REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

on ECONOMIC SECTOR

for the year ended March 2012

GOVERNMENT OF KERALA
Report No. 3 of the year 2013

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APPENDICES

Preface

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

2. Chapter-I of this Report indicates audited entity profile, authority for audit, planning and conduct of audit and organisational structure of the office of the Accountant General (Economic and Revenue Sector Audit). The Report includes the audit findings in respect of the departments falling under Economic Sector and responses of the respective departments to the audit observations. Highlights of audit observations included in this Report have also been brought out in this Chapter.

3. Chapter-II covers thematic audit paragraphs and Chapter-III covers audit of transactions.

4. The Report covers significant matters arising out of the thematic audit of Economic Sector departments. The Reports containing points arising from audit of the financial transactions relating to General and Social Sector departments, Local Self Governing Institutions, Statutory Corporations and Government Companies and Revenue Receipts 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 2011-12 as well as those which had come to notice in earlier years but could not be included in the previous Reports. Matters relating to the period subsequent to 2011-12 have also been included, wherever necessary.

CHAPTER I
INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from thematic audit of selected programmes and activities and compliance audit of Government departments.

Compliance audit refers to examination of transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with. On the other hand, thematic audit, besides conducting a compliance audit, also examines whether the objectives of the programme/activity/department are achieved economically and efficiently.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports.

1.2 Profile of units under audit jurisdiction

There are 40 departments in the State at the Secretariat level, headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers under them, and 23 autonomous bodies which are audited by the Principal Accountant General (General and Social Sector Audit), Kerala and the Accountant General (Economic and Revenue Sector Audit), Kerala.

The comparative position of expenditure incurred by the Government during the year 2011-12 and in the preceding four years is given in **Table 1.1**

Table 1.1: Comparative position of expenditure

(₹ in crore)

Disbursements	2007-08			2008-09			2009-10			2010-11			2011-12		
	Plan	Non plan	Total	Plan	Non plan	Total	Plan	Non plan	Total	Plan	Non plan	Total	Plan	Non plan	Total
Revenue expenditure															
General Services	207.10	11976.99	12184.09	158.95	12508.42	12667.37	370.83	13564.69	13935.52	184.43	15233.96	15418.39	72.98	20227.04	20300.02
Social Services	1338.56	6451.32	7789.88	1910.30	7452.54	9362.84	2347.98	8119.17	10467.15	2505.61	9605.19	12110.80	3401.92	12821.94	16223.86
Economic Services	731.63	2086.77	2818.40	1142.61	2785.92	3928.53	1460.24	2780.48	4240.72	1505.70	2851.76	4357.46	1852.31	4279.35	6131.66
Grants-in-aid and Contributions		2099.27	2099.27		2265.12	2265.12	---	2488.98	2488.98	---	2778.16	2778.16	---	3389.08	3389.08
Total	**2277.29**	**22614.35**	**24891.64**	**3211.86**	**25012.00**	**28223.86**	**4179.05**	**26953.32**	**31132.37**	**4195.74**	**30469.07**	**34664.81**	**5327.21**	**40717.41**	**46044.62**
Capital Expenditure															
Capital outlay	1451.71	22.87	1474.58	1670.76	24.84	1695.60	1902.16	157.23	2059.39	2765.66	598.03	3363.69	3398.10	454.82	3852.92
Loans and advances disbursed	819.87	73.29	893.16	579.25	404.44	983.69	704.20	172.48	876.68	319.31	442.43	761.74	416.68	581.86	998.54
Repayment of public debt [1]			1432.79			1650.34	---	---	1765.06	---	---	1975.03	---	---	2893.06
Contingency Fund			80.00			5.84	---	---	26.27	---	---	33.92	---	---	20.80
Public Account disbursements			46413.11			53627.80	---	---	57271.53	---	---	70558.27	---	---	91200.26
Total			**50293.64**			**57963.27**			**61998.93**			**76692.65**			**98965.58**
Grand Total			**75185.28**			**86187.13**			**93131.30**			**111357.46**			**145010.20**

(Source: Finance Accounts)

1.3 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. C&AG conducts audit of expenditure of the departments of the Government of Kerala under Section 13[2] of the C&AG's (DPC) Act. C&AG is the sole auditor in respect of 23 autonomous bodies which are audited under sections 19(3)[3] and 20(1)[4] of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of 888 other autonomous bodies/institutions[5], under Section 14[6] of C&AG's (DPC) Act, which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the C&AG.

1 Excluding net transactions under ways and means advances

2 Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts.

3 Audit of the accounts of Corporations established by law made by the State Legislature on the request of the Governor.

4 Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government.

5 Includes Government aided Higher Secondary Schools, Colleges etc.

6 Audit of all (i) receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated Fund of the State in a financial year is not less than ₹ one crore.

1.4 Organisational structure of the Offices of the Principal Accountant General (G&SSA) and Accountant General (E&RSA), Kerala

Under the directions of the C&AG, the office of the Principal Accountant General (G&SSA), Kerala conducts audit of Government Departments/ Offices/Autonomous Bodies/Institutions under General and Social Sector, and Accountant General (E&RSA), Kerala conducts audit of Government Departments/Offices/Autonomous Bodies/ Institutions under Economic and Revenue Sector, which are spread all over the State. There are 15[7] Secretariat departments, two autonomous bodies, 41 other autonomous bodies/institutions, 99 public sector undertakings under the jurisdiction of Accountant General (E&RSA). The Principal Accountant General (G&SSA) is assisted by four Group Officers and Accountant General (E&RSA) is assisted by three Group Officers.

1.5 Planning and conduct of Audit

The audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/ complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the offices. The departments are requested to furnish replies to the audit findings within four weeks from the date of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

During 2011-12, 3,191 party-days were used to carry out audit of 431 units (compliance audit and thematic audit) of the various departments/ organisations coming under Accountant General (E&RSA). The audit plan covered those units/entities which were vulnerable to significant risks as per our assessment.

1.6 Significant Audit Observations

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected departments which impact the success of programmes and functioning of the departments. Similarly, the deficiencies noticed during compliance audit of the Government departments/organisations have also been reported upon.

7 Apart from these, certain departments like, Finance, Revenue, Public Works and Water Resources coming under both sectors.

The present report contains two thematic audit paragraphs and seven transaction audit paragraphs. The significant audit observations are discussed below:

Thematic Audit Paragraphs

1.6.1 Execution of Government works through Public Sector Undertakings

In order to overcome the difficulties of delay and high rates, the Government decided to entrust the works to Public Sector Undertakings (PSUs) as a contractor and later as a consultant. Audit observed that these PSUs got the works executed by contractors. Test check revealed that Government had to incur loss/excess liability of ₹ 104.81 crore on 128 works costing ₹ 888.50 crore. The highlights are as follows:

- Out of 79 works awarded to Kerala State Construction Corporation Ltd. during 2009-2012, details of only 58 works were made available to audit as per which 35 works were completed as of March 2012. Out of 35 works three works were only completed in time. Delay in execution of six works led to revision of original estimate of ₹ 52.73 crore to ₹ 97.51 crore resulting in increase of expenditure by ₹ 44.78 crore. Three PSUs obtained work from Government Departments and awarded the same to four sub-contractors and profited ₹ 14.80 crore. Advances of ₹ 25 crore and ₹ 15 crore received by Kerala Shipping and Inland Navigation Corporation Ltd., and Travancore Cements Ltd. respectively from Government were kept in fixed deposit of commercial banks without utilisation due to slow progress of works.

(Paragraph 2.1)

1.6.2 Grand Kerala Shopping Festival

The Tourism Department conducted Grand Kerala Shopping Festival (GKSF) with the aim of transforming the State into a hub for international shopping experience within five years and to promote and develop commerce, trade and industrial sector of Kerala apart from creating employment from developing traditional trade centres. Audit observed that the Government launched the scheme without specifying any guidelines/directions for the implementation. Audit of the scheme revealed that the GKSF had incurred extra expenditure/loss of ₹ 44.58 crore. The highlights are as follows:

- In the absence of guidelines for implementation of GKSF, the Director diverted ₹ 5.47 crore out of an allotment of ₹ 10 crore for meeting festival expenses and the balance was deposited in fixed deposit. An amount of ₹ 1.24 crore incurred towards printing charges became infructuous as 27.57 lakh coupons remained unsold. During the five seasons an amount of ₹ 40.60 crore was expended by EMAs without supporting vouchers. The Director, Tourism department had not furnished utilisation certificate in respect of funds released by Government for season five despite the stipulation that the certificate should be furnished within three months.

(Paragraph 2.2)

1.6.3 Transaction Audit Paragraphs

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the Government departments. These are as under:

- Executive Engineer NH Division, Malappuram made an excess payment of ₹ 64.72 lakh for laying additional layer of tack coat in six road works against MoRTH specification and thereby providing undue financial aid to the contractors.

(Paragraph 3.1.1)

- Chief Engineer extended undue benefit of ₹ 2.32 crore to a contractor by enhancing the unit rate of pile work by 528.68 *per cent* on a concluded contract for construction of a bridge.

(Paragraph 3.1.2)

- Use of costlier 'quarry muck' in contravention of IRC standards, in place of conventional ordinary earth soil resulted in avoidable expenditure of ₹ 1.63 crore.

(Paragraph 3.1.3)

- Failure of the department to finalise tenders of four building works within firm period resulted in avoidable expenditure of ₹ 4.02 crore on re-tendering of works.

(Paragraph 3.1.4)

- *Tahsildar* Chittur released payment of ₹ 19.95 lakh to the contractor for supply of drinking water in drought hit areas on unauthenticated trip-sheets.

(Paragraph 3.1.5)

- Government sanctioned release of National Co-operative Development Corporation loan to a Society and created an avoidable liability of ₹ 2.68 crore.

(Paragraph 3.1.6)

- A newly constructed wharf at Vizhinjam port at a cost of ₹ 8.87 crore could not be used due to structural defects and lack of infrastructure facilities.

(Paragraph 3.1.7)

1.7 Lack of responsiveness of Government to Audit

1.7.1 Outstanding Inspection Reports

The Handbook of Instructions for Speedy Settlement of Audit Objections/Inspection Reports issued by the State Government in 2010 provides for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General (AG) to ensure action for rectification in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc., noticed during the inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs, rectify the defects and omissions and promptly report their compliance to the AG within four weeks of receipt of the Inspection Report. Half-yearly reports of pending IRs are being sent to the Secretaries of the Departments concerned to facilitate monitoring of the audit observations.

As of 30 June 2012, 199 IRs (1,235 paragraphs) were outstanding against Harbour Engineering and Public Works Departments. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix 1.1.**

A review of the IRs pending due to non-receipt of replies, in respect of these two departments revealed that the Heads of offices had not sent even the initial replies in respect of 75 IRs containing 613 paragraphs.

1.7.2 Departmental Audit Committee Meetings

The Government set up audit committee to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2011-12 and the paragraphs settled are mentioned in the following table.

Table 1.2: Clearance through Audit Committee Meeting

Name of the department	Number of meetings held	Number of paragraphs settled		Number of audit paragraphs outstanding and percentage of settlement
Fisheries	1	2004-05	1	93
		2005-06	1	
		2006-07	1	
		2007-08	3	
		2008-09	2	
		2009-10	7	
		Total	**15**	
PWD	2	2006-07	11	1192
		2007-08	4	
		2008-09	4	
		2009-10	2	
		Total	**21**	
Irrigation	2	2006-07	3	418
		2007-08	10	
		2008-09	14	

Name of the department	Number of meetings held	Number of paragraphs settled		Number of audit paragraphs outstanding and percentage of settlement
		2009-10	32	
		2010-11	9	
		Total	**68**	
Harbour Engineering	1	2009-10	1	127
		2010-11	6	
		Total	**7**	
Forest and Wildlife	2	2006-07	5	877
		2007-08	5	
		2008-09	11	
		2009-10	19	
		2010-11	4	
		Total	**44**	
Agriculture	3	2006-07	32	2,617
		2007-08	45	
		2008-09	137	
		2009-10	23	
		2010-11	54	
		2011-12	24	
		Total	**315**	
Animal Husbandry	3	2008-09	1	606
		2009-10	33	
		2010-11	37	
		2011-12	2	
		Total	**73**	
Grand Total			**543**	**5930** **9.16**

During the year 2011-12, the percentage of settlement was less than 10. It is recommended that the Departments may ensure that the percentage of clearance is substantial while conducting Audit Committee Meetings.

1.7.3 Response of departments to the draft paragraphs

Draft Paragraphs and Thematic Draft Paragraphs were forwarded demi-officially to the Additional Chief Secretary/Principal Secretaries/Secretaries of the departments concerned between October 2012 and January 2013 with a request to send their responses within six weeks. The departmental replies for four out of the seven draft paragraphs featured in this Report were received. These replies have been suitably incorporated in the Report.

1.7. 4 Follow-up on Audit Reports

The Finance Department issued (January 2001) instructions to all administrative departments of the Government that they should submit Statements of Action Taken Notes on audit paras included in the Audit Reports directly to the Legislature Secretariat with copies thereof to the Audit Office within two months of their being laid on the Table of the Legislature.

The administrative departments did not comply with the instructions, and five departments, as detailed in **Appendix 1.2,** had not submitted Statements of Action Taken for 11 paragraphs for the period 2009-10 to 2010-11, even as of February 2013.

1.7. 5 Paragraphs to be discussed by the Public Accounts Committee

The details of paragraphs pending discussion by the Public Accounts Committee as of February 2013 are given in **Appendix 1.3.**

CHAPTER II
THEMATIC AUDIT

PUBLIC WORKS DEPARTMENT

2.1 Execution of Government works through Public Sector Undertakings

2.1.1 Introduction

The Engineering Departments, viz, Public Works (PWD), Water Resources (WRD) and Harbour Engineering (HED) are the prime agencies for executing works on behalf of Government[1] and are responsible for the planning, designing, estimation, execution and maintenance of works in the respective areas allotted to them. These Departments have design wings like Design Research Investigation and Quality Control Board (DRIQ), Irrigation Design and Research Board (IDRB) etc. and are manned by technical hands for execution and supervision. The departments execute the works through contractors on the basis of competitive bidding.

In order to overcome the difficulties of delay and high rates, the Government decided to entrust the works to Public Sector Undertakings (PSUs) as a contractor (since 1975) and later as a consultant. Government also granted various concessions, price preferences, interest-free mobilisation advances and exemptions from pre-qualification etc. to these PSUs. But these PSUs got the works executed by contractors. As a result, the concessions extended to PSUs became a source of benefit to contractors.

2.1.2. Major Government departments that entrusted works to PSUs

Home Department, Tourism Department, PWD, WRD, Health and Family Welfare Department, Education Department, Scheduled Castes/Scheduled Tribes Development Departments (SC/STDD), etc. are the major departments that entrusted Government works to PSUs.

The major PSUs to which works were entrusted during the period covered in audit were Kerala State Construction Corporation Ltd. (KSCC), Kerala State Industrial and Technical Consultancy Organisation Ltd. (KITCO), Small Industries Development Corporation Ltd. (SIDCO), Kerala State Warehousing Corporation, Kerala State Police Housing Construction Corporation Ltd. (KSPHCC), Roads and Bridges Development Corporation Kerala Ltd. (RBDCK), Kerala Shipping and Inland Navigation Corporation Ltd. (KSINC), Kerala State Maritime Development Corporation Ltd. (KSMDC), Travancore Cements Ltd (TCL), etc.

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[1] Mandated by Art.165 of Kerala Financial Code, Vol.I

2.1.3 Scope of Audit

A thematic audit was conducted to ascertain the relative merits of entrusting works to PSUs overlooking these Engineering departments during the period 2009-2012. The selection of PSUs was made on the basis of volume and cost of work awarded. During the period 2009-2012, Government entrusted/ awarded 128 works costing ₹ 888.50 crore to five PSUs, which were included in the budget for execution by PWD/WRD. Of this, 29 works costing ₹ 123.05 crore (**Appendix 2.1**) were entrusted as consultants[2] and 99 works costing ₹ 765.45 crore were awarded as contractors[3] as shown in **table 1**. Test check of records relating to the 128 works were conducted between April and May 2012 covering the period between April 2009 and May 2012 with emphasis on the works allotted to PWD. Audit also examined 20 works entrusted to three PSUs as contractors under the Twelfth Finance Commission (FC) award.

