

**Ministry of Home Affairs**

**Performance audit report on Tsunami Relief and Rehabilitation**

**1. Introduction**

1.1 A great shallow-focus earthquake of a magnitude of 8.60 on the Richter scale occurred with its epicentre off the west coast of Northern Sumatra on 26 December 2004 at 06.29 A.M. (IST). This earthquake generated tsunami waves which hit the coastal states of Andhra Pradesh, Kerala and Tamil Nadu and the Union Territories (UTs) of Pondicherry and Andaman and Nicobar Islands (ANI). The damage caused by the tsunami affected 27.92 lakh people in 1089 villages of these states and UTs entailing loss of lives, damages to dwelling units and boats, loss of livestock, damage to cropped area, destruction of physical and social infrastructure and ecologically sensitive resources such as coral reefs, mangroves, beaches and forest cover. (**Annex-I** has details). The status note on tsunami prepared by the Union Ministry of Finance, Department of Expenditure on 27 July 2005 estimated the damage at Rs. 11,500 crore in monetary terms.

1.2 India with its long coastline and geological features has been exposed to natural disasters such as cyclones, floods and earthquakes from time to time. A National Disaster Management Division (NDMD) was set up in 1995 under the control of the Ministry of Agriculture for undertaking rescue, relief and reconstruction activities in the aftermath of natural disasters like earthquake, cyclone and drought. The NDMD functions under the Chairmanship of the Prime Minister. Concerned Ministries/ Departments are required to draw up department-wise plans in accordance with the National Disaster Management Plan. The NDMD is also responsible for putting in place similar systems at the State level including constitution of State Disaster Management Authorities and its associated committees. The NDMD draws up the National Disaster Management Plan and issues guidelines enabling the State Disaster Management Authorities to draw up the State Disaster Management Plans. Similarly, the State Disaster Management Authority issues guidelines enabling district authorities to draw up District Disaster Management Plans. At the State level, the Disaster Management Committee functions under the Chairmanship of the Chief Minister/Governor. In February 2002, the Ministry of Home Affairs (MHA) was made the nodal ministry for planning and coordinating relief, response and rehabilitation measures with the affected states/regions and also with other Union Ministries/Departments providing emergency support including the Ministry of Defence/Armed Forces, the States and non governmental organisations (NGOs). MHA issues instructions/guidelines to various ministries and state governments in this regard. A National Disaster Management Bill, 2005 was approved by both Houses of Parliament in December 2005 to provide for the effective management of disasters (like Tsunami) and for matters connected therewith or incidental thereto. Usually, in the event of a natural disaster the affected states themselves estimate the extent of damage and seek special financial and other assistance from the Union Government which deposes a team of special observers to make an independent assessment of the damage and the assistance required. Based on the report of the special team, the nodal Ministry MHA obtains financial assistance through the Ministry of Finance and releases the same to the affected states.

1.3 Post tsunami, a core group<sup>1</sup> has been set up in the Planning Commission to assess the needs of long term planning and reconstruction. The main function of the group was to coordinate and manage the national tsunami reconstruction effort. The requirement of financial assistance for Tsunami Reconstruction and Rehabilitation estimated by the core group on the basis of requests from the affected states, and other inputs, was approximately Rs. 9870.25 crore (**Annex-II**). Financial assistance was also offered by external agencies such as World Bank (IDA), Asian Development Bank (ADB) and International Fund for Agricultural Development (IFAD) in the form of soft loan for long term rehabilitation and reconstruction. **Table 2** has the details.

## **2. Audit objectives**

A performance audit of the relief and rehabilitation efforts and the general preparedness in meeting natural disasters was taken up between November 2005 to March 2006.

The objectives of the performance audit were to verify whether:

- the lessons learnt from earlier disasters had been used for formulation of effective policies for disaster management and whether the institutional mechanisms set up by the Union and the State governments for disaster management including pre-disaster risk assessment, mitigation, prevention and preparedness, monitoring of feed back on implementation of orders/instructions issued by the Ministry from time to time were adequate and functioning effectively,
- the special assistance through National Calamity Contingency Fund (NCCF), Calamity Relief Fund (CRF), Prime Minister's National Relief Fund (PMNRF) and external assistance were adequate and reached the affected families promptly,
- the system of identification of beneficiaries, need assessment, flow of immediate assistance to the beneficiaries and planning of rehabilitation activities was robust and effective, and
- the post disaster activities relating to immediate assistance provided arrangements for procurement and delivery of relief and rehabilitation, restoration of infrastructural services and economic and social recovery of productive sectors such as fishing, tourism and so on were planned and executed efficiently and economically,

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<sup>1</sup> Set up under the directions of Prime Minister to coordinate and manage the National Tsunami Reconstruction effort. It has representation from Union Ministries/Departments, State Governments, Research Institutions and Planning Commission.

### 3. Scope of audit and Audit criteria

3.1 The audit involved examination of records in MHA, Ministry of Finance (MoF), Planning Commission, Ministry of Environment and Forests (MoEF), Indian Meteorological Department (IMD) and Department of Ocean Development (DOD) at the Union level. At the state and district levels, records were checked in the corresponding disaster management authorities and different units of the departments of Animal Husbandry, Agriculture, Education, Fisheries and Public Works. Reconstruction, being a longer duration exercise, has not been covered in audit. Utilisation of external assistance mentioned in **Table 2** has also not been examined in audit as the assistance was basically for long term reconstruction except for an amount of Rs. 2.62 crore in respect of Pondicherry.

3.2 The criteria used for assessing the efforts of relief and rehabilitation were:

- the extent of compliance with the system of assessment of requirement of funds and their phasing.
- the promptness in release of funds by MHA/State Governments keeping in view the magnitude of the disaster.
- the performance of disaster response and post disaster activities.
- the system devised for identification of beneficiaries.
- the status of monitoring of the outcome and impact of the assistance provided at the Union and State levels,
- the status of training of persons associated with relief work.
- the extent of completeness and accuracy of accounting of relief material and stores, and
- the quality of stores management, machinery and equipment procured and the extent of their utilisation.

3.3 The audit objectives and approach were discussed by the representative of Director General of Audit, Central Revenues with senior officers of the MHA and MoF. Similar discussions were held by the Principal Accountants General (Audit)/Accountants General (Audit) with the State Government Authorities and the implementing agencies. The audit findings and recommendations were discussed by the Director General of Audit, Central Revenues in an Exit Conference with the Secretary, MHA and other senior officers. The Ministry was broadly in agreement with the report. Their views as expressed in the meeting and their subsequent replies have been appropriately reflected in the report.

### 4. Acknowledgement

Indian Audit and Accounts Department acknowledges the cooperation of the Ministries of the Home Affairs, Finance, Environment and Forests, Urban Development and the Planning Commission in providing willing assistance for the performance audit on Tsunami relief and rehabilitation. The inputs received during various stages of audit helped in enhancing the understanding of the disaster management effort.

## 5. Audit findings

### 5.1 Adequacy and effectiveness of institutional mechanism for disaster management and monitoring of implementation of orders and instructions

5.1.1 The Union and State Governments have been grappling with national disasters such as floods, cyclones, earthquakes and drought fairly regularly. In addition to the dedicated mechanism to manage disasters at various levels as indicated in para 1.2, there was a notification (1991) by the MoEF which sought to impose restrictions on the setting up and expansion of industries or related operations in Coastal Regulation Zone (CRZ)<sup>2</sup>. MoEF had constituted (July 2004) an Expert Committee to carry out a quick and comprehensive review of CRZ notification of 1991 in the light of the findings and recommendations of the previous committees, judicial pronouncements, representations of various stakeholders and to suggest suitable amendments if necessary to make the regulatory framework consistent with well established scientific principles of Coastal Zone Management. The Committee submitted its report in February 2005, after the tsunami disaster. The report stated that the recommendations of the earlier committees were quite comprehensive and addressed specific issues. However, the Ministry had amended the CRZ notification and the range of amendments presented a trend that had allowed commercial and industrial expansion in coastal areas. The studies on post Tsunami Impact Assessment on wildlife and their habitat in India carried out by Wildlife Trust of India and the International fund for Animal Welfare USA also found that violation of CRZ norms leading to overcrowding along coastal areas played a major role in loss of human lives and property during Tsunami.

