



# **REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

on

## **GENERAL AND SOCIAL SECTOR for the year ended March 2018**



**लोकहितार्थ सत्यनिष्ठा**  
Dedicated to Truth in Public Interest



**Government of Kerala**  
**Report No. 4 of the year 2019**



Presented to the Legislature on 12 February 2020

**REPORT OF THE  
COMPTROLLER AND AUDITOR  
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**GOVERNMENT OF KERALA  
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## PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2018 is prepared for submission to the Governor of Kerala under Article 151 of the Constitution for being laid before the State Legislature.

The report contains significant results of the performance audit and compliance audit of the Departments and Autonomous Bodies of the Government of Kerala under the General and Social Services including Departments of Consumer Affairs, Co-operation, Fisheries, General Education, Home, Housing, Labour and Skills, Scheduled Castes Development, Scheduled Tribes Development and Water Resources.

The instances mentioned in this report are those, which came to notice in the course of test audit for the period 2017-18 as well as those, which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to period subsequent to 2017-18 are also included, wherever found necessary.

The audit was conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.





# INTRODUCTION



## CHAPTER I INTRODUCTION

### 1.1. About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programmes and activities and compliance audit of Government Departments and Autonomous Bodies.

Performance audit includes examination of whether the objectives of the programme/activity/department are achieved economically, efficiently and effectively. Compliance audit, on the other hand, refers to examination of transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of the Report is to bring to the notice of the State Legislature important results of audit. The audit findings are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during performance and compliance audits and follow-up on previous Audit Reports.

### 1.2. Profile of units under audit jurisdiction

There were 44 Departments in the State at Secretariat level during 2017-18. The Accountant General (General and Social Sector Audit), Kerala (AG (G&SSA)), conducts audit of 31 Secretariat Departments, all Public Sector Undertakings/Autonomous Bodies thereunder and Local Self-Government Institutions in the State. The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers under them. The Accountant General (Economic and Revenue Sector Audit), Kerala (AG (E&RSA)), conducts audit of 19 Departments<sup>1</sup>.

The comparative position of expenditure incurred by the Government during the year 2017-18 and in the preceding two years is given in **Table 1.1**:

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<sup>1</sup> Six departments included under AG (E&RSA) namely Finance, Food, Civil Supplies and Consumer Affairs, Planning and Economic Affairs, Public Works, Revenue and Water Resources are audited by AG (G&SSA) also.

**Table 1.1: Comparative position of expenditure**

(₹ in crore)

Disbursements	2015-16			2016-17			2017-18		
	Plan	Non-plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
<b>Revenue Expenditure</b>									
General Services	116.98	35967.70	36084.68	181.39	41013.94	41195.33	418.30	45105.47	45523.77
Social Services	7591.56	20011.73	27603.29	9773.34	23991.38	33764.72	12425.84	23450.43	35876.27
Economic Services	4369.95	6728.47	11098.42	3537.62	7117.73	10655.35	3337.60	8013.48	11351.08
Grants-in-aid and Contributions	--	3903.08	3903.08	--	5480.91	5480.91	--	7197.23	7197.23
<b>Total</b>	<b>12078.49</b>	<b>66610.98</b>	<b>78689.47</b>	<b>13492.35</b>	<b>77603.96</b>	<b>91096.31</b>	<b>16181.74</b>	<b>83766.61</b>	<b>99948.35</b>
<b>Capital Expenditure</b>									
Capital outlay	6518.48	981.56	7500.04	8945.65	1180.30	10125.95	7993.68	755.19	8748.87
Loans and advances disbursed	407.61	434.64	842.25	375.25	785.04	1160.29	1380.82	159.77	1540.59
Repayment of public debt	--	--	6060.73	--	--	7706.01	--	--	13132.10
Contingency Fund	--	--	0.00	--	--	0.00	--	--	0.00
Public Account disbursements	--	--	162824.67	--	--	179910.43	--	--	207174.17
<b>Total</b>			<b>177227.69</b>			<b>198902.68</b>			<b>230595.73</b>
<b>GRAND TOTAL</b>			<b>255917.16</b>			<b>289998.99</b>			<b>330544.08</b>

### 1.3. Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's (DPC) Act). C&AG conducts audit of expenditure of the Departments of the Government of Kerala (GOK) under Section 13 of the C&AG's (DPC) Act. C&AG is the sole auditor in respect of 24 Autonomous Bodies in the General and Social Sector, which are audited under Sections 19 and 20(1) of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of 241 Autonomous Bodies, which are substantially funded by the Government under Section 14 and 15 of the C&AG's (DPC) Act. There are also 1,158 educational institutions<sup>2</sup>, 29 Public Sector Undertakings, Buildings Divisions of the Public Works Department and 1,200 Local Self-Government Institutions<sup>3</sup> under the audit jurisdiction in the General and Social Sector. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007, issued by the C&AG.

<sup>2</sup> Government-aided Colleges: 184; Government-aided Higher Secondary Schools: 846; and Government-aided Vocational Higher Secondary Schools: 128.

<sup>3</sup> Grama Panchayats: 941, Block Panchayats: 152, District Panchayats: 14, Municipal Corporations: 6 and Municipalities: 87.

#### **1.4. Organisational structure of the Office of the Accountant General (General and Social Sector Audit)**

Under the directions of the C&AG, the Office of the Accountant General (General and Social Sector Audit), Kerala conducts audit of Government Departments, Offices, Autonomous Bodies and Institutions under the General and Social Sector, which are spread all over the State. The AG (G&SSA) is assisted by four Deputy Accountants General.

#### **1.5. Planning and conduct of audit**

The audit process starts with the assessment of risks faced by various Departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit, Inspection Reports containing audit observations are issued to the heads of the Offices and Departments. The Departments are requested to furnish replies to the audit observations within four weeks from the date of receipt of the Inspection Reports. Whenever replies are received, audit observations are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Reports of the C&AG of India, which are submitted to the Governor of the State under Article 151 of the Constitution of India for placing in the State Legislature.

During 2017-18, the Office of the AG (G&SSA) utilised 13,573 party days to carry out audit of 1,281 units (compliance, performance and financial audits) of various departments/organisations under its jurisdiction. The audit plan covered those units/entities, which were vulnerable to significant risks as per risk assessment.

#### **1.6. Significant Audit Observations**

##### **1.6.1. Performance audits of programmes/activities/departments**

Chapter II includes Performance Audit of 'Modernisation and strengthening of Police Force' and Chapter III includes Performance Audit of 'Functioning of Kerala State Housing Board'. The significant audit observations are given in the following paragraphs.

##### **1.6.1.1. Modernisation and strengthening of Police force**

The 'Modernisation of Police Forces' is a Government of India scheme, aimed at enhancing efficiency and striking capability of State Police forces so as to be equipped to meet the challenges of internal security environment, extremist activities and law and order situation in the State. The main components of the



scheme were mobility, weaponry, construction and procurement of equipment for communications and surveillance, forensic science laboratories, training, etc. The Performance Audit was conducted to assess the status of modernisation of Police Forces in the State which revealed the following.

Shortage of physical stock of weapons and live cartridges was noticed in the Special Armed Police Battalion, Thiruvananthapuram. Anti-Maoists operations in the dense forests of Palakkad, Malappuram, Idukki and Wayanad suffered due to dependence of Police forces on analog communication equipment. GOK failed to make timely payment of spectrum charges and obtain licence from GOI for procuring Digital Mobile Radios. In the Forensic Science Laboratories, Audit noticed delay in disposal of cases. During 2013-18, the pendency of cases increased to 9,265 including 1,755 (19 *per cent*) grave crimes cases. The Police Department violated MOPF scheme guidelines during 2013-18 which prohibited procurement of cars. Instead of making good the shortfall of vehicles in Police Stations, 15 *per cent* of the 269 Light Motor Vehicles (LMVs) procured by the Police Department were luxury cars which were deployed for use of high-level officers and non-operational units like CBCID. The Police Department violated Stores Purchase Manual and CVC guidelines in the procurement of equipment. State Police Chief (SPC) diverted ₹2.81 crore meant for construction of Upper Subordinate Staff Quarters, for construction of Villas for SPC/ADGPs.

*(Chapter II)*

#### ***1.6.1.2. Functioning of Kerala State Housing Board***

The Kerala State Housing Board (KSHB) was established in 1971 under the provisions of the Kerala State Housing Board Act, 1971. The Act envisaged for KSHB to play a nodal role in planning and coordinating all housing activities in the State. A Performance Audit to assess the various activities discharged by the KSHB and its functioning was conducted covering the period 2013-18. The Performance Audit brought out the following findings.

KSHB sought approval from Government of Kerala for schemes without ensuring availability of land, financial viability of the projects, obtaining assurance on project financing, etc., resulting in failure to implement the schemes. Of the 18 Working Women's Hostels sanctioned in the State during 1998-99 to 2016-17, 11 works sanctioned up to 2013-14 were completed. Six works sanctioned since 2014-15 are yet to commence while one work is under progress. Under Saphalyam scheme to provide flats to houseless Economically Weaker Sections, against the target of 1,032 housing units, KSHB could complete only 72 Housing Units (seven *per cent*) during the period 2012-18. All the 24 housing units taken up by the KSHB under Phase II during 2014-15 remain incomplete. KSHB also compromised with the quality of work in order to limit the cost of construction to stipulated rates. Flats under the Innovative Rental Housing Scheme aimed to provide residential flats on rent to poor urban workers were allotted to ineligible beneficiaries. Financial Management under the KSHB was deficient. The financial statements contained material

mis-statements and thus rendered the accounts unfit for use by stakeholders including Government.

