished the UCs for the last three years 2004-07. The COC had not furnished the UCs for the last six years viz., 2001-02 to 2006-07.

3.6.11 Non-conducting of evaluation

Despite the scheme having been implemented from 1997-98 onwards and a large investment of about Rs 1727 crore made to date, no evaluation was done either by a Government agency or by an outside agency. As a result, the impact of the scheme in bridging the critical infrastructure gaps could not be assessed.

3.6.12 Conclusion

The scheme, aimed to bridge the critical infrastructure gaps in the Assembly constituencies, was implemented in the State since 1997-98 without maintaining a database of such gaps to be filled constituency wise. The physical performance under the scheme was poor during 2003-06 and very poor during 2006-07. Rupees 229.18 crore were lying unutilised under the scheme as on 31 March 2007 and action on a specific Government order for utilising this amount issued in July 2006 is yet to be taken. Details of interest accrued on the funds of the scheme were not compiled by DRDPR and no decision was taken by Government towards the utilisation of the interest accrued. Rupees 30.75 crore were diverted during 2004-05 to a state funded scheme while expenditure of Rs 15.33 crore was incurred on 364 prohibited works and Rs 8.47 crore on repair of group houses, in violation of guidelines. No asset register was maintained in all the four sample districts.

3.6.13 Recommendations

- The critical infrastructural gaps to be filled in each constituency should be short listed on priority basis and should be taken up under the scheme in the coming years.
- Funds lying unutilised have to be refunded to Government or to be utilised, if required, as per latest Government order issued in July 2006.
- Total interest amount so far accrued under the scheme since 1997-98 should be compiled and credited to Government account immediately.
- Prohibited works should not be taken up under the scheme.
- Directions have to be issued immediately to maintain an asset register in each local body, indicating the details of assets created under the scheme.

The above points were referred to Government in July 2007; reply had not been received (November 2007).

3.7 Ineffective computerisation in Agriculture Department

Highlights

> **Computerised systems like the 'File Monitoring System' and 'Personnel Information System' were discontinued due to lack of a long term IT plan.**

(Paragraph 3.7.8.1)

> **The District Offices did not have enough manpower to gather 1,300 items of data each week for the computerised Monday Message Monitoring System.**

(Paragraph 3.7.8.2)

> **Failure to follow programming life cycle resulted in deficient and erroneous application software being implemented. Errors in the application software remained uncorrected for more than two years.**

(Paragraph 3.7.9.1)

> **Due to defective system design, several items of information that were already available in the system were captured repeatedly resulting in errors.**

(Paragraph 3.7.9.3)

> **Of the 13 output statements of the MMMS, 10 statements printed with unauthenticated corrections.**

(Paragraph 3.7.10.2)

> **An amount of Rs 3.02 crore released by GOI in May 2006 for AGRISNET scheme remained unutilised and is transferred to a Personal Deposit Account.**

(Paragraph 3.7.12.1)

3.7.1 Introduction

The objective of the Department is to increase agricultural productivity through optimum utilisation of available land and water and by giving quality inputs, latest appropriate technology and other assistance to farmers. The Department was to ensure the supply of quality seeds, crop nutrients, pesticides etc., and educate the farmers on crop diversification, market-driven crop cultivation, pest management, water management etc. The Department plays such advisory/support role, based on the computer data collected through the District offices. The overall financial outlay of the Department (2006-07) was Rs 978 crore.

3.7.2 The computerisation

Apart from minor functions like Payroll, File Monitoring and Personal Information System, the major function computerised is called the Monday Message Monitoring System (MMMS). Information on crop coverage, rainfall, availability of surface water, seeds, fertilizers, pesticides, etc., was captured in the computer system. Data is fed by the district offices on a weekly basis, using a web-based application developed by National Informatics Centre (NIC), Chennai and stored in a central server at NIC Chennai in a SQL database. Standard reports are generated by the Commissionerate from the data on a weekly basis, which form the input for the Department to carry out its basic functions and for the information of the State Government and the Government of India.

3.7.3 Scope of audit

As the payroll function was confined to head office alone and file monitoring and personnel information systems were not in a full functional use, it was decided to concentrate on the computerised MMMS, which was in line with the overall functional objective of the Department. Data from October 2004, the date of inception of computerisation, to March 2007, the commencement of audit, was taken up for examination.

3.7.4 Audit objectives

As MMMS had a direct bearing on the functional activity of the Department, a check of the correctness of data gathered at the field offices, followed by the correctness and completeness of data captured and reports generated therefrom, were to form the main objectives of the review. Thus the objective of audit was to check whether

- computerisation was in line with the objectives of the Department,
- district units which were responsible for the feeding in of data, had a definite methodology for collecting information on a weekly basis,
- data fed in at the districts was correct and complete,
- the information in the database was reliable, and,
- the reports generated were correct and utilised for the pursuance of the Department's objectives.

3.7.5 Audit criteria

The audit criteria adopted were to check the

- data for its completeness against the number of districts and the number of entries required there from on a weekly basis,

- data for its correctness with reference to their logical range and reference to other existing data,
- correctness of the data fed to the system against the original source documents,
- data with similar data available with other departments like the Public Works Department and the Meteorological Department,
- application programs for the adequacy of controls, and,
- outputs of the system for their correctness and utility value.

3.7.6 Audit methodology

The audit commenced with an entry conference with the head of the Department followed by a scrutiny of files relating to computerisation at the Directorate. Three district offices[1] were visited to study the systems and procedures prevailing for capture of data in the computer system. A questionnaire was circulated to all the 28 district offices to ascertain the procedures followed in the collection/capture of data and the constraints faced. The data available in the NIC server was obtained as an MS Access database and examined using CAATs for its adequacy and reliability. The provisions and controls available in the application software were ascertained through an examination of the data entry screens.

3.7.7 General controls

General controls relate to the environment within which the development and implementation of the IT Systems are carried out. Objective of the controls are to ensure that IT Systems are developed, implemented and maintained effectively. An assessment of these controls indicated deficiencies as brought out hereunder.

3.7.8 Organisation and management controls

3.7.8.1 IT policy

For want of an IT Policy software that were already implemented were discontinued.

Though the Department had started using computers commencing from 1994, it does not have an IT policy. Even after 14 years since the commencement of computerisation, the Department does not have a long term IT Plan encompassing a comprehensive strategy for computerising all the functions of the Department. Systems like the 'File Monitoring System' introduced in August 2004 and the 'Personnel Information System' introduced in April 2005 are not in operation (March 2007) rendering the efforts put in, unproductive. Central funds intended for computerisation remained unutilised as detailed in paragraph 3.7.12.1 of this Report. As the Department undertook computerisation with a view to achieve its objectives and is dependent on the same for its functional activities, it was imperative for it to have an IT policy.

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[1] Thiruvallore, Kancheepuram and Vellore.

3.7.8.2 *Feasibility of computerisation of MMMS*

It was not feasible to gather all the 1,300 items of information required for MMMS each week due to manpower

For the purpose of MMMS, data to the end of each Friday was to be posted in the computer system by the subsequent Monday. Each district office did not have required machinery to collect and post a minimum of 1,300 items of information through 21 data entry screens each week. To cite a few examples, data on stock position of fertilizers had to be obtained from over 12,800 stockists in the State on a weekly basis, which proved impossible. Further, the inability to obtain rainfall information from 480 different rain gauging stations each week left the related information 45.36 *per cent* (27,868 items out of a total of 61,440) incomplete. Only three to five Agricultural Officers were available for the task in each district and were to carryout the task of collection and feeding in of the data into the system in addition to their regular duties.

Information on 'area coverage under different crops' was available from the Revenue Department and 'water storage position in tanks and reservoirs' from the PWD and 'fertiliser stock position' from its dealers only on a monthly basis. Hence, in respect of these items, the district offices fed only estimated data week after week.

Feasibility of gathering actual data for posting to the computer system for a week on the last day of the same week and the methodology there for was not considered and factored in, when the computerised MMMS was initiated.

3.7.8.3 *Business continuity planning*

The data is under the control of NIC and the users do not have any service level agreement with NIC even for the purpose of business continuity.

Though the software was developed by NIC and implemented in October 2004, the data and the source code are still under the custody of NIC. The owners of the data, the Agriculture Department, do not have any service level agreement with the former to ensure the confidentiality of the data, its security and availability. In the absence of such provisions, the users did not have an absolute control over their data and the business continuity of the MMMS package was thus, not ensured.

3.7.9 System development controls

3.7.9.1 *Programming life cycle not followed*

The web based application for the MMMS had not gone through the regular process of a system development life cycle. No user requirement specification had been drawn up and put on record. The developer had been allowed to develop the required software without a systematic study of the requirement resulting in the eventual application being erroneous and deficient on several counts.

The Department had implemented MMMS without any acceptance testing. As a result, the software in use was deficient and erroneous in design and logic and lacked controls. After using it for over 32 months (October 2004 to May 2007), the application still contained the deficiencies and errors that existed when it was taken over by the Department. No effort had been made at any stage for either improving the software or incorporating necessary corrections.

3.7.9.2 *Defective system design – vital information ignored in MMMS*

The computerised MMMS has been evolved to improve agricultural productivity using the technical capability of the department. However no provision has been made to hold data in respect of the following critical areas.

- Quantum of the total production of different agricultural products which is one of the factors to gauge the performance of the Department and the agricultural community,
- Though the Department has to advise agriculturists on pest control, no effort has been made to store data relating to various types of pest attacks on different crops, remedial action taken, etc., and,
- Six statements forming part of MMMS relating to 'Area under Paddy in the Cauvery Delta' could not be generated through the computerized MMMS, as the system did not provide for the storage of relevant information.

In the absence of such information, the Department resorted either to keep such information out of their MMMS or supplement the same manually.

3.7.9.3 *Defective system design - capture of information already available*

Due to faulty design of MMMS, data already available in the system and data that could be calculated were unnecessarily fed to the system giving room for errors.

The computerised MMMS provided for capture of some data/ information that was either already available or that could be derived from the data already available. Some specific instances and the resultant effects thereof are brought out hereunder.

- Area covered by each crop during the previous year was fed in again, despite the availability of the information in the database. This resulted in 330 errors in a test check of two years' data containing 804 records,
- Values for both 'weekly rainfall' and 'cumulative rainfall up to the end of the week' are required to be fed in independently,
- Permanent data like 'capacity of a reservoir' and 'annual physical target in respect of different schemes' are required to be fed in each week,
- The current storage position and the corresponding position of the previous year for all reservoirs were to be fed in each week, despite the availability of the information in the database. A test check of 1910 records relating to the year 2006 disclosed errors in 637 records,
- The current area under paddy was compared with the normal area under paddy in respect of each district. The normal area which was constant for the whole year was fed in every week resulting in 927 instances where the data was incorrectly fed in,

- The closing stock position of fertilizers of a week was required to be fed in again as the opening balance of the subsequent week instead of automatic carry over by the system, which could avoid errors, and,

- Instead of data entry of expenditure during the week alone, and allowing system to deriving the other parameters such as expenditure up to the previous week, up to the end of the current week, the percentage of expenditure relating to schemes, such information were manually fed into the system resulting in:

  - 1,333 instances where the expenditure at the end of the current week was greater than the expenditure up to the end of the previous week plus expenditure during the week,
  - 1,045 instances where the expenditure at the end of the current week was less than the expenditure up to the end of the previous week plus the expenditure during the week, and,
  - 656 cases where the expenditure at the end of the current week was less than the expenditure up to the end of the previous week.

Inefficient system design requiring unnecessary/repeated data entry resulted in errors apart from wastage of time and manpower.

3.7.9.4 Inadequate database design

The design of the database was inadequate for meeting departmental requirements.

The database design in MMMS was inadequate to meet the departmental objectives and had inconsistencies as brought out hereunder:

- The Department monitors the targets relating to the cultivation area under paddy separately for the Kharif and Rabi seasons. Though the system was designed to capture the respective targets separately, it did not have provision to capture the achievements separately. This required manual intervention to split the consolidated achievement fed in for reporting purpose.

- The stock position of pesticides were to be captured under two categories namely 'Dust' and 'Liquid' under the caption 'Plant Protection Chemicals'. The database however was designed to accept values for three entities including the caption without the necessary relational constraint. Data was fed in under all the three headings rendering the related figures incorrect.

3.7.9.5 Post-installation evaluation and feedback

For want of post-installation evaluation and feed back, errors in the system remained uncorrected for more than two years.

The computerised MMMS did not undergo any post installation evaluation and there was no provision for obtaining any feedback on its functions with a view to enable rectification of errors in the system. As a result the software had deficiencies as brought out hereunder which remain uncorrected even after two years of functioning.

(a) The Department had to maintain supply of fertilizers and pesticides by ensuring adequate production and a comfortable stock position. For this purpose, the Department forecast the requirement of different fertilizers for a month to ensure their production/supply. The estimation however was grossly off the mark, considering the actual consumption during the period.

(b) In order to monitor the productivity of paddy per unit area, the Department declared certain agricultural fields as experimental fields in each district and studied the maximum, minimum and average quantum of yield per hectare. For this purpose, each district fed weekly data on the maximum, minimum and average yields from amongst the experimental fields to the MMMS. However, due to faulty design, the system furnished the sum total of the maximum yields in all the districts as the maximum yield in the state and followed a similar logic for assessing the minimum and average yields as well.

For want of a post-installation evaluation and feedback, these errors in the software remained undetected and no efforts were taken by the Department to get these basic errors and deficiencies corrected in the software.

3.7.9.6 Documentation

No documents detailing the objective of the computerised MMMS, its coverage, procedures to be followed, benefits anticipated there from, etc., were available and produced to audit. Despite having a vast number of users across the districts, no user manual or instructions were available for their guidance.

3.7.9.7 Training

In each district, the Agricultural Officers were in charge of the collection and feeding of data in the system. However, these officials were not given any training on the usage of the application software and the type of data to be fed in. Lack of training resulted in

- some districts fed data pertaining to current week while others fed cumulative data;
- different districts using different units during data entry, like some districts fed the price of paddy seeds on per kilogram while some others fed the price on per ton basis; some districts fed the area in 'lakh hectares' while others fed the same in hectares';
- Some districts did not feed in all the data required.

This non uniformity made the data unreliable. The absence of a user manual further compounded the errors in the data entry.

3.7.10 Application controls

3.7.10.1 Input controls and Validation checks

The computerised MMMS did not have sufficient input controls and validation checks to ensure completeness of data fed into the system and correctness of data against existing data as illustrated hereunder

- The Department kept track of the water storage position for around 35,000 tanks and 48 reservoirs. The number of tanks for which the storage position was reported, varied week after week indicating that the data was incomplete.

- Provision was created for the capture of data on Control of Eriophyid Mite in Coconut, subsidized and non-subsidized biocides, production of Jatropha, Sweet Sorgum and Sugar Beet. But no data entry was done in respect of these items.

- With regard to monitoring of the progress of schemes, several districts did not enter data relating to physical achievements in intervening weeks.

- Figures relating to area under paddy cultivation not falling within the logical range were fed into the system. For example, the area under paddy was fed in as 15,198 lakh hectares against a target of only 21.70 lakh hectares.

- In 39 instances, the storage position of water in reservoirs was fed as more than their total capacity already available in the database.

- A select number of fertilizer samples were sent for analysis and the results of the same were watched through MMMS. However, as per the data base, in 835 instances, the samples analysed and results obtained were more than the samples taken for analysis.

3.7.10.2 Output control - incorrect reporting

For want of output controls the eventual outputs of the system contained errors and the correction made contained un-authentic figures.

The ultimate output of the MMMS is a set of 13 major reports generated by the system, which are used in making policy decisions at the Directorate and also for communication to the other apex bodies in the Government. Despite the same being the ultimate output of a series of processes involving people from all districts, the system-generated outputs were largely undependable.

Out of 13 MIS reports, in 10 reports manual corrections were carried out in the output. As these corrections required almost the same quantum of input as originally required for and in the absence of necessary mechanism to obtain such input in the Directorate, the corrections were made with unauthentic figures. Thus, the eventual output of the system had been allowed to remain with errors or presented with a set of assumed figures.

3.7.11 Reliability of Data

A test check disclosed that the figures available in the MMIS were different from figures of the Meteorology Department which keeps the data relating to quantum of rainfall received. Similarly, in 265 instances, the storage position of reservoirs furnished under MMMS did not agree with similar data maintained in the Public Works Department.

3.7.12 Other points of interest

3.7.12.1 Non-utilisation of government funds for computerisation

Rupees 3.02 crore released by the GOI for implementation of AGRISNET scheme remained unutilised for 16 months and stands transferred to a PD account.

The Department of Agriculture, had requested the Government of India for the sanction of Rs 40.60 crore for implementation of the AGRISNET scheme designed to supply computers, application software etc., to the Block/Taluk level officers of the Department, for the benefit of the farming community. Government of India sanctioned a sum of Rs 8.31 crore (March 2006) for the scheme as a whole and Rs 3.02 crore towards the first installment. They placed at the disposal of the Government of Tamil Nadu an amount of Rs 1.32 crore (March 2006) and Rs 1.70 crore (May 2006). The total amount of Rs.3.02 crore was made available to the Department in October 2006. The first phase of the project was to be completed in 12 months commencing from March 2006.

While there was a delay of over five months in the release of the Government of India Funds by the Government of Tamil Nadu, no action was initiated towards implementation of the Scheme by the Department even after seven months of the release of the fund. The amount had thus remained locked up with the Government of the state for five months and the Department for another seven months and none of the contemplated benefits either to the department or the farming community had accrued. With a view to avoid lapse of the fund, it had been drawn (March 2007) and placed as a Personal Deposit outside Government Account violating financial regulations.

3.7.12.2 Incomplete development of Website

The Government sanctioned (May 2005), Rs 5 lakh for the development of a web site for agriculture information, accessible by agriculturists using equipment available with RASI (Rural Access to Services through Internet) project implemented by Department of Rural Development. The site was to include static pages like Policy Note, Crop Production Guide, Agriculture Strategy Plan, etc., and dynamic pages on 84 subjects like Weekly Reporting System, Monitoring and concurrent evaluation, Season-wise crops, etc. The contract for development of the website was awarded (February 2006) to "Messrs Maruthi Computers Private Limited" at a cost of Rs 5 lakh through a limited tender.

The company had developed only the static pages of the site. However, despite the incompleteness, the Department had paid the full amount, intended for a complete development. The facility of the Agriculturists accessing the site through RASI had also not been made available till date (June 2007). The website as on date contains only static information open to the public. Thus, due to faulty planning and execution by the Department, the intended benefit to the agriculturists had not accrued despite an expenditure or Rs 5 lakh.

3.7.13 Conclusion

Though computerisation in the Department had commenced in 1994, there exists no long-term strategic IT plan aimed at achieving their functional objectives. Computerisation of the MMMS commenced in October 2004 without a feasibility study and without going through the full course of a System Development Life Cycle. At the districts, there existed no mechanism for timely collection of all the required data. The NIC developed software was deficient and required feeding several items of either already available data or derived data, which combined with the lack of input and validation controls, resulted in a deficient and un-reliable database. Despite more than two years of usage, the owners of the data did not at any stage attempt to have the defective programs or the deficient database rectified. Corrections were done only on the outputs leaving the database erroneous. The final output of the MMMS containing erroneous and modified figures on a large scale is authenticated by the Director and communicated to the Government of India, the Government of Tamil Nadu and many other high offices.

Thus, the computerised MMMS, after incurring an expenditure of Rs.1.99 crore on hardware, involving a vast number of departmental staff and being in a functional state for over two years had not been able to provide the righ information to the Department and the policy makers alike. An amount o Rs 3.02 crore released by the Government of India for computerizatio remained unutilised for over a year. The Department while accepting all th observations of audit conveyed their decision to revamp the entire MMMS an make it dependable.

3.7.14 Recommendations

- As computerisation is critical to the departmental functions, th department should frame a long term IT plan as a part of IT Strateg and the corresponding component-wise computerisation with a tim frame.

- The district units responsible for the collection and feeding in of th data should be provided with adequate mechanism for the gathering c the weekly data and their reliability leaving no room for assumptions.

- The deficiencies in the program may be taken up with NIC who ha developed the software

- The completeness of the data and its correctness should be checke through the provision of adequate input controls at the data entry stag and appropriate validation controls.

- Any modifications or additions should be allowed only through th system under appropriate authentication and authorisation, rather tha on the output already generated through the system.

The above points were referred to Government in June 2007; reply had n been received (November 2007).

CHAPTER IV

AUDIT OF TRANSACTIONS

CHAPTER IV

AUDIT OF TRANSACTIONS

Audit of transactions of the Departments of the Government, their field formations as well as that of the autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

4.1 Wasteful/unfruitful expenditure

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD

4.1.1 Unfruitful expenditure due to failure to ensure adequacy of source of water

Creation of infrastructure without ensuring the adequacy of source resulted in non-utilisation of the infrastructure for over five years and in unfruitful expenditure of Rs 5.53 crore.

Based on the recommendation of the Committee on Public Undertakings (1991-92), the Tamil Nadu Water Supply and Drainage Board (Board) issued instructions (March 1990) that source creation in water supply projects would take precedence over all other sub-heads of sanctioned project and unless the existence of a proper source with adequate quantity and quality was established, there would be little point in going ahead with other components of the project.

The yield from the existing water supply scheme for Thiruttani town in Thiruvallur district proving insufficient, the Board proposed (March 1995) Thiruttani Water Supply Improvement Scheme to augment 2.69 mld of water for intermediate stage (2006) and 5.89 mld for ultimate stage (2021) by sinking new infiltration wells in Kosasthalayar river. As the proposed new wells were to be located in the vicinity of the source for the existing water supply scheme, the Hydrogeologist recommended (September 1998) construction of a check dam upstream of the river to facilitate recharge in the new wells and to improve sustainability of the scheme. Though the five new wells could yield (December 1998) only two mld of water, the EE Urban Division, Kancheepuram commenced the works (January 1999) relating to other components[1] and completed them in January 2002 at a cost of Rs 4.48 crore. Due to public protest, the check dam across Kosasthalayar river was not constructed. As an alternative, PWD constructed a sub-surface

[1] Construction of Sump-cum-pump Room, Pump House, Ground Level Service Reservoir and laying of Pumping Main.

2-26—23a

barrier during August 2004 to March 2005 at a cost of Rs 1.35 crore despite which the yield did not show any improvement. The Executive Officer, Thiruttani Municipality informed Audit (May 2007) that water was supplied (through the infrastructure created under the Thiruttani Water Supply Improvement Scheme) only during October and November 2005 when there was some improvement in the source due to rain, and during the remaining period of 2002-07, water was supplied through the old pumping main for want of sufficient water in the new sources.

To overcome the continued scarcity of water in the town, the Board sanctioned (November 2006) a Combined Water Supply Improvement Scheme to Thiruttani town along with the adjacent Arakkonam Municipality at a cost of Rs 13.57 crore wherein it was proposed to use the 10 lakh Litre Ground Level Service Reservoir constructed at a cost of Rs 30 lakh under the Thiruttani Water Supply Improvement Scheme. Tender for the work on the new scheme had not been finalised as of August 2007. Thus, failure to ensure the existence of a reliable and dependable source before creation of infrastructure rendered the expenditure of Rs 5.53 crore[2] wasteful.

On being pointed out in audit, the Government attributed (December 2004) the low yield to failure of monsoon and indiscriminate and unscrupulous sand mining and added that the ground water level improved in the area due to recent rain and the Thiruttani Municipality could satisfy the needs of the public. The reply is not tenable as the low yield was identified as early as December 1998 and the source was insufficient even after the construction of sub-surface barrier in the river and above normal rainfall during the year 2005.

The matter was referred to Government in June 2007; reply had not been received (November 2007).

CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

4.1.2 Unfruitful expenditure in laying additional pipeline

Failure to delete the work of laying of additional pipeline while deleting the corresponding water transmission mains resulted in unfruitful expenditure of Rs 4.10 crore.

The work of construction of 530 MLD Water Treatment Plant (WTP) at Chembarambakkam and allied works to treat Krishna water (second stage) was approved by Government in August 1996. The work included, among other things, (i) construction of WTP including laying of clear water transmission main with two rows of 2000 mm pipeline for a length of 310 metres upto Bangalore-Chennai Highway (Component A) and (ii) laying two clear water transmission mains from WTP to Porur headworks (Component B). The pipelines laid under Component A were to be connected to the two rows of 2000 mm pipes proposed under Component B.

[2] Rs 4.48 crore + Rs 1.35 crore – Rs 0.30 crore.

Based on a study carried out, the Board resolved (October 1998) to lay only one row of 2000 mm pipeline initially and proposed to lay the second row after the water demand picks up. Though the second row of pipeline in Component B was deleted, the Board failed to delete one row of pipeline proposed in Component A. The tender was finalised and the work was awarded in April 2002. The laying of twin rows of clear water main was completed in June 2007 at a cost of Rs 8.20 crore and one row of pipeline was dummied. The work under Component B with only one row of pipeline was entrusted to a contractor in February 2006 and was in progress (May 2007).

The pipeline laid at a cost of Rs 4.10 crore for a length of 310 metres is thus just a dummy and can be used only when the second row is laid under Component B. The unnecessary laying of second row of pipeline under Component A resulted in unfruitful expenditure of Rs 4.10 crore.

The matter was referred to Government in June 2007; reply had not been received (November 2007).

HOME AND YOUTH WELFARE AND SPORTS DEVELOPMENT DEPARTMENTS

4.1.3 Unfruitful expenditure on shooting range equipment

A request for the wrong site for establishing trap and skeet shooting range resulted in non-installation of two out of five items of equipment purchased besides the failure to achieve the objective of creating a comprehensive shooting range even after spending Rs 3.44 crore.

Government sanctioned (November 2004) Rs four crore for upgrading the existing indoor shooting complex at Veerapuram, in the premises of Tamil Nadu Special Police (TSP) Battalion, to a comprehensive shooting range for hosting national and international events including a trap and skeet range for competitions. The amount was drawn (February 2005) and kept in Deposit account by Sports Development Authority of Tamil Nadu (SDAT), the agency to which the execution was entrusted. A Memorandum of Understanding (MoU) was also entered into (March 2005) by the Director General of Police (DGP) with SDAT.

SDAT purchased equipment for the comprehensive shooting range through global tender at a cost of Rs 3.44 crore between November 2005 and March 2006. This equipment had a warranty period of one year from the date of installation or 18 months from the date of shipment whichever was earlier. The details regarding date of shipments and date of installation of the equipment were as follows:

Sl. No.	Nature of equipment	Date of shipment	Date of installation	Cost of equipment (Rupees in la
1.	Electrical target and range equipment	31 March 2006	1 June 2006	61.77
2.	Electronic scoring and ranking system	7 October 2005	1 June 2006	172.69
3.	Trap, double trap and skeet machine	22 October 2005	Yet to be installed	81.68
4.	Trap and skeet shooting range score board	21 February 2006	Yet to be installed	25.06
5.	Air compressor	2 November 2005	1 June 2006	2.97
	Total			**344.17**

Trap, double trap and skeet machine and trap and skeet shooting range score board purchased for Rs 106.74 lakh could not be installed because the Member Secretary, SDAT asked the District Collector, Tiruvallur (October and November 2004) for an incorrect site in Survey No 288/2(5.31.5 hectares) instead of the identified sites in Survey number 272 (1.70.5 hectares) for the shooting range for which permission was given by the Collector in September 2005. The request for the correct identified site required for the trap and skeet shooting range was made only in September 2006 by the Member Secretary, SDAT and the site was still to be handed over (January 2007).

As there were no competitions scheduled in the near future, the Membe Secretary, SDAT decided (December 2006) to postpone the purchase of weapons, ammunitions and other accessories. However, due to escalation in cost over and above the sanctioned amount of Rs Four crore, and with a view to complete the comprehensive shooting range of internationa standard, SDAT approached the State Government in January 2007 fo sanction of Rs 1.25 crore towards purchase of weapons, ammunitions and accessories and clay boards (Rs 75 lakh) and additional amount towards establishment of a trap and skeet range (Rs 50 lakh).

Government stated (May 2007) that items of equipment costing Rs 1.07 crore mentioned at serial 3 and 4 in the table above could not be installed because the trap and skeet shooting range was not ready due to shortage of funds. Consequently, the warranty period expired and the Department lost the benefit of the warranty. The entire set of equipment purchased between November 2005 and March 2006 at a cost of Rs 3.44 crore were also no utilised in the absence of weapons, ammunitions and accessories and the objective of creating a comprehensive shooting range of internationa standard could not be achieved even after incurring huge expenditure Government accepted (August 2007) all the facts in general and reiterated that the delay was only due to the requisition of incorrect site by the SDAT.

SMALL INDUSTRIES DEPARTMENT

4.1.4 Unfruitful expenditure on establishment of Information Technology Incubator Centre

Underutilisation of computers after commissioning of Information Technology Incubator Centre resulted in revenue loss of Rs 36.80 lakh and, as the intended objective was not achieved, the expenditure of Rs one crore (including the borrowed amount of Rs 15 lakh) incurred on its establishment also became unfruitful.

According to the policy measures announced, (August 1991), Government of India communicated (June 1993) financial assistance to state level training institutions for supporting the entrepreneurship development efforts for improving areas like building, training aids/equipment and other support services on matching basis at 50 *per cent* restricted to Rs 50 lakh per case.

To provide qualified and trained manpower in Information Technology under one roof and to prevent their migration, and based on Information Technology Policy (July 1998) of Government of India (GOI), the Industries Commissioner and Director of Industries and Commerce (ICDIC) proposed (October 1998) the setting up of Information Technology Incubator Centre (ITIC) at Madurai, in association with Centre for Entrepreneurial Development[3] (CED). State Government accorded sanction (May 1999) for incurring a non-recurring expenditure of Rs 50 lakh for establishment of ITIC at Madurai with the balance to be met by external borrowings. The CED was to identify at least 20 software entrepreneurs to set up their units in this ITIC before commencement of the implementation of the project and the facility offered to the entrepreneurs would be on rental basis.

The ICDIC entered (March 2000) into a Memorandum of Understanding (MOU) with CED. The amount was deposited in a joint fixed deposit (FD) account of Tamil Nadu Industrial Co-operative (TAICO) bank in the name of ICDIC and CED in May 2000. After raising (May 2000) a term loan of Rs15 lakh from the Global Trust Bank, the CED decided to avail matching grant of Rs 35 lakh from the GOI. GOI released its share (January 2001) Rs 35 lakh for procuring training aids for the ITIC at Madurai.

The CED proposed to house the ITIC in the rented premises of Madurai Corporation. The CED reported that due to the hostile attitude of Madurai Corporation by raising the rent of the hired premises often, non-receipt of adequate and prompt support during 2003-04 and reconstitution of the Board of Management in the end of 2003-04, the establishment of ITIC was delayed. Finally the ITIC was established in October 2004 at M/s Hotel Bluelines Pvt. Ltd. on lease basis at Rs 50,000 as lease rent per month after a delay of five years since the receipt of state funds, and an expenditure of

[3] CED is a registered public charitable trust and a recognised training and consultancy agency of the Industries Department of the State Government.