5.1.2 In compliance with the Supreme Court's orders of 1993, MoEF constituted the National Coastal Zone Management Authority at the Central level and the Coastal Zone Management Authorities in 13 States/UTs under the Environment (Protection) Act, 1986. The State/UT authorities were to prepare integrated Coastal Zone Management Plans (CZMP) by identifying and classifying the CRZ areas and obtain the approval of MoEF thereto. It was, however, noticed in audit that none of the authorities had prepared the CZMP for the entire state.

5.1.3 A Disaster Management Authority was constituted in Kerala (August 2003), Tamil Nadu (July 2003) and the Union Territory of Pondicherry (September 2003) and a Commissionerate of Disaster Management was functioning in Andhra Pradesh. Disaster Management Regulation and a Disaster Management Plan were formulated in 2003 in ANI. Audit noticed that Kerala and Pondicherry did not have a declared disaster management policy. The presence of a policy would have expedited immediate commencement of rehabilitation activities and avoided adhoc decisions.

MHA in its reply (July 2006) stated that prior to tsunami, the Ministry was urging the state governments to enact their own disaster management laws and some states like Bihar, Uttaranchal, Gujarat and Orissa had already enacted their Disaster Management Acts. A number of initiatives were undertaken towards a holistic approach to disaster

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<sup>2</sup> Coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action upto 500 metres from the High Tide Line (HTL) and the land between the Low Tide Line (LTL) and the HTL are categorised as CRZ. HTL means the line on the land upto which the highest water line reaches during the spring tide and shall be demarcated uniformly in all parts of the country by the competent authority.

management with a paradigm shift from the relief and response centric mode. Post-tsunami the need for a comprehensive approach to disaster management was felt even more and therefore the Disaster Management Act, 2005 also provided for institutional mechanism right from the Centre, State, District to the level of the local authority. The state governments have been requested to frame rules for implementation of the Disaster Management Act, 2005 in its application to the states. The Ministry has been assisting the states/UTs for making improvements in the techno-legal regime with particular reference to zoning regulations so that seismicity of the area is taken into consideration during the construction of buildings. A committee of Experts set-up by the Ministry had recommended several measures including amendments in the town and country planning Acts, building laws and zoning regulations that was shared with the states. MHA was collaborating with Building Materials Technology Promotion Council (BMTPC) to organise workshops in the states on model building byelaws. A community based disaster risk management programme was being implemented in 169 districts that are vulnerable to multiple hazards. A national Cyclone Risk Mitigation Project had been drawn up with the assistance of the World Bank to reduce the vulnerability of communities living in coastal areas and an earthquake risk mitigation project was conceptualised.

5.1.4 Audit examination revealed that MHA, the nodal Ministry for coordinating all relief and rehabilitation activities relating to disaster management, had taken some initiatives (September 2003) for expediting procurement of essential supplies and achieving transparency in reaching the relief assistance to the affected people. A system of pre-contract with suppliers and service providers was suggested for implementation by State Governments. Similarly, the Panchayat offices were to display the list of beneficiaries who had been distributed relief and the information was also required to be made available to anyone seeking the same against payment of nominal charges. While the two measures had their merit, the achievement of procurement at the intended speed and transparency in reaching relief was dependent entirely on the appreciation of the benefit by State Governments. MHA needed to follow up the suggestions contained in their guidelines effectively with the State Governments so as to ensure that the beneficial measures did not remain only on paper. Audit examination revealed that while the instructions regarding transparency in relief operation were found to be implemented in Kerala, Tamil Nadu, ANI and Pondicherry, none of the five states/UTs had formally implemented the pre-contract arrangement in procurement. MHA needed to critically examine the need for implementation of the initiative and take it up at a sufficiently high level with the State Governments so that the initiative is actually implemented or, if necessary, modified in consultation with State Governments to make them achieve the intended objectives. During the exit conference, MHA accepted the audit findings and stated that the matter would be examined and could possibly be taken up at the level of Home Secretary or the Home Minister.

5.1.5 According to the revised guidelines issued (August 2004) by MHA, the faculty of disaster management in the Institute of Land Management (ILM) located in Kerala was to act as a focal point at the state level for imparting training in the field of disaster prevention, mitigation, preparedness, response, relief and rehabilitation to the various stakeholders. The faculty was also required to undertake research, documentation and development of database in disaster management related aspects and actively liaise with the department of disaster management. MHA had been providing financial assistance

from the Eighth Five Year Plan to ILM to strengthen training facilities. Audit, however, noticed that no activities other than training were undertaken by ILM.

5.1.6 In the wake of tsunami, a project was initiated by the Centre for Earth Science Studies (CESS) on tsunami inundation modelling which would help in tsunami risk assessment for the Kerala coast. A committee was set up under the chairmanship of the Principal Secretary, Science, Technology and Environment department for preparation of a natural disaster management plan for the State covering science and technology inputs, early warning systems, dissemination arrangements, nodal agency and decision support system. Though the Committee had submitted its report and recommendations in April 2005, no action thereon had been taken by the State Government (November 2005). Neither was the Town and Country Planning Act reviewed nor were the land use and zoning regulations and building byelaws amended after tsunami. Since the ownership of the original land belonging to families living close to the sea in the coastal regions of Kollam, Alappuzha and Ernakulam districts in Kerala and relocated elsewhere by the State Government, still vested in these families, the possibility of construction of houses, again in these lands could not be ruled out. It was, therefore, imperative to impose restrictions on building houses close to the sea coast.

5.1.6.1 In Andhra Pradesh, the Director, Town and Country Planning submitted (December 2004) proposals to the Government for amendments to Andhra Pradesh Town Planning Act, 1920 and Andhra Pradesh Municipalities Act, 1965 by suggesting model amendments to Town and Country Planning, Land Use Zone regulations and Building Regulations for National Hazard Zone. The proposals were pending with the Government. In Tamil Nadu, necessary amendments to Town and Country Planning Act, Building bye-laws etc. were yet to be proposed to the Government by the Revenue Administration, Disaster Management and Mitigation Department. In Pondicherry, no amendments to Building bye-laws and Zoning Regulations were issued and a comprehensive review of the Building bye-laws and Zoning Regulation, 1972 was being finalised.

5.1.7 In December 2002, the Home Secretary directed that the focus of disaster management in ANI should shift from post disaster response to prevention, mitigation and preparedness. A set of recommendations was issued which, *inter alia*, included adoption and rigorous enforcement of the Bureau of Indian Standards' building codes. In October 2003, MHA also instructed that the life of the buildings should be evaluated to analyse their capability to withstand natural hazards. It was, however, noticed in audit that the work of identification of vulnerable structures was yet to be completed. Further, the building byelaws had not been reviewed after the Tsunami. Land Use and Zoning Regulations were yet to be formulated.

5.1.8 MHA issued guidelines (September 2004) for the establishment of Emergency Operation Centres (EOCs) to act as resource centres for emergency response in the event of any disaster. Subsequently, in April 2005, MHA again instructed the administration of ANI to keep these EOCs ready in all respects by 10 May 2005 for data, audio and video connectivity under the National Emergency Communication Plan (NECP). The proposal to set up the EOCs was initiated only in June 2005. During 2005-06, administrative approval and expenditure sanction was accorded for four EOCs at a total cost of Rs 2.63 crore. It was however, noticed in audit that work on only one EOC at Port Blair had been

taken up so far. The construction of the fifth EOC at Car Nicobar which was worst affected by Tsunami was yet to be approved. As a result, the aim of providing reliable communication facilities, monitoring of hazards and coordinating response was yet to be achieved even ten months after the lapse of the deadline given by MHA.

