

# **CHAPTER II**

## **GENERAL AND SOCIAL SECTOR**



## CHAPTER II

This Chapter contains Performance Audit on Adequacy of physical and human infrastructure in rendering fire and emergency services in Union Territory of Puducherry and results of Compliance Audit of various Departments of the Government, their field formations and Autonomous Bodies. Instances of lapses in the management of resources and deficiencies in observance of the norms of regularity, propriety and economy were presented in the succeeding paragraphs.

### PERFORMANCE AUDIT

#### FIRE SERVICE DEPARTMENT

##### 2.1 Performance audit on ‘Adequacy of physical and human infrastructure in rendering fire and emergency services in Union Territory of Puducherry’

###### *Executive Summary*

*A Performance Audit was conducted to assess the adequacy of physical and human infrastructure in rendering fire and emergency services in Union Territory of Puducherry. We found deficiencies in infrastructure and manpower, outdated vehicles, poor response time to fire calls as detailed below:*

*The Union Territory of Puducherry did not have a Fire Act as required by National Disaster Management Authority guidelines. The Fire Service Department was deficient in enforcing compliance to fire safety norms in the absence of a Fire Act. Various establishments such as industries, marriage halls and cinema halls continued to operate without fulfilling fire safety norms as laid down in National Building Code.*

*There was no comprehensive data on high risk areas prone to fire accidents and a plan to mitigate fire occurrences. The fire stations in Union Territory urban area were 41 per cent lesser than the norms required as per the Standing Fire Advisory Committee recommendations. There was shortage of 52 per cent in the number of fire tenders and the available fire tenders had also outlived their useful life.*

*Shortage of manpower was also noticed. The post of Divisional Fire Officer was vacant for more than three years. Against 14 posts of Station Officer, only six were manned. In eight fire stations, the Leading Fireman although not competent to head a fire station, officiated as Station Officer.*

*Lack of adequate fire safety measures were noticed in Government hospitals, schools and important Government buildings such as Raj Nivas, Legislative Assembly and Chief Secretariat.*

### 2.1.1 Introduction

Fire service was one of the most important emergency response services in the country, which included effective fire prevention, creating awareness about fire safety and enforcing inbuilt fire protection arrangements for various types of buildings. Government of India (GOI) constituted Standing Fire Advisory Committee (SFAC) in 1955, to examine the technical problems relating to Fire Services and to make recommendations including standardisation of fire fighting equipment. Further, to improve fire fighting capabilities in the country, the National Disaster Management Authority (NDMA) framed guidelines in April 2012 to direct and provide guidance on the issues relating to setting up of fire stations, their scaling, type of equipment and training of manpower.

There was no Fire Act in Union Territory of Puducherry and the recommendations of SFAC and NDMA guidelines were followed. In UT, there were 13 fire stations<sup>1</sup> and each station was provided with fire engines, appliances and lifesaving equipment<sup>2</sup>. The year-wise number of fire accidents with property involved, damaged and saved during the period from 2013-14 to 2017-18 in UT was given in **Table 2.1**.

**Table 2.1: Details of fire accidents in UT**

Year	Number of fire calls	Property (₹ in crore)		
		Involved	Damaged	Saved
2013-14	1,196	127.12	22.77	104.35
2014-15	1,088	20.41	5.80	14.61
2015-16	930	9.30	1.78	7.52
2016-17	1,185	42.13	17.29	24.84
2017-18	926	22.49	5.65	16.84

(Source : Details furnished by Fire Service Department)

### 2.1.2 Organisational set up

At the Government level, the Secretary to Government (Fire Service) is the administrative head exercising overall control of the Fire Service Department (FSD). The Secretary is assisted by the Divisional Fire Officer (DFO) who functions as the technical head of the Department and is assisted by two

<sup>1</sup> Nine in Puducherry, two in Karaikal and one each in Mahe and Yanam regions.

<sup>2</sup> Fire Engine, Emergency Tender, Rescue Tender, Foam Tender, Feeder Unit, Small Fire Engine, Chain Saw operated by power, Portable Chain Saw, Circular Saw, Insect Protection Suits, Life Buoy & Life Jackets, Aluminium Suits, Inflatable Lighting Tower, Breathing Apparatus Sets etc.

Assistant Divisional Fire Officers. The fire stations are headed by Station Officers.

### **2.1.3 Audit Objectives**

The objectives of the Performance Audit were to assess whether:

- The fire services were delivered with prescribed mandate;
- Funds required for fire prevention and fire services were provided adequately and on time;
- Infrastructure both physical and human was available for rendering fire and emergency services; and
- Inspections and monitoring ensured that fire services were provided within the response time.

### **2.1.4 Audit criteria**

Audit findings were benchmarked against:

- Compendium of Recommendations of “The Standing Fire Advisory
- National Disaster Management Authority Guidelines, 2012.
- National Building Code of India - Fire and Life safety.
- Government orders issued from time to time.

### **2.1.5 Audit scope and methodology**

The Performance Audit was conducted during March-September 2018 covering the period from 2013-14 to 2017-18. Audit scrutinised the records at Secretariat, Divisional Fire Office, Additional Divisional Fire Offices and Fire Stations. Records in Puducherry Planning Authority, Departments of Industries, Home, Education and Health were also scrutinised with reference to fire safety. Joint physical verifications<sup>3</sup> were conducted in Government buildings and private commercial establishments such as marriage halls, factories and cinema halls, to ascertain the availability of fire prevention/safety equipment. Out of 13 stations, eight fire stations<sup>4</sup> were selected through stratified random sampling for detailed scrutiny. Entry Conference was held on 6 March 2018 with the Secretary to Government wherein the audit objectives and scope of audit were discussed. Exit Conference was held on 26 October 2018, wherein the audit findings were discussed and replies of the Secretary to Government (Fire Service) was included suitably, wherever necessary.

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<sup>3</sup> Audit party headed by the Senior Audit Officer along with officials of FSD.

<sup>4</sup> Puducherry, Bahour, Sedarapet, Thirubuvanai, Karaikal, Surakudy, Mahe and Yanam.

## **2.1.6 Preparedness in fire prevention**

### **2.1.6.1 Non-enactment of Fire Force Act and Rules**

Government of India recommended a Uniform Fire Service Legislation and circulated (October 1958) a draft bill to all State Governments/UT with a direction to enact Fire Force Act/Rules. The draft Act circulated (Appendix 5-A of SFAC) provided powers to:

- remove any person who by his presence interferes with or impedes the operation for extinguishing the fire or for saving life or property;
- close any street or passage in or near which a fire is burning and break into or through or pull down, any premises for the passage of hose or appliances;
- require the authority-in-charge of water supply in the area to regulate the water mains so as to provide water at a specified pressure at the place where the fire has broken out; and
- exercise the same powers for dispersing an assembly of persons likely to obstruct the fire fighting operations as if he were an officer-in-charge of police station and as such, if such an assembly were an unlawful assembly and shall be entitled to the same immunities and protection as such an officer, in respect of the exercise of such powers.

The NDMA directed (April 2012) that every state, which did not have a Fire Act should immediately enact suitable Fire Act, within a year, based on the draft bill circulated by GOI so that fire vulnerabilities were dealt with and loss of life and property was prevented. Paragraph 3.2.2 of NDMA guidelines stipulated that the Fire Act should provide for mandatory clearance from the FSD for all high rise buildings, residential clusters, hospitals, commercial establishments regarding fire safety norms. It should also provide for legal and penal powers to take action against fire safety defaulters.

Regarding enactment of Fire Act, Audit observed that FSD submitted the draft Puducherry Fire Prevention and Fire Safety Bill, 2014 only in February 2014, after a delay of two years despite NDMA's direction in April 2012. The bill was not enacted thereafter as the Law Department required clarifications, Statement of Objects and Reasons and financial implications, which was corresponded protractedly. The Law Department returned (September 2016) the draft bill as the bill was to be revised and the rules could be framed only after enactment of the bill into an Act.

However, details of corrections suggested in the draft bill by the Law Department were not on record and FSD did not take further action for enactment of the Act.

In the absence of a Fire Act for UT, there was no legal framework enabling the FSD to take control of the area of fire accident to prevent or limit the damage to life and property. Thus, in the event of a fire, the FSD personnel of Puducherry are handicapped to exercise powers as given in the Fire Acts of

neighbouring States<sup>5</sup> to control crowd, access water sources, remove obstructions and people. Furthermore, FSD could not take any action against fire safety defaulters in various commercial, industrial and Government establishments like schools, hospitals, etc., as required by NDMA guidelines.

When pointed out, the Secretary to Government (FSD) accepted (January 2019) the audit contention and assured that necessary action would be initiated for enactment of the Act in consultation with the core Departments.

#### **2.1.6.2 *Non-availability of comprehensive data on fire risk factors in Union Territory***

Paragraphs 3.3 and 5.2 of NDMA guidelines, stipulated that every state had to prepare a complete plan based on the comprehensive data, which included population, land use, type of buildings, accessibility, health care system, industrial locations, etc., to work out the total requirement of manpower and equipment for the entire state. After assessing the vulnerability of the area and all hazardous industries that exist therein, the number of fire stations and vehicles/equipment required should be worked out on the basis of the norms laid down by SFAC.

Audit called for the comprehensive data, the fire hazard response and mitigation plan of FSD to ascertain the preparedness of FSD to handle fire operations for scrutiny. The FSD replied (June 2018) that no comprehensive data on high rise buildings, hazardous industries and high risk area was available.

The absence of any plan to combat any emergent fire occurrences and a comprehensive data about high risk areas vulnerable to fire accidents indicated that the FSD was not prepared to prevent and handle any emergency that may occur. Thus, in the absence of a Fire Act for UT, FSD did not also follow the criteria aimed in NDMA guidelines.

When pointed out, the Secretary to Government (FSD) stated (January 2019) that the issue was taken note of and a comprehensive data would be prepared by FSD.

#### **2.1.6.3 *Failure to conduct programme on community preparedness***

Paragraph 5.2 of NDMA guidelines provided that the role of Government departments, key stakeholders in the community and hazard mitigation teams should be identified. There should be a plan for public participation, training, preventive actions at large colonies and high rise buildings. It was further laid down that surprise mock exercises should be conducted for fire emergencies to help in evaluation and monitoring of the plan.

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<sup>5</sup> Andhra Pradesh, Kerala and Tamil Nadu.

Audit, however, noticed that FSD neither conducted any such programmes nor identified any hazard mitigation teams and provided training. The absence of these activities indicated lack of importance given by FSD to educate the public about fire prevention. As such, FSD had failed to prepare the public to handle any emergency and to mitigate the risk, though on an average 1,065 fire accidents occurred every year, during 2013-18.

#### **2.1.6.4 Non-adherence of response time**

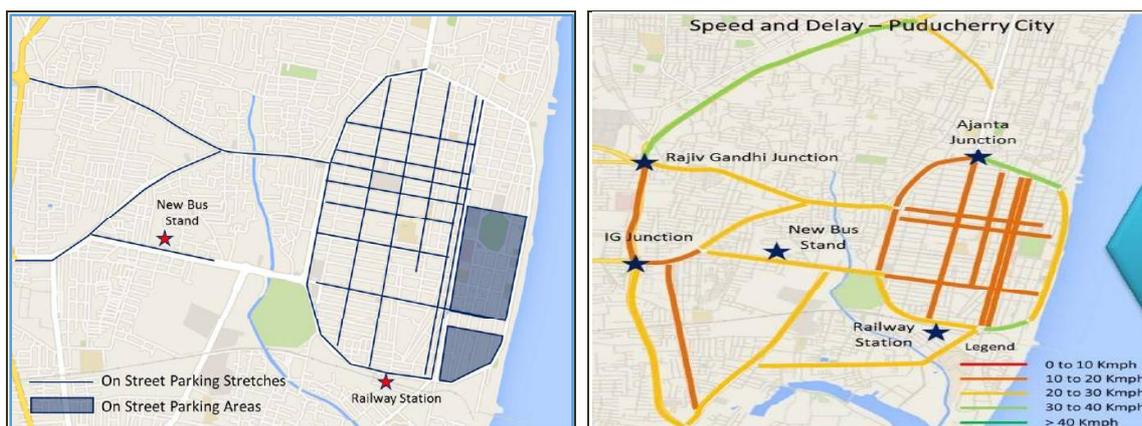
As per SFAC recommendation (March 1978), a test run of fire appliances should be conducted during peak hours to determine the approximate locations of fire stations from where the area allotted to them can be covered<sup>6</sup>. It was, however, noticed that peak hour checks were conducted only while attending to the fire calls. Thus, no separate exercise was conducted to assess the response time needed from fire stations to attend any fire call within their jurisdiction.