*(Chapter III)*

### **1.6.2. Compliance Audit Paragraphs**

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

#### ***1.6.2.1. Modernisation and upgradation of Government Industrial Training Institutes***

The Government of India (GOI) introduced the Craftsmen Training Scheme (CTS) in 1950 by establishing Industrial Training Institutes (ITIs) in the States for imparting skills in various vocational trades to ensure a steady flow of skilled workers in different trades for the domestic industry and meet skilled manpower requirement for industrial growth of the country. While the day-to-day administration of ITIs in the States was transferred to the State Governments in 1956, the financial control of ITIs was transferred to the State Governments in April 1969. Government of Kerala provided yearly assistance including providing budgetary allocation for construction of new buildings, renovation of existing buildings, providing hostel facilities, procurement of tools and equipment etc., to Directorate of Training for modernisation of ITIs for enabling ITIs to attain National Council for Vocational Training (NCVT) norms. Government of India also selected 38 ITIs for upgradation into Centres of Excellence (COE). As on 31 March 2018, there were 137 Government ITIs and 486 private ITIs in the State. Of the 137 Government ITIs, 91 ITIs including 14 ITIs for women, were administered by the Industrial Training Department (ITD), 44 ITIs by the Scheduled Castes Development Department (SCDD) and two ITIs by the Scheduled Tribes Development Department (STDD).

None of the 32 ITIs test-checked complied with all the stipulated NCVT requirements. Even such ITIs which were affiliated to NCVT did not possess the requisite facilities. The services delivered by the ITIs under STDD needs to be strengthened to generate better outcomes. Deficiency in tools and equipment was noticed in the ITIs including six ITIs identified for being upgraded into Centres of Excellence. The upgradation of ITIs was hampered due to inefficiencies in execution of civil works and idling of assets. Despite demand for the ITI courses and the enhanced likelihood of obtaining jobs, the modernisation and upgradation of ITIs as envisaged by GOI was yet to be achieved. The identified deficiencies need to be addressed so that ITIs in the State are modernised and upgraded to ensure that the trainees are better equipped to avail of employment opportunities.

*(Paragraph 4.1)*

#### **1.6.2.2. Failure of Oversight/Administrative Controls**

The Government has an obligation to improve the quality of life of the people as it works towards fulfilment of certain goals in the area of health, education, development and upgradation of infrastructure and public service, etc. Audit noticed instances where funds released by the Government for creating public assets for the benefit of the community remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. The details are given below.

- Non-adherence to codal provisions facilitated misappropriation of ₹28,202 by the Inspector, Legal Metrology, Circle II, Neyyattinkara.

**(Paragraph 4.2)**

- Failure of the Co-operative Academy of Professional Education to correctly assess the funding pattern for construction of an engineering college resulted in avoidable, infructuous expenditure of at least ₹8.91 crore.

**(Paragraph 4.3)**

- The violation of CVC guidelines by Matsyafed, and the resultant failure to exercise due diligence in the procurement of marine diesel engines and finding a viable alternative to the existing kerosene engines resulted in infructuous expenditure of ₹1.29 crore.

**(Paragraph 4.4)**

- The injudicious decision of the Director of Public Instructions to construct a temporary additional floor on the six-storeyed building of Pareeksha Bhavan, and failure of the Public Works Department to rightly assess the structural soundness of the work led to partial collapse of the structure and resultant infructuous expenditure of ₹2.35 crore.

**(Paragraph 4.5)**

- The Kerala Water Authority commenced the work of laying pipelines for a Water Supply Scheme without complying with conditions stipulated by the Government of Kerala. The work was subsequently stopped resulting in infructuous expenditure of ₹8.50 crore, besides inability to provide additional water source to Kollam Water Supply Scheme.

**(Paragraph 4.6)**

### **1.7. Lack of responsiveness of Government to Audit**

#### **1.7.1. Outstanding Inspection Reports**

The Handbook of Instructions for Speedy Settlement of Audit Objections/ Inspection Reports/timely disposal of draft audit paragraphs and matters

pertaining to the Public Accounts Committee, issued by the State Government in 2017 provides for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General for rectification, in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses etc., noticed during audit inspection. The Heads of Offices and next higher authorities are required to comply with the audit observations contained in the IRs, rectify the defects and omissions and promptly report their compliance to the Accountant General within four weeks of receipt of IRs. Half-yearly reports of pending IRs are being sent to the Secretaries of the Departments to facilitate monitoring of audit observations.

It was noticed that as on 30 June 2018, 1,982 IRs (7,809 paragraphs) were outstanding in respect of Cultural Affairs, General Education, Revenue and Social Justice Departments. Even initial replies in respect of 117 IRs containing 779 paragraphs issued up to 2017-18 were pending from these Departments. Year-wise details of IRs and paragraphs outstanding are given in **Appendix 1.1**.

### **1.7.2. Response of Departments to the paragraphs included in this Report**

Performance and Compliance Audit paragraphs were forwarded to the Additional Chief Secretaries/Principal Secretaries/Secretaries of Departments concerned during August 2018 to January 2019 for furnishing replies within six weeks. Response of Government was received on all the Performance Audit and Compliance Audit paragraphs featured in this Report. These replies were suitably incorporated in the Report.

### **1.7.3. Follow-up on Audit Reports**

According to the Handbook of Instructions for Speedy Settlement of Audit Objections/Inspection Reports/timely disposal of draft audit paragraphs and matters pertaining to the Public Accounts Committee, issued by the State Government in 2017, the Administrative Departments should submit Statements of Action Taken Notes on audit paragraphs included in the Reports of the C&AG directly to the Legislature Secretariat, with copies to the AG within two months of their being laid on the Table of the Legislature. As of September 2018, 11 Administrative Departments failed to comply with the instructions and did not submit Statements of Action Taken Notes of 22 paragraphs for the period 2013-14 to 2016-17, as detailed in **Appendix 1.2**.

### **1.7.4. Paragraphs pending discussion by the Public Accounts Committee**

Forty one paragraphs pertaining to 17 Departments for the period 2012-13 to 2016-17 were pending discussion by the Public Accounts Committee as on 30 September 2018 (**Appendix 1.3**).



# PERFORMANCE AUDIT





## CHAPTER II HOME DEPARTMENT

### Modernisation and strengthening of Police force

#### *Executive Summary*

*The 'Modernisation of Police Forces' is a Government of India scheme, aimed at enhancing efficiency and striking capability of State Police forces so as to be equipped to meet the challenges of internal security environment, extremist activities and law and order situation in the State. The main components of the scheme were mobility, weaponry, construction and procurement of equipment for communications and surveillance, forensic science laboratories, training, etc. The Performance Audit was conducted to assess the status of modernisation of Police Forces in the State which revealed the following.*

**Shortage of physical stock of weapons and live cartridges was noticed in the Special Armed Police Battalion, Thiruvananthapuram.**

*(Paragraph 2.10.3)*

**Anti-Maoists operations in the dense forests of Palakkad, Malappuram, Idukki and Wayanad suffered due to dependence of Police forces on analog communication equipment. GOK failed to make timely payment of spectrum charges and obtain licence from GOI for procuring Digital Mobile Radios.**

*(Paragraph 2.11.2)*

**In the Forensic Science Laboratories, Audit noticed delay in disposal of cases. During 2013-18, the pendency of cases increased to 9,265 including 1,755 (19 per cent) grave crimes cases charged under Sections 302, 307 and 376 of IPC, POCSO Act 2012 and SC and ST (Prevention of Atrocities) Act.**

*(Paragraph 2.13.1)*

**The Police Department violated MOPF scheme guidelines during 2013-18 which prohibited procurement of cars. Instead of making good the shortfall of vehicles in Police Stations, 15 per cent of the 269 Light Motor Vehicles procured by the Police Department were luxury cars which were deployed for use of high-level officers and non-operational units like CBCID.**

*(Paragraph 2.9.1)*

**The Police Department violated Stores Purchase Manual and CVC guidelines in the procurement of equipment.**

*(Paragraph 2.14)*

**State Police Chief (SPC) diverted ₹2.81 crore meant for construction of Upper Subordinate Staff Quarters, for construction of Villas for SPC/ADGPs.**

*(Paragraph 2.18.2)*

## 2.1. Introduction

The scheme of Modernisation of Police Forces (MOPF) was launched (1969-70) by the Government of India to make the State police more efficient and effective by means of latest equipment, resources and technology. It was envisaged to reduce the dependence of the State on the army and central para military forces to meet the challenges to internal security and the law and order situation. The MOPF has four major components *viz.*, mobility, weaponry, construction and equipment for training, forensic science laboratories, communications & surveillance, etc. The MOPF Scheme was funded on sharing basis by Government of India (GOI) and Government of Kerala (GOK) in the ratio of 75:25 during 2005-12, which was revised to 60:40 for the period 2012-13 to 2016-17. The scheme was again extended in 2017 for a period of three years after making modifications<sup>4</sup> and renaming it as “Assistance to State for Modernisation of Police”. The Scheme is slated to end in March 2020. The MOPF scheme guidelines specifically mention about meeting the deficiencies in various aspects in police administration as identified by the Bureau of Police Research and Development (BPR&D). The BPR&D norms are applicable to all the components of MOPF other than Weaponry, which is regulated by the Arming Policy for the State/Union Territory Police forces as issued by the Ministry of Home Affairs, Government of India in February 1995.

## 2.2. Organisational Setup

The Department is headed by Additional Chief Secretary (ACS), Home Department at the Government level and the Director General of Police (DGP) and State Police Chief (SPC) at the department level. For the purpose of maintaining law and order, the State has been divided into two Police zones each headed by an Additional Director General of Police (ADGP). Each zone has two ranges headed by an Inspector General of Police. There are 19 Police districts<sup>5</sup> in the State of which five are Commissionerates. While the Thiruvananthapuram City and Kochi City Commissionerates are headed by District Police Chiefs of the rank of Deputy Inspector General of Police, the remaining police districts are headed by officers of the rank of Superintendent of Police. Each Police District has Police Stations and Police Posts as field units. The detailed organisational setup of the Kerala Police is shown as a chart in **Appendix 2.1**.