Table 2.1: Profile of works entrusted/awarded to PSUs

Sl. No	Name of PSU	Name of Department	No. of works entrusted/awarded as			Amount (₹ in crore)		
			Contractor	Consultant	Total	Contractor	Consultant	Total
1	KSCC	PWD	79	19	98	629.00	35.01	664.01
2	KITCO	SC/STDD	Nil	10	10	Nil	88.04	88.04
3	KSINC	WRD	19	Nil	19	119.45	Nil	119.45
4	KSMDC & TCL	WRD	1	Nil	1	17.00	Nil	17.00
Total			**99**	**29**	**128**	**765.45**	**123.05**	**888.50**

1 Source: Department files 2. Sl. No. 3 and 4 represented 20 works under Twelfth FC

2.1.4. Audit objectives

The objectives of audit were to examine whether:

- the entrustment of works to PSUs was justified;
- the works awarded and executed by the PSUs were carried out efficiently and effectively without any time/cost over-run; and
- concessions/privileges extended to PSUs were justified and in the best interest of works.

2.1.5. Audit criteria

The Audit findings are bench marked against the following:

- Kerala Financial Code;
- Kerala Budget Manual;
- Budget documents;
- Public Works Department Manual;
- Orders issued by Government

2 The person/firm providing advice for construction works
3 The person/firm through which the Engineering departments carry out works

2.1.6. Audit findings

Audit found that by entrusting the works to five PSUs, Government had to incur loss/excess liability of ₹ 104.81 crore on the 128 works costing ₹ 888.50 crore. The findings are discussed in the succeeding paragraphs.

2.1.6.1 Avoidable expenditure on consultancy charges

PWD is the statutory authority for designing, planning, monitoring, constructing and undertaking maintenance of public works of State Government. The PWD is having a separate wing for construction and maintenance of Government buildings which is headed by Chief Engineer (Buildings) with man power at circle, division, section levels.

The funds are kept at the disposal of PWD by the Legislature to specifically execute each item of work. Disregarding the system, Government had been entrusting works to PSUs as consultants. The scope of their services included preparation of design, estimate, issue of technical sanction, arrangement and supervision of works and passing of bills. The PSUs were entitled for consultancy charges ranging from five to eight *per cent* of the cost of works.

It was observed that during the period 2009-12, Government entrusted 29 building construction works costing ₹ 123.05 crore (**Appendix 2.1**) for consultancy to two PSUs, viz, KSCC and KITCO.

On assigning the works, the PSUs charged consultancy fee at the rate of five to eight *per cent* depending on the cost of works, from SC/STDDs. In addition, SC/STDDs had to bear service tax at the rate of 10.3 *per cent*. The total liability created on this account was ₹ 7.49 crore, **(Appendix 2.1)** out of which ₹ 2.93 crore was already released to the PSUs as on March 2012. This was an avoidable expenditure had these works not been transferred from PWD to PSUs.

2.1.7 PSUs as Contractors

In the case of works entrusted to PSUs as contractors, Engineering Departments do all preliminary works such as planning, designing, estimation etc. The PSUs execute works either through competitive bidding or negotiations as discussed below:-

- The KSCC, a PSU was constituted in February, 1975 to take up the construction works like bridges, major NH projects, dams, canals, road works etc.
- Government declared the PSU as 'pre-qualified'[4] for any civil works put to tender by Government Department. The PSU is also allowed Mobilisation Advance (MA) though the Kerala Public Works Account Code (KPWAC) prohibits advances to the contractors and requires to ensure that no payments are made except for work actually done. The PSU was also exempted from supervision and measurement by PWD Engineers in respect of works undertaken.

[4] Screening of contractor with reference to their past experience, expertise and equipment available for execution of work

- During the period 1975 to 1998-99 KSCC participated in the PWD tender process and were executing the works directly. From 1998-99 onwards, KSCC stopped direct execution of works, and switched over to system of subcontracting the works as a whole.
- KSCC had failed to execute 12 works entrusted to it during the period from 1997-2008. In the case of seven out of twelve works terminated between October 1997 and June 2008, PWD fixed the risk and cost liability at ₹ 5.70 crore being the extra expenditure incurred on award of the works. Of this, ₹ 5.68 crore **(Appendix 2.2)** is yet to be remitted to Government by KSCC. The past failures of the PSU raises concern over the 79 works costing ₹ 629 crore awarded during the period under audit.

2.1.7.1 Execution of works through subcontracting – post award

Audit found that KSCC subcontracted[5] three[6] works costing ₹ 50.97 crore to contractors during the period of audit at much lesser rates than the rates at which they were awarded by PWD. Thus KSCC made a profit of ₹ 3.68 crore as an intermediary agency, which in turn was a loss to Government.

2.1.7.2 Impact of subcontracting and execution of work by PSU

KSCC entered in pre-tender tie up and participated in tenders floated by PWD. When the work was executed through contractors the PSU deducted ₹ 9.03 crore as upfront fee.

The condition in the agreements executed between awarder (PWD) and contractor (KSCC) restricts subcontracting the work. However, from September 2009 onwards, KSCC started subcontracting the works through pre-tender tie up with registered contractors. Under this system, on publication of tenders by PWD, contractors submit their expression of interest (EoI) to KSCC in respect of the works they were interested in. Based on the EoI of contractors, KSCC entered into pre-tender tie up with contractors in the form of a Memorandum of Understanding (MoU). After executing the MoU with the selected contractor at the agreed rate, KSCC participated in the tender floated by PWD at that rate. Thus, KSCC realised upfront fee[7] of ₹ 9.03 crore at the rate of five *per cent* from each work bill related to 106 works during the period 2009-10 to 2011-12.

Audit found that apart from creation of the extra liability, the entrusting of works to PSUs, resulted in time over-run and cost over-run as discussed below:

2.1.7.3 Time over-run in the works executed by KSCC

The objective of Government in entrusting works to the PSUs was to avoid the delay in arranging and execution of works. But KSCC did not adhere to the time schedules in the works awarded to it as contractor as discussed below:

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5 Sub contract refers to the contract awarded by the PSU to other contractors.

6 (1) construction of MBA Block of Engineering College, Thiruvananthapuram costing ₹ 5.42 crore, (2) construction of Thuruthoor-Poyya Bridge in Ernakulam costing ₹ 2.85 crore and (3) construction of second annexe building for Government Secretariat, Thiruvananthapuram costing ₹ 42.70 crore

7 The fee deducted by KSCC at the rate of five *per cent* on the basis of MoU from the contractors' bill

Out of the 79 works awarded to KSCC during 2009-2012, details of only 58 works were made available to Audit, as per which, 35 works **(Appendix 2.3)** were to be completed as of March 2012. Of the 35[8] works, three works only were completed in time and 32 were delayed, the details of which are given below:

- As of March 2012, 26 works **(Appendix 2.4)** were yet to be completed, the delays of which ranged from one month to one year. In eight out of the 26 works, even 50 *per cent* progress had not been achieved.
- Six works were completed after delays varying from four to 17 months.

KSCC stated (July 2012) that paucity of funds delayed the completion of works.

2.1.7.4 Loss on account of cost over-run

There was cost over-run due to various reasons like revision of rates in Schedule of Rates (SoR), revision of estimates etc. As per details given by KSCC, six works were delayed badly which necessitated the revision of original estimates of ₹ 52.73 crore to ₹ 97.51 crore resulting in an increase of ₹ 44.78 crore which was 85 *per cent* of the original estimate (**Appendix 2.5**). The cost over-run in respect of other works could be assessed only on their completion.

2.1.7.5 Entrustment of work violating Central Vigilance Commission guidelines

In February 2010, Coastal Shipping and Inland Navigation Department (CSIND) entrusted 20 works costing ₹ 136.45 crore under the Twelfth FC Award to three PSUs viz. KSINC, KSMDC and TCL through negotiation. The awarding of works through negotiation violated the Central Vigilance Commission(CVC) guidelines.

CVC issued (October 2005) guidelines on the award on tender stipulating that there should not be any negotiations. In one of the reiterations, CVC based its directions on the observation of the Supreme Court regarding the entrustment of works without tendering. It was observed that the award of public works through tender was to ensure the elimination of corrupt practices by the authorities. Disregarding the CVC guidelines, CSIND entrusted works costing ₹ 136.45 crore to the PSUs after negotiations.

The three PSUs, viz, KSINC, KSMDC and TCL whose activities are different from civil works, subcontracted the works to private contractors for ₹ 31.92 crore after inviting tenders. These PSUs had obtained the works at ₹ 46.72 crore, making a profit of ₹ 14.80 crore, **(Appendix 2.6)** which was 46.36 *per cent* of the cost at which the works were subcontracted. This was an indication that the works were awarded to the PSUs at prohibitive rates and the rates arrived at by the department on negotiation lacked justification. Thus,

[8] 23 works were not analysed as the due date of completion was after March 2012

the department executed the works incurring an extra expenditure of ₹ 14.80 crore.

2.1.7.6 Splitting of work and lack of co-ordination between PSUs led to stoppage of works

The work "Deepening and Side Protection of Veli-Akkulam Lake" in the Twelfth FC award works was at a standstill since June 2011. Audit conducted a detailed study of the causes of stoppage of the work and found that the work involved "dredging" and "side protection" of the lake. Accordingly, the work was split into two and awarded to two PSUs. The dredging part was awarded jointly to TCL and KSMDC at a cost of ₹ 17 crore which was subcontracted to a contractor at ₹ 11.59 crore and the side protection work was awarded to KSINC at a cost of ₹ 13 crore and the work was subcontracted to a contractor at ₹ 9.82 crore. This resulted in following lapses:

- KSINC, entrusted with the work of side protection, took a decision that backfilling of the side protection wall be done with the dredged spoil obtained from the lake which was under the custody of TCL and KSMDC. But the PSUs stopped dredging as they were not ready to dump the spoil for backfilling.

- The work, "Deepening and Side protection of Veli-Akkulam Lake" which was to be completed by January 2011 was extended upto September 2011. As the progress of the work was very poor and the contractor discontinued after completing 500 metres out of 4000 metres of protection works, the department terminated the agreement with KSINC (August 2011) and KSINC in turn terminated the work of the sub-contractor without risk and cost. The expenditure incurred on the work was ₹ 64.26 lakh.

- Government handed over the remaining work of side protection to TCL and KSMDC which was doing the dredging work also. The PSUs jointly arranged the balance work costing ₹ 6.99 crore at a higher rate through the same contractor who had delayed the work of side protection under KSINC. The tender on re-award was 60.50 *per cent* above Estimated Probable Amount of Contract(EPAC) as against tender excess of 33.50 *per cent* of original cost under KSINC.

- As of January 2013, only 1300 m of side protection work was completed out of the target of 4000 m for which ₹ 3.02 crore spent by KSINC out of ₹ 12.35 crore advanced by CSIND. In the case of dredging work, expenditure incurred as of May 2012 was ₹ 7.20 crore out of the agreed PAC of ₹ 17 crore. The work was idling as of January 2013.

- The achievement of PSUs in respect of dredging was only 243896 cum (38.58 *per cent* of target) against the targeted quantity of 632250 cum. TCL, to which the work of side protection was re-awarded, decided to carry out the side protection work along with dredging work but was able to achieve only 32.50 *per cent.*

Thus the splitting up of the work and lack of coordination among the PSUs led to the termination of the work without risk and cost by KSINC and entrustment of the work to the same contractor on re-award resulted in additional expenditure of ₹ 1.88 crore.

2.1.8 Lack of assurance on quality of works executed

Paragraph 16.7 of the KPWD Manual describes the method and the areas of supervision of departmental officers during execution of works.

Engineering Department made random check of the quality and found that the works executed by the PSUs were of poor quality.

However, while entrusting the works to KSCC, Government, in contravention to the PWD Manual provisions, relieved (August 1983) the departmental site engineers of their duty to supervise and measure the work. Later, in September 2010, exemption of departmental supervision was extended to works under Twelfth FC award executed by three PSUs. Thus, all the 99 works of the four PSUs were exempted from supervision by PWD/WRD.

Even though Government had dispensed with the supervision by Engineering departments, these departments made random checks (September 2010 and September 2011) of the quality of works by the PSUs to ascertain the position of works executed in the context of termination of contracts and reportedly found of poor quality due to flaws in the execution of two works of CSIND.

Thus the dispensation of supervision by departmental officers encouraged the PSUs to carry out the works compromising quality.

2.1.9 Excess liability due to excess over SoR

The EPAC of the work, 'Side Protection and Beautification of Veli—Akkulam Lake' was ₹ 7.35 crore and was awarded to KSINC at an Agreed Probable Amount of Contract (APAC) of ₹ 13 crore with a tender premium of 76.87 *per cent.* The estimate was prepared in the year 2009 based on 2009 SoR, but with an additional element of 20 *per cent* over the rates of 12 out of 22 items which were labour intensive. This was stated to be made in anticipation of revision of SoR. But, there was no system of enhancing the rates in the estimates anticipating rate revision. The total amount thus added in the estimate was ₹ 0.91 crore and the excess liability when added with the tender premium worked out to ₹ 1.61 crore. Lack of diligence on the part of the department (CSIND) rendered the preparation of estimates unrealistic.

2.1.10 Concessions to PSUs

Government extended to KSCC concessions like price preference, interest-free mobilisation advance and exemption from pre-qualification etc. during tendering, awarding and execution of works. These concessions were granted by Government to KSCC at a time when they were executing the works by themselves. As KSCC dispensed with the system of direct execution and started subcontracting works, such concessions were not required. Ultimately, the benefit of concessions granted to PSUs were actually enjoyed by the sub contractors and this had created additional liability as explained below.

2.1.10.1 Excess liability due to price preference

Government allowed (April 1988) KSCC a price preference of 10 *per cent* over the lowest bidder on works bagged by it through competitive tenders. Price preference is a privilege enjoyed by the PSU over the other contractors in which the PSU gets the work even though the rates quoted by it was up to 10 *per cent* above the lowest tender. KSCC obtained 29 works through price preference during the period 2009-2012. The difference in price of lowest tenderers and that of KSCC in these works came to ₹ 14.14 crore **(Appendix 2.7)** which was an excess liability on Government. Since the works were executed on the basis of MoU and KSCC was entitled for an upfront fee of five *per cent* only, the price preference extended to KSCC in excess of five *per cent* was passed on to the sub contractors. The undue benefit received by the sub contractors amounted to ₹ 2.69 crore in 15 works **(Appendix 2.8).** The collection of upfront fee not only benefited the PSU, but also benefited contractors under pre-tender tie up.

2.1.10.2 Mobilisation Advance

Government ordered (April 1997) to allow Mobilisation Advance(MA) at the rate of 20 *per cent* of the contract amount to KSCC for the works bagged by it through competitive tenders whereas the PWD contractors are not allowed any advances. The granting of MA to PSU was relevant at the time when PSU was executing the works directly (which was dispensed with from 1998-99 onwards) and advance lost relevance when the PSU became an intermediary. During the period 2009-12, PWD released ₹ 80.33 crore **(Appendix 2.9)** as MA to KSCC in respect of 49 works, out of which KSCC disbursed ₹ 69.74 crore to the contractors under pre-tender tie up at an interest rate of nine *per cent*. The sanctioning of MA resulted in the following irregularities.

- KSCC earned a sum of ₹ 4.73 crore (**Appendix 2.9)** by giving the interest free MA received from Government to contractors under pre-tender tie up at nine *per cent* per annum which was utilised for meeting their administrative expenditure. The action of KSCC in utilizing the interest earned on Government money for meeting administrative expenditure was irregular. KSCC stated (June 2012) that, as it was not being given any budgetary assistance, it had to find other sources of income for meeting administrative expenditure other than the profit share obtained from the sub contracting of works.

- Government dispensed with (October 2010) the grant of MA for works awarded to KSCC. A total amount of ₹ 11.29 crore was paid as MA to KSCC in respect of seven works in disregard of the dispensation of the advance.

The MA had been a source of income for KSCC since the advance was used for lending at the rate of nine *per cent.* The sub-contractors also benefitted in the form of loan at lower rates.

2.1.10.3 Failure to recover Mobilisation Advance from contractors

Agreement provisions between KSINC and subcontractors did not provide for payment of advances prior to execution of work. However, audit scrutiny revealed that ₹ 1.74 crore was paid as MA to the sub-contractors. Further, it was observed that no recovery of the MA was done from part bills. In response to audit query on the non-recovery of advances, KSINC replied that MAs were treated as part payments and hence no recoveries were made. The reply was not tenable as the MA to sub-contractors was against the provisions of the contract agreement and it amounts to providing undue benefit to the sub-contractors.