During the period 2013-18, 3,154 fire accidents were reported in the sampled eight fire stations. Scrutiny of the fire reports revealed that the response time was reported as two minutes uniformly for covering every kilometer. Audit, however, could not verify the correctness of the data recorded in the fire report as the Message Book intended for recording the time of fire call, turn out time, etc. was not maintained. This is a serious lapse on the part of the fire stations as no check could then be exercised to verify and gauge the response time of the fire stations in any emergency.

Audit further scrutinised the comprehensive mobility plan for UT, prepared by Transport Department during 2015-16 to ascertain the availability of carriage ways and mobility of vehicles in Puducherry. The scrutiny revealed that divided carriage way was available only in eight *per cent* of the roads and 10 *per cent* of roads had footpaths. An average of 67,000 passenger car units crossed the city roads per day. No parking space was available and only street parking was resorted to in the city (**Picture 1**) leading to congestion and reduced speed of mobility of vehicles (**Picture 2**), which ranged from 0-10 km/hr in core areas.

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<sup>6</sup> Within five minutes in urban areas and 20 minutes in rural areas.



Picture 1 : On street parking in city roads

Picture 2 : Speed in city roads

In view of the facts above, it was evident that the reported response time of two minutes per kilometer of fire stations was unrealistic. On this being pointed out, the Secretary to Government (FSD) replied (January 2019) that action was initiated to open four more fire stations to reduce the response time.

#### 2.1.6.5 Shortfall in fire stations

The SFAC recommended (March 1978) that to achieve a response time of not more than five minutes for urban areas and 20 minutes in rural areas, there should be one fire station for every 10 sq.km. radius in urban areas and one for every 50 sq.km. radius in rural areas. The UT comprises of Puducherry, Karaikal, Yanam and Mahe, which were geographically separated. The region-wise requirement and availability of fire stations was given in **Table 2.2.**

**Table 2.2: Requirement and availability of fire stations in UT**

Region	Required	Available	Shortfall
Puducherry	12	9	3
Karaikal	6	2	4
Yanam	3	1	2
Mahe	1	1	0
<b>Total</b>	<b>22</b>	<b>13</b>	<b>9</b>

(Source : Details furnished by FSD)

For UT as a whole, there were 13 fire stations (22 required), out of which, nine (12 required) were located in Puducherry and in Karaikal, as against the requirement of six fire stations there were only two. Yanam region located separately needed three fire stations, but there was only one fire station and only in Mahe, there was one fire station as per requirement.

The shortfall in the number of fire stations available as against the requirement was around 41 *per cent* and the shortfall was also pointed out by GOI (December 2011).

Though GOI had suggested opening of four new fire stations in urban area, proposals were included in annual action plans (2014-18) and in the Budget

speech for the years 2014-16, audit noticed that no follow-up action was taken by FSD till date. The shortfall in fire stations would impact the quickness of response.

When pointed out, the Secretary to Government (FSD), replied (January 2019) that the construction would be started immediately after getting funds from the Government. This reply is not accepted in Audit, as proposals for opening new fire stations were pending for long time, which indicated that UT Government did not provide necessary budget allocation towards capital works during 2014-18. The fact of non-allocation of funds for capital works is discussed in paragraph 2.1.7.

#### **2.1.6.6 Inadequate fire engines**

SFAC recommended (March 1958) that each fire station should be equipped with one pumping unit<sup>7</sup> (fire engine), which can house six fire service personnel<sup>8</sup>. One fire engine has to be stationed in a fire station which caters to a population of 50,000 and was to be increased for every 50,000 population. In respect of areas of high fire risk, the types of fire fighting appliances should be determined by actual survey of the area to be protected. In UT, there were 18 fire engines/feeder tenders<sup>9</sup> stationed in fire stations. The maximum life span of a fire fighting vehicle (water/feeder tender) was 5,000 hours of operation or 10 years whichever is earlier. An analysis of fire engines available in all the 13 fire stations revealed the following:

- All the 18 fire engines/feeder tenders available in UT were more than 10 years old and were in use for a period ranging from 12 to 26 years. They also had leakage problems, poor tyres and required major repairs (**Pictures 3 and 4**). Moreover, no new fire engines were also procured during 2013-18.
- In Karaikal, Mahe and Yanam regions, the fire stations were provided with eight water/feeder tenders which was commensurate to the population therein. However, they were also old and required repairs.

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<sup>7</sup> A self-propelled motor fire engine.

<sup>8</sup> Leading Fireman, Fireman driver and four firemen.

<sup>9</sup> A supporting water tanker used as a backup for fire engines which could carry only two crew members and does not have space for other fire fighting equipment like fire engine.



Picture 3 : Intense water leakage, Karaikal fire engine



Picture 4 : Poor tyre condition, Bahour fire engine

- In Puducherry region, nine fire stations which have to cater to a population of 9.50 lakh were provided with nine water/feeder tenders only against the requirement of 19 (52 per cent shortfall). Of these nine fire stations, five<sup>10</sup> were provided with only one feeder tender each, which could not house the full crew of six members and equipment like regular fire engine.
- Each fire engine has to be stowed with 90 numbers of rubber lined delivery hoses of 15 metres length and 90 numbers of unlined flax canvas hoses of 30 metres length as per IS 948-1983. Audit observed that all the fire engines attached to four test checked sample fire stations did not have the stipulated (90) numbers of rubber lined delivery hoses, but had only three to 20 delivery hoses. It was also noticed that six fire tenders did not have unlined flax canvas hoses and the water hoses were also in poor condition as shown in **Pictures 5 and 6.**



Pictures 5 and 6 : Worn out water hoses

The shortfall in fire fighting equipment and also the poor condition of the existing fire fighting equipment would handicap FSD in combating any major fire disaster, which might happen in future. When pointed out, the Secretary to Government (FSD), during Exit Conference, accepted (October 2018) and

<sup>10</sup> Villianur, Madukarai, Thirubhuvanam, Thirukanur and Kalapet.

stated that a departmental meeting would be conducted and action would be taken based on the availability of funds.

#### **2.1.6.7**            *Lack of sufficient foam tender*

Foam tender is used to suppress fire using foam, where the cause of fire is liquid fuels, by preventing contact of the fuel with oxygen resulting in suppression of the combustion, especially in petrol bunks, oil and chemical storage godowns. GOI recommended (December 2011) that fire stations, which cater to industrial areas should have one foam tender.

In UT, there were seven industrial estates, serviced by D Nagar, Bahour, Karaikal, Sederapet and Thirubhuvanai fire stations. Audit observed that foam tenders were not available in all the above fire stations, though 2,172 fire accidents were reported during 2013-18. In addition, there were 156 petrol bunks and 113 highly hazardous factories in UT. However, only a single foam tender procured during the year 2006 was available at Puducherry fire station, which caters to all the industrial area in the event of any fire accident. Furthermore, a proposal to procure five foam tenders was also not followed up as discussed in paragraph 2.1.7.1. Thus, the inadequacy in foam tender would drastically affect the services by FSD to control fuel/chemical related fire.

When pointed out, the Secretary to Government (FSD) replied (January 2019) that action was initiated for procurement of foam tenders.

#### **2.1.6.8**            *Inadequate communication facilities*

SFAC recommended (December 1975) that a control room, with radio communication facilities, connected to all the fire stations was necessary for effective fire control operations, to enable the DFO to utilise the resources of any or all fire stations, as may be necessary. Further, GOI recommended (December 2011) provision of Static Wireless Set in each fire Station, one Very High Frequency (VHF) set and one walkie-talkie in each fire vehicle and suggested to procure 10 static wireless sets, 54 VHF's and 31 walkie-talkies at a cost of ` 15.60 lakh.

Audit observed that there was no separate control room and only the respective fire stations acted as control rooms. Further, the essential communication devices were not procured even though GOI had suggested to procure the same. As such, only one Bharat Sanchar Nigam Limited (BSNL) line was available at each station. Further, Audit found that in case of fire, the public could report the incident to a fire station using the emergency number 101 only from BSNL phone and was not accessible from any other phone service providers. Thus, the absence of a proper control room in FSD and lack of essential communication devices would seriously impede DFO in mobilising resources from other fire stations in the event of a major fire, when it would be essential to respond in shortest possible time.

When pointed out, the Secretary to Government (FSD), during Exit Conference, accepted (October 2018) and stated that action would be taken for modernising the communication system.

#### 2.1.6.9 *Fire stations functioning in unsafe buildings*

Every fire station should be housed in proper building with provisions for appliances room<sup>11</sup>, office, watch room, store room, rest room, drill tower, petrol store etc. The functioning of fire stations was physically inspected, which revealed the following:

- Puducherry fire station was functioning in a dilapidated godown. The roof had cracks and holes leading to seepage of water in the office, rest room and shed, where the vehicles and fire fighting equipment were halted (**Picture 7**).



**Picture 7 : Puducherry fire station with damaged roof**

- Bahour fire station was functioning in a shed with thatched roof. It was also noticed that the work of construction of a new fire station at Bahour was progressing very slowly and the fire station continued to function in thatched shed itself.
- Kalapet fire station was functioning in a community hall in Oulgaret Municipality, without proper space for appliances room and fire engines were parked in open lawns as there was no place to park them safely.

#### 2.1.6.10 *Inadequate staff quarters*

SFAC recommended (August 1959) that rent-free accommodation should be provided for all members in fire station premises to ensure their availability at all times. It was noticed that out of 13 fire stations:

- five fire stations<sup>12</sup> did not have staff quarters;

<sup>11</sup> Appliances means all fire service vehicles.

<sup>12</sup> Villianur, Puducherry, Sederapet, Kalapet and Thirubhuvanai.

- In seven fire stations, there were 134 staff quarters, of which 60 staff quarters were in poor condition and were not occupied for a period ranging from six months to 14 years; and
- In Karaikal fire station, all the 29 staff quarters were declared as unsafe for occupancy.

Audit observed that work was taken up (December 2017) to renovate 12 staff quarters at Bahour and Thirukannur fire stations and completed (February/March 2018). However, no action was taken to renovate the 77 dwelling units, which were in dilapidated condition and to construct new staff quarters at five fire stations. As such, against the sanctioned strength of 311 posts of DFO, Assistant Divisional Fire Officers (ADFOs), Station Officer and Firemen, staff quarters were available for only 74 personnel<sup>13</sup>. Thus, nearly 74 per cent of fire staff who were required to be available at all times were living away from the fire station campus, defeating the objective of quickly mobilising personnel in the event of fire incident. When pointed out, the Secretary to Government (FSD) replied (January 2019) that action would be taken for renovation/construction of staff quarters based on availability of funds.

### 2.1.7 Finance

The Budget allocation and actual expenditure of Puducherry Fire Service Department for the period 2013-18 is given in **Table 2.3**.