<sup>4</sup> While GOI excluded the component ‘Construction’ from 2015-16, ‘Mobility’ component was excluded from the ambit of MOPF since 2017-18. The funding pattern continues to be 60:40 between GOI and GOK.

<sup>5</sup> Area of jurisdiction falling under each of the five Revenue Districts (Thiruvananthapuram, Kollam, Ernakulam, Thrissur and Kozhikode) was divided into two for Administrative purpose as Rural Police District and City Police District.

### 2.3. Audit Objectives

The Performance audit was conducted to ascertain whether the:

- Modernisation plans were prepared realistically after careful assessment of requirements;
- Implementation of the scheme was effective and efficient in line with the scheme objectives; and
- Financial management was efficient and effective and funds of GOI and GOK were utilised optimally for the intended purposes.

### 2.4. Audit Criteria

The following audit criteria were adopted:

- MOPF scheme guidelines and Long-term Strategic Plan and Annual Action Plans approved by Ministry of Home Affairs (MHA);
- Norms/requirements specified by Bureau of Police Research & Development, MHA in respect of operational vehicles, weapons, equipment, buildings, manpower etc.;
- Kerala Stores Purchase Manual, Public Works Code and Manual, Financial and Treasury Codes;
- Orders, Circulars, etc., issued by GOK.

### 2.5. Audit Scope and Methodology

The Performance Audit covering the period 2013-18 was conducted between May 2018 and October 2018 by test-check of relevant records in the Government Secretariat, Police Headquarters, the Kerala Police Housing and Construction Corporation Ltd. (KPHCC) and the selected field offices. Audit also conducted Joint physical verification to assess the status of various components of schemes for modernisation of the police department. An Entry Conference was conducted on 25 April 2018 with the Additional Secretary, Home Department and Inspector General (IG), Police Headquarters during which the audit objectives, criteria and methodology for conduct of audit were discussed and agreed upon. An Exit Conference was conducted on 08 April 2019 with the Additional Chief Secretary, Home and Vigilance Department and the State Police Chief wherein the observations of Audit were discussed in detail. Response of Government has been suitably incorporated. Government has accepted all recommendations made by Audit.

Audit adopted a multi-stage sampling methodology for selection of 25 *per cent* of districts. While Thiruvananthapuram District was selected since the Home Department, Police Headquarters, State Crime Records Bureau, etc. were situated there, the Districts of Alappuzha, Kannur and Malappuram were selected using Simple Random Sampling without Replacement method. In the

second stage 25 *per cent* of offices of Dy. Superintendents/Assistant Commissioners of Police, Circle Inspectors/Inspectors and Police Stations<sup>6</sup> were selected on risk based Judgmental Sampling. All the Women (3), Traffic (4), Coastal (8) and Railway (3) Police Stations in the selected districts were covered in Audit. Further, all the Armed Police Battalions (5), Forensic laboratories (2), Finger Print Bureaus (5) in selected districts and Offices belonging to Internal Security Branch, Special Branch and Intelligence Wing in the selected Districts were covered. The State Crime Records Bureau, Kerala State Forensic Laboratory, Kerala Police Academy at Thrissur, Police Training College at Thiruvananthapuram and Cyberdome, Thiruvananthapuram were also covered during the course of Audit.

## **2.6. Acknowledgement**

Audit acknowledges the co-operation extended by Additional Chief Secretary (Home) and the State Police Chief in the conduct of the Performance Audit.

### *Audit Findings*

## **2.7. Formulation of Modernisation plans – Strategic and Annual Action Plans**

Paragraph 6.1 of the MOPF scheme guidelines issued (November 2010) by Government of India (GOI) recommended the preparation of a five-year strategic plan (2011-16) which would incorporate an equipment acquisition-perspective plan for five years. It was envisaged that the five-year strategic plan would identify and analyse gaps in various components under MOPF and in conjunction with the BPR&D norms arrive at a requirement for the State. It was also recommended that decentralised, evidence based, bottom up planning approach with adequate flexibility was to be adopted. An Annual Action Plan was to be prepared by GOK each year based on the five-year Strategic Plan. Audit observed that though the Police Department had formulated a draft Strategic Plan for 2011-16 and for 2017-21, there was no evidence on record to indicate that these were approved by GOK. In the absence of a final approved Strategic Plan, Audit could not examine whether the Annual Action Plans were in conformity with the long-term Strategic Plan. Audit observed that financial assistance under the Scheme was released by MHA despite non-formulation of a Strategic Plan by the State Government.

### **2.7.1. Formulation of Annual Action Plan**

MOPF scheme guidelines require that the MHA would intimate the tentative annual allocations for the ensuing year to the States and invite proposals for Annual Action Plan (AAP) from the State Government. The State Governments

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<sup>6</sup> Thiruvananthapuram City: 6 out of 21 Police Stations; Thiruvananthapuram Rural: 11 out of 37 Police Stations; Alappuzha: 10 out of 31 Police Stations; Malappuram: 9 out of 34 Police Stations; Kannur: 13 out of 36 Police Stations.

would prepare the draft AAP proposals under the scheme and forward to MHA. It was clearly stipulated that the AAP should have been discussed and approved by the State Level Empowered Committee (SLEC)<sup>7</sup> headed by the Chief Secretary before forwarding the same to MHA. Audit observed that the instructions of the MHA were not complied with in any of the years, as set forth in **Table 2.1**.

**Table 2.1: Details of formulation of Annual Action Plan**

Year	Date of MHA letter to GOK intimating Plan size	Target date for submission of AAP to MHA	Date of submission of AAP to MHA	Date of receipt of approval of AAP by MHA	Date of approval by SLEC	Date of issue of Administrative Sanction by GOK
1	2	3	4	5	6	7
2013-14	25.03.2013	15.04.2013	22.04.2013	27.09.2013	07.11.2013	13.12.2013
2014-15	11.03.2014	31.03.2014	25.04.2014	29.08.2014	06.11.2014	20.12.2014
2015-16	11.03.2015	31.03.2015	26.03.2015	24.07.2015	21.04.2015	19.11.2015
2016-17	10.03.2016	31.03.2016	08.04.2016	04.07.2016	23.11.2016	21.01.2017
2017-18	28.04.2017	22.05.2017	24.05.2017	28.08.2017	19.07.2017	24.10.2017

(Source: Details obtained from PHQ)

- Audit observed that the AAPs were forwarded to MHA without obtaining the approval of the SLEC. The SLEC was merely ratifying the proposals submitted by the SPC and approved by the MHA. Scrutiny of records of the Police Department did not indicate that inputs from lower formations were compiled for the purpose of preparing the AAPs. The concept of decentralised, evidence based, bottom up planning approach with adequate flexibility, as enunciated in the MOPF scheme guidelines, was not realised. GOK, while agreeing to the audit observation stated (March 2019) that the AAPs were forwarded to MHA without obtaining approval of SLEC due to paucity of time. Audit was informed that the SLEC has since been reconstituted with the Home Secretary as the Convenor instead of the Chief Secretary. It was stated that the process has been streamlined resulting in the AAP for 2019-20 being forwarded to MHA after obtaining approval of the SLEC.
- Annual Action Plans forwarded by the SPC to the MHA contained errors<sup>8</sup>, which necessitated revision of AAPs. The avoidable revision in AAPs coupled with delayed approval by the SLEC led to delay in release of Administrative Sanction and consequent failure to utilise the annual allocation within the financial year.

<sup>7</sup> State Level Empowered Committee presided over by the Chief Secretary with the Additional Chief Secretary/Principal Secretary (Finance), Additional Chief Secretary/Principal Secretary (Home), Planning Commissioner and the DGP as Members constituted to sanction the Annual Action Plan.

<sup>8</sup> Errors included failure to exhibit state share separately and inclusion of routine items and consumables which were not covered under the scheme (AAP 2013-14), proposal to include non-Ordnance Factory Board weapons against the eligible Ordnance Factory Board weapons (2014-15) and allotting 51.12 per cent fund for mobility component against the eligible 25 per cent (2015-16).

- Audit scrutiny also revealed that consequent to low utilisation in the Scheme year, the items in approved AAPs were carried over and implemented in subsequent years (**Appendix 2.2**). Expenditure on items for implementation in AAP for the year 2013-14 was continuing even in the year 2018-19. The intention behind formulation of Annual Plans was thus defeated. GOK, while agreeing with the audit observation stated that the delay in expending funds could also be attributed to bidding processes not finding adequate bidders due to paucity of vendors in Kerala leading to single tendering and resultant delays. However, the fact remains that the timely modernisation of police forces as envisaged under the MOPF scheme was not attained.

## 2.8. Financial Management

Efficient planning and prudent financial management are essential for successful implementation of programmes and achievement of intended objectives. The MHA fixes the Annual Plan size and informs GOK for preparation of Annual Action Plan. Funds are released in two or three instalments, directly to States, through electronic transfer. For procurement of weapons sourced from the Ordnance Factory Board (OFB), which are fully funded by GOI, the allocated funds are released directly by GOI to the Ordnance Factory Board under intimation to the State Government. During 2013-18, financial assistance for implementation of the Scheme was shared between GOI and GOK in the ratio of 60:40. Funds released by GOI/GOK during 2013-18 for implementation of MOPF, expenditure incurred and funds remaining unspent were as under.