Rs one crore[4] was incurred on establishing it. In this connection, the following observations are made:

1. As against the orders of the State Government that the grant of Rs 50 lakh be released in stages against the creation of necessary facility, the entire grant was released by ICDIC in one lump sum to the CED, Madurai to avail of the GOI grant of Rs 35 lakh sanctioned on matching basis.

2. The joint account opened to operate the Government grant was not closed as stipulated in the MOU even after the grant was utilised and interest of Rs 19.58 lakh was still (February 2007) lying in FD account in TAICO bank.

3. Though the scheme commenced as early as in October 2004, only three entrepreneurs (who were not in the original list of 20 entrepreneurs) were benefited as against the envisaged 20 entrepreneurs during January 2005 and December 2006, indicating the absence of a proper survey before commencing the scheme to assess the demand from entrepreneurs likely to utilise the centre. Moreover, none of the three entrepreneurs utilised the systems for the entire period, which resulted in most of the systems lying idle depriving ITIC of potential rent of Rs 36.80 lakh (**Appendix 4.1**).

4. As against Rs 11.20 lakh collected by way of rent from the entrepreneurs, Rs 7.60 lakh had been paid by ITIC to CED as rent for the leased premises up to July 2006 as CED accounted only 33 per cent of the total rent for housing ITIC. CED did not collect rent afterwards due to lack of funds in ITIC account. However no records were made available to Audit for confirming the terms and conditions between CED and ITIC for sharing the rent.

5. With the limited use of ITIC by three entrepreneurs for short period viz., seven months (January 2005 to July 2005) in data transcription and data conversion, 17 months (August 2005 to December 2006) in Geographical Information System Project and six months (March 2006 to August 2006) in data conversion respectively, the objective of providing qualified and trained manpower in Information Technology under one roof and thus prevent their migration was not achieved.

Apart from the underutilisation of computers, because the ITIC could not be put to use for the intended purpose, the expenditure of Rs one crore (State Government Rs 50 lakh; GOI grant : Rs 35 lakh; Borrowings made by CED : Rs 15 lakh) incurred on its establishment was largely unfruitful.

The matter was referred to Government in July 2007; the reply has not been received (November 2007).

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4 Computer systems and Networking : Rs 44.02 lakh; Building expenses and refundable advance : Rs 22.04 lakh; Vehicles, office equipments and others : Rs 33.94 lakh. Total : Rs one crore.

AGRICULTURE DEPARTMENT

4.1.5 Unfruitful expenditure on unutilised godown

Non-utilisation of the oil seeds godown with dehumidifier at Vellalaviduthi for the last seven years due to non-requirement rendered the expenditure of Rs 69.99 lakh incurred on it infructuous.

Based on the proposal of Director of Oilseeds and the approval of the State Level Sanctioning Committee, Government sanctioned (January 1989) Rs 88 lakh for the construction of two godowns with air-conditioner and dehumidifier facilities, one each at Foundation Seed Production Centres at Musaravakkam and Vellalaviduthi under cent *per cent* centrally sponsored Oilseeds Production Thrust Project. Of this, the unfruitful expenditure on construction of godown at Musaravakkam had been commented upon in Paragraph 4.1.7 of the Report of the Comptroller and Auditor General of India for the period ended 31 March 2004-(Civil)-Government of Tamil Nadu.

The construction of godown at Vellalaviduthi in Pudukottai District was commenced by Public Works Department (PWD) in September 1990 with targeted date of completion as October 1995. Though the work was completed, duly erecting the air-conditioner plant with dehumidifier in January 1996 at a cost of Rs 69.99 lakh, the godown was handed over only in January 1999 to the Assistant Director of Agriculture (ADA), State Oil Seed Farm, Vellalaviduthi. The godown was kept unutilised since January 1996 till date (July 2007) for the following reasons.

(a) The belated taking over of the godown by the ADA was due to the apprehension of non-availability of seeds for storage and also due to non-posting of technical staff to operate the plant. No post for operating the dehumidifier was sanctioned (July 2007).

(b) The ADA reported as early as in January 2000 to the Joint Director of Agriculture (JDA), Pudukottai, that the breeder seeds produced at the farm were immediately transferred to the Agricultural Extension centers and no necessity arose for storing the seeds even for a month and that the plant could not function due to low voltage power supply against the envisaged voltage of 450 volts. The annual average cost towards maintenance and electricity consumption charges of the godown would be Rs 6.72 lakh, which has to be compensated by bulk storage of oil seeds produced in the farm. The JDA, Pudukottai reported in January 1999 itself that such huge production of oil seeds was not possible in the farm. The above clearly indicated that the construction of godown was taken up without ascertaining the prevailing demand or actual requirement.

(c) As the godown was situated in an interior place and far away from the highways and the nearby cities, the action taken for utilising the godown for storing the other agricultural produces, sea foods etc., by other departments did not materialise. Similarly the action taken to transfer the air-conditioner plant with dehumidifier to other needy units/departments such as Horticulture, Tamil Nadu Co-operative Oil seeds Growers' Federation Limited (TANCOF), etc., also did not materialise.

Thus the godown constructed at a cost of Rs 69.99 lakh (Civil works: Rs 20.88 lakh and Equipment and Electrical Works including cost of air-conditioning: Rs 49.11 lakh) was lying unutilised since January 1999 and not put to alternative use during the last seven years, thereby rendering the expenditure incurred on it infructuous. The electrical equipment, air-conditioner plant and the dehumidifier also remained without any maintenance for want of required staff, losing their value.

Government stated (July 2007) that the Director of Agricultural Marketing and Agriculture Business had informed that action is being taken to consider the taking over of the storage godown.

ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

4.1.6 Ineligible expenditure on purchase of equipment

Ineligible expenditure of Rs 45.10 lakh was incurred on the purchase of equipment from the funds released by Government of India for implementing the Foot and Mouth Disease Control Programme.

Foot and Mouth Disease Control Programme is a cent *per cent* centrally sponsored scheme under which vaccination of all susceptible live stock is carried out in a phased manner in one district *viz.*, Kanniyakumari District from 2003-04 to control Foot and Mouth disease, a viral disease affecting livestock resulting in economic loss to farmers. Cold cabinets and vaccination carriers were supplied by Government of India (GOI) under the scheme. Besides, laboratories in the district were to be strengthened at a cost of Rs 3 lakh per laboratory and communication network was to be developed. GOI released funds to the State Government for meeting expenditure towards purchase of syringes and needles for vaccination, sterilizers, vaccination guns, animal health cards, etc., and also for public awareness campaign, live stock census, hiring of cold storage and transportation of vaccine, as prescribed (October 2003) in their guidelines.

The position of utilisation of funds under the scheme during the last four years 2003-07 is given below:

(Rupees in crore)

Year	Unspent balance at the end of previous year which was revalidated	Funds released by GOI	Total funds available	Funds utilised during the year	Unspent balance at t[he] end of the y[ear]
2003-04	Nil	14.00	14.00	3.13	10.87
2004-05	10.87	20.00	30.87	30.26	0.61
2005-06	0.61	40.00	40.61	39.73	0.88
2006-07	0.88	12.00	12.88	Nil	12.88*

* Rs 12.88 lakh including the amount of Rs 0.88 lakh revalidated was released by GOI only in February 2007

Scrutiny of the relevant files in the Directorate of Animal Husbandry (DAH) revealed that while Rs 28.02 lakh only were spent during 2003-06 on programme activities out of the total expenditure of Rs 73.12 lakh. The remaining amount of Rs 45.10 lakh was utilised towards purchase of fax machines, xerox machines, digital copiers, video projectors, duplo accessories, almirahs, gensets, computers with software and printers, laptops, booster with splitter, microscopes, computer stationeries and printing of books, specifically prohibited by Government and hence ineligible. As the utilisation certificates furnished by State Government to GOI did not contain the breakup details of expenditure incurred, it did not reveal to GOI the extent of violation/non-adherence of guidelines for the purchases made.

Audit also observed that certain items purchased at a cost of Rs 15.46 lakh were transferred to the offices of Animal Husbandry in other districts like Kancheepuram, Madurai, Coimbatore, Tiruchirappalli, Tirunelveli and Thoothukudi where the scheme was not implemented.

Justifying the purchases, the DAH stated that equipment/machinery and computers were purchased for elaborate documentation of all activities of the scheme upto State level. This was not tenable, as the scheme was earmarked for Kanyakumari district alone for which one computer with UPS and printer in each of the offices of two ADAH (Nagercoil and Thuckalay) alone were required. Further there was no on-line net working facilities available between the unit offices and the District/Regional/State level offices. Again, the purchase of machinery like copiers/Projectors/Fax machines etc., for this scheme was not justifiable.

The matter was referred to Government in March 2007; the reply has not been received (June 2007).

HIGHWAYS DEPARTMENT

4.1.7 Unnecessary provision of Bituminous Macadam

Provision of Bituminous Macadam in contravention of Indian Roads Congress guidelines on strengthening the existing roads resulted in wasteful expenditure of Rs 39.02 lakh.

The Indian Roads Congress (IRC) guidelines on strengthening the existing roads provides for a bituminous layer of 50 mm to 100 mm Bituminous Macadam (BM) with an additional surfacing course if structural deficiency is noticed. In reaches where there is no structural deficiency[5], only a thin surfacing is to be provided to improve the riding quality.

Test check of the records relating to six road strengthening works executed during April 2005 to October 2006 by two divisions[6] revealed that there was

5 Structural deficiency is deformation of a road beyond certain limit measured by conducting a test.

6 Sivagangai and Dindigul.

2-26—24a

no structural deficiency in 22 reaches. However, based on the estimates furnished by the Divisional Engineers (DEs), the Superintending Engineer (Highways), Madurai approved a provision of 50 to 75 mm thick BM layers in addition to thin surfacing course of 25 mm Semi-Dense Bituminous Concrete (SDBC) in these reaches on the ground that the existing top layer was premix carpet with seal coat and SDBC was to be laid only on a bituminous surface. The works were executed accordingly.

Audit scrutiny revealed that the divisions did not maintain any record showing the composition of existing roads under their maintenance. Test check of the maintenance/strengthening works executed in four reaches of two roads[7] by Audit, disclosed that the top most layer contained 50 mm thick BM with 25 mm thick SDBC and not premix carpet. The additional 50 mm thick BM was provided in these reaches based on the wrong details furnished by the DEs. Provision of BM in contravention to the IRC specifications was unnecessary and resulted in wasteful expenditure of Rs 39.02 lakh.

The matter was referred to Government in March 2007; reply had not been received (November 2007).

PUBLIC WORKS DEPARTMENT

4.1.8 Unfruitful expenditure on the partly constructed stadium

Failure of the stadium committee headed by the District Collector in collecting committed funds from the sponsors led to abandonment of work and Rs 34.30 lakh incurred on the partly completed stadium became unfruitful.

Government of India (GOI) approved (January 2001) a project of constructing an indoor stadium in Tiruchirappalli for developing sports and games at an estimated cost of Rs 167 lakh and sanctioned Rs 60 lakh as its share. The balance was to be borne by the State Government (Rs 30 lakh) and was to be mobilised from the sponsors (Rs 77 lakh) by the stadium committee.[8] GOI also stipulated a condition that the State Government/sponsors should spend at least 50 *per cent* of their share for the work, before approaching GOI for the release of their share. The GOI sanction was valid for two years. The administrative sanction and technical sanction for the works were issued in August 2002 and October 2002 respectively.

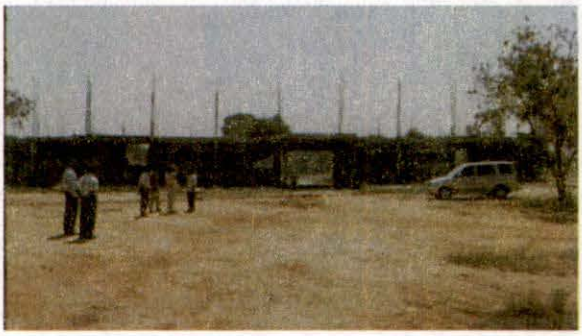
The progress of work from its commencement in December 2003 was very slow due to poor inflow of funds. The contractor requested (May 2005) for increase in rates. The contractor stopped the work, after executing 28 *per cent* of the work (contract value of Rs 121.31 lakh) and sought (January 2006) foreclosure of the agreement, if his request made in May 2005 for escalation was not met with. The Executive Engineer (EE)

[7] Perambalur – Manamadurai road and Madurai – Devakottai road.
[8] Constituted in April 1998 with District Collector as President.

Technical Education Division, informed (May 2006) the District Collector that the foreclosure of the contract was under consideration and the contractor had left the site taking away all his material. He had also requested (September 2006) the Member Secretary, Sports Development Authority of Tamil Nadu to direct the District Sports Officer, Tiruchirappalli to take over the stadium, completed upto gallery level, in its existing condition.

The District Collector forwarded (November 2005) an incorrect Utilisation Certificate (UC) for Rs 61 lakh (which included Rs 23.49 lakh being the value for contractor's materials) against Rs 33.69 lakh incurred on works at that time. GOI conveyed (August 2006) their sanction for Rs 30 lakh and the amount is yet to be released by the State Government (March 2007).

Out of Rs 107 lakh committed for the work, Rs 59 lakh[9] only were received to date (March 2007). Out of the State share, Rs 12.50 lakh was utilised (May 2003) towards construction of a swimming pool near the stadium, which was not a part of this work. Out of the sponsors' share of Rs 45 lakh, Rs 34.30 lakh was incurred on the stadium. Thus as of March 2007, Rs 12.20 lakh still remained unutilised in the deposit account and the work has not been commenced till date (August 2007). Failure of the stadium committee headed by the District Collector in collecting committed funds from the sponsors led to abandonment of work by the contractor and Rs 34.30 lakh incurred on the partly completed stadium became unfruitful, besides non-achievement of the envisaged objective.



The matter was referred to Government in March 2007; the reply has not been received (November 2007).

HANDLOOMS, HANDICRAFTS, TEXTILES AND KHADI DEPARTMENT

4.1.9 Irregular payment of premium before enrolment of weavers

Payment of full premium for all the 1.3 lakh targeted weavers under Weavers Health Insurance Scheme, well before all the weavers were enrolled resulted in excess payment of premium amount of Rs 26.78 lakh

Government of India (GOI) conveyed (August 2005) their approval along with required guidelines for introduction of a "New Health Insurance Scheme" (Scheme) in place of the existing Health Package Scheme in

9 State share Rs 14 lakh in May 2001 and sponsors share Rs 45 lakh (between March 2004 and March 2006).

collaboration with ICICI Lombard General Insurance Company Limited (ICICI Lombard) for Handloom Weavers from the year 2005-06. The scheme aims at financially enabling the weaver community in the country to avail the best of healthcare facilities. The scheme covers not only the weaver but also his family in the age group of 1 day to 80 years, consisting of wife and two children, from all pre-existing diseases as well as keeping substantial provision for out patient treatment.

The premium payable to ICICI Lombard was Rs 1,000 per annum (contribution by GOI: Rs 800 per annum and contribution by the weaver: Rs 200 per annum) for which the coverage per family was Rs 15,000 per annum. The limit upto which claims are allowed were also given for various treatments. The policy was to be valid for a period of 12 months from the date of receipt of premium by the insurer.

ICICI Lombard was to pay/reimburse expenses incurred by the weavers on medical treatment availed of in any hospital or nursing home within the country. The weaver should have been earning at least 50 *per cent* of his income from handloom weaving for availing of the benefits under the scheme.

The Director of Handlooms and Textiles (Director) submitted (August 2005) proposals to State Government for sanction of Rs four crore towards payment of premium on behalf of two lakh weavers for 2005-06 at the rate of Rs 200 per weaver per annum. The Development Commissioner (DC), New Delhi allowed states to cover the maximum number of weavers to enable GOI to achieve the specified target by 15 March 2006. The Director requested (January 2006) the State Government to sanction Rs 2.60 crore, if it is not possible to sanction the whole amount, to enroll at least 1.30 lakh weavers during 2005-06 and the rest to be admitted during the next financial year (2006-07). The Director also requested (February 2006) the DC to move the GOI for sanction of Rs 10.40 crore as GOI share and release it to ICICI Lombard.

The State Government sanctioned (February 2006) Rs 2.60 crore for enrolment of 1.30 lakh weavers during 2005-06 by contributing Rs 200 per weaver/per annum. The sum of Rs 2.60 crore was drawn and paid to ICICI Lombard on 21 February 2006. GOI also released its share of Rs 10.40 crore for 1.30 lakh weavers in Tamil Nadu directly to ICICI Lombard. ICICI Lombard confirmed (21 February 2006) that 1.30 lakh weavers were under coverage with the period of insurance coverage being 21 February 2006 to 20 February 2007. However the process of enrolment of weavers for this insurance scheme commenced only after 21 February 2006.

Test check of records revealed that the actual number of weavers enrolled were 1,17,730 on 27 April 2006, (the first report received from ICICI Lombard) 1,23,337 on 15 May 2006 and 1,28,966 on 30 June 2006 and it reached the targeted 1.30 lakh only on 22 August 2006.

The reply of the Commissioner of Handlooms attributed the delay to the involvement of many processes of identification, enumeration and eligibility of beneficiaries before enrolment of beneficiaries. The reply was not tenable as the real coverage of insurance would begin only after identification and enrolment of weavers for the insurance schemes. But even before completion of the process of enrolment of 1.30 lakh weavers, the Director paid the entire premium of Rs 13 crore (GOI share: Rs 10.40 crore and State share: Rs 2.60 crore) to ICICI Lombard. This had resulted in excess release of premium to the tune of Rs 26.78 lakh for the period from 21 February 2006 to 21 August 2006 (the date of achievement of target), worked out on the number not actually enrolled during the period.

The matter was referred to Government in February 2007; the reply has not been received (November 2007).

4.2 Avoidable/excess expenditure

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

4.2.1 Avoidable expenditure

Unnecessary supply of software, 'Visual Studio.Net 2002', to each of the 611 Town Panchayats resulted in avoidable expenditure of Rs 2.68 crore.

Government of Tamil Nadu took up (October 2002) computerisation of Town Panchayat Department including all the 611 Town Panchayats at a cost of Rs 7.17 crore, based on the proposal of Project Director, Tamil Nadu Urban Development Project (TNUDP)-II, as part of the 'Institutional Development Component' under the World Bank aided TNUDP-II. It included supply of hardware and software to each of these institutions and a copy of software package 'Visual Studio.Net 2002' at cost of Rs 43,828. In all, seven[10] functions were to be computerised in these civic bodies.

The software 'Visual Studio.Net 2002' is a package for development of Windows/Web-based applications by professional programmers in institutions, which undertake program development on a continuous basis. The developer of the application alone is required to hold a licensed copy of the software and the applications developed by him could be distributed to the end-users.

The required software was centrally developed and executable versions were supplied to all (between April 2004 and December 2005). The Town panchayats were neither required to change or modify any of these modules nor were they required to develop any program of their own, hence one copy of the software was sufficient for development of the application software. As such the software supplied (October 2003) to each of the 611 Town Panchayats at a total cost of Rs 2.68 crore remained unutilised.

10 Birth and Death, Administration, Property Tax, Water Charges, Non-tax, Professional Tax and Collections.

No justification or requirement for supply of the software was proposed and put on record. The expenditure of Rs 2.68 crore on supply of the software to all 611 Town Panchayats was thus unfruitful and avoidable.

The matter was referred to Government in February 2007; no reply has been received so far (November 2007).

HIGHWAYS DEPARTMENT

4.2.2 Avoidable expenditure due to unnecessary provision of bituminous binder

Unnecessary provision of bituminous binder course in road works in contravention of Indian Roads Congress specifications resulted in avoidable expenditure of Rs 98.32 lakh.

The Indian Roads Congress (IRC) specification 37-1984 stipulated that whenever stage construction technique was adopted, only a thin bituminous surfacing without any underlying layer of bituminous binder course should be provided. The specification was revised in 2001 (IRC 37-2001) which stipulates provision of bituminous binder course only where the traffic intensity is two million standard axles (MSA) or more. These specifications were not followed in the following road works resulting in an avoidable expenditure of Rs 98.32 lakh.

Provision of bituminous binder course for stage construction work

While designing the pavement for the work of widening and strengthening of Thidavoor-Thammampatti road km 0/0-10/0, the Director, Highways Research Station (HRS) followed stage construction technique but provided for 70 mm thick bituminous macadam (BM) with 25 mm semi dense bituminous concrete in violation of IRC specification 37-1984. The work, taken up for execution in March 2002, was completed in September 2003. When the unnecessary provision of bituminous binder course costing Rs 74.92 lakh was pointed out in audit, the Director, HRS replied (February 2007) that IRC 37-1984 provided for the bituminous binder, which is not factual. Even by adopting the revised IRC 37-2001, the road would only qualify for a provision of 50 mm BM and thus the provision of 70 mm thick BM resulted in avoidable extra expenditure of Rs 22.65 lakh.

Provision of bituminous binder course for a road having lesser traffic intensity

The estimate for the work of widening 34 kilometre stretch of Mannargudi-Muthupet road was prepared based on three traffic census points in that stretch and the projected traffic intensity for the design period of five years was 1.81 MSA, 1.65 MSA and 1.44 MSA respectively. Though bituminous binder course was not required for these traffic intensities, the Chief Engineer (Highways), Chennai (CE) unnecessarily provided 50 mm BM treating the traffic intensity for the entire stretch as two MSA. The work was taken up in April 2005 and completed in April 2006.

When pointed out by Audit (November 2006), the CE contended that IRC specification allows provision of BM if the traffic intensity exceeds one MSA. This contention is not factual and it was also noticed in audit that the Superintending Engineer (Madurai) had not provided bituminous binder course in respect of two other road works having traffic intensity of 1.57 MSA and 1.42 MSA.

The provision of BM for traffic intensity less than two MSA was in contravention of IRC specifications and resulted in avoidable expenditure of Rs 75.67 lakh.

The matter was referred to Government in June 2007; reply has not been received (November 2007).

PUBLIC WORKS DEPARTMENT

4.2.3 Extra expenditure due to excess provision of cement

Failure to revise the Data Book based on the latest revision of Indian Standard specifications resulted in excess provision of cement leading to extra expenditure of Rs 87.87 lakh.

The Standard Data Book (Data Book), which forms the basis for preparation of estimates, has been prepared by the Chief Engineer, PWD(General), based on various technical specifications and one among them was Indian Standard (IS) specifications. The data for preparation of cement concrete (CC) was prescribed in the Data Book with quantum of cement by volume based on IS 456-1978 and the quantum of cement required for CC 1:2:4 was 323.1kg/m^3. The IS specifications for CC was revised in July 2000 (IS 456-2000) which prescribed minimum cement content for various grades of CC ranging from 300kg/m^3 to 360 kg/m^3. The data in the Data Book was, however, not revised taking into consideration the revised IS specifications.

Test check of the records of the Superintending Engineer (SE), Public Works Department, Buildings Construction and Maintenance Circle, Tirunelveli and Salem revealed that 128 building construction estimates were sanctioned during 2003-04 to 2006-07 adopting the cement content of 323.1 kg/m^3 for CC 1:2:4 as prescribed in the Data Book and cement content of 430.8 kg/m^3 for CC 1: 1½:3 by linear interpolation of prescribed data for CC 1:2:4. The works were executed accordingly. As per the revised IS 456-2000, the required compressive strength for CC 1:2:4 and CC 1:1½:3 could be achieved with a minimum cement content of 300 kg/m^3. The provision of excess quantity of 23.1 kg/m^3 and 130.8 kg/m^3 for CC 1:2:4 and CC 1:1½:3 respectively was unwarranted and resulted in extra expenditure of Rs 87.87 lakh for 128 works.

The SE, Tirunelveli stated that the estimates were prepared based on the Data Book and the revised IS would be adopted after obtaining the orders of Chief Engineer, Buildings, Chennai. This contention is not acceptable as the SE is aware of the revision and should have obtained the orders of the CE to economise Government expenditure. Audit noticed that the Water Resources

Organisation Wing had adopted IS 456-2000 in the works of improvements to Virugambakkam-Arumbakkam drain and Otteri-Nullah.

The matter was referred to Government in June 2007; reply had not been received (November 2007).

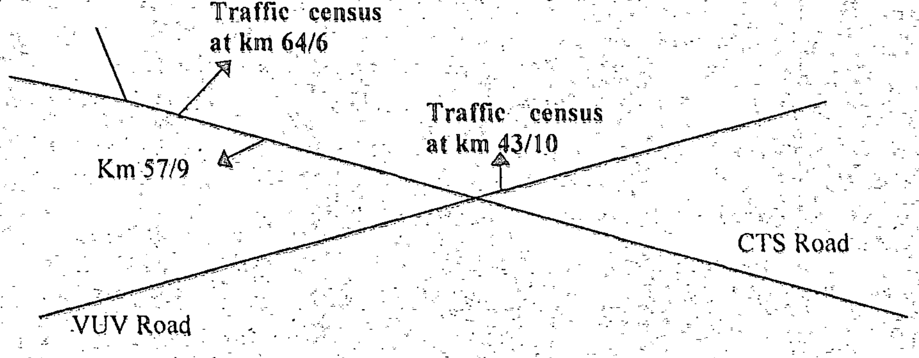
HIGHWAYS DEPARTMENT

4.2.4 Avoidable expenditure due to incorrect adoption of traffic census

Adoption of inapplicable traffic census resulted in provision of higher specification in a road work leading to avoidable expenditure of Rs 86.73 lakh.

The Indian Roads Congress (IRC) specifications 37-2001 stipulates ten levels of design for traffic ranging from 1 to 150 million standard axles (MSA) for calculating the pavement composition and thickness of roads newly formed. The traffic intensity in terms of MSA should be calculated based on traffic census and for intermediate traffic ranges, the thickness should be interpolated linearly. The IRC also stipulates that where stage construction was adopted, the thickness of the sub-base should be provided for the full design life.

The work of widening and strengthening three stretches of Cuddalore-Thirukoilur-Sankarapuram (CTS) road[11] was sanctioned in November 2004. The work was technically sanctioned for Rs 3.87 crore and entrusted to a contractor for Rs 3.67 crore in March 2005 and completed in February 2007. The estimates for the work provided for raising the level of pavement by adopting IRC 37-2001. The Chief Engineer (General) (CE) who sanctioned the estimates had, however, adopted the traffic census at km 43/10 of Virudhachalam-Ulundurpet-Villupuram (VUV) road instead of adopting the traffic census available at km 64/6 of CTS road. A pictorial representation of the roads and the traffic census points is given below:



The work was executed under stage construction. The CE, arrived at the traffic intensity as 19.77 MSA for the full design life of 15 years and five MSA for the stage construction period of five years adopting the incorrect traffic census. The traffic intensity based on the traffic census of CTS road

[11] Km 47/200 – 47/600, 52/200 – 52/600 and 57/987 – 64/597.

worked out to 5.68 MSA and 1.26 MSA respectively for these design periods. The pavement thickness to be provided as per IRC and actually provided are given in the table below:

Pavement Composition

(Thickness in mm)

Stretches	To be Provided			Actually Provided			
	GSB	WBM	PC	GSB	WBM	DBM	SDBC
47/200 – 47/600	450	225	20	460	250	70	25
52/200 – 52/600	345	225	20	380	250	60	25
57/987 – 64/597	190	225	20	230	250	50	25

GSB : Granular Sub-Base
WBM : Water Bound Macadam
PC : Premix Carpet
DBM : Dense Bituminous Macadam
SDBC : Semi-Dense Bituminous Concrete

Thus, by adopting the incorrect traffic census, the CE provided DBM and SDBC instead of PC in these stretches resulting in an avoidable additional expenditure of Rs 86.73 lakh as detailed in **Appendix 4.2**.

When this was pointed out, the Divisional Engineer stated that there was no other traffic point between km 64/6 and 47/2 in CTS road and as all the sugarcane trucks plying in this reach would turn into VUV road at km 43/10 and lead to sugar mill at km 39/0, the traffic census in VUV road was adopted. The reply was not tenable as the prescribed traffic census point for CTS road is located at km 64/6. The traffic census point at km 43/10 of VUV road pertains to the traffic of the VUV road and the department had adopted this traffic census point for strengthening the VUV road.

The matter was referred to Government in June 2007; reply had not been received (November 2007).

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD

4.2.5 Avoidable expenditure on restoration of flood damages

Failure to insist upon the contractors taking risk insurance as stipulated in the agreement resulted in avoidable expenditure of Rs 62.29 lakh on restoration of flood damaged works.

The agreements of two Combined Water Supply Schemes (CWSS) in Dindigul and Nagapattinam districts, taken up for execution by the Tamil Nadu Water Supply and Drainage Board (Board) through contractors on turnkey basis contained a condition that the contractors should provide risk insurance at their cost to cover the loss or damage to the works till completion and also during the maintenance period. If the contractor does not take insurance, the Board should take insurance and recover the

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premium from the contractors. The agreements also contained *'Force Majeure'* clause which contemplated that neither party shall be liable for any loss or damage arising out of acts of God implying that such loss would be compensated by the insurance company.

The works were commenced during October 2003 (Dindigul) and January 2004 (Nagapattinam). While the works were under execution/ maintenance by the contractors, structures valuing Rs 65.29[12] lakh got damaged and washed away by floods during October and November 2005. In both the works, neither the contractors nor the Board had taken risk insurance. Consequently, the damages were rectified by the Board (December 2005 to July 2006) by spending Rs 62.29 lakh.

The Chief Engineer, Southern Region, Madurai stated (August 2006) that the mishap had occurred before the Board could direct the contractor to provide for risk insurance. The reply was not tenable as the mishap occurred 20 months after the entrustment in respect of one work and during the maintenance period in respect of another work.

The failure of the Board to insist upon the contractors for taking risk insurance or to take insurance on behalf of the contractors as stipulated in the agreement resulted in avoidable expenditure of Rs 62.29 lakh on restoration of flood damaged works.

The matter was referred to Government in April 2007; reply had not been received (November 2007).

HOME DEPARTMENT

4.2.6 Avoidable expenditure due to delay in purchase of arms and ammunitions.

Delay in issuing orders for procurement of arms and ammunitions resulted in avoidable expenditure of Rs 58.37 lakh.

Based on the firm demand of State Government, Government of India issued an allotment order (January 2005), for the purchase of rifles and rifle spares to the Ordnance Factory (OF), Tiruchirapalli. On this order, the OF sent (February 2005) a proforma invoice for Rs 8.78 crore valid upto 31 March 2006 for the supply of 3,000 numbers of rifle 5.56 INSAS and 3,000 sets of CES 'A' and 'B' items (rifle spares) to the Director General of Police (DGP), Chennai. The terms and conditions attached to the proforma invoice specifically stipulated that payment be made by demand draft and if the demand draft was not realised by 15 March 2006, it would be deemed that payment had not been made during the financial year 2005-06 and prices ruling with effect from 1 April 2006 would be applicable for issue during the next financial year.