5.1.9 In **Pondicherry**, a Centrally Sponsored Scheme (CSS), “Integrated afforestation and eco-development project scheme” (IAEPS), for coastal shelter belt plantation was approved by MoEF in July 2000 at a total cost of Rs. 90.32 lakh. One of the main objectives of the scheme was to create a belt of trees in the coastline which would act as a first line defence against the effect of cyclone, storms and heavy winds. An amount of Rs. 20.12 lakh was released as the first installment by MHA in 2000-01 out of which only Rs. 3.40 lakh was spent. The unspent amount of Rs. 16.72 lakh had been carried over each year since 2000-01. Consequently, further installments could not be obtained from MHA. The UT government stated that the work could not be undertaken due to resistance by the fishermen in the coastal villages. However, after tsunami the importance of the coastal shelter belt (Bio-wall) was understood by the coastal villages and the unutilised balance of Rs. 11.24 lakh was carried forward for the current financial year 2006-07.

5.1.10 **Monitoring of relief/rehabilitation activities:** - At the State level, the sanction of funds and the expenditure incurred were being watched by the Secretaries/Commissioners Disaster Management under Revenue Department while procurement, supply/distribution of boats and nets were monitored by Secretaries/Commissioners of Fisheries. Similarly, the activities relating to housing, roads and agriculture were monitored by the respective heads of department. Audit scrutiny revealed that the actual relief measures carried out at the district level were not being monitored either through periodical progress reports from the District Authority or by conducting coordination meetings at State/UT level, which prevented correct assessment of damages and led to irregular/excess utilisation of funds, non-remittance of unutilised balances, disbursement of relief to ineligible person/institutions and so on, as described subsequently in this report.

### **Recommendations**

- **The MHA may in close coordination with the MoEF and the State Governments ensure the enforcement of the Coastal Regulation Zone notification so that uncontrolled commercial and industrial activities are not permitted.**
- **MHA may monitor the implementation of important initiatives for achieving increased levels of transparency and speed in providing relief to the affected persons by periodically calling for the progress or action taken by State Governments so that the initiatives yield the intended benefits.**
- **MHA may consider introducing a computerised tracking system for monitoring the utilisation of financial assistance released, in consultation with State Governments.**

The MHA stated (August 2006) that the implementation of the ‘Coastal Regulation Zone’ was vested with the MoEF under the Environment (Protection) Act, 1986 and the matter would be brought to their notice for further follow-up action by MoEF. Regarding transparency and speed in providing relief, it stated that these were the primary responsibility of the state governments concerned and the audit concerns would be

communicated to them for appropriate action. It stated that for the monitoring of relief expenditure, a monthly format had been prescribed for furnishing details of expenditure incurred from CRF/NCCF but the state governments did not send the reports regularly. To streamline the reporting system, MHA has proposed to set up a small core group (with an Inter-Ministerial Composition) to suggest necessary modifications in the monthly monitoring format. Regarding introducing a computerised tracking system for monitoring the utilisation of financial assistance, it was stated that the proposal would be placed before the core group

## 5.2 Sources and adequacy of funds

**5.2.1 Release of funds from NCCF and CRF:** Financial assistance to the affected states is provided under the CRF of the respective state and NCCF. The corpus of the CRF is contributed by the Union Government and State Governments in the ratio of 3:1. If the requirement of funds for relief operations is found to be in excess of the funds available in CRF account, additional Central assistance is provided from NCCF after following the prescribed procedure.

5.2.1.1 Tsunami relief and rehabilitation work carried out by the states was financed mostly from central assistance. The MoF released Rs. 700 crore, immediately after the Tsunami had occurred, as assistance from NCCF to the tsunami affected states of Andhra Pradesh (Rs. 100 crore), Kerala (Rs. 100 crore) and Tamil Nadu (Rs. 250 crore) and UTs of ANI (Rs. 200 crore) and Pondicherry (Rs. 50 crore) respectively.

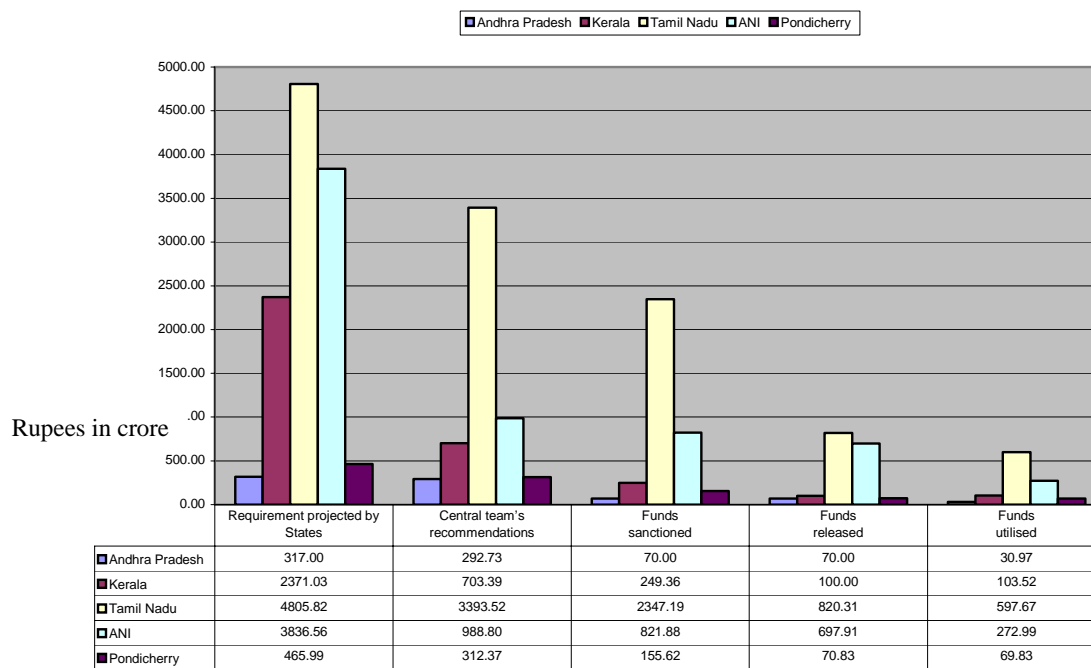
5.2.1.2 After assessing sector-wise damages, the affected States/UTs submitted memoranda (December 2004-January 2005) seeking financial assistance of Rs. 11796.40 crore and 73500 MTs of rice from the Union Government for relief and rehabilitation. On receipt of the memoranda from the States, MHA deputed central teams which visited the affected States/UTs for an on the spot assessment (January 2005) of the damage. The central team recommended a total assistance of Rs. 5690.81 crore which worked out to 48 *per cent* of the requirement assessed/projected by the states. After considering the reports of central teams, MHA sanctioned (February 2005) Rs. 3644.05 crore for the tsunami-affected States/UTs as Rajiv Gandhi Rehabilitation Package (RGRP). The immediate assistance of Rs. 700 crore released by MoF was merged with this allocation.

5.2.1.3 Out of the total amount of Rs. 3644.05 crore sanctioned by MHA, an amount of Rs. 1607.01 crore was transferred to the Tsunami Long-term Reconstruction Programme (TRP) being monitored by the Planning Commission. Since the reconstruction operations were likely to be spread over the coming years, this component of Rs. 1607.01 crore was not covered in the present performance audit. Out of the remaining sanctioned amount of Rs. 2037.04 crore, an amount of Rs. 1759.05 crore had been released leaving a balance of Rs. 277.99 crore to be released. Utilisation of funds in Andhra Pradesh, Tamil Nadu and ANI was poor as 56 *per cent*, 27 *per cent* and 61 *per cent* respectively of the funds released had remained unutilised as of March 2006, while Kerala had to use its own resources to meet the excess of expenditure over the funds released by MHA.

5.2.1.4 The requirement, release and utilisation of funds for relief and rehabilitation in the tsunami affected areas are shown in **Chart-1**.