**Table 2.3: Budget allocation and expenditure during 2013-18**

(₹ in crore)

Year	Budget allocation <sup>14</sup>	Expenditure	Savings
2013-14	9.58	9.27	0.31
2014-15	10.21	9.96	0.25
2015-16	10.66	10.20	0.46
2016-17	11.96	11.53	0.43
2017-18	12.28	12.24	0.04
<b>Total</b>	<b>54.69</b>	<b>53.20</b>	<b>1.49</b>

(Source : Appropriation Accounts of respective years)

An analysis of the components of expenditure of ₹ 53.20 crore during 2013-18 revealed that ₹ 52.77 crore was on salaries and wages, office expenses, fuel expenses, etc. (99 per cent) and ₹ 0.43 crore (one per cent) was on motor vehicles, machinery and equipment. Thus, it is construed that the entire allocation was towards revenue expenditure and no fund allocation was made towards capital work for construction of new fire stations and no major fire

<sup>13</sup> 163 available housing units - 89 housing units in dilapidated condition.

<sup>14</sup> Only for Revenue expenditure and no allocation for Capital expenditure.

equipment was also procured during 2013-18, out of UT funds. The shortage in major fire fighting equipment are discussed in preceding paragraphs 2.1.6.5 to 2.1.6.9.

Apart from this, during 2013-18, FSD received a GOI grant of ` two crore for modernisation of fire service and there was also an allocation of ` 11.17 crore under Coastal Disaster Risk Reduction Programme (CDRRP) for FSD for procurement of fire fighting equipment. A scrutiny of the utilisation of funds revealed the following:

#### **2.1.7.1 Failure to utilise the Government of India Grant**

The GOI, to modernise fire and emergency services, provided (July 2015) ` two crore to procure mini rescue tender, hydraulic platform, breathing apparatus, diving suits, wireless communication equipment etc., with a direction to utilise the amount as per UT's own requirement. Since majority of the equipment permitted by GOI were already procured under CDRRP, FSD requested GOI's concurrence, only in November 2017, to purchase five foam tenders, as foam tender was not one among the permitted equipment under GOI assistance. As no reply was received from GOI, FSD later submitted (November 2017) a proposal to UT Government for procurement of four mini rescue tenders, for which administrative sanction was awaited (September 2018).

From the above, Audit construed that FSD should have either pursued the purchase of five foam tenders, as only a single foam tender was available in UT or could have utilised the grant to procure communication equipment for setting up of a modernised control room, which was one of the permitted component. FSD, however, failed to make use of the grant for either purpose for three years and the Finance Department also did not monitor the utilisation of GOI grant.

When pointed out, the Secretary to Government (FSD) replied (January 2019) that action was initiated for procurement through tender process.

#### **2.1.7.2 Purchase of equipment without accessories**

##### **(i) Aerial ladder without requisite feeder tender**

The FSD procured (September 2015) a skylift Aerial Ladder Platform, under CDRRP at a cost of ` 2.97 crore, which could extend upto 32 meters, for fire fighting and rescuing occupants in high rise buildings. The skylift vehicle does not carry any water tank for fire fighting and required a water browser (feeder tender) of 14,000 litres to maintain pressure at maximum height for fire fighting. FSD stationed the skylift at D Nagar Fire Station, which had a fire engine with tank capacity of 5,000 litres and did not have a feeder tender for 14,000 litres for utilisation of skylift.

The skylift was not operated since January 2018, as the requisite number of posts<sup>15</sup> (6) were not created and the staff trained to operate were also transferred to other fire station. Thus, in the event of a fire necessitating the use of the skylift, the utilisation of the same will be impeded by the absence of a feeder tender and requirement to wait until the trained staff arrived from the other fire stations. When pointed out, the Secretary to Government (FSD) replied (January 2019) that procurement of feeder tender would be done after getting fund from the Government.

(ii) *Self-Contained Under Water Breathing Apparatus sets without vital accessories*

The FSD, for carrying out under water diving jobs including rescue and recovery, procured five Self-Contained Under Water Breathing Apparatus (SCUBA) sets at a cost of ` 47.37 lakh with two year's warranty (August 2015) under CDRRP. Scrutiny of the records revealed that FSD while forwarding the required technical specifications to the Project Implementation Agency (PIA) omitted to include (a) Spare Mouthpiece with half mask (b) Buoyance Compensating Device and (c) SCUBA cylinder filling adopter (tool kit), which were important to use the SCUBA sets. The FSD, informed (March 2016) PIA that the vital accessories of SCUBA sets were not procured, which were inevitable to utilise SCUBA sets in case of emergency/exigencies.

When pointed out, FSD replied that (August 2018) omission of technical specification while forwarding the technical details to PIA was due to some typographical error and action would be taken to procure those vital accessories. It was further stated (October 2018) that the omitted items would be procured through PIA. However, the fact remained that the SCUBA sets, were not utilised for over two years since their procurement. Besides, the warranty period expired in August 2017 itself.

Thus, failure of FSD to get the necessary accessories resulted in the skylift and SCUBA purchased at the cost of ` 3.44 crore, not being utilised for the purpose. Further, FSD would be not in a position to conduct any fire fighting operation in high rise buildings or to conduct underwater diving jobs including rescue and recovery, without such important accessories.

### **2.1.8 Management of manpower and capacity building**

In UT, DFO was the Head of Department assisted by two ADFOs. The DFO was responsible for the administrative and operational efficiency of the fire stations. A Station Officer was in immediate command of a fire station and was responsible for the efficient working and proper maintenance of

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<sup>15</sup> Sub-Officer, Leading Fireman, Driver and three Firemen.

appliances. The Leading Fireman shall be the leader of the fire crew, of which Fireman Driver and Fireman were members.

The UT had 13 fire stations headed by Station Officers. In the event of any emergency call received, a fire engine had to be taken to the site with a crew of six members comprising of one leading fireman, one fireman driver and four firemen for effective fire rescue operations, supervised by a Station Officer.

#### 2.1.8.1 Shortage of manpower

The details of posts sanctioned, filled in and vacant were given in **Table 2.4:**

**Table 2.4: Manpower position**

Name of the post	Sanctioned	Men in position	Vacancy	Percentage of vacancy
<b>Office of DFO</b>				
Divisional Fire Officer	1	0	1	100
Assistant Divisional Fire Officer	2	1	1	50
Fireman Driver/Fireman	4	2	2	50
<b>Puducherry Region</b>				
Station Officer	10	6	4	40
Leading Fireman	27	17	10	37
Fireman Driver/Fireman	184	146	38	21
<b>Karaikal Region</b>				
Station Officer	2	0	2	100
Leading Fireman	6	6	0	0
Fireman Driver/Fireman	39	27	12	31
<b>Mahe Region</b>				
Station Officer	1	0	1	100
Leading Fireman	2	2	0	0
Fireman Driver/Fireman	15	11	4	27
<b>Yanam Region</b>				
Station Officer	1	0	1	100
Leading Fireman	2	2	0	0
Fireman Driver/Fireman	15	11	4	27
<b>Grand Total</b>	<b>311</b>	<b>231</b>	<b>80</b>	

(Source : Details furnished by FSD)

An analysis of the staff available as against the sanctioned strength revealed that the post of DFO, responsible for operational and administrative duties, was vacant since November 2015 and the fire force was functioning without

Head of office for more than three years. As such, all the 13 fire stations, spread over four regions and geographically separated, were supervised by only one ADFO and another post was vacant since March 2013.

There was acute shortage of 40 to 100 *per cent* in the post of Station Officer in all the four regions, who was responsible to supervise the fire fighting operations. The period of vacancy ranged from ten months to four years. Further, the post of Sub-Officer, who has to officiate in the absence of Station Officer was not sanctioned. Due to this, eight<sup>16</sup> of the 13 fire stations were handled by Leading Fireman, with no supervisory official to monitor and co-ordinate the staff during fire operations.

When pointed out, FSD stated that proposals for promotion of four Leading Fireman to Station Officers and creation of three ADFOs post were pending with Government since February 2018 and September 2018 respectively.

A test check of 453 fire reports of the sampled four fire stations<sup>17</sup> revealed that in 236 cases (52.09 *per cent*) no supervisory officer *viz.* Station Officer accompanied the crew, while in 211 cases (46.57 *per cent*) only two Firemen instead of four Firemen were deployed. Overall there was shortage of crew in 348 cases (76.82 *per cent*) mainly due to non-filling of vacancies.

It was evident from the above that the shortage of manpower would badly affect the fire and rescue operations, which was not given due importance. The failure to provide adequate manpower for essential services may lead to undesirable consequences, in case of any emergency. When pointed out, the Secretary to Government (FSD) replied (January 2019) that UT Government was in the process of recruiting Station Officers and Fireman by direct recruitment.

#### **2.1.8.2 Non-establishment of training centre**

NDMA guidelines stipulated that a training centre was necessary for all new entrants and organising in-service / promotional courses. Besides, all Station Officers should undergo training for six months conducted at the National Fire Service College, Nagpur. The training centre should be provided with adequate infrastructure and facilities such as classrooms for 30 to 40 participants, training equipment, facilities for outdoor practical training and a fully equipped 70 to 100 seating auditorium. Scrutiny of records of the training centre functioning at D Nagar revealed the following:

- The training centre was operated in a vehicle shed (**Picture 8**) and there were no facilities as stipulated in NDMA guidelines. It was also noticed that though a draft plan was proposed

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<sup>16</sup> Bahour, Madukarai, Thirubhuvanai, Sedarapet, Karaikal, Surakudy, Mahe and Yanam.

<sup>17</sup> Surakudy, Bahour, Sedarapet and Yanam.

during 2015-16 to establish a proper training centre for conduct of training, the same was not established and training was conducted in the vehicle shed only.



**Picture 8 : Vehicle shed being used as a training centre**



**Picture 9 : Damaged tower without ladder**

- The tower commissioned in the D Nagar Fire Station for training of ladder climbing was in damaged condition without a ladder (**Picture 9**).
- Eight stations were being handled by Leading Fireman without any requisite training for discharging the duties of Station Officer, due to vacancy in the post of Station Officers and absence of the post of Sub-Officers as discussed in preceding paragraphs.

Thus, it was observed that in the absence of training centre, only the basic training was given at the time of recruitment. Specialised training courses to deal with hazardous material, chemical disaster, etc., were not conducted for Firemen and in the event of any disaster, the fire personnel would not be in a position to handle it, without requisite training.

When pointed out, the Secretary to Government (FSD) replied (January 2019) that action would be initiated to open permanent training centre to conduct refresher courses to the personnel.

### **2.1.9 Inspections and Monitoring**

National Building Code (NBC) provided installation of modern fire fighting devices such as smoke detectors, water sprinklers, dedicated water storage for fire fighting, installation of hose reels and setback on all the sides of the building for free movement of fire engine. Further, SFAC stipulated that local fire authorities was to be consulted before issue of No Objection Certificate (NOC) for buildings to ensure conformity with relevant fire safety measures such as provision of fire extinguishers, fire exit, reel hose, hydrants and fire alarms.

### **2.1.9.1 Failure to enforce National Building Code**

In UT, FSD issued NOC in two stages for special buildings<sup>18</sup>, viz., initial NOC after site inspection and scrutiny of plan, following which building permits were issued by planning authorities. On completion of construction, final NOC was to be issued by FSD, after inspecting the building, after which occupancy certificate would be issued by planning authorities. In UT, the DFO was the designated officer for issuing NOCs. During 2013-18, 1,701 building permits were issued by the planning authorities. A test check of 261 special building permits issued revealed that:

- Final NOCs were issued by FSD only in Mahe region (20 cases);
- In respect of 228 cases in Puducherry and Yanam regions, final NOCs were not issued as the owners did not apply for occupancy certificate; and
- The details of occupancy certificates issued in respect of 13 cases pertaining to Karaikal region were not furnished to Audit.

A test check of 63 building permits with municipal records was conducted to verify whether any building was occupied without occupancy certificate and assessed for property tax or issued trade license. The exercise revealed that 22 buildings were assessed for property tax or issued trade licences for carrying out business without obtaining occupancy certificate. The remaining 41 buildings were under construction or not taken up. This indicated that those 22 buildings were functioning without NOC from FSD to ensure that they have fulfilled the fire safety norm.