**Table 2.2: Details of funds allocated, received and utilised for MOPF during the period 2013-18**

(₹ in lakh)

Year	Total allocation in AAP	GOI/GOK funds available	Expenditure incurred	Unspent amount
2013-14	9371.00	1870.90*	1870.52	0.38
2014-15	7998.00	5270.68	4364.53	906.15
2015-16	2990.00	1514.59	1509.13	5.46
2016-17	2989.00	3501.00	3452.55	48.45
2017-18	3943.00	7100.18	7048.34	51.84
<b>Total</b>	<b>27291.00</b>	<b>19257.35</b>	<b>18245.07</b>	<b>1012.28</b>

\* Additionally in 2013-14, ₹329 lakh was wrongly released by GOI directly to KPHCC for purchase of equipment. The amount remained unspent with KPHCC until it was transferred to PHQ in April 2017. The PHQ expended ₹217 lakh on procurement of equipment in 2017-18.

(Source: Detailed appropriation accounts, Release orders of GOI to OFB and Statements of expenditure on Weaponry furnished by PHQ)

### 2.8.1. Maintenance of separate account for the scheme

Paragraph 10 of the MOPF scheme guidelines requires the State Police Headquarters (PHQ) and the Kerala Police Housing and Construction



Corporation Ltd. (KPHCC) to follow cash basis<sup>9</sup> of accounting and maintain books of accounts on double entry bookkeeping principles. Standard books of accounts (Cash Book, Journal, Ledger, etc.) were to be maintained as per the accounting standards of the Institute of Chartered Accountants of India. Monthly Financial Reports were to be prepared and Quarterly Financial Reports based on these were to be submitted to MHA.

Audit observed that the PHQ did not maintain separate accounts for the Scheme. Monthly/Quarterly Financial Reports were also not prepared and forwarded to the MHA, as required under the MOPF scheme guidelines. A scrutiny of the Contingent Bill Register revealed that expenditure on all activities undertaken by PHQ including that of MOPF was routed through the Register and it was not possible to segregate the items of expenditure into scheme expenditure and otherwise. In the absence of separate accounts, the authenticity of the figures recorded as receipts and expenditure under the Scheme, by the PHQ, could not be verified.

During the Exit Conference (April 2019), the Home Secretary accepted the audit observation and directed the PHQ to maintain separate accounts in respect of implementation of the scheme of MOPF in the State.

### **2.8.2. Failure to remit income from auction of vehicles into the Scheme account**

MOPF scheme guidelines stipulates that ownership of equipment procured by the States for installation and use at various peripheral units does not rest with the PHQ even though it maintains physical control of the fixed assets by way of maintenance of a fixed assets register. Paragraph 10 of the MOPF scheme guidelines also requires the Police Department to maintain separate books of account of the scheme on double entry bookkeeping principles. Thus, the income accruing from the sale of such assets should be booked as receipts under the Scheme accounts and not credited into the Consolidated fund of the State.

Audit noticed that in violation of MOPF scheme guidelines, ₹8.07 crore received by the Police Department on auction of 1,172 condemned vehicles purchased under MOPF, was wrongly credited into the Consolidated fund of the State instead of Scheme accounts.

This resulted in short accounting of receipts under MOPF to the extent of ₹8.07 crore. GOK assured (March 2019) to take effective remedial measures, as suggested by Audit. Audit observed that had the amount been booked under the Scheme accounts during 2013-18, it could have been utilised for the procurement of at least 128 vehicles<sup>10</sup> which could have reduced the shortfall in the number of vehicles deployed at the Police Station level, pointed out in paragraph 2.9 of this Report.

<sup>9</sup> Under cash basis of accounting, revenue is recorded when cash is received from customers and expenses are recorded when cash is paid to suppliers and employees.

<sup>10</sup> Like Mahindra Bolero



## 2.9. Mobility

Mobility is measured in terms of the ability of the police force to move quickly to an incident site. Police mobility is directly linked to police performance. Quick response, in real time to law and order situations helps to preserve the precious lives of people, protect public and private property besides being a reliable indicator of police performance.

BPR&D prescribed scales for various types of operational vehicles such as heavy/medium/light vehicles and motor cycles required for police stations, district armed reserve and armed police battalions as shown below.

**Table 2.3: BPR&D norms for vehicles**

Type of vehicle	Armed Battalions	District Police Lines	Police Stations
Heavy	29	7	-
Medium	8	17	-
Light	13	14	2
Motor cycles	5	7	3

(Source: BPR&D norms)

Audit observed that the BPR&D Guidelines which prescribe the same number of vehicles uniformly across all States could only be indicative and not made mandatory since the area of operation of every Police Station across different States would vary, necessitating more/less vehicles than those stipulated under the Guidelines. However, Audit examined the availability of vehicles against BPR&D norms, in the police stations in all the 19 Police Districts in the State. Out of 481 local Police Stations, five Police Stations (1.03 *per cent*) did not have any Light Motor Vehicle (LMV) and 193 Police Stations (40.12 *per cent*) were provided with only one LMV each. Further, in respect of two-wheelers, 24 Police Stations (4.98 *per cent*) did not have any two-wheelers and 245 Police Stations (50.94 *per cent*) had less than three two-wheelers.

In the case of nine battalions of Kerala Police, the total number of two-wheelers and LMVs available were more<sup>11</sup> than the number prescribed in BPR&D norms and there was no shortage of two-wheelers and LMVs in any of the Battalions. The Police Department has not categorised other vehicles like Buses, Lorries, etc., as Heavy Motor Vehicles (HMV) or medium vehicles. Hence when the total number of Buses, Lorries, etc. are taken together, there are only 168 vehicles available against the required number of 333 HMVs and medium vehicles as per BPR&D norms. Thus there is a shortage of 165 vehicles in the category of HMVs and medium vehicles.

The objective of providing adequate mobility to the Police forces in the State is yet to be achieved. Shortage of vehicles could adversely affect the mobility of Police especially their patrolling functions in the field, which could impact law and order maintenance in the State.

<sup>11</sup> Two-wheelers: 54 available against requirement of 49 and LMV: 159 available against a requirement of 117.

### 2.9.1. Procurement of inadmissible vehicles

The MOPF scheme guidelines only allowed for procurement of vehicles like jeeps, motor cycles and medium/heavy vehicles for deployment at the Police Stations and Outposts. Procurement of cars is not admissible under the scheme. BPR&D stipulated availability of two LMVs in each Police Station. Altogether there were 3,748 LMVs with the Police Department as on 01 January 2018, of which 790 were deployed in Police Stations (against the requirement of 1,042), thus, indicating a shortfall of 24 *per cent*. Audit noticed that 64 of the 269 LMVs (24 *per cent*) procured during the period 2013-18 were procured for the use of non-operational units and high-level officers in violation of the MOPF scheme guidelines. Moreover, 41 (15 *per cent* of 269 LMVs) of the 64 vehicles procured were either cars or luxury vehicles such as Toyota Crysta, Innova, Maruti Ciaz, Maruti Ertiga, Swift Dzire, etc., which were not eligible for procurement under MOPF scheme. Audit observed that while eight of the 64 vehicles were allotted to the vehicle pool at PHQ or to high-level officers, 19 vehicles were allotted to non-operational units like Crime Branch Criminal Investigation Department (CBCID) and 25 vehicles like Bolero SLE 2WD and Tata Sumo Gold were transferred to Vigilance department, which is not covered under the scope of the MOPF scheme.

The action of the police department in procuring luxury vehicles for use of its officers instead of the permissible vehicles was in violation of the MOPF scheme guidelines and therefore, may affect the operational efficiency of the Department. Audit observes that instead of procuring 41 luxury vehicles, the Police Department could have procured at least 46 Bolero's at the same price. Together with the 23 vehicles irregularly allotted to non-operational units, these 69 vehicles would have sufficed to meet the requirement of the five Police Stations that did not have any LMV and 57 of the 193 Police Stations which were provided with only one LMV (referred to in paragraph 2.9). The operational efficiency of these Police Stations could certainly have been enhanced.

GOK stated (April 2019) that cars, SUVs and sedans were used by Police forces in India and abroad for overt and covert operations. It was stated that due to the allocation of additional funds under the State Modernisation of Police Department Scheme and dropping of mobility component generally from MOPF, vehicles of various categories were to be procured as per the Department's requirements.

The reply is not tenable since the MOPF scheme guidelines did not provide for procurement of cars during 2013-18.

### 2.9.2. Failure to equip Police force with Mobile Command and Control Vehicles

Approval was accorded by MHA in the AAPs for 2012-13 and 2013-14 for procurement of Mobile Command and Control Vehicles equipped with Hi-tech communication and negotiation facilities. Audit observed that vehicles such as

Toyota Fortuner/Innova were purchased without insisting upon the suppliers to install additional equipment as specified in the supply order. The Police forces were denied advantages envisaged from procurement of these vehicles, as shown below.

#### ***2.9.2.1. Procurement of Toyota Fortuner as Mobile Command and Control Vehicle***

The approved AAP for 2012-13 of the MOPF included purchase of a Mobile Command and Control Vehicle for ₹30 lakhs. It was envisaged to use the Mobile Command and Control Vehicle 'in hostage situations and also for mobile control stations in serious law and order situations requiring long drawn deployment of manpower'. A technical committee constituted by the Police Department recommended (June 2013) to purchase a specially modified 'Fortuner' from M/s. Toyota Kirloskar Motors Ltd. Supply Order was issued on 24 July 2013 based on the Proforma Invoice submitted by the firm on 06 May 2013 and 15 July 2013 for supply of vehicle at ₹21.61 lakh and modification charges of vehicle ₹8.62 lakh respectively. Payment of ₹21.61 lakh towards cost of vehicle was sanctioned vide order dated 10 October 2013.