2.1.10.4 Exemption from pre-qualification

In view of the experience in construction works, expertise and equipments available for direct execution of works, Government declared (February 1992) KSCC as pre-qualified for submitting financial bids for any works. However, the exemption of pre-qualification was allowed also in respect of other contractors with whom the PSU entrust the works obtained from PWD. Thus the exemption allowed to KSCC being a PSU was passed on to the non pre-qualified contactors helping them to procure major contracts indirectly. Also, it was discriminatory in nature, as the other contractors who had not entered into tie-up with KSCC, had to qualify in the technical bids.

2.1.10.5 Advances given to PSUs deposited in commercial banks.

Amount of ₹ 25 crore and ₹ 15 crore received by KSINC and by TCL were deposited in commercial banks without any utilisation due to slow progress of work.

The Finance Department issued letter of credit for ₹ 40 crore in March 2010 to be drawn by Executive Engineer, Inland Navigation Division, Kollam under the head of account 5075-60-800-89 (P) for incurring expenditure before 31 March 2010. The Department drew ₹ 40 crore (**Appendix 2.10**) and advanced it to PSUs. The amounts advanced to the PSUs were exhibited in Government accounts as utilised even though the works were not commenced and expenditure incurred. There was, therefore, overstatement of capital expenditure in Government accounts as of March 2010. The action of the department was irregular and against financial propriety. The agreement conditions with the PSUs did not provide for such advances either.

Amounts of ₹ 25 crore and ₹ 15 crore received by KSINC and TCL respectively from Government were kept in fixed deposits of commercial banks. The deposits remained unutilised due to slow progress of works. The PSUs earned ₹ 4.55 crore towards interest (March 2012). It was observed that retaining Government money in commercial banks was against the instructions issued by Government in January 1996, wherein it was directed that PSUs should not keep Government funds in commercial banks.

2.1.11. Conclusion

The PSUs were also not able to complete the works without time and cost over-run. There was no mechanism available with the Department to ensure that quality was maintained in respect of works executed by PSUs. The Department did not exercise control over the concessions and privileges extended to PSUs and was not able to ensure that the benefits were not enjoyed by ineligible contractors.

2.1.12 Recommendations

Government should conduct a detailed study to:

- Ascertain the real problems in execution of works by engineering departments so as to take corrective measures;
- Government may study the privileges and concessions extended to PSUs to ensure level playing and that the system does not result in additional cost to projects/schemes.

TOURISM DEPARTMENT

2.2 Grand Kerala Shopping Festival

2.2.1 Introduction

Grand Kerala Shopping Festival is an annual shopping event in Kerala. The festival, commenced in 2007[9], as an yearly event lasting for 46 days from first December. The festival is conducted by the Tourism Department in co-ordination with the Industries and Commerce Department, Finance Department and Local Self Government Department. The aim of the festival is to transform the State of Kerala into a hub for international shopping experience within five years and to promote and develop commerce, trade and industrial sector of Kerala apart from creating employment from developing traditional trade centres.

The expenditure incurred and the Government funds received for the conduct of festival in each year (referred as 'season' by GKSF) is as shown below:

Table 2.2: Expenditure and Government funds received

(₹ in crore)

Year	Season	Expenditure	Government funds received
2007-08	Season one	18.51	15
2008-09	Season two	23.53	20
2009-10	Season three	26.91	20
2010-11	Season four	34.36	25
2011-12	Season five	40.14	25
Total		**143.45**	**105**

Source: Annual accounts and Government orders
Though ₹ 105 crore were allotted, only ₹ 95.88 crore were accounted as shown in table 2

The table above indicates that 73 *per cent* of the total expenditure was met out of Government funds and 27 *per cent* was met from various receipts such as sponsorship fee, registration fee of Mercantile Establishments(MEs) etc.

2.2.2 Festival Profile

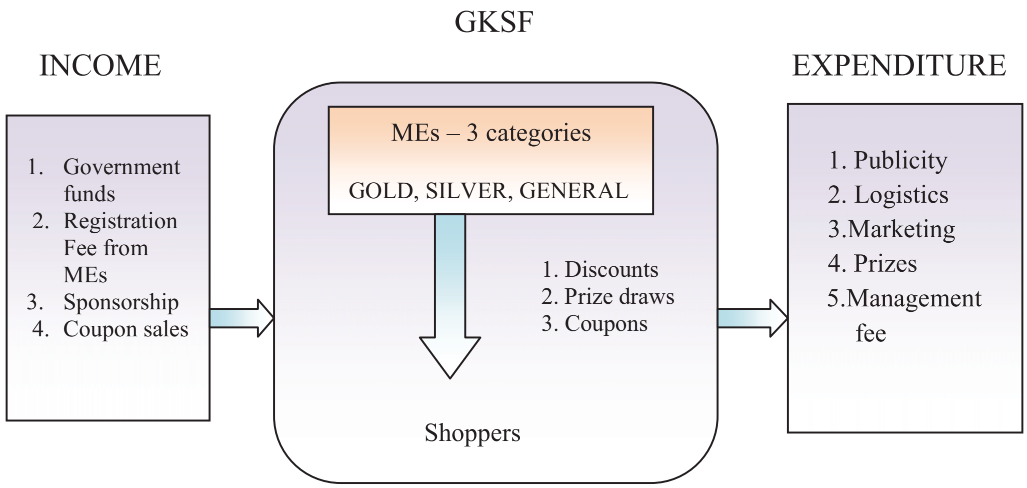
Mercantile Establishments, registered with the local bodies under the Kerala Shops and Commercial Establishment Act 1960, which took registration with GKSF, were the participants of the festival. There were three categories of membership viz; Gold, Silver and General partners for which the registration fee[10] were ₹ 25,000, ₹ 5,000 and ₹ 1,000 respectively. Gold and Silver partners were entitled for 350 and 50 coupons[11] respectively, free of cost at the time of registration. Additional coupons were required to be purchased if needed at the rate of ₹ 15. The participating MEs issue coupons to all customers against purchases above a particular value determined by MEs.

9 GO(Ms) No.311/07/TSM dated 4 June 2007

10 In first year (2007-08) the registration fee were ₹ 20000, ₹ 15000 and ₹ 5000 respectively

11 In first year (2007-08) free coupons for Gold, Silver and General categories were 300, 250 and 50 respectively.

With every coupon a customer would get three chances to win a prize viz. scratch and win/instant prize (up to season four), weekly and mega prize. Scratch and win prizes except gold coins were given on the spot by MEs. The weekly prizes were based on draws at district headquarters. The mega prize was based on a State level draw after completion of the event. The funds for meeting the expenses of the festival such as marketing and logistics, purchase of prizes for distribution etc. were met from Government funds, ME registration fees, sponsorship fees, amount received through sale of additional coupons etc.



2.2.3 Scope of Audit

Thematic audit on working of GKSF was conducted in the office of the Director, GKSF between January 2012 and June 2012 covering the period from 2007-08 to 2011-12. During the course of audit, the records relating to the receipt of funds from Government and other sources, Minutes of Apex and Executive committee meetings, payment vouchers, cheque issue registers, files relating to selection of Event Management Agencies (EMAs), annual performance reports of GKSF seasons, agreement entered into with title sponsors, co-sponsors etc. were scrutinized and the data/information obtained from Commercial Taxes Department were analysed and brought out in the succeeding paragraphs.

2.2.4 Audit Objective

The objectives of the review were to ascertain:

- Whether GKSF was properly planned and executed;
- Whether there were any deficiencies in the implementation stage;
- Whether any criteria were set by Government to assess the performance of each festival season;
- Whether there was any impact on the trade and commerce sector in the State of Kerala due to GKSF;
- Whether the performance of the EMA was according to the norms; and
- Whether Government funds were utilised effectively

2.2.5 Audit Criteria

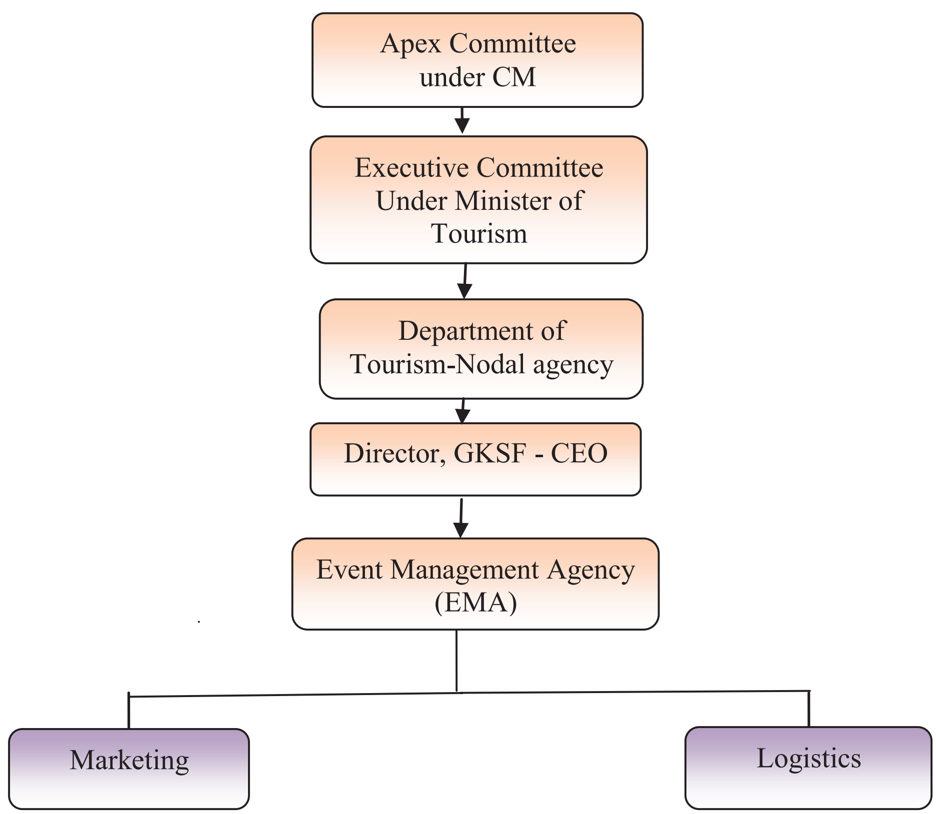
The audit criteria were adopted from the following:

- Government Orders and Proceedings of Department of Tourism;
- Minutes of Executive committee and Apex Committee meetings;
- Law of Contracts, Kerala Financial Code, Kerala Treasury Code; and
- Agreement with Event Management Agencies

2.2.6 Organisational set up

An Apex Committee was constituted for overall supervision of the festival under the chairmanship of Minister of Tourism up to season four (i.e. upto 2010-11) and thereafter the Chief Minister of Kerala took over the chairmanship. An Executive Committee was formed for speedy execution, subject to the approval of Apex Committee. Tourism department was the nodal agency for the purpose of handling of funds and other administrative matters. Director GKSF, a senior Government official appointed by Government, was the Chief Executive Officer. An EMA appointed by the Apex Committee organizes the logistical and marketing aspects of the festival.

Organisational Chart of GKSF is as shown below



Audit findings

The Audit findings are mentioned in the succeeding paragraphs.

2.2.7 Sources of funds and expenditure of GKSF

The various sources of funds for the conduct of GKSF is given in the table below.

Table 2.3: Details of sources of funds for GKSF

(₹ in crore)

Source of fund		Season one 2007-08	Season two 2008-09	Season three 2009-10	Season four 2010-11	Season five 2011-12	Total	Percentage to source of funds
A	Government Funds	14.88	15.84	15.00	25.16	25.00	**95.88**	**67.60**
B	Other sources							
	1. Registration fee from MEs	1.58	1.42	2.81	3.36	2.24	**11.41**	**8.04**
	2. Sale of coupons	1.04	1.95	3.19	4.63	6.27	**17.08**	**12.04**
	3. Other Income including sponsorship	1.00	1.91	3.94	5.57	5.05	**17.47**	**12.32**
	Sub total – other sources	**3.62**	**5.28**	**9.94**	**13.56**	**13.56**	**45.96**	**32.40**
C	**Total source of funds**	**18.50**	**21.12**	**24.94**	**38.72**	**38.56**	**141.84**	
D	**Total expenditure**	**18.51**	**23.53**	**26.91**	**34.36**	**40.14**	**143.45**	

Source: Annual accounts of GKSF

During the five seasons the cost of conduct of GKSF was ₹ 143.45 crore. The festival was mainly dependant on Government funds – ₹ 95.88[12] crore – (68 *per cent* of the total receipts) as the other receipts were not very significant.

2.2.7.1 Allotment of funds without defining implementation programme

One of the intentions of GKSF was to give a big fillip to the sectors of trade and commerce in Kerala, especially in the hill produces like spices, traditional products of coir, handlooms and handicraft and to upgrade infrastructure facilities of ancient traditional market places. Government had released ₹ 10 crore[13] exclusively for the upgradation/development of infrastructure of traditional markets places, without specifying any guidelines/direction for the implementation. Director GKSF diverted ₹ 5.47 crore for meeting the expenditure in connection with the festival and the balance amount of ₹ 4.53 crore was kept in current account till January 2011 and thereafter as fixed deposit. Since no interest was earned from current account, the interest loss suffered on this account for the period (January 2010 to January 2011) was

[12] Out of the total funds of ₹ 105 crore, ₹ 10 crore was earmarked for the development of infrastructure

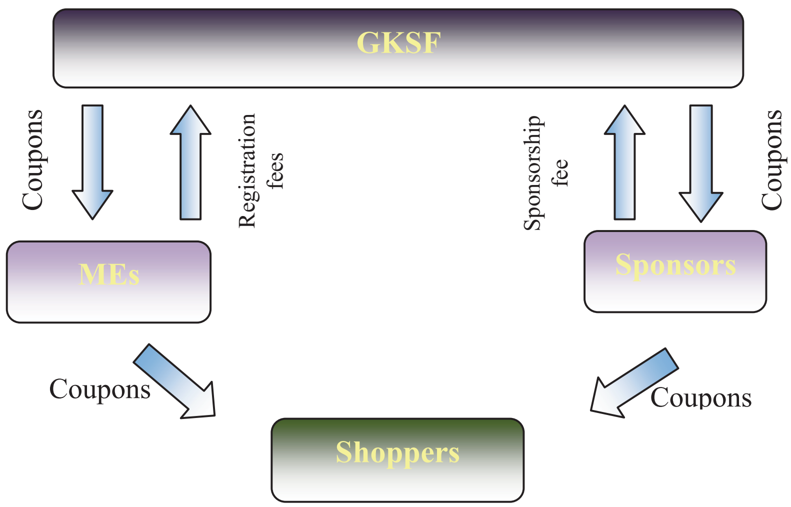
[13] ₹ five crore each during 2008-09 and 2009-10 (December 2008 and January 2010)

₹ 14.53 lakh[14]. From the amount kept as fixed deposit, the Director had withdrawn ₹ one crore for meeting the expenses towards purchase of gold coins for season five.

Thus the fund sanctioned exclusively for the development of traditional market could not be utilised in the absence of guidelines for implementation.

2.2.8 Inadequate response – MEs, Sponsors and Shoppers

The department did not prescribe any guidelines to determine the objectives and hence audit tried to assess the extent of achievement of GKSF through the interest shown by various participants viz. MEs, Sponsors and Shoppers.



Audit found that all the three sets of participants did not show any interest in GKSF as their participation was much below expectation as revealed from the following paragraphs.

2.2.8.1 Lack of interest by MEs other than jewellers and textile dealers

Mercantile Establishments were the main participants of GKSF. On analysis of the MEs registered in all the 14 districts, audit found that maximum numbers of coupons were purchased either by jewellers or textile dealers. Thus the State specific industries and products like spices, cashew, marine products, handicrafts and handlooms had no active participation in GKSF.

2.2.8.2 Under achievement of target set for registration

Even though the department has fixed very low targets, the interest of the MEs was very less and the registration of MEs was much below the targets especially under gold category. The target and achievement under gold, silver and general categories were as shown below:

[14] Calculated at the rate of 3.5 *per cent* for 11 months.

Table 2.4: Details of targeted and actual registration of MEs

Year	Total no. of traders	Targeted registration of MEs				Achievement			
		Gold	Silver	General	Total	Gold	Silver	General	Total
2007-08		No target fixed for 1st year				175	222	1,798	2,195
2008-09	1,59,207	1,000	4,000	0	5,000	243	1,996	193	2,432
2009-10	1,59,665	500	2,000	0	2,500	337	4,587	84	5,008
2010-11	1,69,298	334	4,583	83	5,000	298	5,977	30	6,305
2011-12	1,86,987	400	5,990	50	6,440	265	3,340	1,943	5,548
Total		**2,234**	**16,573**	**133**	**18,940**	**1,318**	**16,122**	**4,048**	**21,488**

Source: Tentative budgets and Analysis reports for GKSF, Minutes of Apex committee meeting

The table above depicts that target set for each category of members was not based on the previous year's achievement. In the case of gold category of members, against the achievement of 175 registrations in 2007-08, the target fixed for 2008-09 was 1000, whereas the achievement was 243. Again in 2009-10, against the achievement of 243 registrations in 2008-09, the target fixed was 500, whereas the achievement was 337. Thus, GKSF failed to consider the response of the MEs while fixing the targets and therefore, the targets were unrealistic.

