CHAPTER III
PERFORMANCE REVIEWS

SCHEDULED CASTES AND SCHEDULED TRIBES DEVELOPMENT DEPARTMENT

3.1 Integrated Audit of the Department for Development of Scheduled Castes

Highlights

The Scheduled Castes (SCs) are a non-homogenous spatially dispersed community. According to the 2001 census the SCs constitute 10 per cent of State's population. Several Schemes such as Post-matric scholarships, Pre-examination Training Centres, Motor Driving course etc. and Centrally Sponsored Schemes are implemented mainly by the SC Development Department for the welfare and development of the SC community. An integrated audit of functioning of the department revealed several deficiencies such as under utilisation of funds, non implementation of Agricultural Land Purchase Scheme, conducting Computer training courses without assessing the suitability of the courses and institutions, delay in disbursement of immediate assistance to victims of atrocities, etc., in the implementation of the welfare schemes for the social upliftment of the SC community.

- **Funds of Rs 147.40 crore provided during 1999-2004 for implementing various schemes for the benefit of SC population were not utilised.**

(Paragraphs 3.1.6 – 3.1.7)

- **Government's decision in March 1997 to conduct a comprehensive survey of SC population to prepare a database for planning future developmental process was not implemented even after a lapse of seven years.**

(Paragraph 3.1.35)

- **Under Special Central Assistance to Special Component Plan 85 *per cent* of GOI funds (Rs 15.96 crore) received by the Director during 1999-2002 for the welfare of the SCs remained unutilised.**

(Paragraphs 3.1.23 – 3.1.24)

- **Despite the availability of funds, tools and furniture were not provided in 9 ITCs resulting in non-approval of courses by NCVT and 997 students, who completed the courses were deprived of National Trade Certificate.**

(Paragraphs 3.1.18 – 3.1.19)

- **Department claimed and obtained Rs 6.96 crore in excess from GOI towards maintenance allowance/tuition fee.**

(Paragraphs 3.1.10 – 3.1.13)

- **An amount of Rs 16.72 crore meant for implementing Agricultural Land Purchase Scheme was kept by Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited for**

the last three years as the scheme was taken up without assessing its feasibility.

(Paragraphs 3.1.38 – 3.1.40)

- **Computer training through various institutions was conducted incurring an expenditure of Rs 7.87 crore without preparing a project report and assessing the suitability of the courses and institutions.**

(Paragraphs 3.1.25 – 3.1.28)

- **The impact of various training programmes imparted by the pre-examination training centres incurring an expenditure of Rs 80.72 lakh was not evaluated.**

(Paragraphs 3.1.14 – 3.1.16)

- **Investment of Rs 2.73 crore on purchase of Shop rooms in Kairali-Sree Theatre Complex at Thrissur without assessing the demand was not prudent.**

(Paragraphs 3.1.31 – 3.1.34)

- **There was delay of more than one year in disbursing the immediate assistance to victims of atrocities against SC people.**

(Paragraphs 3.1.41 – 3.1.44)

Introduction

3.1.1 The population of Scheduled Castes (SC) in Kerala State is 31.24 lakh (2001 census) which is 10 *per cent* of total population. The literacy rate among SC (1991 census)[#] is 80 *per cent* against 90 *per cent* for the whole State. Schemes for the welfare and development of SCs are implemented mainly by the SC Development Department. There are State schemes such as Post-metric scholarships, Pre-examination Training Centres, Motor Driving course etc. and Centrally Sponsored Schemes of Computer training programme, schemes financed by pooled/corpus fund and Special Central Assistance for Special Component Plan. The SC Department also extends educational concessions to the students of other eligible and backward communities and economically weaker sections of forward communities.

Objectives of the department

3.1.2 The objective of the department is to evolve and implement various developmental activities in the socio-economic and educational field for the integrated development of SC population with a view to bring them up at par with others.

Organisational set up

3.1.3 The Department of SC Development is headed by the Secretary at Government level and the Director is the Head of the Department. The Director is assisted by the Additional Director, Chief Planning Officer, and other officers[∝] at Head Quarters/Region/District/Block Level.

[#] Literacy rate as per 2001 census not available

[∝] Administrative Officer (1), Finance Officer (1), Joint Directors (4), Research Officer (1), Deputy Directors (2), District Development Officers (14) and Scheduled Caste Development Officers at Block level (155)

Audit Objectives

3.1.4 The objectives of Audit were mainly to examine whether:

- Educational programmes were being implemented in an effective and efficient manner and assistance due from GOI was preferred and claimed in a timely manner
- Schemes for economic benefits of the SCs were implemented after proper study and planning and the benefit reached the targeted group
- The State discharged its obligations under Prevention of Atrocities Act, 1989 and Protection of Civil Rights Act, 1955 to protect the SC populace and rendered assistance as specified in these Acts
- Adequate internal controls were exercised over the use of resources and implementation of the schemes

Audit Coverage

3.1.5 A test check of the records pertaining to the period 1999-2004 at Government Secretariat, Directorate, 4[*] (out of 14) District SC Development Offices and 36 (out of 155) SC Development Offices at Block level was conducted during January–May 2004.

Financial Management

3.1.6 The details of budget provision and expenditure for the period 1999-2004 were as under:

(Rupees in crore)

Year	Budget provision	Expenditure	(-) Savings (+) Excess	Percentage of savings
1999-2000	197.51	178.46	(-)19.05	10
2000-01	191.11	177.61	(-)13.50	7
2001-02	148.73	110.99	(-)37.74	25
2002-03	235.29	235.48	(+) 0.19	-
2003-04	255.77	178.47	(-)77.30	30
Total	1028.41	881.01	(-)147.40	

Funds provided for implementing various schemes not fully utilised

3.1.7 Large savings under several heads of account indicating excessive budget provision or laxity in utilisation of the grant were noticed. The percentage of savings on major items (*vide* **Appendix XXVII)** ranged between 20 and 90 *per cent* during 1999-2004; the reasons for which have not been explained. However, it was noticed in Audit that:

- When the funds meant for various schemes are drawn from treasuries it is treated as expenditure under the schemes. However, in actual practices these are kept in Treasury Public (TP) Accounts for utilisation during subsequent years. The amount thus available in the TP Account as of 31 March 2003 was Rs 43.51 crore. As Government issued (March 2003) orders freezing TP Accounts this amount was surrendered in June 2003 and therefore the funds intended for implementing several schemes[#] for the benefit of SC population could

[*] Thiruvananthapuram, Ernakulam, Palakkad & Kozhikode

[#] Purchase of tools and equipments for ITCs (Rs 0.79 crore), purchase of computer (Rs 0.33 crore), functioning of model residential schools (Rs 0.33 crore), Mythri complete housing scheme (Rs 29.19 crore), Housing scheme for landless (Rs 1.26 crore), Special Central Assistance to Special Component plan (Rs 9.61 crore) and 15 other schemes not be utilised.

- Out of this Rs 5.43 crore was drawn (Rs 3.69 crore by demand draft and Rs 1.74 crore in cash) in March 2003 by 15 Drawing Officers of the department. The demand drafts were for value ranging from Rs 2.44 lakh to Rs 2.18 crore. Subsequently Rs 3.94 crore was spent during April - June 2003 and balance of Rs 1.49 crore was refunded to Government account. The practice followed in the above two cases would tantamount to circumventing the Legislative control over budgetary grant.

Programme Management

Educational Programmes

3.1.8 The department was providing educational assistance from pre-primary level to Doctoral level. There were 14 schemes for giving assistance to SC students. The expenditure for these schemes during the period 1999-2004 was Rs 154.99 crore against the provision of Rs 161.33 crore.

3.1.9 Deficiencies in implementation of various Educational Schemes such as reimbursement of tuition fees, training in unrecognised institutes, functioning of pre-examination centres, expenditure on units of various training centres which are not recognised, absence of monitoring of education in parallel colleges and extra expenditure in purchase of rank files, etc., are indicated below:

Excess claim towards Post-matric Scholarships

3.1.10 The objective of the scheme was to provide financial assistance to SC students studying for recognised post matriculation courses, including professional and technical courses, in recognised institutions. GOI provides 100 *per cent* assistance for expenditure over and above the level of committed liability i.e., the expenditure at GOI rate incurred for the last financial year of a five year plan of the State. The department paid assistance to SC students at the rate prescribed for State scheme and claimed reimbursement at the rates prescribed by GOI. Scrutiny revealed that State Government claimed and obtained from GOI scholarships for more students than actual strength and also fee at higher rates.

Department claimed and obtained Rs 6.96 crore in excess from GOI towards maintenance allowance/tuition fee

3.1.11 The claim for post-matric scholarships were based on student strength. For the year 2001-02 in respect of class XI, XII and graduate level in Arts and Science colleges against the actual strength of 50000 as reported by DDOs the department claimed scholarship for 69126 students. The maintenance allowance thus received in excess from GOI was computed as Rs 1.88 crore.

3.1.12 In the case of fees, GOI would reimburse tuition and other compulsory fee. In Kerala, though, education upto class XII was free, special fees and examination fees upto Rs 350 were charged for class XI and XII. For graduate level courses tuition fee was Rs 300 and other fees Rs 430. In the proforma for claiming reimbursement from GOI, however, the department claimed at the rate of Rs 1000 for class XI and XII and at the rate of Rs 1400 for graduate level courses. The excess fee thus received from GOI was Rs 5.08 crore.

3.1.13 Thus owing to the excess claim as above for the year 2001-02, i.e., the last financial year of 9th Plan period, the committed liability of the State for the 10th Plan period fixed by GOI was higher by Rs 6.96 crore. As GOI would reimburse only the expenditure over and above the committed liability, this would result in corresponding reduction in reimbursement by GOI for the next five years.

Deficiencies in functioning of Pre-examination Training Centres (PETCs)

3.1.14 The department operates PETCs at Thiruvananthapuram, Ernakulam and Kozhikode with the objective of providing effective coaching to SC/ST students who were appearing for various competitive examinations. The expenditure incurred on training by these centres during the period 1999-2004 was Rs 80.72 lakh. During 1999-2004 the PETCs conducted 69 short term courses for various competitive examinations, besides regular course of stenography of two year duration. All the 2667 students who attended the courses were paid stipends at rates varying from Rs 100 to Rs 400 per month.

The impact of various trainings imparted was not evaluated

3.1.15 For short term job oriented courses no calendar for training was prepared nor any target in respect of course/trainees were fixed. For the stenography course students were admitted once in two years. During the period 1998-2004, 279 students were admitted for the courses in the three centres. But the centres did not have any information on the number of students who had appeared and passed the Kerala Government Technical Examinations conducted at the end of the course. In view of this the usefulness or impact of the training given by the centres was not ascertainable.

3.1.16 Even though the centres incurred an expenditure of Rs 80.72 lakh during the period 1999-2004 for various training programmes the benefits derived and the impact of the training programme on the targeted group were not evaluated by the department.

Training in unrecognised Industrial Training Centres (ITCs)

3.1.17 There were 41 ITCs under the department and training was given to students in various trades e.g., Electrician, Electronics, Mechanic, Draughtsman, Surveyor, etc. Trainees in the ITCs which had the approval of the National Council for Vocational Training (NCVT) and who pass the All India Trade Test were issued with NCVT Certificate.

Despite availability of funds, tools and furniture were not provided leading to deprival of National Trade Certificate to 997 students

3.1.18 The expenditure of the ITCs was Rs 7.32 crore only against the total allotment of Rs 10.13 crore during the period 1999-2004. Due to lack of tools and furniture NCVT did not give approval for 23 units in 9 ITCs. Though funds were available no action was taken to provide necessary infrastructure in the ITCs. Due to non-recognition of these units in the ITCs 997 students who completed the one year course (475) and two year course (522) during 1999-2004 were deprived of the Certificates awarded by NCVT.

3.1.19 The Director stated (October 2004) that action has been taken to provide all facilities in 41 ITCs for getting the NCVT affiliation during the year 2004-05 itself.

Non-assessment of benefits intended to SC students in parallel colleges

Benefits derived from the assistance provided to pursue studies in parallel colleges were not assessed

3.1.20 Government accorded (September 1995) sanction for payment of educational concessions to SC students in parallel colleges* at par with the regular colleges. Consequent on delinking of Pre-degree courses (PDC) from the colleges, the benefit was extended (July 2000) to students undergoing studies in Plus Two Courses in parallel Colleges also. The department incurred an expenditure of Rs 11.81 crore towards tuition fees and stipend to students studying in parallel colleges in 9 districts of the State during 1999-2004. Though Government had directed the department to keep a record of students who underwent studies in the parallel colleges and was successful in the terminal examination, no such record was maintained.

3.1.21 In the absence of any kind of monitoring, the benefits, if any, derived by the students by the assistance given to pursue studies in parallel colleges remained unassessed.

Extra expenditure on purchase of rank file

Extra expenditure of Rs 28.80 lakh was incurred on the purchase and supply of rank files

3.1.22 With a view to increase the pass percentage of SC students in SSLC♠ examination Government decided (May 2003) to supply them rank files containing questions and answers of previous years. Out of eight quotations received from the Publishers, the Director selected four and sent them for quality assessment to SCERT#. It was seen that the SCERT completed the assessment of the four books having questions and answers on six subjects within one day (15 July 2003) and sent the reports to the Director on the very next day (16 July 2003). Based on this assessment and under orders of Government the Director purchased 30,000 copies of the book published by a firm in Thiruvananthapuram at the quoted rate of Rs 320 per copy with 35 *per cent* discount (Net price Rs 208) at a total cost of Rs 62.40 lakh. While selecting the firm the Director ignored the quotation of another firm which had quoted a price of Rs 160 with 30 *per cent* discount (Net price Rs 112) which also contained questions and answers of previous years though not titled as rank file. The honourable High Court of Kerala while disposing of a petition filed by the firm who quoted the lowest rate had held (November 2003) that as the book contained only questions and answers of the previous examinations, the action of the Director in ignoring the lower priced book was not in the best interest of Government. This had resulted in an extra expenditure of Rs 28.80 lakh.

Economic Development Programmes

Special Central Assistance to Special Component Plan

3.1.23 Special Central Assistance to Special Component Plan (SCA to SCP) is a *cent per cent* Centrally Sponsored Scheme implemented in the States and Union Territories. The main objective of the scheme was to give thrust to the economic development programmes for the Scheduled Caste people with reference to their occupational pattern and thereby increase their income.

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* Private centres coaching the students for various examinations conducted by Boards/Universities

♠ Secondary School Leaving Certificate

\# State Council for Education, Research and Training

85 *per cent* of GOI funds (Rs 15.96 crore) received during 1999-2002 for the welfare of the SCs remained unutilised

3.1.24 During the three years 1999-2002, out of Rs 25.97 crore received from GOI towards SCA to SCP Rs 18.67 crore were entrusted with the Director, SC development for implementing various schemes. Out of this the department spent only Rs 2.71 crore mainly for computer training, construction of buildings for hostel etc. Out of the remaining Rs 15.96 crore, Rs 6.36 crore was not drawn and Rs 9.60 crore though drawn and deposited in TP account was surrendered in June 2003 consequent on freezing of TP account. Thus 85 *per cent* of GOI funds was not utilised for the welfare of SCs and as a consequence GOI had not released any amount during 2002-04 under the scheme.

Irregularities in Computer training programme

3.1.25 During November 2002 to March 2003 the Director issued orders for taking up various computer training programmes under SCA to SCP. These programmes were, however, taken up without preparing a project report. The Department spent Rs 7.87 crore for the programme.

3.1.26 As per records maintained by the department, 12709 students in 11 districts were given training in various computer courses like PGDCA, DCA, MS Office, DTP, Unix, DOA etc. The fees paid varied from district to district and also among institutions. Advance of Rs 7.72 crore amounting to 75 *per cent* of the course fee was sanctioned to training institutions. Of this Rs 5.68 crore was paid to 24 franchisees of ET & T Corporation who were to train 8755 students in various courses. It was revealed in Audit that:

Computer training through various institutions was conducted without preparing project report and assessing suitability of courses/institutions

- No project report/action plan detailing number of students to be trained, courses to be selected, job potential of these courses, mode of selection of institutions, etc., was prepared and no administrative sanction was issued by Government.
- There was no evidence in the files to show that selection of institutions and students were made on the basis of any prescribed criteria or after observing any procedure. In six[★] institutions it was found that the institutions themselves admitted 1835 students without the approval of the department and the fee paid by the department in respect of these students was irregular and resulted in an unintended benefit to the institutions.
- The courses were selected on the basis of recommendations of the institutions. The Department did not evaluate the courses viz., its job potential, approval by Government/University, duration of the course, fee structure, etc especially with reference to similar courses conducted in institutions like LBS, IHRD[#]etc.
- In the original proposal of ET & T, the fee for two year PGDCA course was Rs 22500. But 658 students were admitted by 15 franchisees of the Institution for a shorter term course of PGDCA of one year at a higher fee of Rs 23085. However the fee charged by LBS for a similar course

★ Kozhikode, Vadakara, Pathanamthitta, Ranni, Thodupuzha and Adimaly

Lal Bahadur Shasthri Centre for Science and Technology, Institute of Human Resources Development - Autonomous institutes under Government

was only Rs 18000. The reduction of the duration of the course from two year to one year would obviously affect the quality and standard of the course and give undue monetary benefit to the franchisee. Moreover, these courses were not recognised by Universities/State. Though M/s. KELTRON Limited, a State Government Undertaking, had offered to conduct the courses recognised by certain Government departments, at a lesser fee of Rs 15500, the offer was not considered.

- As per the guidelines, students are eligible for the scholarship if the computer courses are recognised by State/University. The department, however, advertised that students were eligible for scholarships and disbursed Rs 19.98 lakh in four districts to students of computer courses which were not recognised by State/University. The Director reported that on a rough estimate, based on the number of students admitted to the various courses in the 11 districts, Rs 2.17 crore more was payable to the students.
- One franchisee of ET & T Corporation in Sasthamkotta was empanelled in October 2002 for conducting computer training courses. But Rs 58.11 lakh was released during January 2002 to January 2003 towards course fee of three computer courses which were to be completed by December 2002. For completion of the one year course in December 2002, admission should have been done by January 2002, much before the institution was even empanelled. In view of this, genuineness of the amount claimed/paid is doubtful.
- Government issued orders (2 July 2003) to stop the training programme as the selection of institutions and courses was not according to norms and the training programme was not as per the direction of the Government. Disregarding the direction, Director disbursed (14 July 2003) an amount of Rs 13.06 lakh to two institutions in Kollam district probably to help them.

3.1.27 It was noticed that the entire scheme was taken up without preparing a project report and the programmes were not closely monitored at district level. In a letter to Government (May 2004) the Director admitted that the courses were sanctioned by the Director and funds were released to the institutions without the knowledge of district officers and without executing any agreement with the institutions. Consequently the district officers were unaware of the number of training programmes sanctioned for implementation in their districts. According to the Director, the files relating to these programmes were not kept as per rules and some of the files were missing or not traceable and as such he was not taking responsibility for accuracy of the figures reported.

3.1.28 The Director further stated (October 2004) that the matter was being investigated by the Vigilance and Anti-corruption Bureau.

