CHAPTER III
PERFORMANCE REVIEWS

DISASTER MANAGEMENT DEPARTMENT

3.1 Tsunami relief and rehabilitation

Highlights

The State Level Disaster Management Authority formed in August 2003 was not functional. Government has not formulated a Disaster Management Act though the Committee appointed in the wake of Tsunami recommended enactment of one for the State. The separate Department of Disaster Management formed immediately after Tsunami could not effectively coordinate and control the relief activities carried out by various departments. Funds released by Government of India had not been fully utilised as of March 2006. Under the Tsunami Emergency Assistance Project of Asian Development Bank, State Government claimed up to March 2006 only less than five per cent of the financial assistance sanctioned. NGOs could complete only 61 per cent of permanent houses for Tsunami victims as of March 2006 due to delay in purchase of land. Some of the more important points are indicated below:

- **The new Disaster Management Department formed post Tsunami was not able to effectively coordinate and control relief activities.**

(Paragraph 3.1.7)

- **The basic data relied upon for estimating the losses were not available in the Disaster Management Department or in the test checked offices. The projection of Rs 2371.03 crore for relief and rehabilitation was therefore *ad hoc*, inflated and arbitrary.**

(Paragraph 3.1.8)

- **Out of Rs 101.46 crore released by GOI under Rajiv Gandhi Rehabilitation Package, Rs 16.99 crore remained to be utilised as of March 2006.**

(Paragraph 3.1.9.1)

- **Government diverted Rs 11.41 crore for meeting the committed liabilities of the Fisheries Department like old age/widow pension, insurance compensation and educational concessions.**

(Paragraph 3.1.10.1)

- **Out of 4053 houses to be constructed in three districts, only 2476 houses (61 *per cent*) were constructed and handed over to the beneficiaries as of March 2006 and Rs 15.77 lakh per month was required for payment of cash dole to the remaining families.**

(Paragraph 3.1.10.2)

3.1.1 Introduction

Tsunami is a series of waves generated when a body of water, such as a lake or ocean is rapidly displaced on a massive scale. Earthquakes, landslides, volcanic eruptions and large meteorite impacts all have the potential to generate a Tsunami.

Tsunami occurred on 26 December 2004, unleashed terrible calamity along the shores of many Indian Ocean countries and had a devastating impact on the Kerala coast. In the State, 238 persons died and Tsunami caused destruction and damages to life supporting structures all along the coastal belt. State Government declared 219 villages in nine* districts (out of 14 districts) as being affected by Tsunami. A total of 2.4 lakh persons were evacuated and accommodated in 269 relief camps. The number of houses fully damaged was 4053 and the persons injured were 2525.

3.1.2 Organisational set up

The calamity relief activities were being controlled by the Revenue Department of the Secretariat headed by the Principal Secretary to Government. In January 2005, after the Tsunami, a separate Department of Disaster Management headed by a Secretary to Government was formed. Disaster Management Department (DMD) is functioning under the overall control of the Revenue Department

The Tsunami relief operations were done mainly through the District Administration under the District Collector. Apart from the Government Departments like Fisheries and Harbour Engineering, other implementing agencies like the Kerala State Co-operative Federation for Fisheries Development Limited (Matsyafed) – an autonomous institution under the Department of Fisheries, the Kerala Fishermen Welfare Fund Board (KFWFB), the Kerala Water Authority (KWA), the Kerala State Electricity Board (KSEB), the Kerala State Housing Board (KSHB), etc. were also involved in relief and rehabilitation operations.

3.1.3 Audit objectives

The Performance Audit was conducted with a view to:

- assess whether proper Institutional Mechanism had been set up for disaster management,
- examine adequacy of funding for relief activities,
- assess whether post-disaster activities relating to provision of immediate assistance, restoration of infrastructural services, re-construction of houses, etc., were efficient, economic and effective,
- examine the system of monitoring of relief/rehabilitation/reconstruction activities by Government.

3.1.4 Audit criteria

The Audit criteria used for Tsunami relief and rehabilitation were:

- assessment of fund requirements made by the State Government in the memorandum submitted to the Government of India (GOI);

* Alappuzha, Ernakulam, Kannur, Kasaragod, Kollam, Kozhikode, Malappuram, Thiruvananthapuram and Thrissur

- orders issued by GOI and State Government pertaining to sanction and release of funds for rescue, relief and rehabilitation of Tsunami victims;
- prescribed norms of expenditure from Calamity Relief Fund (CRF)/ National Calamity Contingency Fund (NCCF); and
- targets and schedules prescribed by Government for rehabilitation activities.

3.1.5 Audit coverage and Methodology

Out of the nine Tsunami affected districts, all the three badly affected districts* (in terms of death toll) and two♥ out of the remaining six districts (using PPSWR@ based on expenditure incurred on Tsunami as on 31 March 2005) were selected for audit. All the 13 Tsunami affected Taluks in the five districts and three villages in each district were also selected. The death toll in the five selected districts were 224 against the total fatality of 238 in the State.

Audit was conducted during December 2005 to May 2006. Records in the Disaster Management Department and the Finance Department of the Government Secretariat relating to Tsunami related activities such as rescue, relief and rehabilitation and records available in the five District Collectorates, 13 Taluk Offices and 15 Village Offices were examined. In addition, the records of the Agriculture, Fisheries and Harbour Engineering Departments and other implementing agencies, *viz*., Matsyafed and the Kerala Fishermen Welfare Fund Board were also test checked. Audit also scrutinised the records in the Institute of Land Management (where a National Disaster Management (NDM) cell has been functioning with the Central assistance) and the Centre for Earth Science Studies (CESS), which conducted studies along the Kerala coast to assess the impact of Tsunami. Apart from this, the records available in the Project office, Tsunami Emergency Assistance Project (TEAP) of Asian Development Bank (ADB) under the Disaster Management Department of the Secretariat were also examined.

3.1.6 Funding pattern

State Government has a Calamity Relief Fund (CRF) constituted as per the recommendations of the Finance Commission. The annual contribution to the fund for Kerala was Rs 81.73 crore during 2004-05 and Rs 85.51 crore for 2005-06 contributed by the GOI and the State Government in the ratio 3:1. The initial expenditure on Tsunami relief was met out of the CRF of the State. Subsequently Rs 100 crore was released in January 2005 from NCCF by GOI under Rajiv Gandhi Rehabilitation Package (RGRP) for Tsunami affected areas which was credited to CRF and expenditure met from the fund under a separate sub-head of account. Voluntary contributions received from public and other institutions for Tsunami relief credited under the Chief Minister's Distress Relief Fund (CMDRF) and funds of NGOs were also used for Tsunami relief. Assistance was also available from the ADB for Tsunami related relief and rehabilitation activities.

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* Alappuzha, Ernakulam and Kollam
♥ Thiruvananthapuram and Thrissur
@ Probability Proportionate to Size With Replacement

Audit Findings

3.1.7 Institutional Mechanism

Though a State Level Disaster Management Authority was formed in August 2003 having 12 members with the Chief Secretary as Chairman-cum-Secretary to look into the requirements of disaster mitigation or preparedness in a holistic manner, the Authority could not take any effective action when Tsunami struck the Kerala coast as no Disaster Management Plan had been formulated for the State.

District Collectors acted as the focal point for all disaster related activities. Funds provided to them were utilised as per directions issued by the Government. There existed no comprehensive guidelines prescribing the duties and responsibilities of various Government functionaries on the occurrence of a natural calamity and the methods to be adopted for assessing damages, losses and providing timely compensation to victims. Consequently, vital decisions affecting the disaster affected people were made on *ad hoc* basis and no long term strategies on disaster preparedness exist.

In the case of Tsunami, the Chief Minister visited the worst affected places in the afternoon of 26 December 2004 itself. Disaster Management Committee which met at 9 pm on the 26 December 2004 instructed all the District Collectors to move all persons staying close to beaches, to start relief camps, to provide food, shelter, electricity, sanitation facilities, etc. An all party meeting was held on 28 December 2004 and relief works were undertaken with the involvement of local people.

Rules for implementing the provisions of Disaster Management Act, 2005 had not been framed so far

In the aftermath of Tsunami, the State Government constituted (January 2005) a separate Committee for preparation of Natural Disaster Management Plan for the State covering Science and Technology inputs, early warning systems, dissemination arrangements, nodal agency and decision support system under the Chairmanship of the Principal Secretary, Science, Technology and Environment Department. The main recommendation of the Committee, *inter alia,* was enactment of a State Disaster Management Act which should take care of disaster prevention, mitigation and preparedness, formulation of a Policy on Disaster Management, strengthening of training facilities, establishment of a crisis management group, etc. Though the Committee submitted the report with its recommendations in April 2005, no action thereon was taken by the Government as of May 2006. In view of the enactment of the Disaster Management Act, 2005 (Act 53 of 2005) by the GOI in December 2005, no separate Act seems necessary for the State. The State had been given the power to frame rules to carry out the provisions of this Act. But the rules had not been framed as of May 2006.

Government stated (July 2006) that most of the recommendations of the Committee were connected with Disaster Management Act and the formulation of rules on the basis of Disaster Management Act, 2005 of GOI was under its active consideration.

3.1.7.1 Functioning of NDM Cell in ILM-Thiruvananthapuram

In order to strengthen the training facilities in the area of disaster management and preparedness, the GOI have been providing financial assistance from Eighth Five Year Plan onwards to the ILM. According to the revised guidelines issued (August 2004) by the Ministry of Home Affairs (National Disaster Management Division), the faculty of Disaster Management in the ILM was to act as a focal point at the State Level for imparting training in the field of disaster prevention, mitigation, preparedness, response, relief and rehabilitation to the various stakeholders. The faculty was also required to undertake research, studies, documentation and development of database, etc., in disaster management related aspects and actively liaise with the Department of Disaster Management. The revised guidelines also stipulated that if a new faculty structure with four faculty members can be put in place during 2004-05, the expenditure on the additional posts would be covered by additional Central assistance subject to the revised limit of Rs 15 lakh. However, no additional posts were operated during 2004-05 and 2005-06 based on the revised norms and consequently the activities of the faculty in the ILM were confined only to giving routine training to revenue staff. State Government did not take any action for strengthening the faculty to undertake activities other than training.

3.1.8 Assessment of damage and requirement of funds

State Government initially assessed the financial requirement for relief and rehabilitation as Rs 1358 crore on an *ad hoc* basis and submitted a memorandum to the GOI on 30 December 2004. Subsequently the Government constituted 'Janakeeya Committees' with representations from departmental officers, Panchayat members, technically trained people like engineers to assess the damage in major sectors like housing, fisheries, ports, etc. Based on this, the State Government submitted a revised requirement of Rs 2371.03 crore in February 2005 which contained estimated damages to various sectors with detailed plans for relief and rehabilitation. The relief activities included rescue and immediate relief, reconstruction of houses, compensation to fishermen for loss or damages of fishing implements, restoration of damages to fishing harbours and fish landing centres, repair, reconstruction and restoration of infrastructure like roads, bridges, electrical and water supply schemes, etc. The relief and rehabilitation works were classified into three categories *viz*., short term, medium term and long term. While the short term relief measures were to be completed within a period of six months, the medium term projects were to be completed within a period of two years. The long term project required more than two years for completion.

The sector-wise details of requirement of funds sought for by State Government in February 2005 were as indicated below.

(Rupees in crore)

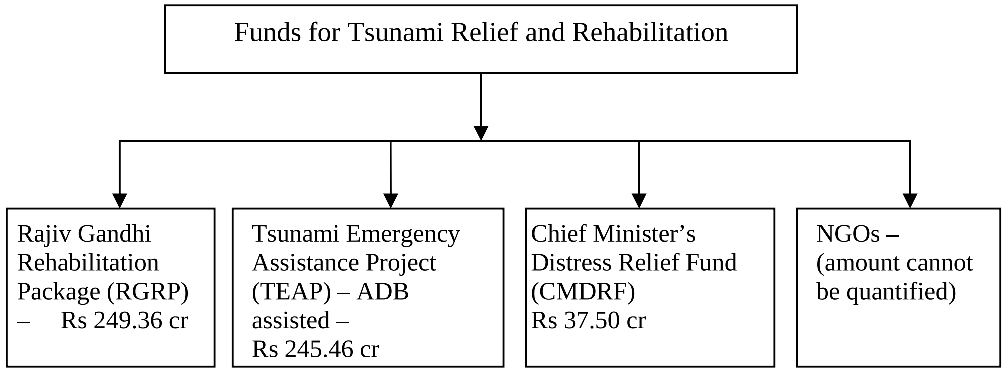
Sl. No.	Sector	Requirement of funds			
		Short Term	Medium term	Long term	Total
1	**Rescue and Immediate relief**	**173.35**	**0.00**	**0.00**	**173.35**
2	**Housing sector**	**131.45**	**640.78**	**0.00**	**772.23**
3	**Damages/Losses in other sectors (including infrastructure project of the sectors)**				
3.1	Fisheries sector – Fishermen compensation Fishing Harbour	85.79 27.50	0.00 50.59	0.00 30.00	85.79 108.09
3.2	Agriculture	13.13	0.00	0.00	13.13
3.3	Animal Husbandry	1.55	0.00	0.00	1.55
3.4	Health	10.70	87.77	0.00	98.47
3.5	Co-operation	15.74	3.13	0.00	18.87
3.6	Social Welfare	0.61	18.23	0.00	18.84
3.7	Forest	10.00	45.00	0.00	55.00
3.8	Tourism	50.00	50.00	0.00	100.00
3.9	Science, Technology and Environment	0.00	50.00	0.00	50.00
	Sub total 3	**215.02**	**304.72**	**30.00**	**549.74**
4	**Repair, Reconstruction and Restoration of infrastructure**				
4.1	Roads and Bridges	0.00	86.20	19.31	105.51
4.2	Water Supply scheme	11.43	108.57	0.00	120.00
4.3	Anti sea erosion (seawalls etc)	128.90	243.28	0.00	372.18
4.4	Power Sector	20.00	63.00	0.00	83.00
4.5	Ports Sector	9.84	34.18	0.00	44.02
4.6	Repairs to other public buildings	0.00	50.00	0.00	50.00
	Sub total 4	**170.17**	**585.23**	**19.31**	**774.71**
5	**Other items**	**1.00**	**100.00**	**0.00**	**101.00**
	Grand Total	**690.99**	**1630.73**	**49.31**	**2371.03**

In Health, Co-operation and Social Welfare sectors though large amounts were projected, no expenditure was incurred

Audit could not assess the reliability, authenticity and accuracy of the damage assessment made by the Government since the basic data relied upon for estimating the losses were not available either in the Disaster Management Department of the State Government or in the test checked offices. Though the amounts received from various sources were much less than even the projected short term requirement of funds, the departments were unable to spend even the available funds as of March 2006. It was seen that only Rs 65.95 lakh were paid as of March 2006, towards compensation, for crop loss against projected loss of Rs 13.13 crore and Rs 9.14 lakh towards loss of livestock even though the loss had been projected at a much higher level (Rs 1.55 crore) in the memorandum. In many sectors like health, co-operation, social welfare, etc., where requirement of large amounts were projected for relief, rehabilitation and reconstruction, no expenditure was incurred even $1^1/_2$ years after the Tsunami. This indicated that the assessment of losses and requirement of funds were made without due care, attention or proper studies and the projections were arbitrary and inflated.

3.1.9 Adequacy of funds

A flow chart of the source of funds is given below:



3.1.9.1 Assistance from GOI under RGRP

Out of the short term requirement of Rs 690.99 crore projected in the memorandum submitted to GOI by the State Government, GOI sanctioned Rs 249.36 crore (about 36 *per cent*) under RGRP for Tsunami affected areas as shown below:

(Rupees in crore)

Name of Ministry/Department	**Amount sanctioned**	**Amount received**	**Expenditure as of March 2006**	**Balance to be utilised**
Assistance from NCCF (through the Ministry of Home Affairs (MHA))	142.02	100[*]	83.27	16.73
Relief and Response - 84.10				
Fishermen subsidy - 44.85				
Fishing Harbour Grant - 13.07				
Coconut Seedling (Implemented through the Department of Agriculture and Co-operation)	1.46	1.46	1.20	0.26
Accelerated Rural Water Supply Scheme (Implemented through the Department of Drinking Water Supply)	1.75	Nil	--	--
Housing (through the Ministry of Housing)	50.00	Nil	--	--
Sampoorna Gramin Rozgar Yojana (Implemented through the Department of Rural Development)	20.00	[Ω]	--	--
Loans from Banks (to be provided by banks to individual beneficiaries)	34.13	[∝]	--	--
Total	**249.36**	**101.46**	**84.47**	**16.99**

MHA provided Rs 100 crore as advance from NCCF in January 2005 against Rs 142.02 crore to be provided. Similarly, though Rs 53.21 crore was to be provided by other Ministries/Departments, *viz*., Ministry of Housing (Rs 50 crore), Department of Drinking Water Supply (Rs 1.75 crore) and Department of Agriculture and Co-operation (Rs 1.46 crore), only the Department of Agriculture released Rs 1.46 crore during August 2005-March 2006 through the Coconut Development Board for implementation of a Centrally sponsored

[*] Received as advance from NCCF. Split up details among the three components were not communicated by GOI
[Ω] Assistance to be released in kind in the form of 20,000 MT of Rice and allotted to eight Tsunami affected districts
[∝] Though 11 beneficiaries availed the loan, the amount of loan released was not available with the Department

scheme, in two Tsunami affected districts of Kollam and Alappuzha, by the Agriculture Department of the State.

The details of expenditure incurred under various heads for Tsunami Relief from the Calamity Relief Fund during 2004-05 and 2005-06, as furnished by the State Government, were as below:-

(Rupees in crore)

Item		2004-05	2005-06	Total
01	Cash doles	3.85	2.39	**6.24**
02	Ex-gratia payment to bereaved families	1.74	0.74	**2.48**
03	Ex-gratia payment to injured persons	1.22	0.05	**1.27**
04	Evacuation of population	5.91	0.44	**6.35**
05	Food and clothing	10.64	1.20	**11.84**
07	Supply of medicines	0.83	0.00	**0.83**
08	Drinking water supply	0.58	0.66	**1.24**
09	Veterinary Care	0.00	0.09	**0.09**
10	Repairs and restoration of damaged roads	0.06	4.00	**4.06**
11	Repairs and restoration of damaged water supply, drainage and sewerage works	0.03	0.68	**0.71**
13	Repairs and reconstruction of houses	6.45	7.98	**14.43**
14	Assistance for repairs and replacement of damaged boats and fishing equipment	13.85	0.00	**13.85**
15	Repairs and rectification of damaged fishing harbours and fish landing centres	0.00	4.63	**4.63**
19	Other items	12.98[#]	2.27	**15.25**
	Total	**58.14**	**25.13**	**83.27**

Out of the assistance of Rs 100 crore received from NCCF, Rs 83.27 crore were spent and Rs 16.73 crore remained to be utilised (March 2006). Also, Rs 26.25 lakh remained to be utilised as of March 2006, out of Rs 1.46 crore released by the Coconut Development Board.

Government stated (July 2006) that the balance amount would be utilised in the subsequent year as the Tsunami rehabilitation operations were in progress.

3.1.9.2 Chief Minister's Distress Relief Fund (CMDRF)

In order to mobilise additional funds for Tsunami relief, the State Government issued (29 December 2004) an appeal to the general public, NGOs, etc. to contribute liberally to CMDRF. According to the Government, Rs 37.50 crore were received as contribution to CMDRF in response to the appeal and Rs 28.50 crore were spent for Tsunami related activities as of March 2006.

Rupees 1.68 crore received as contribution to CMDRF in six Districts were not included in the total contribution

Six[♣] District Collectors remitted Rs 1.68 crore received as contribution to CMDRF, in the Treasury Public Account maintained in the concerned District Treasuries in view of the direction that the contributions received by the District Collectors were to be deposited in the name of the Principal Secretary (Finance) at the District Treasuries concerned. However, this amount was not

[#] Included Rs 11.41 crore diverted for meeting the committed liabilities of Fisheries Department towards payment of educational concession, insurance compensation and old age/widow pension which had fallen into arrears.

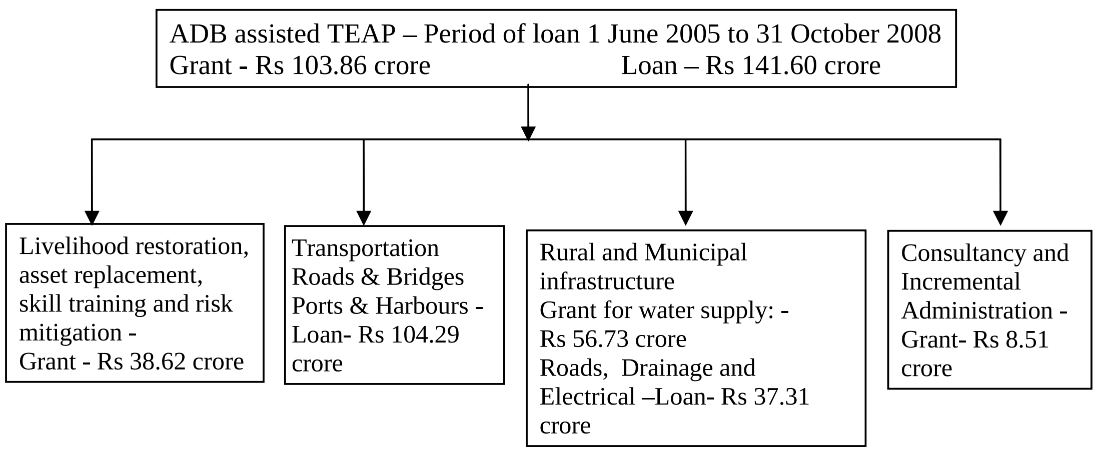
[♣] Alappuzha (Rs 0.18 crore), Kollam (Rs 0.19 crore), Kannur (Rs 0.16 crore), Kozhikode (Rs 0.16 crore), Palakkad (Rs 0.22 crore) and Thrissur (Rs 0.77 crore) taken into consideration by the Government while calculating the total contribution to CMDRF. Thus the contribution to CMDRF was understated to this extent.

As the accounts of CMDRF were maintained by the Finance Department, DMD stated (July 2006) that the matter would be taken up with the Finance Department to issue necessary instructions.

It was also observed that the District Collector, Ernakulam deposited the contribution received towards CMDRF from Public/NGOs/Voluntary Organisations amounting to Rs 75.63 lakh in a savings bank account of Public Sector Bank and appropriated a portion of it for meeting expenditure on calamity relief and the balance of Rs 20.55 lakh remained unutilised as of March 2006 in the bank account. The procedure was unauthorised and hence irregular.

3.1.9.3 Assistance from ADB

Asian Development Bank (ADB) approved (April 2005) financial assistance of US $ 56.25 million (about Rs 245 crore) for Kerala under TEAP comprising a loan component of US $ 32.45 million (Rs 141.60 crore) and a grant component of US $ 23.80 million (Rs 103.86 crore) as shown below:-



The assistance was for livelihood restoration of fishermen, provision of infrastructure like drinking water supply, roads and bridges, electric supply, etc., and can be availed of as reimbursement of expenditure incurred. Assistance had to be availed between 1 June 2005 and 31 October 2008. The amount already spent and works for which Notice Inviting Tenders had been issued during 27 December 2004 to 31 May 2005 were also eligible for assistance under the project as Retro Active Financing. ADB sanctioned projects costing Rs 11.64 crore (Grant : Rs 8.39 crore and Loan : Rs 3.25 crore) towards livelihood restoration of fishermen and provision of drinking water by the Kerala Water Authority. Out of Rs 11.64 crore sanctioned, ADB approved Rs 9.57 crore (Grant : Rs 8.29 crore and Loan : Rs 1.28 crore) for reimbursement during January – March 2006 but actual release had not taken place (July 2006).

3.1.10 Post Disaster Activities

3.1.10.1 Fisheries Sector

The coastal belt of Kerala had suffered unprecedented devastation on account of Tsunami. The total loss in the fishing sector was assessed by Government as Rs 193.88 crore in the revised memorandum to the GOI. Under the Rajiv Gandhi Rehabilitation Package, Rs 57.92 crore were sanctioned towards subsidy for repair/replacement of boats and nets (Rs 44.85 crore) and for restoration/repair of fishing harbours (Rs 13.07 crore). In addition, a bank credit component of Rs 34.13 crore was also envisaged under the package.

Transparent selection process

Preliminary selections of beneficiaries were made by a 'Janakeeya Committee' consisting of representatives of major political parties, officials of the Department of Fisheries, the Kerala Fishermen Welfare Fund Board and Matsyafed. Based on the recommendations of the Committee, the actual beneficiaries were identified by the officers of the Department of Fisheries and Matsyafed.

Diversion of GOI funds

Rupees 11.41 crore were diverted for meeting committed liabilities of the Fisheries Department

Though Rs 100 crore were received under the RGRP, specific allocation towards fishermen subsidy was not intimated. State Government diverted (March 2005) Rs 11.41 crore out of this fund for meeting the committed liabilities of the Fisheries Department towards payment of educational concessions (Rs 6.26 crore), insurance compensation (Rs 1.29 crore) and old age/widow pension to fishermen (Rs 3.86 crore). These were unrelated to Tsunami and were to be met by the State Government from its own resources.

Government stated (July 2006) that the funds were released as a consolation to the sector which was the most affected. This is not tenable because these were the committed liabilities of the Fisheries Department of earlier years which had fallen into arrears and it should have been met from normal budgetary resources.