**Chart-1 indicating requirement of funds projected by the States, funds recommended by the Central team, funds sanctioned/released by GOI and funds utilised by the States.**



Note: In respect of Andhra Pradesh and Tamil Nadu the states projected a requirement of 19500 MTs and 54000 MTs of rice respectively in addition to the financial help. The central team's recommendation and GOI's sanction of funds included Rs. 10 crore and Rs. 54 crore towards the cost of 10,000 MTs and 54,000 MTs of rice for Andhra Pradesh and Tamil Nadu respectively.

**Table-1 Position of demand, assessment and release of assistance for Tsunami**

S. No.	Stages involved	Amount (Rupees in crore)	Percentage of corresponding reduction in demand/funds
1	Requirement of funds projected by the States	11796.40	-
2	Funds recommended by the Central team deputed by MHA	5690.81	48 per cent of the projections made by the states
3	Funds sanctioned by MHA	3644.05	64 per cent of the funds recommended by the Central team
4	Funds transferred to the Planning Commission for long term reconstruction programme	1607.01	44 Per cent of the funds sanctioned
5	Funds released by MHA to States	1759.05	48 per cent of the funds sanctioned by MHA
6	Funds yet to be released by MHA	277.99	8 per cent of the funds sanctioned
7	Funds actually utilised by States (March 2006)	1074.98	61 per cent of the funds released by MHA

5.2.1.5 The MHA had not prescribed any norms/guidelines for the States for assessing and evaluating the extent of damage caused by natural disasters. There was inflated

projection of demands by the respective State authorities. The justification based on which the central team reduced the assistance to 48 *per cent* of the funds demanded by the States could not be ascertained from the records produced for examination. Of the reduced amount recommended by the central team, MHA sanctioned only 64 *per cent* and released only 48 *per cent* of the sanctioned amount to the States. The basis on which the Ministry made these curtailments was not found on record. The more alarming part of the picture was that of the total funds amounting to Rs. 1759.05 crore released to the States/UT, the latter could utilise only 61 *per cent* and the balance remained unutilised with them after more than a year as of March 2006. There was, therefore, no mechanism of rational assessment of the extent of damage and the basis on which the actual assistance was determined at any of the three levels, the State Government, the central team and the Ministry.

5.2.1.6 Occurrence of natural calamities such as earthquakes and cyclones are not unprecedented for a country like India. Inadequacies and lack of preparedness of the State Government to meet the effects of a calamity of high magnitude were highlighted in the CAG's Audit Report (Civil) of Orissa for the year ended 31 March 2000 dealing with the super cyclone that hit Orissa in 1999. Shortcomings in the form of undistributed relief material and identification of beneficiaries were also pointed out. Subsequently, Saurashtra and other parts of Gujarat were hit by a major earthquake on 26 January 2001 causing estimated damage of Rs.15,300 crore to property and infrastructure besides loss of 17000 lives as reported in the Audit Report (Civil) of Gujarat for the year ended 31 March 2001. Audit examination had revealed that even in the case of Orissa cyclone and Gujarat earthquake, there were wide variations between the amount of financial assistance sought by the State Governments, that estimated by the central teams and that finally released by the Union Government. In the case of Orissa super cyclone though the figure of estimated damage was not available, against the release of Rs. 1665.95 crore, the utilisation of funds was only Rs. 1149.21 crore (69 *per cent*). In the case of earthquake in Saurashtra and other places of Gujarat against the estimated damage of Rs. 15,300 crore, the allocation of funds was Rs. 7293.26 (48 *per cent* of the estimated damage), the actual release was Rs. 2994.31 crore (19.57 *per cent* of the estimated damage and 41 *per cent* of the funds allocated ) and utilisation was Rs. 2306.41 crore ( 31.62 *per cent* of funds allocated and 77 *per cent* of funds actually released ). There was wide variation in all these cases between projected demands of the States and actual use by the States later.

5.2.1.7 While it may be rather difficult to always ensure that there was no variation in assessment of the extent of damage between Union and State Governments, it would be a good management practice to transparently notify the basic or essential parameters or criteria based on which the financial assistance would be considered by MHA for each class of natural calamity. This would enable the affected State Government not to overproject its case for increased financial assistance besides making the entire process of assessment of damage transparent and realistically linked to the quantum of financial assistance that would be forthcoming. The basis or criteria generally adopted by special central teams for assessment of the damage caused by disasters should also be transparently notified and disclosed for enabling a more realistic assessment of the expected financial assistance by the affected States.

The MHA stated during the exit conference that norms already existed for grant of assistance from the CRF/NCCF against which proposals for grant of assistance were

assessed. However, the projections received from the states were often inflated and the central teams had to also take cognisance of ground realities. Further, there were items, which could not be estimated, precisely in emergent circumstances. MHA also agreed that there was a need to sensitise the central teams regarding the existing norms so that the projections were in conformity with it and would look into the reasons for wide variance between their recommendations and the actual sanction of funds.

### Recommendation

- **The MHA in consultation with the State Governments and the MoF needs to put in place a generally acceptable system/mechanism of assessment of the damage and determine at least the general criteria based on which the quantum of assistance would be determined in natural calamities so as to bring in transparency and institute a good management practice.**

The MHA stated (August 2006) that to ensure uniformity in reporting the extent of damage, across the States and for objective assessment of requirement of funds for relief operations, it is proposed to set up a Core group that would recommend standardised formats for preparation of memoranda by the State Government and reports by the Central Teams, which would facilitate desired level of transparency in the assessment of damages and provision of Central assistance.

**5.2.2 External funding:-** Funding for tsunami relief operations was provided from central assistance as well as from the States' own relief funds. In addition to this, external assistance was availed of through loan agreements for specific components in different States as indicated in **Table-2**.

**Table-2 External assistance for tsunami**

Sl No.	Donor	Amount of loan (in million)	Date of agreement	Equivalent rupees (in crore)	Disbursement		Name of State and purpose
					Period	Amount (Rs. in crore)	
1.	IDA <sup>3</sup>	XDR <sup>4</sup> 308.400	12.05.2005	2006.61	October 2005 to March 2006	232.79	Was disbursed to Tamil Nadu and Pondicherry for emergency Tsunami reconstruction Project
2.	ADB <sup>5</sup>	USD 100 (loan)	12.05.2005	434.20	February 2006 to May 2006	2.99	Was disbursed to Tamil Nadu and Kerala for Tsunami Emergency assistance (Sector) Project
		USD 100 (grant)	12.05.2005	434.20	March 2006 to June 2006	14.10	Was disbursed to Tamil Nadu from Asian Tsunami Fund Grant
3.	IFAD <sup>6</sup>	XDR 9.950	11.11.2005	64.84	-	-	Funds not disbursed

5.2.2.1 These amounts were disbursed between October 2005 and June 2006 and the status of expenditure therefrom has not been examined in the current performance audit except for an amount of Rs. 2.62 crore released by IDA in respect of Pondicherry.

<sup>3</sup> International Development Association

<sup>4</sup> Special Drawing Rights

<sup>5</sup> Asian Development Bank

<sup>6</sup> International Fund for Agricultural Development

### 5.2.3 Irregular payments from CRF

MHA prescribed the activities, the norms and the unit cost for incurring expenditure from CRF. Audit scrutiny revealed that in Tamil Nadu an expenditure of Rs. 2.72 crore was incurred from CRF for unauthorised purposes as detailed in **Table 3**.

**Table 3 : Irregular payments made from CRF**

State	Amount (Rupees in crore)	Items on which the expenditure was incurred
Tamil Nadu	1.20	Honorarium to government staff
	1.10	Repairs to memorials in the Marina beach at Chennai.
	0.22	221 temporary shelters were constructed out of CRF funds to accommodate persons in whose case sea water entered the houses in July 2005 and not for Tsunami victims.
	0.20	State's share for construction of Anganwadi centres
<b>Total</b>	<b>2.72</b>	

### 5.2.4 Diversion of funds

Test check in audit revealed that Rs. 44.88 crore was diverted from the funds allotted for tsunami relief and rehabilitation as detailed in **Table 4**.