Proposals for the financial sanction for a total cost of Rs 11.70 crore including the purchase of 3,000 rifles (5.56 INSAS) and 3,000 sets of CES

[12] Rs 53 lakh for CWSS, Dindigul and Rs 12.29 lakh for CWSS, Nagapattinam.

'A' and 'B' items at a cost of Rs 8.78 crore, among other things, was submitted by DGP to Government in September 2005. Specific reasons for the delay in submission of proposal to Government were not available in the records produced to Audit. Government, however, requested (17 February 2006) the DGP to forward a revised proposal restricting the proposal to the available amount within the budget provision for 2005-06. Accordingly, the DGP submitted, (24 February 2006) a revised proposal for Rs 8.88 crore which included the purchase of the above mentioned 3,000 sets at the same cost of Rs 8.78 crore, mentioned in the original proposal, duly indicating that the OF would escalate the prices with effect from April of the new financial year. However, Government accorded the final sanction for the purchase only on 24 March 2006. DGP drew the amount and obtained demand draft dated 18 April 2006 and forwarded the same to the OF. The OF informed (May 2006) the DGP that the rifles and CES items could not be supplied at the rates of 2005-06, as the prices of rifles and CES items had been revised upwards for the year 2006-07 and requested him to pay additional amount of Rs 76.83 lakh towards the supply of the ordered quantity or to restrict the indent to 2,758 rifles and 2,758 CES 'A' and 'B' items. The indent was subsequently restricted by DGP to 2,758 rifles and 2,758 CES 'A' and 'B' items and these were supplied in July 2006.

Despite knowing the consequences of delay, belated submission of proposal by the DGP, Chennai to Government and consequent belated issue of Government sanction resulted in supply of rifles and CES items at 2006-07 issue rate instead of 2005-06 issue rate involving an avoidable additional expenditure of Rs 58.37 lakh (excluding Tamil Nadu Sales Tax and Surcharge on Sales Tax) as detailed below:

Nature of items purchased	Quantity purchased (In numbers)	Cost paid as per the issue price of 2006-07 (Rs in lakh)	Cost payable as per issue prices of 2005-06 (Rs in lakh)	Amount paid in excess over 2005-06 issue rate. (Rs in lakh)
Rifles 5.56 mm INSAS	2,758	606.76 (@ 22000 per rifle)	551.60 (@ 20000 per rifle)	55.16
CES 'A' and 'B' items	2,758	91.15 (@ 3305 per item)	90.19 (@ 3270 per item)	0.96
Total cost		**697.91**	**641.79**	**56.12**
DGQA Inspection charge @ 4 *per cent*		27.92	25.67	2.25
Total cost (including inspection charges)		**725.83**	**667.46**	**58.37**

Government in their reply (August 2007) accepted the facts without giving any specific reasons for the delay except stating that the demand draft for Rs.8.78 crore dated 18.04.2006, received from the Pay and Accounts Officer was sent to OF, Tiruchirapalli on 27.04.2006.

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

4.2.7 Avoidable payment of front end fee and R&D fund fee

Payment of Rs 0.53 crore as front end fee and R&D fund fee to Housing and Urban Development Corporation, on loan not required could have been avoided had the actual requirement of loan for the construction of 3,408 sanitary complexes, instead of 6,309 as earlier estimated, been ascertained by Government.

Based on the proposal (January 2003) of the Director of Rural Development (DRD) and sanction (September 2003) of the Government, Housing and Urban Development Corporation (HUDCO) approved (March 2003) a loan of Rs 151.96 crore for the construction of 6,309 Integrated Sanitary Complexes for Women (ISCW) in as many village panchayats under phase – II during 2003-04 at the rate of Rs 2.25 lakh per complex.

Under the agreement entered into by DRD, Chennai with HUDCO (September 2003) for availing of the loan of Rs 151.96 crore[13], a front end fee at 0.5 *per cent* plus R&D fund fee at 0.25 *per cent* of the total amount of loan was payable to HUDCO and no refund was to be made in case of any subsequent reduction in the loan amount. The loan amount was later reduced (October 2003) to Rs 151.07 crore[14] because of the reduction in the interest rate by HUDCO from 10.25 *per cent* to 9.5 *per cent*. HUDCO while releasing (December 2003) the first instalment of loan assistance of Rs 36.61 crore, deducted a sum of Rs 1.13 crore as front end fee (0.5 *per cent*) and R&D fund fee (0.25 *per cent*) and released the balance amount of Rs 35.48 crore.

After proposing the construction of sanitary complexes in 6,309 village panchayats during 2002-03 under Phase-I, utilising HUDCO loan and under other schemes like Member of Legislative Assembly Constituency Development Scheme (MLACDS), Total Sanitation Campaign, etc. Government decided to construct the sanitary complexes in the remaining 6,309 village panchayats and issued (September 2003) sanction for construction by obtaining loan from HUDCO. Despite the implementing authorities being requested in the above Government order to follow the earlier order issued in August 2002 wherein funds were to be allotted from MLACDS for construction of 1,872 complexes (at the rate of Rs 2.25 lakh per complex), both the Government and the department, without excluding the number of complexes to be constructed under MLACDS and other schemes as was done under Phase I and without ascertaining the number already constructed under Phase I, went ahead for obtaining loan from

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13 Loan component Rs 141.95 crore; Interest on loan Rs 9.63 crore and front end fee Rs 0.38 crore.

14 Loan component Rs 141.95 crore; Interest on loan Rs 8.87 crore and front end fee Rs 0.25 crore.

HUDCO for the construction of 6,309 complexes proposed to be constructed in as many village panchayats during 2003-04.

Only after obtaining the position in March 2004 from the District Collectors regarding the number of complexes already constructed under Phase I utilising both HUDCO loan and funds of other schemes and the remaining number of complexes to be constructed under Phase II, as mentioned below, the actual number of complexes to be built with the loan from HUDCO was determined as 3,408.

Name of the Scheme	Number of complexes		Total
	Constructed under Phase I	Proposed to be constructed under Phase II	
Integrated Sanitary Complexes for Women	4,317	3,408	7,725
MLACDS	3,355	1,235	4,590
Total Sanitation Campaign	144	285	429
Other schemes	233	87	320
Total	**8,049**	**5,015**	**13,064**

Accordingly, Government requested (March 2004) HUDCO to reduce the sanctioned loan of Rs 151.07 crore to Rs 80.48 crore[15] for construction of only 3,408 complexes utilising this loan. Though HUDCO agreed to reduce the loan amount as per the request of Government, it did not agree to Government's proposal for refund of proportionate front end fee and R&D fund fee already deducted for the original loan amount sanctioned quoting clause 2.4 of the loan agreement. The second and third instalments of Rs 37.24 crore and Rs 6.63 crore were subsequently released (March 2004) by HUDCO.

Thus, due to the failure of the department and the Government in assessing the actual requirement of loan after ascertaining the number of complexes to be built with the loan, an avoidable extra expenditure of Rs 0.53 crore[16] towards front end fee and R&D fund fee on the portion of loan, reduced subsequently was incurred.

The matter was referred to Government in April 2007; the reply has not been received (November 2007).

REVENUE DEPARTMENT

4.2.8 Avoidable expenditure on land acquisition

Non-adherence to time schedule for processing land acquisition cases resulted in avoidable expenditure of Rs 26.97 lakh.

15 Loan component: Rs 76.68 crore, Interest on loan: Rs 2.67 crore and front end fee and R&D fund fee: Rs 1.13 crore.

16 Front end fee and R&D fund fee charged by HUDCO-0.75 *per cent* on Rs 151.07 crore-Rs 1.13 crore.
Front end fee and R&D fund fee chargeable by HUDCO-0.75 *per cent* on Rs 80.48 crore-Rs 0.60 crore Extra expenditure-Rs 0.53 crore (1.13 – 0.60).

According to the Land Acquisition Act, 1894 of Government of India, as amended in 1984, in addition to the market value of the land an additional compensation at 12 *per cent per annum* on the market value is payable to land owners from the date of notification under Section 4(1) of the Act to the date of the award or date of taking possession of the land whichever is earlier. As per the Government of Tamil Nadu (GTN) Order (September 1986) the award was to be passed within 186 days from the date of notification under Section 4(1) in respect of unobjectionable cases and within 241 days in respect of objectionable cases.

A test check of records in Backward Classes, Most Backward Classes and Minorities Welfare Department and Adi Dravidar and Tribal Welfare Department revealed that in 61 cases (between April 2002 and March 2005) delays beyond the prescribed limit ranging from 67 days to 902 days occurred in passing the award against the admissible period of 241 days in respect of objectionable cases resulting in payment of enhanced compensation of Rs 26.97 lakh.

The Public Accounts Committee while deliberating on a similar point contained in Paragraph 3.20 of Audit Report 1996-97 had wondered (July 2004) whether extension of time limit according to the extent of land was necessary. However, no effective action was taken by the department on the above observation so far.

Non-adherence to time schedule prescribed by the Government for processing land acquisition cases had resulted in avoidable expenditure of Rs 26.97 lakh towards payment of additional compensation to the land owners. The Directors of (i) Most Backward Classes and Denotified Communities Department and (ii) Adi-Dravidar Welfare Department stated (September 2007) that the time schedule could not be adhered to due to paucity of staff.

The matter was referred to Government in March 2007; the reply has not been received (November 2007).

4.3 Idle investment/blockage of funds

HOME AND TOURISM AND CULTURE DEPARTMENTS

4.3.1 Blocking of Government of India funds

Construction of a shooting range for Police department despite possession of land, was delayed due to belated revision of estimates resulting in blocking of central assistance of Rs 1.20 crore for about two years; Faulty selection of site for setting up of a *chaupal* (village square) in Mamallapuram resulted in blocking up of central assistance of Rs 40 lakh for more than two years and further cost escalation.

(a) The Director General of Police (DGP) submitted to Government in July 2004, a proposal for construction of an outdoor shooting range at a cost of Rs 2.20 crore to be executed in two phases. Land measuring 89.82 hectares ordered in July 2002 for alienation by Government for this scheme was also taken over by the DGP in December 2004. Meanwhile

Government of India (GOI) approved the scheme for the construction of Commando/Security shooting range at Othivakkam at a cost of Rs 2.20 crore during 2004-05 with cent per cent assistance under the centrally sponsored scheme of Modernisation of Police Force (MPF) and released (May 2005) Rs 1.20 crore for Phase I of the scheme.

Accordingly Tamil Nadu Police Housing Corporation (TNPHC) revised and forwarded (December 2005) the estimate of Rs 1.20 crore in consultation with the department which was approved by Government in May 2006. After a site visit in September 2006, the Additional Director General of Police (ADGP) requested eastern bunds for a uniform height of 0.6 mts to 1 mt according to the terrain of the site instead of RCC support platforms, a storeroom, watch tower in the second floor, and a class room with necessary provision for road, sump, separate tank and proper rain water draining system. Based on the above TNPHC revised (November 2006) the estimate for the work at the same cost of Rs 1.20 crore, adopting the scheduled rates of Public Works Department for 2006-07.

Government stated (June 2007) that the modification was adopted to suit the needs as well as to minimise the cost of construction within the sanctioned amount. It was further stated that tenders had been called for towards the construction of buildings and the work would be commenced soon. However, the fact remains that the Police Department being involved in finalising the estimate, these modifications/revisions which are necessarily required could have been made by the department at the first stage itself, which would have avoided subsequent delay of about ten months (between December 2005 and November 2006). Besides locking up of Rs 1.20 crore, the delay also led to the functioning of the department without an outdoor shooting range and the recruits/probationers and commandos/PSO not being trained with bigger weapons like rifles and muskets and in non-conducting of annual shooting practice of the units.

(b) Government of India (GOI) sanctioned (February 2004) Rs 40 lakh for setting up of a top class *chaupal* (Village square) with facilities of a library in commemoration of birth centenary of Chaudhary Charan Singh. The amount was released (March 2004) by GOI to Tamil Nadu Tourism Development Corporation (TTDC). Instead of the site identified by TTDC, as discussed with the Secretary to Government of India, Ministry of Tourism, the Commissioner of Tourism (Commissioner) suggested (July 2004) the land opposite the office of the Archaeological Survey of India (ASI) in survey number 167/2 for the scheme.

The Commissioner instructed (July 2004) the District Collector, Kancheepuram to alienate the above land classified as 'thoppu porambokku'[17] and sanctioned (May 2003) by Government for another scheme, for this work immediately.

Consequent on the rejection of the request for additional funds of Rs 10 lakh for this purpose, the Commissioner proposed to utilise Rs 10 lakh sanctioned

17 Wasteland.

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(February 2005) for another work.[18] As that work was to be executed by State Public Works Department (PWD), State Government issued (October 2005) orders and entrusted the village square work also to PWD.

However, the Principal, Tamil Nadu Institute of Architecture and Sculpture, Mamallapuram objected to this (April 2006) and stated that the proposed land was with the institution for many years and that the site was required for various purposes for getting recognition of All India Council of Technical Education.

The matter was referred to Government in March 2007; Government replied (March 2007) that the District Collector, Kancheepuram had informed that the land in S.F. No.167/2 has never been alienated in favour of Art and Culture College, Mammallapuram. However, the fact remains that the DTE Chennai had already informed Mammallapuram Planning Authority in November 1979 itself that the said land was owned by the institution and wire fencing was also raised to protect the land under intimation to District Collector, Kancheepuram in July 2002. The Institute had also reported the requirement of this land for their own purposes in July 2002 itself and reiterated it again in May 2006 to the District Collector, Kancheepuram. No final decision was taken by the District Collector in this regard (July 2007).The construction works could not commence since the site ownership issue was not resolved and escalation cost not sanctioned by Government.

Thus, GOI funds of Rs 40 lakh was lying unutilised for more than two years due to framing of the proposal without ascertaining the ownership of the land identified for alienation. Besides, the envisaged creation of a top class chaupal for organising folk dances, rural festivals etc., that would attract foreign as well as domestic tourists was also not achieved. This delay has also resulted in cost escalation of Rs 20 lakh for this work due to the revision of estimate (September 2006) to Rs 60 lakh by Commissioner based on 2006-07 schedule of rate.

HOME DEPARTMENT

4.3.2 Faulty planning and delayed communication about the inadequacy of equipment to Government of India

Absence of planning by the Department and delayed intimation to GOI about drawbacks of the proposed equipment to be installed under POLNET project, resulted in equipment purchased at a cost of Rs 1.09 crore lying idle, besides failure to achieve the cent per cent connectivity as envisaged

POLNET (Police Communication Net Work Project) was a cent *per cent* Central project to be implemented by State Governments under Modernisation of Police Force from 2003-04. Due to non-preparation

[18] Work of landscape development of area opposite the office of the ASI under "Integrated Development of Mamallapuram".

sites for installation of POLNET equipment, the target date for the completion of the project was extended year after year by GOI.

GOI allotted 29 VSAT[19] terminals and 1090 MART (Multi Access Radio Telephone) remote subscriber units to the State under this scheme. When GOI pointed out (January 2005) the slow progress made in the implementation of the project, the State Government stated (February 2005) that installation of VSAT terminals was under progress at the State and district headquarters and sought from GOI additional allotment of 67 VSAT terminals, 641 MART remote subscriber units and 17 single channel Voice VSAT for 17 police stations which could not be covered as they were not in the line of sight of the project route, so as to ensure cent *per cent* connectivity to cover all the 1731 police stations existing in the State. Besides, State Government also sought permission for purchase of accessories like batteries (12 volt 100 AH VRLA SMF), power supply units with boost charger (12-13.6 VI, 10 Amps) and 60 feet lattice type light weight aerial mast, for the installation of 1090 mart equipment in as many police stations.

State Government sanctioned (August 2005) Rs 2.98 crore for the project, including the provision for the above accessories. Tenders were called for (October 2005) and after evaluation of technical and commercial bids received, supply orders were issued (March 2006) to the successful tenderers. Required accessories[20] were supplied between March 2006 and November 2006 at a cost Rs 1.09 crore.

Firm "A" to whom the supply and erection of the 1090 numbers of 60 feet lattice mast at a total cost of Rs 1.08 crore was entrusted, (March 2006) with the condition that the work was to be completed within 16 weeks, did not commence work till 20 May 2006, as the list of installation sites were not furnished by the office of the Director General of Police (DGP). The work was subsequently delayed due to other practical problems such as obtaining permission from police stations, installation of MART in rented buildings, cutting of trees/branches for installation etc. The firm's bill for Rs 27.73 lakh for the works already done was under scrutiny of the Department.

In the meantime, the DGP, Chennai informed (December 2006) the GOI that the Analog MART proposed for the project by GOI, was an outdated and obsolete technology, which neither provided adequate data transfer facility nor served/future communication needs. There were also other drawbacks like delay in voice communication, delay in data transmission due to network congestion on account of limited bandwidth, idle installation of 601 MART due to lack of coverage with base stations, as 489 out of 1090 MARTs purchased only had the line of sight with base stations, defective battery circuits and non-provision of lighting/surge protection etc. No response to these observations was received from GOI till date (July 2007). Had the department taken necessary action earlier, purchase of equipment

19 Very Small Aperture Terminal.

20 Batteries (1090), battery chargers (1090), air conditioners (58) and power socket with cable (1090).

worth Rs 1.09 crore could have been deferred. In the absence of non-provision of additional allotment sought for from GOI, the envisaged objective of cent *per cent* connectivity could also not be achieved.

The matter was referred to Government in July 2007; the reply has not been received (November 2007).

ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

4.3.3 Poor implementation of Model Fishermen Village scheme

Formulation of proposals for the construction of tube wells and community halls for fishermen under the scheme "Development of Model Fishermen village" without conducting an in-depth feasibility study resulted in their non-commencement for about three years besides locking up of Rs 1.08 crore, being the assistance received from GOI.

Government of India (GOI) gave (May 2001) administrative approval for "Development of Model Fishermen Village" scheme, one of the three components of the cent *per cent* centrally sponsored "National Scheme of Welfare of Fishermen"[21]. State Government submitted (October 2001) proposals to GOI at a total cost of Rs 8.34 crore (construction of 2,000 houses at the rate of Rs 40,000 each, 90 tube wells at the rate of Rs 30,000 each and four community halls at the rate of Rs 1.75 lakh each) with the cost to be shared equally.

Consequent on the release of GOI share between November 2001 and August 2003, State Government sanctioned and released Rs 8.34 crore including GOI share between March 2002 and January 2004. Of this, Rs 833.99 lakh was drawn (April 2004) by Superintending Engineer (SE), Fishing Harbour Project Circle (FHPC) and released to Executive Engineers (EEs), Thanjavur[22] and Nagercoil[23] and Project Director (PD), District Rural Development Agency (DRDA), Kancheepuram[24] besides giving Rs one lakh to Tamil Nadu Water Supply and Drainage (TWAD) Board, Cuddalore towards digging five tube wells with handpumps in three selected villages in Cuddalore District.

Perusal of connected records revealed the following:

(a) Against the targetted 2,000 houses, as of July 2007, 1913 houses[25] were completed. However utilisation certificate for the entire GOI

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[21] Construction of 6,000 houses, 150 tube wells and 10 community halls during 2001-02 at an outlay of Rs 12.31crore.

[22] Rs 4.17 crore for the construction of 987 houses, 52 tube wells and 3 community halls.

[23] Rs 3.32 crore for the construction of 796 houses, 38 tube wells and one community hall.

[24] Rs 83.99 lakh for the construction of 217 houses.

[25] Tiruvallur: 60, Kancheepuram (DRDA): 203, Villupuram: 50, Cuddalore: 90, Nagapattinam: 235, Pudukottai: 479, Ramanathapuram: 521, Thoothukudi: 80 and Kanniyakumari: 195.

assistance of Rs 4.17 crore[26] was furnished by DOF stating that there was no balance remaining unutilised through the State Government to GOI. This was irregular as 52 houses (cost Rs 19.24 lakh) were cancelled and 35 houses (cost Rs 12.95 lakh) were under progress even as of July 2007.

(b) Due to the restriction of the unit cost of each house to Rs 37,000, being the rate prevailing in the State for construction of each house under Group house scheme since 1998-1999 instead of Rs 40,000 approved by GOI, there was a saving of Rs 60 lakh and the same was remitted back (June 2005) by the EEs, Thanjavur and Nagercoil to the Savings Bank (SB) account of the Director of Fisheries (DOF). However, the amount is still lying outside Government account without refunding the same to GOI (July 2007).

(c) Even as of July 2007, 12 tube wells in Cuddalore District out of the targeted 90 tube wells were alone constructed and Rs 23.40 lakh released to the Assistant Director of Fisheries of various districts for the construction of the remaining 78 tube wells was lying unutilised, as TWAD Board expressed their inability to provide tube wells with hand pumps at a cost of Rs 30,000 each, in places other than Cuddalore District. The SE, FHPC also informed the DOF that the digging of tube wells along the sea shore would not be viable due to salinity of water and existence of loose soil. No alternative viable proposal had been considered so far (July 2007).

(d) Similarly the EE, Fishing Harbour Project Division, Thanjavur expressed his inability to construct the community hall with two toilets and a tube well at the unit cost of Rs 1.75 lakh, as the total cost for this would come to about Rs 2.35 lakh. Hence the DOF requested the Assistant Directors of Fisheries (ADFs) to take up construction of community halls through Fishermen Co-operative societies. DOF released (October 2005) Rs 5.25 lakh to ADF, Pudukottai for construction of three community halls after approving the required estimates. Even as of July 2007, no halls were taken up for construction. This revealed that proposals for construction of tube wells and community halls were made without any in depth feasibility study initially, resulting in non-commencement of these works.

Due to non-completion of all these works, the envisaged objective of establishing model fishermen villages was not achieved, besides locking up of GOI assistance of Rs 1.08 crore.

The matter was referred to Government in March 2007; reply has not been received (November 2007).

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August 2003, November 2003 and December 2003	:	Rs 2.55 crore
June 2004	:	Rs 1.62 crore
Total	:	Rs 4.17 crore

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

TAMIL NADU HOUSING BOARD

4.3.4 Loss of revenue due to non-renewal of lease

Inaction of the Government/Board either to take over the land leased out or to renew the lease resulted in loss of revenue of Rs 90.82 lakh.

The Tamil Nadu Housing Board (Board) allotted 6615 square feet (sq ft) of land in West CIT Nagar to the Residents' Association (Association) on lease for a period of 25 years from April 1972 for running an elementary school. The lease rent was fixed at Rs 25 per month enhanceable by 25 *per* cent at the end of every five years. The lease agreement provided for surrender of the site by the lessee at the expiry of the tenancy and the lease could be renewed at the sole discretion of the lessor at the rate of rent fixed by the lessor. The Board also allotted (December 1992) 2174 sq ft of open space to the Association at a lease rent of Rs 30 per month for a period up to March 1997 for use as playground for the school. The lease period for the school and playground expired in March 1997.

The Association, in November 1996, requested the Board to renew the lease for a further period of 25 years. The Board offered (May 1998) to sell the land for Rs 74.40 lakh (at the prevailing market rate of Rs 846.50 per sq ft), however, the Association expressed (July 1998) its inability to purchase the land. Thereafter, the Board, after obtaining legal opinion and exploring the possibility of constructing a residential complex, finally decided (February 1999) to sell the land by public auction and issued (July 1999) a show cause notice to the Association for taking over the land. The Association, however, appealed (August 1999) to Government for renewal of lease, citing public service. Though, the Board informed (August 1999) the Government of their decision to sell the land due to their poor financial status, the Government had not taken any decision.

Audit scrutiny revealed that the Tamil Nadu Housing Board Act empowers the Board to lease, sell, exchange or otherwise dispose of its lands. The Board also prescribed a rate of Rs 3 per sq ft for land leased to private parties in June 1993 with 15 *per cent* increase every year from April 1994. Though the Board had powers either to take back the land or to renew the lease at the prescribed rate, the Board continued to address Government for their orders. Had the Board renewed the lease at the prescribed rate[27] in 2000, the Board would have earned a revenue of Rs 90.90 lakh during 2000-07.

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[27] Rs 8 per sq.ft. to Rs 18.45 per sq.ft. during April 2000 to March 2007.

The inaction of the Board to extend the lease at the prescribed rate resulted in financial loss of Rs 90.82 lakh to the Board[28]. The present market value of the land is Rs 2.15 crore.

The matter was referred to Government in June 2007; reply had not been received (November 2007).

HIGHWAYS DEPARTMENT

4.3.5 Incomplete bridge work

Failure to obtain permission from the Forest Department for construction of a bridge resulted in construction being stopped two years after commencement of work and non provision of safe connectivity to the people besides blocking of Rs 37.10 lakh.

The Forest (Conservation) Act, 1980 prohibits the State Government or any other authority using of any forest land or portion thereof for any non-forest purpose without the prior approval of the Government of India. Besides, the Supreme Court ruled (December 1996) that the permission of the competent authority under the provisions of Forest Act had to be obtained even for reconstruction works not involving any change in the existing area, which were carried out on lands covered under Janmam Act[29].

The existing steel truss wooden bridge constructed in 1946 across a jungle stream bifurcating Hellan and Yellamalai in Gudalur Union was rusted and worn out. It was not able to meet the traffic requirement and could not be used during rainy season. To provide a good connectivity to the people living in this area, the Superintending Engineer, Coimbatore (SE) proposed (December 2002) to construct a new high level bridge. The estimate for the work sanctioned by the SE in October 2003 indicated that the alignment of the new bridge did not require land acquisition. The work was entrusted to a contractor in August 2004 for Rs 56.18 lakh with a completion period of six months. The work was delayed due to heavy rain and flow of flood water in the stream. All works except laying of deck slab completed at a total cost of Rs 37.10 lakh, when the District Forest Officer, Gudalur (DFO) stopped (January 2006) the work on the ground that the alignment of the bridge lies in Janmam land and 0.30 hectare of forest land, transfer of which required the approval of the Forest Department. The proposals sent by the Divisional Engineer, Rural Roads, Coimbatore (DE) in July 2006 were returned by the DFO (August 2006) as incomplete and the fresh proposals sent in December 2006 were pending with the DFO (May 2007).

Poor investigation by the SE while sanctioning the estimate resulted in non-achievement of providing safe connectivity to the people living in this area even after three years of sanctioning the work. Besides, Rs 37.10 lakh spent on the work remained blocked for more than a year.

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28 The Association paid rent of only Rs 7,880 during 2000-07.

29 An act enacted to abolish the Jamindari system to protect the interest of the cultivators or the tenants.

The matter was referred to Government in June 2007; reply had not been received (November 2007).

4.4 Regularity issues and other points

HIGHER EDUCATION DEPARTMENT

4.4.1 Retention of Government receipts outside Government account

In violation of Government instructions, Commissioner of Technical Education retained revenues of three schemes outside Government account in savings/current accounts of nationalised banks and in fixed deposits in such banks, after incurring expenditure of Rs 2.10 crore directly from these revenues. Rs 2.83 crore remained outside Government account.as of March 2007.

Government of Tamil Nadu approved (February 1997, July 2001 and February 2002) the implementation of three self supporting schemes[30] by the Commissioner of Technical Education (CTE) and permitted the fees collected from the beneficiaries to be kept in Personal Deposit accounts opened for this purpose to meet all related expenses. The Government order was incorrect as all Government receipts should be initially credited to Government accounts. Also the Government receipts should not be utilised directly towards Government expenses as per Financial Code.

In violation of the existing financial principles, CTE kept the fees outside Government account, in savings bank and current accounts of various nationalised banks. Besides, part of the funds were also invested in fixed deposits of nationalised banks.

As of March 2007, Rs 2.83 crore were thus kept outside Government account under these schemes as mentioned below:

Name of the Scheme	Total revenue received	Expenditure incurred	Funds kept outside Government account as of March 2007 (Rs in lak		
			In Fixed Deposits	In Savings/ Current account	Total
Inspection for starting new self-financing Engineering Colleges and Polytechnic colleges	390.07	149.24	154.62	86.21	240.83
Revaluation of answer scripts for diploma students	56.57	31.42	9.12	16.03	25.15
Conducting of certificate course in computer on office automation	45.60	29.05	10.96	5.59	16.55
Total	**492.24**	**209.71**	**174.70**	**107.83**	**282.53**

Test check of records revealed that Rs 2.10 crore were spent on these three schemes till March 2007 from the revenues collected, without getting any budget provision or Legislative approval. Though the CTE had the accounts

[30] Inspection for starting new self financing Engineering Colleges/Polytechnic colleges, Revaluation of answer scripts for diploma students and Certificate course in computer on office automation.

audited by chartered accountants without getting approval from Government, the veracity of expenditure incurred for various purposes reported as connected with the scheme could not be ensured in audit.

Based on an earlier audit observation about keeping Government money outside Government account and its direct utilisation by the Director of Collegiate Education, the Government in Finance Department issued (May 2005) instructions to all Secretaries to Government directing them to discontinue the practice of retaining Government revenue outside Government account by Heads of Departments. Government in Higher Education Department also instructed (March 2006) the CTE, in response to an audit observation (June 2005) on these schemes, to end the practice of keeping the receipts of his department relating to all wings in bank accounts and remit them to Government account. Government also directed CTE to obtain budget provision for incurring any expenditure.

Disregarding these directions, CTE continued to retain Government revenue outside Government account, violating the existing financial principles, and incurred expenditure from these revenues, thus circumventing the mandatory requirement of obtaining Legislative approval (May 2007).

The matter was referred to Government in June 2007; the reply had not been received (November 2007).

GENERAL

FINANCE DEPARTMENT

4.4.2 Lack of responsiveness of Government to audit

Important irregularities detected by Audit during periodical inspection of Government offices through test check of records are followed up through Inspection Reports (IRs) issued to the Head of office with a copy to the next higher authority. Government issued orders in April 1967 fixing a time limit of four weeks for prompt response by the authorities to ensure corrective action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. A half-yearly report of pending IRs is sent to the Secretary of the Department by the Accountant General to facilitate monitoring of action on the audit observations.

As of March 2007, out of the IRs issued upto September 2006, 10,488 paragraphs relating to 3,846 IRs remained to be settled for want of satisfactory replies. Of these, 166 IRs containing 411 paragraphs (issued upto 1996-97) had not been settled for more than ten years. Year-wise position of the outstanding IRs and paragraphs is detailed in the **Appendix .4.3** Compilation of details by Audit revealed that among the unsettled paragraphs even the initial reply was not received for 1.427 paragraphs contained in 415 IRs relating to 36 departments as detailed in the **Appendix 4.4**. This included non-receipt of reply from the Secretaries to Government / Heads of Department for 95 paragraphs contained in 21 IRs.