Assistance for traditional sector

Rupees 13.85 crore were released to Matsyafed for payment of assistance to fishermen in the traditional sector who lost fishing implements like boats, nets, etc. RGRP for fishermen provided for payment of (i) full subsidy for replacement of catamaran boats plus nets up to a unit cost of Rs 32,000 and (ii) 50 *per cent* subsidy and 50 *per cent* loan for replacement of boats plus nets up to a unit cost of Rs 1.50 lakh. In the case of repair for all types of boats, subsidy up to Rs 10,000 was payable. Contrary to this, the State Government decided to allow full subsidy for repairs, replacement of crafts, Out Board Motors (OBM) and webbings in the traditional sector. Accordingly the beneficiaries were paid 100 *per cent* subsidy incurring a total expenditure of Rs 10.84 crore as of March 2006. This included payment of working capital ranging from Rs 1000 to Rs 7500 per group amounting to Rs 23.48 lakh which was not envisaged in the RGRP. The entire expenditure was accounted for under CRF.

However, the Government subsequently ordered (July 2005) that the expenditure on subsidy in excess of the RGRP norms was to be met from CMDRF. According to information furnished to audit by Matsyafed only Rs 8.45 crore were debitable to CRF and the balance of Rs 2.39 crore was to be met from CMDRF. But the transfer of funds from CMDRF had not been made as of May 2006. As the entire expenditure was accounted for under CRF, non-transfer of the amount from CMDRF to CRF would result in shortage of funds to that extent in CRF which could have otherwise been available for spending.

Expenditure of Rs 2.39 crore was not transferred to CRF from CMDRF

Government stated (July 2006) that action would be taken to transfer the amount from CMDRF to CRF in consultation with Fisheries and Finance (Funds) Departments.

Funds from two sources

According to Tsunami Emergency Assistance Project (TEAP) of the ADB, amount already spent for restoration of livelihood of fishermen was eligible for reimbursement under Retro Active Financing (RAF). Accordingly, the Government claimed Rs 8.13 crore spent by Matsyafed out of NCCF during the period 26 December 2004 to 30 November 2005 as reimbursement from the ADB and the ADB sanctioned the amount for disbursement to the State Government through the GOI in January–March 2006. Thus the State Government would receive funds from two sources *viz.*, NCCF and ADB for the same expenditure, in the event of which Government should replenish the state CRF to that extent.

Retention of unspent balance by Matsyafed

Rupees 13.85 crore were placed with the implementing agency, Matsyafed, in March 2005 for disbursement of assistance to the fishermen community for losses/ damages of craft, Out Board Motor, webbing, etc. Matsyafed spent Rs 11.44 crore as of March 2006 and the balance of Rs 2.41 crore was retained with them without utilisation. According to the time frame fixed by the State Government, the distribution of subsidy to fishermen was to be completed by 31 August 2005. However, the distribution had not been completed as of March 2006. Matsyafed stated (April 2006) that the delay in distribution of subsidy was due to problems in observing the norms laid down in RGRP *viz.*, production of photograph, registration certificate, etc.

Balance amount of Rs 2.41 crore remained unutilised with Matsyafed

It was seen in audit that the expenditure included Rs 7.5 lakh and Rs 2.43 lakh towards TA/DA of the staff of Matsyafed and of the Fisheries Department respectively which should have been met from the normal budgetary resources of the institution/ department instead of from Calamity Relief Fund.

Fishing harbours

GOI sanctioned only Rs 13.07 crore under the RGRP, despite projection of Rs 27.50 crore as short term requirement of funds, for repair and rectification works of fishing harbours and fish landing centres. Though no specific allocation was made for this purpose out of Rs 100 crore released as advance by the GOI from NCCF, the State Government allotted Rs 13.07 crore in August 2005 to the Harbour Engineering Department for repair and rectification works of fishing harbours and fish landing centres. However, the Department could spent only Rs 4.63 crore as of March 2006.

Government stated (July 2006) that the unspent balance would be utilised during 2006-07 as majority of the works were nearing completion.

3.1.10.2 Housing sector

A Committee consisting of an Assistant Engineer PWD, an Officer of the Revenue Department and the Grama Panchayath Member of the corresponding ward assessed the loss in the housing sector. In the memorandum submitted to the GOI in February 2005, 2919 houses were reported as fully damaged and 10,125 as partially damaged. Out of the projected requirement of funds of Rs 772.23 crore, Rs 131.45 crore were meant for short term requirements. This included funds for construction of 2919 houses and construction with cost of land for 647 houses for Tsunami victims. GOI sanctioned (January 2005) Rs 50 crore (construction cost: Rs 40 crore; Land cost: Rs 10 crore) as financial assistance for housing sector as part of the RGRP. However, no amount was received by the State Government as of March 2006. But the Government subsequently identified 1134 more beneficiaries in three districts (Kollam, Alappuzha and Ernakulam) to be provided with houses resulting in a total of 4053 beneficiaries.

State Government decided to permit the Voluntary Organisations/ Non-Governmental Organisations, etc., to undertake construction of permanent houses to Tsunami victims using their own funds. In view of this, the Government directed (March 2005) the District Collectors of Kollam, Alappuzha and Ernakulam to make available suitable land to these organisations by purchasing land from private parties. Out of 4053 beneficiaries, 2589 beneficiaries had their own land and land was to be purchased for the remaining 1464 beneficiaries. Accordingly, the District Collectors resorted to purchase of land on 'negotiated purchase basis'. District Collectors of the three districts purchased 64.56[@] acres of land at a cost of Rs 9.35 crore by negotiated purchase from land owners who expressed willingness to sell their land. The cost of land was met from Rs 100 crore received as advance from NCCF. No action was taken by State Government to get the allocation for housing sector of Rs 50 crore sanctioned under the RGRP (which included Rs 10 crore for land) released expeditiously.

Idle expenditure on land

Land purchased at a cost of Rs 26.35 lakh could not be utilised as it was not conducive to their living or occupation

District Collector, Kollam purchased 1.71 acres of land in October 2005 at a cost of Rs 26.35 lakh in Saktikulangara village (Kollam Taluk) to rehabilitate the Tsunami victims. But construction work could not be started there as beneficiaries were of the opinion that the site was not conducive to their living or occupation. Alternative land of 1.41 acres was purchased in December 2005-January 2006 at a cost of Rs 31.02 lakh with the permission of the Government and handed over to the NGOs for construction of houses. The construction had not been completed as of March 2006.

In view of purchase of alternative land, the Government ordered (December 2005) that the land acquired at a cost of Rs 26.35 lakh be converted as

[@] Alappuzha:12.45 acres (cost : Rs 1.92 crore); Ernakulam: 4.02 acres (cost : Rs 0.93 crore); Kollam : 48.09 acres (cost : Rs 6.50 crore)

Puramboke[*] land in records. Thus the investment of Rs 26.35 lakh on this land did not serve the intended purpose and it remained idle.

Delay in purchase of land and consequent delay in providing houses

Government directed (March 2005) that the rehabilitation of Tsunami victims should be completed by 31 May 2005 and for this necessary land should be purchased and made available to the NGOs/ Voluntary Agencies, etc., before 31 March 2005. In Ernakulam district necessary land (4.02 acres) for construction of 238 houses was purchased by March 2005 and handed over to the NGOs and construction of houses completed by March 2006 whereas in Alappuzha district only 5.85 acres (out of 12.45 acres) was purchased and handed over to the NGOs by the end of March 2005 and the remaining 6.60 acres were purchased and made available during April-November 2005. However, in Kollam district no land was purchased by March 2005 and out of 48.09 acres, 21.46 acres were purchased in April-May 2005, 16.71 acres in June-December 2005 and 8.21 acres in January-March 2006 and handed over to the NGOs as soon as they were purchased. The remaining land of 1.71 acres was kept as Government land without handing over, though it was purchased in October 2005, as the beneficiaries protested over the construction of houses there. Due to the delay, only 2238 houses (59 *per cent*) out of 3815 houses proposed for construction had been completed as of March 2006 in Kollam and Alappuzha districts. Out of the remaining 1577 houses, construction of 497 houses in Kollam district had not been started by the NGOs as of March 2006 and in the case of the balance 1080 houses, they were under various stages of construction. Thus substantial number of Tsunami affected families could not be provided with houses within the time frame fixed by the State Government.

Government stated (July 2006) that as the number of houses was huge it could be completed only in a phased manner.

Delay in providing permanent houses and consequential avoidable expenditure

Expenditure of Rs 15.77 lakh every month due to delay in providing permanent houses

The meeting of the monitoring committee chaired by the Chief Minister in March 2005 directed that rehabilitation of the Tsunami victims were to be completed before 31 May 2005. As there was delay in providing permanent houses within the time frame, Government ordered to pay Rs 1000 per month to each family for livelihood till such time they were provided with the houses. Out of 4053 houses to be constructed in three districts, only 2476 houses (61 *per cent*) had been handed over to the beneficiaries as of March 2006. Government incurred an expenditure of Rs 2.47 crore up to March 2006 as cash doles to these families. For the remaining families, the Government had to pay cash doles till they were provided with houses, and the delay in construction of house was costing the Government Rs 15.77 lakh per month.

[*] Government land which is not assigned for any specific purpose.

3.1.10.3 Deviation from norms of NCCF/ Guidelines

GOI guidelines prescribed scales of assistance to be provided out of CRF/NCCF to families affected by natural calamities. Deviations were noticed in the following cases.

Supply of free ration

Government decided to issue free ration to Tsunami affected families in the coastal villages of all the affected districts at 5 kg per family per week initially for one month with effect from 30 December 2004. This was subsequently extended to one more month in all the affected districts. Government ordered that the expenditure for the first four weeks was to be met from CRF and that for the next four weeks from CMDRF. Considering the severity of the calamity, the distribution of free ration continued for the third month in Kollam, Alappuzha and Ernakulam districts meeting the expenditure from CRF. An expenditure of Rs 8.62 crore (including Rs 2.86 crore from CMDRF) was incurred on supply of free ration in four test checked districts (Thiruvananthapuram, Kollam, Alappuzha and Thrissur). As per the GOI guidelines issued in September/ November 2004, the supply of free ration was not eligible for assistance from CRF. It was also seen in audit that instead of restricting supply of free ration to Tsunami affected families in the coastal villages as intended by the Government, it was given to almost all the ration card holders irrespective of the category *viz*., APL, BPL or Antyodaya Anna Yojana.

Government stated (July 2006) that though the norms did not permit supply of free ration, it was given as fishermen could not venture into sea during the period and hence were without earnings.

Assistance paid to repair of houses in excess of norms

State Government directed (June 2005) the District Collectors of Kollam, Alappuzha and Ernakulam for payment of compensation subject to a minimum of Rs 5000 and a maximum of Rs 50000 for damaged houses, as assessed by a Committee consisting of one Engineer from PWD, one officer from the Revenue Department, and a People’s representative. The expenditure incurred by the Government on this account in the three test-checked districts (Kollam, Alappuzha and Ernakulam) was Rs 5.29 crore[♠] for 8346 damaged houses.

As per the norms of expenditure for assistance from CRF and NCCF, the assistance for repair/ restoration of severely damaged houses was Rs 2000 and Rs 1200 per house for *pucca* and *kutcha* house respectively and Rs 800 per house for partially damaged house (where damage was a minimum of 15 *per cent*). Thus, the maximum admissible assistance per house was Rs 2000 only. The excess expenditure incurred in this regard was Rs 3.62 crore[*]. It was also seen in audit that Rs 5000 each was paid to 1166 beneficiaries as compensation for repair of houses in Karunagappally Taluk though the damages as assessed by the Committee was much below Rs 5000.

[♠] Alappuzha : Rs 1.09 crore (1946 houses), Kollam : Rs 2.08 crore (1990 houses) and Ernakulam : Rs 2.12 crore (4410 houses)

[*] Admissible amount = (8346 x Rs 2000)= Rs 1.67 crore
Excess expenditure = Rs 1.09 crore + Rs 2.08 crore+ Rs 2.12 crore – Rs 1.67 crore= Rs 3.62 crore

Payment of Tender excess

The revised guidelines issued by the State Government (September 2004) stipulated that for execution of works relating to repairs/restoration of damaged infrastructure caused due to natural calamities, no tender excess shall be allowed. Audit scrutiny revealed that:

- in Kollam Collectorate tender excess of Rs 1.30 lakh was allowed in six works executed in May 2005 by private contractors,
- in Alappuzha Collectorate tender excess ranging from 10 to 18 *per cent* of the estimated Probable Amount of Contract (PAC) was allowed in construction of 17 semi-permanent sheds resulting in excess payment of Rs 22.10 lakh from CRF.

3.1.10.4 Semi-permanent sheds in private land costing more than permanent houses

Semi-permanent houses constructed were more expensive than permanent houses

District Administration, Alappuzha opted for construction of semi permanent sheds instead of temporary shelters to house the Tsunami victims with a view to using them as shelters during future calamities. Accordingly, 17 semi-permanent sheds for accommodating 329 Tsunami affected families were constructed. The expenditure for construction of 3372 square metre area was Rs 1.85 crore and the cost of construction worked out to Rs 510 per sq ft whereas the estimated cost of construction of permanent house for the victims was only Rs 407 per sq ft (Rs 1.75 lakh for 430 square feet). Before commencement of construction the ownership of land was not ensured and as these land on which the temporary structure that have been constructed belong to private organisations including religious/social groups, the possibility of their utilisation on continued and sustained basis during future calamities remained doubtful.

Government stated (July 2006) that the expenditure was on high side as the shelters were for group accommodation and also owing to the particular design.

3.1.10.5 Wasteful expenditure in construction of temporary shelters at Kollam

Initially in Kollam district it was proposed (January 2005) to construct 3338 temporary shelters. Subsequently it was scaled down and only 1157 shelters were finally constructed as of February 2005, of which only 998 shelters were occupied. Thus, the expenditure incurred on 159 shelters amounting to Rs 31.73 lakh (at Rs 19959 per shelter) was wasteful.

Government stated (July 2006) that temporary shelters could not be anticipated exactly as the number of houses damaged was huge.

3.1.11 Non-implementation of new schemes

As part of the first anniversary of Tsunami disaster, the Government accorded sanction (December 2005) for eight new schemes in nine affected districts and the expenditure was to be met from CMDRF.

Acquisition of 50 cents in Kollam district for use as a Panchayat common cremation ground (cost : Rs 15 lakh);

Construction of new block for the Higher Secondary School at Valiayazheeckal in Alappuzha district (cost : Rs 1.1 crore);

Construction of Desalination Plant at Edavanakkad in Ernakulam district (cost : Rs 1 crore);

Financial assistance at Rs 500 per month to each widow of Tsunami victim till remarriage or completion of 10 years from 26-12-2005, whichever is earlier;

Financial assistance at Rs 15000 each to the girl belonging to a Tsunami affected family for marriage to be held during 26-12-2005 to 26-12-2006;

Revolving fund at Rs 25000 to each women activity group under 'Kudumbasree' programme to restart their activities;

Financial assistance at Rs 50000 to each youth club identified by Nehru Yuva Kendra in the Tsunami affected area;

Financial assistance at Rs 500 per month to each physically challenged and mentally retarded person.

District Collectors were asked to submit proposals to the Government for release of funds from CMDRF. Based on this, the District Collector, Kollam identified 20 widows, 105 women activity groups under Kudumbasree and 10 youth clubs which are eligible for financial assistance and sent proposals (January 2006) to the Government for release of assistance. Similarly, the District Collectors, Ernakulam and Alappuzha also sent proposals in March 2006 and May 2006 for giving financial assistance to one widow and marriage of one girl respectively. These are pending with the Government for allotment of funds.

Government stated (July 2006) that the schemes could not be implemented in view of paucity of funds in CMDRF.

3.1.12 Monitoring

The RGRP for Tsunami affected areas envisaged receipt of funds from various departments of GOI like Drinking Water Supply, Agriculture and Co-operation, Housing, etc., apart from NCCF. The Disaster Management Department was primarily focused only about receipt of funds from NCCF and was not aware of receipt of funds from other departments of GOI for Tsunami relief. Though funds were placed with the District Collectors and other implementing agencies for Tsunami relief, their utilisation was not being watched through periodical returns by the Disaster Management Department. The very intention of forming a separate Department for Disaster Management is defeated when it fails to co-ordinate and monitor the disaster related activities undertaken by various Departments of Government and agencies and provide overall guidance.

There was a State Level Monitoring Committee (SLMC) to monitor the disaster related activities carried out by the District Collectors. Audit could not assess the effectiveness of this committee as the minutes of its meetings were not made available (May 2006) by the Disaster Management Department. The instances of delays, waste of resources, diversion of funds and deviation from norms as brought out above are indicative of lapses in the system of monitoring and control of the disaster related activities.

3.1.13 Conclusion

The State Level Disaster Management Authority formed in August 2003 could not take any effective action when Tsunami struck. Though the Committee appointed in the wake of Tsunami, recommended (April 2005) enactment of a State Disaster Management Act, the Government has yet to formulate the Act or subordinate rules under the Act enacted by Government of India. Steps to strengthen the faculty of Disaster Management in the areas of research, training, etc., in the light of revised guidelines of GOI, MHA have not been initiated. The separate Department of Disaster Management formed immediately after Tsunami could not effectively co-ordinate and control the Tsunami relief activities carried out by various departments. The assessment of damages and requirement of funds submitted to GOI were inflated. Funds released by GOI had not been fully utilised as of March 2006. Collection towards CMDRF received in six District Collectorates and kept in district treasuries concerned were not taken into consideration in the total contribution. Though the construction of permanent houses to rehabilitate Tsunami victims was entrusted to NGOs, only 61 *per cent* of the houses could be completed as of March 2006 owing to delay in purchase of land. Under TEAP of ADB, State Government had claimed (during 2005-06) only less than five *per cent* of the financial assistance sanctioned; the major portion of the amount claimed related to 'Retro Active Financing' i.e. expenditure already defrayed out of CRF.

3.1.14 Recommendations

- In view of the enactment of the Disaster Management Act, 2005 by GOI, State Government should frame necessary rules to carry out the provisions of the Act in the State
- Disaster Management Faculty in the ILM should be strengthened to impart training, to conduct research studies, development of database, etc., in the light of MHA guidelines.
- A system should be evolved so that Disaster Management Department acts as a focal point of all disaster related activities including receipt of funds from various sources, its proper utilisation by various departments, watching the progress, monitoring and controlling activities, providing effective guidance and expertise.
- Comprehensive guidelines should be prescribed for
    - assessment of calamity related damages with the involvement of experts in the respective fields
    - payment of compensation to the victims
    - duties and responsibilities of various Government functionaries involved in calamity related activities.
- Collection towards CMDRF should be kept in a single account instead of keeping it in various district treasuries.
- Assistance received from ADB under 'Retro Active Financing' towards expenditure already defrayed out of CRF should be credited to CRF for future utilisation.

The above recommendations were accepted by Government (July 2006).

FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

3.2 Food Security, Subsidy and Management of Foodgrains

Highlights

The Targeted Public Distribution System launched in 1997, was a major initiative of Government of India for ensuring availability of foodgrains to Public at affordable price and food security for the poor. Due to non-revision of the list of BPL families, short lifting of foodgrains, delay in identification of beneficiaries, reduction in the scale of distribution prescribed by Government of India, etc., the basic objective of benefiting the poor and vulnerable sections of the society could not be satisfactorily achieved. The decentralised procurement of foodgrains by State government launched during 2005-06 was not economical as it involved substantial subsidy burden to Government. Inspection and monitoring of the system of distribution of foodgrains was also lagging behind in the State.

- **Identification of Below Poverty Line-families under Targeted Public Distribution System was based on IRDP survey of 1992. Due to non-revision of list, omission of eligible families and inclusion of ineligible families in the list of BPL families cannot be ruled out.**

(Paragraphs 3.2.7.1 and 3.2.7.2)

- **3.66 lakh MT of foodgrains intended for BPL families had lapsed due to non-lifting of foodgrains.**

(Paragraph 3.2.7.4)

- **There was low off-take of foodgrains by Above Poverty Line-families ranging from 0.3 *per cent* to 4.7 *per cent* of the allotment in respect of rice and from 18.98 *per cent* to 58 *per cent* in respect of wheat.**

(Paragraph 3.2.7.5)

- **Delay in identifying beneficiary families under Antyodaya Anna Yojana resulted in shortfall in providing 54,617 MT of foodgrains costing Rs 16.38 crore to the prospective beneficiaries.**

(Paragraph 3.2.7.6)

- **Allotment of APL wheat to Kerala State Civil Supplies Corporation Limited for conversion into atta in violation of Government of India instructions resulted in unintended subsidy of Rs 6.09 crore.**

(Paragraph 3.2.7.7)

- **State Government had to bear extra financial commitment of Rs 18.15 crore due to high cost of procurement of paddy against the Minimum Support Price fixed by Government of India.**

(Paragraph 3.2.9)

3.2.1 Introduction

The objective of food security policy of India is to ensure availability of foodgrains to the common people at affordable price, focusing essentially on increase in agricultural production and on support price for procurement and maintenance of adequate rice and wheat stock. The responsibility for procuring and stocking of foodgrains lies mainly with the Food Corporation of India and distribution with the Public Distribution System (PDS) of the State Government. The State Government was also procuring paddy under the decentralised procurement scheme during 2005-06.

PDS was introduced in Kerala in 1965 through the Kerala Foodgrains (Regulation and Distribution) Order, 1965 and the Kerala Rationing Order, 1966. Government of India (GOI) launched a new scheme called Targeted Public Distribution System (TPDS) in June 1997 especially for the benefit of people below the poverty line. This was implemented in Kerala in the same month. In December 2000, the GOI introduced Antyodaya Anna Yojana (AAY) for the poorest among Below Poverty Line (BPL) families by providing foodgrains at cheaper rates. This was later expanded in 2003, 2004 and 2005 to include more BPL families.

In addition to TPDS, other foodgrains based schemes *viz.*, Annapoorna Scheme, Mid-day Meal Scheme, Sampoorna Grameena Rozgar Yojana, Sampoorna Grameena Rozgar Yojana (Special Component), Scheme for supply of foodgrains for SC/ST/OBC Hostels/Welfare Institutions and National Food for Work Programme are also implemented in the State. Of these, foodgrains under Annapoorna Scheme and Scheme for supply of foodgrains to SC/ST/OBC Hostel/Welfare Institutions are canalised through Authorised Retail Distributors under the Civil Supplies Department in the State.

3.2.2 Audit objectives

Audit objective was to examine and assess:

- the efficiency and effectiveness of the distribution arrangement of the Government in ensuring availability of foodgrains under TPDS;
- the economy and efficiency of decentralised procurement of foodgrains in the State;
- whether Inspection and Monitoring were adequate and effective; and
- the periodic evaluation of the implementation of the scheme.

3.2.3 Audit criteria

The following criteria were adopted for assessing the performance.

- GOI guidelines on TPDS, Annapoorna Scheme and orders of the State Government.
- The policy of the State Government for procurement of foodgrains, the orders issued by the Government thereon, MOU with the GOI, Regulation for paddy procurement by the Kerala State Civil Supplies Corporation Limited. Agreement with Mill owners and certificates furnished to the GOI.
- Norms fixed for Inspections and Monitoring by the State Government and orders regarding constitution of Monitoring Committee.
- Periodic evaluation report and recommendations of the Committee on

Public Accounts on para 3.1 of the Report of Comptroller and Auditor General of India for the year ended 31 March 1999(Civil), Government of Kerala.

3.2.4 Organisational set up

The Secretary, Food, Civil Supplies and Consumer Affairs Department is in charge of the Public Distribution System at the Government level. Commissioner of Civil Supplies is the head of the Food and Civil Supplies Department (CSD) who was assisted by the Director of Civil Supplies (DCS), Controller of Rationing, two Deputy Controllers of Rationing, 14 District Supply Officers, 63 Taluk Supply Officers and 6 City Rationing Officers.

Food Corporation of India (FCI) is responsible for the purchase, storage and movement of foodgrains. GOI allocates foodgrains to the State, based on requirement. State Government is responsible for lifting of foodgrains from the FCI depots. Under the decentralised procurement of foodgrains introduced in Kerala during 2005-06, locally procured foodgrains was also distributed.

There were 22 FCI depots, 333 Authorised Wholesale Distributors (AWDs), 14195 Authorised Retail Distributors (ARDs[∝]) in the State (March 2006). AWDs lift foodgrains from FCI/Authorised Mills for distribution to ARDs. ARDs are the retail distributors.

3.2.5 Audit coverage

A review on the working of the Public Distribution System was included in paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999(Civil). State Public Accounts Committee had discussed the paragraph and their recommendations were presented to the State Legislature in February 2003.

A further review on the subject "Food Security, Subsidy and Management of Foodgrains" was conducted during August – October 2005 and April – June 2006 covering the period 2001-02 to 2005-06.

3.2.5.1 Audit methodology

Records of the Food and Civil Supplies Department of Government Secretariat, Commissionerate of Civil Supplies, four District Supply Offices (out of 14), (Thiruvananthapuram, Kottayam, Thrissur and Kasaragod), 48 ARDs in eight Blocks and four Municipalities and the attached Taluk Supply Offices in the selected districts were test checked. Districts, Blocks and Municipalities were selected by Simple Random Sampling Without Replacement (SRSWOR) and ARDs by Circular Systematic Sampling. Records of the Kerala State Civil Supplies Corporation Limited relating to the Paddy Procurement Scheme were also test checked. Discussions were held with senior officers of the Department. Recommendations of the State PAC (presented to the Legislature in February 2003) are also incorporated in this report.