**Table 4: Diversion of funds**

State	Amount (Rupees in crore)	Remarks
Andhra Pradesh	2.25	Funds received from general public/NGOs etc towards tsunami relief, for the State were diverted to earthquake victims of Jammu and Kashmir (Rs. 2 crore) and tsunami relief in ANI (Rs. 25 lakh).
Kerala	11.51	Funds allocated by the Union Government were diverted to meet the committed liabilities/administrative expenditure.
ANI	0.40	Funds were diverted towards routine administrative expenditure.
Pondicherry	19.66	Funds were utilised for works not connected with creation of infrastructural facilities in Tsunami affected areas.
	10.07	Out of Rs. 41 crore released under the component Relief and Rehabilitation, an amount of Rs. 10.07 crore was diverted to another component 'Fishermen's Subsidy' without approval of MHA.
	0.99	Funds were utilised to purchase furniture for schools not affected by tsunami.
<b>Total</b>	<b>44.88</b>	

**5.2.5 Excess expenditure:** -Audit scrutiny of records in Andhra Pradesh, Kerala, Tamil Nadu and ANI revealed that an expenditure of Rs. 4.95 crore was incurred in excess of the prescribed norms towards payment of enhanced compensation due to wrong application of rates and non-adherence to codal provisions. **Annex-III** contains the details.

**5.2.6 Avoidable expenditure:-** Test check in audit revealed avoidable expenditure of Rs. 5.32 crore out of the funds released by MHA as detailed below.

5.2.6.1 Government of **Kerala** ordered payment of Rs. 1000 *per month* to each family, as there was delay in providing permanent houses within the stipulated date of 31 May 2005. Out of 3815 houses, only 2193 houses were constructed and handed over in Kollam and Alappuzha districts as of December 2005. Due to the delay in construction and handing

over of permanent houses, an expenditure of Rs. 2.15 crore was incurred on payment of cash subsidies to the affected families.

5.2.6.2` **Tamil Nadu:** An amount of Rs. 3.17 crore was spent on sanitation and water supply due to delay in construction of permanent houses which necessitated continued maintenance of temporary shelters. The delay was due to pendency of approval of layout plans by the concerned authorities.

### 5.2.7 Unutilised amounts:-

5.2.7.1 Test check in audit revealed that out of Rs. 890.31 crore released to affected States by the Government of India, Andhra Pradesh and Tamil Nadu failed to utilise funds amounting to Rs. 17.31 crore (1.94 *per cent* of the funds released) resulting in denial of benefit of relief to Tsunami affected persons as detailed in **Table 5**.

**Table 5: Unutilised amounts**

State	Amount (Rs. in crore)	Remarks
Andhra Pradesh	2.31	Out of Rs. 5 crore released for supply of 8998 fishing nets, only 4312 nets worth Rs. 2.69 crore were supplied leaving an unspent balance of Rs. 2.31 crore.
	0.79	The entire amount of Rs. 79.30 lakh remained unutilised as works to be executed were not identified. The amount was kept in the personal deposit account.
Tamil Nadu	2.04	Out of 52760 MTs of rice received from the GOI under SGRY special component, 50722 MTs of rice were distributed under relief packages and the balance quantity of 2038 MTs of rice amounting to Rs. 2.04 crore was unutilized.
	4.22	Out of Rs. 4.31 crore meant for restoration of infrastructure Rs. 4.22 crore remained unutilised.
	3.53	Out of Rs. 45.37 crore sanctioned for land acquisition, Rs. 3.53 crore was not utilised in five districts and was kept in the savings bank account of the concerned district collectors even after completion of land acquisition.
	1.80	The entire amount given to ChPT <sup>7</sup> for 'Dredging the entrance of fishing harbour and removal of wreckage of boats and other materials from the sea bed' was not spent as the work of removal of wreckage at a cost of Rs. 80 lakh was done by ChPT as its contribution to Tsunami relief. The dredging work was considered as not required. The proposal of ChPT to utilise the amount for rehabilitation of trawler wharf of Chennai Fishing Harbour damaged in tsunami was pending with the Ministry of Agriculture.
	1.31	The entire amount of Rs. 1.31 crore provided for tsunami relief work remained unutilised and was kept in savings bank account.
	1.18	Out of Rs. 5.46 crore sanctioned from CRF for improving infrastructure facilities in 27318 centres in 11 districts, Rs. 1.18 crore was lying unspent in Savings Bank account in four test checked districts.
	0.13	Interest receipts from CRF were kept unutilised in bank accounts for want of instructions from the District Collector in Nagapattinam district.
<b>Total</b>	<b>17.31</b>	

<sup>7</sup> Chennai Port Trust

## 5.2.8 Amounts surrendered

5.2.8.1 Different departments in ANI namely Industries, Andaman Public Works Department (APWD), Port Management Board and Directorate of Rural Development, Directorate of Fisheries and other departments were allotted funds amounting to Rs. 209.26 crore for executing civil works and providing assistance to artisans and fishermen out of which an amount of Rs. 83.89 crore (40 per cent) was surrendered. Two departments showed utilisation of Rs. 37.15 crore merely by placing the funds with other departments for deposit works.

## 5.2.9. Unadjusted advances/receipts

5.2.9.1 Departmental advances of Rs. 54.10 crore were drawn in ANI during 2004-05 (Rs. 8.94 crore) and 2005-06 (Rs. 45.16 crore) from the allocations but the entire amount of Rs. 54.10 crore remained unadjusted for periods ranging upto 14 months though these were required to be adjusted within one month. Further, out of Rs. 8.94 crore relating to 2004-05, Rs. 2.63 crore was drawn (March 2005) and kept in current account only to avoid lapse of funds. An amount of Rs. 18.60 crore drawn from the allocation and Lieutenant Governor's Relief Fund was kept in bank accounts which were opened and operated without prior permission of MHA/Controller General of Accounts in violation of the provisions of the Receipt & Payment rules and Civil Accounts Manual.

5.2.9.2 **Pondicherry:** The Deputy Collector, Revenue (North) drew advances amounting to Rs. 7.41 crore out of which only Rs. 3.76 crore was adjusted. Similarly, Deputy Collector (Revenue), Karaikal, drew an amount of Rs. 10.55 crore out of which Rs. 1.25 crore was not utilised.

**5.2.10 Other financial irregularities:-** Audit examination revealed the following financial irregularities as well.

5.2.10.1 **Tamil Nadu:** Financial irregularities amounting to Rs. 10.51 crore due to nonutilisation, irregular disbursements etc. were noticed. **Annex-IV** contains the details.

5.2.10.2 **ANI:** Though bills were passed and stock entries made, only material worth Rs. 1.98 lakh was received, while material worth Rs. 22.77 lakh remained due from the supplier which was highly irregular and entailed risk of fraudulent payment.

5.2.10.3 **Pondicherry:** The Revenue Department assessed 2006 houses as damaged in 16 coastal villages of Pondicherry against which Government sanctioned (December 2004) Rs. 10000 towards subsidy for each damaged house. Subsequently, the Fishermens' Panchayat in various fishermen hamlets demanded subsidy for all village households. The Government accepted the demand and payment was made to 5247 houses against 2006 damaged houses initially assessed by the Revenue Department. This indicated incorrect-assessment/under-assessment on the part of Revenue authorities.

**5.2.11** Results of an analysis in Audit of various financial irregularities committed by the departmental authorities/implementing agencies are summarised in **Table-6**. Out of the total amount of Rs. 1759.05 crore released to the four states/UTs, an amount of Rs. 228.58 crore which constituted 13 per cent, was either misutilised or diverted for various

purposes. This underlined the need for strengthening the monitoring mechanism at all levels.