Other training courses

3.1.29 Department issued orders during 2002-03 sanctioning various courses in four institutions on Beautician, X–ray Welding, Auto Electrician, Aluminium Fabrication, Accounting and Taxation, Post Graduate Diploma in NGO Management and Wiremen (total 260 students). Seventy five *per cent* of the course fee amounting to Rs 15.23 lakh was disbursed to training institutions to which the courses were entrusted. Scrutiny of the records revealed that there were no specific norms for selection of institutions. GOI guidelines prescribes that there should be a mechanism to ensure whether the students who completed the courses received any placement either in waged employment or in self-employment. But no mechanism has been evolved so far (October 2004).

Motor Driving Course

3.1.30 A scheme to give training to Scheduled Caste youths to get licence to drive Light Motor Vehicles (LMV)/Heavy Motor Vehicles (HMV)/Autorickshaw and to enable them to get employment as Transport Vehicle Drivers was implemented during 2001-03. Six districts[♣] were selected for the scheme. During 2001-02 against the allotment of Rs 0.58 lakh no expenditure was incurred. However, against the allotment of Rs 120 lakh in 2002-03, Rs 65.14 lakh was spent. It was found that against 3724 persons targeted for training during 2002-03, 2796 persons (75 *per cent*) were trained and 688 trainees got licence. It was also noticed that:

Department paid Rs 31.59 lakh in excess of fee fixed by Government towards Motor Driving Course

- Government had fixed (September 2002) course fee at Rs 1200/- for Motor Driving course. At this rate the course fee to be paid for 2796 trainees worked out to Rs 33.55 lakh only whereas the department paid Rs 65.14 lakh towards course fee which lacked justification.
- Out of total trainees, 1700 (61 *per cent*) were in Kollam District, where course fee of Rs 35.89 lakh was paid to 10 motor driving schools. But the eligible stipend of Rs 600 each was not disbursed to any of the trainees and there arises a doubt as to the genuiness of the training imparted.
- In Kasaragod district though Rs 17.30 lakh was paid to a Society for giving training to 500 students in LMV/Autorickshaw Driving License Course, it gave training to 40 students only at a cost of Rs 1.27 lakh. The Balance amount of Rs 16.03 lakh has neither been refunded by the Society though the training was stopped (March 2004) nor the department has taken any action to recover the amount. The Director stated (October 2004) that a strict direction had been issued to the District Officer to remit in the treasury the balance amount retained by the Society.

Facility for SC entrepreneurs

Purchase of ready built shop rooms in Kairali – Sree Theatre Complex at Thrissur

3.1.31 Mention was made in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 2000 regarding non-occupation of 28 shop rooms, constructed in 1997 by Kerala State Film Development Corporation (KSFDC), costing about Rs 2.13 crore remaining unoccupied.

[♣] Thiruvananthapuram, Kollam, Alappuzha, Thrissur, Kasaragod and Wayanad

Investment of Rs 2.73 crore on purchase of shop rooms at Thrissur without assessing demand was not prudent

3.1.32 Based on a proposal (July 2002) of KSFDC, the department paid (November 2003) Rs 2.73 crore to KSFDC towards cost of 28 shop rooms having areas ranging from 103-207 sq.ft. in the first floor of the Kairali-Sree Theatre Complex at Thrissur. The cost of each shop room ranged between Rs 8.24 lakh and Rs 20.30 lakh.

3.1.33 The shop rooms were intended to be leased out to SC/ST persons having ample entrepreneurial skill for business. Though the department was aware of the fact that there was no demand for these shop rooms for the last six years, it ventured into the project without assessing the demand for shop rooms by SC entrepreneurs. It was also seen that the department had not conducted a valuation of the asset before acquiring it. The department paid Rs 2.73 crore against the cost of Rs 2.13 crore apparently to help KSFDC to tide over its financial crisis.

3.1.34 The department stated (October 2004) that the majority of SC population in the State live below poverty line and as such they are unable to raise any type of collateral security for obtaining loan to take up any venture. Thus the department's decision to invest Rs 2.73 crore on this was not prudent.

Social Upliftment Programmes and Welfare Schemes

Comprehensive survey of SC households

A survey of SC population to prepare a database for planning future developmental process was not conducted

3.1.35 Government felt the need for preparing a database to assess the impact of various schemes implemented on the living conditions of the SC population as well as for planning future developmental process and accordingly issued orders (March 1997) to conduct a comprehensive survey at a cost of Rs 75 lakh to bring out the socio-economic status of SC population. It was also stated that the census figures did not give much information on the economic status and problems of the SCs. Even though the department spent (March 1998) Rs 1.90 lakh on preliminary works, the survey has not been started even after a lapse of seven years (May 2004). The Director stated (October 2004) that the survey activities had invited serious threats and agitations and hence after conducting discussion by the Minister with the leaders of various socio-political organisations it was decided to abandon the programme. Thus the survey which was considered essential for proper planning of the schemes and to ensure that the various benefits were judiciously distributed among the targeted group did not materialise.

Scheme for houses to houseless

3.1.36 The SC department allotted (January 2002) Rs 18.50 crore to 14 districts towards assistance at the rate of Rs 35000 each payable in four instalments to SC families having income below Rs 18000 for construction of 5286 houses during the year 2001-02. The assistance was enhanced to Rs 70000 for the year 2002-03. For the year 2002-03 the physical target was 13927 and Rs 97.49 crore was allotted to the 14 districts (January 2003 and February 2003).

3.1.37 The assistance was to be released in four instalments. The first instalment was to be released as advance and the subsequent releases were to be made based on progress of construction. According to information received from 8 districts it was seen that only 6290 of the houses targeted for completion during 2001-03 were completed as of March 2004, though the scheme provided construction of 10077 houses within six months. It was also seen that in these districts 184 persons who had received Rs 17.69 lakh had not claimed the second instalment indicating that the construction was not started. The department stated that revenue recovery action would be taken to recover the amounts.

Agricultural Land Purchase Scheme

Funds meant for implementing the Agricultural Land Purchase Scheme amounting to Rs 16.72 crore was kept by the Corporation for the last three years

3.1.38 Under a scheme for providing assistance to Scheduled Caste families for purchase of agricultural land the department released Rs 20.80 crore during 1999-2001. The scheme was to be implemented by the Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Ltd (Corporation). Each family satisfying the prescribed qualifications was entitled to Rs 1.5 lakh as assistance out of which Rs 0.50 lakh was subsidy from Government. The balance amount was to be provided as loan by the Corporation. A total of 1535 persons were given assistance under the scheme. It was seen that 80 *per cent* of the funds amounting to Rs 16.72 crore were lying unutilised with the Corporation as of July 2004.

3.1.39 The Corporation stated (July 2004) that the shortfall in disbursement was due to non-release of any proportionate allocation for loan obligation. Releases of funds by the department without deciding on the source of loans to the beneficiaries and failure in assessing the feasibility of the scheme has resulted in the funds remaining idle with the implementing agency.

3.1.40 The Director stated (October 2004) that the department has only a role to draw the amount from treasury and credit it into the TP account of the Corporation and that the department had no power or right to assess the feasibility of the schemes being implemented by the Corporation.

Implementation of Statutes for the welfare of SCs

Implementation of SC/ST Prevention of Atrocities Act, 1989

There was undue delay in disbursing the immediate assistance to victims of atrocities against SC people

3.1.41 Under the SC/ST Prevention of Atrocities Act, 1989 (PA Act) and the SC/ST Prevention of Atrocities Rules, 1995 (PA Rules), the State Governments were required to undertake various measures such as providing adequate facilities including legal aid, travelling and maintenance expenses to victims and witnesses, setting up of committees at different levels for formulation and implementation of such measures and relief and rehabilitation to victims/dependents of atrocities against the members of SC and ST by other communities. During 1999-2004, against a provision of Rs 34 lakh for the implementation of PA Act, the expenditure was Rs 23.08 lakh registering a saving of Rs 10.92 lakh (32 *per cent*).

3.1.42 In respect of major offences PA Rules provided for immediate relief by cash or in kind to victims or their family members, pension to widows or employment to one member of the family, education to children, etc. Victims/dependents of major offences like murder, rape and grievous hurt were entitled to economic assistance at varying rates of Rs 30000 to Rs 2 lakh. But no details were available with the department regarding the quantum of assistance paid.

3.1.43 Similarly in respect of other offences department had not claimed the 25 *per cent* of the amount eligible for reimbursement from GOI. The budget provision each year was also far below the requirement even though the department was aware of the quantum of assistance payable for the previous year. It was also noticed that:

- ⇨ in two districts (Ernakulam and Kozhikode) the district level vigilance and monitoring committees under the Chairmanship of District Magistrate for reviewing the implementation of the PA Act which was supposed to meet at least four times in a year had not met after May 2002;
- ⇨ there was delay of more than one year in disbursement of immediate assistance under PA Rules to the victims;
- ⇨ the minutes of the meetings of the high power vigilance and monitoring committee set up in 1998 under the Chairmanship of Chief Minister though called for were not produced for scrutiny.

Implementation of Protection of Civil Rights Act

3.1.44 Section 15 A of the Protection of Civil Rights Act 1955 (PCR Act) provides for adequate facilities, including legal aid to the persons subjected to any disability arising out of untouchability; the appointment of officers for initiating or exercising supervision over prosecution for the contravention of the provisions of the Act; setting up of special courts for the trial of offences under the Act; and setting up of committees at such appropriate levels by the State Government in formulating or implementing such measures. Against the budget provision of Rs 610 lakh the expenditure incurred by the department for the implementation of the Act was Rs 438.38 lakh (72 *per cent*) during 1999-2004. It was seen that the department had not incurred any expenditure for implementation of the above provisions of the Act.

3.1.45 Fifty *per cent* of the expenditure for implementation of PCR Act was provided by GOI. Though GOI enhanced (2002-03) the economic assistance for inter caste marriage from Rs 10000 to Rs 20000 the State Government disbursed the assistance only at the rate of Rs 10000 to 425 couples for the year thus depriving them of the eligible benefit of Rs 42.50 lakh.

Internal control

3.1.46 The department operates control system through maintenance of registers and records, collection, consolidation and review of management information, supervision and monitoring activities at different levels and conducting of internal audit checks. Audit scrutiny revealed that:

- ❖ Monthly statement of expenditure required to be sent to the Directorate on fifth of every month by district development officers were not sent regularly. It was seen that monthly reports upto May 2003 were only received in the Directorate till March 2004.
- ❖ Monthly reconciliation of expenditure and receipts with the accounts figures of Accountant General (A&E) was completed only upto March 2003 as of March 2004.

- There was no monitoring of progress of achievement in the implementation of various schemes for which funds were released. In respect of land for landless schemes for which Rs 21.83 crore was released during the three years 2001-04, reports received from the districts was not consolidated in the directorate and consequently the position of the State as a whole was not available.
- Government had ordered in May 2003 to close all accounts opened in banks for payment of educational concessions to students and deposit the amounts in treasury accounts. This order was not complied with and Rs 1.48 crore was still retained in bank accounts in various districts as of April 2004.
- Sixty one Taluk SC Development Offices (SCDO) were ordered to be closed (July 2000) consequent on partial reorganisation of the department. The Director issued orders (July 2000) that the cash/bank balance and demand drafts retained with these offices should be remitted to Government accounts in the concerned head of accounts and the facts reported. Compliance of these instructions were not monitored by the Director.
- Reports on progress of implementation of various schemes received from the district offices were not monitored and properly documented rendering it difficult to have a State wide position. The documentation was poor and the reports and files were incomplete.

Internal Audit Wing

3.1.47 No norms were prescribed for selection of institutions for internal audit. An institution was selected for audit to assess the liabilities of District/Block level officers at the time of their retirement. Out of 155 Block level offices of SCDO which was formed in November 2000, 132 offices were not inspected even once by the Internal Audit Wing. Ninety two inspection reports (vide **Appendix XXVIII**) were pending disposal (March 2003).

Response to audit

3.1.48 There were 1109 paragraphs (Directorate : 109, district offices : 309, block level offices : 395 and miscellaneous institutions : 296) in 227 inspection reports issued by the Accountant General pertaining to the period 1993-2004 pending for want of final reply from the department. Out of these 207 paragraphs in 41 Inspection Reports were pending for more than 5 years and 9 paragraphs related to the year 1993-94.

Conclusions

3.1.49 Though several schemes were taken up to meet the departmental objective of raising the standard of SC population, the impact has not been assessed. The funds provided for in the budget were not fully utilised and portion of the funds though drawn and kept in TP accounts could not be utilised due to freezing of the accounts. There was also lack of monitoring in the implementation of the schemes.

3.1.50 The statutory benefits available under the provisions of PA Act and PCR Act were not released as prescribed and the implementation of the Acts were not being properly monitored. In the absence of an adequate and effective internal control mechanism, the Head of Department was not fully aware of the activities of the subordinate offices.

3.1.51 Recommendations

- ★ In respect of post-matric scholarships full details viz., number of students, courses etc. may be kept district-wise and consolidated at State level so that claim for reimbursement sent to GOI would be reliable and accurate.
- ★ While granting educational assistance to the students in parallel colleges/private institutions, the department should ascertain the infrastructure available, whether the courses are recognised/approved and the students are actually attending the classes and appearing for the examination.
- ★ It should be ensured that funds under SCA to SCP are utilised for income generation schemes related to occupational patterns of the beneficiaries as prescribed in the guidelines.
- ★ Government may ensure proper infrastructure in the ITCs to get recognition from NCVT so that students are not put to hardship.

Response of the department

3.1.52 The Report was discussed in detail with the Director of SC Development Department who agreed with all the recommendations of Audit. He also agreed to issue necessary instructions to the concerned officers in line with the observations of audit for the proper functioning of the Department.

FISHERIES/WATER RESOURCES/HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 District Audit - Kollam

Highlights

Kollam, an old sea port town on the Arabian coast is a land of backwaters. A review of the Government Departments engaged in the activities of the district viz., availability of safe drinking water, primary health care and fishing sector revealed several deficiencies such as non-utilisation of funds, delay in implementation of schemes, shortage of manpower, idling of equipment, etc.

- ➢ **Out of 14 Water Supply Schemes, work in respect of 9 Schemes sanctioned between 1993 and 1999 could not be started due to non-availability of land.**

(Paragraph 3.2.11)

- **Out of the loan amount of Rs 9.49 crore for implementation of various schemes, Rs 6.99 crore was diverted for other activities of Kerala Water Authority.**

(Paragraph 3.2.15)

- **Out of 5944 samples of water analysed, 2399 samples contained high bacteriological and chemical impurities indicating that the water was not potable.**

(Paragraph 3.2.25)

- **Though the urban population was only 9 *per cent* of the total population, 48 *per cent* of the bed strength of the hospitals was in urban area.**

(Paragraph 3.2.30)

- **A boat provided to the district for patrolling at a cost of Rs 1.81 crore was used only for 57 days between May 1997 and February 2002.**

(Paragraph 3.2.52)

Introduction

3.2.1 Kollam, an old sea port town on the Arabian Coast, is a land of backwaters which form a specially attractive and economically valuable feature of the district. The total geographical area is 2491 sq.km comprising forest cover of 81438 ha., sown area of 141838 ha, non-agriculture land of 23421 ha and waste land of 8072 ha. The district has a population of 25.85 lakh, of which, female population (13.35 lakh) predominates the male population (12.50 lakh). The density of population is 1038 per sq. km. paddy, coconut, cashew, pepper and tapioca are the major crops. Fishing has a prominent place in the economy of the district. Coir and cashew constitute the major industrial activity. Other information relating to the district is shown in **Appendix XXIX.**

Organisational set up

3.2.2 In Kerala, the District Collector (DC) is the head of the Revenue Department in the District and not a Chief executive of plan implementation in the district. Programmes are implemented by the respective departments, which are under the control of a Directorate at the State level. In respect of schemes implemented by the Local Self Government Institutions (LSGIs) also, DC has only an advisory role and has no executive/implementing power.

3.2.3 The District Planning Committee consisting of 15 members with the Panchayat President as Chairman and DC as Secretary finalises the draft development plan for the district from the plans prepared by the Panchayats and Municipalities. It also monitors all the Plan schemes including State Plan schemes and evaluates the completed schemes.

3.2.4 The District Development Committee (DDC) with the DC as the Chairman and District level officers as its members reviews and monitors the implementation of the schemes. The District Planning Officer who functions as the Member Secretary initiates the follow up measures.

Audit Objectives

3.2.5 The objective of the review was to:

- assess the facilities available in the sectors of drinking water, health care and fisheries.
- implementation of the schemes in these sectors and
- their impact on the targeted population.

Audit coverage

3.2.6 A review of the functioning of the Government Departments engaged in providing safe drinking water, primary health care under Allopathic system of medicine and activities of fisheries sector in the district for the period 1999-2004 was conducted during March – June 2004.

Programme management

3.2.7 Deficiencies noticed in providing safe drinking water were the non-commencement of water supply schemes due to non-availability of land, diversion of loan amount for other purposes, unfruitful expenditure and failure to ensure quality of drinking water. Similarly, against the objective of primary health care services, deficiencies that were noticed during implementation was shortage of manpower, inadequate facilities in rural area, idling of equipment and non-utilisation of available infrastructure. As far as fisheries sector was concerned the schemes for promoting aquaculture was not properly implemented, the working of the fish farmers development agency was not monitored as detailed below:

Availability of safe drinking water

3.2.8 The requirements of drinking water in the district were met mainly from open wells, tube wells and piped water supply. The Kerala Water Authority (KWA), an autonomous body, was the agency entrusted with the execution and maintenance of piped water supply schemes. KWA also executes the water supply schemes sanctioned by the DC for the benefit of the SC/ST population and that of local bodies as deposit works and maintains them. In addition, District Panchayats implemented water supply schemes under 'Sector Reforms Project' in the district which were maintained by the beneficiary groups of each scheme.

3.2.9 The implementation of the water supply schemes was reviewed by a test check of the records in the office of both the KWA divisions, District Collectorate and District Panchayat. The results of the review are discussed below:

3.2.10 The review revealed that the schemes were not commenced due to non-availability of land, diversion of loan amount specifically obtained for water supply schemes, unfruitful expenditure, diversion of funds, failure to ensure quality of drinking water, etc., as described below:

Schemes executed by Kerala Water Authority

Out of 14 water supply schemes work in respect of 9 schemes could not be started due to non-availability of land

3.2.11 Fourteen water supply schemes were under execution and the expenditure on these schemes as of March 2004 was Rs 19.22 crore as shown in **Appendix XXX**. However, only three schemes were commissioned during the last five years. Of these, the scheme for World Bank aided Water Supply

Scheme to Chithara and adjoining Panchayats commenced in 1986 was completed only in 1999, thus delaying the project by about 10 years. The two schemes sanctioned in 1991 and 1997 were under various stages of implementation. Work in respect of remaining nine schemes sanctioned between 1993 and 1999 could not be started due to non-availability of land.