Audit observed that the Police Department envisaged modification of the Toyota Fortuner vehicle with the installation of ten items including a 10.1-inch Tablet with docking station, Wi-Fi board, USB TV card, software for video conferencing, cameras with inbuilt battery, etc. Audit scrutiny of the proceedings of the Verification Board constituted for the verification of quality of equipment installed on the Toyota Fortuner revealed that the Vendor did not install five of the 10 components required by the Police Department. The Board also found another component viz. 'Siren' to be unsatisfactory. Audit noticed that the vendor intimated the SPC (May 2014) its inability to undertake modification of the vehicle and waived any claim towards charges against modification already undertaken. The partly modified vehicle was taken to stock and payment of ₹21.61 lakh towards cost of vehicle was made to the Vendor. Audit observed that the selection of the Supplier/vehicle to serve as a Mobile Command and Control Vehicle without issuing tenders and ensuring capability of the supplier to modify the vehicle to achieve desired objectives, was in violation of extant CVC guidelines as discussed under paragraph 2.14 of this Report. Audit observed further that the Toyota Fortuner which does not qualify as a Mobile Command and Control Vehicle was allotted (September 2013) to PHQ for use of the SPC.

During the Exit Conference, the SPC (April 2019) while admitting the inability of the vehicle to function as a Mobile Command and Control Vehicle assured that the vehicle would be converted with additional fitments very shortly. GOK stated (April 2019) that the vehicle would be fully modified as initially envisaged in the next three months and put to use. GOK also assured that while modifying the vehicle, all codal formalities would be followed and the vehicle would be fully utilised for State-wide operations as a Command and Control vehicle.

### ***2.9.2.2. Procurement of two Toyota Innova cars as Mobile Command and Control Medium Vehicle with Hi-tech Communication and Negotiation Facilities***

As in the approved AAP for 2012-13, the AAP for 2013-14 of the MOPF also included purchase of a ‘Mobile Command and Control Medium Vehicle with Hi-tech Communication and Negotiation Facilities’ for ₹30 lakhs. A Technical Committee constituted for identification of suitable vehicle recommended (April 2014) Toyota Innova 2.5G (M) Diesel vehicle as best suited to serve the purpose. Supply Order was placed (May 2014) with M/s. Toyota Kirloskar Motors Ltd. for the supply of two Toyota Innova 2.5 G (M) diesel cars at a cost of ₹21.21 lakh (DGS&D rate). The supply order also specified that additional requirements like proper navigation, control and command facilities, head light and tail light glass protection, etc., would be done by the supplier, free of cost. Even though the vendor supplied the vehicles without any of the additional fittings, the vehicles were accepted by the Police Department, taken to stock and payment made.

Of the two Toyota Innova cars procured, one was allotted to Kozhikode City for the use of Additional Director General of Police (ADGP), North Zone and the other one was allotted to PHQ. The stated purpose to use the vehicles as Mobile Command and Control Medium Vehicle with Hi-tech Communication and Negotiation Facilities was thus, not met.

The SPC, during the Exit Conference (April 2019) admitted the inability of the vehicles to function as a Mobile Command and Control Vehicles and assured that the vehicles would be converted with additional fitments very shortly. However, GOK stated (April 2019) that only a few modifications could be done by the Vendor while some were to be done at the Department level and some by other vendors who are specialised. GOK further stated that a wholesome tender was therefore not in the interest of the Department and cannot be easily done.

The reply of Government is not tenable in view of the fact that Supply Order was placed by the SPC requiring the Vendor to supply additional equipment and effect modifications to the vehicles, free of cost. Therefore, it was incumbent upon the SPC to ensure that the Vendor was capable of effecting the proposed modifications before award of the work. Audit observes that if the objective was to indeed procure Mobile Command and Control Vehicles, the SPC should have complied with CVC guidelines requiring procuring organisations to first invite Expressions of Interest and finalise specifications based on technical discussions/presentations with experienced manufacturers/suppliers in a transparent manner before issuing tender. Audit is of the view that the fact that CVC guidelines were not complied with, the vehicles were accepted from the Vendor without any of the additional fittings and were deployed with officers rather than at Police Stations indicates that the vehicles were procured by the Police Department, not for deployment at the Police Station level, but for use of its senior officers. These vehicles were labelled as ‘Command and Control

Vehicles' in the AAP, only to circumvent the MOPF scheme guidelines which did not approve procurement of Cars<sup>12</sup> under the scheme.

**2.9.2.3. *Unauthorised purchase of Bullet Resistant vehicles for VIPs/VVIPs and persistent violation of MOPF scheme guidelines by State Police Chief***

The MOPF Scheme Book 2010, issued by the MHA, which governs the procurement, accounting and audit arrangements for MOPF clearly stipulates that procurement of vehicles for VIP security is absolutely inadmissible under the Scheme. The Stores Purchase Manual of Kerala also provided for resorting to open tenders (invitation to tender by public advertisement), as a general rule, in cases of procurement of items costing above ₹10 lakh. It also provided for adopting limited tender system instead of the open tender system if there were sufficient reasons to decide that it was not in the public interest to call for tenders by advertisement.

The AAP 2016-17 allocated ₹1.26 crore to the Police Department for procurement of two Bullet Resistant vehicles. Administrative Sanction was accorded (January 2017) by GOK for purchase of two bullet resistant vehicles for ₹1.26 crore to ensure security of VIPs, VVIPs and Z+ category visitors to the State. The Administrative Sanction was accorded by GOK subject to the condition that the relevant provisions contained in the Store Purchase Manual/Open tender shall be strictly followed in all cases of purchases/software development.

Audit observed that the SPC, without calling for open tender as required under the Stores Purchase Manual, constituted a Technical Committee which evaluated (July 2017) vehicles from three manufacturers<sup>13</sup> and recommended the purchase of Mitsubishi Pajero from M/s. Hindustan Motors Finance Corporation Ltd., at a price of ₹55.02 lakh. Subsequently, the Department placed (August 2017) supply order with M/s. Hindustan Motors Finance Corporation Ltd. for two bullet resistant vehicles without inviting tenders at a total cost of ₹1.10 crore. On the same day, the Department, citing security concerns as a reason for not tendering, requested GOK to ratify its action of having placed supply order without following tender procedure. Advance payment of ₹33 lakh (30 per cent of the cost of the vehicles) was also made (September 2017) to the supplier by the Department without awaiting ratification from GOK. GOK, in April 2018, declined to ratify the action of the SPC of placing the supply orders with M/s. Hindustan Motors Finance Corporation Ltd. and the sanction of the advance payment of ₹33 lakh to the firm. The vehicles were received (June 2018) by the Police Department. Audit was informed by the Police Department (June 2018) that the balance amount of ₹77 lakh was yet to be released to the supplier.

<sup>12</sup> The MOPF scheme guidelines only permitted procurement of vehicles like jeeps, medium/heavy vehicles under the Scheme.

<sup>13</sup> M/s. Tata Motors Ltd., M/s. Mahindra & Mahindra and M/s. Hindustan Motors Finance Corporation Ltd.

Audit observed that the SPC in procuring the Bullet Resistant Vehicles, violated MOPF scheme guidelines which prohibited procurement of vehicles for VIP/VVIP security utilising MOPF funds. More seriously, Audit observed that the SPC was persistently and knowingly violating the MOPF scheme guidelines in view of the fact that an earlier Concurrent Evaluation of the MOPF Scheme in Kerala, conducted by the MHA in September 2014 had pointed out that similar vehicles purchased earlier under MOPF and deployed for VVIP security purposes were against MOPF scheme guidelines. Further, the action of the SPC in placing the supply order and releasing the advance amount without inviting tenders was in violation of extant norms.

During the Exit Conference (April 2019), the SPC stated that procurement of these vehicles was made considering their non-availability in the State and that in view of security issues, he was not in favour of open tender system. GOK stated (May 2019) that the department was reviewing the deployment of these vehicles. Audit was informed that considering the audit observations, bullet resistant vehicles purchased under these schemes would maximally be used for general security related purposes, at the field police level. GOK also justified resorting to limited tender since the Stores Purchase Manual authorised such purchases in instances where there were sufficient reasons for holding that it was not in public interest to call for tenders by advertisement. It was stated that the department was fully convinced of the fact that open tender mode of procurement for bullet proof vehicles was not advisable and desirable from a security point of view.

The reply of GOK justifying its failure to effect the procurement under open tender through advertisement is not tenable in view of the fact that Administrative Sanction was accorded by GOK to the SPC for effecting procurement under the Stores Purchase Manual/Open Tender. As also mandated by the Stores Purchase Manual, the SPC should have recorded sufficient reasons to decide that it was not in the public interest to call for tenders by advertisement before resorting to limited tender. These conditions were not complied with by the SPC. It was noticed that even the procedure for limited tender<sup>14</sup> was not followed. The SPC neither followed open tender system nor limited tender system. The entire procurement process was thus vitiated. Audit observed that the SPC had as early as in April 2017, obtained the specifications and Proforma Invoice from the suppliers of 'Mitsubishi Pajero Sport' much before the meeting of the Technical Committee in July 2017, clearly indicating that the vehicle had been identified for purchase and that there was no intention to procure the vehicle under Open Tender or even Limited Tender. Prior sanction of GOK was also not sought for by the SPC before making advance payment of ₹33 lakh to the supplier in September 2017. Citing security considerations as a reason for not resorting to open tender is also not acceptable since various police forces across the country like Orissa and Bihar have resorted to open tender for making

<sup>14</sup> Procedures for making procurements under limited tender stipulate that while wide publicity need not be given, identified suppliers/manufacturers may be intimated and tender documents may be supplied to them free of cost. The suppliers/manufacturers have to submit sealed bids which are to be opened on the specified date as in open tender system.



similar procurement. Thus, the procurement of the Bullet Resistant Vehicles was unauthorised and was effected in complete violation of the conditions stipulated in the Stores Purchase Manual.

The objective of providing increased mobility to the police forces as envisaged by GOI under the MOPF scheme would have been achieved had the Police Department procured bullet proof/mine proof vehicles for deployment in Naxalite infested areas rather than acquire bullet proof cars for VIP security.