**Table-6 Major irregularities committed by the departmental authorities/implementing agencies**

(Rs. in crore)				
Sl. No	Para No. of the Report	Subject	Major irregularities/reasons	Amount
1	5.2.3	Irregular payment from CRF	Supply of free ration, irregular construction/repair work and payment of honorarium to government staff	2.72
2	5.2.4	Diversion of funds	Tsunami funds utilised for routine administrative expenses, works not connected with Tsunami, fishermen's subsidy, purchase of furniture for school not affected by Tsunami	44.88
3	5.2.5	Excess expenditure	Excess expenditure due to enhanced compensation, wrong application of rates and non-adherence to codal provisions	4.95
4	5.2.6	Avoidable expenditure	Avoidable payment of cash subsidy and avoidable expenditure on sanitation and water supply arrangements	5.32
5	5.2.7	Unutilised amounts	Non-identification of works to be executed.	17.31
6	5.2.8	Amounts surrendered	Funds released remained unutilised or were released far in excess of requirement	83.89
7	5.2.9	Unadjusted advances	Departmental advances remained unadjusted	59.00
8	5.2.10	Other irregularities	Milk powder lying unused, disbursement of relief to unregistered catamarans and funds released without specific sanction	10.51
<b>Total</b>				<b>228.58</b>

### Recommendations

- **MHA needs to critically review the status of utilisation of funds by calling for periodic reports regularly and communicating the results of such review at a sufficiently high level in the respective State Government for ensuring improvement.**
- **MHA may also consider introducing a system of rewards/incentives to such States which show good compliance with the reporting requirement and display financial discipline so as to encourage good practices and transparency in reaching relief properly to the affected people.**

The MHA stated (August 2006) that the monthly monitoring format for reporting expenditure from CRF/NCCF was already in place and it was the primary responsibility of the state government to ensure their timely submission. MHA would undertake the scrutiny of the reports and communicate their views to the state governments. It was also stated that there was no scheme/budget in the Ministry for reward/incentive but it would consider communicating the appreciation of GOI to those states that follow good practices.

### 5.3 Identification of beneficiaries

5.3.1 The success of any relief/rehabilitation effort is directly dependent on the extent to which beneficiaries are identified correctly. Audit scrutiny revealed that improper identification of beneficiaries resulted in various irregularities in three States/UTs as detailed below.

**5.3.1.1 Andhra Pradesh:** The State Government notified the districts, mandals and villages that were affected by Tsunami in the state wide gazette notification of revenue department in February 2005. It was noticed that in Nellore and East Godavari districts that six mandals, which were not affected by tsunami were extended cash assistance, supply of rice, nets and boats resulting in excess expenditure of Rs. 1.40 crore.

**5.3.1.2 Tamil Nadu:** Excess expenditure of Rs. 6.33 crore was incurred because relief was provided to 88,011 families against the sanctioned number of 63,032 families under two relief packages in Nagapattinam district.

The State Government sanctioned (February 2005) another package of Rs. 162.67 crore towards commodities and cash assistance to those families who had benefited under packages I and II towards cost of commodities (Rs. 42.67 crore) and cash assistance (Rs. 120 crore) for four months from February 2005 to May 2005. There was a shortfall in distribution of the relief package to 77322 families in 4 districts<sup>8</sup>. The District Collector, Nagapattinam stated (March 2006) that sustenance allowance was not paid to Government servants, noon meal organisers and old age pensioners since their livelihood was not affected. The District Collector, Cuddalore adduced (March 2006) that migration of beneficiaries from the district to other places for livelihood was also the reason for shortfall in his district. This indicated that the affected families were not properly assessed before distribution of relief.

The Fisheries Department assessed the loss of 179 FRP boats with nets in Nagapattinam district and extended relief at Rs. 20,000 each. Later, a joint inspection conducted by revenue and fisheries departments concluded that only 11 boats were affected (7 fully and 4 partially). Thus, due to initial incorrect assessment of loss by the Fisheries department, relief had been extended to 168 ineligible cases resulting in irregular payment of Rs. 33.60 lakh<sup>9</sup>.

The total number of claims of fully damaged wooden catamarans was 4,651 as assessed and reported by the five teams formed for the purpose in Cuddalore district. However, the department extended relief in 4,690 cases resulting in extension of benefit to 39 unassessed/ineligible cases amounting to Rs. 12.48 lakh. The Department stated that a separate reply would be submitted after thoroughly checking the connected records. The claims should have been verified before the issue of relief cheques. Non-verification of claims resulted in irregular expenditure of Rs. 12.48 lakh.

**5.3.1.3 Pondicherry:** The Fisheries Department sanctioned Rs. 52.41 lakh to 1747 families of inland fishermen in Pondicherry and Karaikal regions as cash assistance at the rate of Rs. 3,000 per family. Out of 1747 identified families, about 451 families carried out fishing activities in tanks and ponds located in interior places not affected by tsunami and hence were not eligible for this relief. Besides, similar relief was extended to 2400 families in Yanam Region which was not declared as natural disaster affected area. The amount irregularly paid as relief to these 2851 (2400+451) families was Rs. 85.53 lakh.

During the exit conference, the MHA stated that when major disasters occur, the focus was on provision of immediate relief to the affected persons and under such circumstances, it might not always be possible to ensure observance of every stipulation of

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<sup>8</sup> Chennai, Cuddalore, Kanyakumari and Nagapattinam

<sup>9</sup> 168 boats at the rate of Rs. 20,000 per boat



rules. However, there was scope for improvement and the state level committees would be advised to look into the matter.

**5.3.2** Had identification of beneficiaries been carried out in a systematic manner, irregular payment of Rs. 1.40 crore in Andhra Pradesh, Rs. 6.79 crore in Tamil Nadu and Rs. 85.53 lakh in Pondicherry could have been avoided and funds utilised for other intended purposes.

### **Recommendation**

- **MHA may in consultation with State Governments or based on the accumulated experience of handling natural disasters so far, lay down clear guidelines on the methodology of identification of beneficiaries to be generally followed by the affected States.**

The MHA stated (August 2006) that it was the primary responsibility of the state governments to identify the beneficiaries and it had issued guidelines to ensure transparency in relief operations. These would be reiterated and the audit findings would be communicated to the state governments and they would be required to initiate appropriate remedial action against any irregularity committed in identification of beneficiaries.

### **5.4 Post-disaster activities**

Efficient post disaster management comprising timely restoration of basic infrastructure and construction of houses and provision of means of livelihood are crucial for ensuring restoration of normalcy expeditiously.

#### **5.4.1 Construction of temporary shelters**

**Kerala:** The district administration, Alappuzha constructed 17 semi-permanent sheds for accommodating 329 tsunami-affected families at the rate of Rs. 509.88 per sq ft against the estimated cost of construction of a permanent house of Rs. 406.97 per sq ft. Further, these sheds were constructed on private land belonging to various religious societies which could subsequently lead to disputes and litigations.

**Tamil Nadu:** Temporary shelters constructed at a total cost of Rs. 2.58 crore could not be put to use as these were constructed in low lying areas and the entire site was waterlogged due to rain. The shelters were later destroyed by fire. The affected families had to be provided with cash assistance of Rs. 53.95 lakh.

In Villupuram district, construction of 136 temporary shelters was abandoned mid-way due to court orders and the expenditure of Rs. 8.48 lakh incurred turned out to be wasteful. Besides, victims could not be rehabilitated. Further, 3026 temporary shelters constructed by the government (2205) and NGOs (821) at 12 habitations at a cost of Rs. 1.76 crore were not occupied by the victims. The district collector reported (March 2006) that because of the psychological and moral support given by the government and NGOs, the affected fishermen began to look after themselves and managed to live in their old houses. This indicated that the shelters were constructed without proper assessment of the ground realities.

5.4.1.1 Thus, improper assessment of the suitability of site for construction, lack of precautionary measures to avoid fire accidents and improper assessment of requirements

resulted in infructuous expenditure of Rs. 4.96 crore apart from causing hardship to the victims.

#### **5.4.2 Construction of permanent houses**

**Andhra Pradesh:** District collectors assessed and reported 481 houses as having been damaged in tsunami. MHA approved a package for reconstruction of these damaged houses under RGRP and sanctioned subsidy at the rate of Rs. 40,000 per house. Though funds were made available to the A.P. State Housing Corporation in April 2005, no progress was made (March 2006) for completion and handing over the houses to the beneficiaries due to delays in acquisition of land and resistance on the part of beneficiaries to move out of the Coastal Regulation Zone. As of September 2006, 59 houses were completed.