Thus, failure of the planning authorities in not insisting on occupancy certificates and FSD to follow up the building permits issued had resulted in the owners occupying those buildings without fulfilling the fire safety standards. Further, it was noticed that the NOCs were issued by ADFO in Puducherry region and by the Leading Fireman in Karaikal, Mahe and Yanam regions, who were not competent to issue NOCs, as DFO was the only officer empowered to issue NOCs.

### **2.1.9.2 Issue of trade licence without adhering fire safety norms**

According to Section 355 of the Puducherry Municipality Act, 1973, no person can use any premise in municipal limit for any purpose mentioned in Schedule III without the license from the Commissioner and except in accordance with the conditions specified. Further, Section 321 of Puducherry Municipalities Act stipulated that precautions against fire to be adhered. In pursuance to this, the UT Government issued (February 1966/February 2004) instructions that the Commissioners of all Municipalities/Commune Panchayats should consult the Fire Officers for issue of NOC before

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<sup>18</sup> Residential buildings with more than two floors or six dwelling units and commercial buildings exceeding 300 sq.m.

issue/renewal of trade licences for the places of public gatherings and trades involving risk from fire viz. factories, mills, storage godowns of cloth, furniture, liquors, etc., The local bodies, however, while issuing trade licences did not insist for NOC, but absolved themselves by directing the licensees to obtain NOC. The licensees, however, did not obtain NOC from FSD and conducted their business without following any fire safety norms.

A Joint physical verification of seven commercial<sup>19</sup> and five marriage halls<sup>20</sup> with seating capacity ranging from 400 to 1,000 revealed the absence of fire exits, fire extinguishers, hose reels, smoke detectors, fire alarm, setback for free movement of fire engines on all the four sides of the building and emergency exits blocked with goods and materials. This indicated that fire safety norms and precautions against fire were not adhered to, endangering the life of the public flocking these establishments.

When pointed out, the Commissioner, Karaikal Municipality (June 2018) accepted that trade licences were being issued without insisting for NOC from FSD and necessary action would be taken in that regard. No reply was received from Puducherry, Mahe and Yanam Municipal authorities.

### *2.1.9.3 Clearance for industries without NOC from fire services*

As per para 14.4.1 of the National Building Code, after completion of the building and obtaining the occupancy certificate, periodic inspections of building shall be made by the Fire Authority to ensure the fire safety of the building and compliance with the provisions of fire and life safety requirements. Periodic occupancy renewal certificate shall also include safe keep of fire fighting installations and equipment for such buildings. In UT of Puducherry there were 9,032 industrial establishments with 1.04 lakh workers and permission for industries were issued through single window system from February 2004 with clearances from various departments. However, NOC from FSD was not included in the single window and hence, no clearance was obtained from the FSD as per National Building Code.

To an audit query, the Inspector of Factories, Industries Department stated (September 2018), NOC from FSD was not considered mandatory to an industrial establishment as there was no such provision in the Factories Act and inspectors appointed under the Factories Act were competent to enforce the fire safety measures. It was further stated that FSD could not insist for NOC until an exclusive fire and life safety law for UT was enacted. The reply only reiterates the audit comment in the earlier paragraph that the absence of Fire Act would leave the FSD unable to insist on safety measures to be undertaken in establishments, where fire incidents could inflict huge losses. Two industrial units (Superfill Products Private Limited and Vaigai

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<sup>19</sup> Anand Residency, AR Textiles, AVR Swarnamaligai, Pothys, Sekar Emporium, Selvi Stores and Vijayaganapathy Stores.

<sup>20</sup> Jeevarathinam Kalyanamandapam, Kandhan Kalyanamandapam, NT Mahal, Rajarajeswari Kalyanamandapam and Siva Vishnu Mahal.

Industries), where fire occurred during June and August 2018, were inspected (September 2018) to ascertain the fire prevention and safety measures available therein.

*M/s Superfill Products* - Highly combustible materials such as high density polyethylene, plastic spindle roller for winding the fish net yarn and cardboards for packing the finished goods were stocked in lots. No fire alarm, smoke detectors, sprinklers, hydrants were installed in the factory, where such combustible materials in large quantity were being kept.



**Pictures 10 and 11 : Inoperable Fire hydrant with rusted handle and fire exit obstructed with pipes (Vaigai Industries)**

*M/s Vaigai Industries* - The fire exit was blocked and one of the hydrants was inoperable with rusted handle (**Pictures 10 and 11**) and hose reel, wet riser system, automatic sprinkler system, electric fire alarm, exclusive terrace and underground water tanks with 170 kilo litre capacity were also not available.

All the above indicated that the contention of Inspector of Factories that inspectors appointed under the Factories Act were competent to enforce the fire safety measures was not correct and factories continued to violate the fire safety norms endangering the life of the workers. Audit observed that without enactment of an Act exclusively for UT, FSD could not enforce fire safety measures effectively by inspecting any premises and penalise the fire safety defaulters.

#### **2.1.9.4 Cinema halls without proper fire safety equipment**

The NBC stipulated that in places of public gatherings including multiplexes, fire safety devices such as reel hoses, water sprinklers and smoke detectors were to be installed. In UT, however, the fire safety certificate for cinema halls was issued under Section 74 of the Pondicherry Cinemas (Regulation) Rules, 1966, which provided for placing water buckets, sand buckets, portable fire extinguishers and stirrup pumps only. Thus, the provision of modern fire safety devices in cinema halls, as stipulated in NBC was not ensured.

A joint physical verification conducted in three cinema halls and a multiplex<sup>21</sup> revealed that though the multiplex fulfilled the required fire safety norms, it did not have setback for free approach of fire engines on three sides. The other three cinema halls did not install any fire safety devices such as reel hoses, water sprinklers and smoke detectors except for fire extinguishers. This indicated that the fire safety certificate was not comprehensive of all fire safety measures to be undertaken in cinema halls. Further, FSD also could not ensure the fire safety preparedness in cinema halls in the absence of a separate Fire Act.

#### **2.1.9.5 Absence of fire safety equipment in hospitals**

In UT, there are eight Government General Hospitals (GH)/Employees State Insurance Hospitals, 39 Public Health Centres (PHCs) and four Community Health Centers and 40 private hospitals. The Director, (Health)-cum-Member Secretary instructed (November 2016) that all the private and GHs/Nursing Homes/Medical Colleges having inpatient services should install fire fighting equipment and obtain NOC from FSD and conduct mock drills.

The FSD conducted inspections in a phased manner on availability of fire fighting equipment and forwarded (February 2017) its recommendations to Health Department along with details of fire safety devices such as fire extinguisher, hose reel covering entire floor area and electric fire alarm system to be installed in the hospitals based on the number of floors and size. The FSD further requested (September 2017) the Health Department to direct the hospitals to obtain NOC from FSD, as many of them were not serious about maintaining fire safety norms in their respective hospital campus. Despite this, none of the recommendations were adhered to except for conducting mock drill in GH, Mahe and installation of fire safety equipment in GH, Karaikal.

When pointed out, Health Department replied (June 2018) that NOC from FSD was not obtained in respect of PHCs. It was further stated that based on the FSD recommendations, administrative approval was accorded (March 2018) for installation of fire fighting equipment. However, due to paucity of funds, the Department was not in a position to procure and install the same. Thus, GHs/PHCs were functioning without proper fire safety measures in place jeopardising the safety of doctors, patients and the visitors.

#### **2.1.9.6 Absence of fire safety measure in schools**

The Supreme Court directed (April 2009) that State Governments and Union Territories should ensure that the school buildings are safe to ensure the 'fundamental right of each and every child to receive education free from fear of security and safety'. It directed that school buildings should be constructed

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<sup>21</sup> Rathna, Raja, Balaji and Rukmani/Jeeva (Multiplex).

according to NBC with adequate number of fire extinguishers, fire alarms and water tanks with hose reels. It was further directed to conduct mock drills regularly and mandatory fire safety inspection by the FSD followed by for establishing or continuation of a school.

In UT of Puducherry, there were 430 Government schools and 301 private schools. It was noticed that private schools obtained NOC from FSD for accreditation. The Government schools, however, functioned without clearance from FSD. A survey of 349 Government schools (81 *per cent*) on availability of fire safety/preventive measures revealed that:

- Only nine schools had installed hose reels and had fire extinguishers with validity period, while the validity period of the fire extinguishers installed in the remaining schools had expired long back; and
- Mock drills were conducted only in 43 schools and was not conducted in 306 schools.

On being pointed out by Audit, Public Works Department (PWD) called for proposals (May 2018) from Education Department for installation of fire safety equipment in school premises. All the above indicated the lackadaisical attitude of the UT Government in taking proper care in fire prevention measures, despite Supreme Court directions that fire safety norms should be strictly adhered to. Thus, absence of fire prevention and safety measures in schools clearly put the children vulnerable to the risk of fire.

#### ***2.1.9.7 Absence of fire safety measures in Government buildings***

The availability of fire safety/preventive equipment in important Government buildings such as Raj Nivas, Legislative Assembly, Chief Minister's Office, Council of Minister's offices and Chief Secretariat was jointly inspected with FSD, which revealed the following.

##### ***Raj Nivas***

Raj Nivas is the office and residence of the Hon'ble Lieutenant Governor and is a double storied building. It was noticed that smoke detectors and hydrants were not installed. Further, the essential fire safety equipment required as per NBC such as hose reel system, wet riser system, manually operated electronic fire alarm, automatic detection and alarm system, exit signages, exclusive terrace and underground water tanks for fire fighting were also not available.

***Legislative Assembly, Chief Minister's Office and Council of Minister's offices***

The Legislative Assembly Complex houses the Legislative Assembly and offices of the Chief Minister and all the Ministers. The entire hall was furnished with wooden wall panels and wooden furnitures which were highly inflammable. Only five fire extinguishers were available, with expired validity period (**Picture 12**). No fire safety/prevention equipment like smoke detectors, water sprinklers, reel hose and hydrants were available.



**Picture 12 : Outdated fire extinguisher in Legislative Assembly**

Audit observed that FSD had addressed the Legislative Assembly Secretariat during August 2016 about the expired validity period of fire extinguishers and recommended installation of hose reel system, fire alarm, automatic detection system, exit signages and exclusive terrace tank of 15,000 litres capacity with fire pump. However, no follow up action was taken in that regard.

***Chief Secretariat***

The Chief Secretariat building with ground and four floors is an important building housing all the offices of the Secretaries to Government. It was noticed that all the 15 fire extinguishers installed were outdated by a period ranging from one to two years and required refilling. Further, exclusive underground sump for fire fighting, hose reel, fire alarm, smoke detector, water sprinklers and hydrants were not installed. Setback required for free access of fire engine on three sides of the building was blocked as the area was converted into parking area causing hindrance for free access to fire engines in the event of a fire.

Scrutiny of records revealed that requisition to provide additional fire fighting equipment was sent to PWD in October 2012. However, the work was not taken up, as PWD felt that the lowest quotation of ` 29 lakh was on higher side.

All the above indicated that neither PWD, responsible for the maintenance of the Government buildings, nor the client departments showed any interest in providing fire safety measures in Government buildings. The absence of fire safety and prevention measures in key Government buildings is indicative of the negligence of the UT Government to address incidence of fire in the UT, which could have devastating consequences on life and property.

When pointed out, the Secretary to Government (FSD) replied (January 2019) that recommendations were issued to install fire safety equipment in all buildings.

### **2.1.9.8**            *Non-adherence of fire safety norms in issue of cracker licence*

The District Magistrate (DM) issued temporary licences under Section 84 of Explosive Rules 2008 for possession and sale of fireworks in a temporary shop subject to the condition that fireworks should be kept in a shed made of non-flammable material in a closed secured area to prevent unauthorised persons having access thereto. The minimum size of the shed should be nine sq.m. while the maximum should be 25 sq.m. The licences were to be issued only after the field inspection and recommendation by FSD and Sub-Divisional Magistrate.