[∝] Also known as Fair Price Shops

3.2.6 Funding

The details of the Budget allocation and the expenditure incurred thereagainst under the PDS in the State were as under.

(Rupees in crore)

Year	Administrative expenditure of Civil Supplies Department		Procurement and supply		Antyodaya Anna Yojana		Annapoorna	
	Provision	Expenditure	Provision	Expenditure	Provision	Expenditure	Provision	Expenditure
2001-02	4.49	3.70	15.46	13.77	1.50	1.50	*	*
2002-03	4.57	4.43	12.53	12.32	2.00	2.01	3.00	3.00
2003-04	4.14	4.31	10.49	11.19	5.03	5.03	1.84	1.84
2004-05	5.14	4.52	14.03	11.87	8.81	8.70	2.26	2.26
2005-06	4.70	4.88	12.70	12.82	1.98	1.97	2.34	2.34
Total	**23.04**	**21.84**	**65.21**	**61.97**	**19.32**	**19.21**	**9.44**	**9.44**

* Expenditure of Rs 2.15 crore met out of funds directly received by the DCS during 2000-01 from the GOI

Audit findings

3.2.7 Distribution of foodgrains

A proper system of foodgrains management would require a realistic projection of requirement based on a systematic identification of beneficiaries as well as proper lifting of foodgrains and its efficient distribution to the target groups. This would include timely identification of beneficiaries, providing foodgrains according to norms, proper co-ordination and arrangement of distribution net work, efficient monitoring system and proper quality control.

3.2.7.1 Identification of target groups

On introduction of the Targeted Public Distribution System in 1997 in the State, BPL families were identified based on the norms adopted by the District Rural Development Agencies for the Integrated Rural Development Programme and the Jawahar Rozgar Yojana schemes in 1992. As per this, all the families with an annual income of Rs 11,000 or below would come under BPL. Local bodies were entrusted with the work of identifying the BPL families. Local bodies identified the BPL families in the State. The number of BPL families as of March 2001 was 20.35 lakh out of the total 65.95 lakh families in the State (30.85 *per cent*). As per the GOI estimate of March 2000, the number of BPL families in the State was 15.54 lakh out of 61.10 lakh families (25.43 *per cent*).

Mention was made in paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999, Government of Kerala that the selection of BPL families was flawed in the State as income noted in the ration card was invariably on the lower side and ineligible persons were included in the list while certain eligible persons were excluded. PAC in their 42nd report (February 2003) recommended taking corrective steps to solve the disparities that crept in the identification of households under Below Poverty Line. However, no corrective steps were taken till date (June 2006).

A test check of the records of the four districts[#] in the State revealed that

- Out of 4566 cards of twelve ARDs in two Taluk Supply Offices, the income shown was Rs 300 per month in 2653 cards. The fact that 58 *per cent* of the cards showed the same income of Rs 300 casts doubts on the

[#] Thiruvananthapuram, Kottayam, Thrissur, Kasaragod reliability of this information.

- In 27 ARDs of four Taluk Supply Offices, in Thiruvananthapuram District 431 consumers under BPL category also had LPG connection which was indicative of the fact that they may not be falling under BPL categories.
- Twenty three card holders in BPL category in two Taluk Supply Offices had reflected annual income of Rs 30,000 and more in their cards rendering them ineligible for consideration under BPL.

3.2.7.2 Annual Review

Periodical review was not conducted to revise the beneficiary list

No periodical review was conducted in the State for revision of the beneficiary list. As a result, the omission of deserving families and inclusion of ineligible families in the list of BPL families could not be ruled out. Though it was reported that survey of BPL families in rural areas was conducted by the Rural Development Department in 1998 and in urban areas by Kudumbashree in 2001, the data were not used in revising the list of BPL card holders. A BPL census was conducted in 2002 by the Rural Development Department on the basis of the GOI directions and the final list had not yet been published (June 2006).

3.2.7.3 Non-implementation of PDS (Control) Order, 2001

GOI issued in August 2001, the PDS (Control) Order, 2001 under the Essential Commodities Act, 1955 to strengthen the PDS. The order was not implemented in the State (June 2006). It was only in August 2004, after three years of issue of the GOI orders, that the State Commissioner of Civil Supplies directed the Law Officer of the Department to examine the orders and make suggestions for amendment to the Kerala Rationing Order. DCS stated (June 2006) that the proposal for amending the Kerala Rationing Order based on provisions of the PDS (Control) Order, 2001was under consideration.

3.2.7.4 Short supply of foodgrains to the BPL families

Short supply of foodgrains to BPL families occurred due to excess identification of families

GOI estimated 15.54 lakh families in the State living below poverty line based on the projected population of the State as on March 2000; whereas the State Government identified 20.35 lakh families living below poverty line. Foodgrains at BPL rate was allotted by GOI to 15.54 lakh families only. However, the State Government provided full scale of ration to all BPL families (20.35 lakh) till July 2001 by meeting expenditure to provide foodgrains at BPL rate in respect of the excess number of families identified. After July 2001 foodgrains allotted by GOI were proportionately distributed to all BPL families in the State without adhering to BPL scale of ration prescribed by GOI. The average distribution of foodgrains per BPL card holder ranged from 13.82 kg to 24.71 kg as detailed below.

Year	No. of BPL card holders* (in lakh)	Allotment (MT in lakh)			Lifting (MT in lakh)			Quantity lapsed due to non lifting (MT in lakh)	Quantum of ration	
		Rice	Wheat	Total	Rice	Wheat	Total		Fixed by the GOI (Kg)	Distribution per BPL card holder (Kg)
2001-02	20.35	3.75	-	3.75	3.56	-	3.56	0.19	20# 25$	14.59
2002-03	20.11	5.53	-	5.53	3.34	-	3.34	2.19	35	13.82
2003-04	17.44	5.03	0.32	5.35	3.90	0.27	4.17	1.18	35	19.94
2004-05	16.64	3.71	1.23	4.94	3.71	1.22	4.93	0.01	35	24.71
2005-06	15.71	3.37	1.12	4.49	3.30	1.10	4.40	0.09	35	23.37
Total								**3.66**		

* As on 1 April of the year $ July 2001 # June 2001

3.66 lakh MT of foodgrains lapsed due to non-lifting of foodgrains

A quantity of 3.66 lakh MT of foodgrains lapsed during the period 2001-06 due to non-lifting of the foodgrains allotted by GOI. Thus the State could not ensure the lifting of even the allotted quantity and resulted in further reduction in the scale of ration in addition to the reduction due to excess identification of BPL families.

3.2.7.5 Low off take by Above Poverty Line families

There was low off-take of foodgrains by APL families

Under the PDS Above Poverty Line (APL) families were also eligible for foodgrains at a higher rate – Rs 8.90 per kg for rice and Rs 6.70 per kg for wheat. The off-take of foodgrains of APL families was as under.

(Metric Tonnes in lakh)

Year	Allotment		Lifting		Off take			
	Rice	Wheat	Rice	Wheat	Rice	Percentage of off take to allotment	Wheat	Percentage of off take to allotment
2001-02	13.29	4.53	0.19*	0.96	0.22	1.6	0.86	18.98
2002-03	13.61	4.48	0.07	1.66	0.06	0.4	1.57	35.0
2003-04	13.61	4.48	0.04	1.21*	0.04	0.3	1.26	28.1
2004-05	13.61	4.48	0.92	1.73	0.64	4.7	1.60	35.7
2005-06	13.50	4.48	0.45	2.67	0.40	2.96	2.60	58.0

The off-take of rice during the five-year period 2001-02 to 2005-06 ranged from 0.3 *per cent* to 4.7 *per cent* of the allotment and that for wheat from 18.98 *per cent* to 58 *per cent*. Obviously the APL families were not fully depending on the PDS for their foodgrains requirement.

According to the State Planning Board, high price for APL rice, lack of desired quality of foodgrains and restriction of levy sugar to the BPL card holders were the reasons for low off-take. In view of the fact that only a very small percentage of the allotted foodgrains was being used by the intended beneficiaries, Government need to examine the issues involved and take necessary steps to make the scheme attractive for the APL families.

3.2.7.6 Antyodaya Anna Yojana

GOI launched Antyodaya Anna Yojana (AAY) in December 2000 to provide food security to the poorest of the poor who were not in a position to buy foodgrains even at the BPL rate. The scheme provided for issue of foodgrains @ Rs 2 per kg for wheat and @ Rs 3 per kg for rice.

GOI initially (December 2000) targeted 2.38 lakh families in the State for coverage and thereafter increased the coverage to 3.57 lakh families in June 2003, 3.72 lakh families in August 2004 and finally to 5.96 lakh families in April 2005. As of 31 March 2006, there were 5.92 lakh families enjoying the benefits of AAY.

There was shortfall in providing 54617 MT foodgrains to Antyodaya Anna Yojana beneficiary families

According to guidelines (December 2000), the State Government was required to complete the original identification of beneficiaries within a period of two months and the identification of beneficiaries in the subsequent expansion within one month. Test check revealed that the Government could not identify the targeted number of families eligible for AAY benefits within the time prescribed by the GOI. There was delay ranging from 4 to 7 months in

* Extra off take over lifting was on account of carry over balances in stock of previous years

identification of AAY families which resulted in depriving of 54617[*] MT of foodgrains costing Rs 16.38 crore (@ Rs 3/kg) to these families.

3.2.7.7 Diversion of foodgrains

GOI had instructed (December 1997) that foodgrains allotted under PDS should be distributed in the form of whole grains only and conversion of wheat into atta or suji was not permitted. Against this, the DCS allotted 1.05 lakh MT[**] of wheat from the allotment meant for APL families to the Kerala State Civil Supplies Corporation Limited(Corporation), a State owned Undertaking, for conversion into atta for distribution through the PDS.

Allotment of wheat for conversion into atta resulted in unintended subsidy of Rs 6.09 crore

During 2001-05, the Corporation lifted 29,095 MT wheat and converted it into 28,319 MT of atta. Of this, only 8892 MT was supplied through the PDS and the balance quantity was sold through its own sale outlets. The economic cost of the wheat lifted by the Corporation was Rs 18.50 crore against the Central issue price of Rs 12.41 crore and the diversion resulted in unintended subsidy of Rs 6.09 crore by the GOI.

3.2.7.8 Physical Verification of Authorised Retail Distributors

Local inspection of 48 ARDs[♣] by Audit in the presence of departmental officers revealed the following facts.

- Major shortage in stock of foodgrains was found in two ARDs[♣♣]. The Department suspended licences of these ARDs.
- Out of 48 ARDs test checked, three[♦] were found closed during their working hours.
- The essential information like entitlement to the beneficiaries, authorities to whom complaint can be made, etc., were not exhibited in 14 ARDs[#].
- A test check of 151 cards in four districts revealed discrepancies in 50 *per cent* of the entries in ration cards and that of the Ledger maintained in ARDs varied indicating manipulation of stock entries.
- In two ARDs[γ] other provisions including foodgrains apart from rationed articles were also kept for sale in the shop premises, in violation of the norms.

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[*] 54617 MT; 2001-02 (11246MT); 2003-04 (10443MT); 2004-05 (6156MT); 2005-06 (26772MT)

[**]

2000-01	30564 MT
2001-02	21240 MT
2002-03	21240MT
2003-04	10620 MT
2004-05[Ψ]	21240 MT
Total	**104904 MT**

i.e 1.05 lakh MT

[Ψ] No allotment thereafter

[♣] 12 ARDs each in 4 Districts

[♣♣] Neyyattinkara Taluk of Thiruvananthapuram District

[♦] One each in Neyyattinkara and Chirayinkil Taluk of Thiruvananthapuram District and Changanassery Taluk of Kottayam District.

[#] 7 in Neyyattinkara Taluk, 3 in Chirayankil Taluk of Thiruvananthapuram District and 4 in Changanassery Taluk of Kottayam District.

[γ] Neyyattinkara Taluk of Thiruvananthapuram District; Changanassery Taluk of Kottayam District.

There has been shortfall in inspection by Rationing Inspectors ranging from 13 *per cent* to 75 *per cent*

Rationing Inspectors were required to inspect each ARD under them once in a month. During the period 2001-06, in seven[Ψ] out of eight Taluk Supply Offices test checked there was shortfall in inspection by the Rationing Inspectors ranging from 13 *per cent* to 75 *per cent*. Reasons for the shortfall in inspection were not furnished by the Department.

The Departmental inspections indicated that the ARD generally committed the following types of irregularities.

- Shops (ARDs) closed during working hours
- Shortage in stock of foodgrains
- Essential information like entitlement to the beneficiaries, stock position were not exhibited

This would indicate that there was non-compliance of rules and regulations.

3.2.7.9 Annapoorna Scheme

There was shortfall in providing 5649 MT of foodgrains to beneficiaries of Annapoorna scheme

GOI, Ministry of Rural Development launched the Annapoorna Scheme to be implemented from April 2000 onwards to provide foodgrains at 10 kg per month free of cost to the indigent senior citizens who were eligible for pension under the National Old Age Pension Scheme but not receiving it. Originally the GOI provided funds to the State as advance towards cost of foodgrains payable to the FCI and implementation at State level was done by the Department of Civil Supplies in the State. Panchayats were responsible for identification of beneficiaries. The number of beneficiaries for the State was to be limited to 44980. The scheme was transferred to the State from 2002-03 onwards, with allocation of funds as additional Central assistance. Against the targeted 44980 persons, the number of beneficiaries identified during 2001-02 to 2005-06 ranged from 35241 to 45648. During 2001-02 and 2002-03, the number of beneficiaries identified was less than the sanctioned number and during 2003-04 to 2005-06, it exceeded the sanctioned number. However, foodgrains were actually distributed to the identified beneficiaries only from 2001-02 onwards. For the full sanctioned 44980 beneficiaries, 5398 MT foodgrains were required at the prescribed scale each year. So against 26990 MT[Φ] of rice required to be distributed to beneficiaries free of cost during 2001-2006, only 21341 MT was distributed. Delay in identification of beneficiaries resulted in a loss of 5649 MT of foodgrains that could have been made available to indigent senior citizens.

3.2.7.10 Quality checks

There was no quality control wing in the Department. Instructions were issued (September 1990) by the DCS to the District Supply Officers to inspect the stock of foodgrains in the FCI depots along with officers of the FCI and segregate inferior quality so as to allow only the rest to be released for distribution. Even though the Government established a Foodgrains Testing Laboratory in 2000-01, the laboratory was not functioning properly since 2004

[Ψ] Neyyattinkara, Changanassery, Kanjirappally, Talapilly, Mukundapuram,Kasaragod, Hosdurg Taluk
[Φ] No. of sanctioned Annapoorna beneficiaries per month= 44980
Quantity of foodgrains per beneficiary per month= 10 Kg
Quantity of foodgrains required for five years - 44980x10x12x5=26990MT

for want of suitable hands. DCS stated (November 2005) that in doubtful cases, quality of foodgrains to be distributed was tested in the laboratory attached to the FCI.

In one of the ARDs test checked at Neyyattinkara, a loose bag of very inferior quality raw rice unfit for human consumption was kept for sale for AAY beneficiaries.

The sealed samples collected from the FCI depots were to be issued to the AWDS/ARDs and displayed by the ARDs at their counters for verification by the inspecting officers of the CSD. However, verification of the ARDs revealed that in 21[Ω] out of 46 ARDs test checked, sealed samples were not exhibited. The periodical checking reports indicating any variation of quality between sample and actual were also not available with the Department.

DCS stated (October 2005) that there was one instance of issue of inferior quality rice in 2005 by the FCI from a stock not selected by the joint inspection committee. Due to complaint from the public and intervention of the Civil Supplies officials, the stock was taken back by the FCI.

3.2.8 Decentralised Procurement

There was no decentralised procurement of foodgrains in the State for distribution through the TPDS up to 2004-05. In pursuance of Memorandum of Understanding with the GOI for decentralised procurement of rice, the State Government entrusted (June 2005) the Kerala State Civil Supplies Corporation Limited (Corporation) to carry out the procurement of paddy from the farmers of the State and Co-operative Societies and convert it to rice for the Public Distribution.

As per Memorandum of Understanding with the GOI, the State Government should hold in itself stock of Custom Milled Rice (CMR) under scientific storage. Corporation had no infrastructure facilities for transportation, storage and milling and as such the entire operation was outsourced to various private mills by the Corporation. Under the present arrangement, the stock of CMR was held by the mills in their godowns until it was lifted by the Civil Supplies Department. This procedure was a deviation from the understanding with the GOI. Neither the State Government nor the Corporation exercised any physical control over the stock of grains procured under the scheme. Corporation detected (December 2005) misappropriation of 4345.20 MT of paddy costing Rs 3.07 crore in the case of one of the contracted mills (M/S Poonoli Rice and Foods Private Limited, Ernakulam District) and the matter is under investigation as directed by High Court of Kerala.

3.2.9 Uneconomical procurement

Under the decentralised procurement in Kerala, paddy was procured at Rs 700 per quintal against the Minimum Support Price (MSP) of Rs 560 per quintal fixed by the GOI for 2005-06. For one quintal of rice, the MSP was determined by the State Government at Rs 1274.13 against MSP of Rs 1068.65 for one quintal of rice fixed by the GOI. The difference of Rs 205.48 for one quintal of rice was met by the State Government. Kerala

[Ω] 8 in Neyyattinkara Taluk of Thiruvananthapuram District; 4 in Changanassery Taluk of Kottayam District.; 5 in Kasaragod Taluk and 4 in Hosdurg Taluk of Kasaragod District.

State Civil Supplies Corporation Limited supplied 64,121 MT of rice during 2005-06 for which the State Government's financial commitment was Rs 13.18 crore on account of the above difference in MSP. The rice supplied included rice from 52,379 MT of paddy relating to 2004-05 cropping season collected by the Co-operative Societies also for which the State Government paid a subsidy at Rs 95 per quintal of paddy to the Societies. Hence the effective procurement cost of the State Government for the quantity (64121 MT) was Rs 283♠ per quintal resulting in extra financial commitment of Rs 18.15 crore. There was no direct benefit to the farmers since the paddy was already procured from them by Co-operative Societies and the cost of paddy was paid to the farmers at the time of procurement. This quantity lying with the society was again procured by the Civil Supplies Corporation and therefore the farmers were not benefited in the repurchase.

There has been additional financial commitment of Rs 18.15 crore by State Government due to high cost of procurement of paddy

3.2.10 Monitoring

3.2.10.1 Vigilance Mechanism

District/Taluk/Municipality/Panchayat Level Committees

Government directed (August 1997) the District Collectors to reconstitute the then existing Food Advisory Committees at various levels into Food Advisory cum Vigilance Committees at the District/Taluk/Municipality/Panchayat level for ensuring smooth and effective implementation of TPDS. The committees were to meet once in a month and review the functioning of the PDS in the area so as to ensure good quality of rationing articles, correct weighment, etc. No reports from the District Collectors regarding the reconstitution of such committees were received.

DCS stated (November 2005) that action to constitute the Food Advisory Cum Vigilance Committees was being taken.

There is a Vigilance Officer in the Directorate of Civil Supplies who conducts enquiries on petitions, complaints, etc., received by the CCS and DCS. But no staff members are provided to assist the Vigilance Officer. Fifteen out of 17 cases received during 2002-05 were pending disposal (October 2005). Non-deployment of staff affected speedy disposal of petitions and complaints.

3.2.10.2 State Level Food Advisory Committee

As per suggestions of the GOI, the State Government constituted (May 1998) the State Level Food Advisory Committee for the smooth and effective functioning of the TPDS in the State. The Committee was reconstituted in April 2002. The State level Committee had met only twice in the last seven years.

3.2.10.3 Online Monitoring and Management System

There was no State Server in the Civil Supplies Department. Computers were available in all the District Supply Offices. Interconnectivity was not

♠ Subsidy @ Rs 950/MT for 52379 MT of paddy = Rs 4,97,60,050
Subsidy @ Rs 2054.80 MT for 64121 MT of rice = Rs 13,17,55,830
Total subsidy Rs 18,15,15,880

Hence the effective subsidy per quintal = $\frac{181515880}{64121 \times 10}$ = Rs 283 available in the State, the District or the Taluk level. The off-take position and details of Demand, Collection, Balance of revenue collection were uploaded from all the District Supply Offices and the State level report generated through the network of the National Informatics Centre. All the ration cards were digitalised and cards issued with the help of computers. Public grievances were not being monitored through the computers. State Government allotted (July 2002) Rs 5 crore for the computerisation of the Civil Supplies Department in response to the request of the DCS to establish the first phase local area net works in each of the TSO, DSO and Directorate of Civil Supplies so as to arrange INTRANET with dial up net working. Out of Rs 5 crore, only Rs 0.44 crore could be spent for site preparation, electrification and furniture. The balance of Rs 4.44 crore was surrendered and Rs 0.12 crore refunded after drawal due to non-finalisation of purchase procedure of computer hardware and software within the financial year 2002-03. So, the scheme to install the Online Monitoring System could not be implemented and the expenditure of Rs 0.44 crore already incurred for site preparation, electrification, furniture etc., was unfruitful. Government sanctioned (April 2005) a new scheme for implementing Service Delivery Project under Modernising Government Programme in DCS at a cost of Rs 5.95 crore under which computers and accessories were proposed to be supplied to all TSOs and City Rationing Offices. In the test checked districts computers had been supplied but not yet installed (June 2006).

3.2.11 System of evaluation

Evaluation of the PDS was being conducted in the monthly conference of DSOs and Deputy Controllers of Rationing in which review on allotment, lifting and off take of rationed articles take place.

The Public Accounts Committee in its 42nd Report presented to Legislature in February 2003 based on discussion of paragraph 3.1 on PDS in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999, had recommended that the Government should conduct an exhaustive study regarding problems plaguing the PDS in the State and take urgent and effective action to strengthen the PDS.

State Government entrusted (September 2004) the Institute of Management in Government, Thiruvananthapuram, to conduct an evaluation study of the PDS in the State at a cost of Rs 3 lakh. The study report due to be furnished by the Institute of Management in Government in January 2005 was furnished to the Department in August 2005. The report was forwarded to the State Planning Board in October 2005 for perusal. Further developments were awaited(June 2006).

3.2.12 Conclusion

The identification of BPL families under TPDS was based on IRDP survey of 1992 and the list was not revised based on subsequent surveys conducted. As a result, possibility of ineligible families enjoying the benefits and eligible families being excluded cannot be ruled out. As the PDS Control Order, 2001 was not implemented in the State, the annual review of BPL list to include eligible families and exclude ineligible families were not carried out. The scale of ration distributed to BPL families was less than the prescribed scale during all the five years under review due to excess identification of families and non-lifting of allotment. Foodgrains amounting to 3.66 lakh MT lapsed due to non-lifting of allotted foodgrains during 2001-06. The off-take of APL foodgrains during the last five years ranged from 0.3 *per cent* to 4.7 *per cent* in respect of rice and from 18.98 *per cent* to 58 *per cent* in respect of wheat. APL families were therefore not dependent on public distribution system for their foodgrains need. Due to delay in identification of Annapoorna beneficiaries, the targeted people could not be provided with foodgrains under the schemes during the delayed period. Allotment of APL wheat to Kerala State Civil Supplies Corporation Limited in violation of GOI instructions resulted in unintended subsidy of Rs 6.09 crore.

Local inspection of ARDs revealed closure of shops during working hours, shortage in stock of foodgrains, non-exhibition of sealed samples, non-exhibition of essential information to card holders, discrepancy between entries in cards and ARD ledger, etc.

The cost of procurement of paddy was more than MSP fixed by GOI, resulting in uneconomical procurement. Due to lack of infrastructure facilities for storage of foodgrains, the paddy procured and rice produced were left with Mill Owners resulting in poor physical control leading to misappropriation.

Monitoring of the distribution system by Vigilance Committees and online monitoring system was not effective.

3.2.13 Recommendations

- The Government should take corrective steps to solve the disparities that crept in the identification of BPL families and conduct annual review as envisaged in the PDS (Control) order, 2001.
- The Government should ensure that foodgrains provided to BPL families is in accordance with the norms prescribed by GOI.
- The low off take by APL card holders should be reviewed to ascertain the causes and corrective action taken.
- Inspection should be strengthened to ensure that ARDs function as per rules.
- Action should be taken to constitute/strengthen the different level vigilance committees.

During the exit conference Government agreed to take remedial action on the points raised in the report and to consider the recommendations for implementation.

FOREST AND WILDLIFE DEPARTMENT

3.3 Conservation of Flagship Species – Tiger including India Eco Development Project in Tiger Reserve

Highlights

Periyar Tiger Reserve (PTR) was established in the State in 1978. During the period 2000-2006, there were instances of lapse of funds due to lack of planning or delay in utilisation. Estimation of tiger population annually as required was not complied with and the estimation of tiger population and prey animal population were unrealistic. While there was marginal increase in the tiger population outside the Protected Area, there was steady decline in the population of tigers within the Reserve which indicates the inadequacy of preventive and protection measures. More than 25 per cent of the posts of Forest Guards were vacant during 2003-04 and 2004-05. Eco Development Committees were less than envisaged, as a result Project share was reduced by Rs 9.86 crore.