**Kerala:** An amount of Rs. 50 crore was earmarked for housing. MHA stated (February 2005) that the financial assistance for the housing sector would be sanctioned after the rehabilitation plans were finalised by the core group in the Planning Commission. However, no amount was received by government of Kerala as of January 2006. Compensation paid on partially damaged houses and land purchased for providing permanent houses were met from Rs. 100 crore released as advance from NCCF. The construction of 4053 permanent houses was entrusted to 31 NGOs. Out of total 4053 houses, only 2431 houses were constructed and handed over to the victims as of January 2006 as against the target date of 31 May 2005.

**Tamil Nadu:** Out of 14 locations for which site plans were submitted in Villupuram district, only 2 site plans had been approved so far (January 2006). Similarly, 51 layout proposals received from the Collectorates of Tirunelveli, Thoothukudi and Kanyakumari districts were pending with the Town and Country Planning Department.

Out of 57,217 houses proposed to be constructed as per the housing reconstruction policy, action had been initiated to construct 25,185 houses through NGOs. The number of houses taken up for construction included 942 houses located within 200 meters of High Tide Line (HTL) against the CRZ notification.

Records revealed that damaged houses in either in-situ or ex-situ locations and about 43,314 undamaged houses within 200 meters of HTL had not been covered by any programme so far, even though these houses were prone to be affected by high tides or tsunami in future. The SC&CRA had called for proposals (January 2006) from the Collectors of coastal districts for provision of new houses to these people beyond 200 meters on relinquishment of their old houses in favour of Government. Further developments are awaited (March 2006).

As per the orders issued (March 2005) by the Government of Tamil Nadu, in all cases where new houses were allotted, old sites and houses occupied by the victims at the time of tsunami were to be relinquished in favour of Government through a legally acceptable document, registered and brought to Government account. However, the relinquishment deeds were not obtained from 1790 occupants of new houses in two districts<sup>10</sup>. The District Collector, Cuddalore, reported (March 2006) that as most of the huts were located in the sea coast, the need for obtaining relinquishment deeds did not arise and that action was being taken to get registered relinquishment deeds from the owners of the pucca houses

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<sup>10</sup> Nagapattinam: 555 and Cuddalore: 1235.

located in patta lands. Replies from the collectors of the other five test checked districts are yet to be received (March 2006).

**Pondicherry:** The UT government through the Project Implementation Agency (PIA) proposed construction of 8125 houses in 34 affected villages in Pondicherry and Karaikal regions availing World Bank loan assistance. The number was later reduced to 7827. Several NGOs came forward to construct houses for the affected with their own funds, leaving the responsibility for creation of infrastructural facilities such as earth filling, laying internal roads, providing sanitation and water supply to the PIA. 25 MoUs were entered into between the government of Pondicherry and NGOs for construction of 5245 houses in 25 settlements and creation of infrastructural facilities like Anganwadi centres, community halls and libraries. Only 197 houses were completed but were not handed over to the beneficiaries as of August 2006. In most cases, approval of the plan was pending. Thus, the affected people had not been provided with permanent houses as envisaged in the proposal though more than one year had elapsed from the date of occurrence of Tsunami.

### 5.4.3 Construction of basic infrastructure

The State/UT governments undertook various activities for the restoration of basic infrastructure such as roads, bridges and schools that were damaged in tsunami. Audit noticed irregularities such as delays in construction, administrative irregularities, infructuous expenditure etc as detailed below.

**Andhra Pradesh:** The government released Rs. 1.20 crore in March 2005 for execution of repairs to roads in the tsunami-affected mandals of East Godavari district. Scrutiny of records revealed that though the funds were placed at the disposal of the Works Department a year back, the work was yet to be awarded as of March 2006.

**Tamil Nadu:** MHA sanctioned Rs. 64.15 crore for immediate repair of highways and other roads damaged in tsunami. The state government released the amount in May 2005. Scrutiny of records in four test checked districts revealed that out of 149 works, only 34 were completed (23 per cent). Further, though seawater inundated the coastal areas upto a distance of 1 km, 29 roads lying beyond 1 km which were not directly affected by tsunami were taken up for repairs after the administrative approval of collectors in Cuddalore and Nagapattinam districts at a cost of Rs. 11.95 crore.

**ANI:** Out of 52 schools damaged in tsunami, Memorandum of Understanding was signed with NGOs for construction of 41 schools which were required to be completed upto November 2005. However, at the end of July 2006, construction in only 26 schools had been completed. It was stated that as the islands were spread over a large area and material and labour had to be transported through sea, the work could not be completed in time.

APWD took up the work of construction of 406 pre-fabricated structures for various government departments. The number was later revised to 481. As against these, the Stores Division could supply only 431 structures in South and North Andaman, Hutbay, Car Nicobar, Teressa, Katchal, Kamorta and Campbell Bay as of August 2006. Out of this only 39 were erected at different islands.

For replacement/repair of damaged bridges, the stores division procured 14 bailey type bridges<sup>11</sup> at a cost of Rs. 4.44 crore totalling 1070 feet of length. Scrutiny of records revealed that till January 2006, the division could install only 60 feet length of bridges and the rest remained unused. The investment of Rs. 4.19 crore on the balance of 1010 feet on proportionate basis remained idle.

APWD took up various civil works. Most of the major divisions engaged in post tsunami activities are located in the southern group of islands and South Andaman. Based on the tsunami damage assessment carried out by the Administration, the MHA released lump sum funds amounting to Rs. 154.58 crore to APWD for undertaking various civil works during 2004-05 and 2005-06. Against this, expenditure of Rs. 90.86 crore only was incurred during both the years which accounted for 59 *per cent*. The slow progress of expenditure was mainly due to lack of proper monitoring, absence of internal control, delay in sanctioning and execution of the works as evident from the individual performance reports of the respective divisions of APWD scattered in Port Blair.

#### 5.4.4 Procurement of relief material

Audit scrutiny revealed that relief material amounting to Rs. 6.99 crore was not properly utilised as detailed in **Table 7**:

**Table 7: Details of unutilised relief material**

Sl. No	State/UT	Details of material	Amount (Rupees in crore)	Remarks
1	Tamil Nadu	Sarees and dhotis	0.17	Relief material was lying undistributed in Nagapattinam district (March 2006)
2	ANI	Gensets	1.70	On closure of relief camps, 519 gensets had neither been taken back nor their cost recovered.
		Bailey type bridge and prefabricated structures	1.63	Scrutiny of records revealed short accounting of these items.
		Plastic Ropes	1.60	Plastic ropes were procured as part of tool kits to be supplied to the tribals but were not used for the intended purpose.
		Tents	1.16	Out of 2500 tents procured through the MHA, 901 tents were not put to use.
		Transmission and distribution items for power supply	0.52	Items were lying unutilised for periods ranging from eight to nine months.
		Consumer durables	0.21	Whereabouts of these items could not be ascertained after closure of relief camps in the absence of any records.
		<b>Total</b>	<b>6.99</b>	

The ANI administration replied that accurate assessment could not be made at that time and the balance items would be used in future disaster situations.

<sup>11</sup>a temporary bridge of lattice steel designed for rapid assembly from pre-fabricated standard parts

#### 5.4.5 Assistance to fishing sector

The Ministry provided assistance under RGRP for the fishing sector including fishing harbour grant as detailed in Table 8 below:

**Table 8 : Assistance for fishing sector**

(Rupees in crore)		
Sl. No.	States/UTs	Amount
1.	Andhra Pradesh	27.66
2.	Kerala	57.92
3.	Tamil Nadu	451.02
4.	ANI	15.01
5.	Pondicherry	32.21
	<b>Total</b>	583.82

Test check of records in audit revealed deficiencies such as violation of norms, inadequate inspection, failure to claim insurance benefit, delay in disbursement of subsidy, and excess payment of compensation.