**Recommendation 2.1: GOK may ensure that mobility of the police force is ensured by addressing the shortfall in vehicles. Procurement of vehicles for non-operational purposes and circumvention of MOPF scheme guidelines in the purchase of operational vehicles must be avoided.**

## 2.10. Weaponry

Under the MOPF Scheme, the Ordnance Factory Board (OFB) under GOI was the sole manufacturer/supplier of arms and ammunitions to the Police/Armed forces in the country. It was envisaged that GOI funds for the arms and ammunition identified and manufactured by the OFB and approved in the AAP would be released directly by the MHA to the OFB. The States were to collect the weapons and ammunition from the OFB factories on receipt of intimation from OFB.

### 2.10.1. Budgetary Provision

The allocation and utilisation of funds for procurement of weaponry during 2013-18 is given below.

**Table 2.4: Allocation and utilisation of funds for procurement of weaponry during 2013-18**

(₹ in lakh)

Year	Annual Action Plan		Amount available for utilisation		Amount utilised		Unspent amount	
	GOI	GOK	GOI	GOK	GOI	GOK	GOI	GOK
2013-14	273.00	0.00	144.00	0.00	143.62	0.00	0.38	0.00
2013-14 Supplementary Plan	70.00	0.00	70.00	0.00	68.80	0.00	1.20	0.00
2014-15	215.00	0.00	187.00	0.00	0.00	0.00	187.00	0.00
2015-16	201.00	0.00	204.16	0.00	198.70	0.00	5.46	0.00
2016-17	201.00	104.00	201.00	104.00	172.78	0.00	28.22	104.00
2017-18	220.00	104.00	220.00	104.00	177.57	23.40	42.43	80.60
<b>Total</b>	<b>1180.00</b>	<b>208.00</b>	<b>1026.16</b>	<b>208.00</b>	<b>761.47</b>	<b>23.40</b>	<b>264.69</b>	<b>184.60</b>

(Source: Annual Action Plan and details obtained from PHQ)

Audit noticed short release of GOI assistance in 2013-14 and lapse of fund during 2014-15. It was seen that during 2013-14, GOK failed to adhere to directions of a GOI constituted High Power Committee to submit revised AAP by including such weapons, which were in the production range of the OFB. Instead, the revised AAP of GOK again included weapons, which were not in the production line of OFB. Consequently, GOI released only ₹1.44 crore to



OFB which related to weapons in the production line of OFB. On receipt of a revised list of required weapons from GOK, GOI advised GOK (November 2014) to forward the list, duly approved by the SLEC, directly to OFB. Audit observed that GOK forwarded the revised list only in January/February 2015. Subsequently, MHA informed GOK (February 2016) that funds allocated during 2013-14 for MOPF scheme had already been exhausted long back and that it was not possible to allow funds for more weapons at that stage. Similarly, in 2014-15, though ₹1.87 crore was released by GOI to OFB in favour of GOK, no weaponry was issued to GOK for the reason that weapons which were not in the production line of OFB were demanded by GOK. The unutilised amount of GOK retained by OFB as suspense was subsequently utilised by OFB to set off the deficit in fund released by GOI during the year and was thus denied to GOK.

GOK admitted (March 2019) that it included certain items<sup>15</sup> in the AAP which were non-OFB ones hoping that MHA would assist positively in the procurement of these weapons. The fact, however, remains that MHA had allocated ₹1.87 crore to the State during 2014-15 to procure modern weapons from OFB. The GOK placed an order for weapons which were not in the production line of OFB. As a result of which the State was unable to utilise ₹1.87 crore, allocated for its modernisation but also lost the opportunity to procure modern weapons like 5.56 mm INSAS rifles, Tear Gas Guns and Multi shell launchers from the OFB during 2014-15.

During the Exit Conference, the SPC, while agreeing with the audit observation, assured that the shortfall in funds which occurred in the past would be compensated in future.

### **2.10.2. Shortfall in availability of modern weaponry and consequent deployment of obsolete weapons**

The Arming Policy for State/UT Police Forces issued by MHA (February 1995) revised the scale of weaponry for the State/UT police forces after reckoning the then authorised weapons viz., .303 rifles, .410 Musket, .38/.45 revolver and the Thompson Machine Carbine (TMC) as obsolete. MHA was of the view that all these weapons were to be replaced in a phased manner. However, keeping in view the constraint of availability of conventional and modern weaponry from indigenous sources, MHA recommended a judicious mix of both, for use in varying situations. It recommended that the basic weapon for Civil Police Force should be .303/7.62 mm (BA) rifle and 7.62 mm (SLR) for State Armed Police.

Audit examined (September 2018) the status of availability of modern weaponry and noticed that the Department has only 11,446 modern weapons<sup>16</sup> for Police Constables, Civil Police Officers, Sr. Civil Police Officers and Havildars against the requirement of 41,064 resulting in a deficit of 29,618 weapons (**Appendix 2.3**).

<sup>15</sup> MP5 A3 SMG, Glock 19 Pistols, 7.62mm AK series rifles

<sup>16</sup> 7.62 mm SLR and INSAS rifles

Thus, as on September 2018, 29,690 Civil Police Officers and Senior Civil Police Officers (erstwhile Constable/Head Constable) were supplied with the outdated weapons. In the Armed Police Battalions also, 3,203 numbers of now obsolete .303 Rifle and 2,639 numbers of 7.62mm Bolt Action Rifle (BAR) were in use.

Audit observed that the police department failed to receive modern weapons like 530 Nos. 5.56 mm INSAS rifles, 160 Nos. Tear Gas Guns and 10 Nos. Multi shell launchers from the OFB during 2014-15 due to laxity of the police department and resultant lapse of GOI allocation of ₹1.87 crore during the year, as pointed out in paragraph 2.10.1 of this report. The shortfall in modern weapons in the police department could have been reduced to that extent.

### **2.10.3. Shortage of physical stock of weapons and live cartridges in Special Armed Police Battalion, Thiruvananthapuram**

The steps to be taken by the Police Department on security, maintenance, cleaning and repairs of arms and ammunition was detailed in an Executive directive issued by the DGP in February 2004. The directions included instructions to officers who were in charge of arms and ammunition to check the arms and ammunitions in their charge at least once a week and make an entry in the register maintained for the purpose, regarding the correctness of arms and ammunitions kept in the Store. It was also instructed that the Company Commander/Circle Inspector should conduct surprise physical verification of stocks of Arms and Ammunition once a month and make a record of it in the register maintained for the purpose. The Superintendent of Police/Commandant should check the arms and ammunition once in every six months and ensure the correctness. Senior police officers visiting the camps/police stations were also to physically verify the arms and ammunitions in stock, the quantity received, issued, etc., and incorporate the same in their Inspection Reports.

Audit noticed that the Stock Register and related records of arms and ammunitions in the Special Armed Police Battalion, Thiruvananthapuram (SAPB), were not properly maintained. The entries in the Stock Registers had many over writings, use of white correction fluid and striking off of entries etc. The entries and corrections were not properly authenticated. Audit could not find any evidence of conduct of periodical physical verification by higher officers from the records available at SAPB. Audit, therefore, conducted (16 October 2018) a test-check including joint physical verification in the SAPB, to assess whether the physical stock of arms and ammunitions agreed with the stock registers and whether the system of accounting of arms and ammunitions was robust and reliable. The joint verification conducted by Audit in the Bell-of-Arms of SAPB along with the Assistant Commandant revealed shortage of 25 Nos. of 5.56 mm INSAS rifles and 12,061 live cartridges, as shown in **Table 2.5**.

**Table 2.5: Shortfall in stock of test-checked weapons and ammunition**

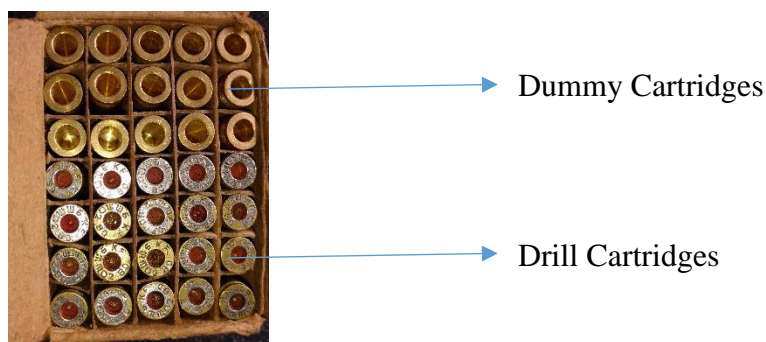
Sl. No.	Item	Stock to be available as per records on 16 October 2018	Quantity physically available in the store	Shortfall
1	5.56 mm INSAS rifles	69	44	25
2	5.56 mm Cartridge INSAS	14323	12488	1835
3	7.62 MM A7 Cartridge for AK 47	14025	12447	1578
4	7.62 mm M80 bullets for Self Loading Rifles	66285	57887	8398
5	9 mm Drill Cartridge	285	35	250
<b>Shortfall in 5.56 mm INSAS rifles</b>				<b>25</b>
<b>Shortfall in live cartridges</b>				<b>12061</b>

(Source: Physical verification report and stock registers of SAPB)

Audit observed from the following instances that the Police Department was aware of the shortage in ammunition and attempted to cover up the shortfall instead of identifying and taking action against the culprits responsible for the loss of ammunition.

#### **2.10.3.1. Irregular replacement of missing 9 mm Drill Cartridges with Dummy Cartridges**

Audit noticed that the shortage of 250 Nos. 9 mm Drill Cartridges was sought to be covered up by replacing the same with 250 Nos. of dummy cartridges<sup>17</sup>. There was no document on record to show how these dummy cartridges came into the possession of the SAPB and how these were taken into stock. The Commandant, SAPB offered no explanation to Audit on how the 250 unauthorised dummy cartridges came into their possession.