- **There was no Management Plan (MP) for 5 years from 1996-97 to 2000-01. Revision of current MP targeted to be carried out by December 2003 was not completed as of March 2006.**

(Paragraph 3.3.7.2)

- **Absence of any planning and delay in utilisation of funds, Rs 0.44 crore sanctioned by GOI for the Project during 2000-2001 to 2005-06 lapsed.**

(Paragraph 3.3.8.2)

- **The identified wildlife corridors around PTR - Pachakkanam Downton Estate, Goodrickal Range and Meghamalai (Tamil Nadu) were not declared as ecologically fragile by 2004 as envisaged in Environment Protection Act, 1986.**

(Paragraph 3.3.9.3)

- **Tiger estimation was not done annually. Tiger population in PTR as per 2002 estimation was 29 $\pm$ 3 whereas the population in 1991 was 46. While there was marginal increase in the tiger population outside the PTR, there was steady decline in the population of tiger within the Reserve.**
- **The population of prey animals as estimated was grossly inadequate to sustain the estimated number of tigers in the Reserve.**

(Paragraph 3.3.10)

- **Due to delay in formation, the number of microplans under India Eco-Development Project was reduced from 105 to 72 and hence the original proposal of Rs 40.45 crore was reduced to Rs 30.59 crore in the Mid Term Review.**

(Paragraph 3.3.18.2)

3.3.1 Introduction

Government of India (GOI) launched (April 1973) Project Tiger (PT) as a Centrally Sponsored Scheme to ensure maintenance of a viable population of tigers in India for scientific, economic, aesthetic, cultural and ecological values and to preserve for all times, areas of biological importance as a national heritage for the benefit, education and enjoyment of the people. The main thrust of the project is to protect and mitigate deleterious human impact with a view to comprehensively review the natural ecosystem in the reserves. Tigers are important predators at the apex of the ecological pyramid. They are the indicators of ecological health of the forests they inhabit. In Kerala, forests around Periyar lake were included under PT in 1978 and named as Periyar Tiger Reserve (PTR). The total extent of the park is 777 sq.km. consisting of core zone (350 sq. km.) and buffer zone (427 sq.km.) with tourism zone of 50 sq. km. within it. State Government issued notification in 1982 intending to declare the Core area as a National Park. Final notification has, however, not been issued (August 2006). For administrative convenience PTR was divided into two divisions in 2001 i.e. PTR East and PTR West. World Bank aided India Eco-Development Project (IEDP) was implemented in PTR from 1996 to 2004.

3.3.2 Organisational set up

The Forests and Wildlife Department is headed by the Secretary at Government level and the Principal Chief Conservator of Forest (PCCF) is the head of the department. The PCCF is assisted by Chief Conservator of Forests (CCF)/Chief Wildlife Warden (CWLW). The Field Director (PT) at Kottayam holds the overall charge of PTR. Under the Field Director there are two Deputy Directors - one each for the Divisions, one Assistant Field Director, one Eco Development Officer, Rangers, Deputy Rangers, Foresters and Forest Guards

3.3.3 Audit objectives

The objectives of audit were to assess whether :

- PT was implemented based on proper planning;
- funds management was effective and funds were spent economically and effectively;
- conservation and protection measures were adequate and effective;
- promotional activities were sufficient and in accordance with guidelines of the PT, and man power employed was sufficient; and
- implementation of India Eco-developmental project was proper and effective.

3.3.4 Audit criteria

The following criteria were adopted for assessing the performance of the Project.

- National Wildlife Action Plan for 2002-2016 compiled and approved by Ministry of Environment and Forests

- Management Plan for 2001-02 to 2010-11
- World Bank guidelines on IEDP and the agreement entered into on 30 September 1996
- Guidelines issued by the Project Tiger Directorate, Ministry of Environment and Forests, State Government, PCCF and CWLW
- Environment Protection Act, 1986 and Wildlife Protection Act, 1972

3.3.5 Audit coverage

A performance audit of 'Conservation of Flagship Species – Tiger including India Eco Development in Tiger Reserve' was undertaken during January 2006 to March 2006 by test check of the records of PTR and IEDP for the period 2000-01 to 2005-06 in the Forest and Wildlife Department in Government Secretariat, Offices of the Principal Chief Conservator of Forests/ Chief Wildlife Warden, Field Director (Project Tiger), Kottayam and Deputy Directors at Thekkady and Peerumedu.

3.3.6 Audit methodology

An entry conference was conducted in January 2006 with PCCF, CWLW and the Deputy Director of PTR. The Audit objectives were explained in brief. After verifying the records, the findings and recommendations were discussed in detail in the exit conference held in July 2006. The views of the Government/Department have also been taken into consideration for finalising the review report.

Audit Findings

3.3.7 Project formulation

3.3.7.1 Preliminary studies

PTR was declared as the 10th Reserve in the country by Government of India, Ministry of Environment and Forest (MOEF) in 1978. No separate surveys/studies were undertaken by the Field Directorate to ascertain the need for continuation of the Project Tiger during the Ninth and Tenth plan periods. However, the Tenth Five-year Plan of Project Tiger justified the continuation of the scheme for preservation of threatened species, establishment of network of protected areas, their maintenance and development.

3.3.7.2 Management Plan

No management plan for five years was prepared and revision of current MP scheduled for completion in December 2003 was not yet completed

In order to ensure efficient and effective implementation of the Project though Management Plans (MPs) were prepared and got approved by the Government, there was no MP for five years from 1996-97. The current (third) MP was for 10 years from 2001-02 to 2010-11. Consequent on the re-organization of PTR in 2001, revision of the current MP was necessitated. Though the revision of the MP incorporating the organizational restructuring, eco-tourism and other initiatives was to be completed by December 2003, the work remained incomplete as of March 2006. No specific reasons had been stated for this delay.

MPs provide institutional mechanism to guide the managers in management practices and prioritise activities based on research. Absence of any MP during 1996-2001 and failure to revise the MP after the reorganization of the Tiger Reserve indicates lacuna in the management process.

3.3.7.3 Annual Plan of Operation

Annual Plan of Operation (APO) was prepared incorporating various activities envisaged in the MP and sent to the GOI for approval. During the five years 1996-2001 when there was no MP, APOs were prepared on the basis of previous MP. Though the proposals for sanction of the APO were sent in time by the State Government, sanction orders for 2001-02, 2002-03 and 2005-06 were issued by the GOI only in September of the respective years. Also the additional APOs for 2003-04 and 2004-05 were sanctioned at the fag end of the respective financial years. The delay in approval of the APOs and consequent release of funds had adverse effect on timely completion of the projects.

3.3.8 Financial Management - Project Tiger

3.3.8.1 Funding pattern

The funds sanctioned by the GOI to the State Government is released to the Project through State Budget. The non-recurring items♣ were fully funded by the GOI and the cost of recurring items♥ were shared equally by the GOI and the State Government.

3.3.8.2 Release of funds

The Budgetary assumptions were not based on actual requirement or utilisation of earlier releases. In some cases while there were sufficient unutilised funds under a particular activity, proposal was sent for further funds without observing any budgetary procedure. This resulted in accumulation of unutilised funds. During the period 2000-06, the utilisation of central funds was far below the release. The details of APO, State Budget provision, expenditure, assistance from the GOI etc., were as under.

(Rupees in crore)

Year	Approved amount of the APO	Budget Provision*	Expenditure (State and Central)	Eligible assistance of the GOI	Amount released by the GOI	Amount utilised
2000-01	0.96	1.50	1.36	0.59	0.50	0.41
2001-02	1.19	1.50	1.19	0.72	0.55	0.50
2002-03	1.18	2.06	1.84	0.74	0.74	0.59
2003-04	1.86	1.95	1.87	1.21	1.20	0.80
2004-05	1.51	2.95	2.93	1.06	1.06	0.95
2005-06	1.39	3.42	3.76	0.96	0.86	0.65
Total	**8.09**	**13.38**	**12.95**	**5.28**	**4.91**	**3.90**

* Budget provisions are made before the approval of APO

During the period 2000-06 against the eligible Central assistance of Rs 5.28 crore only Rs 4.91 crore were released. Against this, the amount utilised was only Rs 3.90 crore, the shortfall being Rs 1.01 crore. Due to lack of planning/delay in utilising of this amount an amount of Rs 0.44 crore lapsed.

♣ Non-recurring items are Project Allowance, Funds for formation of new EDCs and supporting ongoing Eco development programmes as per approved microplans, construction of field stations, procuring camera traps, replacement of Boat in Periyar Lake etc.

♥ Recurring items are Habitat Improvement, Maintenance, Fire protection, Reduction of men-animal conflicts, Publicity and extension, etc.

3.3.8.3 Delay in releasing Letter of Credit

Delay in getting Letter of Credit (LC) was one of the major problems met by PTR. Even if LC was released, funds could not be drawn in time due to treasury ban. Instances of release of LC at the fag end of the year (29 March 2003 and 30 March 2005) were also noticed. Owing to all this, PTR could not carry out the work in time as envisaged in the APOs and the eligible portion of the unutilised amount had to be revalidated for the utilisation in the subsequent year.

3.3.9 Programme Management—Conservation Measures

3.3.9.1 Declaration, demarcation and consolidation of Tiger Reserve

PTR had an area of 777 sq.km and the boundaries were legally notified. According to the potential use, the areas were properly zoned as core, buffer and tourism. Inter-state boundaries (90 km) and boundaries shared with private estates were not fully separated by laying boundary stones or cairns. Against 1680 stones and 785 cairns required for separating the boundaries, laying of 1480 stones and 243 cairns was yet to be done (March 2006). Amount required for completing the work was not assessed and mentioned in the MP. No priority was given to this item of work.

The notification intending to declare the core area as National Park was issued as early as in October 1982; but the final notification was not yet issued (March 2006).

3.3.9.2 Protection from biotic interference

Measures were taken to minimize the adverse impact on habitat on account of fires, poaching, diseases, timber felling, removal of dead wood, grazing and to protect TR from biotic interference by arranging periodical patrolling, timely immunization of cattle and awareness camps to the local people. However, contamination from toxics, pollution, etc., due to pilgrimage at Sabarimala[♣] and Mangala Devi Temples[∞] and due to the hotels and boat services run by the Kerala Tourism Development Corporation (KTDC) could not be tackled effectively.

No environment impact assessments of industrial activities within 25 km of the TR had been carried out as envisaged in Environmental Protection Act even though instances of illegal activities like quarrying and sand mining were reported within the reserve. A case on sand mining in the PTR (West) was pending in the High Court of Kerala. Also quarrying for construction by the Travancore Devaswom Board (TDB) at Sabarimala and for strengthening Mullapperiyar Dam by the Tamil Nadu Public Works Department (TNPWD) was done within the reserve violating the provisions of Wildlife Protection Act.

♣ Sabarimala Temple of Lord Ayyappa in the buffer zone
∞ Mangala Devi temple in the core zone close to the border with Tamil Nadu

3.3.9.3 Ecologically fragile areas

Packakkanam Downton Estate, Goodrickal Range and Meghamalai were not declared as ecologically fragile

The areas contiguous to PTR *viz*., Pachakkanam Downton Estate, Goodrickal Range and Meghamalai provide free movement of wild animals. As per the Environment Protection Act, 1986, all identified areas around Tiger Reserve and wildlife corridors should have been declared as ecologically fragile by 2004. Though the areas Pachakkanam Downton estate owned by the private parties (2.09 sq.km.), Goodrickal Forest Range under Ranni Forest Division (50 sq.km.) and Meghamalai of Tamil Nadu (770 sq.km.) surrounding PTR were identified as ecologically fragile, however, declaration to that effect had not been done (March 2006). Wildlife Institute of India in a report submitted in December 2001 had also pointed out the necessity of acquiring Pachakkanam Downton estate, extending the boundaries of PTR to include Goodrickal Range and declaring Meghamalai as a wildlife sanctuary. Efforts to acquire Pachakkanam Downton estate was not successful due to paucity of funds. The necessity of declaring the area as ecologically fragile was included in the MP of PTR with provision of Rs 6 crore. In the case of Goodrickal Forest Range, there was no financial commitment as the area was under Forest Department. Due to non-declaration of these contiguous areas as ecologically fragile, as envisaged in the MP, no management initiative could be taken up to reduce biotic pressure on the reserve.

3.3.9.4 Land Use and Management

PTR did not have absolute right on 32.94 sq.km either on lease or for permissive use to outside agencies

In the buffer and tourism zone of PTR comprising of an area of 427 sq. km. an area of 32.94 sq.km. was given either on lease or for permissive use to outside agencies as detailed below:

- 32.39 sq.km. of land was leased to TNPWD in 1885 for constructing Mullapperiyar Dam for an annual lease rent of Rs 2.40 lakh.

- 0.09 sq.km. of land was leased to the Kerala Tourism Development Corporation (KTDC) on 7 August 1971 for 25 years for running hotels, boating and other related activities. The lease period expired on 6 August 1996. Though the GOI had turned down the request for extension of lease period on the ground that running of hotels within the PA was against the spirit of conservation, the KTDC was still holding the property and doing business. No lease rent was being collected from August 1996.

- 0.42 sq.km. of land was transferred for permissible use to the TDB to meet the requirement of the Holy Sabarimala Temple at various times. Of these, 0.05 sq.km was with the temple authorities prior to 1960 and the remaining areas was leased during the period 1960 to 1999. GOI had also cleared (October 2005) a proposal to release another 0.13 sq.km. of land.

- 0.03 sq.km. was leased to the Kerala Labour Welfare Fund Board on 23 December 1978 for 25 years to run a Holiday Resort. Though the lease period expired on 22 December 2003 the same was not renewed and the Board was still occupying the land.

- 0.002 sq.km. was given to the PWD for permissive use.

Thus, in respect of 32.94 sq.km., PTR did not have absolute right even though the ownership vests with it. Hence effective measures could not be taken to reduce the biotic pressure in the reserve and implement conservation activities.

No effective action was taken to repossess the land in the two cases where the lease period had expired.

3.3.10 Tiger estimation

Wide variation in adult cub ratio was noticed.

Though estimation of tigers was to be carried out annually, only biennial estimation was done in the State till 2002. Thereafter the estimation was done after four years in February 2006. The Central estimation of Tigers was done in PTR only in 2006.

Details of estimation of Tiger from 1991 onwards in PTR were as follows:

Year	1991	1993	1995	1996	1997	2000	2002
Number of tigers	46	36	39	30	40	36	29*

As per the estimates, there were 46 tigers in PTR during 1991which was reduced to 29 in 2002. Department did not have data on the number of male and female tigers and, therefore, the adequacy of male-female ratio for sustained growth could not be ascertained. In 1993 and 1997 estimation, the Department had recorded the number of adults and cubs of tigers in PTR. The adult-cub ratio during 1993 was 11:1 (33 and 3) and that during 1997 was 2:1 (27 and 13). The wide variation in the ratio, within a short period of four years, pointed to the unreliability of the data on tiger population in this reserve.

Tiger monitoring was an important activity of PTR. A monitoring team under the control of Range Officer (Research) was coordinating the activity. Plaster casts of fresh pugmarks were taken from all over the reserve and were analysed and management strategy formulated accordingly. All direct sightings and indirect sightings like pugmark, kill, scat, scratch, call etc., of tiger in the field were documented. It was stated in the study report of School of Social Sciences, Mahatma Gandhi University, Kottayam (2003) that due to thick vegetation and undulating terrain, direct sighting of tiger was very difficult in PTR. There were 36 direct sightings of tiger during 2005-06. In the case of direct sightings, radio collaring method was not experimented by the Department, though two tranquilizer guns were available with Assistant Forest Veterinary Officer.

While the tiger population outside PTR showed marginal increase that within the protected reserve showed sharp decline

Estimation of tigers within the State but outside PTR was done during 1993, 1997 and 2002 and the population was 40, 33 and 42 respectively. It is noteworthy that while the tiger population outside PTR showed marginal increase that within the protected reserve showed sharp decline. This indicated that either the protective measures taken did not have the intended effect or the census data was unreliable.

Analysis showed that the population of prey animal was grossly inadequate to sustain the estimated number of tigers

Prey animals have a very important role in sustenance of tigers. Density study of prey animals in PTR were also taken up during tiger monitoring. Analysis of scat of tiger indicated that major prey animals in the TR were sambar deer (48.2 *per cent*), Gaur (22.5 *per cent*), wild boar (14.6 *per cent*), porcupine (10.3 *per cent*) and barking deer (4.4 *per cent*). As per 2002 estimation there

* with a margin of ± 10 *per cent*

were 249 Sambar Deer (0.25 per sq.km.), 438 Gaur (0.54 per sq.km.), 422 Wild Boar (0.50 per sq.km.) and 58 Barking Deer (2.18 per sq.km.) in the TR.

As per norms of the Wildlife Institute of India, a prey population of 500 animals is required to provide 50 animals per year for a single tiger. Considering the fact that there are other carnivorous species like Leopard also in the TR, the population of prey animal was grossly inadequate to sustain the estimated number of tigers. Due to inadequacy of prey animals, possibility of migration of Tigers to outside protected area also could not be ruled out.

3.3.11 Protection measures

3.3.11.1 Assessing and monitoring illegal activities

In order to maintain efficient and effective mechanism to assess the magnitude of illegal activities in PTR, sensitive areas including 16 illegal entry points were identified to strengthen the protection.

However, recommendations of Subramaniam Committee (set up in May 1994 by GOI, MOEF) and High Court Committee relating to monitoring and disposal of wildlife related cases, setting up of designated court and wildlife crime cell as envisaged in National Wildlife Action Plan (NWAP) were not implemented.

There was no organizational intelligence network between forest and other agencies like customs, army, coast guard, etc. Occasional seizures by police/customs were reported to the Forest Department for preventive measures. The formation of an intelligence cell at the Chief Wildlife Warden's office is in rudimentary stage.

Though National Wildlife Action Plan envisaged setting up of a Regional Wildlife Forensic Lab by 2003, same had not been established (March 2006). In the absence of a Forensic Lab, samples taken from deceased animals were sent to Thrissur or Bangalore for detailed analysis which would cause delay in getting the result. Due to the delay in getting the result, timely preventive measures could not be taken.

3.3.11.2 Policing illegal activities

Forestry/Wildlife personnel were not granted status at par with the police in the use of weapons. They were permitted to use firearms only to protect forest property as well as their life from the forest offenders. Unlike police officers, the forest officials were not given power to use fire arms to disperse an unlawful assembly even inside the TR area.

No separate funds were provided for deployment of strike forces comprising of Provincial Armed Constabulary/Central Para Military Force. Consequently, in the patrolling parties there was no police personnel as contemplated in the MP.

3.3.11.3 Wildlife offences

Eleven cases of poaching and seizure of parts of wild animals other than tiger were reported during the period January 2002 to March 2006 and all the cases were pending as of March 2006. Of these, three cases were in court and two were under departmental investigations. There were 36 wild animal offence cases reported during 2000 to 2006. Of these, 12 cases were settled and 24 cases (three cases in the court) were pending (March 2006). There was no Legal Cell to monitor and coordinate the offence cases.

3.3.11.4 Tiger mortality

Project Directorate instructed (September 2001) that half yearly Mortality Survey be conducted in Tiger habitats to determine the age/sex specific mortality of tigers and other wild animals and to furnish a report in this regard. Though there existed a mechanism to report on tiger mortality at all levels, monthly reports were not sent to the Project Directorate during the period 2000-06.

3.3.12 Training Centre

There were no training centres for providing training to staff on wildlife activities like unarmed combat, tracking, handling special training on intelligence gathering techniques, analysis and forecasts, report writing, preparing FIRs, seizures, etc., and lessons in Court procedure and evidence gathering. There was a centre for Research and Training on Eco Development in PTR to provide training on eco development programmes.

Training was not provided to entire frontline staff at regular periodicity.

No pre-service training was provided to field staff before deployment

Though training was imparted to handle the weapons, it was not provided at regular periodicity covering the entire frontline staff. During the period 2000-06 in service training was imparted only to 41 out of 105 frontline staff. Long gap was noticed between the date of joining and date of training extending up to five years. Unlike in the Police Department, no pre-service training was provided for field staff before deployment. Further, on attaining the age of 45 years official was exempted from undergoing training. In the absence of training to all frontline staff, the purpose of issuance of arms to all beats/sections would be defeated.

3.3.13 Communication network

In the absence of specific norms, the adequacy of communication equipment could not be assessed. Out of 114 wireless sets available with PTR as of 31 March 2006, only 90 were functional. PTR East had 19 entry points. Of these, 13 were not provided with wireless sets. Also, three of the eleven beats in Periyar west were not provided with wireless sets.

3.3.14 Granting of licence

According to Sub Section 3 of Section 34 of Wild Life Protection(WLP) Act, no new license for fire arms shall be granted to any person within a radius of 10 km of a sanctuary without the prior concurrence of the Chief Wildlife Warden. It was seen that 20 permits were issued by the District Collector within the prescribed area without consulting the project authorities.

3.3.15 Fire protection

No fire fighting equipment purchased though the MP provided Rs 8 lakh

MP envisaged a combination of fire lines, controlled pre-burning, fire watchers and fire equipment for effective fire protection. Site specific measures were devised to extinguish fires so as to minimize devastation. But no fire fighting equipment was available to extinguish fire though the MP provided Rs 8 lakh for such equipment.

Scrutiny of reports on fire events received from various ranges showed that in most cases causes of fire were not reported or shown as unknown. It was also seen that number of animals killed, trees burnt, assessed loss, damages to eco system etc. were shown as nil. Thus, proper assessment of causes and impact of fire incidence was not done so as to take appropriate preventive measures in time.

3.3.16 Convener system

With a view to eliminating middlemen in the execution of works and to avoid payment of miscellaneous advances to the Forest Staff as per Government direction (December 1989), the petty contract system was dispensed with and works which did not need the involvement of skilled labourers were allotted to conveners selected from the labourers. A scrutiny of the work files revealed that the very same known conveners were getting short listed every year for executing the work in the Ranges. Thus, the spirit behind the system to help the local people/labourers got defeated. Due to this, adequate control over the system could not be exercised particularly since the Range Officer was also entrusted with the certification of works executed and hence possibility of collusion could not be ruled out.

Miscellaneous advance to the tune of Rs 5.81 lakh paid to Range Officers prior to December 1989 was yet to be recovered

Convener system came into force in December 1989. But 17 miscellaneous advances to the tune of Rs 5.81 lakh paid to 14 Range Officers prior to December 1989 were yet to be recovered (March 2006). Of these, ten officers had already retired from service.

3.3.17 Promotional activities and manpower issues

3.3.17.1 Wildlife tourism

The objective of wildlife tourism was to strengthen the cause of conservation, regulate tourism, provide adequate tourist facility, involve local people in tourism activities, evolve a mechanism for benefit sharing with tourism industry and monitor the impacts of tourism. In order to achieve these objectives, every protected area including TR was required to prepare a tourism management plan (by MOEF) which was to include areas open to tourism, tourists carrying capacity, code of conduct for tourists, participation of local people, training programmes to tourist guides, waste disposal system, mechanism to counter negative impacts of tourism, closure period, etc. The scrutiny of the records dealing with tourism revealed that there exists no comprehensive guidelines for the development of tourism in the TR and code of conduct for tourists though published (September 2004) with a view to ensure safety and hygiene inside the Protected Area but the conditions stipulated therein were not strictly adhered to.

Recommendations made by a Bangalore based Institution (Equations) on ‘Visitor Management and Participatory Eco Tourism strategy for PTR and Surrounds’ (cost of study : Rs 4.16 lakh in 2002) were also not implemented (March 2006).

As per the directions of the Project Directorate issued in April 2003, tourists visitation was required to be regulated as per the carrying capacity of the area. Even after three years, the PTR had not fixed the carrying capacity of the TR and taken any action to restrict the number of tourists. Number of tourists that had visited PTR during 2001-05 was 19.06 lakh.

3.3.17.2 Manpower management

National Wildlife Action Plan (NWAP) envisaged that each State should have adequate Wildlife trained personnel to man all position right from Park Director down to forest guards. Cadres below the Forest Rangers should remain with the Wildlife Wing from initial recruitment to retirement. Scrutiny of the records disclosed the following points.

No norms were fixed for deployment of personnel,

There was no separate cadre for wildlife wing in the State,

The forest guards posted to PTR were seen transferred to other territorial forest divisions,

No special promotional avenues were granted to frontline staff,

No database of wildlife trained staff was maintained at the State level.

Wildlife Institute of India had opined that the accepted physical fitness age of a guard should range between 18 and 35 years. In PTR out of 140 forest guards as of 31 March 2006 only 11 are within the age group of 18-35.

3.3.18 India Eco Development Project in the Tiger Reserve

3.3.18.1 Introduction

PTR in Kerala was one among the seven Protected Areas in India selected for the implementation of IEDP. In accordance with the tripartite agreement (30 September 1996) between external donor agencies (Global Environment Facility and International Development Agency), the GOI and the State Government, enabling orders were issued by State Government in 1998 to constitute Eco Development Committees in fringe area communities.

The main objectives of the project were:

- to improve the capacity of Protected Area (PA) management to conserve bio-diversity and increase opportunity for local participation in PA management activities and decisions.
- to reduce negative impact of local people on bio-diversity, reduce negative impact of PA on local people, and increase collaboration of local people in conservation efforts.
- to develop more effective and extensive support for community development activities.

The project came into force on 29 December 1996 and was initially for a period of five years. But the project period was subsequently extended up to 30 June 2003 and again upto 30 June 2004.

A State level Eco Coordination Committee headed by the Principal Secretary, Forest and Wildlife Department and Eco Development Implementation Committee headed by the Field Director were formed in May 1998 to oversee the implementation of the IEDP.