2.2.8.3 Lack of response from Co- Sponsors

Big MEs, banks, public and private sector companies can also participate in the festival as title sponsor or as co-sponsor by paying sponsorship fee as agreed by the participant and GKSF. GKSF expected participation from large number of co-sponsors who could use the festival as a platform for publicity. However, it failed to attract co-sponsors as expected and as a result only very meagre amount could be collected as sponsorship.

Table 2.5: Details of sponsorship fee received for five years

(₹ in crore)

Year	Season	Title sponsor	Fee	Co-sponsors	Fee	Total sponsorship
2007-08	Season one	Nil	Nil	4 nos	0.91	0.91
2008-09	Season two	Federal Bank	1.25	2 nos	0.35	1.60
2009-10	Season three	Federal Bank	1.50	8 nos.	2.20	3.70
2010-11	Season four	Federal Bank	1.80	14 nos	3.23	5.03
2011-12	Season five	South Indian Bank	2.50	7 nos	2.13	4.63
Total			**7.05**		**8.82**	**15.87**

Source: Department figures

Audit also found that about half of the sponsorship was from a single sponsor known as "Title sponsor". Thus if the title sponsor is excluded, the sponsorship collected from co-sponsors was very meagre confirming the lack of interest in the GKSF by commercial establishments.

2.2.8.4 Infructuous expenditure on printing charges of unsold coupons – an indication of the lack of interest from shoppers

As per GKSF pattern, MEs were to issue coupons to shoppers for purchases above a particular value, fixed by MEs. MEs could get a certain amount of coupons free at the time of registration and additional coupons could be purchased at the rate of ₹ 15 per coupon. The total number of coupons printed, the coupons remained as unsold stock and the printing charges are as detailed below.

Table 2.6: Expenditure on printing charges of unsold coupons

Year	Season	Number of coupons printed	Number of unsold coupons	Printing charges per coupon (including service tax) in ₹	Total printing charges for unsold coupons ₹ in lakh
2007-08	Season one	26,00,000	17,04,850	4.67	79.62
2008-09	Season two	18,00,000	3,26,600	4.49	14.66
2009-10	Season three	33,00,000	3,23,300	4.08	13.19
2010-11	Season four	40,00,000	3,51,850	4.08	14.36
2011-12	Season five	50,00,000	50,850	4.46	2.27
	Total	**1,67,00,000**	**27,57,450**		**124.10**

Source: Department figures and stock verification statement by CAs

Substantial number of coupons remained unsold in all the seasons except season five which indicated lack of interest by the shoppers in the festival. In season five, as per agreement, 4.5 lakh coupons were given free of cost to a single sponsor against their outright purchase of 5.5 lakh coupons. Audit found that an amount of ₹ 1.24 crore became infructuous towards printing charges of the unsold coupons. The only option was to destroy the unsold coupons. On being pointed out by audit, the Director justified the printing charges by stating that it was impossible to have a zero balance in the coupon account, as there was always a need for a stock till the end of the festival. However, the Director could have analysed the trend in sales of previous years while fixing the targets for printing.

2.2.9 Deficiencies in the conduct of festival

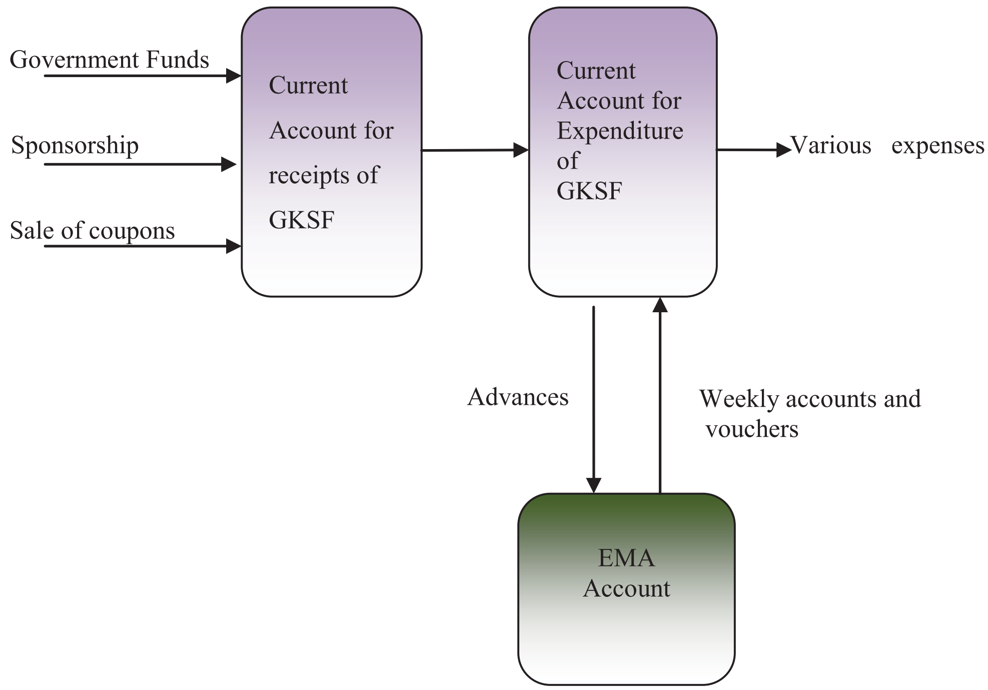
On scrutiny of various records maintained in GKSF such as agreements with EMA and title sponsor, annual performance reports, annual accounts etc., Audit noticed various deficiencies like failure to collect and account various dues, failure to settle advances etc. as detailed in the following paragraphs.

2.2.9.1 Transactions for GKSF through EMA – ₹ 40.60 crore expended without supporting vouchers

The GKSF Directorate conducted the festival through EMA. It was the responsibility of EMA to collect all receipts due to GKSF except Government funds. GKSF advances money to the EMA for various items of expenditure.

An amount of ₹ 40.60 crore was expended by EMA during the last five seasons without any supporting original vouchers.

As per the agreement entered into with the Director – GKSF, EMAs were required to produce the original vouchers from the actual vendors or firms on demand by the Director and shall submit a copy of weekly statement of bank account through which transactions of GKSF was accounted. These clauses were incorporated in the agreement to ensure authenticity of transactions incurred by the EMA as there was no scale or standard for expenditure. The system for receipt and payments were as shown below;



During the last five seasons, an amount of ₹ 40.60 crore was paid to EMAs as shown below:

Table 2.7: Year wise details of Event Management Expenses

Year	Event Management Expenses (₹ in crore)
2007-08	6.5
2008-09	7.92
2009-10	8.59
2010-11	9.25
2011-12	8.34
Total	**40.60**

Source: Annual accounts of GKSF

The entire amount of ₹ 40.60 crore (28.30 *per cent* of expenditure) was incurred by the EMA without any supporting original vouchers. As a result, audit was unable to comment on the admissibility of the claims. The Director while accepting the audit comment, assured compliance in future.

2.2.9.2 Non collection of Registration fees

As per schedule B of the agreements executed between EMAs and GKSF, EMAs were responsible for collecting registration fee from MEs through

There was short collection of registration fee by EMA amounted to ₹ 1.20 crore .

cheques and remit it directly to the bank account of GKSF. Audit found that there was a short collection of ₹ 1.20 crore as shown below.

Table 2.8: Registration fee receivable and actually received

(₹ in lakh)

Year	Season	Name of EMA	Total registration fee receivable	Registration fee as per accounts	Difference
2008-09	Season two	Sercon	162.48	142.55	19.93
2009-10	Season three	Crayons	314.44	281.02	33.42
2010-11	Season four	Crayons	373.75	335.62	38.13
2011-12	Season five	Crayons	252.68	224.33	28.35
Total			**1103.35**	**983.52**	**119.83**

Source: Figures arrived at from Department records and annual accounts

While analysing the reasons for short collection of registration fees, audit found that there were many cases of bounced cheques on account of ME registration since season three (2009-10). On this being pointed out, the Director replied that notices were sent to shop owners concerned and legal action would be taken in case of defaulters.

2.2.9.3 Non-collection of dues from Kerala Travel Mart

Kerala Travel Mart promised to sponsor expense 15 MEs for visiting DSF amounting to ₹ five lakh and in return the logo of the KTM was included in the advertisement of GKSF. The promise was not adhered to.

Kerala Travel Mart (KTM) is a society of travel operators registered under Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955. In lieu of including their logo in the advertisement released by GKSF season five, they promised to sponsor the expense (₹ five lakh) of 15 MEs for visiting Dubai Shopping Festival (DSF). Accordingly, the logo of KTM was included in the advertisement released by GKSF and GKSF offered a tour package to 15 MEs to visit Dubai during DSF. Since the DSF was in the January-February months, GKSF had taken 15 MEs to DSF as per the package and the expenditure of ₹ 4.20 lakh incurred was met from the administrative head of account of GKSF. Audit noticed that KTM has not yet paid the offered amount of ₹ five lakh, even though the logo of KTM was included in the advertisement released by GKSF. When this was brought to the notice of the Director, GKSF, it was replied that since the sanctioning of advance amount was within the financial delegation of the Director i.e. less than ₹ five lakh, the Director decided to provide the funds and the decision was ratified by the Executive Committee. Instead of realising the amount from KTM, the Director diverted the GKSF fund for meeting the travel expenses of MEs for which the sanction of Government was necessary.

2.2.9.4 Grant left in Private bank violating Government instructions

Department of Tourism, while releasing the amount sanctioned for the first four seasons (2007-08 to 2010-11) of GKSF had specifically stated that the amount should be transfer credited to the designated nationalised bank account jointly operated by Director of Tourism and Director, GKSF. However, audit noticed that Government funds were drawn from treasury and deposited in current account of private scheduled banks from season two (2008-09) onwards contrary to Government direction.

When this was pointed out, the Director GKSF stated that the order of release of fund issued by DoT to keep the account in the nationalised bank is a discrepancy and this would be brought to the notice of Director (Tourism) for rectification. Further report has not been received.

2.2.10 Violation in agreements with EMAs and Sponsors

2.2.10.1 Ineligible commission paid to EMAs

The EMAs appointed through competitive procedure were paid management fee and commission for their services, as per the agreement entered into with the Director, GKSF. The amount paid to the EMAs for the five seasons during the period 2007-08 to 2011-12 were as below:

Table 2.9: Details of management fee and commission paid to EMAs

(₹ in lakh)

Season	EMA	Management fees	Commission including commission for sponsorship in kind	Total
Season one	Sercon	10.00	30.64	40.64
Season two	Sercon	10.00	Not available	10.00
Season three	Crayons advertising Ltd.	4.50	18.33	22.83
Season four	Crayons advertising Ltd.	4.50	31.64	36.14
Season five	Crayons advertising Ltd.	4.50	56.50	61.00
	Total	**33.50**	**137.11**	**170.61**

Source: Department figures

Due to the very poor response of the sponsors in the first season, GKSF entered into an agreement with EMAs to rope in a minimum sponsorship of ₹ two crore[15] in cash from season two onwards. This was a mandatory requirement to make the EMAs eligible for commission. However, the EMA could mobilise only ₹ 1.10 crore and ₹ 1.92 crore towards sponsorship in cash, in season three and season four respectively and hence did not qualify for the commission. GKSF reckoned the title sponsorship also to make the EMA eligible for commission and paid ₹ 45.33 lakh (₹ 16.50 for season three + ₹ 28.83 for season four) as commission for sponsorship in cash, violating the agreement conditions.

2.2.10.2 EMA did not have an exclusive bank account

As per the agreements with GKSF, EMAs were required to open and operate an exclusive bank account at Thiruvananthapuram for the festival and all the transactions shall be routed only through the account. The EMAs were to submit a copy of the bank account transactions every week to the Director, GKSF till the settlement of accounts. However, EMAs did not open an exclusive bank account and the bank account already operated by EMA was made use of for the transactions connected with the festival. Had a separate bank account opened, it was possible to reconcile all expenditure with the

[15] ₹ 2.5 crore in season five

receipts and balances in the accounts. But in the absence of a separate account, even this audit trail was lost.

2.2.11 Internal control deficiencies of GKSF

2.2.11.1 Non recovery of amount diverted for Nishagandhi Festival

Department of Tourism was the nodal agency for the conduct of Nishagandhi Festival, an annual cultural event. As DoT was facing acute shortage of funds for the conduct of Nishagandhi Festival 2009, the Director (Tourism) requested the Director (GKSF) for an amount of ₹ 50 lakh, with the condition that it would be repaid once funds were allotted by the Government. The Executive Committee of GKSF decided to release the amount and the Director, GKSF, released funds in January 2009. Audit noticed that DoT repaid only ₹ 46 lakh till date and an amount of ₹ four lakh is pending repayment (March 2013).

When the matter was pointed out, the Director GKSF stated that efforts would be taken to recover the balance amount from Department of Tourism. Further developments have not been reported (March 2013).

2.2.11.2 Utilisation Certificates not provided

Government order[16] releasing funds for season five specifically mentioned that Director (Tourism) shall obtain the utilisation certificate and that too within a period of three months from the release of Government funds. But utilisation certificate was not issued (March 2013). Director accepted the lapse and assured that action would be taken to issue the utilisation certificates. Further report has not been received (March 2013).

2.2.11.3 Authorisation of expenditure in excess of delegated powers

The Apex Committee meeting (September 2011) enhanced the financial powers of the Director, GKSF to ₹ one lakh from earlier limit of ₹ 25,000. Later, the Executive Committee decided (October 2011) to enhance the powers up to ₹ five lakh and the decision was not ratified by the Apex Committee. Audit found that the Director authorised expenditure without any ceiling- even above ₹ one crore - far in excess of financial powers delegated to him.

On being pointed out, the Director justified the violation of the delegated financial powers stating the urgent need of funds. However, Apex Committee had not given any ex-post facto approval of these violations.

The Government may examine the extent of compliance of delegation of financial powers to ensure that the authorisation of expenditure is in accordance with the prescribed rules and procedures.

[16] G.O (Rt) No.9290/11/TSM dated 9 December 11 and G.O (Rt) No. 1041/2012/TSM dated 6 February 2012

2.2.12 Other deficiencies

i. An amount of ₹ 85 lakh towards sponsorship fee for season five was not recovered from Tata Motors and LIC of India.

ii. Government (June 2007) ordered to open a separate bank account operated jointly by Secretary (Tourism) and Director (Tourism), for the conduct of GKSF. As the main fund for the festival was Government funds, the balance amount, if any, in the account should be transferred to the Government account at the end of each financial year. But, specific instruction for the same was not given by the Government.

iii. There was no proper system for the timely settlement of the advances drawn/given to various agencies for the conduct of the festival.

2.2.13 Conclusion and Recommendations

Absence of proper guidelines and yearly action plan to achieve the objectives affected the conduct of the festival. Violation of agreement conditions by EMAs and sponsors were not viewed seriously by the Director. The Government had not fixed any criteria for assessing the success of each festival season. Hence audit could not ascertain whether the State was transformed into an international shopping destination over the period of five years.

- As Government is spending substantial amount, detailed procedure/ guidelines should be issued for incurring expenditure by EMA.
- Fixing of targets for ME registration may be made taking into account the total number of traders and the response of the MEs in the previous seasons.
- Outcome of each festival season may be analysed to improve the functioning of the festival.
- Expenditure should be sanctioned only on the basis of supporting documents to prove the claim. Registers for watching advances paid to various agencies and its final settlement may be ensured. Prompt action may be taken for dishonoured cheques besides insisting on DD/Electronic Fund Transfer.