Every year, during Deepavali festival, Puducherry Agro Products, Food and Civil Supplies Corporation (PAPSCO), a Government of Puducherry Undertaking, was permitted to open retail crackers shop. A test check of permits given during the years 2016 and 2017 revealed that PAPSCO was permitted to open 31 shops (19 during 2016 and 12 during 2017) in Puducherry region. The FSD, after field inspection, did not recommend opening of retail shops by PAPSCO, as the locations being part of marriage halls, located along with other shops, floor area being more than 25 sq.m. surrounded by buildings with mixed occupancies. Despite this, DM permitted PAPSCO, as it was a Government undertaking.

Audit scrutiny further revealed that in seven cases, FSD did not recommend issue of licences as the floor area was more than 25 sq.m., building having dwelling units and space for fire fighting vehicle was not available. However, on re-inspection, FSD changed the recommendation in favour of issuing licences without any justification for the change.

Thus, while FSD highlighted the need to avoid sale of fire crackers in a vulnerable area, the DM did not pay heed to it and even the FSD abandoned its recommendations without any justification. On being pointed out, the Secretary to Government (FSD) replied (January 2019) that action would be taken to ensure fire safety as per Explosive Rules, 2008.

### **2.1.10 Conclusion**

In the absence of any plan to combat any emergent fire occurrences and a comprehensive data about high risk areas vulnerable to fire accidents, the FSD was not prepared to prevent and handle any emergency that may occur. The risk of fire can only be addressed by strict enforcement of preventive measures and safety. The enforcement and compliance to safety measures in NDMA guidelines, NBC regulations can be ensured only if there is an enactment of Fire Safety Act and Rules. In the absence of the same, the FSD lacks the necessary mandate for effective functioning. The non-adherence to safety regulations and apathy of the administration to facilitate compliance leaves the population of the UT vulnerable to destruction caused by fire accidents. This coupled with poor physical infrastructure and grossly inadequate manpower

leaves the UT unable to combat severe fire accidents in the event of their occurrence.

### **2.1.11 Recommendations**

UT Government may take necessary steps to

- enact a Fire Act for Union Territory of Puducherry to empower Fire Service Department to take control of emergency situation of fire along with provisions to penalise fire safety defaulters.
- compile a comprehensive data about high risk areas in Union Territory along with a plan to mitigate fire occurrences.
- provide adequate funds to open new fire stations, procure new fire engines, to ensure effective implementation of fire safety programme.
- provide adequate manpower with requisite training to ensure efficiency in fire prevention and fire fighting operations.
- ensure that all buildings, industries, cinema/marriage halls and commercial establishments adhered to fire safety norms.
- ensure action to provide fire safety measures in all Government schools, hospitals and Government buildings.

## COMPLIANCE AUDIT

### 2.2 Loss to Union Territory Government

#### ELECTRICITY DEPARTMENT

##### 2.2.1 Loss of revenue

**Failure of the Puducherry Electricity Department to periodically renew the bank guarantees/fixed deposits provided by a consumer resulted in loss of revenue of ₹ 54.86 lakh.**

The Puducherry Electricity Department (PED) is solely responsible for purchase and sale of electricity in the UT of Puducherry. Section 63 of the terms and conditions of power supply notified by UT Government stipulated that the applicant intending to avail power supply shall pay security deposit in cash or in the form of Fixed Deposit Receipt (FDR) from nationalised banks or any other form of deposits as approved by Government. The deposits were to be monitored and periodically renewed by the PED, so that in case of any default by the consumer, the outstanding dues could be made good from the security deposits held by the PED.

Audit of the offices of three Superintending Engineers, PED was conducted during 2017-18. Scrutiny of the records (January 2018) at the office of the Superintending Engineer (Circle I), PED revealed that a consumer<sup>22</sup> entered (January 2000) into an agreement with PED for availing of High Tension (HT) power supply for a contracted maximum demand of 1,950 Kilo Volt Ampere (KVA), which was subsequently increased to 2,400 KVA (May 2002) and 2,850 KVA (August 2008). The consumer provided security deposit of ` 51.71 lakh<sup>23</sup> in the form of three Bank Guarantees<sup>24</sup> (BG) and further provided ` 23.28 lakh as additional security deposit in the form of seven FDRs during the years 2004-10. As of January 2010, the PED had three BGs (validity period upto May 2012, April 2013 and May 2015) and seven FDRs<sup>25</sup> (maturity period from February 2010 to January 2014) amounting to ` 74.99 lakh.

The consumer defaulted payment of power consumption charges from September 2015 and the service was temporarily disconnected (November 2015). A show cause notice was issued (June 2016) directing the

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<sup>22</sup> Shri Padmabalaji Steels Private Limited, Karaikal.

<sup>23</sup> ` 36.00 lakh, ` 9.41 lakh, ` 6.30 lakh.

<sup>24</sup> From Indian Overseas Bank and State Bank of India.

<sup>25</sup> February 2010, February 2010, December 2010, August 2011, February 2013, April 2013 and January 2014.

consumer to pay the arrears of ₹ 54.86 lakh, as per bill for the month of May 2016. The consumer did not respond to the show cause notice. It was further noticed that the consumer had stopped the operation of the factory from February 2016. The PED decided (June 2017) to forfeit the security deposit and terminate the HT service connection. However, PED could not forfeit the security deposit, as the validity of all the BGs/FDRs had expired by May 2015 itself and the due of ₹ 54.86 lakh remained unrecovered as of March 2018. Moreover, the service connection was yet to be terminated (December 2018).

Audit observed the following:

- (i) The PED did not take action to renew the three BGs (₹ 51.71 lakh) furnished, as and when their validity expired<sup>26</sup>, but only addressed the consumer thrice during April 2013, July 2014 and April 2015 calling for fresh BGs, for which there was no response from the consumer. Such being the case, in April 2015, it was recorded that additional security deposit in the form of BGs were made good by the PED.
- (ii) As regards FDRs, the consumer closed all the seven FDRs (₹ 23.28 lakh) during December 2010 itself, without the consent of PED, even before expiry of their respective maturity periods (February 2010 to January 2014), though they were in the possession of PED. Had PED monitored their renewal periodically, the malpractice of closing the FDRs by the consumer, without the consent of the PED, would have come to light during the year 2010 itself (the year in which three out of seven FDRs were due for renewal), and PED could have safeguarded its interest by encashing the BGs, which were in force then.

When pointed out, the UT Government replied (July 2018) that banks were allowed to auto renew the FDRs and hence PED did not initiate action to renew the FDRs and in the present case, it was an unexpected event that FDRs were released by the bank without the consent of the PED. It was further stated that the bank is being addressed repeatedly to release the FDR amount.

The reply is not acceptable, as it was clear negligence on the part of PED, which failed to monitor all the claims and payments including security deposits. Further, the fact that the FDRs were closed by the consumer, came to the knowledge of the PED only when it addressed (June 2017) the Bank for forfeiting them to appropriate the amount towards the dues. Thus, failure of the PED to monitor periodically and renew the BGs/FDRs as and when they matured resulted in a revenue loss of ₹ 54.86 lakh, as there was no valid security deposit with PED to recover the pending dues.

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<sup>26</sup> May 2012, April 2013 and May 2015.

## 2.3 Avoidable expenditure

### PUBLIC WORKS DEPARTMENT

#### 2.3.1 Avoidable payment on arbitration for construction of groynes

**Failure of the Public Works Department in keeping the contract alive for more than three years after stoppage of work without foreclosure resulted in avoidable payment of ₹ 6.52 crore.**

Section 3(1) and Section 3(2)(v) of the Environment (Protection) Act, 1986 (Act) provided that prior clearance of Ministry of Environment and Forests, GOI should be obtained for all construction activity in Coastal Regulation Zone where the investment exceeded ` five crore. The PWD took up the work of providing groynes<sup>27</sup> at various places<sup>28</sup> in Puducherry coast to arrest sea erosion, for which expenditure sanction was accorded in November 2006 and technical sanction in May 2007. The work was awarded (August 2007) to a contractor at a cost of ` 7.89 crore and was to be completed in 12 months (August 2008). However, as PWD did not obtain prior clearance from GOI, the work was stopped in January 2008 following a stay order by the High Court of Madras<sup>29</sup>.

Scrutiny of records (December 2014/May 2018) at the office of the Executive Engineer, Irrigation Division, Public Works Department, Puducherry (EE) revealed that the High Court had disposed off (February 2008) the case with a direction to obtain clearance from GOI before recommencing the work. Based on the direction, the UT Government submitted a proposal (April 2008) to GOI for construction of groynes. GOI constituted (June 2008) an Expert Committee to address the issue of sea erosion. The Expert Committee visited (June 2008) Puducherry and Tamil Nadu coastal areas and suggested for taking certain short/long term measures like construction of groynes, strengthening of damaged seawalls, development of green belt along the coast line among others<sup>30</sup>. GOI awaited the response from both UT Government and Government of Tamil Nadu (GOTN) on this issue based on the recommendations of the Expert Committee.

The GOTN stated (July 2008) that the recommendations of the Expert Committee were being examined and a decision would be informed shortly.

<sup>27</sup> Stonewalls constructed on the seashore to arrest sea erosion.

<sup>28</sup> Providing 11 groynes in between Chainage 1,970 m to 3,775 m for the benefit of the fishermen villages of Kurusukuppam, Vaithikuppam, Ankalamankuppam and Solathandavankuppam.

<sup>29</sup> Mention was made on this issue in paragraph 3.1.8.3 (i) of Audit Report 2008-09.

<sup>30</sup> Improving infrastructure like roads, drainage, sanitation etc., on the seaward side of the seawall and by-passing of about 0.4 million cu.m. of sand to reduce the damage to the existing seawall and taking up of an integrated study by a reputed organisation covering both Tamil Nadu and Puducherry.

The GOI also informed (February 2009) the UT Government that the issue of environmental clearance for groynes would be considered after receipt of response from GOTN. In the meanwhile, GOI, instructed (July 2009) the UT Government to act on the short and long term goals suggested by the Expert Committee. The UT Government did not take any action to achieve the short/long term goals but addressed GOTN in April 2009, September 2009 and February 2010 requesting GOTN to forward its consent to GOI regarding the recommendations of the Expert Committee.

The Executive Engineer, Irrigation Division, PWD, however, kept the contract period alive until December 2010 by provisionally extending it six times *suo-moto* from August 2008. The contract was finally foreclosed only in February 2011, after three years of stoppage of work, as clearance for the work from GOI was uncertain. The value of work completed as on the date of foreclosure was ` 77.62 lakh. The contractor did not accept the foreclosure and claimed a compensation of ` 4.43 crore towards expenditure and losses suffered and further requested (June 2012) for appointment of an arbitrator.

The arbitrator appointed (October 2012) accepted the contention of the contractor that as the contract period was extended by PWD, he had to incur expenses to restart the work anytime. An award (July 2013) of ` 5.01 crore<sup>31</sup> in favour of the contractor including interest payable upto June 2013 was passed by the arbitrator. When PWD sought the opinion of the Law Department for an appeal, it was opined (January 2014) that the case was not fit for appeal in view of the *suo-moto* extensions granted by PWD for more than three years and directed to comply with the award passed by the arbitrator. PWD did not honour the payment immediately, as sufficient funds were not allocated and finally made the payment of ` 6.52 crore only in August 2017, which included an additional amount of ` 1.51 crore towards interest for belated payment.

Thus, the failure of the UT Government to get prior environmental clearance for construction of groynes before commencing the work or to foreclose the contract once the work was stopped, resulted in an avoidable payment of ` 6.52 crore to the contractor, which was eight times more than the actual value ( ` 0.78 crore) of work done by him. Furthermore, PWD did not take any steps to execute the short/long term goals as suggested by the Expert Committee and the objective of arresting sea erosion was also yet to be achieved (September 2018).

The matter has been referred to the UT Government in July 2018; reply was not received (August 2019).