3.3.18.2 Financial Management

Funding pattern, financial administration and controls

The expenditure on IEDP was initially met out of the Government funds and then claimed as reimbursement from the World Bank as per the approved norms. For all the years except 2004-05, the funds provided in the budget were not in conformity with the approved APOs. The Project Tiger Office release and State release also never matched the approved APOs. Consequently, shortage of funds was noticed during the last three years i.e., 2002-03, 2003-04 and 2004-05. Details are given below:

(Rs in crore)

Year	APO	PTO Release (GOI)	Budget provision	Expenditure (Central share)			Expenditure (State share)	Expen-diture Total	Investment cost claimed and reimbursed
				Investment cost	Recurrent cost	Total			
Upto 2000	NA	12.61	16.83	7.91	1.34	9.25	1.89	11.14	6.61
2000-01	10.95	5.62	8.00	4.45	1.00	5.45	0.78	6.23	3.77
2001-02	11.57	7.04	7.87	4.64	0.72	5.36	0.80	6.15	4.03
2002-03	5.48	0.65	4.89	2.79	0.60	3.39	0.73	4.13	2.49
2003-04	4.29	1.01	3.20	2.14	0.37	2.51	0.96	3.47	1.90
2004-05	1.88	0.69	2.01	1.26	0.04	1.30	0.49	1.79	1.12
Total		**27.62**	**42.80**	**23.19**	**4.07**	**27.26**	**5.65**	**32.91**	**19.92**

By and large the State releases were in time. One instance of abnormal delay was noticed in the year 2000-01 in which Rs 2.77 crore were released at the fag end of the financial year (i.e. on 26 March 2001).

The total project cost of Rs 40.45 crore fixed in the beginning was revised to Rs 30.59 crore due to inability to achieve the target

Total project cost in the beginning was fixed at Rs 40.45 crore. But, during Mid Term Review (April-May 2000), it was realised that the target could not be achieved and, therefore, the target was revised to Rs 30.59 crore. The total expenditure on the project was Rs 34.60 crore including villagers' contribution of Rs 1.69 crore. Excluding villager's contribution of Rs 1.69 crore and the State share on salary of Rs 5.65 crore, the total Central share worked out to Rs 27.26 crore against which Rs 27.62 crore were released. Rupee 36.02 lakh were, therefore, to be refunded to the GOI. Refund was not effected as of March 2006. Against the investment cost of Rs 23.19 crore, amount claimed[∝] for reimbursement was Rs 19.92 crore and the entire amount was reimbursed by World Bank.

The financial achievements of the four components of the IEDP against the targets in Staff Appraisal Report and Mid Term Review were as follows.

(Rupees in crore)

Components		Target		Achievement
		SAR[Ω]	MTR[Ψ]	
1	Improved Protected Area Management	15.57	15.33	19.23
2	Village Eco Development Programme	21.49	12.43	13.13
3	Environmental Education and Awareness campaigns	0.64	0.97	1.10
4	Impact Monitoring and Research	2.75	1.86	1.14
	Grand total	**40.45**	**30.59**	**34.60**

The component 'Impact Monitoring and Research' fell short of its target by 39 *per cent*, as against the target of Rs 1.86 crore, the achievement was Rs 1.14

[∝] The investment cost was divided into six components and the rate of reimbursement under these components would vary from 80 to 100 *per cent.*
[Ω] Staff Appraisal Report – Original project report
[Ψ] Mid Term Review

crore only. Within this component, utilisation of funds under monitoring was only 8 *per cent* of the target of Rs 48.40 lakh as the activities such as development of operational plan, measurement of baseline parameters, monitoring socio-economic impact, monitoring institutional effectiveness and project processes were left untouched.

The original proposal of the project was to form 105 EDC but in the MTR, the target was reduced to 72 and the project cost reduced by Rs 9.86 crore. Substantial reduction from the original financial targets was made under Village Eco Development Programme (42 *per cent*) and Impact Monitoring and Research (32.49 *per cent*).

The investment cost and recurrent cost in the Staff Appraisal Report was Rs 32.40 crore and Rs 8.06 crore respectively. After Mid Term Review, investment cost was reduced to Rs 23.79 crore and recurrent cost reduced to Rs 6.80 crore. While investment cost was reduced by 27 *per cent* the reduction in recurrent cost was 16 *per cent*.

3.3.18.3 Eco Development Committees

Every microplan was prepared by Eco Development Committee (EDC) and got approved by the Eco Development Implementation Committee. Around 70 to 80 families of an area form one EDC for the implementation of the microplan. The general body of the EDC elects an Executive Committee of seven members. A Forester/Forest Guard was to be the *ex-officio* secretary of the EDC who was to act as the treasurer of the EDC and was responsible for maintaining the minutes book, preparation of monthly accounts and to ensure annual audit. However, it was found that the requirement of preparation of monthly accounts and annual audit were not complied with. As many as 72 EDCs were formed involving 5540 families and 35000 people. Due to non-formation of 33 EDCs against 105 EDCs envisaged in SAR, nearly 2500 families could not be included. Though the physical and financial targets were set, they were oriented only for 35000 people out of 2.25 lakh people around 2 km of PTR. The rest of the people had not been addressed as of March 2006. No microplan was conceived and implemented after August 2001, inspite of the fact that the project period was extended upto June 2004.

3.3.18.4 Impact/sustainability of EDC

There was considerable reduction in dependence on forest resources with the implementation of IEDP as seen from the table below. No documentation was available after 2003 to assess the reduction of utilisation of forest resources.

Sl. No.	**Name of item**	**As of 1998**	**As of 2003**	**Reduction (*per cent*)**
1.	Firewood	13643 MT	7060 MT	48
2.	Thatching grass	1455 MT	996 MT	32
3.	Black dammar	243 MT	46.5 MT	81
4.	Cattle grazing	2000 Nos.	300 Nos.	85

A Community Development Fund generated by the repayment of financial assistance by the EDC members as individual or on group basis received the project fund for conducting any activity under the IEDP. This amount was recouped to a separate account and it would act as a revolving fund in the EDCs. The money accumulated was ploughed back to community development fund by the EDCs to sustain the project.

The formation of a semi-autonomous Government owned Trust *viz.*, Periyar Foundation sustained IEDP beyond June 2004

In order to sustain the IEDP beyond June 2004, a semi-autonomous Government owned Trust *viz.*, Periyar Foundation was formed on 22 September 2004. The Eco Development surcharge collected from the tourists and the revenue collected from EDCs who were involved in the eco tourism activities form the corpus of the Periyar Foundation Trust. The foundation was in its infancy stage. The operation manual of the foundation was not finalised. Since the formation of Periyar Foundation the pay and allowances of the contract staff associated with the Research activities of PTR and IEDP were met by the Foundation. As of March 2006, Rs 1.20 crore were collected as eco development surcharge. Periyar Foundation was yet to make inroads in strengthening the capacity of the EDCs in book keeping, asset management, etc.

3.3.19 Adequacy of staff

The six watch towers in PTR East remained unmanned during 2001-06 due to lack of staff

A scrutiny of sanctioned posts, men-in position and vacancy of the frontline staff for the six years revealed that twenty five *per cent* posts of forest guards were vacant at the end of March 2005. Thirty six vacancies were filled up in 2006. The six watch towers in PTR East remained unmanned during 2001-06 due to lack of staff. The post of Research Officer was also vacant since 2003.

Field Director (PT) was not given independent charge of the Reserve. He was also having additional charge of Wildlife Division, Idukki consisting of Idukki Wildlife Sanctuary, Thattekkad Bird Sanctuary, Chinnar Wildlife sanctuary and Iravikulam National Park.

3.3.20 Location of Field Directorate

The office of the Field Director (PT) was located 110 km away from the Tiger Reserve

The office of the Field Director (PT) was located at Kottayam which is 110 km away from the Tiger Reserve. This was already mentioned in the Audit Reports for 1981-82 and 1992-93. The Public Accounts Committee (1984-86) in its 126th Report presented to Legislature in March 1986 had recommended that the office of the Field Director should be located near the sanctuary. Though the Government had issued orders for shifting the Field Director office from Kottayam to Peermedu in 2001 it was not implemented (March 2006).

3.3.21 Monitoring and evaluation

3.3.21.1 Effectiveness of functioning of Committee/Boards

The SBWL set up after a delay of three years since the commencement of the Wildlife Protection Act, 2002, has not met so far.

According to Section 6 of Wild life Protection Act, the State Government shall within a period of 6 months from the date of commencement of the Wildlife Protection Amendment Act, (WPAA) 2002, constitute a State Board of Wildlife (SBWL) to advise the State Government in formulating policy for protection, conservation of wildlife and specified plans etc. But the Board was constituted only in July 2005 after a delay of three years. Though Act specifies that the Board should meet at least twice a year, no meeting was held as of April 2006. Local Advisory Committee as envisaged in Section 33 B of Wildlife Protection Act to address issues relating to management of sanctuary including participation of the people living within and around the sanctuary was also not constituted as of April 2006. Tiger Conservation Cell and Monitoring and Evaluation Committee were not constituted at the State level. No independent evaluation covering the entire activities of PTR was carried out by any external agency (March 2006).

3.3.21.2 Management information system

According to the guidelines issued by the Directorate of PT in June 2002 each Park Director was required to furnish monthly, quarterly, half yearly and annual reports to evaluate the performance of the TR. However, the Park Director did not submit the Reports to the Directorate of Project Tiger at the intervals prescribed. As a result, effective monitoring of the activities and events was lacking.

3.3.22 Conclusion

Due to lack of planning or delay in utilisation of released funds, a sum of Rs 43.81 lakh lapsed during 2000-06. Biotic pressure on the Reserve could not be reduced due to non-declaration of the contiguous habitats as ecologically fragile, as envisaged in the Environment Protection Act. The Tiger population within the reserve reduced considerably while there was nominal increase in the Tiger population outside the protected areas in the State which indicates unrealistic estimation or failure of conservation activities. Frontline staff were not provided with training at regular periodicity and no specific norms were fixed to assess the adequacy of communication equipment. Proper assessment of causes and impact of fire incidence was not done to take appropriate preventive measures in time. No fire fighting equipment was available in PTR to extinguish fires. There was no comprehensive guidelines for the development of tourism in the Tiger reserve. More than 25 *per cent* of the posts of the Forest Guards were vacant during 2003-04 to 2004-05 and the age of substantial percentage of guards was above 35 years. Due to non-formation of 33 EDCs against 105 EDCs envisaged in the Staff Appraisal Report, IEDP fund was reduced by Rs 9.86 crore and nearly 2500 families were left unaddressed.

3.3.23 Recommendations

- Timely Approval of APO by GOI and release of funds by State Government should be ensured to avoid delay in implementation of schemes.
- Pachakkanam Downton Estate, Goodrickal Range of Ranni Forest Division and Meghamalai of Tamil Nadu should be declared as Ecologically fragile under the provisions of Environment Protection Act, 1986 for reducing the biotic pressure on the Reserve.
- A system of training of Forest Guards before deploying them on field duty should be introduced and aged personnel withdrawn from the field.
- Carrying capacity and Tourism activities in the Reserve should be controlled and monitored by fixing carrying capacity, prescribing closure period and preventing adverse impact on environment

Government during discussion (July 2006) agreed with the conclusion and accepted the recommendations.

The above points were referred to Government in July 2006; reply has not been received (August 2006).

GENERAL EDUCATION DEPARTMENT

3.4 Sarva Shiksha Abhiyan

Highlights

The State did not contribute its committed share of 25 per cent resulting in short release of Rs 4.86 crore during 2001-2006. The results of survey conducted during the pre-project phase had not been used as the basis for preparing the Perspective Plan, Annual Work Plan and Budget in the initial years. Even after four years of implementation of the programme, there was a wide gap between requirement and achievement in providing infrastructure facilities to the schools. Training of teachers-an essential element in monitoring quality and standard of education was inadequate as the number of days of training had been substantially reduced. Many of the interventions under the programme like provision for infrastructure facilities, free text books, maintenanc, grants, alternative schooling, teacher's training etc. were not implemented effectively. The other important findings are indicated below:

- **Results of a household survey conducted were not adopted for the preparation of the perspective plans, Annual Work Plan and Budget of initial years resulting in Rs 1.61 crore incurred on the same largely infructuous.**

(Paragraph 3.4.8.1)

- **Expenditure of Rs 20.20 crore on salary of teachers working in Block Resource Centres and Cluster Resource Centres were diverted from SSA funds.**

(Paragraph 3.4.9.2)

- **Assistance of Rs 4.04 crore was paid in 2004-05 to 809 schools even though there was no projection of specific requirements or recommendations by the school committees.**

(Paragraph 3.4.9.6)

- **There was considerable reduction in prescribed number of days of training to teachers, adversely impacting the quality of the training imparted**.

(Paragraph 3.4.9.8)

3.4.1 Introduction

Government of India (GOI) launched (November 2000) a programme, Sarva Shiksha Abhiyan (SSA) to provide useful and relevant elementary education for all children in the age group of 6 to 14 years by 2010, with the active participation of the community by effectively involving the Panchayati Raj institutions, school management committees, village and urban level education committees, parent-teacher associations, etc. in the management of school to bridge social, regional and gender gaps. The programme was conceived realising the importance of early childhood care and education and looking at the 0-14 age as a continuum.

In Kerala, the implementation of SSA was started only in 2002-03. District Primary Education Programme (DPEP), a Centrally sponsored programme for development of primary education covering Standards 1 to IV in six districts was implemented up to 2002-03. Operation Black Board programme launched in 1987-88 by the Central Government to improve the human and physical resources in terms of teachers, teaching/learning equipment (TLE) and classrooms, and the Alternative Innovative Education Programme and Education Guarantee Programme (EGS) were merged with SSA from the commencement of Tenth Plan.

3.4.2 Programme objectives

The main objectives of SSA are to:

- have all children in schools/ Alternative schools /Education Guarantee Centres/ Back-to School Camps by 2003 (modified to 2005 in August 2005);
- ensure that all children complete five years of primary schooling by 2007(modified to 2010 in August 2005);
- ensure that all children complete eight years of elementary schooling by 2010 (deleted in August 2005);
- focus on elementary education with satisfactory quality ;
- bridge gender and social category gaps at primary stage by 2007 and elementary education level by 2010; and
- achieve universal retention by 2010.

3.4.3 Organisational set up

State Government entrusted (January 2001) the implementation of SSA to Primary Education Development Society of Kerala (PEDSK), a registered Society which was formerly implementing DPEP, known as the State Implementation Society (SIS). PEDSK has a General Body chaired by the Chief Minister and a Governing Body chaired by the Secretary, General Education Department. Society, (SIS) functions under a Project Director, assisted by the Finance Officer, the Administrative Officer, and the Programme Officers. District level functions of SSA are managed by a District Project Officer (DPO) and in Blocks by the Block Programme Officers (BPOs).

3.4.4 Audit objectives

Main objective of the performance audit was to evaluate the performance of the programme in attaining universal elementary education. The focus of audit was to examine and evaluate efficacy of planning for implementation of various components of the programme. The audit objectives were to examine and assess whether:

- ➢ different components of the programme were well designed, need based and relevant to the operational environment prevalent in the State and the objectives of the programme were achieved;
- ➢ the funds provided under various components were utilised as per the approved plan;

- the enrolment under special focus group[♠] had reached satisfactory level;
- the quality of educational standards has improved as a result of implementation of SSA; and
- proper system of monitoring was evolved and implemented.

3.4.5 Audit criteria

The audit criteria used for assessing various components of the scheme under SSA were:

- GOI guidelines issued in respect of preparatory activities and implementation of major interventions;
- the Annual Work Plan and Budget approved by the Project Approval Board;
- GOI directions while releasing the funds;
- the Manual on Financial Management issued by the Ministry of Human Resources Development, GOI; and
- framework for implementation issued by the PEDSK.

3.4.6 Audit coverage/methodology

Records of PEDSK relating to planning and implementation of the programme were examined from June 2005 to October 2005 and from April 2006 to May 2006 covering the period 2001-2006. The records of the State Project Office of PEDSK, five selected Districts (Thiruvananthapuram, Kottayam, Ernakulam, Kannur and Kasaragod), 15 blocks and 90 schools within the selected districts and the related Panchayats were also test checked in audit.

The Social and Rural Research Institute (SRI), a specialist unit of Indian Market Research Bureau International (IMRB) was engaged by the Comptroller and Auditor General of India to conduct a survey on the impact of SSA from the perspective of the beneficiaries and their parents. SRI carried out during December 2005 to February 2006 the survey in 140 primary sampling units (Rural 84, Urban 56). A total of 2797 households (Rural 1120, Urban 1677) out of 6919 eligible house holds (with atleast one child in the age group 6-14) were covered with whom a detailed structured interview was administered. The engagement of SRI and their findings were communicated to the Government on 21 June 2006. Findings of the survey on the matter have been included in the review at appropriate places. The summary of the findings of SRI on implementation of SSA and methodology of sampling utilised by SRI is given in **Appendix XXIV A** and **XXIV B** respectively.

3.4.7 Financial management

3.4.7.1 Funding pattern

The expenditure on SSA was to be shared between the GOI and the State Government in the ratio of 85:15 during the Ninth Plan period (1997-2002). This was revised to 75:25 for the Tenth Plan period (2002-2007) and 50:50

[♠] Girls and Scheduled Castes/Scheduled Tribes children and disabled children thereafter. State Government was required to maintain their level of investment in elementary education as in 1999-2000. GOI released funds directly to the SIS. State Government was required to transfer its share to the SIS within thirty days of the receipt of the Central share. All funds to be used for upgradation, maintenance and repair of schools, teaching/learning equipment and local management were to be transferred to Village Education Committees/School Management Committees/Gram Panchayats/any other school level arrangement adopted for decentralisation.

3.4.7.2 Short release of State share and delay in utilisation of funds

The details of year-wise outlay, release of funds by the GOI and the State Government and its utilisation were as under:

(Rupees in crore)

Year	Approved outlay as per AWP&B[θ]	Unspent balance of previous year	GOI release	State share release	Total	Expenditure	Unspent balance at the end of the year
2001-02	31.20	--	10.08	--	10.08	Nil	10.08
2002-03	86.84	10.08	22.51	3.13	35.72	24.86	10.86
2003-04	127.43	10.86	49.66	23.61[#]	84.13	60.78	23.35
2004-05	167.90	23.35	89.39	7.21[#]	119.95	93.84	26.11
2005-06	175.42	26.11	59.39	36.62[#]	122.12	104.32	17.80
Total	**588.79**		**231.03**	**70.57**		**283.80**	

Apart from the above, Rs 1.86 crore were also released by the GOI for pre-project activities during 2000-02.

It was observed in audit that :

Short release of State share

- State Government had directed (March 2003 and March 2004) all Local Self Government Institutions (LSGIs) to contribute towards the programme SSA –

  Against the matching share of Rs 75.43 crore, the State Government and LSGIs contributed only Rs 70.57 crore (Government : Rs 30.59 crore, LSGIs ; Rs 39.98 crore) as of March 2006 resulting in a short release of Rs 4.86 crore during 2001-06.

  Government stated (July 2006) that Rs 3.41 crore was since released (Government: Rs 1.5 crore, LSGI: Rs 1.91 crore) as part of backlog of arrears of State share

- As per the framework of implementation of SSA utilisation certificate from District to States and from SIS to National Mission for the funds released in the first instalment of a particular year would became due at the time of release of the first instalment of the subsequent year and further release would be stalled if Utilisation Certificates (UCs) are not submitted as per schedule. The UC for the funds received during 2000-02 was submitted on 22 January 2005, 2002-03 on 7 January 2004, 2003-04 on 9 November 2004 and 2004-05 on 9 November 2005. Thus delay ranging upto three years was noticed in forwarding the

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[θ] Annual Work Plan and Budget
[#] Includes Rs 7.89 crore, Rs 2.91 crore and Rs 29.18 crore contributed by LSGIs in 2003-04, 2004-05 and 2005-06 respectively

utilisation certificates to the National Mission.

- Central Government had to release the funds to the SIS in April and September in each financial year. GOI released Rs 10.08 crore for the year 2001-02 in March 2002 to the State Government and this amount was made available to the SIS only in December 2002 (i.e. after 8 months). Though the Project Approval Board (PAB) approved an outlay of Rs 31.20 crore for implementation in 2001-02, the SIS could not implement any programme as no funds were made available by the State Government in that year.
- According to the Manual on Financial Management and Procurement issued by the GOI, the funds released to the districts and sub districts levels were initially to be classified as advances and indicated as such in the book of advances. The advances were required to be adjusted based on the expenditure statement/UCs. It was to be ensured that no personal advance remains outstanding for more than one month. In case, adjustment claims were not submitted in time, penal action including charging of interest was to be imposed. In the State Project Office, Rs 26.17 lakh advanced between September 2002 and March 2005 were outstanding from different officials for settlement as of March 2006.

Government stated (July 2006) that the advance pending in the state project office has been settled and penal action taken.

3.4.8 Programme Management

In order to achieve the objective of universalisation of elementary education, it was mandatory to track the progress of each and every child in the age group of 0-14 years. Village Education Register was to be prepared on the basis of household survey in the preparatory phase itself. Constitution of committees and training community leaders for better management of schools and capacity building in the local community was to be done during pre-phase activity. A core planning team was to be constituted in each village at habitation level by including community leaders, teachers and parents/persons from the deprived communities and parents of children with special needs, etc. Each district was required to prepare a perspective plan upto 2009-10 based on the data collected through household survey, micro planning, etc. The financial targets were prepared up to the end of Tenth Plan period (up to 2006-07). The annual work plan and budget was to be prepared based on the perspective plan.

The review revealed several deficiencies such as delay in providing infrastructure facilities, payment of salary to the teaching staff not covered by the guidelines, etc. as discussed below:

3.4.8.1 Pre-project activities

Pre-project activities include household surveys, baseline studies, cultural activities, formation of village education committees, etc. Out of Rs 1.86 crore[+] received during 2000-02 for pre-project activities, Rs 51.50 lakh were meant for survey of all districts and balance of Rs 1.34 crore was to

[+] Rs 1.13 crore in January 2001; Rs 40.50 lakh in July 2001 and Rs 32.25 lakh in March 2002 be spent towards preparation of perspective plans, participatory planning, community mobilisation and other preparatory activities. It was, however, noticed in audit that Rs 1.61 crore were utilised for the survey alone. As per framework for implementation, the survey results were to be utilised for purpose of planning of various components of the programme. It was, however, observed in audit that the survey figures were not taken as basis for preparing perspective plans for 2002-10 as well as for the preparation of Annual Work Plan and Budget (AWP&B) for 2001-03 and instead mostly census figures of 2001 were adopted rendering the expenditure on survey as largely infructuous. Moreover, preparatory activities necessary for institutional development and capacity building for effective implementation of SSA were also not adequately covered as had been envisaged in the terms of sanctions and the amount earmarked for these activities were diverted for survey.

Government stated (July 2006) that data generated out of household survey formed the basis for preparation of perspective plan by all districts. But in the absence of any documentary evidence, the claim of Government was not sustainable.

3.4.8.2 Non-monitoring of enrolment and retention

SSA guidelines require preparation of Village Education Register on the basis of household survey, regular monitoring through Retention Registers and Pupil Progress Cards. Village Education Register was not maintained either at cluster level or in Panchayats in any of the test checked districts. As a result monitoring of enrolment, retention and drop out of children was not done.

Government stated (July 2006) that the school education register and the pupil progress cards were maintained at school level.

3.4.9 Major interventions

Under SSA, funds were provided for various activities aimed at achieving the objectives of the programme. These are called interventions and norms were specified for each. The interventions include providing adequate number of teachers, infrastructure facilities, free text books, maintenance grants, alternative schooling, schools/teachers grant, teachers training, provision for disabled children, research, evaluation and monitoring, innovative activities for special focus groups, intervention for out of school children, etc.

SSA funding is restricted to the norms prescribed for each intervention and further subject to funding patterns, availability of funds, progress in utilisation of funds and proposals of the SIS. Audit scrutiny revealed the following.

3.4.9.1 Deficiencies in functioning of alternative schooling facility

Under SSA frame work, there should be School/Alternative School within one km. of every habitation and programme provides for opening of new schools as per State norms or setting up of EGS centres (Multi Grade Learning Centres-MGLCs). It also provides for schooling facility to the children falling in the difficult groups such as working children, adolescent girls, children of destitute by giving alternative innovative education through EGS centres. In Kerala, EGS centres were functioning upto primary level only and the maximum expenditure allowable per child was Rs 845 per annum. For providing Alternative Innovative Education, expenditure allowable was

In Kerala, EGS centres were functioning only up to primary level and not upgraded

Rs 3000 per child per annum. Analysis of out of school children in the State and efforts made by the SIS in their mainstreaming revealed that 16,558 out of school children were identified in the year 2001, of this, 12,895 were enrolled in 452 MGLCs and 829 children were mainstreamed as of March 2006. Another 4,142 children were also subsequently identified during 2002-06 as out of school children raising the total number of out of school children to 20,700. However, for the balance 2,834 children identified in 2001 and for the subsequently identified 4,142 children, no proposal or programme for mainstreaming to avail of proper education had been made despite passage of more than five years since their identification.

Test check in Kannur, Kasaragod and Kottayam districts revealed deficiencies in the functioning and in setting up of alternative schooling facility as mentioned below:

- Twenty-five MGLCs were started in Kannur district during 2003-04; of which nine centres were closed down in 2004-05 due to insufficient strength. Test check of the appraisal report of these MGLCs also revealed that the total number of children ranged from two to nine which was less than the required minimum of ten. Similarly, in Kottayam district, three EGS centres opened in 2003 were closed in 2005 for want of adequate number of children.