CHAPTER III
AUDIT OF TRANSACTIONS

PUBLIC WORKS DEPARTMENT

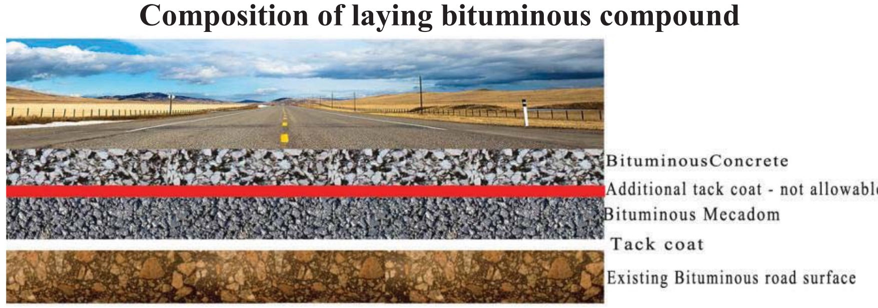
3.1.1 Undue benefit to contractors in violation of MoRTH specifications

Executive Engineer, National Highways (NH) Division, Malappuram made an excess payment of ₹ 64.72 lakh for laying additional layer of tack coat in six road works against MoRTH specifications and thereby providing undue financial aid to the contractors.

Chief Engineer, National Highways, Public Works Department, Thiruvananthapuram (CE) sought technical approval of Ministry of Road Transport and Highways (MoRTH) for four out of six road works for laying of 50mm Bituminous Macadam[1] (BM) and 30mm Bituminous Concrete[2] (BC) on existing surface of four stretches of NH 213 under Improvement of Riding Quality Programme (IRQP) at a cost of ₹ 29.48 crore. The works were funded by MoRTH under direct payment system. CE also proposed two works costing ₹ 23.75 crore with similar specification for two State roads utilising Central Road Funds created by Government of India. The detailed estimates of both the proposals contained use of two layers of tack coat[3]; one layer over the existing road surface and an additional layer over the freshly laid BM layer. MoRTH, while according the sanction (between October 2007 and November 2008) stipulated that the additional layer of tack coat provided in the estimates are approved only for estimate purpose and if the roads, before laying BC were required to be opened after laying BM, the cost of which should be borne by contractors.

Test check of records of these works in the office of the Executive Engineer,(EE), NH Division, Malappuram revealed that the EE paid ₹ 64.72 lakh for additional tack coat over 8,56,489.90 square metres area of BM at rates ranging from ₹ 5 to ₹ 10 per square metre in violation of MoRTH specification. The expenditure was irregular due to the fact that the MoRTH, in their technical note had stated that the approval for second layer of tack coating was only for estimate purpose.

Composition of laying bituminous compound



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1 BM- a single course of 50mm thickness of compacted crushed granite premix with bituminous binder to serve as base course

2 BC- a single top most layer of bituminous concrete on a previously prepared bituminous macadam surface

3 Tack coat is layer spraying of bituminous emulsion at zero thickness

The Government stated (December 2012) that the above works were carried out on the existing roads having heavy traffic and that the BM surface was getting contaminated and necessitated additional tack coat layer. The reply is not acceptable since the situation mentioned by the Government required laying of seal coat at contractor's cost instead of tack coat at Government's expense.

Thus, making payments for the execution of work of laying additional layer of tack coat in violation of the technical specification of work and the specific directions issued by MoRTH at the time of issuing technical sanctions for works resulted in undue benefit to the contractors to the tune of ₹ 64.72 lakh.

The department may ensure that work is executed complying with specification and MoRTH direction.

3.1.2 Undue benefit to a contractor of a bridge work

Chief Engineer extended undue benefit of ₹ 2.32 crore to a contractor by enhancing the unit rate of pile work by 528.68 *per cent* on a concluded contract for construction of a bridge.

Government issued (June 2009) Administrative Sanction of ₹ 7.40 crore for the construction of a bridge at Aralam across Baveli river connecting Iritty and Aralam in Kannur District under NABARD RIDF XIV Scheme. The Chief Engineer, Roads and Bridges (CE) issued Technical Sanction of ₹ 7.35 crore for the work. The scope of work included construction of bridge proper (₹ 5.51 crore), approach road and side protection works (₹ 1.29 crore), construction of culverts (₹ 0.24 crore) and miscellaneous items[4] (₹ 0.31 crore). The Superintending Engineer, Roads and Bridges (SE), North Circle, Kozhikode awarded (November 2009) the work to a contractor[5] for a contract amount of ₹ 8.89 crore at a premium of 30 *per cent* on the estimated amount of ₹ 6.84 crore. The estimate was prepared based on 2009 Schedule of Rates and the contract condition *inter alia* stipulated that the rates once fixed could not be increased. The work was completed and the final payment of ₹ 8.71 crore had been made in February 2012.

The foundation proposed for 177.24 metre long bridge was (a) wells – at two pier points[6] and (b) piles – at two abutment points[7] and at four pier points. The piles were designed as bored-cast-in-situ piles and estimated for a length of 465 metre at ₹ 9,504 per metre; the cost on piles being ₹ 44 lakh. During execution, the foundation of one pier point was changed from piles to wells. Resultantly, the length of piles was reduced to 360.56 metres, but the cost of piles increased manifold from ₹ 44 lakh to ₹ 2.45 crore. The increase was due to revision of rate for piling from ₹ 9,504 per metre to ₹ 68,980 per metre

4 Shifting utilities (₹ 0.06 crore), Tools and Plants quality control (₹ 0.02 crore), Inauguration Ceremony (₹ 0.02 crore), Toll facility (₹ 0.02 crore), Improvements to Aralam-Puzharakkara Road (₹ 0.03 crore) and unforeseen items if any (₹ 0.16 crore)

5 T.A. Abdul Rahiman, PWD Contractor, 'Jasmin House', P.O. Thekkil, Kasaragod, Kerala

6 Pier point – a structure where support of the superstructure of a bridge rests.

7 Abutment point – Pier located at the extreme ends of a bridge which connects the bridge to the land.

treating the item as an 'extra item'. After applying 30 *per cent* tender excess on eligible items, the effective rate payable to the contractor worked to ₹ 77,674 per metre as against the contracted rate of ₹ 12,355 per metre; the difference being ₹ 65,319 per metre which was 528.68 *per cent* of the agreed rate. Of the total length of piles executed, a length of 354.53 metre was priced at the revised rates resulting in extra expenditure of ₹ 2.32[8]crore. The rates were revised by the CE at the request of contractor because of difficulties experienced in drilling due to presence of pebbles and boulders in the bore holes. The CE while justifying the need for higher rates had stated that the drilling work was possible only with specialised equipment and not with ordinary equipment and execution of drilling work with the specialised equipment was not possible within tender rates. Accordingly, the original estimates of ₹ 6.84 crore were revised to ₹ 7.39 crore.

Audit scrutiny (June 2011) revealed that the work of boring was expressly provided for in the agreement as per the specification in pile driving work and did not fall within the definition of an 'extra item'. Further in view of clause 11 of the agreement, an item of work expressly or impliedly described in the scheduled plans or specifications would not be treated as extra. Hence extra payment amounting to ₹ 2.32 crore on account of revision of rates was a violation of contract conditions and an undue benefit to the contractor.

Government replied (December 2012) that the rates were revised after assessing the actual work executed at site and was found necessary for the satisfactory completion of the work.

The reply was not acceptable as the contractor had completed 2.20 metres of piles in a day using ordinary equipment but as per the data prepared by the EE, the contractor could complete only 0.50 metre a day after using the advanced technology. This negated the very purpose of using specialised equipment.

Thus, the unjustified sanction of enhanced rate for piling by incorporating the revised rate as 'extra item of work' resulted in undue benefit to the contractor to the tune of ₹ 2.32 crore.

3.1.3 Avoidable expenditure due to use of quarry muck in filling of roads

Use of costlier 'quarry muck' in contravention of IRC standards, in place of conventional ordinary earth soil resulted in avoidable expenditure of ₹ 1.63 crore.

As per the Public Works Department (Buildings and Roads) instructions (May1984), the filling of roads was to be made only with ordinary soil. In February 1988, the department decided to adopt the Indian Road Congress (IRC) specification in road works in Kerala. According to the IRC specifications the earth - especially that obtained from road way cutting or from burrow pits was recognised as the best material for embankment filling in road works. Thus, the earth soil if available in the site without cost was required to be utilised in work.

8 354.53 x 65319

During test check of records in the office of the Executive Engineer (EE), Roads Division, Kozhikode and Wayanad, it was observed that the EE had opted for quarry muck, instead of earth soil for road construction and maintenance, in the estimates of eight works, without any justification. On the basis of the estimates, the technical sanctions (between September 2009 and October 2010) were issued by the Chief Engineer (CE) and works were awarded (between January 2010 and October 2010) by Superintendenting Engineer (SE). The agreements entered into by the SE with the contractor also did not contain the specification or quality requirement of quarry muck to be used by the contractors.

The cost of quarry muck utilised in these works ranged from ₹ 79.20 per cubic metre (cum) to ₹ 93.50 per cum. As cut earth was available at the site itself, there would not have been any requirement for incurring any additional expenditure for filling had the available cut earth been used. Similarly, the conveyance charges incurred for the quarry muck in the works ranged from ₹ 277.20 to ₹ 777.70 per cum whereas the conveyance charges for earth was from ₹ 193.90 per cum to ₹ 276 per cum. Therefore the cost of embankment filling using quarry muck was much higher than the cost of embankment filling using earth.

In eight works, the department had incurred an additional expenditure of ₹ 1.44 crore by using 27,083 cum of quarry muck **(Appendix 3.1)**.

Further, in four works out of the above eight works, 10343.66 cum cut earth available at site for filling in road works was transported to contractor's place of choice, involving additional payment on transportation to the tune of ₹ 0.19 crore **(Appendix 3.2).**

The avoidable expenditure in the above works on account of embankment filling, using quarry muck in place of earth amounted to ₹ 1.63 crore.

The department stated that quarry muck was used as Granular Sub Base (GSB) in the widened portion and in selected water logged low lying portions of the roads to raise the embankments. As good quality earth was not available in Wayanad district, quarry muck was used for stabilising the carriage way of the roads. It was also stated that quarry muck was used as capillary cut off as the alignment of road passed through areas with high water table.

The reply of the department was not acceptable as the specifications of IRC or MoRTH and the technical circulars of the department do not identify quarry muck as GSB or road filling material and is not provided for capillary cut off according to IRC 34. Further, as per the data published by Kerala Agricultural Department, the soil in major parts of Wayanad and Kozhikode districts is laterite/sandy which was considered suitable for road work. As the supply of good cut earth provided in the agreements of works was available in the site itself as evident from the contractor's bill, the use of quarry muck involving expenditure of ₹ 1.63 crore could have been avoided.

The matter was referred to the Government in March 2012; the reply had not been received (April 2013).

3.1.4 Avoidable expenditure in finalisation of tenders

Failure of the department to finalise tenders of four building works within firm period resulted in avoidable expenditure of ₹ 4.02 crore on re-tendering of works.

According to the provisions of Kerala Public Works Department Manual, consideration of tenders and the decision thereon should be completed well before the date of expiry of firm period[9] indicated in the tender so that the selection notices are sent on or before the expiry of the firm period. As per provisions in the Notice Inviting Tenders (NIT) for works, the firm period was four months from the date of opening of tender. In case selection notice was not issued before the expiry of the firm period, the bidders' offer would stand nullified automatically.

Test check of the records relating to pre-qualification tenders awarded in two circles of the Buildings and Local Works of the Public Works Department (PWD) during 2009-12, revealed that though the firm period was fixed as four months from the date of opening tenders, the works were not awarded within the firm period due to delay at various stages. The works were subsequently re-tendered between August 2011 and March 2012 and awarded to different contractors at the rate upto 39.48 *per cent* above the rates quoted in first tendering. This resulted in extra expenditure of ₹ 4.02 crore on the works as shown below:

Table 3.1: Details showing extra expenditure due to delay in tendering

Sl. No	Name of Work	Days taken for approving the tender	Delay beyond firm period (days)	First tender quoted probable amount of contract (₹ in crore) date	Re-tender, Accepted probable amount of contract (₹ in crore) date	Difference (₹ in crore)
1	Construction of Mini Civil Station at Kottarakkara	131	11	9.27 28 January 2010	9.41 31 October 2011	0.14
2	Construction of Hostel for Men at Government TDMC Alappuzha	310	190	8.18 2 March 2010	11.41 27 December 2011	3.23
3	Construction of a Mega Office Complex under Taxes Department Kacherippady Ernakulam	183	63	10.61 11 August 2010	11.14 19 August 2011	0.53
4	Construction of Ladies Hostel – Government Engineering College Idukki	334	214	3.49 29 July 2010	3.61 27 March 2012	0.12
					Total	**4.02**

Source: Department Records

Audit while analysing the reasons for the delay observed that the Government had taken 65 days and 236 days respectively for approving tenders in the work

9 Firm period is the period upto which the tender will be firm and the contractor will not be free to withdraw the tender during the period.

of TDMC Alappuzha and Ladies hostel at Idukki, and 50 days each in other two works in the above table. The time taken for receipt of financial bids at CE's office after evaluation of technical bids was about 49 to 83 days. The average time taken at SE, CE and Government for finalising the tenders of the works was 45, 44 and 100 days respectively excluding an average transit delay of 16 days. Thus the total average time taken for finalising the tender was 205 days as against the stipulated time of 120 days.

Government's failure in finalising the tender within tender period necessitated the Department to re-tender the work and resulted in extra expenditure of ₹ 4.02 crore.

The matter was brought to the notice of the Government in October 2012. Government stated (December 2012) that the delay in processing the tender was not purposeful. The reply was not acceptable as the process was required to be completed within the tender period as stipulated in para 15.7.13 of the Kerala Public Works Department Manual.

REVENUE DEPARTMENT

3.1.5 Irregular payment for supply of drinking water against bogus trip-sheets

***Tahsildar* Chittur released payment of ₹ 19.95 lakh to the contractor for supply of drinking water in drought hit areas on unauthenticated trip-sheets.**

In order to address the problems of habitants of drought affected areas, the Government approved (February 2009) a scheme for providing drinking water. The scheme was implemented by the District Collectors in drought hit areas. The places for supply of drinking water were to be identified by local bodies and the people's representatives/officials of local bodies and were required to verify the actual supply and authenticate the trips-sheets. The village officers – as functionary of revenue department – was required to approve the claim and forward to the *tahsildar* for payment. Thus the stipulation of joint certification by three authorities[10] from local bodies along with village officer was to ensure that the payments were genuine.

Palakkad district was one of the drought affected areas identified by the department. The *tahsildar*, Chittur awarded (May 2009) the work, supply of drinking water in tanker lorries having capacity of 12000 litres in 16 *grama panchayats*[11] and one municipality[12] in Chittur *taluk,* to the lowest bidder[13]. The rates provided in the estimates ranged from ₹ 810 to ₹ 1,290 per trip depending on the distance from water source in drought affected area to the supply point. The same contractor supplied drinking water for one more year at the same rates.

[10] *Panchayat* authorities or their authorised representatives, *Panchayat* ward member, Presidents of local bodies

[11] Nallepally,Kozhinjampara,Vadakarapathy,Eruthempathy,Perumatty,Pattancherry, Puthunagaram,Vadavannur, Koduvayur, Pallassana, Kollagode II, Muthalamada, Elavanchery, Nenmara, Ayiloor and Nelliambathy

[12] Chittur-Thathamangalam

[13] Aboobacker Siddique S/o Bappootty, Mutharathodiveedu, Vadanamkurussy, Palakkad District

A test check (February 2012) of the records of the office of *tahsildar*, Chittur relating to the period from 1 April 2009 to 31 March 2011 revealed that the *tahsildar* Chittur *taluk* paid ₹ 3.89[14]crore to the contractor for the supply of drinking water in the *taluk* during the years 2009-10 and 2010-11.

As per the notice inviting tenders/ agreement the drinking water was to be supplied in tanker lorries having capacity to carry 12000 litres. Audit, however, cross verified registration numbers of vehicles recorded in the trip sheets with that of the registration details available in the Motor Vehicles Department and found that four vehicles reportedly used as tanker lorries, were actually three motorcycles (1031 trips) and a car (424 trips) as shown below:

Table 3.2: Details of payments of fake claims

Sl. No	Vehicle No. & Type	Name of village	Number of trips					Total No. of trips	Rate/ trip (₹)	Transportation charges paid (₹)
			03/10	04/10	05/10	06/10	07/10			
1	KL-08 H -792 Motor Cycle	Eruthempathy	0	30	31	0	0	61	1290	78,690
		Kollangode II	0	0	93	90	60	243	1285	3,12,255
2	KL 07 N-792 Motor Cycle	KollangodeII	0	90	0	0	0	90	1285	1,15,650
		Vadakarapathy	10	0	0	0	0	10	1290	12,900
3	KL 07 L-1077 Motor Cycle	Vadavannur	110	150	155	150	155	720	1280	9,21,600
		Kollengode II	7	0	0	0	0	7	1285	8,995
4	KL 08 H-8155 Motor Car	Kollangode II	0	120	124	120	48	412	1285	5,29,420
		Pattancherry	12	0	0	0	0	12	1285	15,420
									Total	**19,94,930**

Further, it was observed that the required certification by authorities from local bodies were absent in all the bills as the claims were signed by the village officer only. In the absence of certification by local bodies/authorities there was no mechanism to verify the genuineness of the supply/trips made. The trip sheets signed by village officer instead of joint certification were accepted by the *tahsildar* for payment.