Non-execution of schemes after availing of loans

3.2.12 KWA raised loans from financial institutions like Life Insurance Corporation of India (LIC), HUDCO♠ , etc., for the implementation of various ongoing as well as new schemes. Government accorded sanction between 1995 and 1999 to implement six rural water supply schemes♦ with loan assistance from LIC in areas where the existing ground water source was of poor quality. The population to be benefited was 2.06 lakh in the six villages of the district. The estimated cost of the schemes and the eligible amount of loan were Rs 49.54 crore and Rs 22.81 crore respectively. Loans released from LIC for these schemes upto March 2004 amounted to Rs 9.49 crore.

Pipes costing Rs 2.21 crore were purchased in advance though the required land was not acquired

3.2.13 In Rural Water Supply Scheme (RWSS) to Ochira and Karunagappally the original source and site of treatment plant were changed due to non-availability of land and the new site for the treatment plant was identified but not taken possession of. But pipes worth Rs 2.21 crore were purchased between March 1998 and October 1999 by KWA though the required land was not acquired. Thus the expenditure of Rs 2.21 crore remained idle for more than four years.

3.2.14 The source of the remaining four RWSS (Chavara, Panmana, Thevalakkara and Thekkumbhagam) was the existing well of Quilon Water Supply Scheme. The land required for other common components (water treatment plant, balancing reservoir and 800 mm CI pumping main) was in possession of KWA. However, KWA did not commence the execution of common components due to non-acquisition of land by KWA for the overhead tanks for two of the schemes at Chavara and Thevalakkara.

Out of the loan amount of Rs 9.49 crore from LIC, Rs 6.99 crore was diverted for other activities of KWA

3.2.15 The sanctioning of projects and obtaining loan for its implementation without ensuring the availability of land for various components was irregular. Out of the loan of Rs 9.49 crore raised at interest rate of 13 *per cent*, Rs 6.99 crore availed specifically for these six projects were used as resources for other activities of KWA and the works could not be started as of June 2004.

Unfruitful Expenditure

Two water supply schemes could not be completed even eight years after the targeted date of completion

3.2.16 The local bodies (beneficiary Panchayats) were to provide land required for the construction of well-cum-pump house, treatment plant, overhead tank, in respect of *cent per cent* centrally sponsored Accelerated Rural Water Supply Schemes (ARWSS). The following two schemes could not be completed even eight years after the targeted date of completion due to lack of appropriate and timely action by the Panchayats and KWA and the expenditure on these projects became unfruitful.

♠ Housing and Urban Development Corporation Limited
♦ Ochira, Karunagappally, Chavara, Panmana, Thevalakkara and Thekkumbhagam

3.2.17 ARWSS to Kulathupuzha and adjoining villages with an estimated cost of Rs 4.18 crore was sanctioned in October 1993. The scheme, targeted to be completed in October 1996, was to benefit four villages of Kulathupuzha, Eroor, Alayamon and Ittiva. The scheme was taken up as the project area experienced acute scarcity of drinking water and the villages were identified as problem villages as per criteria fixed by Government of India (GOI). But the Forest department did not permit any construction in the forest land identified for the construction of treatment plant, reservoir, etc. An alternative site (1.325 acre) was handed over by the Panchayat in November 2002. The change in site resulted in deviation from the original plan. But the deviation proposal was not approved by KWA as of March 2004. The expenditure incurred so far (March 2004) was Rs 1.14 crore for purchase of pipes (Rs 0.98 crore) and preliminary expenses (Rs 0.16 crore).

3.2.18 Similarly, ARWSS to Pathanapuram and adjoining villages estimated to cost Rs 3.78 crore was sanctioned in October 1993. The scheme, targetted to be completed in October 1996 was to benefit a population of 1.40 lakh in the five villages of Pathanapuram, Piravanthoor, Pidavoor, Thalavoor and Mylam. The construction of well-cum-pump house was started in April 1996. While digging the well rock formation was struck. There was no provision in the accepted schedule of contract for rock blasting. Hence the work was stopped in November 1997. The revised estimate was pending approval of the Chief Engineer. The total expenditure incurred upto March 2004 was Rs 1.14 crore.

Rs 4.23 crore spent on water supply scheme became nugatory

3.2.19 The ARWSS to Kottarakkara and adjoining villages was intended to serve a population of 1.14 lakh in the four Panchayats of Kottarakkara, Melila, Vettikavala and Vilakkudy. The source was the treated water from "Bilaterally Aided Water Supply Scheme to Kundara". Works on the other components were commenced in April 1991 and trial run started in December 2000. However, the scheme could not be commissioned owing to insufficient water from the Kundara scheme. As no benefit could be derived the expenditure of Rs 4.23 crore became nugatory.

3.2.20 KWA may investigate the reasons for the undue delay in implementing these schemes and action taken against the persons responsible.

Non-implementation of drinking water schemes

3.2.21 Government sanctioned (October 2002) a project on 'Basic Sanitation and Drinking Water Supply Facilities', with Special Central Assistance in nine districts including Kollam. Special Central Assistance of Rs 50 lakh was received (February 2003) for two drinking water schemes (Rs 40 lakh) and for construction of 10 common sanitation facilities (Rs 10 lakh). This amount was deposited with the Harbour Engineering Department in February 2003. As the LSGIs could not identify the land required for the schemes, the funds remained unutilised.

3.2.22 The department just passed on the funds meant for the schemes to the Harbour Engineering Department and the matter was not pursued thereafter. The failure of the department to ensure providing of required land by the LSGIs and convene beneficiary committees were also the reasons for non-implementation of the scheme despite availability of funds.

Delay in implementation of schemes for SC/ST

3.2.23 According to norms, 25 *per cent* and 10 *per cent* of the ARWSS funds were to be utilised for undertaking original water supply schemes for Scheduled Castes (SC) and Scheduled Tribes (ST) respectively. KWA released Rs 2.11 crore to the DC during the period from 1 April 1999 to 31 March 2004 for implementation of the SC/ST components of the scheme. But there was delay upto 18 months in encashing the cheques received from KWA due to treasury restrictions imposed by Government. The inordinate delay in implementation of the schemes financed by GOI resulted in non-provision of drinking water to the SC and ST population.

Diversion of funds meant for the benefit of SC/ST

DC diverted Rs 1.19 crore of SC/ST funds to works not envisaged in the guidelines

3.2.24 The repair and maintenance of commissioned water supply schemes was to be met from the funds of KWA. However, thirty five schemes with an estimated cost of Rs 1.07 crore sanctioned in March 2003 by the DC was for the repair, maintenance and extension works. One scheme sanctioned in March 2003 at an estimated cost of Rs 11.80 lakh was not for SC/ST population which was a violation of the guidelines. The action of DC in utilising Rs 1.19 crore for purposes not envisaged in the scheme resulted in diversion of funds.

Poor quality of water

Samples of water analysed contained high bacteriological and physical impurities indicating that the water was not potable

3.2.25 The Quality Control District Laboratory, Kollam was responsible for collection and analysis of samples from the piped water schemes periodically and send reports of the result to the implementing divisions of KWA for remedial action. During 1999-2004 the laboratory collected and analysed 5944 samples and found that 2399 samples (varying from 33 to 46 *per cent*) contained high bacteriological, chemical and physical impurities indicating that the water was not potable. This showed that the corrective measures like periodical washing of tank, chlorination, leak rectification work, etc., were not adequate and therefore the piped water supplied was not safe drinking water. The action taken on the findings of the laboratory was, however, not furnished by the DC.

Primary health care

3.2.26 Another important factor affecting the social life of the people is primary health care. About 39 *per cent* of the people in the District live below poverty line and the Government is the prime provider of the health care.

3.2.27 The district had two district level hospitals, one for General and the other for Women and Children, four Taluk headquarters hospitals, 85 Community Health Centres/Government Hospitals/Primary Health Centres (CHCs/GHs/PHCs) and 449 sub centres in the Allopathy system. At the district level District Medical Officer (DMO) of health was in charge of all the health and family welfare activities. Two district level hospitals, four taluk hospitals, two Government hospitals, three community health centres and 20 primary health centres in the district were covered in audit.

3.2.28 During 1999-2004 the Health Department spent, Rs 189.62 crore for the health services under the DMO, Kollam. The contingent expenditure such as dietary charges, electricity and water charges, etc., of Government hospitals/dispensaries are met by the Local Self Government institutions from the funds allotted to them by the DMO. Medicines were supplied to the institutions under a centralised purchase system.

3.2.29 The review of health care facilities available in the district revealed shortage of man power, inadequate facilities in rural area, idling of equipment, non-utilisation of infrastructure etc. as discussed below.

Urban/Rural disparity in health care

Urban population constituted only 9 *per cent* but 48 *per cent* of the bed strength was in the urban area

3.2.30 There were 83 institutions with inpatient facilities having total bed strength of 2156 in the Government Sector and 248 institutions in the Private Sector with bed strength of 4436. Out of the total area of 2491 sq. km, urban area constituted only 3 *per cent* while 9 *per cent* of the population reside in urban area. However, of the total bed strength of 2156 in Government hospitals 1041 (48 *per cent*) was in urban area.

3.2.31 For a lakh of population there were 466 beds in the urban area and only 47 beds in the rural area of the district. Even these numbers of beds were not actually available in rural areas as a large number of PH centres did not admit in-patients due to non-availability of doctors. The disparity in the bed strength and low percentage of patients treated in rural areas revealed that health care services provided by Government were inadequate for the rural population of the district.

3.2.32 An 'Oor-kootam' (Assembly of Locals) was organised at the instance of Audit at the Tribal colony, Achankoil during February 2004. The Tribal Extension Officer, the Mooppan (Tribal Chief) and two promoters participated in the interaction. The following aspects were brought to the notice of Audit/Department by the inhabitants of the tribal colony.

3.2.33 The services of the Medical Officer were available at the PH Centre, Achankoil only for two days in a week, though the Medical Officer was expected to be present on all days. The staff nurse posted at the PH Centre referred most of the cases requiring administration of injections to the local private hospital. An ambulance purchased with the financial aid from European commission and meant for PHC Achankoil was never used as it was always parked at Ariyankavu, 35 km away from the PHC. Tribals who needed emergency care and hospitalisation were compelled to proceed to Government Hospital, Punalur in hired jeep – taxies by paying exorbitant charges.

Idling of equipment/machinery

3.2.34 The hospitals in the district have not maintained an asset register. No study has been conducted to have an inventory of available equipment and its present condition.

3.2.35 It was observed that equipment/instruments like X-ray machines, ultra sound scanner, power laundry unit etc., costing Rs 59.90 lakh was idling for periods ranging from one to eight years in six hospitals. Thus the patients in these hospitals did not receive the intended diagnostic services from the equipment provided to the hospitals due to inaction of the department in making them functional.

Non-utilisation of Institutional infrastructure

Non-utilisation of assets/facilities

3.2.36 Non-utilisation of infrastructure created in rural areas *viz.*, hospital buildings, operation theatre, in-patient wards, X-ray rooms and blood banks was noticed. The details are given in **Appendix XXXI**. In the following cases the assets created could not be utilised even after 12-34 years of its creation.

Sl. No	Hospital	Asset	Year of completion	Reason for non-utilisation
1.	P.H.C., Kalakode	IP Ward (12 beds)	1970	Want of medical/para medical staff
2.	P.H.C., Thazhava	-do-	1992	-do-
3.	P.H.C., Nedumankavu	6 Quarters	1974	Away from the hospital
4.	P.H.C. Vilakudy	IP ward (10 beds) Office building	1991 1980	Want of medical/para medical staff.

3.2.37 The reasons attributed were shortage of staff and lack of facilities such as power/water connection, etc.

3.2.38 Similarly the paediatric ward with 24 beds in the Taluk Hospital Punalur and 148 beds available in the 11 PHCs in the rural areas could not be provided in-patient treatment due to dearth of staff, non-availability of minimum required number of three doctors, etc. This showed the failure of the department in taking effective action in utilising the infrastructure created so as to provide better medical care to the rural people who are mainly depending on Government hospitals. The DMO, Kollam stated (September 2004) that action was being taken to utilise the idling hospital building, operation theatre, etc., under the Modernisation of Government Programme.

Hospital Waste Management

3.2.39 Bio-medical waste management rules require that every bit of infectious waste to be properly treated and disposed off. In a study on Bio-waste Management in the district conducted by the Indian Medical Association (IMA), it was estimated that about 7.3 lakh kg of infectious wastes were produced in a year in the health care facilities, including private institutions of Kollam District.

3.2.40 Government Victoria Hospital, Kollam, the only hospital in the district dedicated exclusively to women and children with bed strength of 273 generated about 17900 kg of bio-wastes a year. However, the hospital had not yet adopted a scientific way of disposal of bio-waste and the primitive method of burning the waste in a pit was being followed. Kerala State Pollution Control Board in its study reported that this could lead to spread of contagious diseases and other health hazards and therefore the need for a properly planned project for the management and disposal of hazardous waste is brought to notice. In fact, none of the institutions other than the district hospital has installed an incinerator.

Construction of an additional ward

3.2.41 Government Rural Dispensary, Sasthamkotta with bed strength of 40 was upgraded to the status of Taluk headquarters hospital in

December 1993. Administrative and expenditure sanction for Rs 58 lakh were accorded in February 1996 for the construction of a 100 bedded ward to the hospital. Consequent on the implementation of Panchayati Raj Act 1996, the Scheme was transferred to Block Panchayat. The work has not yet been started pending provision of funds by the Block Panchayat.

Treatment of physically challenged

3.2.42 A District Limb-Fitting Centre (DLFC), functioning within the District Hospital, was an independent entity, under overall supervision of a Medical Officer. The DLFC catered to the needs of physically challenged patients by manufacturing and supplying artificial limbs, Hip Disarti, leg attachments etc. Scrutiny of the performance of the DLFC revealed that, though human resources remained constant the manufacture and supply of artificial limbs etc. was on the decline and DLFC could supply only 929 artificial limbs as against the demand for 2473 limbs during 1999-2004. Lack of funds and frequent power disconnection due to non-remittance of electricity charges were the reasons attributed for the poor performance.

Fisheries sector

3.2.43 The district has 53 fishing villages with a fishermen population of 1,10,000 and 90 *per cent* of this population lives below poverty line.

3.2.44 The functions of the Fisheries department in the district are controlled by a Deputy Director of Fisheries. The expenditure incurred by the Fisheries department in the district during 1999-2004 was Rs 18.79 crore**.** During the above period the department also received Rs 19 lakh from Local Self Government Institutions out of which Rs 6.43 lakh was spent.

3.2.45 The review revealed that schemes meant for providing economic benefit to the fishermen *viz.*, Alternative Facilities to fisherwomen, Matsyabhavans, schemes for promoting aquaculture, fish farmers development agency, etc., were not properly implemented as may be seen from the succeeding paragraphs.

Credit facilities to fisherwomen

3.2.46 The scheme was to provide credit facilities to women by formation of Vanitha Fisheries Bank so as to free them from the grip of money lenders and middlemen and for their socio economic development.

The Vanitha Fisheries Bank was not functioning from 2001-02

3.2.47 A Vanitha Fisheries Bank was started in Neendakara in 1993 to provide financial assistance and inculcate saving habit among fisherwomen. There were 645 individuals and 475 Self Help Groups of women who had taken membership. Government provided Rs 15.40 lakh to the Bank during 1993-2001 as working fund and the bank had been functioning well till 2001-02. When the Reserve Bank of India objected to the use of the name ‘Bank’, Government decided (July 2002) to change the nomenclature to ‘Society for Assistance to Fisher women’. Government also directed the Deputy Director of Fisheries to modify the Bye-laws and Memorandum of Association. However, the Deputy Director did not modify the Bye-laws and Memorandum of Association as instructed and the functioning of the bank could not be revived so far (May 2004). The society had a deposit of Rs 10.34

lakh and the loans pending recovery was Rs 6.26 lakh. Thus the schemes intended to meet the credit needs of the fisherwomen did not materialise.

Scheme for promoting aquaculture

Construction of the building could not be started due to non-approval of the design

3.2.48 The department decided to establish an aquaculture extension training centre at Thevally for providing training to fish farmers and departmental officers. A sum of Rs 14 lakh allotted to the district in January 2000 and the construction of the building was to be executed by the Harbour Engineering Department. After inaugurating the scheme, spending Rs 25,000, the balance amount of Rs 13.75 lakh was deposited in the TP Account of the Department. However, the construction had not been started as consensus on the design of the centre could not be reached between the Fisheries and Harbour Engineering Departments (October 2004). The aim of providing training to fish farmers could not be achieved even after four years of release of funds.

Fish Farmers Development Agency

3.2.49 The Fish Farmers Development Agency (FFDA) was established with the objective of developing fresh water aquaculture through motivating farmers by providing incentives by way of subsidy, seed, training and extension support, and to bring all the cultivable area under fish culture. FFDA was functioning with 50 *per cent* GOI assistance upto 1999-2000 and 75 *per cent* from 2000-01 and 80 *per cent* from 2003-04. The expenditure incurred for the implementation of the schemes during 1998-2004 was Rs 43.92 lakh. However, during the period 2001-03 even though the department identified 310.50 ha. of cultivable area it could bring only 125 ha (40 *per cent*) under cultivation. As the agency implemented similar schemes like ‘Janakiya Matsya Krishi’, the number of beneficiaries under the scheme declined sharply from 374 in 1999-2000 to 34 in 2002-03. The Agency had an unspent balance of Rs 28.11 lakh (in Banks and Government Treasury) as of March 2003. The department had not evaluated the performance of the Agency and audited its accounts so far.

3.2.50 It was also seen that as the Director of Fisheries had not furnished the annual reports on physical achievement and financial performance, audited statement of accounts etc. of the FFDAs to GOI, the Central share of Rs 2.36 crore for the years 1998-2004 could not be obtained from GOI.

Matsyabhavans

Only 5 GPs constructed the Matsyabhavans and 11 GPs failed to utilise the funds

3.2.51 The department envisaged construction of ‘Matsyabhavans’ (Bhavans) in GPs having concentration of fishing community. The Bhavans were envisaged as nodal offices to interact with the fishermen and provide easy accessibility to administration at the grass root level. Out of Rs 60.51 lakh allotted (1996-2000) to the district Rs 42.50 lakh was distributed to 15 GPs at the rate of Rs 2.50 lakh each and Rs 5 lakh to one GP. Only five GPs constructed the Bhavans and eleven others failed to utilise the funds. The department as well as the DC could not furnish the details of expenditure of the balance amount of Rs 18.01 lakh and therefore the possibility of misappropriation in this case could not be ruled out. No action was taken to get back the unspent amount of Rs 30 lakh retained by the GPs. Releasing of funds to the implementing agencies without ensuring availability of land led to non-utilisation of substantial portion of the funds.

Patrolling Operations

A boat costing Rs 1.81 crore was used for patrolling only for 57 days

3.2.52 Under a Centrally Sponsored Scheme of Enforcement of Marine Fishing Regulation Act, the district was provided (January 1997) with a boat costing Rs 1.81 crore for patrolling in the sea for life saving and other operations. It was seen that the boat was used for patrolling for only 57 days during the period May 1997 to February 2002. In between, for nearly three years, the boat was under repairs. The boat has been kept idle since March 2002. During the period 1998-2000 and 2002-03 the district had spent Rs 8.70 lakh as idle wages to the staff and Rs 3.30 lakh as hiring charges (1998-2003) of private patrolling boats. The circumstances leading to the boat becoming unserviceable need to be investigated as the intended benefit could not be derived despite investment of Rs 1.81 crore.