Picture 2.1: Ammunition box showing dummy cartridges replacing drill cartridges.

#### **2.10.3.2. Lax investigation and attempt to cover up an earlier shortage of 7.62 mm M80 bullets for Self Loading Rifles by an Investigation Board constituted in September 2015**

Audit noticed, that shortage of 7.62 mm bullets was known as early as on 14 September 2015 when the Officer Commanding, B Company of SAPB reported a shortage of 200 Nos. 7.62 mm bullets which were allotted for the conduct of Long Range Firing at Kerala Police Academy, Thrissur. A Board, constituted by the Commandant, SAPB (19 September 2015) to conduct verification of all

<sup>17</sup> Hollow metallic items made of brass and similar in shape and size to 9 mm Drill Cartridges.

ammunitions in SAPB, reported shortage of an additional 200 Nos. 7.62mm bullets in another box that was to contain 600 bullets. However, the Board justified the shortage by observing that since the ammunition was being supplied from the Police Chief Stores, Thiruvananthapuram, the stock was recorded based on the specification denoted on the sealed boxes. Since periodical inspection of the stock of ammunition was also conducted without opening the sealed box, it was concluded that the shortage must have occurred while the bullets were packed at the OFB for dispatching to the Police Chief Stores. The Board reported no other discrepancies in stock.

However, the Police Chief Stores contradicted the conclusions arrived at by the Board constituted by the Commandant, SAPB and intimated the SPC (June 2016) that the two boxes having the lot numbers/years specified by the Board, were neither received by them from any of the Ordnance factories nor issued by them to SAPB. Based on this report, the SPC ordered (August 2016) the Additional Director General of Police (Armed Police Battalion) to conduct a comprehensive verification of stock of 7.62 mm M80 SLR rounds. Accordingly, a new Board verified (October 2016) the stock of 7.62 mm M80 SLR rounds which revealed that the second box which was packed on 12 July 1999, contained rounds manufactured in subsequent years from 2000 to 2014, indicating deliberate tampering of the box. The Board reported (January 2017) shortage in stock of 7,433 Nos. 7.62 mm rounds in SAPB, as of November 2016. Audit observed that the Police Department failed to act upon the report of the Board and trace the missing ammunition or fix responsibility on the officials who committed the serious offence of fraudulent re-packing of rounds. Meanwhile, as seen in **Table 2.5**, the shortage of 7.62 mm rounds had increased to 8,398 as on 16 October 2018.

GOK stated (March 2019) that the matter of the shortfall in ammunition has been taken very seriously and that a Preliminary Enquiry has been ordered, to be conducted by the Crime Branch. Audit was informed that responsibility would be fixed and that if any criminal misconduct was detected, due action would be taken as per the Code of Criminal Procedure to register a crime case, if warranted. Audit was also informed that the 25 missing rifles reported by Audit were issued to Armed Reserve (AR) Camp, Thiruvananthapuram in February 2011, under proper acknowledgement and that the errors shown in maintenance of records/receipts have been found and sorted out. To verify the claim of reconciliation of physical stock of weapons with the stock register, Audit obtained the verification report from the Deputy Inspector General (Armed Police Battalion) (DIG (APB)) detailing the body numbers of all 660 rifles stated to have been received from the Police Chief Stores as also their distribution to various units under permanent transfer. Scrutiny of records at the AR Camp Thiruvananthapuram revealed that the 25 rifles stated to have been issued by the SAPB were neither entered as Receipts in the Stock Register nor in the records maintained by the Armoury Inspector at the AR Camp. Audit also noticed further discrepancies in the verification report of the DIG (APB) (**Appendix 2.4**). Audit is, therefore, unable to obtain assurance that all arms with the Kerala Police have been properly accounted for and that there is no loss

of arms. GOK admitted (April 2019) negligence in the proper maintenance of records and stated that it has been decided to conduct a full scale audit of the arms and ammunitions across the State in all units, to be completed in the next four to six months. Audit observes that the issue of loss of arms and ammunition is a serious issue, with implications on State security and needs to be urgently addressed.

**Recommendation 2.2:** *In view of the serious security implications, Government may take urgent steps to trace the missing cartridges and rule out loss of rifles. Similar stock taking of arms and ammunition may be undertaken in all Battalions and Police Stations, including Police Chief Stores immediately.*

## 2.11. Police Telecommunication

The Kerala Police Telecommunication Unit is responsible for providing and maintaining the telecommunication network of the Department. The Department is currently using analog communication equipment.

### 2.11.1. Status of modernisation of Police Communication System

The status of utilisation of funds available under MOPF for acquisition of modern communication equipment for the Police force, as on 30 November 2018 was poor, as shown in **Table 2.6**.

**Table 2.6: Status of procurement of telecommunication equipment**

(₹ in crore)

Scheme Year	AAP Allocation	Utilisation	No. of communication equipment proposed for procurement	No. of communication equipment procured as on November 2018
2013-14	5.09	3.93	15	2
2014-15	4.34	1.22	13	4
2015-16	NIL	NIL	0	0
2016-17	5.01	2.78	8	1
2017-18	4.04	0.39	7	2
<b>TOTAL</b>	<b>18.48</b>	<b>8.32</b>	<b>43</b>	<b>9</b>

(Source: Annual Action Plan and details obtained from PHQ)

Thus, during 2013-18, against the allocation of ₹18.48 crore for procurement of 43 items of communication equipment, only ₹8.32 crore was expended for the procurement of nine items (21 per cent) of communication equipment. The expenditure of ₹8.32 crore included diversion of ₹3.75 crore (AAP 2013-14) meant for procurement of Digital Mobile Radio<sup>18</sup> (DMR) in three districts, for payment of pending spectrum dues to GOI. Thus, actual expenditure on procurement of telecommunication equipment was only ₹4.57 crore.

<sup>18</sup> Digital Mobile Radio is a digital two-way radio standard offered by European Telecommunications Standards Institute (ETSI) for global use. It is an open standard designed primarily to replace the aging analogue standards with double the channel capacity, providing cost optimised, secure and reliable communications for professional mobile users.

GOK cited delays in finalising tenders as a reason to justify failure to effect procurements within the year. The reply of GOK is not acceptable in view of the fact that only two of the 15 items proposed in AAP 2013-14 and four of the 13 items proposed in AAP 2014-15 were procured as of November 2018.

### 2.11.2. Non-implementation of Digital Communication system and its impact on fighting Naxal/Maoist threats in the State

Based on the request of the Kerala Police, the Vikram Sarabhai Space Centre (VSSC) conducted (September 2012) a study and recommended changeover to DMR system for major cities initially and to subsequently extend throughout Kerala, in a phased manner. The recommendation for conversion was made since Digital radios support better quality of audio communications over a wider coverage area and encrypted communications over multiple cross-patches without degradation of voice quality. The details of allocations made in AAPs during 2011-18 for procurement of DMRs are given in **Table 2.7**.

**Table 2.7: Allocation of funds for Digital Mobile Radio**

		(₹ in crore)
Annual Action Plan	Item proposed	Amount allocated
2011-12	Implementation of Digital Mobile Radio in Kochi city	4.00
2012-13	Digital Mobile Radio in one district	1.22
2013-14	Digital Mobile Radio in three districts	3.75
2014-15	Digital Mobile Radio and Digital Handheld Radio	0.30
2015-16	No proposal	-
2016-17	No proposal	-
2017-18	Digital Mobile Radio	1.83
<b>TOTAL</b>		<b>11.10</b>

(Source: Annual Action plan)

Audit noticed that despite providing financial resources, the Kerala Police is yet to phase out Analog two-way radio systems for replacement with digital equipment (November 2018). It was seen that GOI had issued orders (April 2004) levying spectrum charges (Licence fee and Royalty) from all wireless users with effect from 01 June 2004. GOI also informed (November 2008) that fresh assignment of frequencies/issue of licences including import licences would not be considered till the time spectrum charges were paid in full. The spectrum charges include royalty charges for frequency allocation and licence fee for equipment. Audit noticed that as of December 2017, Police Department owed ₹43.07 crore to GOI in respect of late fees on spectrum charges after making payment of ₹14.03 crore towards spectrum charges.

Audit noticed that GOI had clearly stipulated (March 2012) that no radio frequency would be assigned, reserved or blocked unless an applicant paid, in advance, all applicable licence fees, etc. It was noticed that despite setting aside ₹5.22 crore during 2011-13 for acquisition of DMR, the procurement could not be effected since vendors of the equipment expressed their inability to import the communication equipment without a valid licence obtained by the Police Department. Similar proposals made in the subsequent years, for purchase of DMR, could not also be effected due to failure of the Police Department to make



payments towards spectrum charges and obtain licences from GOI. Audit observed that the SPC, while seeking DMR equipment for countering Left Wing Extremism (LWE) in the State, had informed GOK (February 2016 and March 2016) that anti-Maoists operations in the dense forests of Palakkad, Malappuram, Idukki and Wayanad were suffering due to communication issues. The failure of GOK to make timely payment of spectrum charges and obtain licence from GOI and the resultant inability of the police department to procure DMR equipment adversely impacted upon the ability of the police department to counter LWE in the State.

GOK while admitting (May 2019) the delay in implementation of the DMR project stated that the tender for implementation of DMR project has been successfully finalised for one district and until its implementation across the State, the analog mode of communication would be the mainstay.

However, the fact remains that delay in payment of spectrum charges had led to delay in implementation of Digital Communication System with resultant adverse impact on countering LWE activities in the State.