A test check of the pendency in respect of three departments viz., Social Welfare, Home and Highways Departments revealed the following:

- Even initial replies had not been received as of March 2007 in respect of 297 paragraphs contained in 113 IRs issued upto September 2006.
- As a result of the long pendency, serious irregularities as detailed in **Appendix 4.5** had not been settled as of March 2007.

Government constituted at both state level and department level, Audit and Accounts Committees for consideration and settlement of outstanding audit observations. 30 paragraphs were settled by convening the committee between June 2006 and March 2007 and further, at the instance of Audit, during joint sittings with departmental officers, 1,725 paragraphs were settled between September 2006 and March 2007.

CHAPTER V

INTERNAL CONTROL SYSTEM

CHAPTER V

INTERNAL CONTROL SYSTEM

LABOUR AND EMPLOYMENT DEPARTMENT

5.1 Internal control in Inspectorate of Factories

Highlights

Internal control is an integral component of organisation's management processes which are established in order to provide reasonable assurance that operations are carried out effectively and efficiently, financial reports and operational data are reliable, and, applicable laws and regulations are complied with so as to achieve organisational objectives. Internationally, the best practices in internal control have been given in the COSO framework which is a widely accepted model for internal controls. In India, GOI has prescribed comprehensive instructions on maintenance of internal control in Government departments through Rule 64 of General Financial Rules, 2005. A review of internal controls in selected areas in the Inspectorate of Factories revealed ineligible provision of salary for vacant posts in budget estimates, non-reconciliation of receipts realised, incorrect maintenance of basic registers meant to ensure mandatory issue/renewal of licences of all factories and testing of all existing pressure vessels, and, continuing vacancies in the posts of Assistant Inspector of Factories, Assistant Civil Surgeons and various ministerial posts causing delays in the work of the Inspectorate. Delays of up to six years were noticed against the maximum of 90 days allowed in the Site Appraisal Committee (chaired by Chief Inspector of Factories) recommending to Government the setting up/expansion of factories involving hazardous processes. No independent internal audit system existed in the Inspectorate to assist the management in knowing the extent of compliance with various norms/rules in force and to correct themselves periodically.

➢ **Incorrect provision of salary for vacant posts in the budget estimates resulted in surrender of Rs 3.34 crore during 2002-07.**

(Paragraph 5.1.5(b))

➢ **Instead of creating a welfare fund for children working in match and fireworks factories as directed by the Supreme Court, Government wrongly created a fund for the children of the workers in these factories.**

(Paragraph 5.1.6(d))

- **The system of reconciliation of receipts in the Inspectorate of Factories was not fool proof, as envisaged in the Tamil Nadu Financial Code.**

(Paragraph 5.1.6(a))

- **Registers for ensuring the mandatory issue/renewal of licence for the factories and testing of all existing pressure vessels were not maintained properly in the divisions.**

(Paragraph 5.1.7(a)

- **Delays of up to six years against the permitted 90 days marred the functioning of the Site Appraisal Committee.**

(Paragraph 5.1.7(c)

- **No prosecution were initiated in 539 serious but non-fatal accident cases in Coimbatore.**

(Paragraph 5.1.8(c)

- **Vacancies in the post of Assistant Inspector of Factories and Assistant Civil Surgeons and of various ministerial posts affected the day to day work of the Inspectorate.**

(Paragraph 5.1.9)

5.1.1 Introduction

The Inspectorate of Factories (Inspectorate) is under the overall control of the Chief Inspector of Factories (CIF). The Inspectorate is enforcing the Tamil Nadu Factories Act, (TNFA) 1948 and 13 other Labour enactments **(Appendix 5.1)** in the State. It plays a key role in protecting the safety, health and welfare of workers in the registered factories. The Inspectorate is also entrusted with the important task of ensuring operational safety of the pressure vessels in the factories. A medical wing functioning in the Inspectorate is monitoring the health of the workers employed in chemical factories which have potential occupational health risks to the workers.

5.1.2 Organisational set up

The CIF is the Head of the Inspectorate and is assisted by one Additional CIF, Four Joint Chief Inspectors of Factories (JCIFs), 29 Deputy Chief Inspectors of Factories (DCIFs), 51 Inspectors of Factories (IFs) and 45 Assistant Inspectors of Factories (AIFs) under the reorganised set up of the Inspectorate since April 2005. Besides, one Civil Surgeon, 8 Assistant Civil Surgeons (ACSs) and one Accounts Officer are also part of the Inspectorate.

5.1.3 Audit Objectives

The review was conducted to ensure the extent and adequacy of enforcement of Tamil Nadu Factories Act and other connected Labour enactments in the State and to test compliance with the Tamil Nadu Financial Code (TNFC), Tamil Nadu Treasury Code, Receipts and Payments Rules, 1983, instructions in the Budget Manual and related accounting and instructions, Tamil Nadu Factories Act (TNF) Act, Tamil Nadu Factory Rules (TNF Rules) 1950.

5.1.4 Audit coverage

The review was conducted between December 2006 and April 2007 by test-check of records relating to the calendar years 2002 to 2006 in Labour and Employment Department in the State Secretariat, Office of the CIF and Offices of three[1] JCIFs, eight[2] divisions out of the total 24 divisions (33.33%), each headed by a DCIF including the offices of 13 IFs attached to them. An entry conference was held with the CIF on 27 March 2007.

5.1.5 Compliance with State Financial Rules and instructions in Budget Manual

a) Budget formulation

The details of budget provision and expenditure of the Inspectorate during 2002-07 are given below:

(Rupees in lakh)

Year		Budget Provision	Actual Expenditure	Savings(-) /Excess(+) (Percentage with reference to Budget provision)
2002-03	Non-plan	977.17	846.24	(-) 130.95 (13)
	Plan	-	-	-
2003-04	Non-plan	974.16	863.28	(-) 110.88 (11)
	Plan	12.17	10.74	(-) 1.43 (12)
2004-05	Non-plan	996.11	950.09	(-) 46.01 (5)
	Plan	13.22	11.64	(-) 1.58 (12)
2005-06	Non-plan	1027.56-	968.38	(-) 59.18 (6)
	Plan	29.55	34.07	(+)4.52 (15)
2006-07	Non-plan	1173.61	1078.28	(-) 95.33 (8)
	Plan	41.41	38.52	(-) 2.89 (7)

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1 Chennai, Coimbatore and Madurai.

2 Coimbatore I, II, Cuddalore, Virudhunagar, Sivakasi. Thiruvallur, Thiruvottiyur and Tiruppur.

The department improved its budget process, as the savings under the major share of expenditure viz. non-plan expenditure was restricted from 13 per cent in 2002-03 to 8 per cent in 2006-07 indicating a realistic estimation of expenditure, except for the provision for vacant posts, as discussed below.

b) Surrender of funds due to provision for vacant posts

Provision for salary made for all the vacant posts resulted in surrender of funds

According to the Tamil Nadu Budget Manual, estimate for salary should be provided on the basis of expenditure to be incurred during the year for persons likely to be on duty irrespective of the sanctioned strength. Instead, the Inspectorate had made provision towards salary for all the vacant posts[3] in budget estimates, which led to surrender of funds. Such incorrect provision of funds in violation of the existing financial rules resulted in surrender of funds of Rs 3.34 crore during 2002-07.

5.1.6 Compliance with State Treasury Rules/Receipt and Payments Rules/Court orders

a) Cash and receipt control

Under the Tamil Nadu Factories Rules, 1950 (TNF Rules) (Rule 4 and 7), DCIF collects fees for grant and renewal of licence at specified rates, pressure vessel testing fees, medical examination fees, contract labour registration fees and Inspector of Factories receive contract labour licence fee from contractors. The above revenues are received in the form of demand drafts or remittance challans.

Absence of reconciliation of receipts.

Articles 8 and 9 of the TNFC require departmental controlling officers are to obtain regular accounts and returns from their subordinates for the amounts realised by them and paid into the treasury and consolidate the figures in a register. The receipt figures are then to be reconciled with that of the Accountant General (AG). The unreconciled figures have to be investigated in detail to ascertain the procedural lapses/misappropriation.

The details of revenue realised by the Inspectorate for the State as a whole during the last five years were given in **Appendix 5.2.**

Despite the receipt of the licence fee being a major revenue of the Inspectorate, that on an average *per annum* ranged between 18.99 lakh and 117.09 lakh in eight sample divisions during 2002-06, none of the divisions maintained a cash book for the receipts and remittance of fees and the required reconciliation certificate was not recorded in any of the eight sample divisions. The divisions maintain a demand draft register with the date of receipt, date of remittance into treasury and date of credit into Government Account. A reconciliation certificate is necessary for explaining the difference between the

3 2002: 209, 2003:223, 2004:73, 2005:273 and 2006:294.

amounts as stated in the departmental records and treasury records in cases of delayed accounting. Despite delay in realization of DDs, no bank reconciliation statement was indicated in the registers maintained to show the position of reconciliation. The non-maintenance of cash book in divisions was also reported (March 2007) to CIF for which a reply is yet to be received (May 2007).

In Coimbatore Division, audit found that the figures were noted from the treasury records in the register of reconciliation and a certificate was obtained from the Treasury Officer. When this was pointed out, the JCIF Coimbatore stated (March 2007) that the correct procedure would be followed in future.

The reconciliation register was not maintained correctly in any of the sample divisions. The treasury figures were copied in the reconciliation register without comparing the departmental figures with the treasuries figure and the certificate of reconciliation was given by the division. Proper reconciliation of receipts in the Inspectorate was not done despite the total revenue of the Inspectorate being an average of Rs 15.60 crore *per annum* during 2002-06.

Non-reporting of a misappropriation case to Audit.

Flaws in the reconciliation of receipts can lead to misappropriation. The periodical reports pertaining to the performance of the erstwhile Tirunelveli (Testing and Safety) Division including the details of their receipts were not received by the Inspectorate during 2003 and 2004. Despite this, the Inspectorate failed to take immediate action in this regard. A case of misappropriation of Rs 35 lakh relating to this division came to the notice of CIF later. Prompt action by the Inspectorate when reports were not received from Tirunelveli division could have led to earlier detection of this misappropriation of pressure vessels testing fees. Despite Article 294 of TNFC stipulating that all misappropriation be immediately reported to Accountant General, the CIF failed to report this misappropriation after detection in July 2004.

b) Deficiencies in DD register

DD registers in three[4] out of eight sample divisions showed that the reference to the serial number and the dates of receipt noted in DD Register were not entered in Form 2 & District-wise Licence Register. In the absence of these details, no correlation could be established to see whether all the factories, issued with fresh/renewal licence had actually remitted the licence fees.

[4] Sivakasi, Thiruvottiyur and Virudhunagar.

c) Non-issue of printed receipts

Based on an observation (November 1995) made by Audit in one of thei inspection reports, CIF issued (February 1996) instructions to all DCIFs t issue temporary receipts for the revenue collected until permanent printe receipts were supplied by the Inspectorate. However, CIF failed to provid printed receipt even as of March 2007 and the receipt of DDs wer acknowledged in the duplicate copy of the forwarding letters

d) Non-creation of Child Labour Welfare Fund

Government of Tamil Nadu was asked by the Supreme Court to create welfare fund for medical aid, recreation and educational facilities for childre working in match and fireworks factories. The contributions to the fund we to be from the management of match and fireworks factories and matchin grant by Government of Tamil Nadu.

However, Government created (May 1991) a Fund called "Welfare Fund f the Match Workers in the Registered Match Factories in Tamil Nadu" inste of creating the "Welfare Fund for the child labourers in Match and firewor Factories in Tamil Nadu", from 1 January 1991.

Perusal of connected records revealed that against the envisaged utilisation funds towards medical aid, recreation and educational activities for t children working in match factories, Rs 93.20 lakh was utilised for all t children of the workers of the match factories towards issue of free no books, uniforms, slates, playing materials, etc. and as of March 2007 Rs 33. lakh was available in the Fund.

5.1.7 Internal control activities

a) Testing of pressure vessels/plants

TNF Rules, 1950, stipulate (Rule 56(7)) that every pressure vessel (PV service shall be thoroughly examined by a notified person according to specified schedule[5]. An application shall be submitted by the factory examination one month in advance from the date on which the vessel falls d for such examination or test, along with the evidence of payment of specifi fee, fixed by Government from time to time.

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5 External test once in six months, Internal test once in a year, Hydrostatic test onc every two years or by Ultrasonic test once in four years.

Perusal of connected records revealed the following:

The divisions maintained a PV Testing Register indicating the details of testing fees collected and tests conducted. However, neither the due dates for subsequent mandatory test were mentioned in the register nor was an abstract struck. Thus there was no mechanism to watch whether all pressure vessels available in the factories covered by the division had been tested after collecting required fees, and defaulting factories reminded to remit the fees in time. The failure of CIF in evolving a mechanism in this regard would result in pressure vessels remaining untested and result eventually in endangering the factories and the lives of factory workers.

A perusal of the PV Testing Register in eight sample divisions revealed that (i) despite collection of testing fees tests were not conducted, and, (ii) in respect of external test when the factories remit fees belatedly, certificates were issued by the Inspectorate for two or more half years after conducting a single test. Failure to conduct periodical tests as required in the TNF Rules, 1950, and retention of amount without conducting PV test is irregular.

In Virudhunagar Division, despite collecting Rs 3.31 lakh from 18 out of 67 factories during 2005 and 2006, required tests were not conducted. No specific reasons were furnished by the division for this (July 2007).

The certificates issued after testing were neither numbered serially for each type of test nor machine numbered. In the absence of numbered certificates the correlation between the certificates issued and the receipt of fees could not be made by the departmental authorities.

b) Non-revision of licence fees

on-revision of icence fees for e last ten years.

The factory licence is issued/renewed every year on payment of a fee prescribed by Government as per schedule to Rule 4(3) of Tamil Nadu Factories (TNF) Rules, 1950. Generally the fees are revised once in five years and the same was done on administrative basis, as no separate provision for this exist under Tamil Nadu Factories Act (TNFA), 1948 or TNF Rules, 1950 to provide a statutory base. The last revision of licence fees was made by the Government in December 1996 and it came into force from the calendar year 1997. Even after a lapse of 10 years, Government is yet to revise the licence fees, despite successive Central Finance Commissions insisting upon the need to achieve a greater degree of cost recovery in the services through periodical revision.

Similarly, the pressure vessel testing fee and medical examination fee which had been revised in October 1997 remained unrevised afterwards.

c) Delay in giving permission for the initial location of the factory

Inordinate delay in issue of initial permits.

Section 41(A) of the TNF Act, 1948 stipulates the appointment of a Site Appraisal Committee (SAC) for advising the Government on grant of permission for the initial location of a factory involving hazardous process or for the expansion of such factory. CIF is the Chairman of the Committee, which consists of representatives from connected departments. The SAC is required to make its recommendation to the State Government within a period of 90 days of the receipt of application in the prescribed form.

According to details furnished by the Inspectorate out of 45 applications relating to the entire State (including the pending nine applications on 31 March 2002) submitted to the SAC up to November 2006, eight applications were returned for rectification of defects and two applications received as early as in March 2000 and April 2000 were kept pending the reasons for which were not made available. Of the 17 applications recommended by SAC to Government, 12 applications were recommended by SAC after a period of four to 24 months from the date of receipt of application. Government had given its approval in these 17 cases after a delay of one to 63 months from the month of recommendation of SAC. For the remaining 18 applications recommended by SAC, Government approval is awaited for periods ranging from three to 134 months[6] as of March 2007, the earliest being recommended in January 1996.

Though a time limit was fixed for SAC to submit their recommendation to Government, no such time limit was fixed for according approval by Government. Such undue delays in arriving at a decision, would erode the interest evinced by the applicants in starting the factories due to the spiraling cost increase, leading to the abandonment of the proposals and resulting in depriving many of the intended employment opportunities. Reasons for the pendency of applications with Government, though called for, were also not received (May 2007).

d) Deficiencies in Factory plan approval

Absence of follow-up action on the compliance of conditions mentioned in the plan.

Plan approvals are accorded by CIF/JCIF/DCIF for initial/additional installations . Perusal of connected records revealed that plan approvals are accorded by the CIF/JCIF/DCIF subject to various conditions and the approval sent to the factories concerned. However, follow-up action taken for the fulfilment of conditions prescribed by the officers was not watched. Some of the conditions mentioned in the approval letters, require definite compliance as illustrated below:

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[6] 1996: 1 (134 months), 2000:2 (82 months), 2004:2 (30 and 34 months), 2005: (26 months) and 2006: 12 (3 months to 23 months).

- Non-establishment of ambulance room as required under Section 45(4) of TNF Act, 1948, and canteen as per rules 65 to 70 of TNF Rules, 1950.
- Non-furnishing of a certificate regarding the completion of buildings according to the plan and certificate for structural stability.
- Non-indication of the correct horsepower (HP) of various machines resulting in the absence of indication of total horsepower available in the factory.
- Wrong indication of labour rest room and car shed in the site plan etc.

CIF failed to evolve a mechanism to ensure the compliance of these conditions imposed by the plan sanctioning authorities duly involving all subordinate officers in a well defined follow-up procedure.

Factories submit an application in Form 1 to the concerned authority for the approval of initial or additional plans. The form did not contain columns for the information on the present licence like horsepower and man power employed and details of the currency of the licence . This information plays a vital part in additional plans, as licences were renewed by the DCIF, while plans were initially approved by DCIF, JCIF or CIF as the case may be. The present Form 1 was not revised since 1987. An instance was noticed in one sample division (Coimbatore I) wherein the factory with its plan approved (2003) for 4117.65 HP and licenced to use up to 10,000 HP, continued functioning without getting the plan approved for their additional HP capacity despite the increase to 7,488 HP in 2006, on the pretext that they were permitted to use up to 10,000 HP. To an audit enquiry, the DCIF replied that in view of the revenue to Government, licence was given with permission to use up to a higher HP. The reply of DCIF was not tenable, as the approval for each of the subsequent increase in the capacity of the factory has to be obtained from the concerned plan approval authority.

c) Deficiencies in the system of issue of licences

According to the details given by the Inspectorate in their policy note for the year 2006-07 presented in the Legislature, 37,439 factories existed in the State as of 31 March 2006, which were covered under the Factories Act, 1948. However, the Inspectorate had not compiled data regarding the actual number of factories renewing their licences every year, duly obtaining the same from all divisions under its control despite a periodical return prescribed and received by it. As a result, the Inspectorate did not know the number of factories which continued functioning, without renewing their licence, violating the existing Rule 7(i) of the TNF Act, 1948, which stipulates that a factory cannot be operated without renewal of its licence.

The licence for a factory each year was valid upto 31 December. Factories submit an application in the prescribed form for renewal to DCIF for every calendar year. Rule 7(2) of TNF Rules, 1950, specifies that the renewal application should be submitted by 31 October every year. While, for applications received in November and December, an additional fee of 10 and

20 *per cent* of the licence fee respectively had to be remitted, for applications received beyond the expiry of licence, 30 *per cent* of the licence fee had to be additionally obtained. If the application has been made in accordance with Rule 7(2) of TNF Rules 1950, the premises should be held to be duly licenced until such date, as the DCIF may pass order on the application received for renewal under Rule 7(4)[7].

Renewal applications kept pending without disposal.

Test check in the sample divisions revealed that (i) the entries were made in the register when the licences are issued/renewed and no monthly or annual abstract was struck in the register to compile the number of licences issued/renewed during a particular period. The basic record containing details of licensed factories was thus, not maintained properly to enable the department to ensure timely renewal of licences by all existing factories. In three sample divisions Thiruvallur, Coimbatore II, Tiruppur, Audit noticed that renewal was not made in 89, 89 and 83 cases respectively. (ii) The renewal applications received in time even during earlier years were kept pending by the DCIFs in two sample divisions (Coimbatore II and Tiruppur) for want of details, clearly indicating that the licence was not actually renewed. Though Rule 7(1) stipulates that a factory cannot be operated without renewal of licence, factories were allowed to continue their function for longer periods by DCIFs taking advantage of Rule 7(4). (iii) The lists of defaulters, prepared in January every year by the sample divisions was also not complete as they lacked important details like addresses of the factories, year from which the licence was to be renewed, etc. As a result, the IFs could not take any fruitful action either for renewing the licence or to initiate necessary legal action.

f) Factories "not working" not reviewed

The statistical details of the number of registered factories and number of factories not working in each year during 2001 to 2004, compiled by the Inspectorate were as under:

Year	No. of Regd. factories	No. of factories not working	Percentage of factories not working
2001	31,343	7,213	23
2002	32,723	NA	NA
2003	34,071	8,689	25
2004	34,520	8,692	25

NA - Not available (Details not available for the years 2005 and 2006.)

7 If the application has been made in accordance with this Rule, the premises shall be held to be duly licensed until such date as the DCIF may pass orders on application for the renewal.

The list includes seasonal factories which work only part of the year, closed factories not removed from the list of factories due to non-receipt of the closure report, and factories closed, due to cases pending in court.

The quantum of factories which were not working ranged about 23 to 25 *per cent.* Of this, the number of factories for which cases were pending in court was not collected and compiled by the Inspectorate.

The DCIF of the sample division, Tiruppur stated (March 2007) that out of 156 factories licences of which were not renewed, cases were pending in court in respect of 60 factories and for the remaining, removal proposals were not generated for want of sufficient supporting staff like AIF.

Despite fixing a target of 15 closure proposals per month for each IF by Tiruppur Division, no conclusive action was taken in respect of factories not working. The JCIF (Coimbatore) stated (March 2007) that the closure proposals involved long drawn processes like verification of pending dues to Government, cases pending in courts against the factories, obtaining a request from the owner for the closure of the factory, all of which are time consuming and required sufficient man power.

No review of the factories "not working".

JCIF should have arranged to conduct a review to ascertain the necessity of exhibiting such factories in their zone in the list, if they are not really working and not likely to commence work in the near future and for taking action for the closure of such factories. This will also enable the Inspectorate to have a true picture of the number of factories actually in existence and functioning and to organise the departmental man power in the districts/units according to number of working factories. The details of environmental and other hazards if any, in allowing such factories are also necessary for taking remedial action.

g) Deficiencies in issue of licence books

Issue of licence books without assigning identification numbers and non-accounting of licence books.

The licence to each factory was issued in the form of a book and was used for a period of five years for renewal purposes. The distribution of blank licence books was not watched by all the eight sample divisions, though their receipt from CIF was recorded in their stock register. While separate fees were prescribed for initial licence/renewal/duplicate licence, no records were available to see how many books were issued for initial licence and for renewal of licences or for duplicate licences. The absence of machine numbered books further complicated the issue. Though CIF allotted a block of five digit numbers to each DCIF for assigning a number from it, to each licence book issued for use, this was not followed by five[8] divisions.

Each licence book was to be assigned serial numbers for avoiding misutilisation of licence books, thereby preventing any lapses which can lead to misappropriation/fraud. In Coimbatore, no number was found to have been assigned to the licence books issued.

[8] Coimbatore I and II, Tiruppur, Sivakasi and Virudhunagar.

h) Non-enforcement of Safety Officers Rules

Revised Safety Officers Rules not enforced.

The appointment of Safety Officers is mandatory on the part of the management as per the TNF Act, 1948 (Section 40 B and Rule 61 AA of TNF Rules, 1950). Government issued (July 2001) a preliminary notification based on the proposal of CIF for framing separate rules for Safety Officers, viz. Tamil Nadu Safety Officers (Duties, Qualifications and Conditions of services) Rules, 2001. At the time of issuing final notification in the Government Gazette in December 2005, the existing Rule 61 AA was withdrawn. The CIF informed (January 2007) Audit, that no orders had been received to date from Government notifying the date from which the said rules should come into force. As the existing rule was withdrawn and the enforcement of new rule was not notified by State Government, the mandatory position of appointment of Safety Officers in factories, one of State Government's important functions, was still lying unaddressed.

i) Sanction and withdrawal of prosecution

Powers for sanction and withdrawal of prosecution given to the same officer.

Government ordered (February 1988 and May 1988) that the CIF would be the authority to sanction prosecution and also to withdraw the same under various Labour Acts[9]. The power of withdrawing should be with an authority, higher than the one to whom the prosecution sanction power was granted. The data on the number of prosecutions sanctioned and subsequently withdrawn by CIF under TNF Act during the last five years is given below:

Year	Number of prosecutions							
	sanctioned				withdrawn			
	Chennai	Coimbatore	Madurai	Total	Chennai	Coimbatore	Madurai	T
2002	101	72	189	362	9	5	7	
2003	144	107	282	533	6	7	17	
2004	198	156	255	609	17	8	15	
2005	232	225	438	895	23	6	8	
2006	198	178	195	571	22	8	7	

Audit noticed that in another labour Act, viz "Workmen's Compensation Act", while the CIF was the authority for prosecution, the power of withdrawal of prosecution was with Government. If both the powers of sanctioning prosecution and its withdrawal vest with the same authority, the sanction and withdrawal can become a routine matter, which can also lead to many legal issues. This was referred to Government and their response is awaited (May 2007).

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[9] Factories Act, Maternity Benefit Act, Payment of Wages Act, Child Labour, Prohibition and Regulations Act, Tamil Nadu Industrial Establishments (National and Festival Holidays) Act, Minimum Wages Act etc.

5.1.8 Monitoring mechanism

a) Non-maintenance of cash book, non-recording of reconciliation certificates, incorrect maintenance of reconciliation registers and non-correlation of the entries in the DD registers with the licence registers in the sample divisions mentioned in paragraph 5.1.6 above did not come to the notice of the controlling officers and the Head of the Department, as none of these irregularities had been mentioned in their reports.

b) **Inspection of factories and check inspection of departmental officers**

Tamil Nadu Factories Act, 1948 is intended to secure the safety, health and welfare of workers in registered factories by way of periodical inspections. Factories classified as Small Scale Industries (SSI) and not engaged in dangerous operations were to be inspected only once in a period of five years. Factories engaged in dangerous and hazardous operations and were not SSI, were to be inspected once in every six months. Match and fireworks factories were to be inspected every three months. In addition check inspections of subordinate offices were also to be under taken by higher officials as indicated by the targets fixed by CIF every year.

The classification of factories registered under the TNF Act, 1948, in the State, as reported by the Inspectorate and the number of factories inspected are given in **Appendix 5.3**.

The number of inspections carried out in five sample divisions are furnished in **Appendix 5.4.**The details from three sample divisions (Cuddalore, Thiruvallur and Tiruvottiyur) were not received (June 2007).

The CIF furnished the number of regular inspections and check inspections conducted, without giving the target for each of the inspection and break-up details of various categories of factories inspected.

The absence of break-up details of inspections conducted in SSI/non-SSI, dangerous and Major Accident Hazardous (MAH) factories, clearly showed that the adequacy of inspections conducted was not watched by Government.

revious date of spection not entioned in the spection report.

Though the inspection report contained a column for indicating the previous date of inspection, majority of the officers did not mention the same. In the absence of a master index register in respect of SSI factories, the non-conduct of inspection in the five year period cannot be ruled out. Further, no split up details of inspections carried out in various type of factories like SSI, non-SSI, MAH, dangerous, etc. were made available by any of the eight sample divisions. Hence Audit could not also vouch for the adequacy of inspections carried out by them.

No follow-up reports on the rectification of the contraventions included in check inspection reports.

Despite all the officers in the sample divisions having adhered to the target of check inspections, the subordinate officers did not report to their superior officers on the rectification of the contraventions included in the check inspection reports, and thereby the omissions/contraventions remained uncorrected. The same observations were thus repeated in successive check inspections in the sample divisions. Thus a well defined system had not been evolved for watching the rectification of contravention noticed during check inspections.

Details of check inspections conducted by the Addl. CIF, though called for, were not made available to Audit.

c) Absence of prosecution in the case of serious accidents

No prosecution initiated for serious but non-fatal accidents.

Though 667 serious accidents[10] (but non-fatal) had occurred in five sample divisions during 2002-06, accident prevention measures were only suggested to the factories based on the investigation report of the accident carried out by the field officer concerned. Most of the investigation reports did not contain medical report based on which the permanent disablement caused due to the accident could be decided. In Coimbatore District, comprising three divisions, no case was initiated in any of the 539 serious accidents[11] (except in Pollachi and Coimbatore II circles where one case each was initiated for serious accident) and only suggestion for accident prevention measures were given. In Tiruppur Division of Coimbatore District, even for an accident involving amputation of hand, no prosecution was initiated against the factory.

5.1.9 Manpower management

Vacancies in manpower

The sanctioned strength of the technical and ministerial staff of the Inspectorate and the vacancy position during the last five years were as given below:

	Sanctioned strength	Vacancy position relating to				
		2002	2003	2004	2005	2006
Technical posts	145	15	17	9	22	25
Ministerial posts	787	194	206	64	251	268
Total	932	209	223	73	273	294

a) The vacancy of technical posts was high in the cadre of AIFs during last two years and ACSs during 2006, after the reorganisation of the Inspectorate, as mentioned below:

Name of the Post	Sanctioned strength	Vacancy in	
		2005	2006
Assistant Inspector of Factories	45	17	19[12]
Assistant Civil Surgeon	8	-	2

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10 Coimbatore I:70, Coimbatore II:263, Tiruppur: 206, Virudhunagar: 69 and Sivakasi: 59.

11 Coimbatore I:70, Coimbatore II:263 and Tiruppur: 206.

12 Vacant from 1999-2000-1, 2001-02-3, 2002-03-2, 2003-04-1, 2004-05-4 2005-06-1, May 2006-1 and June 2006-6.

The period of vacancy in the post of AIF ranged from seven years to six months. The inspection work of factories allotted to the AIF posts, which were vacant, was attached to other AIF/IF. As each AIFs/IFs has been allotted specified targets, this additional work load affected their regular work.

Huge vacancies in the ministerial posts.

b) The Ministerial staff working in the Inspectorate are under the control of Commissioner of Labour. The vacancy in the ministerial posts went from 64 in 2004 to 268 out of 775 in 2006. The ministerial posts lying vacant during the last three years are given in **Appendix 5.5.**

The data revealed that after re-organisation of the Inspectorate, the position of availability of ministerial posts deteriorated.

The CIF replied (March 2007) that routine and regular inspections, special/holiday/check inspections which required a lot of follow up action was delayed due to chronic vacancies in the ministerial posts. The assistance of ministerial posts is a prime need, especially in matters relating to collection of revenue from factories such as licence fees, pressure vessels testing fees, medical examination fees etc., apart from communication of inspection orders, show cause notice to factory management, filing cases against erring managements, etc.

Though the test check of records in sample divisions also confirmed the reply of CIF, Audit observed that the following factors, also contributed to the deficiencies: (a) The Manual of Office Procedure, published as early as in 1976, was not updated till date. (b) As the enforcement of Testing & Safety functions were carried out separately by earmarked Divisions before reorganisation, after the major reorganisation of the Inspectorate in April 2005, preparation of a compendium of instructions for carrying out various functions attached to different posts in the reorganised set-up would have helped staff of the reorganised divisions carrying out efficiently both the functions viz. enforcement of Acts and Rules and testing & safety. Various deficiencies pointed out in different paragraphs were mainly due to non-compliance of the instructions/orders/norms revised and fixed from time to time by Government/CIF as the same were not known to the staff in the reorganised divisions. The availability of all the instructions in a single place for reference in an updated manual/compendium would have been helpful.