Conclusions

3.2.53 KWA conceived and sanctioned schemes without ensuring availability of land for various components like water source, water treatment plant, reservoirs, etc., and resulted in non-commencement of execution and delay in completion of schemes. Thus KWA failed in providing safe drinking water to 82 *per cent* of the targeted population though finance was available. There were diversions of funds on schemes implemented through DC and under utilisation of funds allotted to District Panchayats. Nearly 40 *per cent* of the water supplied was found to be below the prescribed standards.

3.2.54 Patient care in the district suffered due to shortage of human resources, idling of equipment and non-utilisation of hospital infrastructure. Facilities in rural areas were inadequate when compared to that in urban areas.

3.2.55 Implementation of socio economic schemes did not result in the attainment of objectives in the fisheries sector. Drinking water and sanitation schemes were not implemented though funds were available.

3.2.56 Recommendations

- ★ The land required for implementation of components of water supply schemes should be ensured before sanctioning the scheme and raising loans.
- ★ Quality of drinking water supplied should be ensured by proper upkeep of facilities.
- ★ A properly planned project for the management and disposal of hazardous waste needs to be implemented.
- ★ Government may examine the possibility of increasing the bed strength of hospitals in rural areas.

Response of Departments

3.2.57 The report was discussed with the District Collector, Kollam on 1 July 2004. The DMO, Deputy Director of Fisheries along with the Finance Officer of the Collectorate participated in the discussion. Audit findings were accepted. The District Collector and other district level officers also agreed with the recommendations of Audit.

3.2.58 The above points were referred to Government in August 2004; reply has not been received (November 2004).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Indian Systems of Medicine and Homoeopathy

Highlights

Indian Systems of Medicine consists of Ayurveda, Siddha, Unani and Naturopathy. Ayurveda is widely practiced and Homoeopathy also enjoys popularity in Kerala. Thrissur district has the highest number (95) of Ayurveda hospitals/dispensaries and Thiruvananthapuram district has the highest number (55) of Homoeo dispensaries/hospitals, whereas Wayanad district has the lowest number of institutions under both the systems. During 1999-2004 expenditure on Indian Systems of Medicine and Homoeopathy was 11 per cent of the total expenditure on Health and Family Welfare. The review revealed delay in utilisation of Central funds, lack of infrastructure facilities, shortage and under-qualification of teaching staff, non-revision of user charges since April 1994, non-observance of prescribed guidelines issued by Central Council of Indian Medicine (CCIM) and Central Council of Homoeopathy (CCH) in Ayurveda Colleges (AVC) and Homoeopathic Medical Colleges (HMC) respectively, etc.

Ayurveda

- **There was shortfall in teaching posts compared to norms of CCIM in 5 AVCs ranging from 37 to 72 *per cent* as of March 2004. In these AVCs 49 teaching staff were under-qualified which would affect the quality of education. In AVC, Thiruvananthapuram and Kottakkal, Preliminary Examination for Post Graduate course was conducted by the Institutions themselves instead of by the Affiliated University according to the guidelines.**

[Paragraphs 3.3.28 – 3.3.33]

- **Buildings constructed for 28 hospitals / dispensaries costing Rs 1.28 crore remained unoccupied for want of staff and basic amenities.**

[Paragraph 3.3.13]

- **Acceptance of medicines not indented (cost: Rs 2.04 crore) from ‘Oushadhi’, a Government company, caused reduction in availability of funds for essential medicines.**

[Paragraph 3.3.15]

- **Construction of hospitals one each for AVC, Kannur and AVC, Thripunithura have not been completed though Rs 8.72 crore was spent as of March 2004. There was an unspent balance of Central funds amounting to Rs 69.45 lakh as of March 2004.**

[Paragraphs 3.3.24 - 3.3.26]

Homoeopathy

- **Buildings constructed for four hospitals/ dispensaries (cost : Rs 61 lakh) remained unoccupied as water and electricity have not been provided. Only one out of 31 Homoeo hospitals has staff quarters. Government Homoeo Dispensary, Chavakkad and Government Homoeo Hospital, Muvattupuzha were functioning in places which are not easily accessible.**

[Paragraphs 3.3.17 – 3.3.18]

- **Non-utilisation/delay in utilisation of Central funds amounting to Rs 50.24 lakh released for two HMCs were noticed.**

[Paragraph 3.3.36]

- **Herbal Garden could not be established as part of HMC, Thiruvananthapuram even after three years of acquisition of land.**

[Paragraph 3.3.37]

Introduction

3.3.1 Kerala's health care system consists of Allopathy, Indian Systems of Medicine (ISM) and Homoeopathy. ISM consists of Ayurveda, Siddha, Unani and Naturopathy of which Ayurveda is widely practiced and has an extensive network of hospitals and dispensaries, both in Government and private sector. Homoeopathy system is practiced throughout the State and enjoys popularity among the people. The objectives of the Department is to provide medical aid to the people and good medical education to the students. The three systems together had 2712 medical institutions (including Medical College hospitals) under Government Sector with 50805 beds as of March 2003 of which 46224 (91 *per cent*), 3411 (7 *per cent*) and 1170 (2 *per cent*) were under Allopathy, Ayurveda and Homeopathy respectively.

Organisational set up

3.3.2 The Department of Indian Systems of Medicine (ISM) exercises administrative control over the Ayurveda, Sidha, Unani and Naturopathy hospitals and dispensaries. The Department of Homoeopathy has been working as an independent department since 1973. The overall administrative control of the two departments vests with the Health and Family Welfare Department in the Secretariat. There are separate Directors for Indian Systems of Medicine (DISM) and Homoeopathy (DH). At the district level the DMO[♦] (ISM)/DMO[♦] (Homoeopathy) exercises administrative control over the respective hospitals and dispensaries. The Superintendents are in charge of the hospitals while Medical Officers hold charge of the dispensaries.

3.3.3 The Medical Education wing of ISM is headed by the Director of Ayurveda Medical Education (DAME). There is no separate Directorate for Homoeopathy Medical Education and the administrative control of all the Homoeopathy Medical Colleges vests with the Principal, Homoeopathy Medical College, Thiruvananthapuram.

[♦] District Medical Officer

Audit Objectives

3.3.4 The objectives of the review was to:

- ascertain whether resources were adequate and effectively used,
- assess the quality of health care provided to the people,
- see whether the medical education facilities were in conformity with the standards prescribed by Government of India (GOI) and
- ascertain whether there exists an in-built control mechanism to provide reasonable assurance that the department functions in an effective and efficient manner to meet its objectives.

Audit coverage

3.3.5 A review on Indian Systems of Medicine and Homoeopathy was conducted during January - June 2004 by test check of the records relating to the period 1999-2004 in the three[#] Directorates and eight[∝] out of 27 DMOs. Data from 441 institutions (Ayurveda : 287 and Homoeopathy : 154) under the four selected districts received through *pro forma* were subjected to detailed analysis and records of 91 institutions were subjected to local verification. Records of all the five[$] Ayurveda Colleges and four[@] Homoeopathy Medical Colleges were also scrutinised. The review was confined to the functioning of Government/Aided institutions.

Financial Management

Financial outlay and expenditure

3.3.6 The overall budget provision and expenditure of the Department of Health & Family Welfare (H&FW) *vis-à-vis* the share of the Department of Indian Systems of Medicine and Homoeopathy (ISM&H) (including Medical Colleges) in H&FW during 1999-2004 were as detailed below:-

(Rupees in crore)

Year	Budget Provision			Expenditure		
	H&FW	ISM&H	Percentage share of ISM&H in H&FW	H&FW	ISM&H	Percentage share of ISM&H in H&FW
1999-2000	789.32	84.65	11	730.56	76.42	10
2000-01	720.27	79.34	11	748.56	73.35	10
2001-02	742.91	79.28	11	714.34	76.75	11
2002-03	830.69	84.75	10	806.74	84.46	10
2003-04	898.27	98.54	11	849.08	95.62	11
Total	**3981.46**	**426.56**	**11**	**3849.28**	**406.60**	**11**

3.3.7 Besides, an amount of Rs 9.14 crore had been incurred for ISM&H through local bodies during the period 1999-2004. On an average,

[#] Director of Indian Systems of Medicine, Director of Homoeopathy, Director of Ayurveda Medical Education

[∝] Four DMOs each of ISM and Homoeopathy in the districts of Thiruvananthapuram, Thrissur, Palakkad & Kannur

[$] Three Government colleges, one each at Thiruvananthapuram, Tripunithura and Kannur and two aided colleges one each at Ollur and Kottakkal.

[@] Two Government colleges, one each at Thiruvananthapuram and Kozhikode and two aided colleges, one each at Chottanikkara and Kuruchi expenditure on ISM and Homoeopathy was 11 *per cent* of the total expenditure of H&FW during the above period.

Programme Management

3.3.8 The audit findings are given in the succeeding paragraphs with separate sections for Hospitals and Dispensaries and Medical Education, both of which are sub-divided into Ayurveda, Homoeopathy and Other Systems of Medicine.

Health care

Ayurveda

3.3.9 There were 113* Ayurveda hospitals (bed strength: 2684) and 730# dispensaries in the State. The district-wise distribution of the institution in the State indicated that Thrissur district has the highest number (95) and Wayanad district the lowest number (24) of institutions. During 1999-2004, 9.33 crore patients were treated in Ayurveda institutions in Government sector of which 1.66 lakh were in-patients. During the above period, Rs 221.42 crore were spent on Ayurveda hospitals and dispensaries in the State as a whole and the analysis of expenditure incurred on three key areas (establishment, medicine and diet) in 287 institutions in the test checked Districts revealed that on an average salaries and wages constituted 88 *per cent*, medicine 10 *per cent* and diet 2 *per cent.*

Non-availability of facilities

Low occupancy in Ayurveda hospitals

3.3.10 During 1999-2004 there was no occupancy in four out of 18 hospitals and in the remaining 14 hospitals the average occupancy ranged between 1 and 29 against the bed strength of 6 to 50. The Medical Officers attributed this to shortage of medicines and diet. In five hospitals a substantial decrease in out-patients was also noticed for which the department could not give any valid reasons.

Only 8 out of 115 Ayurveda hospitals have staff quarters

3.3.11 In 232 Panchayats (out of 991) there were neither hospitals nor dispensaries of ISM department. In the Districts test checked out of 287 institutions 200 were functioning in own buildings, 53 in rented buildings and 34 institutions were provided with temporary accommodation by the local bodies. It was noticed that 68 institutions were not provided with electricity and 81 institutions had no proper water supply. Only eight out of 115 hospitals have staff quarters. Though this was brought to the notice of Government as well as Local Self Government Institutions no action was taken to provide electricity/water for ensuring the smooth functioning of these institutions.

3.3.12 Government Ayurveda Hospital (GAH), Elavally in Thrissur District, was located on a remote hill top and hence not easily accessible and this prevented the patients in approaching the hospital for treatment. No action was taken by the Department to find a solution for this problem. RMO's quarters and IP ward constructed in July 2003 and April 2002 respectively at a

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* Urban : 43, Rural : 70
# Urban: 32, Rural : 698

total cost of Rs 4.77 lakh were unoccupied as of October 2004.

Idling of buildings

Idling of buildings for want of staff, electricity, water, etc.

3.3.13 Buildings constructed using funds from MPs, local bodies, for 27 hospitals/dispensaries in 8 districts at a cost of Rs 1.25 crore remained unoccupied for want of staff, electricity, water, etc. Out of this, one building for GAH, Puthenchira in Thrissur district constructed at a cost of Rs 17.22 lakh remained unoccupied for the last six years for want of adequate staff. In another case of GAH, Palakuzha in Ernakulam district the average occupancy was only two against 20 beds. Inspite of this, an additional building for IP ward constructed at a cost of Rs 3.05 lakh in January 2004 using MPLAD funds remained unoccupied. The department could not provide the requisite staff in time as they were unaware of the construction being taken separately through the MPLAD funds. However, Government stated that in such cases the feasibility of giving Administrative sanction by the user Department would be examined.

Avoidable expenditure on additional staff

Avoidable expenditure on additional staff

3.3.14 The bed strength of GAH., Paravoor was increased to 30 from 20 in March 2000 and two Government Ayurveda Dispensaries (GAD) at Valappad and Vadakkancherry were upgraded to a 20 bedded hospital in March 2001 and 24 posts of additional staff were sanctioned (GAH: 6 posts; GAD: 9 posts each). As the average annual occupancy of these hospitals during 2000-04 ranged between 6 and 16, the upgradation did not serve any purpose and Rs 26.91 lakh incurred on the additional staff up to March 2004 became avoidable.

Acceptance of medicines not indented

Acceptance of medicines not indented amounted to Rs 2.04 crore

3.3.15 The medicines required by the institutions were procured from Pharmaceutical Corporation (IM) Kerala Limited (Oushadhi), a Public Sector Company, based on a common indent system. The list of medicines to be supplied to the institutions under ISM as per the common indent, were ordered by the Director in 1996. Oushadhi was required to supply these medicines to the Hospitals/Dispensaries direct. DMO was required to pass the payments in respect of all the institutions in the district and payment to the Company was made by the Director. The department purchased medicines worth Rs 13.85 crore during 1999-2004. A scrutiny of the records revealed that out of medicines supplied, medicines worth Rs 2.04 crore (15 *per cent*) were not indented. Acceptance of medicines not indented by the department caused reduction in the funds available for the purchase of essential medicines actually required by the hospitals, thereby adversely affecting the quality of patient care.

Homoeopathy

3.3.16 There were 31[*] Homoeopathy hospitals (bed strength: 970) and 525[#] dispensaries in the State. The district- wise distribution of the institutions in the State indicated that Thiruvananthapuram District had the highest

[*] Urban : 21 Rural : 10
[#] Urban : 32 Rural : 493

number (55) and Wayanad District the lowest number (20) of institutions. During 1999-2004, 9.6 crore patients were treated in homoeopathy institutions of which 2.05 lakh were in-patients. During the above period, Rs 101.97 crore were spent on homoeopathy sector and the analysis of expenditure incurred on 3 key areas (Establishment, Medicine and Diet) in 154 institutions in the test checked districts revealed that on an average establishment expenditure constituted 95 *per cent*, medicine 4 *per cent* and diet 1 *per cent.*

Non-availability of facilities

3.3.17 In 487 Panchayats (out of 991) there were no Homoeopathy hospitals or dispensaries. Out of 154 institutions, 96 were functioning in own buildings, 40 were functioning in rented buildings and 18 institutions were provided with temporary accommodation by the local bodies. It was noticed that 24 institutions were not provided with electricity and 43 institutions had no proper water supply. Staff quarters is available only in one (Kurichi) out of 31 Homoeo hospitals. This points to the lack of interest on the part of local bodies in providing necessary infrastructure facilities for the benefit of the people of their locality.

Only one out of 31 Homoeo hospitals has staff quarters

3.3.18 Government Homoeo Dispensary (GHD), Chavakkad in Thrissur district was located in the second floor of the Municipal shopping complex where no lift facility was available. Government Homoeo Hospital, Muvattupuzha in Ernakulam District was located in a place which gets flooded during the rainy season. Buildings constructed in three districts at a cost of Rs 61 lakh for four hospitals/dispensaries using funds from local bodies remained unoccupied for want of electricity and water.

3.3.19 Government ordered (July 2001) not to provide accommodation to any other offices in the dispensary buildings or its premises as it would affect the functioning of the dispensaries. However, it was noticed that in three[@] GHDs, accommodation was provided to other offices against Government direction.

Other systems of Medicine

3.3.20 There were seven Siddha institutions[#], one Unani dispensary and one Naturopathy hospital under the control of the DISM. In addition, 10 beds are set apart in GAH, Ottapalam for Naturopathy.

3.3.21 During the period 1999-2004 the total number of patients treated under Unani and Sidha systems were 0.27 lakh and 4.73 lakh respectively. The expenditure incurred during the above period was Rs 7.15 lakh for Unani system and Rs 1.24 crore for Sidha system.

Medical Education

Ayurveda

3.3.22 There were five[∝] Ayurveda Colleges (AVCs) under Government/aided sector having an annual intake capacity of 230 students for

[@] Chazhoor in Thrissur, Thuruthy in Ernakulam, Chillithode in Idukki.
[#] One hospital and six dispensaries
[∝] Government sector : 3 Aided sector : 2

Graduate course and 62 students for Post Graduate courses. The hospitals attached to the AVCs had a strength of 854 beds. A review of the functioning of the Ayurveda Colleges and Hospitals was included in paragraph 3.4 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 (Civil).

3.3.23 Funds required for the three Government Ayurveda Colleges were provided in the State Budget. For the aided colleges, budgetary support in the form of grant-in-aid was provided for payment of salary and maintenance. For certain specific schemes for development of infrastructure and specialised training, GOI also provided grant-in-aid. During 1999-2004, Rs 59.20 crore was spent for Ayurveda Medical Education. Besides, Rs 1.91 crore was received from GOI during the period by the five AVCs for development of infrastructure and specialised training.

Non-completion of hospital buildings

Construction of hospitals for two AVCs have not been completed so far

3.3.24 In AVC, Thripunithura, construction of a 350 bedded hospital taken up in November 1997 at an estimated cost of Rs 11.63 crore with scheduled date of completion as September 1999 (subsequently extended to March 2004) was not completed as of June 2004 though Rs 6.94 crore was incurred upto March 2004.

3.3.25 In AVC, Kannur, construction of a 150 bedded hospital commenced in April 2000 at an estimated cost of Rs 2.15 crore with date of completion as 9 April 2002, was not completed though Rs 1.78 crore was incurred upto March 2004. The reasons for non-completion in the above two cases were attributed to non-provision of adequate funds in the budget.

Delay in utilisation of Central assistance

There was delay in utilisation of Central assistance

3.3.26 Out of Rs 101.64 lakh released by GOI during 2001-03, only Rs 32.19 lakh was utilised upto March 2004 leaving a balance of Rs 69.45 lakh as detailed below.

(Rupees in lakh)

Name of AVC	Purpose of assistance	Amount released and date of receipt	Amount utilised	Balance as of March 2004	Reasons for non-utilisation
Kannur	Upgradation of Kriyasareera and Roganidhan departments for PG training and research for 2001-02	14.64 (13.12.2003)	6.08	8.56	Delay in arranging purchase of equipment and want of sanction of the post of clerk
Thiruvanantha-puram	Construction of building and purchase of equipment for the drug testing laboratory	75.00 (8.05.2001)	20.00	55.00	Though a building to house the laboratory was constructed, equipment had not been purchased for want of sanction from Government
	Construction of college building, purchase of equipment, library books	12.00 (15.3.2002)	6.11	5.89	Delay in arranging purchase of books and equipment
	Total	**101.64**	**32.19**	**69.45**	

Lack of minimum standards as per CCIM norms

3.3.27 In August 1989 the Central Council of Indian Medicine (CCIM) prescribed norms for minimum standards and curriculum for undergraduate education in Ayurveda. However, these norms were not adhered to in various cases as detailed below:

Shortage of teaching staff

As of March 2004, there was shortfall in teaching posts in 5 AVCs ranging from 37 to 72 *per cent* compared to norms of CCIM

3.3.28 As per the norms there shall be 14 departments and a minimum of 102 teaching staff in each AVC. None of the five[#] AVCs had the staff pattern prescribed by the CCIM and many of the posts were lying vacant. Even the sanctioned posts were much lesser than the norms. Though the shortfall ranged from 29 to 76 *per cent* as mentioned in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1997, the percentage of shortfall in the filled up posts compared to norms ranged between 37 and 72 as of March 2004.