EGS centres incurred excess expenditure over and above the limits prescribed

- In Kannur district, Rs 7.15 lakh were incurred for 217 children at Rs 3,295 per child in EGS centres during 2004-05. As no innovative programme was carried out, the overall cost should have been limited to Rs 845 per child as was provided in the norms. Expenditure of Rs 5.32 lakh was in excess of SSA norms. Similarly, in Kasaragod district, Rs 10.06 lakh were spent for 415 children during 2003-04 and Rs 31.38 lakh for 1,901 children during 2004-05. As no innovative activities were carried out, expenditure of Rs 21.87 lakh during 2003-05 was in excess of SSA norms.
- Bridge courses and back to school camps were to be conducted for mainstreaming 'out of school children'. No such programmes were conducted in the test-checked districts. Government replied (February 2006) that bridge courses were planned to be started during 2006-07 for children of migrant workers, sex workers, etc.

3.4.9.2 Payment of salary of Block Resource Personnel

The services of teachers were treated as on deputation and the extra expenditure incurred by the SIS towards salary was Rs 20.20 crore

SSA framework does not provide for expenditure on salaries of Resource Personnel in Block Resource Centres (BRCs) and Cluster Resource Centres (CRCs). Their salary had to be borne by the State Government and the posts had to be filled up by transferring the existing senior and experienced teachers. The salaries of teachers appointed in their place could be met from SSA funds at the minimum as applicable to fresh teachers. Up to February 2004, teachers working in BRCs and CRCs were on working arrangement and the salaries were paid by the General Education Department. It was observed in audit that from March 2004 onwards the salaries of these teachers were also charged to SSA funds in disregard to provisions of the Manual on Financial Management and Procurement. The expenditure on the salary was computed to the tune of Rs 20.20 crore for the period March 2004 to March 2006, which should have been borne by the State Government. It was further noticed that these teachers, as per the Government orders, were treated on deputation. Resultantly their leave salary and pension contribution was also charged to SSA funds. The amount so charged during 2004-05 was Rs 0.38 crore in the test checked districts and Rs 1.37 crore during 2005-06 in all the districts in the State.

According to the reply of the Government (February 2006) the salary expenditure of BRC personnel was met under SSA as approved by the Project Approval Board. However, as no new appointments were to be made as per Paragraph 39.9 of Manual of Financial Management and Procurement issued by the Department of Elementary Education and Literacy, Ministry of Human Resources Development, Government of India, the argument of the Government was not sustainable.

3.4.9.3 Infrastructure facilities

SSA norms allowed construction of buildings at a cost of Rs 3.50 lakh per unit in schools without buildings. In the annual plans prepared in 2002-03, the districts did not make any proposal for construction of new school buildings for schools without building or for those functioning in thatched/dilapidated buildings and rented premises. In Kerala, there were 90 Lower Primary and 130 Upper Primary schools functioning in thatched sheds and 324 Lower Primary and 87 Upper Primary schools in rented building as of 2001. Proposal for construction of 194 buildings was included in the plan for 2003-04 only thus losing the advantage of a full year that was available for implementation. Thus, schools without buildings and those functioning in thatched sheds/rented premises continued to remain as such despite availability of funds under this intervention (March 2006).

3.4.9.4 Civil works

The programme funds on civil works shall not exceed the ceiling of 33 *per cent* of the entire cost approved by the Project Approval Board on the basis of perspective plan. Funds were available for infrastructure facilities like school buildings, BRC/CRC construction, additional classrooms, toilets, compound walls, etc. SSA had prescribed unit cost for each item of construction. The construction activities were to be carried out through the participation of School Management Committees/Village Education Committees/Grama Panchayat Committees. In Kerala, the construction activities were carried out with the participation of Parent Teacher Associations.

The position of civil works as reported by the SIS in the Annual Work Plan for 2005-06 was as follows.

Item	**Total requirement**	**Achievement**	**Balance as on 31 March 2006**
Schools without building	765	365	400
Additional Class rooms	8,440	2,800	5,640
HM's rooms	4,714	1,200	3,514
Drinking Water	4,550	1,486	3,064
Toilets	8,900	2,096	6,804
Boundary Walls	5,725	1,280	4,445
Electrification	5,735	1,350	4,385
Separation Wall	12,400	2,100	10,300

SRI survey revealed that:

- about 1.1 *per cent* of primary schools were operating in *kutcha* structures. In 13 *per cent* of the primary schools, 4.3 *per cent* of the upper primary schools and 3.7 *per cent* of the high schools with upper primary sections, the structures were semi-*pucca*;
- about 85.9 *per cent* of primary schools, 95.7 *per cent* of upper primary schools and 96.3 *per cent* of high schools with upper primary sections were *pucca* structures; and
- about 91.9 *per cent* of the primary schools, 95.7 *per cent* of upper primary schools and 96.3 *per cent* of high schools with upper primary sections reported that teaching learning materials have been given to all classes.

Even after four years of implementation of the programme, infrastructure facilities as required were not provided

SIS had incurred expenditure of Rs 103.66 crore on civil works out of the total outlay of Rs 163.25 crore up to March 2006. It was noticed in audit that even after four years of implementation of the programme there was a wide gap between requirement and achievement in providing infrastructure facilities to the schools. Unless substantial civil works are planned and taken up for implementation before the end of the Tenth Plan period, the State would have to incur heavy expenditure, as the sharing pattern in the Eleventh Plan is 50:50 as against 75:25 in Tenth Plan.

Government stated (July 2006) that the delayed receipt of funds from GOI/State Government/LSGIs contributed to the low expenditure in civil works.

3.4.9.5 Maintenance grant

Schools having their own buildings, with three classrooms were eligible for maintenance grant upto a maximum of Rs 4,000 per school per year, while schools having more than three classrooms would get a maximum of Rs 7,500 per year per school subject to the condition that the overall eligibility for the district would be Rs 5,000 per school. During 2002-06, Rs 7.64 crore were paid to schools as maintenance grant at a uniform rate of Rs 5,000 per school without ensuring whether these schools had three class rooms or more. In Kannur district, it was found that Rs 2.30 lakh were allowed to 46 schools functioning in rented buildings during 2004-05, which was inadmissible.

Government stated (July 2006) that all Government schools have more than three class rooms and therefore maintenance grant was given at a uniform rate of Rs 5,000 per school.

SRI survey revealed that about 96.7 *per cent* of primary schools, 100 *per cent* of upper primary schools and 92.6 *per cent* of high schools with upper primary sections had access to school grant and almost 98.9 *per cent* of primary schools, 98.6 *per cent* of upper primary schools and 96.3 *per cent* of high schools with upper primary sections had received the teachers grant.

3.4.9.6 Teaching Learning Equipment (TLE) grant

Assistance of Rs 4.04 crore was given to 809 schools in 2004-05 uniformly without ascertaining the actual requirement

SSA provided financial support of Rs 50,000 per school, which was not covered under Operation Black Board (OBB) Programme for procuring educational tools. The State Project Directorate identified 823 upper primary schools for assistance and provided Rs 4.11 crore in the annual plan for the year 2004-05. The assistance was paid to the Headmasters of the concerned schools through DPOs/BPOs. During the year, 809 schools availed of the assistance and Rs 4.04 crore were spent. As per norms prescribed by SSA, the amount was to be paid as per local specific requirement to be determined by the teachers/school committees. However, the schools were identified without any specific requirement or recommendation by the school committees.

Government stated (July 2006) that assistance was given as per local specific requirement as identified by school committees and that a test check would be conducted to ascertain the fact.

3.4.9.7 Research and Development

For Research, evaluation, supervision and monitoring, SSA provides up to Rs 1,500 per school per year. Expenditure on resource persons for field based monitoring, evaluation studies, research activities, setting up special task force for low female literacy district and for special monitoring of girls/SC/ST and such other items as may be indicated by the Project Approval Board are covered under the intervention.

Against an outlay of Rs 1.16 crore for Research and Development only Rs 1.50 lakh was incurred

During 2002-03, against an outlay of Rs 1.16 crore provided for Research and Development, only Rs 1.50 lakh were incurred by all the districts indicating that substantive research activities were not carried out during the year. During the period 2003-06 the expenditure on this intervention was Rs 2.66 crore against the budgeted provision of Rs 5.55 crore. Further deficiencies noticed in audit in this component of programme were (i) the Manual on Action Research to be prepared and supplied to all districts had not been done, (ii) the impact studies on various interventions was not conducted in Kannur, Kasaragod and Ernakulam districts, (iii) developing effective tools for monitoring was not done in Kannur and Kasaragod districts, (iv) regular generation of community data was not undertaken, (v) District level advisory committee was constituted (August 2003) to monitor the research activities in all the districts but reports of the committees were not available in the test checked districts, (vi) Rupees 15 lakh advanced to the State Council of Educational Research and Training (SCERT) in September 2002 (Rs 5 lakh) and May 2004 (Rs 10 lakh) for module preparation and training of State Resource Group (SRG) persons was not settled by the SCERT (March 2006) as they had not furnished the final accounts.

Government stated (July 2006) that serious efforts have been made to cover the areas of research and evaluation and the non-settlement of advance by SCERT was pursued.

3.4.9.8 Quality Improvement and Professional Development

In order to ensure professional development of teachers, SSA provides for in-service training of 20 days for all teachers, 60 days refresher course for all untrained teachers and 30 days orientation course for fresh teachers.

SSA envisaged training of teachers at a unit cost of Rs 70 per day per teacher including cost of training, development of modules and teacher guide. The year-wise training programmes conducted and the expenditure incurred were as under.

	2001-02	2002-03	2003-04	2004-05	2005-06	Total
No. of teachers proposed for training	40582	109775	143586	120015	135226	**549184**
No. of teachers trained	0	100491	128451	100434	124000	**453376**
Budgeted Outlay (Rs in crore)	2.84	17.38	19.02	16.86	19.06	**75.16**
Expenditure (Rs in crore)	0	1.53	4.44	4.93	7.24	**18.14**

The reason for lower than the anticipated expenditure on training of teachers was mainly on account of reduction in prescribed number of days of training from 20/60/30 days to five to seven days training. The reduction in number of days of training resultantly had adverse consequences on the qualitative aspects of the training that was actually imparted. Reasons for reduction in number of days in training were shortage of trainers and inadequate development of training module.

Government informed in the exit conference (July 2006) that the prescribed number of days of training would be given to all teachers and it would be made mandatory that every teacher undergo at least one training in every month for career advancement.

3.4.10 Monitoring and evaluation

Under the programme, two kinds of evaluation system *viz*., Education Management Information System (EMIS) for capturing school-wise data and Project Management Information System (PMIS) to record the progress made both physically and financially had to be developed. EMIS software was installed only in March 2004. As the system had not been networked State wide, the MIS in State Project Directorate still depended on manual data received from field. In three of the test checked districts (Kannur, Ernakulam and Kottayam) computers for EMIS were installed only at the end of the financial year (2003-04). Project Management Information System (PMIS) to record the progress made both physically and financially had not been developed and supplied to the districts (March 2006).

SSA framework envisaged visit of supervision teams constituted by the National Mission in partnership with the State once in six months for overall assessment before releasing the second instalment of the fund. National Mission did not visit the State after launching SSA and in the absence of such visits of the supervision team no quality assessment was done before the release of funds.

3.4.11 Conclusion

The pre-project activities were minimal despite availability of funds and results of survey, reported as conducted during the pre-project phase had not been used for preparation of perspective / Annual Work Plans in initial years. The State did not contribute its committed share of 25 *per cent*. Many of the interventions under the programme were not effectively implemented. Salaries of teachers working in BRCs and CRCs amounting to Rs 20.20 crore for the period March 2004 to March 2006 meant to be borne by the State Government were charged to SSA funds. Even after four years of implementation of the programme there was a wide gap between requirement and achievement in providing infrastructural facilities to the schools. Training of teachers-an essential element in monitoring quality and standard of education, was not adequate as the number of days of training had been substantially reduced.

3.4.12 Recommendations

- State Government should make adequate provision in the Budget to meet their matching share of SSA funds as committed in APW& B.
- Charging of salary and pension contribution in respect of BRCs and CRCs teachers to the SSA funds should be discontinued.
- The actual requirement of infrastructure facilities required should be assessed and adequate outlay for this component should be proposed in the Annual Work Plan.
- To ensure proper dissemination of training, the number of days of training should be strictly as per the provisions of the programme.
- Effective monitoring of the enrolment, retention and dropout of all children in the age group of 6-14 years should be done.

The above recommendations were accepted by the Government (July 2006) except the recommendation to discontinue charging of salary and pension contributions in respect of BRC teachers to SSA funds.

HOME DEPARTMENT

3.5 Modernisation of Police Forces

Highlights

The Scheme of Modernisation of Police Forces was launched by the Government of India (GOI) for modernising the police forces in the country to enable them to effectively face the emerging challenges to internal security. Annual plans prepared without proper assessment of needs and their delayed approval resulted in delay in implementation of the scheme and caused deviations from approved plans. Huge amounts transferred to Kerala Police Housing Construction Corporation Limited for construction of non-residential/residential buildings were lying unutilised mainly due to failure of the department in handing over sites. Even the completed residential buildings remained unoccupied due to lack of electricity/water connection. There was no appreciable increase in mobility as Jeeps purchased were mainly used for replacement of old vehicles. Equipment purchased for Regional Forensic Science Laboratory were idling due to failure in providing infrastructure and necessary technical staff in time.

- **Shortfall in Central assistance to the scheme resulted in additional burden of Rs 27.51 crore on the State exchequer.**

(Paragraph 3.5.8.1)

- **In Letter of Credit transactions there were omissions/delays in opening and closing of accounts and remitting the balance into Treasury.**

(Paragraph 3.5.8.3)

- **Intention of increasing the mobility of police force was defeated as passenger vehicles worth Rs 3.79 crore were purchased instead of light vehicles.**

(Paragraph 3.5.9.8)

- **Non-synchronising of the purchase of equipment with the construction of buildings and posting of staff resulted in idling of equipment worth Rs 3.42 crore at Regional Forensic Science Laboratories.**

(Paragraph 3.5.11)

- **Speed Check Radar Guns were purchased against the directions of Government and ignoring the lowest quotation, resulting in excess expenditure of Rs 33.22 lakh.**

(Paragraph 3.5.13)

3.5.1 Introduction

The Scheme of Modernisation of Police Forces (MOPF) was launched by the Government of India (GOI) for modernising the police forces in the country to enable them to effectively face the emerging challenges to internal security. The Scheme was in vogue from 1969-70. A revised Scheme involving substantial outlay of Central assistance was launched by the GOI in February 2001 for a ten year period starting from 2000-01. The basic objective of the whole Scheme was to meet the deficiencies in the State Police Forces and to achieve planned development and modernisation of the State Police Forces. The main components of the Scheme were Building, Housing, Mobility, Weapons, Traffic, Scientific Aids to Investigation, Equipment, Training, Communication and Computerisation.

3.5.2 Organisational set up

Police Department functions under the Home Department of the State Government. Director General of Police (DGP) is the head of the Police Department. Additional DGP (Modernisation) under the DGP is in direct charge of Modernisation Programme. There is a State Level Empowering Committee (SLEC) set up under the Chairmanship of the State Chief Secretary for speedy sanction of schemes under the MOPF and for proper monitoring of implementation. Construction of buildings for residential and non-residential purposes was done through the Kerala Police Housing Construction Corporation Limited (KPHCC).

3.5.3 Audit coverage

Records in the Home Department, the Police Headquarters, the State Forensic Laboratory, the State Finger Print Bureau, the KPHCC, and other offices like the District Police Offices[*], the Police Stations involved in the implementation of the Scheme were examined. The audit was conducted during February 2006 to May 2006 covering the period 2000-2001 to 2005-06. Out of 17 Police Districts, five[*] were selected for audit. In the selected districts, offices of District Armed Reserve, Armed Police Battalions and 25 *per cent* of Police Stations were test checked.

3.5.4 Audit objectives

The performance audit was conducted with the objective to assess/see whether :

- Annual Action Plan (AAP) was drawn up based on the GOI guidelines and these were based on requirements;
- adequate funds were provided by the Central/State Governments and the funds were utilised for the intended purpose;
- the efficiency and economy in implementing various components of the Scheme;
- equipment purchased/assets created have been utilised and maintained properly and the intended benefits achieved; and
- implementation/progress of the Scheme was effectively monitored and adequate internal control mechanism existed in the Police Department for the proper control of receipt, expenditure and management of assets created.

3.5.5 Audit criteria

The following audit criteria were adopted.

- GOI guidelines on the Scheme and further instructions issued from time to time

[*] Thiruvananthapuram City (7 Police stations), Thiruvananthapuram Rural (8 Police Stations), Thrissur (10 Police stations), Kannur (8 Police Stations) and Ernakulam Rural (7 Police Stations)

- Requirements of the State Police as arrived at by the Bureau of Police Research and Development (BPR &D)
- Annual Action Plans approved by the Ministry of Home Affairs (MHA-GOI)
- Store Purchase Rules regarding purchase of items
- Stock Register, log books in respect of equipment and allotment register in respect of quarters
- Minutes/records of State Level Empowering Committee

3.5.6 Audit methodology

An entry conference was conducted in February 2006 with the Additional DGP (Modernisation) and his team during which the audit objectives and criteria were explained to them. Additional DGP made a presentation of the salient features of the Scheme and the various constraints faced by the State Government. The audit team collected data from the PHQ and the field offices, issued audit enquiries to elicit information, scrutinised files/records, conducted discussions with the officers and visited selected offices to assess the utilisation of buildings and equipment. Findings and recommendations of the review were discussed with the Principal Secretary (Home) during exit conference held (July 2006) with the Government. Their views had been taken into account while finalising the review.

Audit findings

3.5.7 Plan formulation

The existing Scheme of MOPF was extended by the GOI in February 2001 for a further period of 10 years with enhanced Central assistance. The maximum annual plan size of the State was fixed at Rs 63 crore to be allocated among the 10 components. As per the GOI guidelines, the State Governments were to submit to the MHA-GOI, a five year modernisation plan for their police forces starting from 2000-01. The annual plans were to flow from the five year plan. The Annual Action Plan (AAP) formulated by the State Police Force had to be scrutinised by the SLEC before sending it for approval of the High Power Committee (HPC) of the MHA for allocation of funds to the State Government.

3.5.7.1 Delay in submission/approval of Annual Plan

Delay upto seven months in submitting the AAP to the MHA resulted in insufficient time to spend Scheme funds in the same year

The due date fixed by the MHA for submission of AAP by the State Government was 15 May of the respective year except in the case of 2000-01 and 2004-05. The details of due date, date of submission of AAP by the State Government, date of approval by the MHA were as follows.

Scheme Year	Due date of submission of the AAP to the MHA	Date of submission of the AAP	Date of approval of the AAP by the MHA
2000-01	30 September 2000	4 March 2001	29 March 2001
2001-02	15 May 2001	19 December 2001	6 January 2002
2002-03	15 May 2002	26 August 2002	1 November 2002
2003-04	15 May 2003	June 2003	12 September 2003
2004-05	15 June 2004	17 July 2004	23 December 2004
2005-06	15 May 2005	July 2005	14 September 2005

In none of the years, the State Government submitted the AAP to the MHA within the due dates. The delays ranged upto seven months. Consequently the approval of the AAP by the MHA was also delayed and in most of the years the MHA approved the AAP in the 3rd or 4th quarter of the financial year leaving insufficient time to spend the Scheme funds in the same year.

3.5.7.2 Short utilisation of funds

The State Government did not utilize the annual allocation within the financial year. The percentage of utilisation ranged from one *per cent* to 50 *per cent* as per data given below:-

Scheme year	Approved outlay	Amount utilised in the year of sanction	Percentage of utilisation
	(Rupees in crore)		
2000-01	58.57	0.34	1
2001-02	62.23	26.02	42
2002-03	63.00	25.97	41
2003-04	63.00	31.57	50
2004-05	61.65	30.22	49
2005-06	61.51	26.84	44
Total	**369.96**	**140.96**	**38**

Audit scrutiny also revealed that

- owing to low utilisation in the Scheme year, the items in approved plans of earlier years were carried over and implemented in subsequent years – the items in approved plans sanctioned as early as in 2000-01 were implemented in 2005-06. The intention behind annual plan was defeated by such delays,
- several deviations from approved AAP were made during the course of implementation. These deviations included purchase of equipment/vehicles/weapons not included in approved AAP, non-purchase of items as per approved AAP, change of site of construction, delay in handing over site, non-availability of site, etc. This indicated that proper assessment of requirements was not made while preparing the AAPs and
- defects in preparation of the AAPs and delayed approval had the effect of delaying the Scheme and causing deviation from the approved plans as brought out in the succeeding paragraphs.

3.5.8 Financial Management

The maximum Annual Plan size for the State was fixed at Rs 63 crore. Of this, Central share was 50 *per cent* during 2000-01 to 2002-03; 60 *per cent* during 2003-04 and 2004-05 and 75 *per cent* from 2005-06 onwards. The Central share was in the form of 50 *per cent* grant and 50 *per cent* loan during 2000-01 and 2001-02.

3.5.8.1 Shortfall in Central assistance

From 2002-03 onwards, the Central share was not fully released to the State Government. The details of Central assistance due and that received were as under:

(Rupees in crore)

Scheme year	Outlay approved by the MHA	Central assistance#		Shortfall
		Amount due	Amount received	
2000-01	58.57	29.29	29.29	NIL
2001-02	62.23	31.11	31.16	(-)0.05
2002-03	63.00	31.50	25.13	6.37
2003-04	63.00	37.80	22.00	15.80
2004-05	61.65	36.99	26.45	10.54
2005-06	61.51	46.13	20.00	26.13
Total	369.96	212.82	154.03*	58.79

Percentage of Central assistance : 2000-01 : 50, 2001-02 : 50, 2002-03 : 50, 2003-04 : 60, 2004-05 : 60, 2005-06 : 75
* Includes amounts given to implementing agencies directly by the GOI

Reduced Central assistance resulted in additional financial burden of Rs 27.51 crore on state exchequer

Though the GOI was committed to give Rs 212.82 crore during 2000-01 to 2005-06, the amount released to the State Government was only Rs 154.03 crore resulting in shortfall in Central assistance by Rs 58.79 crore. Reduced allocation for the Scheme by the Finance Ministry (GOI) was stated to be the reason for curtailment of Central assistance. The reduced Central assistance during 2002-03 to 2005-06 resulted in greater financial burden to the State Government as it took up the entire Scheme for execution. The additional burden on State exchequer on this account amounted to Rs 27.51 crore up to 31 March 2006.

Government stated (September 2006) that earnest efforts were being taken to get the funds due from the Central Government.

3.5.8.2 Shortfall in expenditure

State Government released its own share as well as the GOI share released to the State Government through the State budget. The expenditure on the Scheme included funds released through the State budget as well as funds spent out of amounts directly received by the implementing agencies from the GOI. The details of approved annual outlay and the amount spent are given below.

(Rupees in crore)

Scheme year	Approved outlay*	Progressive utilisation upto 31 March 2006	Balance
2000-01	58.57	55.43	3.14
2001-02	62.23	59.15	3.08
2002-03	63.00	63.00	Nil
2003-04	63.00	61.80	1.20
2004-05	61.65	53.95	7.70
2005-06	61.51	26.84	34.67
Total	**369.96**	**320.17**	**49.79**

* Component wise details are given in **Appendix XXV**

The amount spent on the Scheme was Rs 320.17 crore during the period 2000-06 against the total outlay of Rs 369.96 crore. The amount shown as utilised included amounts advanced (Rs 199.03 crore∝) to the KPHCC by the State/Central Governments for construction works out of which Rs 141.27 crore remained unspent as on 31 March 2006. Consequently the actual expenditure on the Scheme up to 31 March 2006 was Rs 178.90 crore only against Rs 320.17 crore reported as utilised. Thus the expenditure on the Scheme was overstated to the extent of Rs 141.27 crore.

∝ 2001-02 : Rs 9.85 crore; 2002-03 : Rs 60.94 crore; 2003-04 : Rs 47.32 crore; 2004-05 : Rs 36.80 crore; and 2005-06 : Rs 44.12 crore

Government stated (September 2006) that all funds transferred to KPHCC were regarded as deemed utilised.

3.5.8.3 Omission/delay in Letter of Credit transaction

Letter of Credit (LC) accounts were opened in the State Bank of Travancore (SBT), Thiruvananthapuram for making payments in foreign currency for equipment imported for the Forensic Science Laboratory. The following omission/delays were noticed in LC transactions.

- Amount credited to the SBT for the purpose was shown as utilised in the progress reports. But the refunds received on closure of accounts, though credited to the Government accounts as Refund of Payments (RoP) were not deducted from amount shown as utilised. Consequently expenditure was overstated by Rs 43.21 lakh (Rs 20.89 lakh for 2000-01 and Rs 22.32 lakh for 2003-04) in 10 cases.
- In four cases, involving Rs 2.66 crore there were delays ranging from two to three months in opening LC accounts after drawal of money from treasury. This indicated unnecessary early drawal of the Government money.
- In five cases, involving Rs 16.23 lakh, there were delays ranging from two to four months in closing LC accounts after the transaction and refunding the balance. This resulted in unnecessary retention of the Government money in the SBT.

