

OVERVIEW

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This Report of the Comptroller and Auditor General of India contains one subject-specific Compliance Audit and seven Compliance Audit paragraphs including instances of lapses in internal control, non/ short collection of revenue, underutilisation of assets, shortcoming in implementation of rules, unfruitful expenditure etc., involving ₹326.77 crore. The major audit findings are mentioned below.

Subject-specific Compliance Audit

Audit identified certain key compliance issues based on risk factors and topical importance for conduct of regularity audit in addition to conduct of regular propriety audit. Significant deficiencies observed during such audits are detailed in the following paragraph.

Assignment of Government Land in Kerala

Kerala is one of the smallest States in India covering an area of 38,863 sq. km (1.18 per cent). Based on ownership, the land in the State is divided into private land and Government land. The Kerala Government Land Assignment Act, 1960 (KLA Act) applies to all assignments of revenue land in the State. By virtue of powers vested through Section 7 of the Act, Government of Kerala formulated various rules for the assignment of Government land. The Travancore Cochin Government Assignment Act, 1950 and all rules and orders that were in force relating to assignment of Government land in the Malabar district were repealed with the enactment (November 1960) of the KLA Act. Assignment of land in Kannan Devan Hills village in the Devikulam taluk in Idukki district is regulated under the Kannan Devan Hills (Resumption of lands) Act, 1971 and rules made thereunder.

An approved list of Government and assignable land was not prepared in any of the test-checked districts in the State. Rules for Assignment of Land within Municipal and Corporation Areas, 1995 did not prescribe any limit on the area of land assignable for purposes other than house sites resulting in Government assigning land without limits in Municipal and Corporation areas. Land was being assigned to ineligible persons. Land was transferred on registry to various agencies without collecting the market value and such lands were even being used for commercial activities. Audit noticed instances of irregular assignment of non-assignable land. Failure of Government/ Revenue authorities to take decision regarding renewal of lease rent resulted in unauthorised occupation of land as well as loss of revenue to Government. No mechanism was in place (involving co-ordination with Registration Department) to ensure that all leases were getting registered which could have a deterrent effect on potentially fraudulent alienation of assigned lands. Lease rents of land were neither being revised as per the periodicity set by extant rules nor being collected regularly causing loss to exchequer. Government has not taken rectification measures like

resumption of the land in violation of conditions. Waiver of lease rent on land provided to Clubs and other agencies caused monetary loss to Government. Similarly, assigned land were being utilised for other purposes and there were instances of alienation of assigned land in violation of Rules.

The illegalities relating to the assignment of Government land are to be dealt with strongly and action must be taken against delinquent officers who have by negligence or complicity abetted these violations. Accordingly, Government must take rectification measures to set right the irregularities so that public interests are served and fix responsibility on the officials concerned for such lapse. Responsibility should be fixed in cases of assignment of land to ineligible persons, non-collection of market value in cases of assignment on registry and in cases of assigned land not being used for intended purpose.

Large number of court cases relating to land lease were under stay and the stay period ranged from one to 23 years. The maintenance of records and registers relating to lease of land was deficient resulting in loss of vital information.

(Paragraph 2.1)

Compliance Audit paragraphs

Audit noticed instances where funds released by the Government of Kerala against fraudulent claims, non/ short collection of revenue, excess payment, etc., due to lack of administrative oversight and concerted action at various levels. The details are given below.

Fraudulent claims/ payments

- Failure of Kerala Academy for Skills Excellence to ensure the genuineness of placement documents submitted by the training partners resulted in undue financial benefit of ₹16.72 lakh to the training partners.

(Paragraph 3.1)

Excess payment

- Erroneous application of commercial interest rate instead of bank rate by Supplyco for calculating interest on delayed payment led to excess payment of ₹1.07 crore.

(Paragraph 3.2)

Non/ short collection of revenue

- The failure on the part of Revenue department officials to assess buildings liable for building tax resulted in non/ short collection of revenue amounting to ₹31.60 crore to the Government.

(Paragraph 3.3)

- Misclassification of buildings as flats by Kerala Water Authority resulted in short collection of water charges to the tune of ₹82.06 lakh.

(Paragraph 3.4)

Regularity issue

- Violation of scheme guidelines of National Backward Classes Finance and Development Corporation for loan assistance resulted in imposition of excess interest burden of ₹3.61 crore on the beneficiaries by Government of Kerala.

(Paragraph 3.5)

Unfruitful expenditure

- ***Plantation activities of Plantation Corporation of Kerala Limited***

PCKL was consistently incurring loss in its operation and returns from its main plantations i.e., rubber and cashew were decreasing. PCKL failed to adopt the good practices advocated by the Rubber Board to reduce the cost of production, increase productive life of trees and to manage tapping labour absenteeism. Failure of PCKL to utilise annual census details to carry out replantation of rubber trees in a scientific manner resulted in increase in area with old and senile trees. PCKL also failed to maintain the recommended density of rubber trees in its estates.

(Paragraph 3.6)

- Non-purchase of cows for the dairy farm project by Plantation Corporation of Kerala Limited resulted in unfruitful expenditure of ₹5.54 crore.

(Paragraph 3.7)