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<sup>31</sup> Includes expenditure on preliminary works, idle charges of machinery, other claims, loss of profit and interest after adjusting the mobilisation advance paid to the contractor.

**REVENUE AND DISASTER MANAGEMENT DEPARTMENT**  
**PROJECT IMPLEMENTATION AGENCY**

**2.3.2 Avoidable expenditure of excise duty**

**Failure of the Project Implementation Agency to avail the excise duty exemption resulted in avoidable expenditure of ₹ 54.47 lakh.**

As per Central Excise Notification No. 108/95/CE dated 28.08.1995, goods supplied to projects financed by international organisations including the World Bank (WB) are exempt from levy of excise duty on production of certificate from project implementing authority that the goods were required for execution of the project and that the project has been approved by Government of India. Further, clause 13.3 of the agreement stipulated that the bidders may like to ascertain availability of excise duty exemption benefits available in India to the contracts financed under WB loan. The bidder was responsible for obtaining excise duty benefits which they had considered in their bid and in case of failure to receive such benefits for reasons whatsoever, the employer would not compensate the bidder.

Government of India approved ` 188 crore for Union Territory Government of Puducherry under CDRRP in 2014-15 and released the funds to the Project Implementation Agency (PIA) between September 2014 and March 2015 for undertaking works<sup>32</sup> under CDRRP. The CDRRP was financially assisted by the WB.

Under the project, setting up of High Tension interlink provision from the newly constructed/commissioned 110/11 KV Venkatanagar sub-station to part of the city comprising the coastal areas of Vaithikuppam, Kurichikuppam, Muthialpet, Solai Nagar and Gingee Salai and conversion of Low Tension overhead lines into underground cable system with service connection and street lights in Puducherry region and coastal areas were to be executed by the Electricity Department in six packages. PIA accorded administrative approval (August 2015) for the above work at an estimated cost of ` 89.10 crore.

Scrutiny of records (March 2017) relating to three packages awarded to two private firms<sup>33</sup> (November 2015) revealed that the contractor procured the materials<sup>34</sup> required for the project at a cost of ` 4.36 crore including excise duty of ` 54.47 lakh. The contractor failed to avail the excise duty exemption

<sup>32</sup> Construction of 1,000 multi disaster resilient houses, purchase of modern equipment for fire service, conversion of over head electric lines to underground cables, strengthening of bridges, improvements to fish markets etc.

<sup>33</sup> 1. Shri Vaari Electricals Pvt Ltd, Chennai and 2. K.S. Mani Electricals, Puducherry.

<sup>34</sup> Distribution transformers with off-load tap changer, cast iron spun pipes, four way interlink pillar boxes, six way SS pillar boxes, eight way distribution pillar boxes and alum XLPE cables 1.1 KV are a few major items procured.

as per the Central Excise notification mentioned above in spite of clause 13.3 of the agreement which clearly specified the procedure to be followed.

On this being pointed out, the PIA replied that the clause as per the WB approved bid document was included as Para 13.3 of the bid documents of PIA. It was added that the contractor had to furnish the details as “declaration regarding excise duty exemption for materials/construction equipment bought for the work” and it was the responsibility of the contractor to get the refund. Further, if details were not furnished, it should be taken as that the contractor was not seeking any refund of excise duty.

The reply of the PIA that the payments were in accordance with the signed agreement was not acceptable as in the instant case, the contractors had submitted the declaration without any mention of the materials to be procured and the same was certified by the Executive Engineer. Thus, the PIA had failed to check and ensure that the list of materials to be procured by the contractor was included in the declaration submitted by the contractor.

Further, it was in the interest of the implementing authority to ensure that the central excise exemption was availed. Thus, payment of excise duty to the materials procured, without availing the exemption notified by GOI for WB aided project had resulted in avoidable expenditure of ₹ 54.47 lakh under the project.

The matter was referred to the UT Government in June 2018; reply was not received (August 2019).

## LABOUR DEPARTMENT

### 2.3.3 Avoidable payment of tax

**The Puducherry Building and Other Construction Workers Welfare Board did not obtain tax exemption as provided in the Income Tax Act resulting in avoidable payment of tax of ₹ 0.43 crore on the interest earned.**

Section 10 (46) of the Income Tax Act, 1961 provides that specified income arising to a Body or Authority or Board constituted by or under a Central or State Act or by a Central or State Government with the object of regulating or administering any activity for the benefit of general public, would be exempt from tax, subject to the condition that the said entity was not engaged in any commercial activity. The entity eligible to claim tax exemption was required to be notified by the Central Government in the Official Gazette, for which, the entity shall apply to Income Tax Department.

The UT Government constituted the Puducherry Building and Other Construction Workers Welfare Board (Board) in December 2002 under the Building and Other Construction Workers (Regulation of Employment and

Conditions of Service) Act, 1996<sup>35</sup>, to regularise the wages, working conditions, safety, health and welfare measures, etc., exclusively for the welfare of building and other construction workers. In order to facilitate the implementation of welfare schemes<sup>36</sup> for the construction workers, the UT Government levied cess at the rate of one *per cent* on the cost of the construction under the Building and Other Construction Workers Welfare Cess Act, 1996<sup>37</sup>.

Scrutiny of records of the Board (December 2017) revealed that under Section 267 of Pondicherry Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2001, the Board constituted the Pondicherry Building and Other Construction Workers Welfare Fund, into which the cess collected is credited. As of July 2017, the Board had collected ` 101.78 crore as cess. Of this, the Board held investments as FDRs amounting to ` 60.73 crore in nine nationalised banks<sup>38</sup>, after incurring expenditure on welfare activities. However, as the Board did not apply for exemption from tax under section 10(46) of Income Tax Act, the banks deducted ` 0.43 crore<sup>39</sup> as tax at source on interest earned on FDRs and remitted the same in Government Account. Further, the Board failed to take action to obtain exemption even after being pointed out (April 2017) by one of the banks (Bank of Baroda) to submit a copy of the letter or Government order that Board was exempted from Tax so that necessary action would be taken in that regard.

Thus, Audit observed that the Board being an entity established for the welfare of construction workers should have availed the exemption as provided, so that the surplus amount earned by way of interest could be used effectively for the welfare of the construction workers. Failure of the Board in that regard had resulted in an avoidable payment of tax of ` 0.43 crore.

When pointed out, the UT Government accepted (November 2018) and stated that exemption from deduction of tax was not obtained. It was further stated that application for exemption was submitted (August 2018) to GOI.

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<sup>35</sup> Enacted by Government of India.

<sup>36</sup> Maternity benefits, pension, advances for purchase/construction of houses, disability pension, loans for purchase of tools, financial assistance towards funeral expenses, medical assistance, financial assistance for education and marriage of children, scholarships for students etc.

<sup>37</sup> Enacted by Government of India.

<sup>38</sup> Bank of Baroda, Canara Bank, Corporation Bank, Dena Bank, Indian Overseas Bank, Indian Bank, Punjab National Bank, State Bank of India and UCO Bank.

<sup>39</sup> 2012-13 (` 0.02 crore), 2013-14 (` 0.01 crore), 2014-15 (` 0.02 crore), 2015-16 (` 0.09 crore), 2016-17 (` 0.10 crore) and 2017-18 (` 0.19 crore).

**PLANNING AND RESEARCH DEPARTMENT AND  
FISHERIES AND FISHERMEN WELFARE DEPARTMENT**

**2.3.4 Avoidable payment of interest on arbitration award**

**Failure to provide necessary budget provision to make arbitration award payments without any delay, resulted in avoidable interest payment of ₹ 0.41 crore.**

The Finance Department of the UT Government instructed (October 2015) all the Heads of the Departments, that in order to save Government money being unnecessarily paid towards interest on account of delay in settlement of court orders, arbitrations etc., payments on that account should be prioritised over other bills to settle arbitration awards/court orders/land acquisition payments, without any delay.

Mention was made in the paragraph 3.2.1 of the Audit Report of Union Territory of Puducherry for the year 2011-12 regarding the injudicious termination of a contract by the PWD for construction of a fishing harbour at Mahe, which resulted in an avoidable time and cost escalation of ₹ 33.63 crore, as the work was later executed at a higher cost. The contractor sought for arbitration and the arbitrator concluded (December 2011) that termination of the contract was illegal and passed an award of ₹ 3.29 crore in favour of the contractor. The issue was then pending in the Court of Law as PWD filed (April 2012) an appeal against the arbitration award.

Scrutiny of the records (November 2017) at the Secretariat (Fisheries) and Directorate of Fisheries and Fishermen Welfare revealed that the appeal was dismissed in December 2015 and the PWD was directed to deposit ₹ 3.29 crore in District Court, Puducherry within a period of two months, and delay in depositing the award amount would carry an interest of 12 *per cent*. The PWD sought the opinion of the Government pleader, who opined (February 2016) that the case was not fit for appeal. Following this, the PWD forwarded (March 2016) the proposal to UT Government, through Fisheries Department, for release of funds. The Finance Department, however, directed (April 2016) the Fisheries Department to approach the Planning and Research Department (PRD) for release of funds.

The Fisheries Department instead of approaching the PRD, forwarded (April 2016) the file to PWD with a direction to approach the PRD for release of funds. As the scheme related to Fisheries Department, the PWD returned (May 2016) the file to Fisheries Department to approach the PRD itself. The Fisheries Department approached PRD in June 2016 for release of funds. The PRD, however, provided (August 2016) ₹ two crore only in Budget Estimate 2016-17 against the requirement of ₹ 3.29 crore. The expenditure sanction was issued in November 2016 and due to funds constraint, only ₹ 1.70 crore was deposited in the Court during November 2016/March 2017. Though the expenditure sanction further provided that the balance amount of ₹ 1.59 crore

would be made available through the supplementary grant during the year 2016-17 itself, no such provision was made in the supplementary grant for the year 2016-17.

During 2017-18, against the balance due of ` 1.59 crore, the Fisheries Department requested only ` 0.50 crore in the Budget estimates 2017-18, for which a provision of only ` 0.14 lakh was made in the Budget by the PRD and ` two crore was provided later during the year through supplementary grant (` 1.11 crore) and re-appropriation (` 0.89 crore) (March 2018). This further delayed issue of expenditure sanction for the second instalment, which was issued in March 2018 and an amount of ` two crore including interest of ` 0.41 crore upto March 2018 was deposited in the Court (March 2018). As of March 2018, against the original arbitration award of ` 3.29 crore, an amount of ` 3.70 crore was deposited in the Court, which included ` 0.41 crore as interest for the period of delay (25 months from March 2016).

Thus, the failure of the Fisheries Department, to get necessary budget provisions and that of the PRD to provide necessary funds against the proposals submitted by the Fisheries Department, despite clear directions in this regard from the Finance Department that arbitration award payments should be prioritised to avoid payment of interest unnecessarily, resulted in an avoidable payment of interest of ` 0.41 crore.

The matter has been referred to Government in August 2018; reply has not been received (August 2019).

## 2.4 Idle investment

### FISHERIES AND FISHERMEN WELFARE DEPARTMENT

#### 2.4.1 Idle investment on Modern Hygienic Fish Market

**Inconclusive decision in finalisation of beneficiaries for allotment of stalls in the 'Modern Hygienic Fish Market', constructed at a cost of ` 13.42 crore resulted in an idle investment for more than two years.**

The Project Implementation Agency (PIA) was established (2005) by the UT Government to execute works under the World Bank aided 'Emergency Tsunami Reconstruction Project'. The UT Government released ` 75 crore during 2005-06 to PIA to execute works approved by the World Bank under the project. 'Construction of Modern Hygienic Fish Market' (MHFM) was one of the works taken up under the project which aimed at improving the livelihood of fishermen. The MHFM was to provide a safe and hygienic fish storage, processing and selling area.