Thus failure of the *tahsildar* in observing the scheme guidelines facilitated release of the payment of ₹ 19.95 lakh on unauthenticated trip-sheets.

The matter was referred to Government in April 2012. Government stated (September 2012) that a detailed enquiry would be conducted into the irregularities in the supply of drinking water in Chittur *taluk* through Vigilance and Anti-Corruption Bureau.

14 ₹ 1.25 crore and ₹ 2.64 crore for this purpose in 2009-10 and 2010-11 respectively.

INDUSTRIES DEPARTMENT

3.1.6 Grant of margin money loan to a Society

Government sanctioned release of NCDC loan to a Society and created an avoidable liability of ₹ 2.68 crore.

The Thiruvananthapuram Taluk Integrated Silk Handloom Weaver's Co-operative Society Ltd. No.S.IND (T) 847 (Society) was formed (January 2006) with the objective of empowering the handloom industry and development of sericulture, thereby raising the income level of weavers. In order to meet the objective, the Society envisaged an action plan to reposition 1000 handlooms engaged in cotton cloth weaving to innovative silk product weaving looms in four years, at the rate of 250 looms per year availing financial assistance from the National Co-operative Development Corporation (NCDC). The NCDC provided financial assistance to the societies in the form of Margin Money Assistance for mobilising working capital on the basis of proposals forwarded by District Industries Centre and Director of Handloom and Textiles guaranteed by the Government. The administrative/supervisory control over the disbursement, utilisation and recovery of loan availed by the Society was vested with General Manager, District Industries Centre, Thiruvananthapuram and Director of Handloom and Textiles, Thiruvananthapuram. The working capital estimated for the project for the first year was ₹ 5.37 crore of which 40 *per cent* was to be obtained from NCDC as Margin Money Assistance and the balance 60 *per cent* was to be raised by the Society from banks.

Government recommended the project proposal and NCDC sanctioned (July 2009) Margin Money Assistance of ₹ two crore as loan to the Society. The amount was to be utilised for raising working capital from banks for production and related activities. The loan was to be repaid to NCDC by Government in five annual instalments at an interest rate of 9.75 *per cent* and the Society was to repay the loan to Government in five annual instalments at an interest rate of 14.50 *per cent.*

The Industries Department, Government of Kerala accorded administrative sanction (August 2009) for release of the loan to the Society and the Director of Handloom and Textiles drew and handed over the loan amount to the General Manager (GM), District Industries Centre, Thiruvananthapuram (DIC) for payment to the Society after executing necessary loan agreement. The GM deposited (September 2009) the loan amount in a bank account[15] operated jointly by himself and Secretary of the Society and released the entire amount of ₹ two crore in three instalments (October 2009, January 2010, March 2010)[16],after executing an agreement (September 2009) with the Society.

Audit scrutiny (April 2011) revealed the following lapses in the sanctioning and release of loan to the Society:

- The Society with a share capital of only ₹ 6.75 lakh could not raise the working capital as envisaged. The NCDC reported (March 2011) that

[15] SB A/c No.8377 in Thiruvananthapuram District Co-operative Bank
[16] ₹ 20,19,200/-, ₹ 4,60,800/- and ₹ 175,20,000/-

the Society lacked a clear cut strategy for production, marketing and did not have a mechanism to check the quality of raw materials/finished goods. The department, however, overlooking these aspects recommended the project for loan without evaluating its feasibility.

- As per Article 234 of Kerala Financial Code (KFC), before considering a loan application, the sanctioning authority should obtain from the applicant *inter alia*, details of sources of income for repaying the loan within the stipulated period and details of security proposed to be offered for the loan together with valuation of security by an independent authority. The Society executed (August 2009) a Mortgage Deed with the Department, transferring all its movable and immovable properties, both present and future, to be charged as security for repayment but did not enclose the details of any property so mortgaged. As per the latest accounts furnished by the Society for 2006-07, the Society did not possess any movable property but had an un-discharged liability of ₹ 12.31 lakh. The Junior Co-operative Inspector (Handloom Circle), Balaramapuram had also reported (September 2009) that the Society did not own any property and increase of un-discharged liability to ₹ 13.68 lakh. Thus, the application of the Society for loan was recommended by Industries department without ascertaining its financial status thereby not safeguarding the financial interests of Government. Consequently, the Society had not repaid any amount to Government and the amount outstanding as of September 2012 in respect of the first three instalments was ₹ 2.09 crore.

- The Society in its project report had claimed 250 looms to be ready for silk production in the first year. But a site verification by Department (February 2010) revealed only 31 operational looms. As the Society already had 52 working silk weaving looms at the time of applying for loan, it was evident that the Society had not re-positioned any additional cotton loom since its availing of two instalments amounting to ₹ 25 lakh. Further, it had also failed to raise corresponding working capital. These facts were reported (February 2010) to the Government by the GM. As the Society failed to raise its share of working capital, implementation of the project had become unviable. So, Government should not have released the balance amount of loan to the Society. The Secretary to Government on contrary directed (March 2010) the GM to release the remaining amount of loan of ₹ 1.75 crore to the Society and the GM had complied with the directions.

- Even though the GM was to watch proper utilisation of the funds released and produce utilisation certificate (UC) after verifying the accounts of the Society, within one year from the date of release, UC was produced only in respect of the first two instalments.

As of September 2012, the Society did not repay any amount towards repayment of loan. However, Government had to refund ₹ 80 lakh towards principal and ₹ 45 lakh towards interest to NCDC (November 2012) and the liability of Government remained at ₹ 120 lakh towards principal and ₹ 23 lakh towards interest.

Thus, department's failure in ensuring the eligibility of the Society before recommending sanctioning of loan coupled with the injudicious decision of the Secretary, Industries Department to release the loan amount ignoring the report of the GM, resulted in the release of assistance of ₹ two crore to an ineligible Society. Consequently, the Government had to bear the liability of ₹ 2.68 crore (over a period of five years from November 2011 to November 2015) besides denial of assistance to members of other eligible societies.

The matter was reported to Government (October 2012); the reply had not been received (April 2013).

FISHERIES AND PORTS DEPARTMENT

3.1.7 Unfruitful expenditure on construction of wharf

A newly constructed wharf at Vizhinjam port at a cost of ₹ 8.87 crore could not be used due to structural defects and lack of infrastructure facilities.

Vizhinjam port is a minor port in Thiruvananthapuram district under the Fisheries and Ports Department with an old 'Leeward wharf' which could handle small vessels. Harbour Engineering Department (HED) was formed as the specialised department to carry out all the investigation, planning, design, evaluation, execution, operation, maintenance and management and related marine engineering and technical works for the development schemes of the Fisheries and Ports Department. The HED proposed construction of a cargo berth at Vizhinjam under the scheme for modernisation of Ports at an estimated cost of ₹ four crore in September 2002 and the Government issued Administrative Sanction (AS) in December 2002. The proposal comprised construction of 104 metre long wharf along Seaward, approach road, compound wall and other facilities such as transit shed, water tank, security room apart from maintenance of approach road etc. The construction work after completing the tender process was awarded (May 2003) to the lowest tenderer but the contractor did not execute the work. Subsequent tenders (May 2004 and June 2005) awarded at the risk and cost of the first contractor was not accepted by Government for the reason that the lowest rate offered was very high.

The Secretary to Government, Ports Department and the Chief Engineer, HED, in a joint meeting decided (February 2006) to include the works under Tsunami Emergency Assistance Programme (TEAP) as the non-functional existing structure was damaged by Tsunami disaster 2004.

Accordingly, a fresh estimate costing ₹ 5.10 crore was prepared by CE, HED who was to execute the work for the user department. Though the technical specifications and estimate of the work was similar to the estimate sanctioned in 2002 but the length of the wharf was reduced to 66 metres apart from deleting the provision for compound wall due to shortage of funds. The State Level Monitoring Committee (SLMC) on disaster management under Revenue Department, accorded (March 2007) AS for construction of the wharf and allied facilities under TEAP utilizing Asian Development Bank (ADB) loan. The CE issued (March 2008) technical sanction for the work and the Superintending Engineer (SE), Harbour Engineering South Circle, Thiruvananthapuram awarded (April 2008) the work to a contractor[17].

In the meantime, the Government (November 2008) decided to extend the length of wharf at Vizhinjam from 66 metres to 87 metres by utilizing ₹ 2.19 crore from the work awarded at Neendakara Minor Port which was terminated due to poor response from the contractor. Government (January 2009) accorded sanction for the additional work of increasing water depth for ₹ 1.62 crore stipulating its completion by 31 March 2009. The contractor completed (June 2009) the construction of the wharf at a cost of ₹ 8.87 crore.

On a test check of the records of the office of the CE, HED revealed the following points:

After taking over the wharf from the HED, the Port Department (October 2009) reported some major structural defects to the wharf due to which it could not be put to use notwithstanding the fact of non-availability of facilities like compound wall, transit shed, storage facility etc. for the newly constructed wharf. On the request of the Ports Department, the Government constituted (July 2010) a technical committee headed by a Professor of IIT Chennai to conduct safety audit of the newly constructed wharf. The committee, recommended rectification measures costing ₹ 87 lakh to strengthen the new wharf. Government while accepting the recommendations directed the CE to carry out the rectification works. The contractor rectified some defects like crack on the stub columns etc. but refused to rectify the balance items recommended by IIT, Chennai stating that the recommendations included additional strengthening which was outside the purview of agreement of contract.

Thus, a new wharf constructed at a cost of ₹ 8.87 crore could not be used due to non-rectification of defects and lack of infrastructural facilities.

On this being pointed out, the CE (September 2012) stated that the defects might be due to poor workmanship or due to bending of steel rods from the struts while placing reinforcement of deck beam prior to curing of concrete. While the Port Department stated (May 2012) that the HED had constructed the wharf without consulting them, CE (HED) stated (October 2012) the Port Department had recommended the project report to Government for issuing AS in December 2002.

[17] Sri.P.K.KammadKutty, PKK Constructions.

The reply of the CE is not acceptable as the HED had not conducted any new feasibility study or called for requirements from Port Directorate, while proposing the construction work of the wharf in 2006 under TEAP. The structural defects point to lack of supervision by engineers of the HED. The rectification works proposed by safety audit committee for strengthening the wharf had not been executed so far. The department did not conduct any detailed enquiry or take any action against the poor workmanship.

The matter was referred to the Government in October 2012; the reply had not been received (April 2013).

Thiruvananthapuram, **(Dr. BIJU JACOB)**
The Accountant General
(Economic and Revenue Sector Audit), Kerala

Countersigned

New Delhi, **(VINOD RAI)**
The Comptroller and Auditor General of India

Appendix 1.1

Year-wise breakup of Inspection Reports outstanding as on 30 June 2012

(Reference: Paragraph 1.7.1, Page 6)

Year	Harbour Engineering Department		Public Works Department (Roads and National Highways)		Total	
	Number of IRs	Number of Paras	Number of IRs	Number of Paras	Number of IRs	Number of Paras
Upto 2007-08	5	17	53	253	58	270
2008-09	5	10	28	159	33	169
2009-10	9	16	32	252	41	268
2010-11	6	10	28	260	34	270
2011-12	3	14	30	244	33	258
Total	**28**	**67**	**171**	**1168**	**199**	**1235**

Appendix 1.2

Details of Action Taken Notes pending on Audit Paras as of February 2013

(Reference: Paragraph 1.7.4, Page 8)

Sl.No.	Department	2009-10	2010-11	Total
1.	Revenue	-	1	1
2.	Forest and Wildlife	-	1	1
3.	Food and Civil Supplies	1	-	1
4.	Information Technology	-	3	3
5.	Public Works	-	5	5
Total		**1**	**10**	**11**

Appendix 1.3

Statement showing the details of paragraphs pending discussion by the Public Accounts Committee as of February 2013

(Reference: Paragraph 1.7.5, Page 8)

Sl.No.	Name of Department	2007-08	2008-09	2009-10	2010-11	Total
1.	Agriculture	-	-	1	1	2
2.	Fisheries and Ports	-	1	1	-	2
3.	Food and Civil Supplies	-	-	1	-	1
4.	Forest and Wildlife	-	-	-	1	1
5.	Industries	-	-	-	3	3
6.	Information Technology	-	-	-	3	3
7.	Public Works	-	-	-	7	7
8.	Revenue	-	-	-	1	1
9.	General paras	2	2	2	-	6
Total		**2**	**3**	**5**	**16**	**26**

Appendix 2.1

Total cost of SC/STDD works entrusted to KSCC/KITCO including consultancy and service tax during the year 2009-10 to 2011-12

(Reference: Paragraphs 2.1.3, Page 10 & 2.1.6.1, Page 11)

(₹ in lakh)

Sl. No.	Name of work	GO entrusting work	Agency to whom work entrusted	Estimate sanctioned by Govt.	Consultancy charges	Service tax at the rate of 10.3 %	Consultancy charges and S.T released
1.	Construction of Paramedical Institute in Medical College Alappuzha	GO(Rt) No. 1063/2009/PWD dt. 17.07.2009	KSCC	438.75	26.32	2.71	25.00
2.	Construction of Post Matric Hostel for Boys at Mannanthala	GO (Rt) No. 471/09/PWD dt. 28.03.2009	KSCC	213.17	14.92	1.54	15.94
3.	Balance work of Model Residential School, Thrithala (II Phase)	GO (Rt) No. 471/09/PWD dt. 28.03.2009	KSCC	155.00	10.85	1.12	10.33
4.	Construction of PETC Aluva	GO (Rt) No. 471/09/PWD dt. 28.03.2009	KSCC	141.50	9.91	1.02	11.89
5.	Construction of Model Residential School, Kattela	GO(Rt) No. 471/09/PWD dt. 28.03.2009	KSCC	105.00	7.35	0.76	7.88
6.	Pre-Matric Hostel for boys Kakkavayal	GO (Rt) No. 471/09/PWD dt. 28.03.2009	KSCC	122.00	8.54	0.88	8.45
	Pre-Matric Hostel for boys Kakkavayal (additional work)	GO (Rt) No. 1271/2010/SCSTDD dt. 14.12.2010	KSCC	11.20	0.78	0.08	0.79
7.	Construction of Pre-Matric Hostel for Boys at Chathanoor, Kollam	GO(Rt) No. 47/2011/SCSTDD dt. 12.01.2011	KSCC	63.00	4.41	0.45	3.30
8.	SCDD-OBC Hostel for girls at MG University	GO (Rt) No. 990/2009/SCSTDD dt. 14.09.2009- ₹ 135.89 lakh	KSCC	127.00	8.89	0.92	9.73
9.	Construction of a semi permanent building for the new ITC at Thuneri, Kozhikode	GO (Rt) No. 112/2010/SCSTDD dt. 27.01.2010	KSCC	6.10	0.43	0.04	0.48