5.1.10 Internal audit

Non-existence of internal audit mechanism

Independent internal audit mechanism not existing in the Inspectorate.

Government introduced the internal audit system in 19 departments in October 1992. However, the Department of Labour and Employment under whose control the Inspectorate is functioning, was not one of the selected departments. Government did not extend the system to other departments even as of date (March 2007).

Despite the availability of the Accounts Officer in the department, no independent internal audit system exist in the Inspectorate, to assist them in knowing the extent of compliance of various norms/rules in force to correct themselves periodically.

In the absence of internal audit the subordinate offices were inspected by the immediate higher offices in the Inspectorate. Besides, CIF conducts inspection of the offices of one DCIF and one IF selected at random, every year. These inspections are of a routine nature, based on a standard questionnaire. This inspection does not cover various aspects of the implementation and compliance of concerned Acts and Rules.

5.1.11 Conclusion

Provision was made towards salary for all vacant posts in the budget estimat in violation of the existing financial rules. Against a welfare fund envisage for the welfare of child labourers in match and fireworks factories as directe by the Supreme Court, a fund was created wrongly for the welfare of childre of the workers in the match factories. Reconciliation of the receipts of th Inspectorate was not conducted. Basic registers for ensuring the mandator issue/renewal of licences for all the factories and of testing of all pressur vessels functioning in the factories in the State were not properly maintaine in the divisions. Delays of up to six years against the permitted 90 days wer noticed in the Site Appraisal Committee (chaired by CIF) recommending t Government the setting up or expansion of factories using hazardous process Follow-up action was not taken for ensuring compliance of the contravention mentioned in the initial plan approvals, check inspection reports, etc. N independent internal audit system was in existence in the Inspectorate.

5.1.12 Recommendations

- A master register containing all the details of existing factories shoul be maintained by each division, with details of fees collected fo issue/renewal of licences for each factory, so as to enable th Inspectorate to compile details of factories that had failed to renew th licence in time.
- Similarly, a register containing all details of existing pressure vesse in factories should be maintained in each division with details of fe remitted for testing against each of the pressure vessels, so as to enab the Inspectorate to identify pressure vessels which had not bee subjected to mandatory periodical testing for ensuring their safety.
- All officers of the Inspectorate should take follow-up action in respe of contraventions mentioned by superior officers in their reports an report to them for effective functioning of the Inspectorate.
- Government should fix a time frame to approve recommendations o the Site Appraisal Committee.

- The precise requirement of various cadres in the Inspectorate should be worked out, based on the work load of each division/circle and provided for the smooth functioning of the Inspectorate.
- An independent internal audit wing should be set up duly specifying the mandate, staffing pattern and plans for carrying out internal audit of all the offices/wings of the Inspectorate within a specified period.

The above points were referred to Government in July 2007; reply had not been received (November 2007).

Chennai
The 24 DEC 2007

(SHANKAR NARAYAN)
Principal Accountant General (Civil Audit)
Tamil Nadu and Puducherry

Countersigned

New Delhi
The - 1 JAN 2008

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

APPENDICES

-20--29

Appendix 1.1

(Reference: Paragraph 1.1; Page 1)

Part A: Structure and Form of Government Accounts

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

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

PART B

(Reference: Paragraph 1.1; Page 1)

Layout of Finance Accounts

Statement	Lay Out
Statement No.1	Presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of 2006-07.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes internal debt, borrowing from Government of India, other obligations and service of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year repayments, recoveries in arrears etc.
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2007.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2006-07 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides detailed accounts of revenue expenditure by minor heads and capital expenditure by major heads under non–plan and plan.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2006-07.
Statement No.14	Shows the details of investments of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2006-07.
Statement No.15	Depicts the capital and other expenditure to the end of 2006-07 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Tamil Nadu.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Tamil Nadu, the amount of loan repaid during the year, the balance as on 31 March 2007 and the amount of interest received during the year.
Statement No.19	Gives the details of earmarked balances of reserve funds/deposit accounts.

PART C

(Reference: Paragraph 1.2; Page 4)

List of rates/terms used in Chapter I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter / GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter (X)/ Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	[(Current year Amount/Previous year Amount) – 1] * 100
Development Expenditure	Social Services + Economic Services+ Grants-in-aid
Weighted Interest Rate (Average interest paid by the State)	Interest payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2] * 100
Interest spread	GSDP growth – Weighted Interest rates
Interest received as *per cent* to Loans Advanced	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2] * 100
Revenue Deficit	Revenue Expenditure - Revenue Receipt
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances given – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenues (BCR)	Revenue Receipts minus all Plan grants (under Major Head 1601-02,03,04) and Non-Plan revenue expenditure excluding debit under 2048 – Appropriation for Reduction or Avoidance of Debt

Appendix 1.2
(Reference: Paragraphs 1.2 and 1.8; Pages 4 and 19)
Time series data on the State Government finances

(Rupees in crore)

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Part A. Receipts					
1. Revenue Receipts	20837 (36)	23706(38)	28452 (39)	33960 (41)	40913 (38)
(i) Tax Revenue	14342 (69)	15945(67)	19357 (68)	23326 (68)	27771 (68)
Taxes on Agricultural Income	2	1	1		..
Taxes on Sales, Trade, etc	9590 (67)	11005(69)	12996 (67)	15555 (67)	17727 (64)
State Excise	2114 (15)	1657(10)	2549 (13)	3177 (13)	3986 (14)
Taxes on Vehicles	746 (5)	934(6)	1015 (5)	1125 (5)	1261 (5)
Stamps and Registration fees	1079 (8)	1316(8)	1604 (9)	2085 (9)	2997 (11)
Land Revenue	8	18	72	179 (1)	121 (..)
Taxes on Goods and Passengers	489 (3)	611(4)	764 (4)	985 (4)	1244 (4)
Other Taxes	314 (2)	403(3)	356 (2)	220 (1)	435 (2)
(ii) Non Tax Revenue	1861 (9)	2094(9)	2209 (8)	2601 (8)	3422 (8)
(iii) State's share of Union taxes and duties	3047 (15)	3544(15)	4236(15)	5013 (15)	6394 (16)
(iv) Grants in aid from Government of India	1587 (7)	2123(9)	2650 (9)	3020 (9)	3326 (8)
2. Miscellaneous Capital Receipts		..	..		..
3. Recoveries of Loans and Advances	433 (1)	575(1)	783 (1)	892 (3)	1602 (1)
4. Total Revenue and Non debt capital receipts (1+2+3)	21270	24281	29235	34852	42515
5. Public Debt Receipts	9396 (16)	9723(16)	12136 (17)	8966 (11)	7147 (7)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	7347	8700	10878	8524	6820
Net transactions under Ways and Means Advances and Overdrafts	1129		..	..	..
Loans and Advances from Government of India	920	1023	1258	442	327
6. Total Receipts in the Consolidated Fund (4+5)	30666	34004	41371	43818	49662
7. Contingency Fund Receipts	..	..	..	..	16
8. Public Account Receipts	27156	28107(45)	31864 (43)	39603 (47)	57895 (54)
9. Total Receipts of the State (6+7+8)	57822	62111	73235	83421	107573
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	25688 (92)	25271(85)	29155 (84)	32009 (86)	38265 (36)
Plan	2973 (12)	4436(18)	3904 (13)	5382 (17)	7201 (19)
Non Plan	22715 (88)	20835(82)	25251 (87)	26627 (83)	31064 (81)
General Services (including interest payments)	9895	10589	12058	12891	14995
Social Services	7974	8598	9683	11316	13026
Economic Services	6262	4607	5454	5773	7797
Grants-in-aid and contributions	1557	1477	1960	2029	2447
11. Capital Expenditure	1628 (6)	3590(12)	4564 (13)	4054 (11)	5952 (6)
Plan	1498 (92)	3469(97)	4280 (94)	4072 (100)	5853 (98)
Non Plan	130 (8)	121(3)	284 (6)	(-) 17 (..)	99 (2)
General Services	174	253	376	125	195
Social Services	616	1512	2449	1121	1132
Economic Services	838	1825	1739	2808	4626
12. Disbursement of Loans and Advances	696 (2)	1011(3)	1085 (3)	1040 (3)	2254 (2)
13. Total (10+11+12)	28012	29872	34805	37103	46471
14. Repayments of Public Debt	2144 (4)	3948(6)	7188 (10)	2046	4690 (4)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	537	732	2838	1353	4150
Net transactions under Ways and Means Advances and Overdraft	..	55	205	391	..
Loans and Advances from Government of India	1607	3161	4145	302	540
15. Appropriation to Contingency Fund	..	..	..	..	..
16. Total disbursement out of Consolidated Fund (13+14+15)	30156	33820	41993	39149	51161
17. Contingency Fund disbursements	..	..	..	16	..
18. Public Account disbursements	27578	27196	30735 (42)	38132	55326 (52)
19. Total disbursement by the State (16+17+18)	57734	61016	72728	77297	106487
Part C. Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-) 4851	(-) 1565	(-) 703	(+) 1951	(+) 2648
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 6742	(-) 5591	(-) 5570	(-) 2251	(-) 3956
22. Primary Deficit (21+23)	(-) 2609	(-) 891	(-) 815	(+) 2308	(+) 1550
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	4133	4700	4755	4559	5506
24. Arrears of Revenue (Percentage of Tax and non-tax Revenue Receipts)	9424 (58)	7247 (40)	7728 (36)	11132 (43)	
25. Financial Assistance to local bodies etc.,	5988	5128	5484	5066	..
26. Ways and Means Advances/Overdraft availed (days)					
Ways and Means Advances availed (days)	8624 (284)	1710 (41)	1337 (23)	675 (14)	..
Overdraft availed (days)	1911 (71)	..	..	..	..
27. Interest on Ways and Means Advances/Overdraft	24	9	1	1	..
28. Gross State Domestic Product (GSDP)@	158370	175897	200780	223528	246266
29 Outstanding Fiscal liabilities (year end)	43915	49445	55144	62310	66320
30. Outstanding guarantees (year end) (including interest)	8677	10098	8424	5564	4038
31. Maximum amount guaranteed (year end)	16353	18843	17220	13669	15942
32. Number of incomplete projects	45	59	47	64	82
33. Capital blocked in incomplete projects	373	552	619	951	565

Figures in brackets represent percentages (rounded) to total of each sub-heading

@ GSDP figures communicated by the Government adopted.

Appendix 1.3

(Reference: Paragraph 1.2 ; Page 4)

Abstract of Receipts and Disbursements for the year 2006-07

(Rupees in crore)

		Receipts					Disbursements				
2005-2006				**2006-2007**	**2005-2006**			**Non-Plan**	**Plan**	**Total**	**2006-2007**
		Section-A: Revenue									
33959.99	**I**	Revenue receipts		**40913.23**	**32008.66**	**I**	Revenue expenditure-				**38264.97**
23326.02		-Tax revenue	27771.15		**12890.90**		**General services**	**14952.12**	**42.74**	**14994.86**	
					11316.41		**Social Services-**	**7597.38**	**5428.97**	**13026.35**	
2600.75		-Non-tax revenue	3422.57		5012.54		-Education, Sports, Art and Culture	5643.83	417.27	6061.10	
					1392.87		-Health and Family Welfare	1137.24	414.73	1551.97	
5012.74		-State's share of Union Taxes	6393.86		404.03		-Water Supply, Sanitation, Housing and Urban Development	90.04	1095.16	1185.20	
					27.69		-Information and Broadcasting	27.91	695.95	723.86	
1290.16		-Non-Plan grants	1026.70		764.36		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	300.47	573.86	874.33	
985.87		-Grants for State Plan Schemes	1584.03		128.68		-Labour and labour Welfare	125.78	18.53	144.31	
					3556.45		-Social Welfare and Nutrition	236.18	2213.20	2449.38	
744.45		-Grants for Central and Centrally sponsored Plan Schemes	714.92		29.79		-Others	35.93	0.27	36.20	
					5772.49		**Economic Services-**	**6356.36**	**1440.39**	**7796.75**	
					1251.73		-Agriculture and Allied Activities	1322.85	476.45	1799.30	
					598.13		-Rural Development	149.73	528.44	678.17	
					9.27		-Special Areas Programmes	0.70	11.95	12.65	
					532.33		-Irrigation and Flood control	552.07	53.07	605.14	
					1027.07		-Energy	1181.11	0.96	1182.07	
					304.36		-Industry and Minerals	208.53	273.71	482.24	
					618.83		-Transport	826.24	33.15	859.39	
					11.09		-Science, Technology and Environment	0.57	8.44	9.01	
					1419.68		-General Economic Services	2114.56	54.22	2168.78	
					2028.86		**Grants-in-aid and Contributions-**	**2158.61**	**288.40**	2447.01	
					32008.66		Total	31064.47	7200.50	38264.97	
	II	Revenue deficit carried over to Section B			1951.33	**II**	Revenue Surplus carried over to Section B				2648.26
33959.99		**Total**		**40913.23**	**33959.99**		**Total**				**40913.23**
		Section-B : Others									
1192.43	**III**	Opening Cash balance including Permanent Advances and Cash Balance Investment		**7315.57**	...	**III**	Opening Overdraft from Reserve Bank of India				
	IV	Miscellaneous Capital receipts			**4054.55**	**IV**	Capital Outlay-				**5952.37**
					125.61		**General Services-**	**103.89**	**90.75**	**194.64**	
					1121.24		**Social Services-**	**0.06**	**1132.05**	**1132.11**	
					260.52		-Education, Sports, Art and Culture	0.01	178.93	178.94	
					246.23		-Health and Family Welfare	-	118.54	118.54	
					496.15		-Water Supply, Sanitation, Housing and Urban Development	(-) 2.43	739.58	737.15	
					1.43		-Information and Broadcasting	1.55	0.99	2.54	
					108.60		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		85.80	85.80	

(Rupees in crore)

2005-2006				2006-2007	2005-2006			Non-plan	Plan	Total	2006-2007
		Section-B: Others (concld)			2.27		-Social Welfare and Nutrition	..	3.77	3.77	
					6.04		-Others	0.93	4.44	5.37	
					2807.70		**Economic Services-**	**(-) 4.66**	**4630.28**	**4625.62**	
					178.50		-Agriculture and Allied Activities	(-) 4.82	1494.39	1489.57	
					609.96		-Rural Development		903.16	903.16	
					22.54		-Special Areas Programmes	..	29.30	29.30	
					265.05		-Irrigation and Flood Control	..	326.89	326.89	
					25.00		-Energy	..	175.00	175.00	
					2.13		-Industry and Minerals	..	1.73	1.73	
					1635.37		-Transport	0.13	1680.95	1681.08	
					69.15		-General Economic Services	0.03	18.86	18.89	
					4054.55		**Total**	**99.28**	**5853.09**	**5952.37**	
892.13	**V**	Recoveries of Loans and Advances-		**1602.45**	**1039.52**	**V**	Loans and Advances disbursed-				2254.33
84.88		-From Power Projects			23.58		-For Power Projects			32.59	
93.00		-From Government Servants			56.69		-To Government Servants			55.64	
714.25		-From Others			959.25		-To Others			2166.10	
1951.33	**VI**	Revenue Surplus brought down		**2648.26**		**VI**	Revenue Deficit brought down				..
					2046.58	**VII**	Repayment of Public debt-				4690.26
8966.06	**VII**	Public debt receipts-		**7147.15**	..		-External debt			..	
..		-External debt	..		1353.02		-Internal debt other than Ways and Means Advances and Overdrafts			4150.00	
8524.38		-Internal debt other than Ways and Means Advances and overdrafts	6820.30		391.45		- Net transactions under Ways and Means Advances				
..		- Net transactions under Ways and Means Advances	..		302.11		-Repayment of Loans and Advances to Central Government			540.26	
..		- Net transactions under overdraft	..		..	**VIII**	Appropriation to Contingency Fund				
441.68		-Loans and Advances from Central Government	326.85		**16.37**	**IX**	Expenditure from Contingency Fund				
..	**VIII**	Appropriation to Contingency Fund		16.37	**38132.14**	**X**	Public Account disbursements-				**55325.88**
..	**IX**	Amount transferred to Contingency Fund		..	2615.57		-Small Savings and Provident Funds			2958.23	
39602.78	**X**	Public Account receipts-		**57895.05**	6383.86		-Reserve Funds			2219.92	
2943.16		-Small Savings and Provident Funds	3214.16		18222.30		-Suspense and Miscellaneous			37698.72	
6309.84		-Reserve Funds	2387.73		1989.28		-Remittances			1978.36	
19308.22		-Suspense and Miscellaneous	38662.26		8921.13		-Deposits and Advances			10470.65	
2127.42		-Remittance	2030.36		**7315.57**	**XI**	Cash Balance at end-				**8402.01**
8914.14		-Deposits and Advances	11600.54		16.69		-Cash in Treasuries and Local Remittances			16.66	
..	**XI**	Closing Overdraft from Reserve Bank of India	..	..	46.32		-Deposits with Reserve Bank			74.67	
					7.78		-Departmental Cash Balance including permanent Advances			8.15	
					7244.78		-Cash Balance Investment			8302.53	
52604.73		**Total**		**76624.85**	**52604.73**		**Total**				**76624.85**

Appendix 1.4

(Reference: Paragraph 1.2; Page 4)

Sources and Applications of Funds

(Rupees in crore)

2005-2006		Sources	2006-2007
33959.99	1.	Revenue receipts	40913.23
892.13	2.	Recoveries of Loans and Advances	1602.45
6919.48	3.	Increase in Public debt other than overdraft	2456.90
..	4.	Increase in overdraft	..
	5.	Net receipts from Public Account:	
327.59		Increase/Decrease (-) in Small Savings and Provident Funds	255.93
(-) 6.99		Increase/Decrease (-) in Deposits and Advances	1129.89
(-) 74.02		Increase/Decrease (-) in Reserve Funds	167.81
1085.92		Net effect of Suspense and Miscellaneous transactions	963.54
138.14		Net effect of Remittance transactions	51.99
(-) 16.37	6.	Net effect of Contingency Fund transactions	16.37
43225.87		**Total**	**47558.11**
2005-06		**Applications**	**2006-2007**
32008.66	1.	Revenue expenditure	38264.97
1039.52	2.	Lending for development and other purposes	2254.33
4054.55	3.	Capital expenditure	5952.37
..	4.	Decrease in overdraft	..
6123.14	5.	Increase in closing cash balance	1086.44
43225.87		**Total**	**47558.11**

Appendix 1.5

(Reference: Paragraphs 1.2 and 1.8; Pages 4 and 19)

Summarised Financial Position of the Government of Tamil Nadu as on 31 March 2007

(Rupees in crore)

As on 31.03.2006	Liabilities		As on 31.03.2007
43945.83	**Internal Debt -**		**46616.13**
15001.82	Market Loans bearing interest	16372.52	
2.36	Market Loans not bearing interest	3.87	
1351.01	Loans from Life Insurance Corporation of India	1278.79	
27590.64	Loans from other Institutions	28960.95	
..	Ways and Means Advances	..	
..	Overdrafts from Reserve Bank of India	..	
6679.71	**Loans and Advances from Central Government -**		**6466.30**
5.62	Pre 1984-85 Loans	5.62	
111.99	Non-Plan Loans	106.58	
6437.97	Loans for State Plan Schemes	6225.14	
27.09	Loans for Central Plan Schemes	25.85	
97.04	Loans for Centrally Sponsored Plan Schemes	103.11	
133.63	**Contingency Fund**		**150.00**
6831.64	**Small Savings, Provident Funds, etc.**		**7087.57**
4482.61	**Deposits**		**5611.96**
1895.71	**Reserve Funds**		**2636.98**
408.72	**Remittance Balances**		**460.72**
64377.85			**69029.66**
	Assets		
26430.65@	**Gross Capital Outlay on Fixed Assets -**		**32383.28**
2744.60	Investments in shares of Companies, Corporations, etc.	4278.43	
23686.05	Other Capital Outlay	28104.85	
5497.41	**Loans and Advances -**		**6149.29**
395.49	Loans for Power Projects	420.03	
4657.11	Other Development Loans	5339.93	
444.81	Loans to Government servants and Miscellaneous loans	389.33	
1525.36	**Reserve Fund Investments**		**2098.82**
8.02	**Advances**		**7.48**
(-) 1837.37	**Suspense and Miscellaneous Balances**		**(-) 2772.02**
7315.57	**Cash -**		**8402.01**
16.69	Cash in Treasuries and Local Remittances	16.66	
46.32	Deposits with Reserve Bank	74.67	
7.78	Departmental Cash Balance including Permanent Advances	8.15	
7244.78	Cash Balance Investments	8302.53	
25438.21	**Deficit on Government Account -**		**22760.80**
(-) 1951.33	(i) Less Revenue Surplus of the current year	(-) 2648.26	
(-) 127.00	(ii) Miscellaneous Deficit	(-) 28.90	
27516.54@	Accumulated deficit at the beginning of the year	25437.96"	
64377.85			**69029.66**

@ Differs from the figures shown in the previous years' account due to proforma corrections

(A) Difference between Assets and Liabilities on 31.03.2006 is due to proforma correction as stated at @

Explanatory Notes for Appendices 1.2, 1.3 and 1.4:

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.

Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc.

There was a difference of Rs 4.19 crore (Net credit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank". A net difference to the extent of Rs 24.22 lakh (Net debit) had been reconciled (May 2007) leaving a balance of net credit of Rs 4.43 crore which was under reconciliation.

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Appendix 1.6

(Reference: Paragraph 1.6; Page 18)

Cases of misappropriation pending action as on 30 June 2007

Department-wise analysis

(Rupees in lakh)

Sl. No.	Department	Number of cases	Amount
1	Agriculture	33	203.73
2	Animal Husbandry and Fisheries	2	88.00
3	Commercial Taxes and Religious Endowments	8	100.96
4	Education	30	208.51
5	Finance	6	6.89
6	Handloom, Handicrafts, Textiles and Khadi	3	0.71
7	Health and Family Welfare	14	33.94
8	Home	3	1.67
9	Labour and Employment	1	3.49
10	Personnel and Administrative Reforms	Nil	Nil
11	Revenue	149	24.27
12	Rural Development	6	21.73
13	Social Welfare and Nutritious Meal Programme	5	1.05
14	Transport	2	10.11
	Total	**262**	**705.06**

Year-wise analysis

(Rupees in lakh)

Year	Number of cases	Amount
Upto 2000-2001	233	236.11
2001-2002	3	88.68
2002-2003	8	166.89
2003-2004	7	53.26
2004-2005	3	79.98
2005-2006	3	69.40
2006-2007	5	10.74
Total	**262**	**705.06**

Appendix 1.7

(Reference: Paragraph 1.6; Page 18)

Cases of shortages, etc., reported to Audit upto March 2007

Department-wise analysis

(Rupees in lakh)

Sl. No.	Department	Number of cases	Amount
1	Agriculture	139	143.74
2	Animal Husbandry and Fisheries	45	6.68
3	Backward classes and Social Welfare	2	2.73
4	Education	23	6.10
5	Environment and Forests	7	0.93
6	Finance	1	5.68
7	Health and Family Welfare	25	21.17
8	Home	1	Nil
9	Labour and Employment	1	2.61
10	Personnel and Administrative Reforms	1	0.03
11	Public Works	2817	1699.93
12	Revenue	3	1.50
13	Rural Development	10	7.76
14	Transport	1	1.97
	Total	**3076**	**1900.83**

Year-wise analysis

(Rupees in lakh)

Year	Number of cases	Amount
Up to 2000-2001	2737	1481.50
2001-2002	137	78.05
2002-2003	135	205.86
2003-2004	34	34.64
2004-2005	12	26.06
2005-2006	13	38.41
2006-2007	8	36.31
Total	**3076**	**1900.83**

Appendix 1.8

(Reference: Paragraph 1.7 Page 18)

Department-wise break up of outstanding utilisation certificates

(Rupees in lakh)

Sl. No.	Department	Number of certificates	Amount
1	Director of Tourism	2	80.00
2	Revenue Administration	81	58546.34
3	Planning	196	4613.99
4	Market Committee (Agriculture)	1	3.58
5	Handloom and Textile	4	54.60
6	Director of Rural Development	3,533	23536.62
7	Social Welfare	13	0.77
8	Revenue	1	0.06
9	Directorate of Treasuries and Accounts (PAO-East)	1	500.00
10	Agriculture Department	10	288.20
11	Tamil Nadu Energy Development Agency	1	63.65
	Total	**3,843**	**87687.81**

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Appendix 2.1

(Reference: Paragraph 2.3.1; Page 32)

Excess over provision of previous years requiring regularisation

(Rupees in crore)

Year	Number of grants/ appropriations	Grant/ appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
1998-1999	16 Grants	3,5,6,17,20,27, 30, 33,35,38,39, 40, 48, 50,52 and 57	232.85	Explanatory notes are awaited. Not yet discussed by PAC
	2 Appropriations	Debt Charges and 45		
1999-2000	9 Grants	2,17,26,33,35,38, 41,45 and 46	362.99	Explanatory notes are awaited. Not yet discussed by PAC
	1 Appropriation	29		
2000-2001	6 Grants	6, 21, 29, 35, 47 and 61	2239.47	Explanatory notes are awaited. Not yet discussed by PAC
	7 Appropriations	Debt Charges, 29, 35, 41, 42, 54 and Public Debt-Repayment		
2001-2002	3 Grants	32, 35 and 41	379.38	Explanatory notes are awaited. Not yet discussed by PAC.
	4 Appropriations	16, 42, 54 and Public Debt-Repayment		
2002-2003	12 Grants	**Revenue** – 1, 14, 16, 20, 35, 38, 48 and 49 **Capital** – 6 and 26 **Loans** – 5, 20 and 40	2436.71	Explanatory notes are awaited. Not yet discussed by PAC.
	4 Appropriations	**Revenue** – 1 and 21 **Capital** – 20 **Loans** – Public Debt – Repayment		
2003-04	7 Grants	**Revenue** – 33, 40 **Capital** – 5, 27, 28, 43, 47	154.61	Explanatory notes are awaited. Not yet discussed by PAC.
	5 Appropriations	**Revenue** – 1, 14, 38, 48, Debt Charges		
2004-05	7 Grants	**Revenue** – 14.33 and 36 **Capital** – 19 and 22 **Loans** – 20 and 21	2.82	Explanatory notes are awaited. Not yet discussed by PAC.
	5 Appropriations	**Revenue** – 1,14,37,40 and 48		
2005-06	6 Grants	**Revenue** – 8 and 38 **Capital** – 3 and 46 **Loans** – 12 and 21	9.00	Explanatory notes are awaited. Not yet discussed by PAC.
	4 Appropriations	**Revenue** – 22,23,37 and 48		
		Total	**5817.83**	

Appendix 2.2

(Reference: Paragraph 2.3.6; Page 32)

Cases where supplementary provision (Rs 10 lakh or more in each case) proved unnecessary

(In thousands of Rupees)

Sl. No.	Grant Number	Original Provision	Actual expenditure	Supplementary provision	Savings out of Original provision
	A Revenue (Charged)				
1	50	2500	2126	3813	374
Total for Charged		**2500**	**2126**	**3813**	**374**
	A Revenue (Voted)				
2	02	172671	152945	5640	19726
3	03	1768121	1713295	2012	54826
4	04	5378209	5376247	441535	1962
5	05	9137360	9017350	575068	120010
6	06	2108779	1843972	8621	264807
7	07	939809	719254	132407	220555
8	10	4157685	3287313	301343	870372
9	11	1126413	1067414	161402	58999
10	13	25464434	22447663	600008	16771
11	15	1578712	1333789	20769	244923
12	19	18654242	16363483	62492	290759
13	20	8768568	7848386	187695	920182
14	21	11380209	10019487	62301	360722
15	22	15262831	14888782	1552442	374049
16	24	758346	701399	10274	56947
17	26	3468435	1436116	516969	32319
18	28	335723	332491	28063	3232
19	31	7844293	7080823	1936	763470
20	33	103366	81397	2400	21969
21	35	292138	263454	4852	28684
22	36	1218094	902459	60396	315635
23	38	1868492	1592501	85305	275991
24	39	1108799	1055217	10306	53582
25	41	17372016	17295968	688967	76048
26	42	23681551	22459681	1216103	221870
27	43	52879616	49465158	1698594	414458
28	46	435422	423006	16968	12416
29	47	328436	300604	10727	27832
Total for Voted		**217592770**	**199469654**	**8465595**	**6123116**
Total - Revenue		**217595270**	**199471780**	**8469408**	**6123490**

Sl. No.	Grant Number	Original Provision	Actual expenditure	Supplementary provision	Savings out of Original provision
	B Capital				
30	04	252627	121750	7953	130877
31	06	415497	409256	3637	6241
32	07	53303	38240	21000	15063
33	15	1427448	1373673	8665	53775
34	26	330001	17000	239000	313001
35	39	2455728	2164238	26323	291490
36	40	5082237	2914631	1072	167606
Total - Capital		**10016841**	**7038788**	**307650**	**978053**
	C Loans				
37	16	182355	142634	13000	39721
38	17	121616	49038	1648	72578
Total -Loans		**303971**	**191672**	**14648**	**112299**
Grand Total		**227916082**	**206702240**	**8791706**	**21213842**

Appendix 2.3

(Reference: Paragraph 2.3.7; Page 33)

Statement showing cases where supplementary provision was made in excess of actual requirement (where saving is exceeding Rs 50 lakh in each case)

(Rupees in crore)

Sl. No.	Number and name of the grant/ appropriation	Original provision	Supplementary provision	Total provision	Expenditure	Saving
	Charged					
	A Revenue					
1	3 - Administration of Justice	36.59	4.83	41.42	40.70	0.72
2	22 - Home Department - Police	0.67	2.41	3.08	2.20	0.88
2	35 - Personnel and Administrative Reforms Department	11.04	6.11	17.15	14.39	2.76
4	53 - Debt Charges	5798.80	159.73	5958.53	5956.15	2.38
	B Capital					
5	40 - Public Works Department - Irrigation	0.16	7.48	7.64	7.00	0.64
	C Loans					
6	54 Public Debt Repayment	3694.93	1164.46	4859.39	4690.25	169.14
	Voted					
	A Revenue					
7	1 - State Legislature	15.87	0.97	16.84	16.23	0.61
8	9 - Backward Classes, Most Backward Classes and Minorities Welfare Department	276.67	58.44	335.11	296.76	38.35
9	12 - Cooperation, Food and Consumer Protection Department–Co-operation	396.43	100.87	497.30	494.57	2.73
10	18 - Handlooms, Handicrafts, Textiles and Khadi Department – Khadi, Village Industries and Handicrafts	53.10	4.94	58.04	56.90	1.14
11	25 - Home Department – Motor Vehicles Act – Administration	51.09	15.92	67.01	62.29	4.72
12	30 - Information and Tourism Department – Stationery and Printing	58.78	7.16	65.94	64.82	1.12
13	34 - Municipal Administration and Water Supply Department	1588.60	35.15	1623.75	1595.88	27.87
14	37 - Prohibition and Excise Department	39.04	3.61	42.65	40.11	2.54
15	45- Social Welfare and Nutritious Meal Programme Department	967.28	53.73	1021.01	987.91	33.10
16	48 - Transport Department	283.09	101.66	384.75	382.84	1.91
17	49 Youth Welfare and Sports Development Department	39.87	3.25	43.12	41.97	1.15