3.3.29 In AVC, Kottakkal there was no teaching staff in Kriyasareera department. In AVC, Thiruvananthapuram there were only two teaching staff each in the departments of Rachanasareera (against eight posts) and Koumarabrithya (against six posts). In Kriyasareera and Agathathanthra Departments there were only three teaching staff each against sanctioned strength of eight and six respectively. The shortage of teaching staff affected the quality of medical education imparted to the students.

Under-qualification of teaching staff

In 5 AVCs, 49 teaching staff were under-qualified

3.3.30 As per the Minimum Standard and Curriculum for Under Graduate Education in Ayurveda, prescribed by the Ministry of Health and Family Welfare, in August 1989 a postgraduate qualification in the subject/speciality concerned included in the schedule to Indian Medicine Central Council Act 1970 is essential for teaching staff recruitments made after 1 July 1989. But 49 teachers appointed after 1989 in five[@] AVCs were only Graduates. However, Special Rules for the Kerala Health Services (Ayurveda) Collegiate Teaching Services issued by the State Government in January 1998 prescribes only a first or second class degree in Ayurveda from recognised Universities, which is not in conformity with the minimum standards prescribed by GOI. The circumstances under which under-qualified teachers were appointed in violation of GOI norms called for from Government were awaited (September 2004). The appointment of under-qualified teaching staff would adversely affect the quality and standards of the students passing out of these institutions.

Post Graduate (PG) Courses

3.3.31 According to CCIM (PG Education) (Amendment) Regulations 1994, 16 specialties were prescribed for conduct of PG courses and it was mandatory for all Universities in India to follow the guidelines for minimum standards and curriculum for PG courses in Ayurveda including syllabus and pattern of examinations. Deviations were noticed in the following cases:

Irregular conduct of examinations for PG courses

3.3.32 In the case of AVCs at Kottakkal and Thiruvananthapuram, the MD (Ayurveda) Preliminary examination was conducted by the institutions themselves in January 2004. A total of 52 students (ten in AVC, Kottakkal and 42 in AVC, Thiruvananthapuram) appeared in those examinations. CCIM

[#] Thiruvananthapuram, Tripunithura, Kannur, Kottakkal and Ollur.

[@] AVC, Thiruvananthapuram:9, AVC, Thripunithura:14, AVC, Kannur: 9, AVC, Kottakkal:2, and AVC, Ollur:15

in February 2004 clarified that preliminary examination of PG courses should be conducted by the affiliated university only. As the Universities concerned did not ratify the action so far the examination conducted by the two AVCs was against the CCIM Regulations. There were also delays ranging from seven to 12 months in conducting examinations in these two AVCs.

PG courses conducted in two AVCs did not adhere to the norms prescribed by CCIM

3.3.33 In AVC, Kottakkal, PG Course in Manasikaroga was conducted from 2000-01 onwards with an intake capacity of six students per year and in AVC Thiruvananthapuram, PG Course in Panchakarma was sanctioned during 2001-02 with intake capacity of five students per year. There is no specialty 'Manasikaroga' as per the Regulations. Moreover, both the courses were now under the 'Kayachikitsa' department. Also the teaching staff required as per the norms* did not exist in the respective specialties. Non-adherence to the norms fixed by the CCIM affected standards of Medical Education.

Homoeopathy

3.3.34 There were four@ Homoeopathy Medical Colleges (HMCs) under Government/aided sector with an annual intake capacity of 250 students for Graduate course and 36 students for Post Graduate course. The hospitals attached to the HMCs had a strength of 325 beds. During 1999-2004, Rs 24 crore was spent for the Homoeopathy Medical Education against budget provision of Rs 24.76 crore.

Lack of minimum standards as per CCH norms

3.3.35 As per CCH norms there shall be 12 departments and a minimum of 62 teaching staff in each HMC (Professors ten, Asst. Professors 14, Lecturers 15, Demonstrators 23). The shortfall in staff with respect to norms ranged between 14 and 31 in four** HMCs. The average daily occupancy in the hospitals attached to the above four HMCs ranged between 13 and 71 against the sanctioned bed strength of 100 to 125. Government may examine the possibility of filling up of vacancies at the earliest so that the students/patients are not affected by shortage of teaching staff.

Delay/non-utilisation of GOI assistance

Non-utilisation / delay in utilisation of Central funds amounted to Rs 50.24 lakh

3.3.36 Out of Rs 80.58 lakh released by GOI during 1996-2001 to HMCs, Thiruvananthapuram and Kozhikode for strengthening of undergraduate colleges and upgradation of PG courses only Rs 56.17 lakh was utilised upto October 2004 leaving a balance of Rs 24.41 lakh. Besides, Rs 25.83 lakh released by GOI for the same purpose to HMCs., Kottayam and Ernakulam during 2002-03 had not been passed on to the institutions as of October 2004 for which reasons were not on record.

Delay in establishment of a Herbal Garden

3.3.37 With the objective of construction of a green house, raising of potted medicinal plants and also raising of a model demonstration garden in connection with establishment of a Herbal Garden in HMC Thiruvananthapuram, five acres of land were acquired by the Revenue

* Professor - 1, Readers – 2, Lecturers – 4 for each specialty department
@ Government sector : 2 Aided sector : 2
** Kozhikode, Thiruvananthapuram, Chottanikkara and Kurichi

Herbal garden could not be established even after three years of acquisition of land

Department at a cost of Rs 61.68 lakh in October-November 2001. As the land acquired was marshy, herbal garden could not be developed as of October 2004. Thus, Rs 61.68 lakh spent on the land acquisition remained unfruitful. The Principal, HMC., Thiruvananthapuram stated (October 2004) that the nature of land had changed due to the construction of bund roads on either side of the two rivers passing by the acquired site and a project report had been prepared (August 2004) by the Directorate of Agriculture for utilising the land. Thus the objective of establishment of a Herbal Garden was not materialised even after a lapse of three years.

3.3.38 Incidentally, it was seen in Audit that out of Rs 1.27 crore placed at the disposal of the Revenue Department, the unspent balance of Rs 65.32 lakh was refunded by the department by cheque only in December 2003, after a lapse of 30 months. The cheque has not been encashed and credited to Government account by the Principal, HMC, Thiruvananthapuram as of September 2004.

Internal Control

3.3.39 The Internal Control System now being followed in both the Departments of ISM and Homoeopathy was based on the Kerala Indigenous Medicine Department Manual published in 1966. Though ISM and Homoeopathy have been functioning under separate Directorates since 1973, no separate Manual for the department of Homoeopathy has been brought out yet. The Supervisory Officers at State level and District level were not conducting effective inspection of the institutions under their control and submitting reports to the higher authorities for review as contemplated in the Manual.

3.3.40 An internal audit wing with three audit parties was functioning under the Director of ISM. No training was given to the staff posted to the wing as there was no training policy in the department.

3.3.41 Though the Ayurveda Medical Education has been working as a separate department under the Director since November 2000 no separate Manual has been prepared so far (October 2004).

3.3.42 Final replies to 180 Inspection Reports (IRs) containing 315 paragraphs relating to the period 1990-2003 were to be sent to Accountant General (Audit) as of March 2004. The department-wise and age-wise details are given in **Appendix XXXII**.

Conclusions

3.3.43 Funds provided by the GOI for various schemes for the Ayurveda and Homoeopathy colleges were not effectively utilised for the intended purposes. Essential infrastructure facilities for the smooth functioning of the institutions were not available and in many cases the existing infrastructure was not effectively used. Non-observance of guidelines prescribed by the CCIM/CCH in AVCs/HMCs in Government/Aided sector was noticed and this had affected the quality of education and training of medical students. Internal Control mechanism was either non-existent or not effective.

3.3.44 Recommendations

- ★ Monitoring at Government level is required to ensure that the Central assistance is passed on to the implementing departments in time and the schemes are implemented as per schedule.
- ★ Infrastructure like buildings, staff quarters, electricity, water, etc., need to be provided to Ayurveda and Homoeopathy hospitals lacking such facilities.
- ★ Provision of essential medicine to hospitals / dispensaries may be ensured, in case supplies from 'Oushadhi' are inadequate.
- ★ Government level action is required to comply with the norms prescribed by CCIM/CCH for AVCs/HMCs so as to ensure the quality of education.
- ★ Departmental Manuals need to be prepared/up-dated. Internal audit wing requires strengthening.

Response of the Department

3.3.45 The report was discussed with the Secretary in charge of ISM & H on 2 July 2004. Directors of ISM, Homoeopathy, Ayurveda Medical Education and Principal and Controlling Officer, HMC, Thiruvananthapuram also participated in the discussion. Audit findings were accepted. The Department agreed with the recommendations of Audit.

3.3.46 The above points were referred to Government in August 2004; reply has not been received (November 2004).

LABOUR AND REHABILITATION DEPARTMENT

3.4 Implementation of the Child Labour (Prohibition and Regulation) Act, 1986 in Kerala

Highlights

The Kerala Child Labour (Prohibition and Regulation) Rules 1993 and the directions issued in 1996 by the Honourable Supreme Court of India laid down the procedure and regulated the implementation of Child Labour (Prohibition and Regulation) Act, 1986 in Kerala. A review of the implementation of the Act in Kerala revealed several inadequacies in the implementation of the Act in the State.

- ➢ **There were significant limitations in the scope of the Act. Children employed in domestic labour and cases where the children are migrant labourers from other States are not covered under the Act.**
- ➢ **Recommendations of the Working Group on Amendment and Enforcement of the Act regarding recovery of the compensation as arrears of land revenue as also vesting the onus of proof of age of the children on the employers were not acted upon.**

(Paragraph 3.4.7)

- **Surveys conducted in the State on the directions of the Hon'ble Supreme Court in 1997 and 2004 failed to identify child labour.**

(Paragraphs 3.4.22– 3.4.25)

- **Department failed to effectively frame charges, resulting in acquittal of offenders in most of the cases filed.**

(Paragraphs 3.4.13 – 3.4.16)

- **The directions of the Hon'ble Supreme Court to provide education to the children engaged in non-hazardous occupations have not been followed. Action plan for identification of unhealthy and diseased children, organisation of medical camps etc. was not implemented.**

(Paragraphs 3.4.17 - 3.4.20)

- **No modalities had been evolved to perform inspections in a systematic manner.**

(Paragraphs 3.4.9 – 3.4.12)

- **There was no proper monitoring system in the Department**

(Paragraphs 3.4.26 – 3.4.30)

Introduction

3.4.1 The Child Labour (Prohibition and Regulation) Act, 1986 (The Act) came into force on 23 December, 1986. The State Government framed The Kerala Child Labour (Prohibition and Regulation) Rules in 1993 which laid down the procedure for implementation of the Act in Kerala. The Act prohibited the employment of children who were below the age of fourteen in 13 notified occupations and 57 notified processes (details are given in **Appendix XXXIII)**. It regulated the conditions of work of children in employments where they were not prohibited from working. It provided for the appointment of Inspectors for ensuring compliance with the provisions of the Act.

3.4.2 In December 1996 the Honourable Supreme Court of India, through its judgment in a writ petition, issued directions to State Governments regarding fulfilment of the legislative intention behind the Act on the disengagement and rehabilitation of children working in the notified or hazardous occupations and regulating the working conditions of the children working in non-hazardous occupations.

Programme Objective

3.4.3 The main programme objectives are detailed as under:

- The Act bans the employment of children, who have not completed their fourteenth year, in specified occupations and processes and lays down penalties for employment of children.
- Special schools were established under NCLP to provide a package of welfare measures including non-formal education, skill/craft training, supplementary nutrition, stipend, health care etc.

Organisational set up

3.4.4 The Secretary, Labour & Rehabilitation Department was responsible for the implementation of the Act. He was assisted by the

Labour Commissioner, two Additional Labour Commissioners and other officers[♠].

Audit Objectives

3.4.5 The Audit objectives were:

- to examine the difficulties in implementation of certain provisions of the Act and Rules.
- to examine the Regulatory and Prohibitory functions under the Act.
- to check progress of implementation of Supreme Court judgment.
- to examine the adequacy of monitoring and evaluation mechanism.

Audit Coverage

3.4.6 A test check of the records for the period 1999-2004 available at the Government Secretariat, Labour Commissionerate, five District Labour Offices (Enforcement)[*] , five District Collectorates[*] and the Directorate of Public Instructions was conducted during the period February - April 2004 to see whether :

- there was a system of inspection of establishments to identify child labourers and the survey was conducted as directed by the Supreme Court and necessary follow up action was taken on the findings;
- the child labourers if any, identified, as employed in any hazardous work were disengaged and rehabilitated in accordance with the provisions of the Act;
- penal action was initiated and proceeded against the offenders; and
- educational facilities were provided to the children in non-hazardous occupations.

Difficulties in implementing certain provisions of the Act and Rules

3.4.7
- Children employed in domestic labour are not covered under the Act.
- Consequent to the Supreme Court judgment the State Government were required to provide employment to a family member of the child who has been disengaged from hazardous occupation. Rules framed by Government of Kerala, however, has not clarified the position of providing employment to the family member of migrant child labourers as family members of such children may not be resident of the State from where the child has been detected and disengaged from hazardous occupation.

♠ Joint Labour Commissioners (5), Deputy Labour Commissioners (9), District Labour Officers (14) District Labour Officers (Enforcement)/(Admn) (12), and Assistant Labour Officers (135).

* Thiruvananthapuram, Kollam, Ernakulam, Thrissur and Palakkad

- In many cases at the time of inspections, occupiers failed to produce certificate of age and did not also contest the contention of the Inspector that the child labourer was below 14. Such cases, when brought before the courts, were however, dismissed on the ground that the prosecution failed to produce medical certificate attesting to the age of the child. The recommendation (January 1997) made to Government of India (GOI) by the Working Group on Amendment and Enforcement of the Act that the onus of proof regarding the age of the Child should be on the employer has not, however, been acted upon. Similarly, the Working Group also recommended that in the event of offending employer failing to remit the compensation of Rs 20,000 within 30 days of issue of demand notice by Inspector, the amount should be recovered as arrears of land revenue. The Act has not, however, been amended to incorporate this recommendation also.

The recommendations made to GOI by the Working Group on Amendment and Enforcement of the Act has not been acted upon.

Regulatory and Prohibitory functions under the Act

3.4.8 Sections 3 to 5 of Part II of the Act read with the judgement of the Honourable Supreme Court prohibits the employment of children in establishments where hazardous occupations/processes are carried on. Test check of the records revealed violation of the provisions by employers and inadequate follow up of cases of child labour identified, as indicated below:

Inspections

No modalities evolved to perform inspections in a systematic and exhaustive manner

3.4.9 Inspection is an important regulatory function necessary for identification of child labour in the state. List of hazardous and non hazardous establishments in the State was not available with the Labour Commissioner. No modalities had been evolved by the Labour Department to perform inspections in a systematic and exhaustive manner. No targets and periodicity for inspections were also fixed by the Department.

3.4.10 In the districts of Thrissur, Thiruvananthapuram and Kollam where details of the Child Labour Survey of May 1997 were made available to Audit, there were 535, 1718 and 894 establishments respectively which employed child labour. But the average number of inspections conducted annually in these districts during 1997-2003 was only 26, 10 and 114 respectively. Even though officers of the rank of District Labour Officers and above were notified as Inspectors, their work was confined to monthly/quarterly review of works performed by the ALOs. The Department stated that the shortfall in inspections was due to inadequacy of staff and multiplicity of Acts and Rules to be enforced by the department.

3.4.11 Government stated (November 2004) that the enforcement officers had since been directed to conduct inspections under the Child Labour Act in Child Labour prone areas like construction, fish peeling, hotel and restaurant, agriculture and beedi industry.

3.4.12 It is suggested that Government may consider designating officers of other departments also as Inspectors after imparting proper training. Similarly, in respect of establishments requiring licence from Government Departments/Local Bodies compliance with the provisions of the Act and Rules may be made one of the conditions for grant of licence.

Failure in conduct of cases in courts

Department failed to effectively frame charges resulting in acquittal of offenders in most of the cases

3.4.13 During the years 1997-99, the Assistant Labour Officers (ALOs) in three of the five districts test checked, identified cases of child labour and filed 19 cases against 18 employers in various Magistrate Courts of which 18 related to employment of 36 children in hazardous occupations/processes. Only in 7 of the 19 cases involving employment of 12 children, the offenders were found guilty and convicted while in the remaining 12 cases involving 26 children the offenders were acquitted. Acquittals were made by the Courts mainly due to the failure of the department, *viz*., to convince the Courts about the age of the child; establish the accused as the owners of the establishment; collect the names/addresses of parents of the children; and produce testimony of independent witnesses, etc.

3.4.14 Even in the seven cases where the offenders were found guilty and convicted they were imposed with only a fine ranging from Rs 250 to Rs 3000. This was due to the fact that the primary offence of employment of children in hazardous employment was not effectively brought to the attention of the Courts as charges under Section 14(1) for violation of Section 3 was filed only in respect of three cases while in the remaining cases, charges were framed under Section 14(3) for violation of Sections 9, 11 and 12[@]. The Department also failed to collect civil compensation of Rs 20,000 per child from these offending employers as directed by Supreme Court in its judgement (December 1996). This indicated serious lapse on the part of ALOs. The Department stated that the recovery was not effected as the procedure for recovery was not prescribed by Government.

3.4.15 Government stated (November 2004) that strict instructions had been given by the Labour Commissioner to the Inspectors not to commit such mistakes in future, to collect the fine of Rs 20,000 per child from the offending employers in the hazardous industries as directed by the Supreme Court and also to frame charges against the offenders in order to avoid acquittal of offenders.

3.4.16 It is suggested that suitable training may be imparted to the officers in proper defense of the cases in court.

Education of children

3.4.17 The Supreme Court in its judgement had directed to provide at least two hours of education to the children engaged in non-hazardous occupations at the cost of the employer. The survey of 1997 detected 8986 children as employed in non-hazardous occupations. But only 200 children attended the classes in eight centres in 1998-99. Further during 1999-2001, 625 children attended classes in 25 centres which indicate that majority of children in non-hazardous occupations were deprived of free education. It was stated by the Labour Commissioner that it was decided (January 1998) to open the educational centres only in four districts[♣] in the State and that such centres

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[@] Section 9- Failure to send notice to Inspector within 30 days
11- Failure to maintain prescribed registers
12- Failure to display notice containing abstracts of Section 3 and Section 14

[♣] Thiruvananthapuram, Kollam, Ernakulam and Idukki would be opened only at places where 20 or more child labourers were available.