Sl. No.	Name of work	GO entrusting work	Agency to whom work entrusted	Estimate sanctioned by Govt.	Consultancy charges	Service tax at the rate of 10.3 %	Consultancy charges and S.T released
10.	Construction of OBC Hostel for Boys at MG University Athirampuzha, Kottayam.	GO (Rt) No. 1326/2009/SCSTDD dt. 7.12.09 – ₹ 136.96 lakh	KSCC	128.00	8.96	0.92	12.35
11.	Construction of hostel for OBC Boys at Government Engineering College Thrissur	GO (Rt) No. 1333/2009/SCSTDD dt. 8.12.2009 –₹ 133.75 lakh	KSCC	125.00	8.75	0.90	10.04
12.	SCDD-Development of Dr. Ambedkar Complex at Mannanthala, Trivandrum District.	GO (Rt) No. 1300/2010/SCSTDD dt. 20.12.2010- ₹ 270.50 lakh	KSCC	251.11	17.58	1.81	11.58
13.	SCDD-Pre-Examination Training Centre Mannanthala	GO (Rt) No. 1191/2010/ SCSTDD dt. 29.11.2010	KSCC	179.68	12.58	1.29	3.09
14.	SCDD-Construction of Post Matric Hostel for Boys Manjeswar, Kasaragod District.	GO (RT) No. 1301/2010/SCSTDD dt. 20.12.2010	KSCC	203.60	14.25	1.47	2.70
15.	Construction of class room, office room and toilet ITC Pathaikkara in Malappuram District.	GO (Rt) No. 1305/2010/SCSTDD dt. 20.12.2010-	KSCC	108.09	7.57	0.78	1.05
16.	SCDD-Construction of a hostel and ITC Building at Varavoor, Thrissur District.	GO (Ms) No. 97/2010/SCSTDD dt. 31.08.2010- ₹ 315 lakh	KSCC	292.35	20.46	2.11	1.00
17.	Construction of Pre-matric Hostel for Boys at Kumily, Idukki District.	GO (Rt) No. 34/2011/SCSTDD dt. 12.01.2011	KSCC	140.87	9.86	1.02	0.07
18.	Construction of OBC Hostel (women) at GEC, Painavu, Idukki	GO (Rt) No. 1048/2011/SCSTDD dt. 2.11.2011	KSCC	511.00	25.55	2.63	0
19.	Construction of Pre-Matric hostel for Girls in Neriamangalam in Ernakulam.	GO (Rt) No. 35/2011/SCSTDD dt. 12.01.2011	KSCC	178.84	12.52	1.29	0
20.	MRS Kaniyambetta	GO(Ms) No. 28/2009/SCSTDD dt. 28.03.2009	KITCO	997.00	49.85	5.13	46.25

Sl. No.	Name of work	GO entrusting work	Agency to whom work entrusted	Estimate sanctioned by Govt.	Consultancy charges	Service tax at the rate of 10.3 %	Consultancy charges and S.T released
21.	MRS Kulathupuzha	GO (Rt) No. 607/2009/SCSTDD dt. 18.06.2009	KITCO	1046.00	52.3	5.39	38.34
22.	MRS Ettumanoor	GO(Ms) No. 28/2009/SCSTDD dt. 28.03.2009	KITCO	923.00	46.15	4.75	32.11
23.	Ashramam School at Malampuzha	GO(Ms) No. 28/2009/SCSTDD dt. 28.03.2009	KITCO	1041	52.05	5.36	40.27
24.	Working Women's Hostel at Nandavanam	GO (Rt) no. 708/2010/SCSTDD dt. 14.07.2010 for ₹ 298.82 lakh	KITCO	277.40	19.42	2.00	0
25.	MRS Kuzhalmannam	GO (Ms) No. 10/2011/SCSTDD dt. 21.01.2011	KITCO	997.59	49.88	5.14	0
26.	Tribal Complex at Cochin	GO (Ms) No. 9/2011/SCSTDD dt. 21.01.2011	KITCO	787.68	39.38	4.06	0
27.	MRS Ashram School at Thirunelli	GO (Ms)No. 3/2010/SCSTDD dt. 11.01.2011	KITCO	1456.25	72.81	7.50	0
28.	MRS Chelakkara	GO (Ms) No. 10/2011/SCSTDD dt. 21.01.2011	KITCO	1124.67	56.23	5.79	0
29.	Construction of Industrial Shed for SC Entrepreneurs at Tvm. District.	GO(Rt) No. 586/2010/SCSTDD dt. 4.06.2010	KITCO	153.30	10.73	1.11	0
Total				**12305.15**	**679.28**	**69.97**	**292.64**

Appendix 2.2

Risk and Cost liability
(Reference: Paragraph 2.1.7, Page 12)

(₹ in lakh)

Sl. No.	Name of Work	Agreement No.	Month of termination	Risk and cost fixed	Risk and cost realised	Risk & cost liability outstanding
1	Construction of 100 bedded ward in Government Hospital, Mavelikkara	17/SEBSC/02-03/ dt.17.03.2003	02/2006	23.25 (01/08)	Nil	23.25
2	Construction of Mini Civil Station building at Mapranam	SE/B&LW/13/99-00 dt. 16.12.99	07/2002	123.00	Nil	123.00
3	Construction of Ladies Hostel Building at Government Engineering College, Thrissur	SE/B&LW/CC/ Tcr/97-98/6.9.97	11/2000	3.98 (11/2000)	2.59	1.39
4	Construction of 100 bedded RVDA Hospital, Thrissur	SE/B&LW/TCR/ 09 dt. 6.10.99	7/2000	27.19	Nil	27.19
5	Construction of additional block for Civil Station, Ernakulam, Thrikkakkara	16/04-05/SECC/ Tcr dt 02.02.05	07/2005	78.21 (05/07)	Nil	78.21
6	Construction of Rajiv Gandhi Memorial Ashramam School and Hostel Building at Noolpuzha	SE(K) 4/01-02 dt 12.10.01	6/2008	Not fixed	Nil	
7	Hill Highway in Wayanad District providing BM & BC		05/2007	209.91	Nil	209.91
8	Construction of multi storied building for Administrative Block and Class room for Government Engineering College, Trivandrum.	19/SE BSC/04-05 dt. 12.07.04	06/2006	104.67 (07/2012)	Nil	104.67
9	Construction of Muriankanny Bridge across Thoothapuzha in Palakkad District	SE(K) 112/05-06 dt. 03.10.05	01/2007	Not informed by PWD	Nil	
10	Construction of bridge at Varamkadavu in Chelora Panchayat in Kannur District.	SE (K) 33/2002-03/ dt. 21.02.03		-do-	Nil	
11	Re-construction of Muttakavu bridge in Kollam		03/2004	-do-	Nil	
12	Construction of Panayilkadavu bridge		10/97	-do-	Nil	
	Total			**570.21**	**2.59**	**567.62**

Appendix 2.3
Delay in completion of works
(Reference: Paragraph 2.1.7.3, Page 13)

Sl. No.	Regional Office	Name of work	Due date of completion	Actual date of completion/ Present stage	Delay as on 31-3-12
1.	Thiruvananthapuram	Electronics and Telecommunication Engineering. Cell	3.02.2011	31.10.2011	8 months
2.	-do-	Labour Complex	21.7.2011	30.12.2011	5 months
3.	-do-	Golden Jubilee Museum	17.11.2010	28.06.2011	7 months
4.	-do-	IRC Shangumugham	6.03.2011	Incomplete	12 months
5.	-do-	Indoor Stadium Vellayani	18.04.2011	-do-	11 months
6.	-do-	Paripally-Madathara Road	20.01.2012	-do	2 months
7.	-do-	Payward for Government Ayurveda College Trivandrum.	27.01.2012	-do-	2 months
8.	-do-	Construction of Chellangi bridge	26.01.2012		2 months
9.	Alappuzha	TDMC Alappuzha Hosp. Complex, G1,G2	11.03.2012	-do-	20 days
10.	-do-	TDMC Alappuzha Hosp. Complex, H1,H2	11.03.2012	-do-	20 days
11.	-do-	TDMC, Vandanam- B.Sc. Nursing hostel	30.11.2011	-do-	4 months
12.	-do-	TDMC Vandanam- Landscaping and beautification	17.12.2011	-do-	3 months
13.	Kottayam	Chelachuvadu bridge	8.03.2012	-do-	23 days
14.	-do-	Panachamootil Kadvau bridge	3.03.2012	-do-	28 days
15.	-do-	Kolahalamedu-Vagamon road	22.09.2011	-do-	6 months
16.	-do-	Madhuravely-Ayankudi Road	13.03.2012	-do-	18 days
17.	-do-	Min Civil Station, Ranni	15.02.2012	-do-	1 month
18.	-do-	Chennad-Malika-Rakshabhavan Road	13.04.2011	.03.2012	11 months
19.		Mini Civil Station Thodupuzha	30.09.2011	29.08.2011	No delay
20.	Ernakulam	Improvements to Thalakode Blathikavala road	30.11.2011	-do-	4 months
21.	-do-	Improvements. to Mullaringad-Pattayakudi-Venmani road	30.09.2011	-do-	6 months
22.	-do-	Vypin Bridges (Package 2)	31.08.2011	-do-	7 months
23.	-do-	Edamula bridge	18.07.2011	-do-	8 months
24.	-do-	Methanam bridge	17.02.2012	-do-	1 month
25.	-do-	Vypin bridges (Package 1)	13.01.2012	-do-	2 months
26.	-do-	Sreemoolanagaram bridge	30.07.2009	31.12.2010	17 months
27.	-do-	Bridge at Kurthode Thenglam Kozhippally	26.04.2011	23.08.2011	4 months
28.	-do-	Mini Civil Station Perumbavoor	7.4.2011	31.01.2012	No delay
29.	-do-	Nechoorkadavu bridge	1.12.2011	28.10.2011	No delay
30.	Thrissur	Improvements. to Athirappally-Malakkappara road	28.06.2011	Incomplete	9 months
31.	-do-	Improvements to Pattikkad-Peechi Road	16.01.2012	-do-	2 months
32.	-do-	College of Nursing, Thrissur-Building for Ladies Hostel	28.01.2012	-do-	2 months
33.	Kannur	Improvements to Neeleswaram-Valiyaparamba Road	11.10.2011	-do-	5 months
34.	-do-	Improvements to road leading to Edakkal Caves	19.02.2011	-do-	13 months
35.	-do-	Improvements to Begoor-Thirunelly Road	7.08.2011	-do-	7 months

Appendix 2.4

Incomplete works

(Reference: Paragraph 2.1.7.3, Page 13)

Sl. No.	Regional Officer	Name of work	Due date of completion	Percentage of completion
1.	Thiruvananthapuram	IRC Shangumugham	6.03.2011	80
2.	-do-	Indoor Stadium Vellayani	18.04.2011	-do-
3.	-do-	Paripally-Madathara Road	20.01.2012	Period extended
4.	-do-	Payward for Govt. Ayurveda College Tvm.	27.01.2012	-do-
5.	-do-	Construction of Chellangi bridge	26.01.2012	
6.	Alappuzha	TDMC Alappuzha Hospital Complex, G1, G2	11.03.2012	40
7.	-do-	TDMC Alappuzha Hospital Complex, H1, H2	11.03.2012	40
8.	-do-	TDMC, Vandanam- B.Sc. Nursing hostel	30.11.2011	38
9.	-do-	TDMC Vandanam- Landscaping and beautification	17.12.2011	46
10.	Kottayam	Chelachuvadu bridge	8.03.2012	55
11.	-do-	Panachamootil Kadvau bridge	3.03.2012	50
12.	-do-	Kolahalamedu-Vagamon road	22.09.2011	50
13.	-do-	Madhuravely-Ayankudi Road	13.03.2012	80
14.	-do-	MCS, Ranni	15.02.2012	30
15.	Ernakulam	Improvements to Thalakode Blathikavala road	30.11.2011	Required data not furnished by KSCC
16.	-do-	Improvements to Mullaringad-Pattayakudi-Venmani road	30.09.2011	-do-
17.	-do-	Vypin Bridges (Package 2)	31.08.2011	-do-
18.	-do-	Edamula bridge	18.07.2011	-do-
19.	-do-	Methanam bridge	17.02.2012	-do-
20.	-do-	Vypin bridges (Package 1)	13.01.2012	-do-
21.	Thrissur	Improvements to Athirappally-Malakkappara road	28.06.2011	-do-
22.	-do-	Improvements to Pattikkad-Peechi Road	16.01.2012	-do-
23.	-do-	College of Nursing, Thrissur-Building for Ladies Hostel	28.01.2012	-do-
24.	Kannur	Improvements to Neeleswaram-Valiyaparamba Road	11.10.2011	6.54
25.	-do-	Improvements to road leading to Edakkal Caves	19.02.2011	37.33
26.	-do-	Improvements to Begoor-Thirunelly Road	7.08.2011	39.73

Appendix 2.5

Cost over-run in works awarded during 2009-12

(Reference: Paragraph 2.1.7.4, Page 13)

(₹ in lakh)

Sl. No.	Name of work	EPAC	Amount of Revised estimate	Cost Overrun
1.	Construction of Payward in Government Ayurveda College, Thiruvananthapuram	330.72	535.94	205.22
2.	Improvements to Athirampally-Malakappara Road	2509.86	2609.00	99.14
3.	Improvements to Pattikkad-Peechi Road	626.43	824.00	197.57
4.	Construction of High level bridge across Bharathapuzha connecting Ottappalam and Mayannur	668.57	2092.45	1423.88
5.	Construction of Building for W&C Hospital Mangattuparamba	214.88	511.14	296.26
6.	Construction of Mattool-Madakkara bridge across Mattool River	922.61	3178.09	2255.48
	Total	**5273.07**	**9750.62**	**4477.55**

Appendix 2.6

Profit accrued to PSUs on subcontracting Twelfth Finance Commission works

(Reference: Paragraph 2.1.7.5, Page 13)

Sl. No. (1)	Item of work/Name of work (2)	PSU selected (3)	Estimate PAC (4)	Agreed PAC (₹) (5)	Tender percentage of PSU (6)	Name of sub contractor (7)	Agreed PAC of sub contractor (8)	Tender percentage to the sub contractor (9)
1.	Deepening and side protection to Veli-Akkulam lake-**I** Dredging	TCL and KSMDC	10,52,00,000	169983356	61.59% above	M/s Ocean Sparkle Ltd., Hyderabad	115896950	10.17% above
	II- Side protection & beautification work	KSINC	7,35,00,000	129997381	76.87% above	M/s Sreenarayana Constructions Pvt. Ltd., Kollam	98173000	33.57 % above
2.	Provision for Muziris Heritage	KSINC	5,00,00,000	77500000	55% above	George Mathew, Angamali	45900000	8.2% below
3.	Pollution control work at Thiruvallam-Construction of shuttering arrangements, side protection and diversionary groyne at mouth of branch thodu of Karamana river at Thiruvallam.	KSINC	28,00,000	4098042	50% above	T. Vinodkumar, Trivandrum.	3887560	38.84% above
4.	Dredger for Irrigation Department-Manufacturing by KSINC	KSINC	7,58,00,000	75800000	Estimate rate	George Mathew, Angamali	47500000	37.34% below
5.	Construction of RCC B type Jetty, Kadavu and side protection work at S.V. Market at Karunagappally	KSINC	15,00,000	2125073	43.88% above	M/s Sreenarayana Constructions Pvt. Ltd., Kollam	2815504	87.7 % above
6.	Deepening the Boat route channel connecting Panavally jetty, Mukkom Jetty in Chethalal L.A. Constituency	KSINC	36,00,000	5110618	-do-	M/s Sreenarayana Constructions Pvt. Ltd., Kollam	3360000	6.66% below
7.	Deepening the Boat Basins at Panavally jetty and Puravayal jetty of Perumbalam island in Cherthala	KSINC	18,50,000	2615997	-do-	M/s Sreenarayana Constructions Pvt. Ltd., Kollam	1719900	7.03% below
	Total			**467230467**			**319252914**	

Profit accrued to PSUs (5)-(8)= 467230467-319252914= ₹ 14.79 crore. **14.80 x 100/31.92 = 46.36%**

Appendix 2.7

Details of Price Preference to KSCC during 2009-10 to 2011-12

(Reference: Paragraph 2.1.10.1, Page 16)

Sl. No.	Name of work	Agreement No.	EPAC (₹in lakh)	APAC (₹ in lakh)	Lowest Bid *per cent*	Bid by KSCC *per cent*	Agreed rate of KSCC *per cent*	percentage of price preference to KSCC	Benefit of PP to KSCC (₹in lakh)
1	Construction of 400 bedded ward to TDM College, Alappuzha	SE/B/SC/83/09-10 dt. 8.02.10	1497.4	1779.05	+13	+18.81	+18.81	5.81	87.00
2	Construction of 400 bedded ward for TDMC Alappuzha	SE/B/SC/84/09-10 dt. 08.02.10	1495.57	1776.00	+13	+18.81	+18.81	5.81	86.89
3	New Building and compound wall for Govt. Poly, Ezhukone	SE/B/SC/25/10-11 dt. 22.06.10	710.74	959.05	+31.1	+36	+35	3.9	27.72
4	New Science block for KNG Arts & Science College, Attingal	SE/145/BSC/10-11 dt. 19.03.11	262.47	354.34	+33	+35.5	+35	2	5.25
5	Multistoried building for Ophthalmology block, Trivandrum	SE/B/SC/46/10-11 dt.04.09.2010	254.97	331.47	+28.8	+35.5	+30	1.2	3.06
6	Construction of building for ITI, Chakkai, Trivandrum .	SE/BSC/104/10-11 dt. 19.01.11	263.51	330.66	+15.95	+26.6	+25	9.05	23.85
7	Construction of second Annexe Building for Govt. Sectt. Trivandrum .	SE/BSC/5/10-11 dt. 13.05.11	3766.11	4271.14	+6.5	+13.41	+13.41	6.91	260.24
8	Improvements to Elamkode-Valiyantha-Kolahalamedu road	SE/SC/09-10/342 dt. 29.03.2010	1570.73	1473.00	(-) 14.5	(-)6.4	(-)6.4	8.1	127.23
9	Improvements to Chennad-Malika-Rakshabhavan-Thidanad road	77/SE SC/09-10 dt. 26.05.10	272.00	658.37	+24	+26	+25	1	2.72
10	Reconstruction of Maramveedu bridge in Vaikom-Vechoor road in Kottayam District.	63/SE SC/11-12 dt. 8.12.11	288.20	287.41	(-) 0.2	+7.65	+7.65	7.85	22.62
11	Construction of bridge at Panachamootilkadavu across Manimala river	229/SE/SC/10-11 dt. 13.01.11	465.99	482.79	(-) 4.5	+3	+3	7.5	34.95
12	Construction of Court Complex, Ernakulam	SE/J/09-10/1 dt. 06.01.10	1812.42	1985.34	+3.587	+9.54	+9.54	+5.747	107.90
13	Construction of Kuruthode Bridge	SE/CCA/09-10/ 25 dt. 9.10.09	215.35	215.35	(-)2.1	ER	ER	2.13	4.48