Sl. No.	Number and name of the grant/ appropriation		Original provision	Supplementary provision	Total provision	Expenditure	Saving
18	51	Relief on account of Natural Calamities	346.33	178.89	525.22	487.07	38.15
	B Capital						
19	9 -	Backward Classes, Most Backward Classes and Minorities Welfare Department	43.19	12.99	56.18	53.71	2.47
20	22 -	Home Department - Police	116.66	17.33	133.99	121.70	12.29
21	24 -	Home Department – Prisons	7.06	10.00	17.06	15.93	1.13
22	32 -	Labour and Employment Department	1.79	5.34	7.13	4.01	3.12
23	34 -	Municipal Administration and Water Supply Department	705.47	55.34	760.81	720.68	40.13
	C Loans						
24	27	Industries Department	68.00	162.52	230.52	167.53	62.99
	Total		14600.51	2173.13	16773.64	16321.60	452.04

Appendix 2.4

(Reference: Paragraph 2.3.8; Page 33)

Results of Review of substantial surrenders made during the year

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
1)	40 Public Works Department - Irrigation	World Bank Assisted Water Resources Consolidation Project - II (4701.03.347.PA)	500.00	100
2)		Implementation of Accelerated Irrigation Benefit Programme (4701.03.348.JA)	1000.00	100
3)		Strengthening and Improvement of Palar Basin under State Water Resources Consolidated Project (SWRCP) (4701.03.343.JA)	1100.00	100
4)		Formation of new Tank above the existing Kundampatchi tank across Kundampatchi Odai near Poomparai Village in Kodaikanal taluk of Dindigul District (4701.03.341.JA)	349.99	100
5)	34 Municipal Administration and Water Supply Department	Loans to Chennai Metropolitan Water Supply and Sewerage Board for sewage renovation and functional improvements to Chennai water and sewage system (6215.02.190.PB)	144.40	100
6)		Chennai Metropolitan Development Plan-Share Capital Participation to Commissioner of Municipal Administration for Assistance to local bodies in Chennai Region for solid waste management (4215.02.101.JC)	800.00	100
7)		Infrastructure Investment of Water supply under Tamil Nadu Rural Water Supply and Sanitation Project-World Bank assisted scheme (4215.01.102.PB)	2000.00	100
8)		Works under Tsunami Emergency Assistance Project (TEAP) with assistance from Asian Development Bank-Town Panchayats (4215.02.102.RB)	148.00	100
9)		Works under Emergency Tsunami Reconstruction Project (ETRP) with assistance from World Bank – Tamil Nadu Water Supply and Drainage Board (TWAD) (4215.02.106.RA)	620.00	100
10)		Asian Development Bank assisted scheme under Tsunami Emergency Assistance Project (TEAP) - Town Panchayats (2215.02.105.RA)	126.00	100
11)	19 Health and Family Welfare Department	Regulation of Public and Private Hospitals under Health Systems Project (2210-80-800- PA)	104.02	100
12)		Procurement through Tamil Nadu Medical Service Corporation for Building Capacity to strengthen Health Management Information System (2210-80-004-PB)	554.78	100

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in lakh)	Percentage of Surrender
13)		Enhancing Management of Public facilities (2211.05.800.PA)	237.12	100
Withdrawal of provision was due to non-implementation of schemes/works not taken up				
14)	40 Public Works Department - Irrigation	Dam and Appurtenant Works (4701.03.313.JB)	400.00	100
Withdrawal of provision was due to non-receipt of administrative sanction				
15)	34 Municipal Administration and Water Supply Department	Share Capital assistance to Chennai Metropolitan Water Supply and Sewerage Board for Chennai Water Supply Augmentation Project II (4215.01.101.JN)	2492.33	100
Withdrawal of provision was due to excess receipts of grants during 2005-06				
16)		Accelerated Rural Water Supply Programme (2215.01.102.SB)	2500.01	100
Withdrawal of provision was due to non-receipt of Government of India funds				
17)	19 Health and Family Welfare Department	Construction of Primary Health Centres, Health Sub-Centres and Improvement of Non-Taluk Hospitals under National Bank for Agriculture and Rural Development (4210.02.103.JF)	1055.47	100
18)		Upgradation of Primary Health Centres under National Bank for Agriculture and Rural Development (4210.02.103.JG)	400.44	100
Withdrawal of provision due to non-receipt of loan sanctioned from National Bank for Agriculture and Rural Development				

Appendix 2.5

(Reference: Paragraph 2.3.9; Page 33)

Surrenders in excess of actual savings (Rs 50 lakh or more)

(Rupees in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
	Revenue – Voted				
1.	03 - Administration of Justice	177.01	5.68	6.22	0.54
2.	04 - Adi Dravidar and Tribal Welfare Department	581.97	44.35	45.56	1.21
3.	11 - Commercial Taxes and Registration Department- Stamps and Registration	128.78	22.04	22.89	0.85
4.	18 - Handlooms, Handicrafts, Textiles and Khadi Department – Khadi, Village Industries and Handicrafts	58.04	1.14	1.21	0.07
5.	19 - Health and Family Welfare Department	1871.67	235.33	253.28	17.95
6.	22 - Home Department – Police	1681.53	192.65	199.52	6.87
7.	23 - Home Department – Fire and Rescue Services	105.61	27.51	27.75	0.24
8.	26 - Housing and Urban Development Department	398.54	254.93	255.13	0.20
9.	31 - Information Technology Department	784.62	76.54	76.66	0.12
10.	32 - Labour and Employment Department	255.57	10.92	19.13	8.21
11.	38 - Public Department	195.38	36.13	36.26	0.13
12.	41 - Revenue Department	1806.10	76.50	99.79	23.29
13.	44 - Small Industries Department	47.22	8.36	8.68	0.32
14.	49 – Youth Welfare and Sports Development Department	43.12	1.15	1.18	0.03
15.	50 - Pension and Other Retirement Benefits	5687.47	226.00	253.22	27.22
	Capital – Voted				
16.	06 - Animal Husbandry, Dairying and Fisheries Department – Animal Husbandry	41.91	0.99	4.00	3.01
17.	19 - Health and Family Welfare Department	85.86	60.55	62.94	2.39
18.	27 - Industries Department	39.47	8.69	8.78	0.09
19.	39 - Public Works Department - Buildings	248.21	31.78	78.42	46.64
20.	46 - Tamil Development – Culture and Religious Endowments Department – Tamil Development - Culture	1.50	0.75	0.79	0.04
	Loans – Voted				
21.	22 - Home Department – Police	2.00	1.26	1.35	0.09
	Revenue – Charged				
22.	53 - Debt Charges	*5958.53*	*2.38*	*22.55*	*20.17*
	Loans – Charged				
23.	54 - Public Debt - Repayment	*4859.39*	*169.13*	*169.46*	*0.33*
	Total	**25059.51**	**1494.76**	**1654.77**	**160.01**

Appendix 2.6

(Reference: Paragraph 2.3.10; Page 34)

Statement showing cases where expenditure fell short by more than Rs one crore each and also by 15 *per cent* or more of the total provision

(Rupees in crore)

Sl. No.	Grant/ Appro-priation Number	Name of Grant /Appropriation	Provi-sion	Actual expen-diture	Saving	Percentage of Saving over Provision
		Voted Grants				
		A - Revenue				
1.	07	Animal Husbandry, Dairying and Fisheries Department	107.22	71.93	35.30	33
2.	10	Commercial Taxes and Registration Department	445.90	328.73	117.17	26
3.	11	Commercial Taxes and Registration Department – Stamps and Registration	128.78	106.74	22.04	17
4.	15	Environment and Forest Department	159.95	133.38	26.57	17
5.	23	Home Department – Fire and Rescue Services	105.61	78.11	27.51	26
6.	26	Housing and Urban Development Department	398.54	143.61	254.93	64
7.	27	Industries Department	85.13	63.53	21.60	25
8.	33	Law Department	10.58	8.14	2.44	23
9.	36	Planning, Development and Special Initiatives Department	127.85	90.25	37.60	29
10.	38	Public Department	195.38	159.25	36.13	18
11.	44	Small Industries Department	47.22	38.86	8.36	18
		B – Capital				
12.	04	Adi Dravidar and Tribal Welfare Department	26.06	12.18	13.88	53
13.	07	Animal Husbandry, Dairying and Fisheries Department	7.43	3.82	3.61	49
14.	19	Health and Family Welfare Department	85.86	25.31	60.55	71
15.	21	Highways Department	2445.53	1507.14	938.39	38
16.	26	Housing and Urban Development Department	56.90	1.70	55.20	97
17.	27	Industries Department	39.47	30.78	8.69	22
18.	32	Labour and Employment Department	7.13	4.01	3.12	44
19.	40	Public Works Department - Irrigation	508.33	291.46	216.87	43
20.	43	School Education Department	150.84	124.71	26.14	17
		C – Loan				
21	14	Energy Department	65.99	32.59	33.39	51
22	16	Finance Department	19.54	14.26	5.27	27
23	17	Handlooms, Handicrafts, Textiles and Khadi Department - Handlooms and Textiles	12.33	4.90	7.42	60
24	22	Home Department - Police	2.00	0.74	1.26	63
25	26	Housing and Urban Development Department	108.50	47.11	61.39	57
26	27	Industries Department	230.52	167.53	62.99	27
		Charged				
		A – Revenue				
27	04	Adi Dravidar and Tribal Welfare Department	4.50	2.65	1.85	41
28	36	Planning, Development and Special Initiatives Department	17.15	14.39	2.76	16

Appendix 2.7

(Reference: Paragraph 2.3.11; Page 34)

Excess/Unnecessary/Insufficient Reappropriation of funds

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Reappropriation	Final Excess(+)/ Saving (-)
1.	04	Adi Dravidar and Tribal Welfare Department	2225.01.277.AA	(-) 1574.75	626.77
2.			2225.01.277.KM	(-) 1.44	(-) 334.23
3.			2225.01.277.SA	(-) 5.82	(-) 367.31
4.			2225.02.277.AA	(-) 291.27	493.28
5.	05	Agriculture Department	4402.00.102.JL	(-) 708.89	704.01
6.	06	Animal Husbandry, Dairying and Fisheries Department – Animal Husbandry	2403.00.101.AA	(-) 1860.38	(-) 368.64
7.			4403.00.106.JA	(-) 407.38	(-) 354.31
8.	09	Backward Classes, Most Backward Classes and Minorities Welfare Department	2225.03.277.KA	44.49	(-) 202.90
9.			2225.03.277.KE	(-) 418.69	(-) 201.90
10.	10	Commercial Taxes and Registration Department – Commercial Taxes	2040.00.101.AB	(-) 2638.22	206.95
11.			3604.00.103.AC	(-) 1527.02	(-) 855.91
12.	13	Cooperation, Food and Consumer Protection Department – Food and Consumer Protection	2236.02.102.KB	(-) 1336.42	(-) 1030.72
13.			2236.02.102.KC	(-) 2000.96	(-) 413.20
14.			2236.02.789.JE	(-) 516.37	(-) 960.98
15.			2236.02.789.JI	(-) 945.30	(-) 479.18
16.	16	Finance Department	7610.00.800.AB	(-) 175.00	(-) 268.52
17.	19	Health and Family Welfare Department	2059.01.053.CB	29.69	(-) 258.53
18.			2210.01.110.AV	(-) 1562.93	415.46
19.			2210.01.110.AW	(-) 1876.51	737.94
20.			2210.01.110.JJ	442.51	366.24
21.			2210.03.103.BI	(-) 2908.54	527.91
22.			2210.05.105.AA	(-) 58.83	(-) 393.06
23.			2235.60.200.KG	(-) 17.21	333.74
24.	20	Higher Education Department	2202.03.104.AA	(-) 1773.86	(-) 1008.67
25.			2203.00.112.PA	(-) 373.66	525.34
26.	21	Highways Department	3054.03.337.AA	(-) 2500.00	(-) 200.24
27.			3054.04.337.AA	(-) 2000.00	(-) 317.59
28.			3054.04.337.AB	(-) 12073.92	1686.94
29.			3054.80.001.AE	(-) 453.89	(-) 397.50
30.			5054.04.337.JX	(-) 3641.60	(-) 307.74
31.	22	Home Department - Police	2055.00.101.AA	(-) 440.79	(-) 249.45
32.			2055.00.101.AB	(-) 33.67	(-) 622.75
33.			2055.00.109.AA	(-) 7749.89	1663.53
34.			2055.00.109.AL	(-) 247.93	(-) 428.75
35.			2055.00.114.AA	(-) 549.53	(-) 463.73
36.			4055.00.211.AK	(-) 3.29	(-) 1150.00
37.	27	Industries Department	2852.80.800.JG	(-) 293.33	(-) 483.13
38.	32	Labour and Employment Department	2210.01.102.AG	(-) 989.75	823.62

Sl. No.	Grant No.	Description	Head of Account	Reappropriation	Final Excess(+)/ Saving (-)
39.	34	Municipal Administration and Water Supply Department	4215.01.102.QA	499.99	(-) 500.00
40.			4215.02.101.JC	(-) 800.00	(-) 800.00
41.	40	Public Works Department - Irrigation	2701.80.001.AF	(-) 1046.72	(-) 381.60
42.			2701.80.800.AA	(-) 7245.56	(-) 18124.82
43.			2701.80.800.AL	(-) 603.39	(-) 200.85
44.			2711.01.800.AC	(-) 131.46	(-) 393.49
45.			4702.00.101.JN	418.31	(-) 308.41
46.	41	Revenue Department	2052.00.090.AE	114.37	(-) 206.31
47.			2053.00.094.AB	(-) 1074.34	311.45
48.			2053.00.094.AC	(-) 9130.23	(-) 262.14
49.			2235.60.102.JA	4310.87	1332.23
50.			2235.60.102.JB	2986.61	1539.58
51.			2235.60.102.JC	235.93	238.25
52.			2235.60.102.JD	400.79	304.51
53.			2235.60.789.JE	124.55	(-) 832.85
54.			2235.60.789.JF	116.21	(-) 1320.70
55.			2235.60.789.JK	(-) 120.00	(-) 441.50
56.	42	Rural Development and Panchayat Raj Department	2505.01.800.JA	1829.98	(-) 1800.02
57.			2515.00.800.AE	(-) 119.37	(-) 792.71
58.			2515.00.800.JZ	65.06	207.42
59.			2515.00.800.KH	-4.94	(-) 215.77
60.	43	School Education Department	2202.01.101.AA	-862.33	(-) 405.35
61.			2202.01.101.AC	-9384.22	(-) 2275.13
62.			2202.01.102.AD	5357.71	(-) 4745.96
63.			2202.01.104.AA	482.99	(-) 627.01
64.			2202.02.109.AA	(-) 10832.46	(-) 5986.30
65.			2202.02.109.AB	2.26	(-) 276.04
66.			2202.02.110.AA	(-) 8164.28	2836.50
67.			4202.01.202.JG	(-) 1132.68	237.01
68.			4202.01.789.JA	(-) 1434.96	(-) 261.12
69.	45	Social Welfare and Nutritious Meal Programme Department	2236.02.101.SF	(-) 2590.55	(-) 338.27
70.	50	Pension and Other Retirement Benefits	2071.01.101.AA	(-) 5032.49	(-) 8632.73
71.			2071.01.101.AC	9190.00	377.35
72.			2071.01.101.AM	2280.87	(-) 2185.35
73.			2071.01.101.AN	5000.00	4439.38
74.			2071.01.102.AA	(-) 21265.23	1792.63
75.			2071.01.104.AB	(-) 8855.30	4261.30
76.			2071.01.105.AA	12080.22	(-) 967.93
77.			2071.01.105.AC	138.17	457.68
78.			2071.01.109.AC	(-) 1993.37	959.06
79.			2071.01.109.AD	2355.78	(-) 610.66
80.			2071.01.109.AF	(-) 2847.59	804.07
81.			2071.01.111.AA	53.07	(-) 282.85
82.			2071.01.115.AA	(-) 7913.72	2819.04
83.	51	Relief on account of Natural Calamities	2245.02.122.AA	(-) 0.02	321.34
84.			2245.80.800.AB	1337.50	(-) 2928.41
85.	53	Debt Charges	2049.01.200.AY	245.09	(-) 244.24
86.			2049.01.200.BB	(-) 244.24	244.24
87.			2049.03.104.AA	(-)2600.00	2164.47

Appendix 2.8

(Reference: Paragraph 2.5; Page 35)

Rush of Expenditure

(Rupees in crore)

Sl.No.	Grant Number	Head of account Scheme/Service	Total expenditure	Expenditure incurred in March 2007	Percentage of expenditure in March 2007 to total expenditure
1.	22	4055.00.800.JD (V)	11.00	11.00	100
2.	43	4202.01.789.JA (V)	13.04	13.04	100
3.	34	4215.01.101.RA (V)	23.16	23.16	100
4.	34	4215.01.102.RB (V)	15.44	15.44	100
5.	42	4515.00.103.RO (V)	21.00	21.00	100
6.	34	4515.00.103.RP (V)	11.60	11.60	100
7.	42	4515.00.789.JA (V)	82.00	82.00	100
8.	42	4515.00.789.JB (V)	56.40	56.40	100
9.	34	5054.05.337.RN (V)	25.00	25.00	100
10.	43	2202.01.108.JC (V)	25.06	25.06	100
11.	43	2202.02.106.JC (V)	17.92	17.92	100
12.	22	4055.00.211.AK (V)	93.94	93.94	100
13.	43	2225.01.789.JA (V)	10.73	10.73	100
14.	40	4701.01.211.JA (V)	17.36	16.00	92
15.	22	4055.00.207.UA (V)	16.76	14.84	89
16.	05	4402.00.102.JL (V)	16.49	14.52	88
17.	21	5054.04.789.JC (V)	35.14	30.89	88
18.	41	2235.60.200.KL (V)	16.82	14.30	85
19.	41	2216.80.800.JN (V)	202.67	171.98	85
20.	40	4701.03.291.JA (V)	13.67	10.04	74
21.	40	4702.00.101.JJ (V)	42.03	29.06	69
22.	42	4515.00.800.JK (V)	75.00	50.00	67
23.	40	2702.01.101.AH (V)	23.49	15.47	66
24.	21	3054.04.337.AJ (V)	160.04	101.83	64
25.	11	2030.02.101.AA (V)	19.01	11.51	61
26.	22	2055.00.115.AA (V)	24.24	14.62	60
27.	40	4711.02.103.JO (V)	20.90	12.57	60
28.	43	2202.01.800.JC (V)	82.98	49.11	59
29.	42	4515.00.103.RN (V)	67.00	37.94	57
30.	40	4702.00.101.JN (V)	22.51	12.33	55
31.	21	5054.04.337.JU (V)	166.86	89.42	54
32.	40	2701.80.800.AL (V)	25.96	13.87	53
33.	21	5054.04.337.JW (V)	80.75	42.48	53
34.	43	2225.01.789.JB (V)	20.75	10.86	52
		Total	**1556.72**	**1169.93**	**75**

Appendix 2.9

(Reference: Paragraph 2.8; Page 38)

Capital Expenditure incurred during 2004-05 and 2005-06 in earmarked sectors

(Rupees in crore)

Sl No	Name of the earmarked sectors	Capital Expenditure during	
		2004-05	2005-06
1.	Roads	842.41	1624.13
2.	Power including Power generation, transmission and distribution	85.00	25.00
3.	Irrigation system including dams, water storage lands canals etc.	153.93	117.88
4.	Water supply, treatment, conveyance and distribution	1348.26	387.01
5.	Water management including sewerage, drainage, solid waste management etc.	30.70	59.02
6.	Transportation systems	-	10.00
7.	Health infrastructure	47.79	246.24
8.	Education infrastructure	98.90	260.95
9.	Housing, building complexes Area development etc.	321.66	26.70

Appendix 2.10

(Reference: Paragraph 2.8; Page 39)

Loans obtained from various agencies during 2004-05 and 2005-06

(Rupees in crore)

Sl No	Agency from whom Loans obtained	Amount of loans obtained during		Sector
		2004-05	2005-06	
1.	Loans from Life Insurance Corporation of India	506.44		Various sectors
2.	Loans from NABARD	333.00	517.78	Various sectors
3.	Loans from other institutions			
	Loans from HUDCO			
	a) for construction of Road over Bridges/Road under Bridges	23.59		Roads
	b) for radial and link roads	19.27		Roads
	c) for Integrated sanitary complexes for women in village panchayats	1.13		Water management
	d) for desilting and up gradation of tanks with anaicut of more than 100 acres	9.36		Irrigation
	e) for construction of an anaicut across old coleroon river	0.49		Irrigation
	f) for construction of bridges	5.00	63.76	Roads
	g) for construction of quarters for police personnel through Tamil Nadu Police Housing Corporation (TNPHC)	15.20		Housing
	h) for implementing Anti-sea erosion works executed by Tamil Nadu State Construction Corporation Ltd.		6.90	Water management and Flood control
4.	Loans for HDFC			Housing
	a) for foreclosure of high cost loan obtained earlier in housing sector	200.00		
	b) for construction of quarters for police personnel executed through TNPHC	36.71		Housing
5.	Loans for TUFIDCO			Water supply
	a) for implementation of rural water supply schemes executed by TWAD Board	181.26		
	b) for implementation of slum clearance schemes executed by Tamil Nadu Slum Clearance Board (TNSCB)	28.86		Housing
6.	Loans from CANFIN HOMES for construction of housing complex for legislators executed by TNHB	148.60		Housing
7.	Loans from IOB for the construction of homes under Tamil Nadu Government servants Rental Housing Scheme at Thanjavur executed by Tamil Nadu Housing Board	39.23		Housing

Appendix 3.1

(Reference: Paragraph 3.1.5; Page 44)

Details of works test checked

Sl. No.	Name of the District	Medium and Minor irrigation projects		Formation of new tanks/ anicuts		Modernisation of tanks		Total	
		Number of works	Project cost (Rs. in crore)	Number of works	Project cost (Rs. in crore)	Number of works	Project cost (Rs. in crore)	Number of works	Project cost (Rs. in crore)
Chennai region									
1.	Tiruvallur	1	4.89	2	1.47	31	11.75	34	18.11
2.	Tiruvannamalai	3	82.03	2	0.41	44	10.42	49	92.86
3.	Vellore	1	19.60	--	--	30	6.58	31	26.18
4.	Kancheepuram	--	--	1	0.56	53	16.12	54	16.68
5.	Cuddalore	--	--	1	0.72	--	--	1	0.72
6.	Villupuram	--	--	2	1.33	--	--	2	1.33
7.	Krishnagiri	2	14.18	--	--	16	2.41	18	16.59
8.	Dharmapuri	1	33.49	4	2.01	11	3.13	16	38.63
9.	Salem	1	10.88	--	--	--	--	1	10.88
	Total	**9**	**165.07**	**12**	**6.50**	**185**	**50.41**	**206**	**221.98**
Madurai region									
10.	Madurai	1	19.79	2	4.04	--	--	3	23.83
11.	Virudhunagar	2	64.11	8	3.43	32	11.15	42	78.69
12.	Tuticorin	1	12.01	--	--	--	--	1	12.01
13.	Tirunelveli	1	6.14	--	--	--	--	1	6.14
14.	Ramanathapuram	1	36.25	--	--	--	--	1	36.25
15.	Theni	1	24.56	1	0.22	5	0.93	7	25.71
	Total	**7**	**162.86**	**11**	**7.69**	**37**	**12.08**	**55**	**182.63**
Tiruchi region									
16.	Thanjavur	1	17.39	--	--	--	--	1	17.39
	Total	**1**	**17.39**					**1**	**17.39**
	Grand Total	**17**	**345.32**	**23**	**14.19**	**222**	**62.49**	**262**	**422.00**

Appendix 3.2

(Reference: Paragraph 3.1.6.5; Page 48)

List of Tanks under Malattar Anicut Scheme

Sl. No.	Name of tank	Capacity of Tank (mcft)		Ayacut (ha) as per Original proposal			Ayacut (ha) as per proposal for NABARD		
		As per original proposal	As per revised proposal	Stabilisation	Gap	Regd	Regd	New	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	O Karisalkulam	6.39	12.46	24.42	2.57	26.99	27.65	47.69	75.34
2	Usampottal	3.50	7.24	14.27	0.40	14.67	14.14	15.93	30.07
3	Nedungulam	2.25	10.10	11.83	0.00	11.83	12.00	12.00	24.00
4	Ariyamangalam	17.20	33.60	75.10	2.91	78.01	77.89	73.70	151.59
5	Velangulam	2.25	8.64	16.23	0.40	16.63	17.58	34.41	51.99
6	Erumaikulam	12.91	38.64	58.38	5.97	64.35	64.77	56.71	121.48
7	Karisalkoothankulam	1.10	3.84	3.85	0.00	3.85	3.86	5.00	8.86
8	Periakulathuran	4.00	14.83	20.58	0.75	21.33	20.89	45.69	66.58
9	Kosuraman	1.50	5.76	7.80	0.20	8.00	7.98	13.51	21.49
10	Idivilangai	10.21	43.22	31.70	0.80	32.50	32.49	47.54	80.03
11	Poolapathi	0.00	9.70	20.23	0.07	20.30	20.79	25.15	45.94
12	Pottupuli	6.00	12.24	26.88	2.03	28.91	31.93	32.27	64.20
13	Karisalpuli	2.50	6.68	12.35	1.33	13.68	13.66	22.77	36.43
14	Melamavilangai	8.46	12.31	22.10	0.32	22.42	16.26	31.38	47.64
15	Keelamavilangai	6.30	9.12	15.03	0.45	15.48	25.98	37.82	63.80
16	Pondampuli	67.51	80.51	102.00	2.89	104.89	104.49	96.24	200.73

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
17	Kadamangalam	40.00	110.51	131.94	16.43	148.37	124.81	133.58	258.39
18	Kadambankulam	6.53	20.62	33.98	0.79	34.77	33.51	80.41	113.92
19	Elyani Tank	8.33	19.81	27.03	5.30	32.33	32.24	18.15	50.39
20	Kallikulam	1.71	4.70	6.74	0.46	7.20	7.20	32.83	40.03
21	Punavasal Tank	3.50	79.68	118.95	6.45	125.40	128.18	100.12	228.30
22	Velankurichi Tank	4.74	30.00	41.05	2.79	43.84	43.85	31.29	75.14
23	Natankulam Tank	10.89	29.46	35.03	6.72	41.75	41.76	43.34	85.10
24	Valankulam	4.88	15.67	22.60	2.06	24.66	24.67	21.65	46.32
25	Ponnadikuttam	2.50	9.31	12.77	0.00	12.77	12.77	24.25	37.02
26	Kakkaikuttam	1.70	6.01	8.79	0.00	8.79	8.79	16.17	24.96
27	Puduvanendhal	13.44	32.69	44.99	0.95	45.94	42.59	0.00	42.59
28	Kadaiyankulam	9.20	30.26	41.11	2.47	43.58	48.80	62.72	111.52
29	Kidakulam	8.43	22.10	31.17	3.61	34.78	35.57	40.94	76.51
30	Therankulam	5.57	13.51	20.93	1.10	22.03	23.63	9.96	33.59
31	Narasingakuttam	2.73	11.38	16.61	1.07	17.68	17.68	0.00	17.68
32	Meenankudi	20.38	67.85	81.64	11.40	93.04	93.09	50.74	143.83
33	Sathangudi	9.83	37.66	43.75	7.90	51.65	46.33	0.00	46.33
34	S Alankulam	4.83	19.07	21.08	2.06	23.14	23.16	19.12	42.28
35	Palanendal	1.00	3.54	4.15	0.14	4.29	3.95	9.82	13.77
36	Kandakannikulam	1.75	6.16	7.29	0.19	7.48	7.49	8.25	15.74

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
37	Venkulam	2.00	7.66	8.21	2.03	10.24	10.37	16.40	26.77
38	N Puduvanendal	1.00	2.40	3.02	0.36	3.38	3.38	4.30	7.68
39	Velankulam	3.05	14.47	17.64	2.53	20.17	19.99	0.00	19.99
40	Vadandai	5.77	10.69	16.69	0.63	17.32	17.32	2.18	19.50
41	Pannaikulam	12.15	67.64	90.30	2.47	92.77	91.63	0.00	91.63
42	Veppankulam	5.00	21.14	23.29	4.28	27.57	27.59	14.30	41.89
43	Tooticorin	5.18	17.04	15.11	0.55	15.66	15.65	14.30	29.95
44	Kannan Pothuvan	11.05	32.30	40.57	7.35	47.92	47.86	2.89	50.75
45	Mangalam Small	2.36	4.15	6.17	0.41	6.58	6.58	0.00	6.58
46	Mangalam Big	5.84	26.51	29.50	5.07	34.57	59.55	59.66	119.21
47	A Usilan	1.50	4.42	6.05	0.00	6.05	0.00	0.00	0.00
48	Kadaladi Big and small	9.76	45.67	41.52	13.93	55.45	49.19	45.74	94.93
49	Karisalkulam	4.08	30.71	41.03	2.82	43.85	43.87	56.22	100.09
50	Purasankulam	11.40	29.52	38.36	4.60	42.96	13.86	31.37	45.23
51	Pottaikulam	4.24	8.74	10.52	3.23	13.75	13.76	1.78	15.54
52	Pottankudi	8.65	32.51	43.04	5.20	48.24	48.23	0.00	48.23
53	Karunkulam	12.51	47.06	57.49	3.89	61.38	61.20	96.35	157.55
54	Kadugusandai	11.76	29.51	36.96	3.83	40.79	64.40	65.14	129.54
	Total	**431.32**	**1311.02**	**1739.82**	**156.16**	**1895.98**	**1886.86**	**1711.78**	**3598.64**

Appendix 3.3

(Reference: Paragraph 3.1.11.2; Page 55)

Statement showing the overpayment to the contractor due to excess lead

Lead for 36 km as per estimate	-	Rs 157.40 per m^3
Lead for 9 km (9 x 8.55)	-	Rs 76.50 per m^3
Excess lead charges	-	Rs 80.90
Total quantity of RR Masonry executed up to LS XII and final bill -39,638.782 m^3 x 80.90	-	Rs 32,06,777 or **Rs 32.07 lakh**
Less: Extra lead charges for metals (46842 m^3) payable to the contractor due to adoption lead of 9 km instead of 7 km - (2 x 8.55 x 46842)	-	**Rs 8.01 lakh**
	-	**Rs 24.06 lakh**
Less : Tender discount (6.11 *per cent*)	-	**Rs 1.47 lakh**
Net overpayment	-	**Rs 22.59 lakh**