No effective mechanism was evolved to impart free education to the child labourers identified

3.4.18 The reply of the Commissioner was not tenable as educational centre was opened in Idukki District where only four children were identified as child labourers during the survey. Moreover, the decision to open educational centres only in places where more than 20 children would be available, deprived child labourers in the remaining 10 districts from obtaining free education, which was against the spirit of the Supreme Court Judgement.

Medical Advisory Board

3.4.19 To give effect to the provisions of Section 13 of the Act, Rule 5 of The Kerala Child Labour (Prohibition & Regulation) Rules, 1993 provided for the constitution of a Medical Advisory Board for advising Government on providing medical facilities in establishments employing child labour. The State Government constituted (June 1997) the Board with the Secretary (Labour) as the Chairman, Additional Labour Commissioner as the Convenor and with six other members.

Medical Advisory Board not reconstituted since June 2000

3.4.20 The Board met only once (December 1997) during its tenure of three years to approve a time bound action plan for identification of unhealthy and diseased child labourers, organisation of medical camps, strengthening of inspection/follow up action, etc. Neither the Action Plan was implemented so far (November 2004) nor the Board has been reconstituted after the expiry of its tenure in June, 2000. Government stated (November 2004) that the proposal for the reconstitution of the Board was under its active consideration.

Non-enactment of the Kerala Child Labour (Release, Rehabilitation and Welfare) Bill 2003

3.4.21 Government of Kerala promulgated (March 2000) 'The Kerala Child Labour (Release, Rehabilitation and Welfare) Ordinance 2000' for the constitution of a State Council for rehabilitation and welfare of children. The Ordinance lapsed as the Bill was not enacted. Though the ordinance was re-promulgated twice in 2001 the Government could not enact the Bill. The Bill was again got prepared (2003) by Government through the Law Reforms Committee, but it could not be got passed by Legislature (March 2004). In the absence of this, Government have no control mechanism till date for the Rehabilitation and Welfare of Child Labour.

Supreme Court judgement

Survey on Child Labour

3.4.22 As directed by the Supreme Court, a survey on child labour was conducted in the State during May-June 1997 by 1985 survey teams comprising of 5145 persons under the supervision of 117 Inspectors, who were notified under Section 17 of the Act. The survey identified 1081 child labourers as working in hazardous occupations/processes. The Inspectors who visited the spot immediately after the survey to ascertain the present position of the children identified in the survey could not find any child employment in such occupations. It is possible that the offending employers took evasive action soon after the survey to avoid penal action by empowered officials under the Act. The department, however, stated (March 2004) that the survey

Surveys conducted in 1997 and 2004 failed to identify child labour

conducted was not reliable due to various reasons such as failure in the original investigation to rightly distinguish hazardous and non hazardous occupations and to ascertain the actual age of Child labour, etc. Thus the survey conducted in compliance of Supreme Court directions was rendered unfruitful.

3.4.23 As the Department felt the need for identifying child labour in the State, the Directorate of Economics and Statistics of the State Government was entrusted with the task of conducting a fresh survey to assess the number of child labour in the organised sector. The survey was conducted during February 2004 to March 2004 and covered 2.35 lakh registered enterprises from among an estimated 16 lakh enterprises in the State (15 *per cent*). Out of 375 cases of child labour identified in the survey 48 cases were in hazardous occupations.

3.4.24 Though the result of the survey was intimated (June 2004) to the Labour Commissioner, the officers of the Labour Department who conducted follow up inspections could not find any child employment. Thus this survey also failed to achieve the object of identifying child labour in the State.

3.4.25 It is suggested that Government may consider involving NGOs also in giving adequate publicity to the provisions of the Act.

Monitoring

Ineffective functioning of the State Level Monitoring Cell

State level monitoring cell not reconstituted

3.4.26 As directed by the Supreme Court, a separate Cell in the Labour Department headed by a Joint Labour Commissioner (Enforcement) as Chairman with three other members was constituted in June, 1997. Neither the minutes of meetings nor the details of action taken, if any, by the Cell was produced to Audit. Even though the Chairman retired in June 2001, the Cell had not been reconstituted yet (May 2004).

3.4.27 The Labour Commissioner stated that the records in respect of the functioning of the Cell were not readily available, and the remedial education programme and other follow up actions initiated, were not in existence after 2001. Therefore, the Monitoring Cell constituted did not actually have any substantial work to do and hence the Cell was not reconstituted. This contention was not tenable as the Cell was required to monitor the implementation of the provisions of the Act/Judgment as an ongoing process.

Reporting System

No proper reporting system in the Department

3.4.28 The Annual Administration Reports (AAR) of the Labour Department for the years 1997-2001 showed a steady decline in the conduct of inspections, identification of child labour and follow up actions. There was some improvement during 2001-02. Number of inspections/follow-up reported to GOI in Annual Reports (AR) was, however, inflated as shown below:

Year	Number of Inspections as per		Number of child labour detected as per		Number of prosecutions as per		Number of convictions as per	
	AAR	AR	AAR	AR	AAR	AR	AAR	AR
1997-98	801	2783	NA	26	11	17	-	4
1998-99	778	1788	NA	9	4	4	2	1
1999-00	665	1797	NA	10	1	1	-	-
2000-01	416	1695	NA	5	1	1	1	3
2001-02	828	2798	NA	36	-	-	-	1
TOTAL	**3488**	**10861**	**NA**	**86**	**17**	**23**	**3**	**9**

NA – Not available

3.4.29 Against a total of 3488 inspections conducted, the number reported to GOI was 10861. Reason for the wide variation has not however been stated (May 2004).

3.4.30 Even though 38 Child Labourers were identified and 19 cases filed in the courts during 1997-2004 by ALOs in the five districts test checked, Labour Commissioner stated that no case of child labour was detected during this period. This would indicate that the Head of the Department was not aware of the happenings and points to the urgent need of a good reporting system.

Conclusions

3.4.31 Even though the Child Labour (Prohibition and Regulation) Act came into force in 1986, the State Government framed Rules for the same only in 1993. The directions given by the Supreme Court in the judgement of December 1996 *viz*., complete elimination of child labour in the hazardous sector, constitution of child labour rehabilitation-cum-welfare fund, effective functioning of the monitoring cell and granting of alternative employment to one guardian/parent of the disengaged child were also not implemented. The State Government did not evolve a strategy so far for providing two hours education to the children engaged in non-hazardous occupations at the cost of employers. The Department failed in monitoring, timely detection of cases of child labour, collection of evidence and proper presentation of cases in the Court.

3.4.32 Recommendations

- ❖ Government may consider designating officers of other departments also as Inspectors after imparting proper training.
- ❖ In respect of establishments requiring licence from Government Departments/Local Bodies compliance with the provisions of the Act and Rules may be made one of the conditions for grant of licence.
- ❖ Arrangements for providing part time education to children employed in non-hazardous occupations should be made in all districts.
- ❖ NGOs may also be involved in giving adequate publicity to the provisions of the Act.

Response of the Department

3.4.33 Secretary to Government stated that shortage of staff and consequent lack of inspections contributed to the weak implementation of the Act. He agreed with all the recommendations of Audit.

LOCAL SELF GOVERNMENT (RURAL DEVELOPMENT) DEPARTMENT

3.5 Pradhan Mantri Gram Sadak Yojana

Highlights

Government of India launched (December 2000) a cent per cent Centrally Sponsored Scheme viz., Pradhan Mantri Gram Sadak Yojana (PMGSY) aimed at providing good all-weather road connectivity to the unconnected habitation in rural areas. Unconnected habitations with a population of 1000 persons and above are to be covered in three years (2000-03) and those with a population of 500 and above by the end of the Tenth Plan period (2007). Implementation of the scheme which commenced in the State from 2000-01 suffered from various shortfalls/shortcomings such as non-utilisation of funds, non-achievement of physical targets, non-adherence to GOI guidelines, extending unintended benefits to contractors, etc.

- **State failed to utilise the funds released by GOI and the unspent balance as at the end of 31 March 2004 amounted to Rs 20.68 crore, being 30 *per cent* of the funds allotted.**

(Paragraph 3.5.7)

- **There was heavy shortfall in physical achievement as only 107 roads with a length of 217.22 km (out of 217 roads having a length of 370.30 km taken up during 2000-02) had been completed, which constituted only 60 *per cent* of the works undertaken as of March 2004.**

(Paragraph 3.5.13)

- **Core Network of roads as prescribed in the guidelines had not been prepared and got approved so far.**

(Paragraph 3.5.11)

- **Payment of lead charges for conveyance of earth and allowing concessional rate of sales tax for procurement of bitumen resulted in extending unintended benefit of Rs 93.98 lakh to contractors.**

(Paragraphs 3.5.15 - 3.5.16)

- **Four road works entrusted to a contractor for Rs 3.75 crore in 2000-01 were in an abandoned stage from June 2002 after incurring Rs 99.72 lakh. Works were retendered only in January 2004 resulting in increase in cost by Rs 1.12 crore.**

(Paragraph 3.5.17)

Introduction

3.5.1 In Kerala, 41 packages were identified in 41 Blocks of 14 Districts for implementation of the scheme. The scheme also provides for upgradation of existing roads in the districts where all the habitations have been provided with road connectivity and using upto 20 *per cent* of the State's allocation for upgradation where unconnected habitations still exist.

Objective of the scheme

3.5.2 The objective of the PMGSY is to provide connectivity by way of an all-weather road to the unconnected habitations in rural areas so that services (educational, health, marketing facilities, etc.) which are not available in the unconnected habitations become available. Accordingly a Programme Implementation Unit (PIU) constituted in each District Rural Development Agency (DRDA) with Project officer, DRDA as Chairman and manned by competent technical staff prepares the project proposals and Detailed Project Reports (DPRs) and forwards them to the State Technical Agency (College of Engineering, Thiruvananthapuram) for scrutiny of designs and estimates. DPRs are then forwarded to the National Rural Roads Development Agency (NRRDA) which submits the same to the Ministry of Rural Development, GOI for clearance.

Organisational set up

3.5.3 The Commissionerate of Rural Development is the Nodal Department vested with the overall responsibility for implementation of the project in the State. At the district level, DRDA was responsible for implementation of the scheme.

Audit objectives

3.5.4 The objectives of the review were to see whether:

- the selection of unconnected habitations was according to the prescribed guidelines;
- funds were obtained and utilised for the purpose for which they were given within the time prescribed;
- packages taken up were completed as per schedule in accordance with the prescribed guidelines.

Audit coverage

3.5.5 A review was conducted by test check of records of the Commissionerate of Rural Development and six[*] out of 14 DRDAs covering 16 out of 41 packages approved during 2000-04.

Funding pattern

Under-utilisation of Central funds

3.5.6 During 2000-01 funds were received through State budget. For subsequent years funds sanctioned for the scheme by GOI were credited to Savings Bank Account of the Nodal Department in State Bank of India which was in turn released to the separate bank accounts operated for PMGSY by each DRDA.

3.5.7 The funds received, expended and unspent balance as on 31 March 2004 were as under:

[*] Alappuzha, Kottayam, Kozhikode, Malappuram, Palakkad and Wayanad

(Rupees in crore)

Year	Funds received from GOI	Expenditure	Unspent balance
2000-01	19.71	13.76	5.95
2001-02	27.65	22.50	5.15
2002-03[$]	11.43	12.23	- 0.80
2003-04	10.38	Nil	10.38
Total	**69.17**	**48.49**	**20.68**

[$] The figures indicated against 2002-03 related to funds received for proposals sanctioned for 2001-02.

3.5.8 The proposals for the year 2003-04 were sent only in July 2003 by the Department and sanction for these was received from the Ministry in December 2003. As there was not sufficient time during the year for execution of works, no expenditure was incurred during 2003-04 despite allotment of Rs 10.38 crore. No specific reasons were on record for the delay in submitting the proposals. Due to the delay in rendering proposals by the State Government, the targeted population were denied the benefit of road connectivity.

3.5.9 In the six DRDAs test checked, the progressive expenditure incurred as of March 2004 was as follows:

(Rupees in lakh)

District	Funds received	Expenditure	Balance
Wayanad	499.96	488.07	11.89
Palakkad	480.13	454.73	25.40
Malappuram	696.61	711.04	- 14.43
Kozhikode	452.37	410.38	41.99
Kottayam	232.30	220.58	11.72
Alappuzha	457.63	448.84	8.79
Total	**2819.00**	**2733.64**	**99.79**

In Malappuram district interest accrued amounting to Rs 14.43 lakh on the funds deposited (Rs 6.97 crore) was also utilised for the scheme, which was in violation of GOI guidelines.

Programme management

3.5.10 The review revealed deficiencies such as non-preparation of Core Network of roads, non achievement of physical targets, provision of multi connectivity instead of single road connectivity, extending unintended benefit to contractors, diversion of funds, non-compliance with Government of India guidelines as discussed below:

Selection of roads

Core Network of roads were not prepared

3.5.11 As per PMGSY guidelines each roadwork taken up should form a part of the Core Network, which is the minimal network of roads that is essential to provide basic access to essential social economic services to the selected habitations. However, such a Core Network had not been prepared so far. Instead, Government had authorised NATPAC[#] to prepare draft District Plans for selecting the rural roads under PMGSY by gathering the data including unconnected habitation from the Block Panchayats. Thereafter the draft District Rural Road Plan of all districts were finalised by the concerned

[#] National Transportation Planning and Research Centre – an autonomous body under the control of State Government

Block Panchayats and District Panchayat in consultation with MPs and MLAs. Accordingly 5677 unconnected habitations were identified and the all-weather roads proposed for connectivity was to the extent of 14116.73 km. The estimated financial requirement was assessed to be Rs 1411.77 crore. Though this is a *cent per cent* Centrally sponsored scheme, the Department/ Government had made proposals only for connecting four *per cent* of the targeted habitations and failed even in utilising the amount received from GOI. A separate benchmark indicator report giving status of key indicators of education, health, income, etc., to be attached to each DPR had also not been prepared.

Implementation of the scheme

3.5.12 The scheme was implemented in four Blocks in four districts during 2000-01 and in 37 Blocks in the remaining 10 districts during 2001-02. The work in each Block was classified as a package. No Blocks were selected in 2002-03. Fourteen packages, one in each district sanctioned (December 2003) for the year 2003-04 had been tendered as of 31 March 2004. Even though all the habitations with a population of 1000 persons and above were to be covered by 2003, Government did not take effective action even in selecting the blocks. This would indicate that the Government/Department was not very keen on the implementation of the scheme despite availability of funds from GOI.

Physical achievement

Physical achievement was below 60 *per cent* of the works taken up

3.5.13 Out of 217 new road works taken up with a total length of 370.30 km, 107 roads totalling 217.22 km were completed which constituted only 60 *per cent* of the works undertaken as of March 2004. Out of 14 roads undertaken for upgradation, seven roads were completed. In the DRDAs test checked, out of 64 roads taken up for construction 20 remained incomplete as of March 2004 despite spending 97 *per cent* of the funds received. It was seen that against the stipulated time of six months for completion of works, the time taken was upto three years. The delay was mainly due to abandonment of work by contractors, non-availability of required land and non-clearance of site by removal of utilities, etc.

Providing Multi-connectivity

Instead of single road connectivity multi-connectivity was provided

3.5.14 As per the guidelines only single road connectivity was to be provided. But multi connectivity was seen provided in two packages - No.0902 and No.1201 - approved for Wayanad and Malappuram DRDAs respectively. While preparing the project proposals by PIU, two roads each were included in the package for connecting the above habitations as a result of improper investigation. The State Technical Agency also failed to observe this while scrutinising the DPRs which resulted in additional expenditure of Rs 82.73 lakh.

Unintended benefit to contractors

Lead charges paid for conveyance of earth resulted in unintended benefit of Rs 62.92 lakh to contractors

3.5.15 As per the guidelines, no lead charges shall be paid for transportation of soil. But transportation charges of Rs 62.92 lakh were paid for conveyance of 99470 m^3 of cut earth in five DRDAs. This resulted in an unintended benefit to the contractors as detailed below:

(Rupees in lakh)

Sl. No.	Name of DRDA	Package No.	Quantity of earth conveyed (m^3)	Amount paid
1	Kannur	KR-0401 to 0403	29550	14.89
2	Kollam	KR-0601 & KR-0602	21449	15.94
3	Malappuram	KR-1006	23303	13.63
4	Pathanamthitta	KR-1101, KR-1102 & KR-1103	13977	10.38
5	Wayanad	KR-1201	11191	8.08
Total			**99470**	**62.92**

The department may investigate the reasons for extending undue benefit to the contractors and fix responsibility for the loss sustained to Government.

Concessional rates allowed for sales tax resulted in undue benefit of Rs 31.06 lakh to contractors

3.5.16 As per special conditions attached to contracts executed for PMGSY works, supply of departmental materials was not envisaged. This was not adhered to by four* out of six DRDAs test checked as they arranged procurement of rubberised bitumen (1022.60 MT) for the works directing the suppliers to charge sales tax at concessional rate (4 *per cent* + 15 *per cent* AST) applicable to Government purchases against normal rate (30 *per cent* +15 *per cent* AST). This resulted in an undue benefit of Rs 31.06 lakh to the contractors. On this being pointed out, the Department had agreed to review the matter.

Loss due to non-renewal of Bank Guarantee

Abandonment of work and retendering led to increase in cost by Rs 1.12 crore

3.5.17 In Idukki DRDA, during 2000-01 construction of 4 roads estimated to cost Rs 4.99 crore was entrusted to a contractor at an agreed amount of Rs 3.75 crore. The contractor abandoned the work after executing earthwork and receiving Rs 99.72 lakh till June 2002. The work was terminated at the risk and cost of the contractor in March 2003. No action had so far (May 2004) been taken to finalise and realise the risk and cost liability. It was noticed that Bank Guarantee of Rs 37.48 lakh furnished by the contractor expired in July 2002. But the Superintending Engineer being the custodian of the same did not take any action to get the bank guarantee renewed in time. Therefore the bank guarantee could not be adjusted towards the risk and cost realisable from the contractor. The work was retendered in January 2004 at a revised estimate cost of Rs 5.11 crore increasing the cost by Rs 1.12 crore with reference to the original estimate.

Diversion of funds

Funds of Rs 3.93 crore allotted to one DRDA diverted to 6 other DRDAs

3.5.18 Funds were allotted to each DRDA based on the DPRs. However, the unspent balance of Rs 3.93 crore available with Idukki DRDA was transferred to six other DRDAs♣ in 2003-04. Thus, funds received for one district during 2000-01 were transferred to other DRDAs, although the works for which it was sanctioned remained incomplete. The diversion made by the department was not on any specific authority and hence irregular. The DRDAs which received the diverted funds utilised it for additional works included in the revised estimate, before getting approval from the Ministry.

* Alappuzha, Kottayam, Kozhikode and Malappuram.
♣ Ernakulam – Rs 1 crore, Kannur – Rs 0.53 crore, Kasaragod – Rs 0.40 crore, Kozhikode – Rs 0.50 crore, Malappuram – Rs 1 crore and Pathanamthitta – Rs 0.50 crore.