Scrutiny of records in PIA and Oulgaret Municipality during September 2016 revealed that the construction of MHFM at Pakkamudayanpet in East Coast

Road was awarded (May 2011) for ₹ 13.42 crore. The contract period for the work was 12 months from the date of award of the contract and was to be completed by May 2012. The work commenced in May 2011 as stipulated in the work order. However, the work was completed in October 2015 after a delay of three years. Finally, the MHFM was handed over to the Municipality in January 2016, but it was taken over by the Municipality only in May 2017 owing to some repair works.

The MHFM has various modern facilities such as a fish sale area comprising 110 fish stalls, an auction hall, washing and storing room, ice plant, cold storage room, restaurant, Automatic Teller Machines, public conveniences. The selection of beneficiaries for allotment of stalls was to be decided by the Department of Fisheries and Fishermen Welfare (Department), Puducherry.

Regarding allotment of stalls to the fishermen, PIA decided (September 2015) that the Department shall submit a proposal to the Government to allot the fish stalls either by calling for applications from eligible fishermen from previously uncovered villages or by allotting the fish stalls to the Fishermen Co-operative Societies (Societies) of Puducherry. Accordingly, it was ordered (November 2015) by the Government that fish stalls were to be allotted to various Societies on payment of a daily charge of ₹ 50 per stall to the Municipality and the Societies would have to select individual fishermen to occupy the fish stalls. Subsequently, the Societies were directed to furnish the list of beneficiaries on or before 20 January 2016. However, no action was taken thereafter.

In the meanwhile, representatives of coastal areas demanded (August 2016) allotment of additional stalls for their respective villages. Hence, the Department proposed to select beneficiaries randomly by lots and the Societies were to furnish a complete list of fish vendors for selection. The method of selection of beneficiaries for allotment by lot also did not materialise.

Finally, the Department decided (January 2017) to do the selection by a three member committee<sup>40</sup> and the selected list was to be placed before the Cabinet for decision on allotment. Accordingly, guidelines were issued (January 2017) for the selection of beneficiaries and the Department invited (February 2017) applications from fishermen for allotment of stalls as per prescribed eligibility conditions.

Applications from 1,175 fishermen were received for 110 stalls. The applications received were verified by Village Level Fisheries Officers and 224 (180 General and 44 special category) were identified as eligible beneficiaries. The list of identified eligible beneficiaries was forwarded to the Government (September 2017) for approval. However, no consensus on the modalities to select 110 beneficiaries for the stalls in MHFM was arrived at and it was decided (October 2017) to allocate stalls to 44 special category beneficiaries only, in a meeting chaired by the Chief Minister, representatives

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<sup>40</sup> Director of Fisheries, Project Officer and Deputy Director of Fisheries.

of the coastal areas and Departmental officers. Finally, the MHFM was opened to public in February 2018 after allotting stalls for 43<sup>41</sup> special category beneficiaries. Allotment of the balance 67 stalls was left undecided and they are still vacant as of June 2018.

It was evident from the above that the Government did not decide on the method of selection of beneficiaries before the commencement of the project or even during the construction of the MHFM to take optimum use of the MHFM. This led to undue delay in commissioning of the MHFM. Thus, the MHFM designed in April 2010 for the benefit of livelihood of fishermen was completed in October 2015 after a delay of five years. Furthermore, MHFM could not be put to use due to repairs and remained idle for more than two years defeating the objective of the project. Incidentally, ` 33.43 lakh was also spent on electricity charges for the MHFM even before it was thrown open to the public for use.

On being pointed out, the PIA replied (June 2018) that the responsibility of allotment of the balance 67 out of 110 stalls vested with the Department and the delay was due to administrative reasons.

The matter has been referred to Government in August 2018; reply has not been received (August 2019).

## **2.5 Welfare and Relief for Fishermen during the period of Ban, Lean Seasons and Natural Calamities in Union Territory of Puducherry**

### **2.5.1 Introduction**

The UT of Puducherry (UT) comprises four regions, namely Puducherry, Karaikal, Mahe and Yanam with a coastal line of 45 kms. The UT has a population of 96,071 dependent on the fishing sector, of which 86,581 fishermen lived in coastal area. The Fisheries and Fishermen Welfare Department (Department), with the main objective to conserve the marine resources sustainably, adopted a uniform fishing ban for 61 days commencing from the 15<sup>th</sup> of April to the 14<sup>th</sup> of June on the east coast<sup>42</sup> (Puducherry, Karaikal and Yanam) and 47 days commencing from 15 June to 31 July on the west coast (Mahe), every year.

To provide compensation to the fishermen families, during the ban period, as stated above and lean season for three months (October to December of every year), UT Government introduced (September 2009) the scheme of “Welfare and Relief for Fishermen during Lean Seasons and Natural Calamities”. Under

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<sup>41</sup> One allottee got remarried and hence deleted from the eligible list.

<sup>42</sup> From 15 April to 31 May during 2015-17, which was later revised as 15 April to 14 June during 2017-18.

the scheme, the fishermen families were provided financial assistance as below:

- Ban period assistance of ` 5,500 and ` 4,000 for 61 days and 47 days respectively.
- Lean season assistance of ` 2,500.
- Old age pension was to be provided to fishermen aged 50 and above.
- Immediate relief of ` 1.50 lakh for missing fishermen and ` two lakh in case of deceased fishermen.

Apart from this, the Department also implemented a Government of India sponsored 'Savings-cum-relief' scheme from 1982-83, to help the fishermen to tide over the financial difficulties during lean season.

An audit of the scheme was taken up during March-September 2018 covering a period from 2015-18 to ascertain whether the identification of beneficiaries and distribution of benefits were as per the scheme guidelines. Records were scrutinised at the Secretariat (Fisheries and Fishermen Welfare Department), Directorate of Fisheries and field offices in all the four regions. Besides, records were also scrutinised at Pondicherry Fishermen Welfare and Distress Relief Society (PFWDRS). The entry conference was held on 6 March 2018 with the Secretary to Government, Fisheries and Fishermen Welfare Department wherein the audit objectives and scope of audit were discussed. The Exit Conference was held on 26 October 2018 wherein the results of audit were discussed.

## **Audit findings**

### **2.5.2 Ban period and lean season assistance**

Under the scheme, to receive the cash assistance of ` 5,500 during ban period and ` 2,500 during lean season, the beneficiary should possess a ration card, identification card issued by the Department and membership certificate of Fishermen Co-operative Society of the respective village. Beneficiary shall also be considered based on the decisions taken periodically by the Governing Body of the PFWDRS. The Village Level Fisheries Officers (VLFOs) invited a common application for ban period and lean season assistance from the beneficiaries and after verification of the genuinity of the applicants, were to record their recommendation in the applications for release of cash assistance. The Deputy/Assistant Directors of the respective regions<sup>43</sup> consolidated the list of eligible applicants and forwarded the proposal for release of funds to UT Government. On approval, the funds were released as Grant-in-aid to PFWDRS, which released to the bank accounts of the eligible fishermen through Electronic Clearance System.

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<sup>43</sup> Puducherry, Karaikal, Mahe and Yanam.

### 2.5.2.1 Release of Grant-in-aid for the scheme

During 2015-18, 60,878 beneficiaries were provided ` 43.76 crore as ban period and lean season assistance as given in **Table 2.5**.

**Table 2.5: Grant-in-aid released for ban period/lean season assistance**

(` in crore)

Year	Grants released	Amount utilised	Balance
2015-16	13.14	12.87	0.27
2016-17	15.67	15.05	0.62
2017-18	16.92	15.84	1.08
<b>Total</b>	<b>45.73</b>	<b>43.76</b>	<b>1.97</b>

(Source: Details furnished by the Department)

### 2.5.2.2 Absence of procedure for selection of beneficiaries

The UT Government prescribed the eligibility criteria for beneficiaries under the scheme. Audit observed that there was no methodology for selection of eligible beneficiaries and the Department released the cash assistance to the beneficiaries during ban period and lean season based on a common application during ban period.

In the absence of methodology for selection and non-identification of beneficiaries during ban and lean season separately, discrepancies such as release of assistance without applications, release of assistance to applicants who did not fulfil the eligibility criteria and to ineligible beneficiaries were noticed as discussed in the succeeding paragraphs.

### 2.5.2.3 Release of cash assistance without inviting applications

Towards release of cash assistance during the audit period (2015-18), Audit observed that though applications were invited from beneficiaries in Puducherry and Yanam regions every year, applications were not invited in Karaikal region during 2015-16 and 2016-17 and in Mahe region during 2016-17. In the absence of applications, cash assistance amounting to ` 5.58 crore were distributed to 17,133 beneficiaries<sup>44</sup> in both the regions during 2015-17 based on the beneficiaries list finalised during the earlier years.

When pointed out, the Assistant Director, Mahe replied (March 2018) that there was no instruction to collect applications from the beneficiaries. The Deputy Director, Karaikal replied (July 2018) that beneficiary list was finalised by collecting applications from new beneficiaries, in addition to the list of last year beneficiaries. It was, however, stated that applications were being collected from the year 2017-18 in respect of both the regions.

<sup>44</sup> 15,932 (Karaikal) and 1,201(Mahe).

The reply was not acceptable as the genuineness of the beneficiaries was not verified against the prescribed criteria for distribution of cash assistance which stipulated that assistance should be given only to fishermen families having ration card and were members of fishermen co-operative societies.

Audit analysed the beneficiaries list in respect of Karaikal region for the years 2015-16 and 2016-17, for which applications were not received. The exercise revealed that 2,915 ineligible beneficiaries were paid cash assistance during ban period/lean season amounting to ` 0.95 crore. The payments made to persons who were not members of fishermen co-operative societies (1,408) or did not produce ration cards (1,333) was irregular. It was further noticed that cash assistance was distributed to members of same families (174) getting the financial assistance twice per year against scheme guidelines which stipulated that one cash assistance for each family per year.

Thus, it was evident that the scheme was implemented without a laid down procedure for selection of beneficiaries and also without an application for release of assistance.

#### **2.5.2.4 Deficiencies in verification of eligibility status of beneficiaries**

Out of 11,566 beneficiary applications (Puducherry Region), Audit test checked 3,439<sup>45</sup> applicants to which ban period and lean season assistance was distributed during 2015-18, which revealed the following deficiencies.

- The VLFOs did not record recommendations in any of the applications.
- 3,029 applications (88 *per cent*) were not supported by Fishermen Co-operative membership card.
- 3,423 applications (99 *per cent*) were not supported by identity cards issued by the Department.
- 2,479 applications (72 *per cent*) were not supported by copy of ration card (only ration card number was entered in the application).

On being pointed out, the Department replied (July 2018) that cash assistance was disbursed based on the ration card details provided by the respective applicants and routine process of checking applications could not be done due to shortage of staff.

The reply was not acceptable, as the test check showed that in many cases the ration cards were missing. The other documents, such as identity card issued by the Fisheries Department and membership card of fishermen co-operative societies, necessary to identify the beneficiary as a fisherman were also missing.

When pointed out, the Secretary to Government, Fisheries Department, during Exit Conference (October 2018) stated that rules would be framed for conduct

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<sup>45</sup> 30 *per cent* by random selection.

of social audit and responsibility would be fixed. He further stated that selected list would be displayed in public domain.

### 2.5.2.5 Delay in distribution of cash assistance

The scheme was aimed to provide cash assistance to the fishermen during the ban period and lean season, as they could not venture into sea for their livelihood. The details of distribution of cash assistance during the years 2015-18 is given in **Table 2.6**.