Appendix 3.4

(Reference: Paragraph 3.1.14.1; Page 57)

Details of time overrun in respect of works in progress

S. No.	Name of the Project	RIDF Number	Irrigation potential to be created (in ha)	Sanctioned cost (Rupees in crore)	Due date for completion	Month of Completion	Time over run (in months)	Reasons for time over run
1	Formation of a Reservoir across Vaippar and Arjuna river near their confluence at Irrukkangudi village (IRP)	VII	4229	55.46	March 2004	Work in progress	36	Work held up for want of revised administrative sanction for three years and execution of works not covered in the original and revised estimates
2	Formation of Shenbagathope Reservoir across Kamandalar river (SRP)	VII	3207	28.03	March 2004	Work in progress	36	Delay in finalisation of design for shutters
3	Construction of anicut across Malattar river near Sengapadai village	IX	3598	36.25	March 2006	Work in progress	12	Delay in sanction of estimate and delay in handing over of site in complete shape due to change in design of right main canal from LS 9450 to LS 16200 m and consequent additional requirement of land.
4	Formation of a Reservoir across Cheyyar near Kuppanatham Village (KNRP)	IX	3971	36.95	March 2006	Work in progress	12	Delay in preparation of estimate and finalisation of tender
5	Formation of a new tank across Ayyanarkoil Odai in Mallapuram village in Periyar taluk	IX	293	3.54	March 2006	Work in progress	12	Work held up for want of RAS due to increase in cost on earth dam and spillway
	Total		**15,298**					

Appendix 3.5

(Reference: Paragraph 3.1.14.1; Page 57)

Shortfall in creation of irrigation potential in respect of Medium and Minor Irrigation Projects and new tanks

Sl. No.	Name of Project	Month of completion	Expenditure incurred (Rs. in crore)	Potential to be created (in ha)	Potential actually created as of March 2007 (in ha)	Remarks
1.	Varattar Reservoir Project	March 2006	30.44	2063.00	Nil	Non-release of water for more than one year due to delay in acquisition of land comprising the outlet point of the river sluice and non-formation of field bothies
2.	Mirugandanadhi Reservoir Project	March 2006	17.99	1291.00	Nil	Non-release of water due to poor storage in the reservoir
3.	Construction of anicut across Vashistanadhi	September 2003	11.25	1023.00 Thittakudi taluk alone	453.86	II and III crop area as envisaged in the project were not achieved. Besides, water diverted from the anicut is not received in five out of nine tanks due to blockages in supply channel.
4.	Widening and extension of Kalvoy Sadayaneri channel	March 2003	14.35	258.16	150.39	Due to non-widening of feeding channel, inadequate supply of water to the ayacut
5.	Restoration of breached Balagoundan tank in Kommapalli village	September 2001	0.18	22.35	Nil	As per the court directive, water could not be stored.
6.	Maduravalli supply channel	December 2003	0.60	101.00	Nil	Non-provision of bailing out arrangements and breaching of bank of canal in flood.
7.	Kundalakuthur tank	June 2001	0.35	78.00	Nil	Ayacut not developed due to non-availability of field channels
8.	Kullampatti tank	May 2003	0.25	41.00	Nil	Due to inadequate receipt of water and availability of land higher than the sluice level
9.	Nakkalakottai tank	August 2003	0.25	30.00	Nil	Sluice and field channels were damaged during flood
10.	Periyapulliampatti tank	April 2004	0.67	74.00	52.38	Ayacut not developed-
11.	Servaikaranpatti tank	December 2003	0.35	36.43	11.50	Ayacut not developed-
	Total			**5017.94**	**668.13**	

Appendix 3.6

(Reference: Paragraph 3.1.14.1; Page 57)

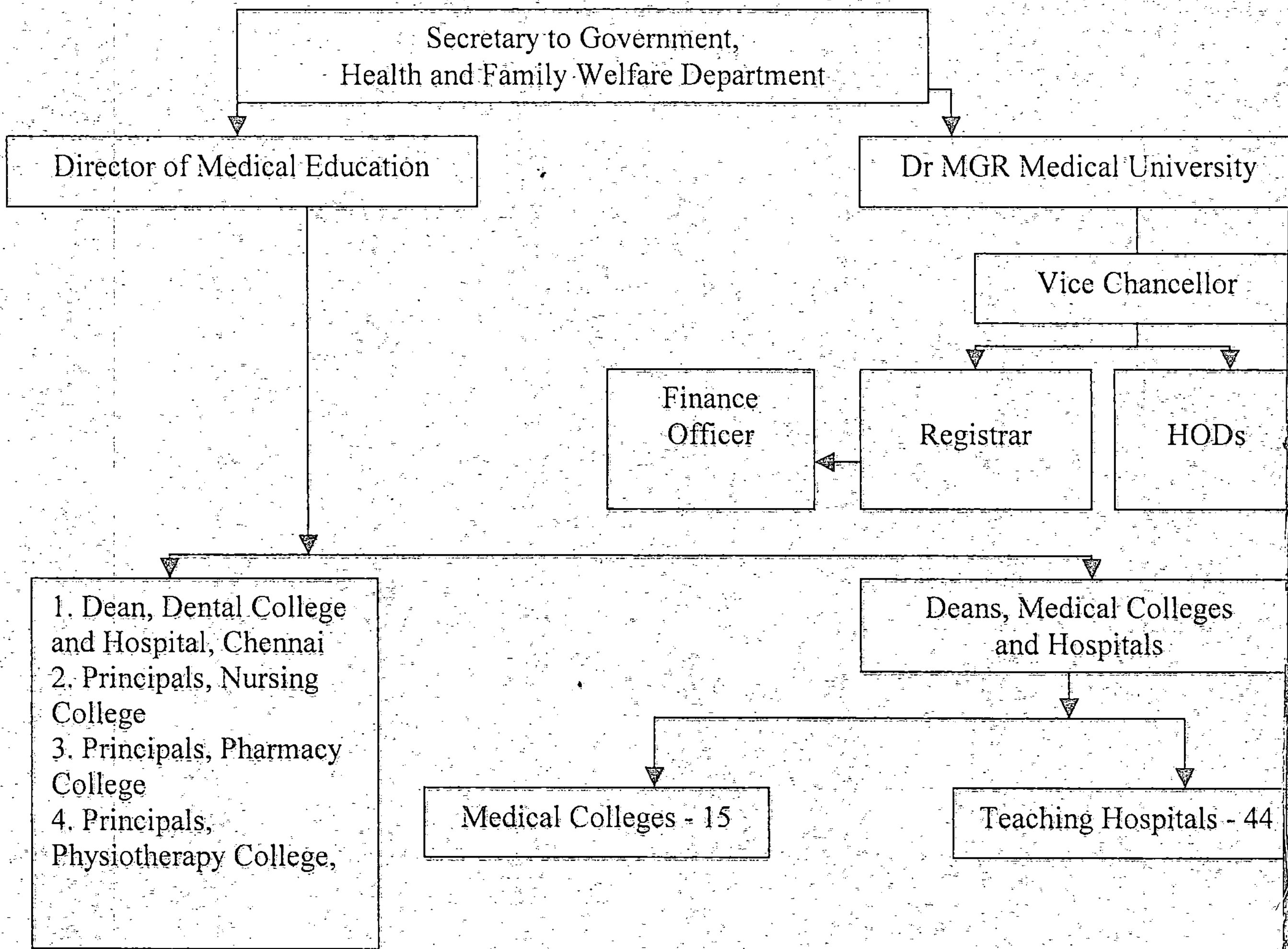
Details of shortfall in creation of irrigation potential in respect of modernised tanks

Sl. No.	Name of tank	Month of completion	Expenditure incurred (Rs. in crore)	Potential to be created (in ha)	Potential actually created (in ha)	Shortfall (in ha)
RIDF V						
1	Rajabupalasamudram	October 2002	0.15	69	64	5
2	Thoppur	August 2002	0.29	106	37	69
3	Aranvayal	March 2004	0.31	302	100	202
RIDF IX						
1	Allalaperi	October 2005	0.62	186	167	19
2	Thiruvirundalpuram	July 2005	0.62	258	13	245
3	Devadanam Periyakulam	June 2005	0.40	121 One village out of three villages was covered	80	41
4	Elanthiraikondam Periakulam	April 2005	0.50	247	209	38
5	Maruthuvaneri	October 2005	0.20	80	71	9
6	Mullikulam	May 2005	0.20	87	78	9
7	Srivilliputhur (big tank)	May 2005	0.69	431	229	202
8	Veppamkulam	June 2005	0.25	80	65	15
9	Nandapuram	September 2005	0.15	53	52	1
10	Nedunkulam	January 2006	0.16	52	50	2
11	Sengulam & Karisalkulam	October 2005	0.17	52	46	6
	Total		**4.71**	**2124**	**1261**	**863**

Appendix 3.7

(Reference: Paragraph 3.2.2; Page 61)

Organisation Chart



Appendix 3.8

(Reference: Paragraph 3.2.9.1; Page 68)

Details of courses not recognised by MCI

Sl. No.	Name of the College	Name of the course	Date of commencement
01	Madras Medical College, Chennai	MD (FM)	1975
02		MD (TB & Chest diseases)	1980
03		MD (Radio Diagnosis)	1964
04		MD (Physiology)	1968
05		DM (Haematology)	2000
06		DDVL	NA
07	Stanley Medical College, Chennai	MS (ENT)	2004
08		MS (Ophthalmology)	1983
09		MD (Psychiatry)	2000
10		MS (Anatomy)	1952
11		MD (Biochemistry)	2003
12		DMRD	2003
13		M.Ch. (NS)	1982
14		MD (Pathology)	2003
15		M.Ch.(SGE)	2003
16		DM (Cardiology)	1992
17		M.Ch. (Urology)	2001
18		MDDVL	NA
19		DDVL	NA
20	Kilpauk Medical College, Chennai.	MS (Ortho) & D.Ortho.	1980
21		MD (Physiology)	1979
22		DLO	1978
23		DCP	1987
24		M.Ch. (Plastic Surgery)	1982
25	Madurai Medical College, Madurai	MS (Anatomy)	1958
26		MD (Micro Biology)	1970
27		MD (Physiology)	1964
28		MD (FM)	1972
29		MD (Psychiatry)	1977
30		MD (Radio Diagnosis)	1996
31		MD (Radiotherapy)	1996
32		DM (Cardiology)	2000
33		DM (Neurology)	1980
34		M.Ch. (CTS)	1999
35	Thanjavur Medical College, Thanjavur.	MS (Anatomy)	1981
36		MD (Anaesthesiology & DA)	1979
37		DTCD	1981
38		DDVL	1974
39		M.Ch.(Plastic Surgery)	1981
40		MS (Orthopaedics)	NA

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Sl. No.	Name of the College	Name of the course	Date of commencement
41	Tirunelveli Medical College, Tirunelveli	MS (GS)	1980
42		MD (Pathology)	1980
43		MS (Microbiology)	1980
44		MD (FM)	1981
45		DCH.	1980
46		DMRD	1981
47	Coimbatore Medical College, Coimbatore	MD (Microbiology)	2003
48		MD (Physiology)	2003
49		MD (O & G)	1999
50		DGO	1981
51		MD (Anaesthesiology)	1996
52		DA	1981
53	Shankar Nethralaya, Chennai	DO	NA
54	PSG Institute of Medical Sciences, Coimbatore	MD (O&G)	2000
55		MD (Pathology)	2000
56		MD (Microbiology)	2000
57		MD (Physiology)	2000
58		MD (Com. Medicine)	2000

NA: Not available

Appendix 3.9

(Reference: Paragraph 3.2.10.2; Page 71)

Position of shortage of teaching staff in sample nursing schools

Government Nursing School	Teaching staff strength			Vacancy as per INC norms
	INC norms	Sanctioned by Government	In position	
Stanley Medical College Hospital	39	26	25	14(36)
Kanniyakumari Medical College Hospital	17	6	6	11(65)
Government Hospital, Dindigul	17	17	6	11(65)
Government Rajaji Hospital, Madurai	24	24	11	13(54)
Annal Gandhi Memorial Hospital, Tiruchirappalli	17	10	10	7(41)
Tirunelveli Medical College Hospital	19	10	9	10(53)
GMKMC Hospital, Salem	40	19	13	27(67)
Thanjavur Medical College Hospital	39	NA	16	23(59)

(Figures in brackets indicate percentage of vacancy with reference to INC norms)
NA – Not available

Appendix 3.10(A)

(Reference: Paragraph 3.2.11.2; Page 75)

Vacancy position of teaching staff in Government Medical Colleges and Government Dental Colleges

(In numbers)

Sl.No.	Name of the Government Medical College	Professor/Reader			Assistant Professor/Lecturer/Tutor		
		Sanctioned	In position	Vacant (Percentage of vacant posts)	Sanctioned	In position	Vacant (Percentage of vacant posts)
1	Madras Medical College	208	193	15(7)	336	332	4(1)
2	Stanley Medical College	91	85	6(7)	181	176	5(3)
3	Kilpauk Medical College	94	84	10(11)	174	165	9(5)
4	Chengalpattu Medical College	73	61	12(16)	164	119	45(27)
5	Thanjavur Medical College	68	61	7(10)	93	87	6(6)
6	Madurai Medical College	96	84	12(13)	198	194	4(2)
7	Coimbatore Medical College	75	52	23(31)	146	138	8(5)
8	Tirunelveli Medical College	82	51	31(38)	162	133	29(18)
9	GMKMC, Salem	75	56	19(25)	142	126	16(11)
10	Government KAPV Medical College, Tiruchirappalli	41	33	8(20)	93	89	4(4)
11	Thoothukudi Medical College	49	23	26(53)	110	82	28(25)
12	Vellore Medical College	50	38	12(24)	98	70	28(29)
13	Kanniyakumari Medical College	50	22	28(56)	73	64	9(12)
14	Theni Medical College	49	26	23(47)	114	102	12(11)
15	Tamil Nadu Government Dental College and Hospital, Chennai	22	16	6(27)	35	34	1(3)

Appendix 3.10(B)

(Reference: Paragraph 3.2.11.2; Page 75)

Position of vacancy of teaching posts in sample colleges

Name of the Institution	Professor/Reader			Assistant Professor/Lecturer/Tutor		
Medical Colleges	Total	In position	Vacant	Total	In position	Vacant
Stanley Medical College	91	85	6(7)	181	176	5(3)
Thanjavur Medical College	68	61	7(10)	93	87	6(6)
GMK Medical College, Salem	75	56	19(25)	142	126	16(11)
Tamil Nadu Government Dental College and Hospital, Chennai	22	16	6(27)	35	34	1(3)
KAPV Medical College, Tiruchirappalli	41	33	8(20)	93	89	4(4)
Government Medical College, Vellore	50	38	12(24)	98	70	28(29)
Tirunelveli Medical College	82	51	31(38)	162	133	29(18)

Appendix 3.11

(Reference: Paragraph 3.2.12.2; Page 77)

Non issue of continuous provisional affiliation for PG Degree / Diploma courses

Sl. No.	Name of the college	Name of the course	CPA due from
01	Madras Medical College, Chennai	DM (Oncology)	2003-04 onwards
02		MD (Geriatrics)	2002-03 onwards
03		MD (Anaesthesiology)	2004-05 onwards
04	Stanley Medical College, Chennai	M.Ch.(Genito Urinary Surgery)	2000-01 onwards
05		M.Ch.(Surgical Gastroenterology)	2003-04 onwards
06		MD (Pathology)	2003-04 onwards
07		MD (Bio Chemistry)	2004-05 onwards
08		MD (Psychiatry)	2001-02 onwards
09		MD (Anaesthesiology)	2000-01 onwards
10		MD (Microbiology)	2000-01 onwards
11		MS (ENT)	2005-06 onwards
12		DCP	2004-05 onwards
13	Kilpauk Medical College, Chennai.	DM (Gastroenterology)	2001-02 onwards
14		M.Ch. (Surgical Oncology)	2002-03 onwards
15	Thanjavur Medical College, Thanjavur	MS (Orthopaedic surgery)	2005-06 onwards
16	Madurai Medical College, Madurai	DM (Cardiology)	2005-06 onwards
17		M.Ch. (CTS)	2000-01 onwards
18		MD (DVL)	2006-07
19		MD (Anaesthesiology)	2000-01 onwards
20	Government Mohan Kumaramangalam Medical College, Salem.	MD (General Medicine)	2002-03 onwards
21		MS (General Surgery)	2002-03 onwards
22		MD (O & G)	2000-01 onwards
23		MD (Microbiology)	2004-05 onwards
24		MD (Physiology)	2003-04 onwards
25	Coimbatore Medical College, Coimbatore	M.Ch. (Paediatrics surgery)	2001-02 onwards
26		MS (Ophthalmology)	2003-04 onwards
27		DO	2003-04 onwards

Appendix 3.12

(Reference: Paragraph 3.2.12.3; Page 78)

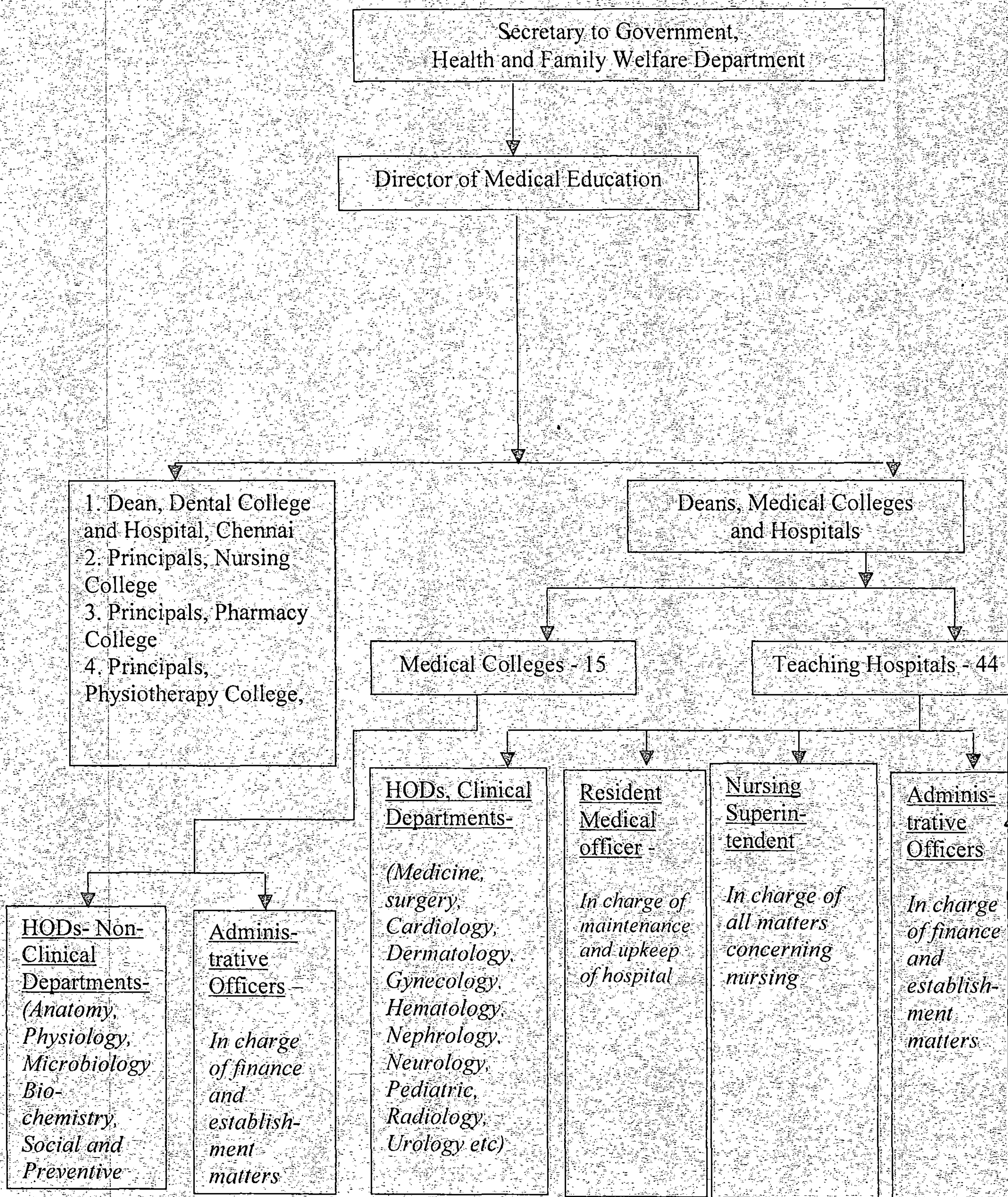
Expenditure incurred on various departments of the University

Sl.No.	Name of the department	Year of formation	Expenditure incurred (Rupees in lakh)
1.	Experimental Medicine	1996	182.90
2.	Medical Genetics	1997	36.52
3.	Epidemiology	1997	67.35
4.	Medical Bio-technology	1997	0.04
5.	Immunology	1998	65.55
6.	Transfusion Medicine	1999	121.69
7.	Hospital Administration	1999	14.01

Appendix 3.13

(Reference: Paragraph 3.3.2; Page 84)

Organisation Chart



Appendix 3.14 (A)

(Reference: Paragraph 3.3.6.1; Page 85)

Performance of certain major services in teaching hospitals

Service rendered	Unit	2002-03	2003-04	2004-05	2005-06	2006-07
OPs treated	Number in lakh	238.53	242.67	242.26	242.39	252.31
IPs treated	Number in lakh	70.76	71.01	72.05	76.39	74.16
Minor surgeries	Number in lakh	2.63	2.76	3.01	3.44	3.60
Major surgeries	Number in lakh	1.99	1.95	2.37	2.35	2.33
Deliveries attended	Number in lakh	1.23	1.22	1.21	1.23	1.27
Lab tests conducted	Number in lakh	95.88	100.85	110.58	129.64	136.16
X-rays taken	Number in lakh	12.35	12.71	13.20	13.44	12.91
Open heart surgeries conducted	In number	473.00	543.00	734.00	655.00	701.00
Kidney transplants undertaken	In number	82.00	27.00	88.00	82.00	74.00

Appendix 3.14(B)

(Reference: Paragraph 3.3.6.1; Page 85)

Bed strength of teaching hospitals

Sl.No	Name of the Institution	Sanctioned bed strength	Percentage of occupancy
1	Government General Hospital, Chennai	2,700	65
2	Government Stanley Hospital, Chennai	1,281	90
3	Kilpauk Medical College Hospital, Chennai	515	151
4	Government Royapettah Hospital, Chennai	712	91
5	IOG Hospital for women and children, Chennai	752	125
6	ICH Hospital for children, Chennai	537	118
7	Government Opthalmic hospital, Chennai	478	55
8	Institute of Mental Health, Chennai	1,800	70
9	Government Kasturba Gandhi Hospital for women, Chennai	695	101
10	Government RSRM Hospital, Chennai	510	78
11	Government Hospital for Thoracic Medicine, Tambaram	776	111
12	Government TTB Hospital, Otteri	222	63
13	I.T.M Chetput, Chennai	0	0
14	Government Peripheral Hospital, Anna Nagar	100	78
15	Government Peripheral Hospital, KK Nagar, Chennai	100	62
16	Government Peripheral Hospital, Periyar Nagar, Chennai	100	71
17	Government Peripheral Hospital, Tondiarpet	100	53
18	Government Institute of Rehabilitation Medicine Chennai	60	71
19	GH Saidapet, Chennai	32	22
20	Government Dental College Hospital, Chennai	0	0
21	Chengalpattu Medical College Hospital	630	101
22	Thanjavur Medical College Hospital, Thanjavur	678	118
23	Government Raja Mirazdar Hospital, Thanjavur	640	123
24	Government Rajaji Hospital, Madurai	2,218	91
25	GH Balarangapuram, Madurai	40	49
26	TB Hospital, Thoppur, Madurai	207	60
27	I.D Hospital, Thoppur, Madurai	52	9
28	Cholera Collection Centre, Thoppur, Madurai	28	16
29	Coimbatore Medical College Hospital	1,045	114
30	Tirunelveli Medical College Hospital	1,118	82

Sl.No	Name of the Institution	Sanctioned bed strength	Percentage of occupancy
31	Frieda Monnier Hospital, Kalakadu	30	39
32	GMKMC Hospital, Salem	831	102
33	Annal Gandhi Memorial Hospital, Tiruchirappalli	621	112
34	College of physiotherapy, Tiruchirappalli	0	0
35	Government Rajaji TB Hospital, Tiruchirappalli	100	42
36	Thoothukudi Medical College Hospital	612	90
37	Vellore Medical College Hospital	541	108
38	Government TB Hospital, Sanatorium, Vellore	NA	0
39	Theni Medical College Hospital	300	146
40	Cancer Institute, Kanchipuram	0	0
41	Cancer Hospital, Karapettai, Kanchipuram	270	85
42	Kanniyakumari Medical College Hospital, Aasaripalayam	402	104
43	Government TB Hospital, Asaripalam, Kanniyakumari	0	0
44	Sub Hospital, Nagercoil	NA	0

Appendix 3.15

(Reference: Paragraph 3.3.6.3; Page 89)

Non-availability of diagnostic services

Hospital	List of diagnostic procedures not available for more than a year due to lack of kits and reagents
1. GPH Periyar Nagar, Chennai 82	S.Creatine, S. Cholestrol, L.FT, Urine Culture, Pus Culture, Blood culture, Lepto, VDRL
2. GPH Tondiarpet, Chennai 81	Urine Culture, LFT Protein, Colieum, Electrolytes
3. Government Royapetah Hospital, Chennai 14	Hepatitis-Hb & Ag(B), Hbc
4. GMKMC Hospital, Salem	Estimation of Electrolytes (Sodium, Potassium), Estimation of Calcium and Lithium, Prothrombin time, Partial thrombo Plastine time, Frozen section
5. Government Stanley Hospital, Chennai	PCR, Hb electrophoresis, Flow cytometry, Kausotyping, Trace minerals – Copper & Zinc, Hormones, Homocysteine, Troponins, Myoglobin, Coagulation profile, Urine and plasma aminoacids – quantitative, Quatitative assays for hormone metabolites, different porphyrins, Infrared analysis of stones
6. Government Thanjavur Medical College Hospital	Hormone tests – FSH, LH & Prolactin
7. Government Vellore Medical College Hospital	All the tests in Biochemistry lab, complete haemogram test, Blood gas test, ELISA
8. Annal Gandhi Memorial Hospital, Tiruchirappalli	HIV, HBV, HCV, DNA detection by PCR, Immuno enzymes staining
9. Government Hospital for Thoracic Medicine (TB Sanatorium), Tambaram	Western Blot for HIV-Ab, PCR for HIV, DNA/RNA, HIV Vital Load, Semi-automated culture systems for TB, rapid & Safe Blood culture systems (semi-automated)

Appendix 3.16

(Reference: Paragraph 3.3.6.4; Page 90)

Details of equipments kept idle

Name of the Hospital		Name of the Equipment	Cost of Purchase (in Rupees)	Since when kept idle
GMKMC Hospital, Salem	1.	BG Express 304 with UPS	474240	6.11.1998
	2.	Anaesthesia Ventilators(2)	292000	(NA)
	3.	ICU T-Bird Ventilators	556086	Jul-06
	4.	VELA - ICU Ventilators	610845	9.8.2006
	5.	Semi Auto Analyser	140000	
	6.	Semi Auto Analyser	190000	
	7.	Fully Automated Analyser	1560000	
	8.	DATA - PRO	988510	
	9.	INSTALYTE	160000	
Government. Stanley Hospital	10.	Manal D. Ventilator	270000	Oct-03
Government AGM Hospital Tiruchirappalli	11.	Ultra Sound Scan	365000	
	12.	Stallion 100mA	131214	
	13.	Siemens 300 mA	447876	
	14.	SRS 200 mA	154962	
Government. Stanley Hospital	15.	VIP Bird	612900	2/3/2005
	16.	T Bird	556086	15/8/2004
	17.	VELA - ICU Ventilators	568025	10/2/2006
	18.	Deep Freezer	120545	1998
	19.	d. Model 5081 criticare	229631	Mar-05
	20.	Gastroscope	293000	Mar-06
	21.	Bear 5 Ventilator (2)	550000	NA
	22.	Med.80 systems of evoked potential one	593669	
	23.	X-ray Machine (C Arm II)	3124622	
	24.	Blanketrol Hypothermia	800800	
	25.	Cup Ventilator	300000	
	26.	Choledo cho Fibroscope	305858	
	27.	X-ray Machine 500 mA	492000	
	28.	Singnoidoscope	228000	
	29.	Hoplin 2	150000	
	30.	BPL Defibrilator with Monitor	151500	
	31.	" " cardiac life	223188	
	32.	" " Life pak	163280	
	33.	Paed. Monitor	229631	
	34.	Battery powered instrument for drill	263087	
	35.	Paed Bird ventilator	124248	

Name of the Hospital		Name of the Equipment	Cost of Purchase	Since when kept idle
	36.	Operating Microscope	155011	
	37.	Duodeno fibroscope	186611	
	38.	Cryostat Microtome	136280	
	39.	X-ray Machines 300 mA	111291	
	40.	" " 100 mA	166500	
	41.	" " 100 mA	166500	
	42.	" " Shimadite TV attachd	200000	
	43.	" " Shimadite TV attachd	200000	
	44.	" " 500 mA	1164650	
	45.	Ultra Sound Scan	1006742	
	46.	X-ray Machine 500 mA	1597728	
Government KAPV Medical College, Trichy	47.	Semi Automatic Blood cell counter	225000	2000
	48.	Sipton cryostat	145000	2000
	49.	Blood gas Analyser	390600	
	50.	Sodium Potassium Analyser	167875	10/3/2005
Government Medical College Hospital, Vellore	51.	Blood gas Analyser*	513000	over 1 year
	52.	Blood gas Analyser*	513000	over 1 year
	53.	Blood gas Analyser*	513000	Dec-05
	54.	Blood gas Analyser*	513000	over 1 year
	55.	Blood gas Analyser*	513000	over 1 year
	56.	Blood gas Analyser*	513000	over 1 year
	57.	Cell counter*	384000	28/11/2006
Thanjavur Medical College Hospital	58.	Ventilator(3)	1668258	Feb-05
	59.	Eco Cardiogram colour doppler	1859403	Apr-05
	60.	Holder Analysis system laser printer	455610	Sep-01
	61.	Ceiling shadowless light (3)	341550	Aug-06
	62.	Diathermy	128170	2002
	63.	Colour Doppler	2086000	May-06
	64.	X-ray machine 300 mA	582660	16/8/2006
	65.	Semi Automated Analyser*	140000	27.6.2005
	66.	Semi Automated Analyser*	140000	27.6.2005
	67.	Semi Automated Analyser*	140000	27.6.2005
	68.	Fully Automated Analyser*	1535000	October 2006
	69.	Side view Duodenoscope	167026	
	70.	Ventilator	591882	
	71.	Anansthesia Ventilator	156000	
	72.	Volume Cycle Ventilator	148701	
	73.	Capnograph monitor	136000	
	74.	Multi Monitor	324176	