The diversion of funds from one district to another and utilising it to incur expenditure in excess of sanctioned estimate was highly irregular.

Non-compliance with provisions of the guidelines

3.5.19 Test check of the records in the Commissionerate and District offices revealed non-compliance with the provisions of the guidelines in the following key areas:

Sl. No.	Provision	Remarks
1.	Each road work taken up under PMGSY should be part of Core Network	Core Network not prepared
2.	Nodal department will identify and establish a State level autonomous agency with a distinct legal status for receiving funds	Established in December 2003 only
3.	State will set up a State level standing committee to vet Core Network and project proposals	Not set up
4.	Bench mark indicator to be attached to proposals	Not done
5.	Second tier quality control structure to be set up independent of PIUs for periodical inspections to ensure quality	Not set up
6.	There will not be separate Bank account of PIUs for programme expenditure	Every PIU operates a separate Bank account

3.5.20 In the absence of core network the selection of packages was defective. Apart from this there was no control mechanism to monitor the implementation of the selected packages resulting in non-ensuring the quality of works completed.

Lack of monitoring mechanism

Supervision and monitoring of works were very poor

3.5.21 A separate wing had been formed only in December 2003 at State level to supervise the PMGSY works to ensure its quality as provided for in the guidelines. The supervision was limited to the normal checks applied by the DRDA staff along with many other schemes implemented by the Project Officers. Though progress reports were prepared, no analysis or follow up on these reports was undertaken. Changes/improvements in construction of work were made only on the basis of the reports of Joint Director, National Rural Road Development Agency.

Conclusions

3.5.22 Eventhough PMGSY envisaged providing connectivity to all the unconnected habitations with a population of 1000 persons and above by the year 2002-03, many of the packages taken up from 2000-01 remained incomplete as of March 2004. The basic requirement *viz.*, Core Network of roads was not prepared and got sanctioned before implementation of the scheme. In the absence of a separate Benchmark indicator report, status of key indicators of education, health, income, etc., of the habitations could not be ascertained. Inadequate investigation before commencement of works necessitated revision of estimates at later stages and increase in cost of works. Some works could not be taken up due to non-availability of land, non-clearance of site by removal of utilities, etc. Inadmissible/unintended benefits were allowed to contractors.

3.5.23 Effective monitoring mechanism and supervising system were not evolved. Several key provisions in the guidelines meant for effective implementation of the scheme and to ensure proper control, supervision and quality of works were not complied with.

3.5.24 Recommendations

- ★ The Core Network, the basic requirement for selection of road works under PMGSY should be prepared and got approved at the earliest.
- ★ There should be better co-ordination between various agencies involved in road construction/maintenance to avoid arranging same works by more than one agency.
- ★ Unauthorised transfer/diversion of funds from works not yet completed should be avoided.
- ★ The estimates prepared by the PIUs should be thoroughly scrutinised by field visits so that large scale revision of estimates after receipt of sanction is avoided.

Response of the department

3.5.25 The report was discussed with the Commissioner for Rural development. The Commissioner agreed to -

- ♦ Take remedial steps to avoid shortfall in utilisation of PMGSY funds
- ♦ Obtain approval for the Core Network shortly
- ♦ Guard against the lapses/omissions pointed out by Audit in future
- ♦ Prepare Bench mark indicator report

3.5.26 The above points were referred to Government in August 2004; reply has not been received (November 2004).

FINANCE DEPARTMENT

3.6 Information Technology Audit of Treasury Information System

Highlights

The computerisation of treasuries in the State taken up in 1998 at an estimated cost of Rs 13.70 crore was implemented in 23 District Treasuries and 165 out of 166 Sub Treasuries by September 2004 incurring an expenditure of Rs 29.54 crore. Information Technology (IT) audit of Treasury Information System (TIS) was conducted to assess the extent of benefit derived from TIS and its accuracy and reliability.

- ➢ **There was no record of testing and acceptance of the TIS version 3.0 software by the Department.**

(Paragraph 3.6.11)

- ➢ **Treasury Wide Area Network for interconnecting the treasuries and Data Centre vital for updating master files and macro level budget monitoring had not yet been set up.**

(Paragraphs 3.6.13 – 3.6.15)

- **Report generation in respect of Personal Deposit/Savings Bank transaction was defective.**

(Paragraphs 3.6.44 – 3.6.49)

- **Improper data validation in the case of Savings Bank Accounts resulted in inflating of the balance to the extent of Rs 310.73 crore.**

(Paragraph 3.6.30)

- **Saving Bank Account, Personal Deposit Account and Fixed Deposit Account balances were increased by Rs 4.62 crore, Rs 103.30 crore and Rs 211.60 crore respectively using the facility in TIS for alteration of balances, without any supporting documents to verify such transactions.**

(Paragraph 3.6.38)

Introduction

3.6.1 Department of Treasuries, under the administrative control of Finance Department, is mainly responsible for receipt and payment of money on behalf of Government and maintaining accounts relating to these transactions. The Department also acts as the Banker in respect of Local Bodies and others who keep their funds with the Treasury.

3.6.2 The scheme of computerisation of treasuries in the State estimated to cost Rs 13.70 crore was sanctioned (April 1998) based on the report (January 1998) of a High Level Committee. The Department had so far spent Rs 29.54 crore (January 2004) which included Rs 6.81 crore out of Rs 7.33 crore awarded by the Eleventh Finance Commission. Increase in cost over estimate was attributed to increase in number of servers/nodes provided and additional civil/electrical works carried out for installation of computers and allied equipment.

Objective of computerisation

3.6.3 The Treasury Information System (TIS) was developed to:

- computerise all treasuries,
- interconnect all treasuries in the State and link them to the Directorate of Treasuries and Finance Department,
- render timely accounts to Accountant General (AG),
- obtain day to day financial position of the State and
- exercise demand-wise/head of account-wise/scheme-wise/treasury-wise control over expenditure

Organisational set up

3.6.4 The Treasuries Department is under the administrative control of the Finance Department. The Director of Treasuries (Director) is the Head of Department assisted by two Joint Directors at the Directorate. There are three Regional Offices, 23 District Treasuries, 166 Sub Treasuries, 10 Stamp Depots and 17 One Man Treasuries under the Department.

Audit objectives

3.6.5 The objectives of Information Technology Audit of the Treasury Information System (TIS) was to assess the accuracy and reliability of the information generated out of the system and to ascertain how far the benefits of TIS could be derived.

Audit Coverage

3.6.6 IT audit of treasuries was conducted during August 2003-January 2004 covering the Directorate, 5 District Treasuries[♣] and 13 Sub treasuries[#]. During Audit it was examined whether the TIS has been designed with adequate controls to maintain data integrity, safeguard assets and to allow organisational goals to be achieved efficiently and effectively. TIS backup data relating to District Treasury, Thiruvananthapuram was uploaded into DB2[∝] and analysed using Computer Aided Audit Technique.

Programme Management

3.6.7 According to the report of the high level committee all treasuries in the State were to be computerised in three phases and completed by 31 March 1999. As of September 2004, the System was installed in all the 23 District Treasuries (DT) and 165 out of 166 Sub treasuries (ST) of which 104 Sub treasuries were computerised only during 2003-04 due to delay in site preparation and procurement of hardware.

3.6.8 Treasury Information System (TIS version 3.0) developed by National Informatics Centre (NIC) with DB2 as back end and Power Builder as front end was installed for on-line operation at District Treasury, Thiruvananthapuram from 1 February 2000 and replicated in other treasuries thereafter.

3.6.9 Computer System would produce results accurately and with greater speed only if it is designed properly with adequate controls. General computer controls cover security management, data centre operations, hardware/software acquisition, its maintenance, backup and recovery plans. Application controls ensure proper authorisation, accuracy and completeness of data input as well as output. Absence of controls may result in data loss, data corruption, fraud and may affect the continuity of the operations of the organisation.

3.6.10 Audit scrutiny revealed that the Department has not yet tested the adequacy of these controls in the software installed for on-line operation from 1st February 2000. It was also seen that required infrastructure such as Data Centre, Wide Area Network (WAN), nodes to Bank, etc., were not set up for efficient functioning of the system; instructions relating to system security issued by Government were not followed and application controls were inadequate leading to bypassing of controls, incorrect database maintenance and incorrect report generation.

♣ Thiruvananthapuram, Kattakkada, Pathanamthitta, Thrissur and Kannur

\# Secretariat, Vikas Bhavan, Pension Payment, Principal Sub treasury Thiruvananthapuram, Attingal, Neyyattinkara, Parassala. Pathanamthitta, Adoor, Kunnamkulam, Thrissur, Thaliparamba and Kannur.

∝ A Relational Database Management System supported by IBM

Failure to test controls

Absence of records of testing and acceptance of Software

No records to show the conduct of testing and acceptance of software

3.6.11 A standard computer control practice is to ensure that only authorised and fully tested application software is placed in operation. During July 1999 Government constituted a Committee for testing and acceptance of the Software. But the Committee did not submit any report even after four years. Though an expert group was formed (November 2002) for an aggressive final testing of the software, TIS version 3.0 to be completed by 30 December 2002, there was no record of completion of such testing.

3.6.12 The Department stated (September 2004) that the software was installed in DT, Thiruvananthapuram and later at all other treasuries as it was acceptable to the Department. The reply is equivocal in the absence of documentation relating to acceptance of the software based on approved testing methodology.

Absence of required infrastructure

Absence of Treasury Wide Area Network

Treasury WAN not set up

3.6.13 Mention was made in para 5.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil) about the non-functioning of the WAN connecting the treasuries in Thiruvananthapuram and Pathanamthitta Districts set up at a cost of Rs 96.70 lakh. As the WAN was a failure, the network was not extended to the treasuries in other Districts. Hence the function of TIS was reduced to compilation of transaction and no information was derived out of the System for macro level budget monitoring for effective Ways and Means control.

3.6.14 The Department stated (September 2004) that Treasury WAN connecting all Treasuries with Directorate, Finance Department and Accountant General's Office was under consideration of Government.

Non-establishment of Data Centre at the Directorate

Data Centre not set up at Directorate and no arrangement for updating Master Data file centrally

3.6.15 As per the scheme all District Treasuries were to be linked to a Data Centre at the Treasury Directorate. But no such Centre had been set up at the Directorate to link it with the District Treasuries so as to consolidate daily receipt and payment data or to assess day-to-day cash position. There was no module under TIS to discharge this function of the Directorate. In the absence of a Data Centre with required software, there was no arrangement for updating Master Data files to be maintained centrally. As a result, master files are to be updated at each of the 189 locations leading to scope for error and delay in effecting changes.

3.6.16 Department stated (September 2004) that an IT Management Cell had been set up for updating centrally maintained master data files and creation of a central database for compiling transaction data from all treasuries was in progress. But the Department had not yet devised methodology for transfer/updating of such data in the absence of WAN.

Absence of TIS nodes at Bank

3.6.17 It was decided (June 1999) to provide TIS nodes to Banks at par with the number of transactions in each Bank to facilitate access to TIS data to view the details of bills passed for payment and enable the treasuries to ascertain head of account-wise receipt and expenditure on the same day. Two nodes, two modems, one hub with necessary cabling were provided for State Bank of Travancore (SBT), Thiruvananthapuram Branch attached to Thiruvananthapuram District Treasury. But such nodes had not been provided to the Banks concerned in respect of 103 banking treasuries. In the absence of nodes at Bank, there was abnormal delay in day book closing in respect of banking treasuries due to delay in receipt of scroll from Banks causing delay in submission of monthly accounts to AG. Though TIS nodes in DT, Thiruvananthapuram is provided to the bank, nodes were not provided to banks in respect of STs resulting in delay of 10 to 12 days in receipt of accounts by AG.

Misuse of TIS facility for backlog voucher/chalan entry

TIS not used for scrutiny and passing of bills

3.6.18 As per User Manual, the data entry, scrutiny and passing of bills in respect of banking treasuries are to be done through the computer before sending the bills to Banks for payment. The System generates a daily sequence number to identify each transaction and also captures the date and time of the data entry, scrutiny and passing of bills together with, user id for audit trail. It was, however, seen that the system was not at all used for scrutiny and passing of the bills in the banking treasuries test checked. Instead, the details of bills passed were entered using the *backlog option* on receipt of the paid vouchers from Bank with scroll. The backlog option had actually been provided in TIS for entering data which may fall in arrears due to an interruption of on-line system or due to an emergency situation such as network failure or system failure. Due to misuse of this facility, data entry was in arrears in these treasuries for 3 to 20 days, which would affect the time schedule for sending the vouchers and List of Payments (LOP) to AG, defeating the very purpose of computerisation.

3.6.19 The Department stated (September 2004) that POC[♠] system had been introduced in all banking treasuries thereby eliminating misuse of the System. The Department's failure to review the effectiveness of computerisation led to the delay of more than four years in extending POC facility to all banking treasuries.

Absence of System Security

Compliance with instructions on system security ignored and no regular monitoring of audit trail

Failure to monitor Audit Trail

3.6.20 Audit trail is incorporated into an IT System for tracing an item from input through its final stage. TIS version 3.0 has the facility to capture details of terminal log on, start up time, activities of user etc. Further, Government stipulated (January 2000) maintenance of the System Administration register, Password register and Daily Activity register. But these Registers were not seen maintained by the Treasuries covered by audit.

3.6.21 A scrutiny of the data relating to audit trail in DT, Thiruvananthapuram revealed that log out details were missing in 20381 out of 87259 cases. User name and log on time were duplicated in 997 records,

[♠] Pay Order Cheque treated as negotiable instrument which included log on by the same user to another terminal simultaneously due to absence of restriction regarding multiple log on.

3.6.22 Analysis of Electronic data revealed 2 to 5 log in attempts by users due to absence of provision to restrict unauthorised log on and/or provision for automatic terminal shut down after 2 unsuccessful log in attempts.

3.6.23 The Department had neither entrusted the periodic review of audit trail to any responsible officer nor evolved a documented procedure for regular monitoring of audit trail to watch deviations in access trends and to ensure compliance of instructions relating to system security.

3.6.24 The Department stated (September 2004) that directions had been issued to Treasury Officers during August 2004 to maintain the registers and to monitor daily activities. Missing log-outs were attributed to abnormal termination of applications and multiple log-on was resorted to for utilising the services of the user during the time taken to generate lengthy reports. As the Department has not filled up any technical posts and the System administration is managed by the staff at lower level, steps for effective security monitoring need to be taken.

Lack of change management control

Department failed to ensure that latest modified version was installed in all Treasuries

3.6.25 The menus described in the User Manual in respect of version 3.0 of TIS and versions of software in use in the treasuries varied drastically. Though many changes had since been made to the earlier version installed during February 2000, the present version is still numbered as 3.0. The details of amendments after installation of the software had not been documented. There was no record of testing the amendments. Different editions of version 3.0 were also seen running in different treasuries and even in the same treasury (Eg. ST, Parassala). In the absence of change management and version control, the Department could not ensure that the latest modified version was installed in all Treasuries and the users were benefited by the program amendment. There is a risk of accidental or malicious changes to software and data due to poor change management control.

3.6.26 The Department stated (September 2004) that TIS version 3.0 had been frozen from December 2003 to ensure that the same software was running in all the treasuries. The Department has to ensure that the latest version is installed in all the 188 treasuries computerised.

Ineffective back up policy

Off-site storage of back up data was not ensured

3.6.27 Back up policy formulated and circulated by Government during January 2000, stipulated that two copies (one in tape and another in CD) each of back up of transaction data should be taken on each working day and two copies of the back up of data relating to accounts should be taken every month in CDs, of which one copy should be kept by the Treasury Officer concerned and the other should be sent to the nearest treasury identified by the Director for off-site storage.

3.6.28 But the prescribed procedure for back up was not followed in two treasuries[♥] as CDs and/or CD writers had not been supplied. Against the requirement of six tapes in each treasury for taking back up, one to three tapes only had been supplied to three treasuries[#]. The Director had not yet (January 2004) identified the treasuries for off-site storage of back-up. In the absence of adequate back up and off-site storage of data, it would be difficult to restore the system in the event of a disaster.

3.6.29 The Department stated (September 2004) that the Treasury Officers had been directed to follow the instructions scrupulously and that proposals had been submitted to Government for providing CD writers to treasuries. It was also stated that off-sites for storage of monthly data for each treasury have been identified and communicated to treasuries. As this does not address the risk of loss of weekly transaction data in the event of a disaster, the Department has to ensure that weekly data are also stored at the identified off-sites.

Defective maintenance of database

Excess accounting of SB Account Balance

Data validation to rectify the differences of Rs 310.73 crore in the closing balance of Manual ledger and computerised ledger not done

3.6.30 Treasury Department is responsible for the maintenance of Savings Bank Accounts in respect of deposits by local bodies, other institutions, pensioners and public. The statement of closing balance along with annual interest is forwarded to AG every year for making adjustments in the accounts. It was, however, seen that data entry relating to closing balance in respect of SB Accounts in District Treasury, Thiruvananthapuram were not validated before switch over to computerised transaction from 1 February 2000. As a result there was a difference of Rs 310.73 crore between the balance as per Manual Ledger (Rs. 1231.87 crore) and Computerised Ledger (Rs 1542.60 crore) as on 31 March 2000. The excess accounting of Rs 310.73 crore was irregular and needs to be rectified by proper data validation.

3.6.31 The Department admitted the failure to compare ledger balance with computer generated accounts and stated (September 2004) that the difference occurred due to non-inclusion of certain accounts in the manually prepared statement of interest (Rs 146.64 crore) and adoption of incorrect balance in respect of certain accounts involving shortage of Rs 39.59 crore. But the difference of Rs 124.49 crore remained to be reconciled.

Bypassing of Appropriation Control

Prescribed procedures for budget control of expenditure not followed

3.6.32 Treasury Officers were required to monitor the expenditure against provision through the Appropriation Control Register provided in the TIS. The details of allotments received in the treasury were to be entered into the system through the *New Allotment* menu except for the heads of accounts exempted. After each transaction, the balance of allotment under each head of account in respect of a Drawing and Disbursing Officer (DDO) can be retrieved/viewed through the Appropriation Control Register. But in DT, Thiruvananthapuram the appropriation details were not entered into the system promptly and the prescribed procedure for budgetary control was not

[♥] DT, Pathanamthitta & ST, Pathanamthitta
[#] ST, Kunnamkulam, ST, Thaliparamba, ST, Thrissur

followed.

3.6.33 In respect of the Departments whose expenditure was to be watched through the Appropriation Control Register, payment through the transaction type "contingent payments" is prevented by a message that "no appropriation was available". To bypass this, payments were made through "miscellaneous payments" option.

3.6.34 *Bill_Exmptn* table contained 138 cases where payment was made in relaxation of appropriation control, but reason for exemption had not been indicated properly. In 27 cases, it was recorded as *inevitable* without authority. In 14 cases, the reason noted was "*5 Advances pending*" which was a valid reason for rejecting the bill, instead of passing it as inevitable payment.