**Table 2.6: Distribution of cash assistance during 2015-18**

Sl.No.	Description	2015-16	2016-17	2017-18
1	Issue and collection of common application for ban period/lean season by the Department	May 2015 to July 2015	May 2016 to July 2016	May 2017 to July 2017
<b>For ban period</b>				
2	Date of forwarding proposal to UT Government for sanction of fund by the Department	30.04.2015	18.06.2016	14.06.2017
3	Sanction of fund by UT Government	May/November 2015	June 2016	June 2017
4	Distribution of cash assistance by the Department	22.05.2015 to 11.03.2016	25.07.2016 to 30.3.2017	5.07.2017 to 29.12.17
5	Delay in months after end of ban period in July	8 months	8 months	5 months
<b>For lean season</b>				
6	Date of forwarding proposal to UT Government for sanction of fund by the Department	October 2015	February 2017	December 2017
7	Sanction of fund by UT Government	November/ December 2015 and February 2017	February 2017	December 2017
8	Distribution of cash assistance by the Department	27.11.2015 to 20.02.2017	20.02.2017	05.01.2018 to 26.04.2018
9	Delay in months after end of lean season in December	14 months	2 months	4 months

(Source: Details furnished by the Department)

It was evident from **Table 2.6** that the Department invited applications only in May every year *i.e* after commencement of ban period in April and cash assistance was paid belatedly after the ban period ended, primarily due to the delay in identification of beneficiaries. As regards lean season (October to December of every year) though the common applications were collected in

July every year, the proposals for assistance was sought for only in October/ December and February of the following year which caused the delay. Thus, the cash assistance reached the beneficiaries much after the intended seasons.

When pointed out, the Department replied (November 2018) that delay in issue of expenditure sanction by UT Government was the reason for delayed disbursement of cash assistance. The reply is not acceptable, as the Department's failure in not forwarding the proposal for sanction of assistance, before commencement of ban period and lean season, was the reason for the delay.

#### **2.5.2.6 Distribution of assistance to ineligible beneficiaries**

To ensure the correctness of database of eligible beneficiaries, Audit forwarded the beneficiary list for 2017-18 furnished by the Department to the Department of Civil Supplies and Consumer Affairs and the Director of Accounts and Treasuries, Puducherry to ascertain the genuineness of the fishermen beneficiaries from the ration card details and whether they were in Government service.

The exercise revealed that 644 beneficiaries who were employed in Government departments or pensioners, received cash assistance amounting to ` 51.52 lakh. Further, it was noticed that cash assistance was distributed to members of same families (174) getting the financial assistance twice per year against scheme guidelines which stipulated that one cash assistance for each family per year. This indicated that VLFOs had not discharged their duties as envisaged, despite instructions to exclude Government servants, pensioners, etc., while verifying the issue, collection and verification of applications.

When pointed out, the Department stated (July 2018) that action was being taken to exclude the fishermen families who were in Government service/pensioners and a letter has been addressed (July 2018) to Director of Treasuries, Puducherry to verify the details of fishermen in Government service/pensioners for taking further action in that regard. Thus, it was evident that the scheme benefits intended to mitigate the sufferings of fishermen during ban period and lean season were extended to Government servants against the objective of the scheme.

#### **2.5.3 National Scheme of Welfare of Fishermen - Saving-cum-Relief scheme**

The Department implemented a Centrally Sponsored Scheme 'National Scheme of Welfare of Fishermen - Saving-cum-Relief' (SCRf) scheme from 1982-83, wherein the fishermen were to contribute ` 900 (` 100 per month from January to September) and GOI would contribute ` 1,800 per fisherman. The total assistance of ` 2,700 would be paid to fishermen in three instalments during the lean season of October to December. In the event of non-receipt of

GOI share, the fishermen contribution would be returned to them, with interest.

Scrutiny of records revealed that during 2014-15, the Department collected ` 2.26 crore as fishermen contribution, but did not forward the proposal for release of GOI share during that year and assistance was not released to fishermen for the year 2014-15. The Department, however, continued the scheme and collected ` 2.32 crore as contribution for the year 2015-16 from 25,779 fishermen. The combined proposal for GOI share of ` 9.17 crore<sup>46</sup>, was finally forwarded only in December 2016. Meanwhile, GOI included (June 2016) this scheme under 'Blue Revolution – Integrated Development and Management of Fisheries' and released ` 9.43 crore towards SCRF for the period 2014-18.

Of ` 9.43 crore, the Department paid ` 4.53 crore to the fishermen to clear the backlog for the year 2014-15 and utilised the balance for other components<sup>47</sup> under Blue Revolution and the fishermen too did not come forward to make their contribution for subsequent years (2016-18) as they were not provided with the assistance for the year 2015-16 though they contributed ` 2.32 crore. Thus, with no funds available further, the scheme was not implemented thereafter.

When pointed out, Department stated (June 2018) that there was a balance of ` 0.60 crore and sanction was obtained for disbursement to 3,358 fishermen of Yanam Region for the backlog year 2015-16, as first phase. Further, it was stated that the balance amount of ` 4.03 crore payable to 22,421 subscribers (25,779 – 3,358) for the year 2015-16 was sought for from GOI and in future the department would follow the guidelines of GOI.

Thus, delay in forwarding the proposals for GOI contribution in 2014-15 and consequent failure to release the assistance to fishermen during 2015-16, despite contributions from fishermen, resulted in stoppage of a relief scheme during the years 2016-18. Moreover, even the contribution collected from fishermen was not returned to them.

#### **2.5.4 Old Age Pension Scheme**

The Old Age Pension (OAP) scheme was implemented (December 2003) with the objective of providing financial assistance to old aged fishermen who were actively engaged in fishing upto the age of 50 years<sup>48</sup>. As per Old Age Pension Rules, 2003, the eligibility criteria prescribed that applicants should be a resident of UT, should not have any other regular source of income from movable/immovable property of self or spouse and should not receive any

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<sup>46</sup> For two years - 2014-16.

<sup>47</sup> Construction and input cost for fresh water and brackish water aquaculture and motorisation of traditional craft.

<sup>48</sup> ` 1,570 (50 to 59 years), ` 2,090 (60-79 years) and ` 3,135 (above 80 years).

other financial assistance from any other agencies/sources which were fully or partly funded by the Central or State Government. The fishermen should make an application in prescribed form for OAP to the Department and after scrutiny of age, residential proof, personal verification etc., the OAP was approved. Further, the OAP once sanctioned would be valid only for ten years, after which it should be renewed every five years, to ensure that the beneficiary continued to satisfy the eligibility criteria. The main criterion for sanction of OAP was that the applicant must submit a NOC from Women and Child Department (WCD), which implemented similar scheme for old age beneficiaries.

#### **2.5.4.1**            *Extending OAP benefits to beneficiaries without ensuring the eligibility criteria*

To ensure extension of the benefits of the scheme only to deserving beneficiaries, 540 applications<sup>49</sup> belonging to all the four regions were test checked. It was noticed that out of 540 applications, 414 applications were not supported by NOC from WCD. While applications in Yanam region were supported by NOC, applications in Mahe and Karaikal regions were not supported by NOC. In respect of Puducherry region, NOC was not obtained from WCD, but only a seal of anganwadi centre was affixed instead of NOC from WCD. Further, the OAPs once sanctioned was continued, without sanction being renewed after ten years, after ensuring that the beneficiary continued to satisfy the eligibility criteria.

Thus, sanction of OAP without obtaining NOC from WCD indicated that the Department did not ensure that the beneficiary was in receipt of two OAPs. Further, extending OAP beyond ten years without renewal would only lead to release of OAP to beneficiaries, who might become ineligible at a later date.

#### **2.5.4.2**            *Delay in extending OAP to eligible beneficiaries*

In Yanam region, 209 applicants were eligible for OAP, after completion of verification process in November 2017. However, Audit observed that the Department was yet to sanction OAP for the eligible applicants despite a reminder (July 2018) in that regard from Assistant Director, Yanam. Hence, 209 eligible beneficiaries were deprived of their legitimate financial assistance for more than a year as of November 2018, since their selection.

When pointed out, the Department stated (November 2018) that due to paucity of funds, OAP was not sanctioned to them. The reply was not acceptable, as any delay in that regard would only deprive the old age beneficiaries of their statutory benefit of OAP for betterment of their livelihood.

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<sup>49</sup> Puducherry (182), Karaikal (122), Mahe (126) and Yanam (110).

### 2.5.4.3 Non-implementation of funeral assistance scheme

As an extension of the OAP scheme, the UT Government provided (September 2010) funeral assistance of ` 2,000 to the nominee of the old age pensioner immediately, in the event of death of the pensioner to meet the funeral expenses. The Department, however, did not implement the scheme for the past eight years. When pointed out, the Department replied (April 2018) that scheme was not implemented due to difficulty in identifying the nominee and obtaining legal heir certificate.

The reply was not acceptable, as the scheme guidelines stipulated that the nominee mentioned by the pensioner while applying for OAP, was to be provided with the funeral assistance. The rules made no mention of furnishing a legal heir certificate for availing the funeral assistance. Thus, failure of the Department to implement the scheme deprived the bereaved families of 581 deceased pensioners of funeral assistance during 2015-18.

### 2.5.5 Shortage of manpower

The Inspector/Sub-inspector of Fisheries were designated as VLFOs who were responsible for inviting applications from beneficiaries for all welfare schemes, beneficiary verification, recording their recommendations based on field visit regarding the eligibility of the beneficiaries. Apart from this, they were also entrusted with administration works such as monitoring of fishing crafts, issue of biometric cards and forming of quick response team at the time of natural calamities. The manpower position of VLFOs and the number of villages under their control alongwith the eligible beneficiaries to whom they have to cater is given in **Table 2.7**.

**Table 2.7 : Village Level Fisheries Officers - Men in position**

Region	Number of villages	Number of beneficiaries during 2017-18	Sanctioned posts	Men in position	Vacancy	Average number of beneficiaries to be served
Puducherry	26	10,995	33	16	17	687
Karaikal	12	3,523	6	3	3	1,174
Mahe	1	600	2	2	Nil	300
Yanam	12	5,016	2	2	Nil	2,508
<b>Total</b>	<b>51</b>	<b>20,134</b>	<b>43</b>	<b>23</b>	<b>20</b> <i>(47 per cent)</i>	

(Source: Details furnished by the Department)

It was evident from **Table 2.7** that workload among VLFOs was not evenly distributed in the four regions and it varied from 300 to 2,508 beneficiaries per VLFO. Besides, most of the VLFOs were to look after more than one fishing village due to 47 per cent vacancy against the sanctioned posts. The posts were lying vacant for a period ranging from one to 14 years (November 2004 - May 2017).

It was further noticed that the PFWDRS, established with an aim of extending financial assistance under various welfare schemes and distribution of essential articles to fishermen during floods, cyclone etc, was not provided with separate staff and was only administered by a VLFO who was in charge of four villages.

Thus, it was evident that due importance was not given in filling up the vacant posts in field level and this led to procedural lapses.

### **2.5.6 Records not produced to audit**

Identification of deserving beneficiaries and selecting them through a proper process is an important criterion for the success of any welfare scheme. In order to ensure whether the scheme was implemented as per guidelines and the scheme benefits were being extended to eligible beneficiaries whose livelihood depends on such benefits, Audit called for the policy note on welfare schemes implemented by the Department. However, it was not made available to Audit despite repeated reminders both at Directorate level and Government level. In the absence of these notings, the background for introduction of the scheme, what was actually envisaged and the selection procedure to identify eligible beneficiaries was not examined.

The Department, despite several reminders, did not produce the reports of the VLFOs regarding the spot verification of applications and hence Audit could not verify the authenticity of the spot verification conducted, in the absence of recorded recommendations in any of the applications. As such, failure to produce the above records, which were essential for selection of eligible fishermen, indicated the unwillingness of the Department to co-operate with Audit.

When pointed out, the Department, during Exit Conference (October 2018), accepted that the policy note file was not traceable. It was further stated that the applications were not traceable due to shifting of office premises.

### **2.5.7 Conclusion**

The schemes meant to provide relief to fishermen suffered from faulty implementation. Payments were delayed much after ban period and lean season. Non-payment of funeral assistance and non-renewal of OAP were some of the lapses in the implementation of the scheme. The efficient functioning of the scheme depended on the availability of the VLFOs whose post was significantly vacant which impaired the functioning and execution of the scheme.

The matter was referred to Government in October 2018; reply has not been received (August 2019).