3.5.9 Implementation

The Scheme was to be implemented as per the guidelines issued by the MHA and subject to the financial rules of the State Government and orders issued by it. Audit scrutiny of the implementation of the Scheme with reference to applicable rules and canons of financial propriety revealed omissions/irregularities/diversions/deviations in implementing various components as described in succeeding paragraphs. It was also seen that the Department did not obtain approval of the MHA for deviations from approved AAP or variation of prescribed norms as required in the guidelines.

3.5.9.1 Long delays in utilisation of funds released

Construction of Buildings including houses for police personnel is an important component of the Scheme. The bulk of the funding of the Scheme was for this component. Out of outlay of Rs 369.96 crore for the Scheme during 2000-01 to 2005-06, Rs 190.50 crore was earmarked for this purpose.

KPHCC was the sole agency for carrying out all the construction works of the Police Department. During 2000-06, Rs 199.03 crore were released to the KPHCC under the Scheme. This amount included funds transferred by the State Government to Treasury Public Account of the KPHCC at Vellayambalam Treasury and also the amounts (Rs 22.80 crore in 2004-05 and 2005-06) given to it directly by the MHA through Demand Draft and credited to its account in the SBT, Thiruvananthapuram. Out of Rs 199.03 crore received, only Rs 57.76 crore were spent on the works and the unutilised balance with the KPHCC kept in Bank/Treasury deposits amounted to Rs 141.27 crore as on 31 March 2006. Test check revealed that in respect of works for which Rs 106.20 crore were released during 2001-2006, the constructions♣ had not even been started (March 2006)[9].

The reasons for non-commencement of works were - sites not handed over, design and drawings not ready, works yet to be tendered, agreement yet to be executed, etc. It was the responsibility of the Police Department to handover the sites. These cases indicated that works were allotted and funds transferred to the KPHCC without proper planning and assessment of need. The Department stated (July 2006) that delay in handing over site was mainly due to procedural delays in assessing the valuation of existing old buildings by the Public Works Department (PWD).

3.5.9.2 Appropriation of interest earned on Scheme funds for other purposes

As of 31 March 2006, the unutilised funds with the KPHCC amounted to Rs 141.27 crore. KPHCC was earning interest on the funds kept in the SBT as short term deposits. The KPHCC admitted that interest earned in such short term deposits were set off against the payment of interest due to the Financial Institutions (HUDCO/LIC) for loans taken by the KPHCC. This interest earned should have been part of the Scheme funds, but was utilised for other purposes. The total interest earned on Scheme funds was not furnished to Audit. No specific direction was issued on this by the State Government or the Department to the KPHCC.

Government replied (September 2006) that this was done with a view to reduce the financial burden of State Government since otherwise it was to be met from budgetary allotment. Reply of Government is not acceptable as the interest earned on the Scheme funds should have been utilised for the Scheme itself.

3.5.9.3 Excess transfer of funds

Rupees 2.50 crore were released to the KPHCC (October 2003) for construction of 160 Rest Rooms for Women Police Constables (WPCs) at various Police Stations. The approved cost as per the MHA norm was Rs 90,000 per rest room. As such the amount required was only Rs 1.44 crore, 75 rest rooms had been constructed (March 2006) the average cost being Rs 87,000. The amount transferred in excess amounting to Rs 1.06 crore was retained by the KPHCC and had not been refunded (March 2006). At the exit conference (July 2006) the Department agreed to construct more number of rest rooms for WPCs to set off the excess amount.

3.5.9.4 Unauthorised deviation from approved plan

Expenditure of Rs 5.60 crore for works not covered by the AAP and without sanction of State Government

Funds released as per the annual plans approved by the MHA were to be used for the works specified in the plans. Based on the Government Order (January 2003) the Department accorded sanction for construction of 118 Upper Subordinate Quarters (USQs) at the Kerala Police Academy (KEPA) under Scheme 2002-03 at a unit cost of Rs 4.75 lakh. PHQ directed (March 2003) the KPHCC to utilize the funds for 118 USQs (Rs 5.60 crore) on building works which were already arranged for construction at the KEPA. The funds were transferred to the KPHCC in August 2003. The buildings

♣ Important items of work included 16 District Police Lines (Rs 12.40 crore), 8 District Police Offices (Rs 1.20 crore), 11 Police Control Rooms (Rs 2.20 crore), Training Infrastructure (Rs 4.23 crore), 2239 LSQs (Rs 55.47 crore), 448 USQs (Rs 21.18 crore), etc.

[9] More than 3 years: Rs 16 crore, more than 2 years: Rs 9 crore, more than 1year: Rs 37 crore

constructed using the diverted funds included Senior Officers quarters, Senior Officers Mess, Ladies Hostel, Visiting Officers quarters, etc. The works had since been completed. The expenditure of Rs 5.60 crore was for works not covered by the approved annual plans and without sanction of the State Government.

These constructions were reckoned by the Department as construction of 118 USQs and wrongly shown against the physical achievements. Unauthorised diversion of Rs 5.60 crore by the Department resulted in denial of family accommodation to 118 Police personnel.

Government admitted (September 2006) the fact and stated that the issue would be examined in consultation with the Head of Department

3.5.9.5 Deviation from norms

GOI guidelines prescribed norms for fixing area of housing units for Lower Subordinates and Upper Subordinates. Audit scrutiny revealed that these norms were violated without approval of the MHA and the number of dwelling units constructed under the Scheme were inflated in progress reports, thus concealing the shortfall in the targeted number. Details are given below:

- As per the norms laid down by the MHA, Lower Subordinate Quarters (LSQs) meant for family accommodation for Police Constables (PCs) and Head Constables (HCs) should have a unit area of 500 sq.ft. @ Rs 500 per sq.ft. (unit cost Rs 2.50 lakh). During 2000-06, Rs 96.72 crore were released to the KPHCC for construction of 3949 LSQs. But the State Government adopted unit area of 750 sq.ft. for LSQs resulting in reduction of dwelling units by about 1300 numbers.
- The Department decided to construct residential accommodation for Senior Officers/Guest houses/Hostels having area ranging between 1000 and 5000 sq.ft out of Rs 96.72 crore, released to the KPHCC for construction of LSQs. The buildings are at various stages of construction as of March 2006. The total amount thus diverted amounted to Rs 3.83 crore[Ψ] (approximately) in 65 cases resulting in denial of family accommodation to 153 Lower Subordinates.
- Upper Subordinate Quarters (USQs) are meant for family accommodation of Assistant Sub Inspectors, Sub Inspectors and Inspectors. As per the norms fixed by the MHA, the unit area for USQ was 950 sq.ft. @ Rs 500 per sq.ft (unit cost : Rs 4.75 lakh). During 2000-06, Rs 38.85 crore were released to the KPHCC for construction of 818 USQs. It was observed in audit that out of the funds released for USQs, sanctions were also issued by the Department for construction of 40 dwelling units of area ranging between 1425 sq.ft. and 2850 sq.ft for being allotted to Deputy Superintendent of Police and other Senior Officers which was not provided in the Scheme resulting in reduction of USQs. In the years 2000-01 and 2001-02, 12 Inspectors were allotted quarters above their entitlements. Inspectors being Upper Subordinates were eligible for dwelling unit of 950 sq.ft only. The amount thus diverted would come to Rs 3.49 crore[∝] (approximately) in 52 cases. The approval of the MHA was not obtained

[Ψ] Rs 3.83 crore approximately for 76500 sq.ft.@ Rs 500/sq.ft. in 65 cases corresponding to 153 LSQs @ 500 sq.ft/ LSQ
[∝] Rs 3.49 crore approximately for 69825 sq.ft.@ Rs 500/sq.ft. in 52 cases corresponding to 73 USQs @ 950 sq.ft./USQ

for such diversion. This resulted in denial of family accommodation to 73 Upper Subordinates.

At the exit conference (July 2006) the Department agreed to modify the progress report on construction of quarters on the basis of actual number of dwelling units constructed and get the deviation ratified by GOI.

3.5.9.6 Physical progress

As per the BPR&D data, the State required 32,669 LS quarters and 3,126 US quarters for 100 *per cent* satisfaction. The details of work sanctioned and completed/in progress thereagainst during 2000-06 were as under:

Quarters

Year of allotment of funds	Total units		Number of units*					
			Completed		In progress		Not commenced	
	LSQ	USQ	LSQ	USQ	LSQ	USQ	LSQ	USQ
2001-02		128		64		38		26
2002-03	1804	144	689	76	697	30	418	38
2003-04		160		144		14		2
2004-05	1175	166	NIL	NIL	199	4	976	162
2005-06	970	220	NIL	NIL	125	-	845	220
Total	**3949**Φ	**818**Φ	**689**	**284**	**1021**	**86**	**2239**#	**448**$

* In unit area as per the GOI norm i.e. 500 sq.ft. for LSQ and 950 sq.ft. for USQ

Φ These do not include deductions on account of diversions as discussed in para 3.5.9.5

\# Sites have not been handed over in 568 units

$ Sites not handed over in 309 cases

Buildings

Year of allotment of funds	Total no. of buildings#	Number of buildings		
		Completed	In progress	Not commenced
2001-02	5	5	-	-
2002-03	12	2	2	8
2003-04	36	1	7	28
2004-05	29	NIL	2	27
2005-06	23	NIL	NIL	23
Total	**105**	**8**	**11**	**86***

\# Major buildings such as Police Lines, Police Control Rooms, District Police Offices, etc.

* Sites not handed over in 44 cases

It would be seen from the details given above that the progress in construction was very slow despite availability of funds. Out of 2687 units (Quarters) not commenced, 877 were attributed to non-handing over of sites, the balance 1810 cases were not commenced for various reasons such as works not tendered, not awarded, etc. Out of 86 buildings not commenced, 44 cases were attributed to non-handing over of site and the balance 42 were not commenced for various reasons such as works not tendered, not awarded, etc.

Non-utilisation of quarters constructed

Quarters completed during September 2004 to March 2006 remained unoccupied for want of electricity/water connection

Site visits conducted by Audit revealed that several quarters had not been occupied as the buildings had no electricity/water connection as instanced below:

- Out of 233 completed (between December 2004 and January 2006) LSQs visited by Audit (May/June 2006), 91 LSQs remained unoccupied (39 *per cent*)*.

* 91 LSQs *viz*., Thiruvananthapuram city (16), Thiruvananthapuram Rural (8), Ernakulam Rural (36), Thrissur (8) and Kannur (23).

- Out of 98 completed (between September 2004 and March 2006) USQs visited by Audit (May/June 2006), 33 USQs remained unoccupied (34 *per cent*)[#].

3.5.9.7 Diversion of funds meant for construction work for unapproved works and poor quality of construction

- As per record of the KPHCC, 36 LSQs @ 750 sq.ft. per quarter were constructed at the Police Station Compound, Wadakkekara, Ernakulam (Rural). Site visit revealed that only 32 @ 750 sq.ft were constructed and the balance area of 4 quarters had been utilised for common areas like staircase. Government stated (September 2006) that in flat type construction, portion for common areas like fire escape, stair case, etc., had to be made as per Building Rules and had to be counted as total built up area. This is not tenable because as per the progress report the total number of LSQs constructed was shown as 36.
- During site visit (June 2006) to completed 32 LSQs at Wadakkekkara it was observed in audit that the brickwork just over the basement had started corroding, apparently due to poor quality of bricks or location of building in water-logged area. This was likely to affect the life of the building constructed at a cost of Rs 1.35 crore (36 x 750 x 500). The building completed in July 2005 was yet to be occupied for want of water/electricity connection.
- As per the records of the KPHCC, the District Crime Records Bureau (DCRB) blocks were constructed in the DPOs, Thrissur and Kannur. But it was revealed on site visits (June 2006) that no such buildings were constructed and the amount for the same had been utilised for construction of Passport Cell and Zonal Office of DIG respectively though not included in the Approved Action Plan.
- Site visit (May 2006) revealed that extension to the Police Station, Kazhakuttam and construction of Rest Rooms for WPCs were not made, as reported in the KPHCC progress report. It was found that another floor had been constructed over Circle Inspectors’ Office, Kazhakuttam for accommodating Vanitha (Women) Cell.

3.5.9.8 Mobility

Mobility is vital to the efficient and effective performance of police force. Mobility deficiency is nil when a well equipped police force has the ability to move the entire force at once. Based on this concept, the BPR&D has prescribed scales for various types of operational vehicles such as Heavy/Medium/Light Vehicles and Motor cycles required for Police Stations (PS), District Armed Reserve (DAR) and Armed Police Battalion (APB). Against outlay of Rs 84.94 crore provided for Mobility during 2000-06, Rs 67.75 crore were spent upto 31 March 2006.

Details of vehicles in the Police Department as at the beginning and at the end of 2000-06 were as follows.

[#] 33 USQs *viz.*, Thiruvananthapuram city (2), Thiruvananthapuram Rural (8), Ernakulam Rural (7) and Thrissur (16)

Date	Number of vehicles			
	Jeeps	**Motor Cycles**	**Others**	**Total**
1 April 2000	1318	197	527	2042
31 March 2006	1334	1831	810	3975

Despite purchase of 893 Jeeps during the period, the net addition was negligible. It would appear that the purchased jeeps were mostly utilised for replacement of old jeeps and did not enhance the mobility of the Police force on this account.

Diversion of funds - Purchase of Passenger Cars instead of Light vehicles

Intention of increasing the mobility of Police Force was defeated by purchase of passenger vehicles worth Rs 3.79 crore instead of light vehicles

As per BPR &D report (January 1998), there was no deficiency of Light Vehicles (LV) in the State. For operational purposes LV like Jeep can move 8 police personnel at a time. As the State Government felt that Medium Vehicles (MV) were not found to be much useful for policing, it was decided (February 2001) to phase out MVs with LVs. In order to make up for the deficiency of 608 MVs as on 01 January 1998 as reported by the BPR&D, a total of 1824 LVs were needed (@ 3 LVs per 1 MV). Considering the financial constraints, 608 LVs were proposed to be purchased during the years 2000-05 (five-year Action Plan for Modernisation). Against this, 1076 LVs were purchased as against 1002 LVs approved by the MHA. A test check of purchases of LVs during the period 2000-01 to 2004-05 revealed that 104 vehicles[∂] not categorised as operational vehicles were purchased at a cost of Rs 3.79 crore. These vehicles except Maruti Omni were issued for use of Senior Officers. Thus, Rs 3.79 crore diverted for these vehicles in violation of the AAP was not approved by MHA and did not help to improve the mobility of the Police Force as intended.

3.5.9.9 Excess expenditure over outlay

Against the GOI approval for purchase of vehicles for Rs 16.92 crore in the AAP for 2001-02, the Department purchased vehicles of various types at a cost of Rs 18.30 crore. The Department, however, did not obtain the sanction of the GOI, for the excess expenditure over outlay, as required.

3.5.9.10 Excess payment of Entry Tax and irregular debit to Scheme funds

An amount of Rs 1.19 crore was irregularly debited to Scheme funds

During 2003-04, the Department paid Rs 2.35 crore towards Entry Tax[*] (ET), (12 *per cent* of value) on vehicles purchased during 2000-01 to 2002-03 by debiting the expenditure under Scheme. Entry Tax paid included Rs 8.76 lakh wrongly levied towards Entry Tax on 20 Ambassador Cars purchased within the State during 2002-03 and Rs 1.10 crore relating to purchase of vehicles during 2000-01 for purposes not included in modernisation of Police force. Hence a total of Rs 1.19 crore was irregularly debited to Scheme funds.

3.5.10 Deviation from Approved Action Plan in purchase of weapons

Against outlay of Rs 6.08 crore on weapons during 2000-06, Rs 6.15 crore were spent up to 31 March 2006. Deviations from the approved action plan were observed in the following cases. No approval of the MHA was obtained for the deviation.

[∂] These included Ambassador Cars (50), TATA Indica (11), Maruti Omni (19), Mahindra Bolero (23) and Scorpio (1).
[*] Tax payable Under Section (3) of the Tax on entry of Goods into Local Area Act, 1994.

Deviating from approved action plan, weapons were purchased without approval of the MHA. Purchase of ammunition to the tune of Rs 89.25 lakh was irregular

- Against sanction for purchase of weapons (200 9-mm pistols and 2 LMG) for Rs 44.60 lakh in the AAP for 2000-01, the Department purchased weapons (200 9-mm pistols and 10 rifles)and ammunition, for Rs 130.39 lakh during 2001-02 which included Rs 89.25 lakh on ammunition which was irregular. Government stated (September 2006) that the ammunitions were purchased as there was no sufficient funds in the State budget for 2000-01. The reply is not acceptable as the allotment of Scheme funds was for purchase of weapons only.
- Under Scheme 2001-02, Rs 25 lakh were allocated for purchase of 100 7.62-mm SLR Rifles. Instead the Department purchased (March 2003) 1000 old (1964 to 1970 vintage) but serviceable Rifles costing Rs 50 lakh from the Assam Rifles who were replacing them.

3.5.11 Scientific Aids to Investigation

The Scheme envisages provision of modern scientific aids to investigation and development of infrastructure for improving the quality of crime investigation. Against outlay of Rs 22.06 crore during 2000-2006, for Scientific Aids to Investigation, the utilisation was Rs 12.14 crore upto 31 March 2006.

It was observed that approved outlay of Rs 4.62 crore for 2000-01 was for purchase of scientific equipment (Rs 62 lakh) and DNA finger print development (Rs 4.00 crore), the Department made purchases for Rs 4.12 crore which included approved items costing Rs 65.92 lakh only. The purchase of remaining items such as Atomic Absorption Spectrometer, Forensic Fibre Analyser, etc., costing Rs 3.46 crore did not have the approval of the MHA. The department also did not inform the MHA about the deviation from approved Action Plan. This indicated that the Action Plan for 2000-01 submitted to the GOI for approval was not need based.

Non-synchronising of the purchase of equipment with the construction of buildings and posting of staff resulted in idling of equipment worth Rs 3.42 crore

Equipment costing Rs 3.42 crore were purchased during August 2005 and September 2005 for the Regional Forensic Science Laboratories (RFSL) at Kannur and Thrissur. Though the building for RFSL at Kannur had been completed in November 2004 at a cost of Rs 75 lakh and equipment were installed, the Laboratory had not been functional as the technical staff required were not posted (June 2006). The required notification fixing the area of jurisdiction had also not been issued (June 2006). The building for the RFSL at Thrissur had not been completed (May 2006). The equipment purchased for the Lab were still lying in the packages at the State FSL, Thiruvananthapuram (May 2006). As a result of non-synchronising of the purchase of equipment with the construction of buildings and posting of staff, equipment worth Rs 3.42 crore were lying unused.

Accepting the highest tender for purchase of Atomic Absorption Spectrometer resulted in excess expenditure of Rs 18.64 lakh

The State Government issued (September 2001) administrative sanction for purchase of Atomic Absorption Spectrometer for FSL at an approximate cost of Rs 40 lakh under the Scheme 2000-01 even though the item was not included in Action Plan for the year approved by the GOI. Three firms were short listed as their products conformed to technical specialisation in the tender. The lowest tender (M/s Niu. Lab) was for Rs 19.47 lakh and the highest (M/s Lab India) was for Rs 38.70 lakh. But the Department purchased the equipment from M/s Lab India at their reduced cost of Rs 38.11 lakh on the ground of technical superiority. Disregarding the product which met the minimum requirement and purchasing the costlier one was irregular. It was also seen that M/s Niu Lab had supplied this equipment to several reputed Medical/Forensic Science Institutions. If the Department was very particular about procuring equipment with superior features the right course could have been retendering. The irregular purchase resulted in excess expenditure of Rs 18.64 lakh

3.5.12 Finger Print Bureau (FPB)

In the detailed five year plan 2000-05, for the Scheme, the Department proposed to modernize the FPB by updating technologies for lifting, storing and comparing finger prints at an estimated cost of Rs 5 crore. Despite approval of the MHA during the years, modern equipment like Poly ray, Video Spectral Comparator, Crime light equipment, etc. were not purchased with the result that conventional methods of comparison of impressions were still being employed. Out of outlay of Rs 3.6 crore for 6 years, the utilisation was only Rs 1.26 crore. Instead of modern equipment, the items supplied to the FPB under the Scheme were various types of finger print/foot print investigation kits, accessories, chemicals, etc. The employment of conventional methods caused difficulties to investigating officers affecting the quality of results.

3.5.13 Irregularity in purchase of Speed Check Radar Guns

The Scheme provided funds for acquisition of equipment for traffic enforcement and regulation with a view to improve public safety and prevent accidents. The approved outlay during 2000-2006 was Rs 3.45 crore of which Rs 1.58 crore only were utilised upto 31 March 2006. Despite yearly increase in number of road accidents, the Department utilised only 46 *per cent* of the funds earmarked for road safety. Government replied (September 2006) that earnest efforts were being made to utilise the unspent balance.

Extra expenditure of Rs 33.22 lakh on purchase of 11 Speed Check Radar Guns at Rs 5.60 lakh per piece disregarding the lowest offer of Rs 2.58 lakh per piece

The Department sought (November 2004) sanction of the Government for purchase of 11 Speed Check Radar Gun @ Rs 5.60 lakh per piece from M/s Turbo Consulting Company, New Delhi ignoring the lowest quotation of Rs 2.58 lakh per piece offered by another firm on the plea that the model proposed to be purchased had superior features. In reply, the Government stated (February 2005) that the model selected had higher features than the specification laid down in tender specification and hence the rejection of the lowest offer of Rs 2.58 lakh per piece was not in order. Though the Government directed (February 2005) the DGP to retender, the Department did not comply with the directions of the Government and went ahead with the purchase (January 2005) resulting in extra expenditure of Rs 33.22 lakh. In reply, the Department stated (July 2006) that the direction of the Government was received (February 2005) after the supply order was placed (January 2005). The Department should have waited for the sanction of the Government before placing supply order. It was revealed during visit of Traffic Police Station, Kannur in June 2006 that the Radar Gun supplied to the Police Station in May 2005 had not been put to use for want of essential accessories.

3.5.14 Training

Training was an essential requisite for the effective functioning of police force. The Scheme provided for infrastructure facilities and equipment for police training institutes in the State. A total outlay of Rs 10.75 crore was approved during 2000-01 to 2005-06 by the MHA for purchase of equipment, furniture, cooking utensils, cooking range, etc. and to improve the infrastructure facilities at the KEPA, Thrissur and Police Training College (PTC), Thiruvananthapuram. Against this Rs 7.87 crore were reported as utilised. Audit scrutiny revealed that out of the Rs 7.87 crore, Rs 4.23 crore were advanced to the KPHCC during 2004-05 and 2005-06 for construction of Aquatic Training Centre (Rs 100 lakh), Indoor Training Centre (Rs 100 lakh), Modernisation of Library at PTC (Rs 67 lakh), Traffic Training School (Rs 40 lakh), Passing out Parade Pavilion (Rs 50 lakh) etc., the work on these had not even been started. Obviously, actual utilisation of funds was less than 40 *per cent* of the outlay. A Canine School constructed at a cost of Rs 50 lakh in March 2006 at the KEPA, Thrissur had not been functional as dogs were not purchased and Trainers not posted.

3.5.15 Communication

POLNET was not fully operational even after spending Rs 4 crore, for want of aerial masts

A police communication project using satellite communication for transfer of data, voice and fax *viz.*, POLNET was proposed to be implemented in the State by the MHA under the Scheme. For this, the State Government was required to prepare sites for installation of POLNET equipment. The project was to be fully commissioned by 31 March 2005. Due to non-preparation of sites, the installation could not be completed. POLNET had been functional only up to the District Police Office level. The voice communication had not been extended to the Police Stations as Multi Access Radio Telephone (MART) equipment received from the MHA could not be installed for want of towers at the District Police Offices and aerial masts at the Police Stations. Rupee 1.03 crore given to the KPHCC in November 2005 for installation of masts in the Police Stations was not utilised for want of design. Rupees ten crore were additionally needed for aerial masts for entire coverage. Despite spending Rs 4 crore on equipment, the POLNET had not been fully operational for want of aerial masts even though the target date was already over.

3.5.16 Monitoring and Internal Control

Audit scrutiny revealed the following deficiencies

- Though periodic financial progress reports were sent to the MHA, the physical progress of components were not reported to the MHA (March 2006).
- As per the GOI directions, a State Level Empowering Committee was set up under the Chairmanship of the Chief Secretary in June 2001 for speedy sanction of schemes and proper monitoring of implementation. It was directed therein that the committee would meet every month and ensure proper implementation of the scheme. During the six years ending March 2006, the Committee met annually to finalise and submit annual plan to the GOI. Except on some occasions in the initial years, no monitoring was conducted by the committee.
- The expenditure on the Scheme was not subjected to internal audit.
- Only evaluation of the Scheme in physical terms was conducted and no assessment of the impact of the Scheme on crime detection, traffic

safety, reduction of pending cases in FSL etc., was conducted by the Department.

Government replied (September 2006) that the Centre for Development Studies, Thiruvananthapuram had been entrusted with the work of impact assessment and the field work would start shortly.

3.5.17 Conclusion

Annual Plans prepared without proper assessment of needs and their delayed approval had resulted in delaying the implementation of the scheme of Modernisation of Police Force and caused deviations from approved plans. Huge amounts transferred to the KPHCC for construction of non-residential/ residential buildings, were lying unutilised mainly due to failure of the Department in handing over sites. Diversion of funds for unintended constructions, slow progress in construction, deviation from approved norms and non-occupation of completed quarters were observed. Projects for improving training facilities were not completed. There was no appreciable increase in mobility as Jeeps purchased were mainly used for replacement of old vehicles and purchase of other non-operational vehicles. Equipment purchased for Regional FSL were idling due to failure in providing infrastructure and necessary technical staff in time. Proper monitoring mechanism was absent at the level of Government and the Department.