Name of the Hospital		Name of the Equipment	Cost of Purchase	Since when kept idle
Tirunelveli Medical College Hospital	75.	Colour Doppler	2000000	1.4.2004
	76.	Tread Mill system	800000	1.4.2004
	77.	Visual yag lazer	649331	22.8.2004
	78.	Broncho Fiberscope	1128125	2002
	79.	Ventilator	650000	1.3.2005
	80.	Blood Gas analyzer	200000	2002
	81.	Ultra Sound Scanner	350000	10.1.2006
	82.	Ventilator Moder D-3	300000	1995
	83.	Ventilator Moder D-1	300000	1995
	84.	Pulse oximeter with captograph	164000	10.4.2004
	85.	Gastroscope Endoscope	300000	10.1.2006
	86.	Multichannel Monitor	140000	22.5.2005
	87.	Defibrillator Philips	230000	15.1.2006
	88.	Monitor cum Defibrillator Arteme	100000	10.1.2005
	89.	Xenon light source	100000	27.5.2006
	90.	Diathermy Aesulap	230000	28.6.2006
	91.	Multi Parameter Monitor	140000	5.7.2005
	92.	Monitor cum Defibrillator silicon	100000	5.7.2005
	93.	Blood gas Analyser	540000	4.9.2006
	94.	High Pressure Liquid Chromatography	201017	5.1.2006
		TOTAL	**45125500**	

* **equipment kept idle for want of consumables**

Appendix 3.17

(Reference: Paragraph 3.3.8; Page 94)

Vacancy position of 2007 in respect of some of the important medical/paramedical/supporting staff

(In number)

Sl.No.	Name of the Post	Sanctioned	Filled up	Vacant
1	Reader/Professor of Nursing	10	2	8
2	Non-medical Reader	13	7	6
3	Assistant Readers	37	23	14
4	Lecturer in Health Education and Family Welfare	6	3	3
5	Lecturer in Nursing	13	6	7
6	Non-medical Assistant Professor/Tutor	65	29	36
7	Nursing Superintendent Gr I	22	5	17
8	-do- Gr II	68	36	32
9	-do- Gr III	400	291	109
10	Nursing Tutor Gr I	19	10	9
11	-do- Gr II	206	141	65
12	Administrative Officer	32	14	18
13	Junior Administrative Officer	51	36	15
14	Medical Store Officer	36	10	26
15	Lecturer (Maths/Physics/English/Chemistry)	32	4	28
16	Anaesthesia Technical Gr II	19	10	9
17	Office Superintendent	252	199	53
18	Assistant	801	587	214
19	Junior Assistant	404	270	134
20	Typist	179	53	126
21	Steno typist	222	87	135
22	Pharmacist	548	470	78
23	Chief Pharmacist	67	45	22
24	Nurses	3454	3229	225
25	Radiographer	250	180	70
26	Dark Room Assistant	114	70	44
27	Driver	234	149	85
28	Lab supervisor/Lab Assistant	70	39	31
29	Lab Technician Gr I	434	346	98
30	-do- Gr II	725	293	432
31	Lab Attendant Gr II	158	21	137
32	Librarian/Library Assistant	46	25	21
33	Technical Assistant	190	10	180
34	Theatre Assistant	247	113	134
35	Nursing Assistant Gr I	238	105	133
36	Health Supervisor	10	1	9
37	Health Educator	20	-	20
38	Second class Male attendant	191	122	69
39	Second class Female attendant	79	53	26
40	Hospital worker	1072	755	317
41	Lascar	457	310	147
42	Office Assistant	792	436	356
43	Sanitary worker	1039	602	437
44	Sweeper	669	354	315
45	Stretcher bearer	202	150	52
46	Male Nursing Assistant Gr II	483	234	249
47	Female Nursing Assistant Gr II	445	196	249
48	Male Sanitary worker	360	177	183
49	Female Sanitary worker	342	206	136
50	Nursing Assistant Gr II	546	272	274
51	Lab Technician Grade II (consolidated pay)	123	86	37
52	Lab Attendant (consolidated pay)	29	6	23

Appendix 3.18

(Reference: Paragraph 3.4.6; Page 101)

I Literacy Rate

	Male literacy level			Female literacy level		
	Overall	SC	ST	Overall	SC	ST
As per 2001 census	82.33	73.41 (8.92)	50.15 (32.18)	64.55	53.01 (11.54)	32.78 (31.77)

(Figures in brackets indicate the difference with the over all literacy rate in percentage)

II Net enrolment ratio (NER)

		Primary level					Upper primary level				
		2002-03	2003-04	2004-05	2005-06	2006-07	2002-03	2003-04	2004-05	2005-06	2006-07
All children	Boys	93	96	98.48	98.80	99.29	91	95	97.22	97.89	98.26
	Girls	92	96	98.27	98.15	99.29	89	94	96.74	97.57	98.25
	Total	93	96	98.38	98.48	99.29	90	94	96.98	97.73	98.25
SC children	Boys	89	93	96.66	97.79	99.31	87	91	95.49	98.14	98.52
	Girls	88	92	96.22	97.85	99.31	86	91	95.13	97.02	98.42
	Total	89	93	96.49	97.73	99.31	87	91	95.31	97.59	98.47
ST children	Boys	83	88	91.80	97.55	97.76	79	85	89.12	95.95	95.61
	Girls	82	87	91.55	95.72	97.61	78	83	88.16	94.35	94.66
	Total	83	88	91.67	96.68	97.69	79	84	88.65	95.17	95.15

III Drop-out rate (DR)

	Primary level					Upper primary level				
	2002-03	2003-04	2004-05	2005-06	2006-07	2002-03	2003-04	2004-05	2005-06	2006-07
All children	12	8	5.79	3.81	1.91	13	10	8.64	7.58	4.08
SC children	14	10	6.23	3.73	1.96	15	13	9.75	8.69	4.78
ST children	19	16	11.42	11.14	3.50	17	14	11.24	13.53	5.03

Appendix 3.19

(Reference: Paragraph 3.4.9.1; Page 107)

(a) GOI Post Matric Scholarship for the period 2002-07

(Rupees in lakh)

Year	OB	Receipt of grants from G.O.I	Total	Expenditure			Balance	No. of Benefi-ciaries
				Commi-ted level@	G.O.I share	Total		
Scheduled Castes								
2002-03	9.67	1658.56	1668.23	3242.44	770.84	4013.28	897.39	2,01,437
2003-04	897.39	2184.44	3081.23	3242.44	2751.07	5993.51	330.76	2,34,324
2004-05	330.76	2891.78	3222.54	3242.44	3932.91	7175.35	(-) 710.37	2,41,718
2005-06	(-) 710.37	6982.18	6271.81	3242.44	6170.38	9412.82	101.43	3,59,374
2006-07	101.43	3233.97	3335.40	3242.44	8622.31	11864.75	(-) 5286.91	3,92,037
Scheduled Tribes								
2002-03	7.29	-	7.29	8.04	2.32	10.36	4.97	589
2003-04	4.97	-	4.97	8.04	10.40	18.44	(-) 5.43	1545
2004-05	(-) 5.43	49.05	43.62	8.04	41.61	49.65	2.01	2118
2005-06	2.01	17.86	19.87	8.04	49.69	57.73	(-) 29.82	1786
2006-07	(-) 29.82	75.53	45.71	8.04	60.24	68.28	(-) 14.53	2854

(b) Pre matric scholarship for children of those engaged in unclean occupation

(Rupees in lakh)

Year	O.B	Grant received	Total	Expenditure				Balance	No.of benefici-aries
				G.O.I Share	State Share	Comm-itted level&	Total		
2002-03	10.54	61.50	72.04	21.00	21.00	298.51	340.51	51.04	48,202
2003-04	51.04	91.04	142.08	33.28	33.28	298.51	365.07	108.80	42,334
2004-05	108.80	27.31	136.11	121.05	121.05	298.51	540.60	15.06	72,963*
2005-06	15.06	86.47	101.53	125.41	125.40	298.51	549.33	(-) 23.88	53,070
2006-07	(-)23.88	174.15	150.27	150.16	150.15	298.51	598.82	0.11	54235

@ The expenditure incurred by the State Government during 2001-02.

* The revised maintenance arrears for 2003-04 has been claimed and paid to the students during 2004-05 is the reason for increase in the number of beneficiaries during 2004-05.

Appendix 3.20

(Reference: Paragraph 3.4.9.1; Page 108)

Scholarship applications kept pending for want of funds

Name of the District	2002-03		2003-04		2004-05		2005-06	
	Applications	Scholarship amount (Rupees in lakh)	Applications	Scholarship amount (Rupees in lakh)	Applications	Scholarship amount (Rupees in lakh)	Applications	Scholarship amount (Rupees in lakh)
Karur	..	..	..	..	429	9.27	485	10.84
Namakkal	1160	15.54	2482	45.08	3865	101.87	3932	104.67
Thoothukudi	..	..	130	2.39	661	10.87	292	13.04
Nagapattinam	..	..	..	..	2340	49.32	1588	22.18
Erode	NA	NA	NA	37.55	NA	51.36	NA	58.68

NA: Not available.

Appendix 3.21

(Reference: Paragraph 3.4.13; Page 113)

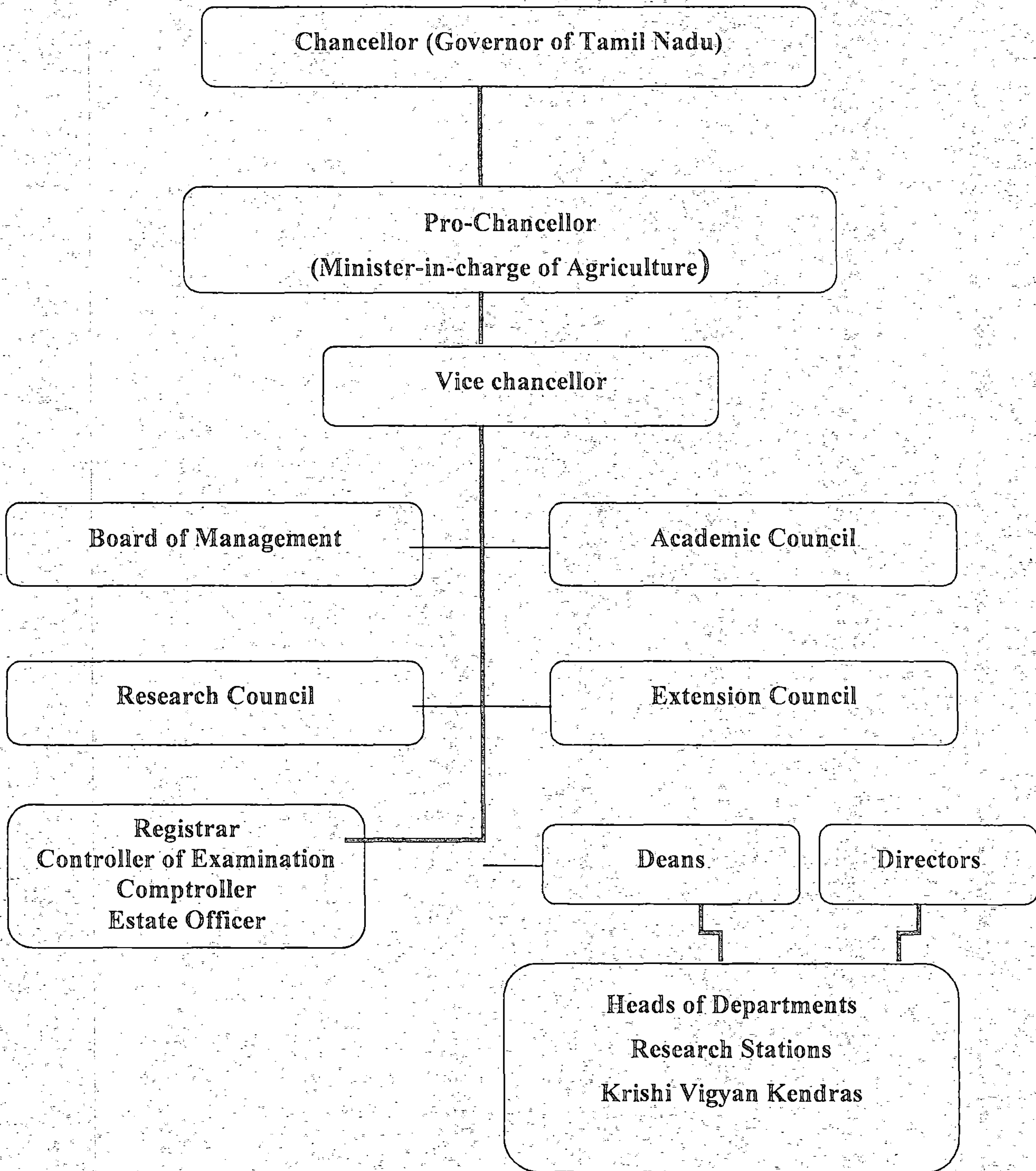
Pass percentage of SCs/STs *vis-à-vis* general candidates appeared in twelfth and tenth standard public examinations during the last five years

Name of the examination	Academic year	Percentage of pass			Gap in pass per centage with general candidates	
		SCs	STs	General (excluding SC&ST)	For SC	For ST
Twelfth standard	2001-02	75.0	76.7	87.5	12.5	10.8
	2002-03	63.5	66.3	78.7	15.2	12.4
	2003-04	63.9	62.0	79.6	15.7	17.6
	2004-05	64.2	64.3	80.1	15.9	15.8
	2005-06	61.5	60.6	78.3	16.8	17.7
Tenth standard	2001-02	64.3	69.2	80.3	16.0	11.1
	2002-03	66.8	68.3	81.8	15.0	13.5
	2003-04	66.5	63.1	80.9	14.4	17.8
	2004-05	67.5	67.1	81.3	13.8	14.2
	2005-06	67.7	66.1	80.8	13.1	14.7

Appendix 3.22

(Reference: Paragraph 3.5.2; Page 117)

Organisational chart of Tamil Nadu Agricultural University



Appendix 3.23

(Reference: Paragraph 3.5.6.1; Page 119)

Campus wise sanctioned strength and men in position as on 01.01.2007

S.No	Name of the campus	Faculty		
		Sanctioned	Men in position	Vacant (per cent)
1.	AC & RI, Coimbatore			
2.	HC & RI, Coimbatore	277	243	34 (12)
3.	AE & RI, Coimbatore			
4.	AC&RI, Killikulam	73	49	24 (33)
5.	AC&RI, Kumulur	40	23	17 (43)
6.	AC&RI, Madurai	118	77	41 (35)
7.	Home Science College, Madurai	19	18	1 (5)
8.	Forest College, Mettupalayam	35	31	4 (11)
9.	HC&RI, Periyakulam	49	42	7 (14)
10.	Anbil Dharmalingam Agricultural College and Research Institute, Trichy	51	39	12 (24)
	Total	**662**	**522**	**140**

Appendix 3.24

(Reference: Paragraph 3.5.7.1; Page 121)

Yearwise Details of sub projects taken up during 2002-07

Year	New projects taken up	Completed	Kept in abeyance	Deleted	Closing balance
OB:	677				
2002-03	203	153	7	14	706
2003-04	218	180	3	6	735
2004-05	213	220	3	15	710
2005-06	237	185	6	32	724
2006-07	106	159	7	35	629
Total	**1,654**	**897**	**26**	**102**	

Appendix 3.25

(Reference: Paragraph 3.6.5; Page 133)

Achievement under MLACDS

(A) Financial Achievement

			At the end of the scheme year		At the end of March 2007	
Scheme Year	Annual Allocation	Funds released	Expenditure as of March of the year	Funds unutilised as of March of the year	Expenditure	Funds unutilised
2002-03	192.70	192.70*		(Not available)	180.96 (94)	11.74 (6)
2003-04	192.70	192.70	112.78 (59)	79.92 (41)	183.94 (95)	8.76 (5)
2004-05	192.70	192.70	126.85 (66)	65.85 (34)	171.88 (89)	20.82 (11)
2005-06	235.00	235.00	173.64 (74)	61.36 (26)	220.96 (94)	14.04 (6)
2006-07	282.00	282.00	108.18 (38)	173.82 (62)	108.18 (38)	173.82 (62)

* Rs 71.35 Crore released during 2003-04

(Figures in brackets indicate the percentage to allocation and release)

(B) Physical Achievement

Year	Works taken up under the scheme	At the end of each year (Number of works)		At the end of March 2007 (Number of works)		
				taken up based on the revised target**	completed	Pending (per centage in bracket)S
		Completed	Pending			
2002-03	13601	(Not available)		13601	13601	Nil
2003-04	12544	9044 (72)	3500 (28)	12757	12757	Nil
2004-05	10892	8885 (82)	2007 (18)	11265	11258	7
2005-06	80881*	62320 (77)	18561 (23)	81842	81184	658 (1)
2006-07	56228	25916 (46)	30312 (54)	56228	25916	30312 (54)

* huge increase in the number of works due to reckoning of work of repair of each individual house in group houses as individual item of works since 2005-06, as per Government orders (May 2005).

** As per target subsequently revised by the department and taken up for execution.

S Percentage in brackets indicate the percentage to the targeted works taken up

Appendix 3.26

(Reference: Paragraph 3.6.8.1; Page 135)

Prohibited works taken up under MLACDS during 2002-07

Sl.No.	Name of the category of work	Name of the District	No. of works	Expenditure (Rupees in lakh)
1	Other Buildings	Chennai	1	5.00
		Kancheepuram	4	23.25
		Salem	14	29.82
		Villupuram	15	30.73
	Total		34	88.80
2	PDS Outlet	Chennai	2	46.00
		Kancheepuram	15	25.77
		Salem	26	39.81
		Villupuram	15	27.12
	Total		58	138.70
3	Bus shelter	Chennai	2	68.00
		Kancheepuram	7	75.08
		Villupuram	1	0.50
	Total		10	143.58
4	Drainage	Chennai	33	179.58
		Kancheepuram	6	13.30
		Salem	85	139.82
		Villupuram	7	3.71
	Total		131	336.41
5	Desilting	Chennai	9	37.99
		Kancheepuram	3	7.04
		Salem	21	84.44
		Villupuram	46	111.22
	Total		79	240.69
6	Repairs to TNSCB tenements	Chennai	46	563.10
7	Purchase of equipment	Chennai	6	21.53
	Grand Total		**364**	**1532.81**

Appendix 4.1

(Reference: Paragraph 4.1.4; Page 152)

Non-utilisation of computers to the optimum level

Sl. No.	Period	No. of systems occupied	No. of systems unoccupied	No. of months	Loss of Revenue at the Rate of Rs 2500 as rent per month per system
1	1/05 - 16 days 15 days	Nil 74	80 6	16 days 15 days	1,00,000 7,500
2	2/05	74	6	1	15,000
3	3/05 to 07/05	18	62	5	7,75,000
4	8/05 - 16 days 15 days	Nil 8	80 72	16 days 15 days	1,00,000 90,000
5	9/05 to 12/05	8	72	4	7,20,000
6	1/06 & 2/06	16	64	2	3,20,000
7	3/06 - 12 days 18 days	24 16	56 64	12 days 18days	56,000 96,000
8	4/06 to 8/06	24	56	5	7,00,000
9	9/06	16	64	1	1,60,000
10	10/06 to 12/06	8	72	3	5,40,000
	Total				36,79,500

Appendix 4.2

(Reference: Paragraph 4.2.4; Page 163)

Working Sheet for calculating the avoidable additional expenditure

	Quantity	Rate (Rs)	Amount (Rs)
DBM executed	2542.10 m^3	3051.52	77,57,268.99
SDBC executed	50585.00 m^2	86.97	43,99,377.45
TOTAL			**1,21,56,646.44**
Less : Tender percentage @ 0.01			1,215.66
Gross avoidable expenditure			1,21,55,430.78
Less : Allowance for laying PC	50585.00 m^2	68.85	34,82,777.25
Net avoidable expenditure			86,72,653.53
			(or) 86,72,654

Note : The Money value had been restricted to avoidable expenditure on surfacing only as the excess provision in Granular Sub Base and WBM are negligible.

Appendix 4.3

(Reference: Paragraph 4.4.2; Page 177)

Yearwise pendency details of Inspection Reports

Year	IRs	Paras
1990-91	5	12
1991-92	2	5
1992-93	34	137
1993-94	32	88
1994-95	34	57
1995-96	30	55
1996-97	29	57
1997-98	45	82
1998-99	53	138
1999-2000	57	127
2000-01	151	371
2001-02	251	528
2002-03	355	765
2003-04	366	884
2004-05	698	1734
2005-06	986	2927
2006-07	718	2521
Total	**3846**	**10488**

Appendix 4.4

(Reference: Paragraph 4.4.2; Page 177)

Department-wise details of first reply not received as of March 2007

Sl.No.	Department	Number of IRs	Number of Paragraphs
1	Agriculture Department	13	27
2	Animal Husbandry Department	13	31
3	Archeology	1	3
4	Adi Dravidar and Tribal Welfare	3	23
5	Backward Classes and Minorities Welfare	3	15
6	Co-operation	4	12
7	Chief Internal Auditor	4	10
8	Commercial Tax	2	11
9	Dairy Development	5	19
10	Directorate of Town Panchayat	1	2
11	Economics and Statistics	3	8
12	Education Department	62	280
13	Evaluation and Applied Research	1	4
14	Fire and Rescue Services	1	2
15	Handloom and Textiles	3	14
16	Health and Family Welfare	127	483
17	Industries Department	13	57
18	Information and Public Relations	7	15
19	Judicial Department	59	136
20	Labour and Employment	3	11
21	Local Fund Audit	1	2
22	Personnel and Administrative Reforms	2	3
23	Police Department	4	16
24	Prohibition and Excise	1	2
25	Public Department	2	6
26	Registration Department	7	8
27	Revenue Department	13	58
28	Secretariates	3	11
29	Social Welfare	34	80
30	Tourism Department	1	1
31	Town and Country Planning	2	3
32	Transport Department	6	9
33	Treasuries and Accounts	1	6
34	Youth Welfare	1	5
35	Social Defence	5	13
36	Highways	4	41
	Total	**415**	**1427**

Appendix 4.5

(Reference: Paragraph 4.4.2; Page 178)

Serious Irregularities pending settlement as of March 2007

I Social Welfare Department

(Rupees in lakh)

Sl.No	Nature of Irregularities	No. of Paragraphs	Amount
1	Non-adjustment of Temporary Advances	4	1432.44
2	Unutilized amount under various schemes	6	1250.17
3	Locking up of Government money	3	307.50
4	Idle investment	4	65.86
5	Excess expenditure over provision	2	302.72
6	Excess/Infructuous/Avoidable expenditure	4	88.37
7	Irregular payment made to supplier on supply of vessels to Anganwadi Centres	1	15.28
8	Non-receipt of Utilisation certificate	2	200.98
9	Irregularities in renovation of Anganwadi centres	1	27.65
10	Non-remittance of Scheme funds to Government	2	30.40
11	Non-disposal of used gunny bags/plastic bags	1	5.66
12	Misappropriation of Government Funds - Rehabilitation of disabled	1	9.52
13	Incorrect utilisation of PMGY scheme	1	364.00
	Total	**32**	**4100.55**

II Home Department

(Rupees in lakh)

Sl.No	Nature of Irregularities	No. of Paragraphs	Amount
Home – Police			
1	Short collection of escort charges	2	2.73
2	Quarters available with Police station, Rest room kept vacant	2	51.33
3	Short assessment of guard charges due to non-inclusion of Leave Travel concession claims	2	62.09
4	Guard charges pending realisation	5	796.36
5	Excess consumption of fuel not ratified	3	567.00
6	Non-utilisation/under-utilisation of equipments	3	15.70
7	Funds drawn in advance	1	144.00
8	Blocking up of Government of India funds	3	261.45
	Total	**21**	**1900.66**
Home-Judicial			
1	Lapsed/unclaimed deposit amount not credited to Government	14	676.00
2	Blocking up of Government funds	2	95.08
3	non-collection of fine amount	1	25.29
4	Unfrutiful expenditure on construction of court building	1	81.04
5	Avoidable expenditure on purchase of vehicles in excess of requirement	1	178.00
6	Short fixation and non-realisation of rent for Law chambers	2	239.24
	Total	**21**	**1294.65**
Home- Fire and rescue services			
1	Non-recovery of annual establishment expenditure from SIPCOT	1	12.81
	Total	**1**	**12.81**
Home – Transport			
1	Avoidable expenditure on rent due to delay in construction of building	3	14.40
	Total	**3**	**14.40**
	Grand Total - Home	**46**	**3222.52**

III Highways Department

(Rupees in lakh)

Sl.No	Nature of Irregularities	No. of Paragraphs	Amount
1	Excess payments	9	75.63
2	Excess over estimates	6	33.87
3	Want of sanctions	5	563.43
4	Irregular expenditure to be recovered	11	728.74
5	Expenditure to be ratified by Government/Chief Engineer	174	16344.23
6	Overpayment of salary	18	4.48
7	Losses, shortages, theft, stock not handed over etc.	9	179.39
8	Recovery from contractors	22	2500.13
9	Advance payments pending adjusment	17	1575.60
10	Miscellaneous irregularitgies/objections with money value	224	17021.56
	Total	**495**	**39027.06**

Abstract

(Rupees in lakh)

Name of the Department	No. of paragraphs	Amount involved
Social Welfare	32	4100.55
Home	46	3222.52
Highways	495	39027.06
Total	**573**	**46350.13**

Appendix 5.1

(Reference: Paragraph 5.1.1; Page 180)

List of Acts

A. Central Acts

1. The Contract Labour (Regulation and Abolition) Act, 1970
2. The Child Labour (Prohibition and Regulation) Act, 1986
3. The Equal Remuneration Act, 1976
4. The Inter-State Migration Workmen (Regulation of Employment and Condition of Service) Act, 1979
5. The Labour Laws (Exemption from furnishing returns and maintaining Registers by Certain Establishment) Act, 1988
6. The Maternity Benefit Act, 1961
7. The Minimum Wages Act, 1948
8. The Payment of Wages Act, 1936
9. The Payment of Gratuity Act, 1972

B. State Acts

1. The Tamil Nadu Industrial Establishment (Conferment of Permanent Status to workmen) Act, 1981
2. The Tamil Nadu Industrial Establishments (National and Festival Holidays) Act, 1958
3. The Tamil Nadu Labour Welfare Fund Act, 1972
4. The Tamil Nadu Payment of Subsistence Allowance Act, 1981

Appendix 5.2

(Reference: Paragraph 5.1.6; Page 182)

Details of revenue realised by the Inspectorate of Factories

(Rupees in crore)

Year	Licence fees	Other than licence fees	Pressure Vessel Testing Fee	Medical examination fees	Total revenue realised
2002-03	11.36	0.02	2.52	0.28	14.18
2003-04	11.53	0.03	3.00	0.30	14.86
2004-05	12.33	0.08	2.96	0.36	15.73
2005-06	13.93	0.08	3.56	0.36	17.93
2006-07	15.43	0.04	3.88	0.50	19.85

Appendix 5.3

(Reference: Paragraph 5.1.8; Page 191)

Details of factories registered in the State and inspected during 2002-06

Year	Classification of factories			Total number of factories	Number of inspections conducted	
	Factories involving hazardous process	Major Accident Hazard (MAH) factories	Others		Inspections	Check inspections
2002	6,546	113	26,064	32,723	26274	1118
2003	7,236	120	26,715	34,071	27752	926
2004	10,249	131	24,140	34,520	29388	879
2005	11,013	150	25,704	36,867	27862	1056
2006	(under compilation)			38,806	28330	1418

Appendix 5.4

(Reference: Paragraph 5.1.8; Page 191)

Inspections carried out in sample divisions

Sl. No.	Name of the division	Calendar Year	Number of factories registered						Number of Inspections carried out		
			SSI		Non-SSI			Total	By DCIF	By IF/AIF	Total
			MAH	Others	2(cb)	MAH	Others				
1	Tiruppur	2002	--	2031	--	406	1171	3608	297	1945	2242
		2003	--	2538	--	479	472	3489	274	2715	2989
		2004	--	2536	--	489	552	3577	250	2372	2622
		2005	--	1822	--	404	769	2995	328	4172	4500
		2006	--	2077	--	289	933	3299	427	4563	4990
2	Coimbatore I	2002	--	902	--	366	1241	2509	309	1340	1649
		2003	--	927	--	382	1292	2601	307	1704	2011
		2004	--	954	--	400	1339	2693	334	1489	1823
		2005	--	754	--	113	1121	1988	272	1465	1737
		2006	--	767	--	157	1333	2257	309	1711	2020
3	Coimbatore II	2005	153	732	125	214	1103	2327	190	1434	1624
		2006	153	783	125	218	1247	2526	224	1700	1924
4	Sivakasi	2002	2200	523	3	61	300	3087	910	3469	4379
		2003	2537	502	3	59	300	3401	565	3876	4441
		2004	2536	977	3	32	348	3896	486	4044	4530
		2005	235	886	--	12	130	1263	381	4103	4484
		2006	635	1047	--	12	173	1867	248	3032	3280
5	Virudhunagar*	2005	--	--	1	1434	360	1795	332	1364	1696
		2006	--	--	2	2	360	364	372	1891	2263

* formed only in 2005 after re-organisation.

Appendix 5.5

(Reference: Paragraph 5.1.9; Page 193)

Vacancy position

	Sanctioned strength	Vacant during 2004	2005	2006	Period from which the post are vacant
Upgraded Assistant	109	13	36	41	November 1999-November 2006
Junior Assistant	129	4	32	38	January 2001-October 2006
Typist	56	9	33	33	November 1996-August 2006
Driver	48	9	30	27	March 1990-December 2006
Office Assistant	170	21	94	94	January 1997-July 2006
Watchman	34	2	11	13	November 2001-October 2006
Superintendent	39	-	1	2	
Upgraded Superintendent	22	4	2	5	
Steno Typist (GR III)	3	1	1	1	
Steno Typist (GR II)	6	-	1	1	
Record Clerk	56	1	5	5	
Statistical Inspector	7	-	1	1	
Assistant	70	-	-	5	
Accounts Officer	1	-	1	-	
Lab attendant	9	-	2	2	
Total	**759**	**64**	**250**	**268**	

(There was no vacancy in the posts of steno typists (1), chemists (1), assistant (1), lab technician (10), Duffador (1), Masalchi (1) and Sweeper (1).

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2-26-38