**Andhra Pradesh:** It was noticed that 321 wooden dinghies<sup>12</sup> which were not notified in the government orders were sanctioned at a cost of Rs.10000/- each. In the absence of separate sanction from the government, booking of this amount under the head repairs to boats was irregular.

As per Marine Fishermen Regulation Act, the fishermen who acquired boats for fishing purposes had to register their boats with the Fisheries department. However, the information regarding the number of boats already registered with the department was not available and the losses were assessed as decided by Gram Sabhas. Thus, in the absence of information regarding number of boats owned by the fishermen prior to tsunami, the assessment of losses was not verifiable.

**Tamil Nadu:** In Kanyakumari district as per inspection conducted by three joint teams on 3<sup>rd</sup> March 2005, 391 boats were found damaged. Subsequently, the claim for three boats were found to be false and rejected. 349 boats were partly damaged and 39 boats fully damaged. Relief subsidy of Rs. 9.16 crore and Rs. 1.54 crore respectively were recommended. Scrutiny of records revealed that all the three teams were represented by one officer from the Revenue Department and, therefore, assessment of all the boats on a single day could not have been possible. Scrutiny of records further revealed that in 14 cases, Rs. 70 lakh was drawn through cheques of Rs. 5 lakh each on 28 February 2005 itself i.e. ahead of actual date of inspection during which the assessment was made and subsidy recommended.

Relief cheques for fully damaged wooden catamarans had to be deposited in a joint account to be operated both by the beneficiary and the Assistant Director concerned, while it was not so in the case of partially damaged wooden catamarans. Based on the verbal orders of the District Collector, the claims relating to 155 fully damaged wooden catamarans in two villages in Kanyakumari district had been converted into claims for partially damaged wooden catamarans and the relief of Rs. 5.84 lakh relating to 153 cases was given to the beneficiaries directly. This was irregular and the conversion should have been effected only after proper verification.

<sup>12</sup> Local name for the country boat

**ANI:** Andaman Lakshadweep Harbour Works was sanctioned Rs. 60.10 crore upto 2004-05 for restoration of harbour and jetty works. An expenditure of Rs. 6.62 crore only was incurred upto December 2005 due to delay in finalisation of the tendering formalities, preparation of the detailed project report, sub-soil investigation, taking up of turnkey project with other attending works coupled with delay in execution of the works.

**Pondicherry:** A scheme for 'Group accident insurance for active fishermen' was being implemented under the centrally sponsored 'National scheme of welfare of fishermen'. The entire premium was to be borne by the Ministry of Agriculture. Fisherfolk aged between 18-60 years who were licensed, identified or registered with UT, were covered under this scheme. The insurance policy was renewed for the period from 10 December 2004 to 9 December 2005 for 24,500 fisherfolk in the UT. According to the scheme, on death, the nominee of the deceased person was entitled to Rs. 50,000. 318 deaths had occurred in the tsunami. As per the rules, the claim had to be preferred within nine months from the date of the event alongwith death certificate, first information report, post mortem report, chemical analysis report and other relevant documents. But no claim had been obtained as of March 2006 from the legal heirs of the deceased and processed for receiving the benefit of insurance. On this being pointed out in audit, the Fisheries Department replied (March 2006) that the bodies of the dead were handed over to the relatives of the victims without conducting post-mortem and hence claim could not be made for want of supporting documents. The contention of the Department was not tenable as police formalities would have been completed in all death cases before handing over the dead bodies to the relatives.

Financial assistance was extended to the owners of mechanised (wooden/FRP) boats whose boats were fully/partially damaged, subject to the condition that repairs of the boat should be carried out or new asset (purchase of new boat) created within 45 days of the receipt of the assistance. Records maintained in the Fisheries Department showed that 67 wooden boats/56 FRP boats were assessed as fully damaged and were paid compensation accordingly. However, the beneficiaries repaired their boats instead of buying new ones. The compensation for partially damaged boat was lesser than for fully damaged boat. The excess compensation paid was Rs. 81 lakh (Rs. 67 lakh for wooden boats and Rs. 14 lakh for FRP boats).

**ANI:** As per MHA's directions of February 2005, the time limit for grant of subsidy to fishermen was 15 days whereas in case of grant of subsidy as well as bank loan, the time limit was 30 days. However, by the end of November 2005, out of 1703 affected fishermen, only 816 cases of assistance were settled. This translated to only 47.92 *per cent* achievement even after the lapse of nearly one year from the disaster.

#### **5.4.6 Implementation of reclamation of land under Horticulture Department**

**Tamil Nadu:** Based on the proposals of the Commissioner of Horticulture and Plantation Crops (CHPC), the state government sanctioned Rs. 83.73 lakh for reclamation of 669.82 hectare of sand cast and saline horticultural lands at the rate of Rs. 12,500 per hectare in four tsunami affected districts. The reclamation was programmed for a period of three years. As per the guidelines for disbursement of assistance approved by SC&CRA, reclamation work was to be entrusted to the Agricultural Engineering Department and inputs were to be purchased and distributed by the Horticultural staff. As against the actual requirement of Rs. 63.42 lakh for the first year, the SC&CRA drew the entire

allotted amount of Rs. 83.73 lakh and distributed it to four Assistant Directors. Scrutiny of records in three districts (Villupuram, Cuddalore and Nagapattinam) revealed that instead of entrusting the work to Agricultural Engineering Department an amount of Rs. 15.70 lakh was given to farmers for soil reclamation. In two districts (Villupuram and Cuddalore) Rs. 6.13 lakh was paid directly to the farmers instead of arranging for supply of inputs. This resulted in violation of guidelines for disbursement of assistance approved by SC&CRA.

#### **Recommendations**

- **Efforts should be made to ensure registration of all fishing vessels as required under the Marine Fishermen Regulation Act, and preparation of an accurate database.**
- **Replacement of fully damaged registered catamarans should be accorded priority.**
- **Emphasis should be given to proper maintenance of stock registers in respect of relief material procured.**
- **Responsibility should be fixed for procurement of unnecessary items, undistributed items and short accounting of material.**
- **Efforts should be made to ensure early completion of basic infrastructure works such as roads, bridges, schools, desalination plants and drinking water projects.**
- **Top priority should be accorded to acquisition of land and construction of permanent shelters. Construction of houses within CRZ should be reviewed.**

The MHA stated (August 2006) that after the completion of immediate phase of rescue and relief, the focus had been shifted to long term rehabilitation and reconstruction including revival of livelihood particularly those of the fishing community, completion of damaged infrastructure and construction of permanent houses/shelters in conformity with coastal regulation. The State Governments would be asked to take appropriate action for maintaining an accurate database of fishing vessels and for replacement of fully damaged catamarans. The State Governments would further be required to take appropriate remedial action against the delinquent officials as per Rules in case of any irregularity in procurement of items.

#### **5.5 Conclusion**

**The institutional mechanism for disaster management was inadequate and resulted in lack of coordination in measures for preparedness and vulnerability reduction. Experience gained from earlier natural disasters did not result in any improvement in the regulation and implementation of environmental laws such as enforcement of Coastal Zone Regulation. This would have prevented destruction of coastal areas which would, in turn, have mitigated the adverse impact of new natural disasters affecting the coastline.**

**The mechanism of assessment of the extent of damage and the financial assistance at the Union as well as the State level needs to be made transparent by**

notifying general criteria of assessment so that overpitched assessments were avoided.

Deficiencies in financial management were reflected in cases of irregular, excess and avoidable expenditure. Cases of non-utilisation and surrender of funds were also noticed. The process of identification of beneficiaries was deficient resulting in ineligible persons receiving relief and eligible persons being deprived. There were delays in rehabilitation activities in respect of construction of permanent houses and basic infrastructure. Imprudent procurement led to non-utilisation of relief materials. Monitoring needs to improve at the State as well as Union levels.

New Delhi  
Dated:

(Dr. A.K. BANERJEE)  
Director General of Audit,  
Central Revenues

Countersigned

New Delhi  
Dated:

(VIJAYENDRA N.KAUL)  
Comptroller and Auditor General of India