3.5.18 Recommendations

- Annual Plans should be prepared based on needs and got approved early.
- The pace of construction should be speeded up by making available the sites while transferring the funds to the KPHCC.
- Replacement/procurement of vehicles should be done with the aim of improving the mobility of Police. The Government should consider separate allocation of funds from State budget for replacement of vehicles.
- Equipment for the Regional Forensic Science Laboratories should be put to use immediately by providing the required infrastructure and adequate technical manpower.
- Projects for improving training facilities should be completed immediately for enjoying the benefits early.
- Monitoring and evaluation mechanisms both at the level of Government/ Department should be made effective.

Government, during discussion (July 2006) generally agreed with the conclusion and accepted the recommendations of audit.

GENERAL EDUCATION DEPARTMENT

3.6 Functioning of Text Books Office

3.6.1 Introduction

The Text Books Office (TBO) is a commercial establishment functioning under the control of the Text Books Officer. The main activity of the TBO is procurement of printing paper and pulp board required for printing of text books of Standard I to X through the Controller of Stationery (CS). Printing of text books through the Government presses and other agencies, manufacture of notebooks under work experience programme and distribution of text books are also the responsibility of TBO.

Director of Public Instruction (DPI) exercises overall supervision and control over the TBO which comes under the administrative control of General Education Department of the Government. There are three Central Text Book Stores (CTBS) one each at Thiruvananthapuram, Ernakulam and Shoranur and 34 District Text Book Depots (DTBD) situated in 14 districts.

Mention was made in paragraph 6.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 (Civil) about the shortcomings/irregularities in the working of the TBO. The Public Accounts Committee (PAC) discussed the paragraph and included its recommendations in the fifty-third Report (August 2003). A further review conducted during February-May 2006 covering the period 2001-02 to 2005-06 with reference to the records in the office of the Controller of Stationery, the TBO and CTBS revealed that there was no improvement in the functioning of the TBO as discussed in the succeeding paragraphs.

3.6.2 Non-preparation of *pro forma* accounts

Preparation of *pro forma* accounts from 1987-88 was still pending

The failure of the TBO to prepare the *pro forma* accounts from 1987-88 was severely criticised by the PAC and suggested that the backlog in preparation of *pro forma* accounts should be cleared and made up to date by streamlining the accounting system in the TBO so as to assess the financial position of the working of TBO. It was noticed that preparation of *pro forma* accounts was still in arrears from 1987-88. Finance Department entrusted (March 2005) the work of preparation of *pro forma* accounts up to 2003-04 to the Institute of Public Auditors of India (IPAI).

3.6.3 Receipt and expenditure

There was huge revenue gap of Rs 35.30 crore during the period 2000-05

During the period 2000-05, as against the total receipts of Rs 88 crore, expenditure incurred was Rs 123.30 crore leaving a revenue gap of Rs 35.30 crore. The reason for increased expenditure was attributed (May 2006) by the TBO to sale of books free of cost to all students in Standard I, girl students and SC/ ST students of Standard II to VIII under Sarva Shiksha Abhiyan (SSA) Scheme, delay in remittance of sales realisation due, printed text books becoming obsolete, etc. The reply is not tenable as the cost of books distributed under SSA scheme was to be reimbursed in the same year and sale value of books sold ought to be remitted and accounted for in the same year. As the Sales accounts were not being prepared by the TBO, the break-up of amounts of reimbursement and sales realisation was not available.

The PAC while discussing the paragraph 6.2 of the Report of Comptroller and Auditor General of India for the year ended 31 March 1998 recommended that the General Education Department should take up with Government to set right the revenue gap and to streamline a better system of fixing price of text books so as to match the cost of printing and to avoid such heavy loss in future. The revenue gap had, however, continued in all the years.

Procurement

3.6.4 Loss due to failure to deduct liquidated damages for delayed supplies

At the beginning of each academic year, the TBO was to assess the requirement of text books for the next academic year and obtain administrative sanction from the Government for procurement of printing materials. On the basis of administrative sanction, the CS used to place supply order for the procurement of printing materials. The agreement executed by the CS with the supplier contained a clause on liquidated damages at 0.5 *per cent* of delivered price of delayed stores for each week subject to a maximum of 10 *per cent*, recoverable from the suppliers. TBO was endorsed with a copy of supply order alone which did not contain any reference as to deductibility of liquidated damages in case of delayed supplies and copies of agreement were kept with the CS.

Failure to invoke liquidated damages clause for delayed supplies resulted in non-recovery of Rs 1.94 crore

A scrutiny of the records on purchase of materials revealed that out of 30 supply orders placed from 2001-02 to 2005-06 for printing paper and pulp board, supplies in respect of only 6 orders were made in time. In respect of the 24 belated supplies (delay ranging from 14 days to 466 days) failure to invoke liquidated damages clause had resulted in non-recovery of Rs 1.94* crore.

3.6.5 Non-recovery of excess expenditure on retendering of unexecuted portion of supply order

Administrative sanction was accorded (July 2000) for purchase of 3500 MT of white printing paper reels for printing text books for the year 2001-02. The unanimous decision of the Departmental Purchase Committee (DPC) for purchase of 1000MT at Rs 25665.47 per MT under DGS&D rate contract and 2500 MT at Rs 27133.60 per MT net (arrived in tender) from the same supplier, M/s. Delta Paper Mills, Andhra Pradesh was approved by the Government in December 2000.

Against the supply order (22 December 2000) for 1000 MT, the firm supplied a total quantity of 101.16 MT by 06 January 2001 and no supplies were made thereafter against the order which was to be completed by 22 February 2001

*

Year	Total No. of orders	Orders where supplies were belated	Amount (Rs in lakh)
2001-02	5	4	59.33
2002-03	4	4	51.13
2003-04	7	6	30.80
2004-05	8	6	33.61
2005-06	6	4	18.76
Total	**30**	**24**	**193.63**

though full payment was made in April 2001 towards the quantity delivered. The supplier started supplies against the order (08 January 2001) for 2500MT at higher rate and supplied 311.839MT during 19 January 2001 to 2 February 2001. In the meeting (January 2002) of the DPC it was unanimously decided that the unexecuted portion of 898.84 MT as per DGS&D rate contract be cancelled as the financial condition of the supplier was poor. The cancellation of the unexecuted portion of supply order was intimated to the supplier on 3 April 2002 and by the time a total supply of 875.761 MT was made against the second order.

Audit noticed that the supplier was making supply against higher rate contract during January 2001 to April 2002 and neither the TBO nor the CS appropriated the supply against the first order, which was economical for the Government, resulting in avoidable excess payment of Rs 13.20 lakh[#].

Against the second order, the supplier had supplied only 1011.2074 MT by 14 May 2002 which had delayed the printing and distribution of text books during 2001-02. Based on the recommendation (January 2004) of the DPC, Higher Education Department cancelled (October 2004) the unexecuted portion of 1488.212[*] MT of the supply order.

Failure to cancel the unexecuted portion of contract at the risk and cost of the supplier resulted in loss of Rs 33.92 lakh

It was noticed that the Government accorded (October 2001) sanction for purchase of 1900 MT of white printing paper reel for printing text books for 2002-03. As the estimation of requirement was made on the basis of the stock available with the TBO and as there was a shortfall in supply by 2387.6326 MT in the previous order, this could have been just an extension of supply order for meeting the requirement of quantities short supplied in previous order and thus the clause of cancellation of supply order at the risk and cost of M/s. Delta Paper Mills, which was incorporated in their contract , should have been invoked. The order for supply of 1900 MT white printing paper reels was placed (April 2002) with M/s. Shreyans Industries, New Delhi at Rs 28950 per MT at DGS&D rate against which 1867.162 MT were supplied as of 21 March 2003. The higher rate of Rs 1816.40[$] per MT, which was recoverable from Delta Paper Mills, was not recovered resulting in loss to the extent of Rs 33.92 lakh.

3.6.6 Loss on emergency purchase of paper

Failure to initiate purchase procedure four months earlier resulted in extra expenditure of Rs 61.11 lakh

As per the schedule of action, administrative sanction for purchase of paper for 2005-06 was to be obtained before 30 January 2004. To meet the requirement of paper for the year 2005-06, it was assessed that 5500 MT of white printing paper was required for which administrative sanction was obtained in June 2004 only. To avoid delay in printing, it was decided to make emergency purchase of 1500 MT on DGS&D rate and balance 4000MT as per Stores Purchase Rules. The supply order for 1500 MT was placed on M/s. Delta Paper Mills Limited, Andhra Pradesh on 04 August 2004 at Rs 26298 plus freight charges of Rs 1026 per MT on the condition that the supply should be completed within 45 days. The supply was completed by 04 October 2004, after a delay of 15 days. The balance quantity of 4000MT

[#] 898.84 MT x Rs 1468.13/MT (27133.60-25665.47)
[*] Difference of 0.5806MT between quantity supplied and unexecuted portion had not been reconciled
[$] 28950-27133.60=1816.40

was tendered and the price was fixed (02 November 2004) at Rs 23,250 per MT (inclusive of freight) with M/s. Vishnupriya Paper Mills Limited, Chennai to be supplied within three months out of which 3817 MT was supplied by May 2005. Had the whole quantity been purchased from M/s.Vishnupriya Paper Mills Limited by starting the purchase procedure earlier as was initiated in case of Delta Paper Mills Limited, the TBO could have saved, an amount of Rs 61.11 lakh being the excess expenditure on 1500 MT.

Excess consumption/Wastage

3.6.7 Excess consumption of white printing paper and pulp board by presses

The specification of printing paper used for printing the text books of primary classes (Standard I to IV) was 60 Grams per Square Metre (GSM), 76 cm width Maplitho paper reels and that of white pulp board sheet used for covering the text book was 200 GSM of 57 cm long and 78 cm breadth size. The specification of printing paper used for upper primary / high school classes (Standard V to X) was 60 GSM 60 cm or 86 cm width paper reels and that of white pulp board sheet was 180 GSM 61 by 90 cm size for covering the text book. The printing was done in a forme consisting of 16 pages (2 sides of 8 pages each). The standard dimension of text book of primary class was in the size of 18.5 cm width and 26.5 cm length and weighed 23.53 grams per forme and that of upper primary and high school class was in the size of 21cm width and 28.5 cm length and weighed 28.73 grams per forme. The wastage allowance was 8 *per cent* for Kerala Books and Publications Society (KBPS) and 2 *per cent* for private and other presses as allowed by the Government.

Failure to conduct proper reconciliation of paper account resulted in non-recovery of Rs 12.10 crore

Audit scrutinised the quantity of printing paper and pulp board supplied to the KBPS with reference to the stock register maintained by TBO and compiled standard weight of formes received as text books from paper account submitted by the KBPS for the period 2000-01 to 2004-05. It was observed in the scrutiny that KBPS had used printing paper and pulp board in excess of standard weight of text books plus wastage allowance valued at Rs 6.35 crore as detailed below.

Details of material used	Usage claimed by KBPS	Standard usage plus wastage allowance of eight *per cent*	Excess usage	Excess usage to standard	Value of excess usage
	(in MT)	(in MT)	(in MT)	in *per cent*	(Rs in lakh)
White Printing Paper					
60 GSM 76cm Maplitho	2759.35	2377.82	381.53	16.05	136.89
60 GSM 60cm/86cm	17942.86	16137.75	1805.11	11.19	465.20
White Pulp board					
200 GSM 57 by 78 cm	404.11	312.25	91.86	29.42	24.48
180 GSM 61 by 90 cm	1946.75	1905.23	41.52	2.18	8.85
Total					**635.42**

It was stated (April 2006) by the TBO that a technical committee had conducted the paper reconciliation. However, audit noticed that the reconciliation done by the technical committee could not detect the excess usage of printing materials and the department incurred a loss of Rs 6.35 crore.

The paper for printing text books was supplied by the TBO to printers without scientifically analysing the requirement. In the case of six private printers for

2004-05 and Kerala State Audio Visual and Reprographic Centre (KSAVRC) for the period upto 2004-05, the records of reconciliation of paper supplied and standard weight of paper used was made available to audit. On a scrutiny of the reconciliation statement prepared in respect of these printers it was noticed that the TBO had recovered only Rs 4.20 lakh. The amount to be recovered from these printers for excess consumption of printing materials over and above the standard plus normal wastage of 2 *per cent* was Rs 1.41 crore$^{\Psi}$ from six private printers and Rs 66.29 lakh from KSAVRC as detailed below.

Details of material used	Usage allowed by TBO	Standard usage plus wastage allowance of two *per cent*	Excess usage	Excess usage to standard	Value of excess usage	Amount recovered by TBO	Balance amount to be recovered
	(in MT)	(in MT)	(in MT)	In *per cent*	(Rs in lakh)		
Private printers							
60 GSM 76cm Maplitho	914.43	715.07	199.36	27.88	69.56	0.08	69.48
60 GSM 60cm/86cm	1389.17	1183.91	205.26	17.34	65.07	4.08	60.99
200 GSM 57 by 78 cm	107.58	92.42	15.16	16.40	4.09	0.04	4.05
180 GSM 61 by 90 cm	173.99	143.97	30.02	20.85	6.18	0	6.18
Total					**144.90**	**4.20**	**140.70**
KSAVRC							
60 GSM 60/86 cm	1323.67	1066.43	257.24	24.10	66.29	--	66.29
Grand Total					**211.19**	**4.20**	**206.99**

As there was wide variation in excess consumption of printing paper and pulp board, the correctness of the reconciliation of the printing materials carried out by the TBO was doubtful. Further closing stock of printing materials worth Rs 1.58 crore lying with KSAVRC as of November 2005 was pending to be transferred to TBO (February 2006).

On scrutiny of details of printing materials supplied to Government Presses and private printers who were entrusted with the printing of text books it was noticed that no reconciliation of paper account was prepared during 2001-02 to 2004-05 resulting in non-raising of claim of Rs 3.68 crore which included claim of Rs 2.85 crore on 13 private printers and Rs 82.77 lakh on Government presses as detailed below.

	Details of material used		**Material issued by TBO**	**Standard usage plus wastage allowance of two *per cent***	**Excess usage**	**Excess usage to standard**	**Value of excess usage**
			(in MT)	**(in MT)**	**(in MT)**	**in *per cent***	**(Rs in lakh)**
A	Private Printers	60/86 cm	3275.57	2504.09	771.48	30.8	218.02
		76 cm	989.88	807.46	182.42	22.6	64.31
		WPB	65.16	52.04	13.12	25.2	2.58
	Total		**4330.61**	**3363.59**	**967.02**	**28.7**	**284.91**
B	Govt. press and SCERT	60/86 cm	735.61	392.54	343.07	87.40	82.77
	Total						**367.68**

Ψ **Name of Private printer**	**Amount Due (Rs in lakh)**
M/s Coronation Art & Crafts, Sivakasi	39.99
M/s Kottayam Printing Co-operative Society Ltd., Sivakasi	28.94
M/s Royal Star Packaging (P) Ltd., Sivakasi	30.71
M/s Liberty Offset Printers, Kozhikode	11.07
M/s KCAD Chidambaram Nadar & Co., Sivakasi	1.09
M/s Reval Offset Printers, Sivakasi	29.10
Total	**140.90**

Further, it was noticed that the printing paper valued at Rs 64.23 lakh was issued (April 2002 to March 2005) to Government presses at Kannur, Thiruvananthapuram and Ernakulam. However, no records were available to show the receipt of printed text books or return of the printing materials to TBO as of February 2006.

3.6.8 Loss in printing of IT text books

There was avoidable expenditure of Rs 18.08 lakh on printing of IT text books

Based on the decision of the Government and recommendations (July 2005) of the curriculum committee, it was decided to promote use of Linux in school classes in a phased manner by introducing Linux portion in Standard VIII from academic year 2005-06 and in Standard IX from academic year 2006-07. As the Information Technology books for Standard VIII had already been printed without incorporating the revised portion it was decided to print supplementary book for Standard VIII for the academic year 2005-06 and accordingly print orders for 4.86 lakh supplementary books were issued (August 2005) to KBPS. The supplementary books were received and distributed free of cost to students in November 2005 as per the decision of the Government. The Executive Director(ED), IT @ School Project intimated (October 2005) the TBO that it was decided to print the IT text books of VIII and IX standards for the academic year 2006-07 incorporating the revised portion in the original text books itself so that the printing of supplementary books can be avoided. By the time the above decision of the ED was intimated (December 2005) to KBPS, it had printed 4.82 lakh copies (Standard VIII: 2.31 lakh, Standard IX: 2.51 lakh) of IT books for academic year 2006-07 without incorporating revised portion based on the tentative print order issued (August 2005). To enable the distribution of the text books printed without incorporating revised portion it was decided by TBO to print 8,23,370 numbers of supplementary text books (3,47,300 for Standard VIII and 4,76,070 for Standard IX) which resulted in avoidable expenditure of Rs 7.92 lakh (being the cost of cover and printing charges). Further the text books printed for Standard IX (during academic year 2006-07) without incorporating revised syllabus was in excess of the requirement by 1,02,800 numbers which could not be utilised during the next year, the cost of which worked out to Rs 10.16 lakh. Thus the total avoidable loss on printing of IT books for academic year 2006-07 worked to Rs 18.08 lakh.

3.6.9 Loss due to printing of text books in excess

As a general practice the TBO had to collect the stock details from 34 DTBD and 3 CTBS before deciding the total number of books to be printed. However, the print orders for 34.66 lakh text books in 2002-03 and 68.25 lakh text books in 2003-04 were issued without collecting such details in respect of books for which the syllabus change was due in subsequent years as per Government order (September 2002) for the academic year 2003-04 (Standard I, II,III, IX) 2004-05 (Standard IV, V) and 2005-06 (Standard VI, VII).

Since the Department had not made a realistic assessment of text books required after considering the balance in stock, there was an accumulated stock of 61.01 lakh[♣] text books costing Rs 6.19 crore which had become

[♣] Standard I : 1.39 lakh, Standard II : 1.51 lakh, Standard III : 4.18 lakh, Standard IV : 7.38 lakh, Standard V : 12.43 lakh, Standard IX : 4.17 lakh, Standard X : 29.95 lakh obsolete from 2003-04 and 2004-05. Even if an allowance of 10 *per cent* (6.10 lakh text books) is made towards reserve stock, the TBO has incurred an avoidable expenditure of Rs 5.57 crore on printing of 54.91 lakh text books.

Thus, lapse on the part of the TBO in assessing the stock of text books for which syllabus change was due, before giving print orders resulted in wasteful expenditure of Rs 5.57 crore.

3.6.10 Loss due to cancellation of change in syllabus for Standard VIII

Decision to cancel syllabus change after the print orders were given to presses resulted in wasteful expenditure of Rs 70 lakh on printing

Government notified (March 2001) the change of text books for Standard VIII in respect of 20 titles for the academic year 2001-02. Accordingly, the State Council for Educational Research and Training (SCERT), Thiruvananthapuram revised the text books and the Text Book Officers issued orders for printing 42.45 lakh books in 20 different titles to various private presses. In the meantime, syllabus change was cancelled (June 2001) and it was decided to continue the old syllabus. When the print orders issued to private presses were stopped they had completed printing of 6.40 lakh copies of text books, the cost of which worked out to Rs 70 lakh. Decision to cancel syllabus change after the print orders were given to presses resulted in wasteful expenditure of Rs 70 lakh on printing.

Other points

3.6.11 Loss on sale of obsolete text books due to short assessment in weight

Loss of Rs 1.13 crore due to under assessment of weight of obsolete books

TBO estimated the total number of obsolete books available in 3 CTBS and 34 DTBDs as 1,03,25,302 weighing 1480.81 MT and invited (September 2005) tenders for disposing them. However, on an analysis in audit by comparing the standard weight of the obsolete text books with the total number of books as per the statement of books made available, it was observed that there should have been 1,07,69,534 obsolete books weighing 2354.24 MT. Thus, there was a loss of Rs 1.13 crore being the sale value of 873.43 MT of obsolete text books at Rs 12.89 per kg.

3.6.12 Non-recovery of liability from storekeepers

Rs 83.03 lakh was pending recovery from storekeepers

TBO had not kept any register showing the liability fixed in respect of storekeepers for shortage of books found on physical verification. To an audit query it was replied (April 2006) by TBO that Rs 83.03 lakh was pending recovery from 18 employees of which 12 had already retired. However, the liability fixed was not recovered from them. Year-wise details of pendency is detailed below.

Year	Number of employees	Amount (Rs in lakh)
Prior to 2000	9	58.51
2000-01	1	3.02
2001-02	2	4.66
2002-03	5	16.77
2003-04	Nil	Nil
2004-05	1	0.07
Total	**18**	**83.03**

3.6.13 Loss due to non-implementation of work experience programme

Wasteful expenditure of Rs 2.63 crore on purchase of paper for work experience programme

Based on the decision of the General Education Department to continue the note book manufacturing as part of work experience programme, the Government accorded (March 1996) administrative sanction for the purchase of 750 MT of white paper at a cost of Rs 2.63 crore. DPI expressed (November 1996) apprehension about the success of the scheme as the cost of note books manufactured under the scheme would be near to the cost in the open market and requested for the Government subsidy or permission to raise funds through advertisement. The proposal was, however, turned down (August 1997) by the Government. The CS purchased 750 MT of white paper between October 1997 and March 1998.

The schools were reluctant to take the paper due to lack of facilities or experienced teachers to implement the programme and only some schools partially implemented the programme by manufacturing a few books. Though it was stated that 353 MT of paper costing Rs 1.24 crore was utilised for notebook manufacturing, no account of the total number of books manufactured, sold, balance and sales revenue credited to the Government accounts were made available. Lack of planning and the action of the Department to go ahead with the scheme disregarding the apprehension of DPI on the economic viability of the scheme resulted in huge stock of paper (397 MT) remaining unutilised at CTBS, Thiruvananthapuram and Shoranur even after a lapse of eight years. Though a proposal was made to utilize the paper by issuing it to the KBPS and the Government press it did not materialize due to quality deterioration and size difference. Thus, the expenditure of Rs 2.63 crore became infructuous.

3.6.14 Lack of control over sale of text books

No control was exercised by the TBO on sale of text books

TBO is entrusted with the sale of text books through 34 DTBD to school co-operative societies which remit cash in treasury. The details of sale were not sent to the TBO by the DTBD and no compilation of the sales made, amount due, net amount realised and amount remitted in treasury were available with the TBO. Thus, the TBO was not exercising any control over sales and revenue and hence the amount unrealised/ misappropriated stands undetected. This has to be viewed in the context of arrears in internal audit up to 10 years. TBO was also not maintaining any account of the total number of books distributed free of cost every year to students of Standard I, and to all girl students and SC/ST students in Standard II to VIII under SSA scheme.

3.6.15 Internal audit

Internal audit of the Text Books Office was conducted by engaging one junior superintendent and four assistants. Though there are 34 DTBD and 3 CTBS to be audited annually, the internal audit was limited to checking of registers and books on the eve of retirement to assess the liability of storekeepers resulting in arrears in internal audit. PAC had recommended (August 2003) that a separate Internal Audit wing should be constituted to clear the arrears. In the Action Taken Note, the Department stated that the Audit Wing of the office of the DPI had been strengthened with the available staff so that the pendency could be minimised. It was noticed that Internal audit was pending for over three years in 24 DTBD[∞] and one CTBS[♣] and for one to three years in nine DTBD[♥] and one CTBS[Ψ]. This indicated that the recommendations of the PAC were not acted upon.

3.6.16 Conclusion

Review of the functioning of the Text Books Office revealed that there were deficiencies/shortcomings in all spheres of its activity. The *pro forma* accounts had not been prepared since 1987-88. During the period 2000-05, the TBO had incurred a revenue gap of Rs 35.30 crore. The sales account of text books had not been maintained by the TBO. Non-adherence to schedule of procurement of printing materials and non-compliances with the terms of supply order for obtaining timely supply of materials were noticed. Proper account of printing materials issued to printers, its usage and balance was not being prepared and reconciled annually so as to raise claims for recovery of excess usage. TBO sustained heavy loss due to under assessment of weight of obsolete books and non-recovery of value of shortage of books from store keepers. Internal audit was in arrears for one to more than three years.

3.6.17 Recommendations

- Backlog in preparation of *pro forma* accounts and sales accounts should be cleared on a war footing to enable the TBO to take timely decision in respect of pricing of text books, recovery against various schemes, amount advanced to outside agencies and to avoid the revenue gap.
- Strict adherence to schedule of procurement of printing materials and compliance with the terms of supply order for getting timely supply of materials should be ensured.
- Paper account statement should be prepared annually and claims raised for recovering the value of excess consumption of printing materials.
- Internal audit should be made up to date and a system should be evolved to recover the liability fixed on storekeepers.

The above points were referred to Government in July 2006; reply has not been received (August 2006).

[∞] DTBD, Tirur, Kollam, Aluva, Thrissur, Muvattupuzha, Kozhikode, Kannur, Pathanamthitta, Attingal, Mavelikkara, Kattapana, Thiruvalla, Kanjirapally, Thodupuzha, Punalur, Neyyattinkara, Chavakkad, Palakkad, Vadakara, Kasaragod, Ottapalam, Kanhangad, Irinjalakuda and Malappuram

[♣] CTBS, Thiruvananthapuram

[♥] DTBD, Pala, Thiruvananthapuram, Kottarakara, Thalassery, Cherthala, Kothamangalam, Kottayam, Ernakulam and Alappuzha

[Ψ] CTBS, Shoranur