Advances pending adjustment

Tour advances of retired/transferred SDOs pending adjustment not included in LPC/NLC

3.6.35 As per codal provisions, if a final bill for advance drawn is not presented within 3 months of its drawal, the entire amount of advance is to be recovered from the next salary bill of the Self Drawing Officer (SDO) concerned with interest. But there was no provision in the software to recover such advance with interest. As the default option for Travelling allowance bills had been set as 'Advance', final payment is to be entered by changing the default option to 'settlement'. Because of the failure to change option, some of the final payments are wrongly booked as advance payment. As such the amount of tour advance actually pending adjustment cannot be segregated from the data. Tour advances amounting to Rs 3 lakh in 467 cases were pending against SDOs in four treasuries covered by audit, including those of officers who had been transferred/retired. But these pending advances were not seen included in the LPC/NLC* due to absence of provision therefor.

3.6.36 NIC stated that provision for recovery of tour advance/indicating the same in LPC/NLC was not included in TIS for want of specific request of the Department.

Inadequate application control

Provision for alteration of balance

Facility for alteration of balance to correct mistakes during change over period not withdrawn resulting in inflation of balances in SB/FD/PD accounts

3.6.37 A facility for the alteration of balance in the Savings and Deposit account was incorporated in TIS to correct mistakes in balances during the change over period from manual system to computerised system. Opening Balance adjustment short option (OB+) is used to increase the balance as per the system and Opening Balance adjustment excess option (OB-) to decrease the balance. But the facility was not withdrawn even after 4 years of implementation of TIS at DT, Thiruvananthapuram.

3.6.38 Between February 2000 and August 2003 DT, Thiruvananthapuram carried out several transactions using the options OB(+) and OB(-) which resulted in the increase in Savings Bank (SB) balance by Rs 4.62 crore, Personal Deposit (PD) account by Rs 103.30 crore and Fixed Deposit (FD) account balance by Rs 211.60 crore as shown below:

* LPC/NLC - Last Pay Certificate/Non-Liability Certificate

(Rupees in crore)

Type of account	Number of transactions using OB+	Amount increased through OB+	Number of transactions using OB-	Amount decreased using OB-	Net increase in balance
SB Account	283	7.73	9	3.11	4.62
PD Account	284	122.32	44	19.02	103.30
FD Account	588	211.60	-	-	211.60

3.6.39 But the treasury did not have any document in support of above transactions involving crores of rupees. In the absence of any document, the authority for such data entry was not verifiable.

3.6.40 In the absence of regular receipt of Plus and Minus Memorandum indicating opening balance short and opening balance excess adjustments, such adjustments escape accounting by AG thereby misrepresenting the balance of State under Public Account.

3.6.41 There is no justification for retaining this facility to manipulate opening balance without affecting cash transaction so as to cover up the defective data validation. Moreover, there is greater risk of misuse of this facility by the users of the system to arrange payment to account holders even if balance is not available.

3.6.42 The Department stated (September 2004) that this facility is essential to make alteration for correcting wrong entry in the account and that OB(+) facility was included in majority of cases to include Opening Balance which were not entered into the system at the time of computerisation. As this was a facility included to correct mistakes in carry forward of balance to computerised system, there is no justification in retaining the facility at treasuries for such a long period which may provide scope for manipulation.

Absence of provision in the stamp account

3.6.43 There is no provision to generate a report on the details of stamp issued on a particular day or stamps issued to a particular vendor and also for automatic deduction of income tax from a stamp vendor whose commission exceeds Rs 2500 in a financial year.

Defective Report Generation

3.6.44 The figures as per reports generated through different options for the same period were different in the following cases.

Different closing balances for the same PD account

3.6.45 The closing balance of a PD account for a particular day was different when extracted through the PD Ledger option and the PD Pass Book option.

OB and CB mismatch in respect of SB accounts

3.6.46 The closing balance for a particular month and the opening balance for the following month were different when the Savings Bank Extract Registers were generated for the Head of Account 8001-00-102-99-00 through the option *Reports-Reconciliation* and *Reports-SB Extract Registers*.

3.6.47 The annual closing balance for 2000-01 and 2002-03 exceeded the closing balance for the month of March 2001 and March 2003 by Rs 24.61 lakh and Rs 117.59 lakh respectively and the closing balance for March 2002 exceeded the annual closing balance for 2001-02 by Rs 55.93 crore.

3.6.48 The closing balance for 2000-01, 2001-02 and 2002-03 did not tally with the opening balance of the following year.

3.6.49 The closing balance as per the Plus and Minus Memorandum did not tally with the closing balance as per the Annual Interest Statement sent to AG during 2000-01, 2001-02 and 2002-03.

3.6.50 The department stated (September 2004) that the discrepancies occurred due to bugs in the software and action had been taken to rectify the same.

Inconsistencies in the Annual Interest Statement for SB Accounts.

Discrepancies in the Annual Interest Statement for SB accounts

3.6.51 The Annual Interest Statement in respect of Savings Bank accounts in a treasury is a mandatory return to be sent to the AG at the end of each financial year. Total annual interest credited as per TIS during 1999-2000 to 2002-03, did not tally with the figures in the Plus and Minus Memorandum and as per the Annual Interest statement furnished to AG.

3.6.52 The amounts of short passed interest, annual interest, etc., credited to SB accounts as shown in the Plus and Minus Memorandum did not tally with the amounts shown in the SB extract register for the year 2002-03.

3.6.53 The interest on closed accounts and short passed interest as per the Annual Statement of Interest furnished to AG did not tally with the figures as per the Plus and Minus Memorandum.

3.6.54 The Department stated that the error in the report generation module had been rectified. As the present version of the software is stated to be frozen, the modification would be effective only when the next version is installed.

Absence of Internal Audit in computerised Treasuries

No training imparted to Internal Auditors

3.6.55 Internal Auditors have an important role in protecting the IT Systems by detecting deviations in prescribed procedure, identifying threats to information system, suggesting safeguards for timely rectification. Three Regional Deputy Directors and one Deputy Director at the Directorate were responsible for internal inspection of Treasuries. But the Internal Inspection Team had neither been trained in TIS nor new methodology of audit devised.

3.6.56 Though Treasury transactions are subject to Internal Audit by the Department and annual Inspection by AG there is no provision in TIS to query the data and extract the information required by audit. Evidently, the Internal Audit wing failed to present the above requirement at the time of development of the software.

3.6.57 The Department took (January 2004) steps to arrange training to Inspection Staff only after the lapse was pointed out by audit but no methodology of audit had been evolved so far (September 2004).

Conclusions

3.6.58 The computerisation of all treasuries (except one) targeted to be completed by March 1999, was completed only by August 2004. However, in the absence of required infrastructure such as WAN, Data Centre, etc., the objective of budgetary control over expenditure expected from Treasury Computerisation could not be derived so far. As there was a delay of 10 to 12 days in the receipt of LOP and Cash account from computerised treasuries (January 2003), the objective of timely rendering of accounts had also not been achieved. As the adequacy of controls was not tested so far, the system lacks controls relating to system security and software change. The system remains vulnerable due to inadequate application controls.

3.6.59 Recommendations

- ★ Test the final modified version of the software following approved testing methodology to ensure the adequacy of controls;
- ★ Interconnect the treasuries and set up a Data Centre at the Directorate to update the centrally maintained Master data files and for Macro level Budget monitoring ;
- ★ Conduct a thorough data validation of Closing Balance of Savings Bank and Personal Deposit accounts urgently and thereafter withdraw the facility for alteration of balances to minimise the risk of fraud;
- ★ Evolve suitable methodology for audit of computerised treasuries by the Internal Audit wing.

3.6.60 Government endorsed (November 2004) the remarks of the Department and stated that all possible efforts would be taken to make the accounts uptodate and achieve the goals aimed at by computerisation of treasuries.

FINANCE DEPARTMENT

3.7 Special Development Fund for Members of Legislative Assembly

Introduction

3.7.1 Government of Kerala constituted (October 2001) a Special Development Fund for MLAs from 2001-02 on the pattern of "Members of Parliament Local Area Development (MPLAD) Scheme" of Government of India. The annual contribution of Rs 25 lakh for each MLA was enhanced to Rs 50 lakh from 2003-04. The objective of the scheme was to enable the MLAs to suggest developmental activities based on locally felt needs in their Legislative Assembly Constituencies (LACs) with emphasis on creation of durable assets[#]. The guidelines issued in October 2001 had been modified several times and the guidelines issued in May 2004 are by and large in conformity with the guidelines of MPLAD scheme.

3.7.2 The implementation of the scheme during 2001-04 in 58 constituencies of five (out of 14) districts was reviewed by a test check of records relating to five District Collectorates[*] and 30 implementing offices. Audit also conducted physical verification of 50 works in 22 LACs.

[#] Construction of buildings, roads and bridges, water supply scheme, etc.
[*] Alappuzha, Ernakulam, Kozhikode, Pathanamthitta and Thiruvananthapuram

3.7.3 Funds released by Government during 2001-04 were Rs 140.72 crore of which the expenditure incurred upto March 2004 was only Rs 44.77 crore (32 *per cent*). Amount of expenditure covered in the review was Rs 14.55 crore. Release of funds and expenditure incurred for works sanctioned for 2001-04 are given below.

(Rupees in crore)

Year	Release of Funds	Expenditure
2001-02	35.00	-
2002-03	35.25	38.31
2003-04	70.47	6.46
Total	**140.72**	**44.77**

Implementation of the scheme

3.7.4 The major irregularities/defects noticed in the implementation of the scheme are shortfall in utilisation of funds, delay in proposal by MLAs and sanction of the schemes by District Collectors (DCs), delay in execution of works etc., as shown below.

Shortfall in utilisation of funds

3.7.5 The funds released were kept in non-lapsing treasury savings deposit accounts of DCs. Government had not fixed any specific time limit for utilisation of funds. Out of Rs 58.50 crore released to 58 LACs in five districts, DCs sanctioned works for Rs 42.23 crore as of April 2004. As at the close of the year 2003-04 unspent balance in five districts was Rs 43.95 crore.

Percentage of short fall in utilisation of funds ranged between 42 and 100 in the 58 LACs

3.7.6 Percentage of shortfall in utilisation of funds ranged between 42 and 100 in the 58 LACs. There were 9 LACs where the percentage of shortfall in utilisation was 90 *per cent* or more.

3.7.7 Late submission of proposals (668) by MLAs, delay in preparation of estimates (101) by the implementing agencies and execution of works (28) by implementing agencies were the reasons for the low utilisation of funds.

Delay in proposals/sanction

3.7.8 As per the guidelines, each MLA is required to give his choice of works to the DC. The DCs after getting estimates from the implementing departments[*]/executing agencies should issue sanction within 45 days from the date of receipt of proposals from MLAs.

Delay ranging from 103 to 415 days in according administrative sanction by DC

3.7.9 It was seen that 41 MLAs gave 668 proposals towards the end of the year or the succeeding year. In 101 works (estimated cost: Rs 3.39 crore) proposed by 24 MLAs delays ranging from 103 to 415 days were noticed in according administrative sanction by DCs. Delays in identification of sites and preparation of estimates by the executing agencies were the reasons for delay in issuing administrative sanctions by DCs.

Lack of co-ordination between District Collectorates and user Departments

Lack of co-ordination resulted in delay in execution of works

3.7.10 DCs did not consult user departments before sanctioning works. This resulted in delay in execution of works due to revision of plans and

[*] Block Development Offices, Public Works Department, Kerala Water Authority, Kerala State Electricity Board and Local Bodies are the main implementing agencies.

estimates to suit the requirements of the user departments and delay in utilisation of assets created.

Lack of proper planning/ feasibility study before sanctioning works

Abandoning/non-completion of works as administrative sanctions were issued without ascertaining availability of land and infrastructure

3.7.11 Administrative sanction for works were issued without ascertaining the availability of land, proper estimates, infrastructure, etc., resulting in abandoning/non-completion of the works as shown below:

- ❖ Due to non-availability of land, sanction issued in April and May 2002 (estimated cost : Rs 17.50 lakh) in Kilimanoor LAC for construction of buildings for 14 Anganwadi Centres were cancelled (September 2003) and construction of building for an Anganwadi Centre sanctioned in February 2003 (estimated cost : Rs 1.53 lakh) in Perambra LAC was not started so far (June 2004).
- ❖ In Balussery LAC construction of first stage of a mini stadium at Ulliyeri was completed in December 2003 at a cost of Rs 7.45 lakh, the second stage proposed by the MLA was not sanctioned due to non-availability of land.
- ❖ In Balussery LAC, a large project, a stadium with gallery and shopping complex was sanctioned in July 2002. A small portion of gallery was constructed for Rs 8.90 lakh (2001-02) and allotted Rs 10 lakh for second phase (2002-03). Physical verification revealed that only about 10 *per cent* of the entire project had been completed so far. This would indicate that this project requires a very huge investment. Though sanction was given to the project the cost of the project and the expected date of completion of the project is not known by the sanctioning authority and as such the investment of Rs 19 lakh is not likely to fetch the intended benefit in the near future.
- ❖ A mini water supply scheme sanctioned in August 2002 in Vadakara LAC at a cost of Rs 1.50 lakh had no provision for installation of motor and distribution system.

Sanctioning of inadmissible works

DCs sanctioned 16 works costing Rs 1.28 crore in disregard of the guidelines

3.7.12 According to the guidelines construction of office buildings, residential buildings and other buildings of Central or State Governments, Departments, agencies or organisations, works belonging to private institutions, etc., were not permissible. However, in four districts♥ the DCs issued administrative sanction (between April 2002 and November 2003) for 16 works costing Rs 1.28 crore in disregard of the guidelines. The amount spent on these works as of March 2004 was Rs 62.54 lakh **(Appendix XXXIV)**.

Sanctioning of works in violation of guidelines

3.7.13 There was no provision in the guidelines for sanction of certain works. Government, however, sanctioned the following works for Rs 61 lakh

♥ Alappuzha, Ernakulam, Pathanakthiatta and Kozhikode under the scheme during 2003-04 in violation of its own guidelines. No expenditure was incurred on the following works so far (August 2004):

- Construction of Kerala State Road Transport Corporation bus station at Chadayamangalam LAC.
- Construction of building for Institute of Human Resources Development Engineering College in Karunagappally LAC.
- Construction of Railway foot over bridge in Kannur LAC.
- Payment of arrears of electricity charges of Memury Coconut Development Lift Irrigation Scheme at Kaduthuruthy LAC.

Government may therefore reconsider the sanctions issued to the above works.

Delay in execution of work

3.7.14 Delays were noticed in arranging works and in commencing work after execution of agreements.

3.7.15 In Thiruvananthapuram District the implementing officers did not arrange construction of four school/hospital buildings and 3 bridges which are permissible under the guidelines costing Rs 18.50 lakh (**Appendix XXXV**) sanctioned between February 2002 and June 2003. These works were tendered but there were no volunteers/convenors to take up the work.

3.7.16 In three districts delays ranging from six to 15 months occurred in arranging 14 works costing Rs 41.25 lakh due to delay in selecting the convenors by the beneficiary committee to take up the works. (**Appendix XXXVI**)

Nature of assets created

47 *per cent* of the completed works were for repairs and maintenance of roads

3.7.17 The main purpose of the scheme was creation of durable assets. In the five districts out of 1486 works sanctioned during 2001-04, only 676 works were completed and 810 works were not completed as of March 2004. Out of the completed works, 315 works (47 *per cent*) were for repair and maintenance of roads for which expenditure of Rs 5.08 crore was incurred which cannot be considered as creation of durable assets.

3.7.18 The Principal Secretary, Finance Department, however, disagreed with the audit observation that repair and maintenance of roads did not constitute creation of durable assets. This argument is not tenable as expenditure on repairs and maintenance of roads is treated as revenue expenditure and cannot be considered as leading to creation of durable assets. The scheme guidelines itself prohibited utilisation of the scheme funds for revenue expenditure.

Irregular execution of works

3.7.19 In Kayamkulam LAC though the DC sanctioned (April 2002) construction of a ward in Government hospital, physical verification revealed that against the sanction for construction of a ward, an office building was constructed at an expenditure of Rs 3.13 lakh which was against the guidelines.

Non-utilisation of assets created

Out of 34 buildings completed, 15 buildings were not utilised

3.7.20 There was no system in the five district collectorates to ensure that the assets created are utilised for the purposes for which they were created. Physical verification by Audit revealed that out of 34 buildings completed between October 2002 and January 2004, 15 buildings were not utilised.

- A ward for the Ayurvedic hospital in Parassala LAC completed in June 2003 at a cost of Rs 3.64 lakh could not be used for want of furniture.
- A mortuary room completed at a cost of Rs 3.56 lakh in Alappuzha Medical College in March 2003 remained idle due to non-installation of cooling chambers by the Department.
- Two comfort stations completed at a cost of Rs 3 lakh in Thiruvananthapuram North LAC between April and June 2003 were not opened to public for want of water and power connections.

3.7.21 A crematorium completed in June 2003 in Kakkanad in Thripunithura LAC for Rs 9.24 lakh was not handed over to the local body so far (March 2004).

Non-maintenance of Asset Register

3.7.22 As per the guidelines, an Asset Register showing the details of assets, drawal of funds, physical progress, etc., was to be maintained by the DCs and the Implementing Officers. However, the DCs and Implementing Officers (except BDO, Kazhakuttom) were not maintaining the registers.

Internal control

3.7.23 Finance Department is the nodal department at State level for implementation of the scheme. According to the scheme the Department was responsible for the following:

Finance department, being the nodal department failed to take action as stipulated in the scheme

- Issue of general instructions to all the planning and implementing agencies of the scheme at State/District level.
- Monitoring the progress of implementing the scheme and to decide on monitoring mechanism.
- Conducting meetings involving MLAs and DCs to assess the progress of project at least once in a year.

However, Finance Department failed to take action on these so far.

3.7.24 As per guidelines, the DCs, being the nodal officers of the scheme, at district level, were to inspect at least 20 *per cent* of the works every year, send monitoring reports to the Finance Department and MLAs once in two months, prescribe schedule of inspections to the implementing officers and to maintain asset register.

3.7.25 None of the DCs of the five districts had inspected any of the works. Progress reports were sent to the Finance Department only once in a year for release of funds. No schedule of inspection was prescribed for implementing officers in any of the districts.

Conclusions

3.7.26 The objectives were not achieved as there was considerable delay in the submission of proposals by MLAs, partial utilisation of the fund allotted for the creation of durable assets and inordinate delay in arranging works in many cases. All the assets created were also not put to use due to lack of co-ordination with the user department. Monitoring at State/District levels was ineffective.

3.7.27 Recommendations

- ★ In order to ensure speedy and timely completion of schemes/projects the guidelines should prescribe specific time schedule from the stage of proposals to the handing over of the assets created and its utilisation for the intended purpose.
- ★ The format prescribed in the guidelines issued in May 2004 may be used as a monitoring tool, by submitting a monthly report in this format to the MLAs and nodal department at Government level.
- ★ Availability of land, proper estimates and infrastructure may be ensured before sanction of works

Response of the Department

3.7.28 The points were discussed with the Principal Secretary to Government, Finance Department. The Principal Secretary agreed with the recommendations of Audit.