14	Improvements to Athirappally-Mallakkapara road	SE/CCA/09-10/ 110 dt. 27.01.10	2509.86	2609.24	ER	+4.93	+4.93	3.96	99.37
15	Improvements to Mullaringad-Palliyakudi-Venmani road	SE/CCA/14/209-10 dt. 26.03.10	629.05	446.50	(-)35.53	(-)30	(-)30	8.15	33.64
16	Construction of Methanam bridge across Periyar	SE/CCA/09-10/ 52/20 dt. 25.06.10	1300.20	1684.48	+24.1	+29.7	+29.7	4.5	72.45
17	Construction of Vettukadavu bridge across Chalakkudy river	SE/CCA/10-11/5 dt. 25.06.10	840.94	1091.56	+27	+30	+30	2.3	25.06
18	Improvements to Kodakara-Kodungalloor road including Mala town	SE/CCA/10-11/127 dt. 18.02.2011	616.64	722.48	+34.3	+45	+35	0.29	2.12
19	Construction of Matathankadavu bridge across Konathpuzha connecting Amballoor and Udayamperoor *Panchayat*	SE/CCA/11-12/ 84 dt. 17.01.12	491.69	482.13	(-)7	(-)2.05	(-)2.05	5.03	23.08
20	Construction of Mini Civil Station, Thodupuzha	SE/B&LW/CC/Tcr/ 09-10/31dt. 31.10.09	302.18	341.46	+7	+13.5	+13	6	18.13
21	Construction of Mini Civil Station Vadakkancheri	SE/B&LW/10-11/38/ CC/TCR dt. 27.08.10	390.11	484.56	+18.72	+24.21	+24.21	5.49	21.42
22	Construction of building for Reg. Drug Testing Lab. Kakkanad	SE/B&LW/CC/TCR /63/10-11dt. 16.11.10	387.94	445.90	+8.75	+14.94	+14.94	6.19	24.01
23	Construction of Academic Block-I for Govt. Engg. College, Idukki	SE/B&LW/TCR/67/ 11-12 dt. 8.03.12	478.33	478.33	(-)1	ER	ER	1	4.78
24	Construction of Mini Civil Station Udumpanchola	SE/B&LW/TCR/29/ 10-11 dt. 13.07.10	495.46	658.97	+30	+33	+33	3	14.86
25	Improvements to road leading to Edakkal caves	SE (K)/214/09-10 dt. 31.03.10	584.00	549.00	(-)7.2	(-)7	(-)7	0.2	1.17
26	Construction of Kottappuram bridge across Tejaswini river, Neeleswaram	SE/(K) 74/2010-11 dt. 1.07.10	2004.00	2274.00	+9.8	+14.9	+13.5	3.7	74.15
27	Construction of Mannoorkadavu bridge at Kannur	SE (K) 126/10-11 dt. 27.10.10	883.00	1040.25	+12.75	+18	+18	5.25	46.36
28	Improvements to Kunnoth-Kelan peedika Mattini-Vallithod road	SE/(K)/10-11/88 dt. 28.07.10	715.00	840.82	+14.8	+18.9	+18.9	4.1	29.31
29	Formation of Karma Bypass road in Ponnani Municipality	SE (K)33/11-12 dt. 04.08.11	1304.80	1670.85	+21.6	+33.3	+31.6	10	130.48
	Total		**26808.66**	**30724.5**					**1414.30**

Appendix 2.8

Details of Price Preference transferred to MoU contractors during 2009-10 to 2011-12

(Reference: Paragraph 2.1.10.1, Page 16)

Sl. No.	Name of work	Agreement No.	EPAC ₹ in lakh	APAC ₹ in lakh	Lowest Bid *per cent*	Bid by KSCC *per cent*	Agreed rate of KSCC *per cent*	percentage of price preference to KSCC	Benefit of price preference to KSCC ₹ in lakh	Benefit of price preference in excess of five *per cent* ₹ in lakh
1.	Construction of 400 bedded ward to TDM College, Alappuzha	SE/B/SC/83/ 09-10 dtd. 8.02.10	1497.40	1779.05	+13	+18.81	+18.81	5.81	87.00	12.13
2.	Construction of 400 bedded ward for TDMC Alappuzha	SE/B/SC/84/09-10 dtd. 08.02.10	1495.57	1776.00	+13	+18.81	+18.81	5.81	86.89	12.11
3.	Construction of building for ITI, Chakkai, Trivandrum.	SE/BSC/104/10-11 dtd. 19.01.11	263.51	330.66	+15.95	+26.6	+25	9.05	23.85	10.67
4.	Construction of second Annexe Building for Govt. Sectt. Tvm.	SE/BSC/5/10-11 dtd. 13.05.11	3766.11	4271.14	+6.5	+13.41	+13.41	6.91	260.24	71.93
5.	Improvements to Elamkode-Valiyantha-Kolahalamedu road	SE/SC/09-10/342 dtd. 29.03.2010	1570.73	1473.00	(-) 14.5	(-)6.4	(-)6.4	8.1	127.23	48.69
6.	Reconstruction of Maramveedu bridge in Vaikom-Vechoor, Kottayam	63/SE SC/11-12 dtd. 8.12.11	288.20	287.41	(-) 0.2	+7.65	+7.65	7.85	22.62	8.21
7.	Construction of bridge at Panachamootilkadavu across Manimala river	229/SE/SC/10-11 dtd. 13.01.11	465.99	482.79	(-) 4.5	+3	+3	7.5	34.95	11.65
8.	Construction of Court Complex, Ernakulam	SE/J/09-10/1 dtd. 06.01.10	1812.42	1985.34	+3.587	+9.54	+9.54	+5.747	107.90	13.54
9.	Improvements to Mullaringad-Palliyakudi-Venmani road	SE/CCA/142 09-10 dtd. 26.03.10	629.05	446.50	(-)35.53	(-)30	(-)30	5.53	34.78	3.33
10.	Construction of Matathankadavu bridge across	SE/CCA/11--12/ 84 dtd. 17.01.12	491.69	482.13	(-)7	(-)2.05	(-)2.05	5.03	23.08	0.15

Sl. No.	Name of work	Agreement No.	EPAC ₹ in lakh	APAC ₹ in lakh	Lowest Bid *per cent*	Bid by KSCC *per cent*	Agreed rate of KSCC *per cent*	percentage of price preference to KSCC	Benefit of price preference to KSCC ₹ in lakh	Benefit of price preference in excess of five *per cent* ₹ in lakh
	Konathpuzha connecting Amballoor and Udayamperoor Pt									
11.	Construction of Mini Civil Station, Thodupuzha	SE/B&LW/CC/ Tcr/09-10/31 dtd. 31.10.09	302.18	341.46	+7	+13.5	+13	6	18.13	3.02
12.	Construction of Mini Civil Station Vadakkancheri	SE/B&LW/10-11/38/CC/TCR dtd. 27.08.10	390.11	484.56	+18.72	+24.21	+24.21	5.49	21.42	1.91
13.	Construction of building for Regional Drug Testing Laboratory, Kakkanad	SE/B&LW/CC/ TCR/63/10-11 dtd. 16.11.10	387.94	445.90	+8.75	+14.94	+14.94	6.19	24.01	4.62
14.	Construction of Mannoorkadavu bridge at Kannur	SE (K) 126/10-11 dtd. 27.10.10	883.00	1040.25	+12.75	+18	+18	5.25	46.36	2.21
15.	Formation of Karma Bypass road in Ponnani Municipality	SE (K)33/11-12 dtd. 04.08.11	1304.80	1670.85	+21.6	+33.3	+31.6	10	130.48	65.24
	Total		**26000.49**	**29522.15**					**1048.94**	**269.41**

Appendix 2.9

Details of Mobilisation Advance received/paid by KSCC during 2009-10 to 2011-12

(Reference: Paragraph 2.1.10.2, Page 16)

(₹ in lakh)

Name of Regional Office	No. of works	Mobilisation advance received by KSCC	Disbursed to contractors	Amount retained with KSCC	Amount recovered from contractors	Interest realised by KSCC
Thiruvananthapuram	13	1635.05	1528.67	106.38	492.13	81.46
Alappuzha	4	901.00	720.64	181.64	334.47	46.18
Kottayam	9	1257.72	1177.30	80.39	385.27	48.92
Ernakulam	13	2214.20	1812.94	401.26	884.35	185.21
Thrissur	5	921.74	833.43	88.31	144.41	66.02
Kannur	5	1103.03	900.82	202.21	266.21	45.67
Total	**49**	**8032.74**	**6973.8**	**1060.19**	**2506.84**	**473.46**

Appendix 2.10

Twelfth Finance Commission works entrusted to PSUs

(Reference: Paragraph 2.1.10.5, Page 17)

<table>
<tr><th>Sl. No.</th><th>Item of work/Name of work</th><th colspan="2">Estimate by CE (I&A) (₹ in crore)</th><th colspan="2">Quoted Amount (₹ in crore)</th><th>Tender Percentage</th><th>PSU selected</th><th>Agreed PAC (₹)</th><th>Advance to PSUs against agreed amount (₹)</th></tr>
<tr><td rowspan="2">1.</td><td rowspan="2">Deepening and side protection to Veli-Akkulam lake</td><td colspan="2">10.52</td><td colspan="2">17.00</td><td>+61.59</td><td>TCL &KSMDC</td><td>16,99,83,356</td><td>15,00,00,000</td></tr>
<tr><td colspan="2">7.35</td><td colspan="2">13.00</td><td>+76.87</td><td>KSINC</td><td>12,99,97,381</td><td>13,00,00,000</td></tr>
<tr><td>2.</td><td>Provision for Muziris Heritage</td><td colspan="2">5.00</td><td colspan="2">7.75</td><td>+55</td><td>KSINC</td><td>7,75,00,000</td><td>3,03,00,000</td></tr>
<tr><td>3.</td><td>Pollution control work at Thiruvallam-Construction of shuttering arrangements, side protection and diversionary groyne at mouth of branch thodu of Karamana river at Thiruvallam.</td><td colspan="2">0.28</td><td colspan="2">0.42</td><td>+50</td><td>KSINC</td><td>40,98,042</td><td>41,00,000</td></tr>
<tr><td>4.</td><td>Dredging and rock blasting between Pathalam lock and Kanjur in Periyar River for facilitating Seaport-Airport Connectivity</td><td colspan="2">5.00</td><td colspan="2">5.00</td><td>Estimate rate</td><td>KSINC</td><td>5,00,00,000</td><td>Nil</td></tr>
<tr><td>5.</td><td>Dredger for Irrigation Department-Manufacturing by KSINC</td><td colspan="2">2 nos. at ₹ 3.79 crore each</td><td colspan="2">7.58</td><td>estimate rate</td><td>KSINC</td><td>7,58,00,000</td><td>7,58,00,000</td></tr>
<tr><td>6.</td><td>Construction of RCC B type Jetty, Kadavu and side protection work at S.V. Market at Karunagappally</td><td>0.15</td><td rowspan="3">0.695</td><td>0.215</td><td rowspan="3">1.000</td><td>+43.88</td><td>KSINC</td><td>21,25,073</td><td>21,00,000</td></tr>
<tr><td>7.</td><td>Deepening the Boat route channel connecting Panavally jetty, Mukkom Jetty in Chethalal L.A. Constituency</td><td>0.36</td><td>0.5180</td><td>+43.88</td><td>KSINC</td><td>51,10,618</td><td>51,00,000</td></tr>
<tr><td>8.</td><td>Deepening the Boat Basins at Panavally jetty and Puravayal jetty of Perumbalam island in Cherthala</td><td>0.185</td><td>0.2662</td><td>+43.88</td><td>KSINC</td><td>26,15,997</td><td>26,00,000</td></tr>
<tr><td colspan="4">Total</td><td colspan="2">51.750</td><td></td><td></td><td>51,72,30,467</td><td>40,00,00,000</td></tr>
</table>

APPENDIX 3.1

Statement of extra expenditure

(Reference: Paragraph 3.1.3, Page 34)

Sl No.	Name of work	Executed Quantity of quarry muck for filling (cum)	Total available Cut earth (cum)	Cut earth available and utilizable (cum)	Balance quantity of contractors earth required (cum)	Rate paid for supply of quarry muck ₹.per M3 (Cost + Conveyance + Contractor's profit)	Tender variation	Amount paid for supply of quarry muck (₹)	Rate for supply of earth for filling ₹per cum	Cost for supply of earth for filling including the tender variation applicable in the work (₹)	Extra expenditure (₹)
1.	Puthiyangadi –Uliyerri-Kuttiyadi-Chova Bypass	8825.22	5412.32	5412.32	3412.90	606 (72+479+55)	24% above	66,31,623	193.90	8,20,584	58,11,039
2.	Kozhikode Mini bypass 0/00 to 5/900	4281.08	Nil	Nil	4281.08	574 (85+437+52)	30% above	31,94,542	193.90	10,79,131	21,15,411
3.	Kakkayam Road-25/00 to 30/200	596.39	2927	596.39	Nil	877(72+724.9+80) (limited to the rate paid 860/M3)	19.3% below	4,13,907	Nil	Nil	4,13,907
4.	Perambra-Chambra-Koorachunda Road	3300.79	Nil	Nil	3300.79	713 (85+563.15+65)	1.59% below	23,16,043	193.90	6,29,846	16,86,197
5.	Vilangad-Pannoom-Pulluvala Road	2014.00	Nil	Nil	2014.00	584 (85+445.55+53)	22% above	14,34,935	193.90	4,76,427	9,58,508
6.	Improvements to Koilerry-Payamppilly-Kurukkanmoola Road	3678	6600	3678	Nil	615 (85+474+56)	1% below	22,393,50	Nil	Nil	22,39,350
7.	Improvements to Vandikkadavu-Champpara Thazha Champpara Road KM 0/00 to 2/250	3730.60	Nil	Nil	3730.60	571 (85+343+52)	17.6% below	17,55,262	276	8,48,427	9,06,835
8.	Improvements to Parallel road to Kozhikode-Kollengal NH 212 in Sultan Bathery	656.95	23293.35	656.95	Nil	371 (85+252+34	20% above	2,92,474	Nil	Nil	2,92,474
	Total	**27,083.03**	**38,232.67**	**10,343.66**	**16,739.37**			**1,82,78,136**		**38,54,415**	**1,44,23,721**

APPENDIX 3.2

Statement of Avoidable Conveyance Charges Paid

(Reference: Paragraph 3.1.3, Page 34)

Sl. No.	Name of the work	Total quantity of available earth (cum)	Utilisable quantity (cum)	Rate for Transportation paid per cum (₹)	TE/Tender Deduction	Avoidable Expenditure (₹)
1	Puthiyangadi- Uliyerri-Kuttiyadi-Chova Bypass	5412.32	5412.32	139	(+)24%	9,32,867
2	Kakkayam Road-25/00 to 30/200	2927	596.39	160	(-)19.3%	76,180
3	Improvements to Koilery – Payamppally-Kurunkanmoola road	6600	3678	223	(-)1%	8,11,992
4	Improvements to parallel road to Kozhokode – Kollengal NH 212 in Sulthan Bathery	23293.35	656.95	160	(+)20%	1,26,134
Total		**38232.67**	**10343.66**			**19,47,173**