***Recommendation 2.3: GOK must, on priority, take up with GOI, the issue of grant of spectrum licence so that ageing analogue communication devices may be replaced with digital devices which would also help to more effectively tackle Naxal/Maoist threats.***

## 2.12. Policing the virtual world - Cyberdome

Apart from the regular maintenance of law and order, the Police Department is also responsible for the enforcement of law in the Cyber World. Recognising the need to tackle the increasing number of cybercrimes and newer sophisticated cyber threats on the Internet, GOK accorded (August 2014) Administrative Sanction to a proposal of the SPC for the establishment of a Hi-Tech Centre for cyber security and innovations in Kerala named “Cyberdome”.

Audit examined the functioning of the Cyberdome which is headed by a Police Officer in the rank of Inspector General. The Cyberdome is currently manned by 16 police personnel drawn from other wings of the police department. Besides, services of about 600 experts in cyber security and 20 organisations are also availed by the Police Department on a need basis.

Audit observed that the Cyberdome was effective in the discharge of its responsibilities. The Cyberdome, till date (January 2019) had monitored and reported for further action, 120 data breaches, about 50 online frauds, 50 online sexual violence, 10 women safety issues, about five instances of child abuse/pornography, 25 instances of terrorist activities, and about seven instances of ransomware. The activities of Cyberdome in preventing online frauds through testing for vulnerabilities in banking applications is praise worthy. Audit was informed that Cyberdome detected vulnerabilities in four out of 10 banking applications tested. Consequently, the RBI and National Payment Corporation of India directed these banks to withdraw the applications and

recommended implementation of multi-factor authentication process to prevent frauds.

The various other activities of Cyberdome including conduct of Child Safety awareness program for students, parents and teachers, developing and rolling out Applications on creating traffic awareness and cyber security in students and conduct of workshops for Police Cyber training throughout the State have all helped to earn Cyberdome the ISO 27001:2013 Certification for Law Enforcement Units, which is commendable.

### 2.13. Modernisation of Forensic Science Laboratories

The Forensic Science Laboratory (FSL) wing of the Kerala Police consists of the Kerala State Forensic Science Laboratory at Thiruvananthapuram and three Regional Forensic Science Laboratories at Thrissur, Kannur and Kochi. All 19 Police Districts in the State have a District Mobile Forensic Unit. The proper functioning of these laboratories is vital for the police department since it involves examination of scene of crimes and collection of evidence which assists the investigators to crack crimes. Details of allocation of fund for FSL in AAP and its utilisation are given in **Appendix 2.5**.

Audit observed that though the Police Department included 53 items of equipment in the AAP for procurement under MOPF during the period 2013-14 to 2017-18, 30 items were yet to be procured (November 2018), including seven items identified for procurement as early as in 2013-14.

GOK stated (March 2019) that expenditure on equipment for forensic laboratories has since increased to 46.08 *per cent* as of March 2019.

#### 2.13.1. Delay in disposal of cases

Scrutiny of records at State FSL, Thiruvananthapuram revealed that 9,265 cases, received from various Courts, were pending disposal as of 31 March 2018 as shown below.

**Table 2.8: Status of disposal of cases**

Year	Pending at the beginning of the year	Receipts during the year	Total	Disposal during the year	Pending at the end of the year
2013-14	3914	4014	7928	3373	4555
2014-15	4555	4308	8863	3172	5691
2015-16	5691	4781	10472	3025	7447
2016-17	7447	5760	13207	4457	8750
2017-18	8750	6170	14920	5655	9265
<b>Total</b>		<b>25033</b>		<b>19682</b>	

(Source: Details obtained from State Forensic Science Laboratory)

Audit noticed that 3,914 cases in which material objects were received by the FSL from Courts for examination, were pending disposal at the beginning of the year 2013-14. During the period 2013-18, of the 25,033 new cases received for examination, the examination of 19,682 cases was completed. However,



since the rate of disposal of cases was lower than the number of cases newly referred, the pendency of cases increased to 9,265 at the end of 2017-18.

Audit analysed the nature of pending cases at State FSL Thiruvananthapuram and noticed that the pending cases also included grave crimes cases charged under Sections 302, 307 and 376 of IPC, POCSO Act 2012 and SC and ST (Prevention of atrocities) Act (**Appendix 2.6**).

Audit observed shortfall in staff in the State FSL including its regional laboratories at Thrissur, Kannur and Kochi and 19 District Mobile Units. The status of staff strength in these institutions as on 01 April 2013 and 31 March 2018 is shown in **Table 2.9**.

**Table 2.9: Shortage of manpower in Forensic Science Laboratories**

Name of Post	As on 01 April 2013			As on 31 March 2018		
	Sanctioned strength	Existing strength	Vacant posts	Sanctioned strength	Existing strength	Vacant posts
Assistant Director	19	17	2	23	19	4
Scientific Officer	45	28	17	57	40	17

(Source: State Forensic Science Laboratory, Thiruvananthapuram)

It is evident from the table above that in respect of technical staff, which are the key posts for operating the FSLs, the vacancy was 26 per cent as on 31 March 2018.

The posts of two Assistant Directors have been vacant since the last 12 years. The 17 vacancies of Scientific Officers were existing for a period ranging from 2 months to more than three years, as on 01 April 2013. One vacancy of Scientific Officer, which arose in June 2011 has not been filled up, till date (December 2018). The existence of vacancies for long periods was one of the main reasons for the pendency of 9,265 cases as on 31 March 2018.

The Department cited inadequate number of experts for examination of cases as a main reason for the pendency of cases apart from volume of samples received per case and the time consuming nature of examination procedures.

During the Exit Conference (April 2019), ACS stated that additional posts have already been sanctioned which would hopefully enhance the pace of disposal of cases.

**Recommendation 2.4:** GOK may ensure the utilisation of unspent funds to ensure procurement of much needed equipment for strengthening the forensic science laboratories. The vacancy position may also be addressed to ensure speedy disposal of cases.

## **2.14. Violation of Stores Purchase Manual and CVC guidelines in procurement of equipment**

The cardinal principle of public procurement is that materials/services of the specified quality are procured at the most competitive prices and in a fair, just and transparent manner. Towards this end, the Central Vigilance Commission (CVC) while prescribing guidelines (February 2011) for procurement of

equipment/plant which are complex in nature, opined that it would be prudent for procuring organisations that may not possess full knowledge of the various technical solutions available in the market to invite Expressions of Interest (EOI) and proceed to finalise specifications based on technical discussions/presentations with experienced manufacturers/suppliers in a transparent manner. The CVC emphasised that care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders. Once technical specifications are finalised, the second stage of tendering could consist of calling for techno commercial bids as per the usual tendering system.

GOK issued orders (July 2000) designating seven<sup>19</sup> Public Sector Undertakings as Total Solution Providers (TSP) to assist Government Departments in the preparation of their Information Technology Action Plan and also to render technical assistance to Departments including Software and Hardware procurement and training of staff. The various tasks that were to be carried out through the TSPs and specific rates for carrying out each identified task were earlier specified by GOK in February 2000. Thus, while the Departments could avail services of TSPs for preparation of their IT Plan, specifications, preparation of tender documents, technical evaluation of bids, training etc., the Departments themselves were to discharge activities like publishing of tenders, financial evaluation of bids and selection of supplier. Audit observed that contrary to these instructions and in violation of CVC norms, the Police Department entrusted procurement of various equipment on turnkey basis<sup>20</sup> to the TSP, Keltron.

To better understand the procurement process, Audit also examined the records available with Keltron to determine whether the procurement process was transparent and in line with the orders issued by the CVC from time to time. Audit observed that contrary to the reasons<sup>21</sup> adduced by the SPC to GOK justifying award of work to Keltron, in at least four instances, there was clear nexus between officers of the Police Department, Vendors and the TSP Keltron in fixation of prices resulting in pecuniary loss to the scheme, as shown below.

#### **2.14.1. Procurement of vehicle mounted GPS based communication system**

The SPC issued work order (10 March 2015) to Keltron for procurement of 53 'Panasonic Rugged 7" tablet with Wi-Fi and 3G sim slot – FZ B2' along with Docking Station and chargers at a cost of ₹55.66 lakh (excluding ₹20 lakh for

<sup>19</sup> National Informatics Centre Services Inc., Electronics Research and Development Centre, Institute of Human Resources Development for Electronics, Centre for Development of Imaging Technology, Keltron, LBS Centre for Science and Technology and Institute of Management in Government.

<sup>20</sup> Product or service that is designed, supplied, built, or installed fully complete and ready to operate. The term implies that the end user just has to turn a key and start using the product or service.

<sup>21</sup> The SPC, in a letter to GOK (March 2015) justified the award of work to Keltron, citing reasons such as non-availability of IT experts in the Police Department, seeking and obtaining expert advice when procuring some off beat gadgets/items, etc. The capability of Keltron to provide total solution including survey, assessment of requirement, technical assessment, procurement, installation, integration, training, maintenance and upgradation were also cited as reasons for award of work to them.

purchase of 16 IR/IP cameras). However, even before issue of the work order, Keltron issued an e-tender notification on 28 February 2015 for the supply and installation of the equipment.

The recommendations of the CVC that care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders was not complied with by Keltron when it specified its requirement as ‘Panasonic Rugged 7” tablet with Wi-Fi and 3G sim slot – FZ B2’. By specifying the brand name and model in the tender, Keltron effectively excluded other suppliers from submitting their bids. Even when one supplier M/s. Pantel Technologies (M/s. Pantel) informed Keltron of their inability to participate in the tender since their brand and model were different, Keltron, neither responded to the mail nor effected amendments to the specifications. The tender was tailored to ensure that the work was awarded only to M/s. Panasonic India Pvt. Ltd. (M/s. Panasonic).

Audit observed from the records of Keltron that in anticipation of the work order from the Kerala Police, Keltron was in correspondence with M/s. Panasonic for procurement of Panasonic Toughpad FZ-B2. A letter from Keltron to M/s. Panasonic (13 February 2015) revealed that Keltron even indicated the target price of procurement to be quoted by M/s. Panasonic. It informed M/s. Panasonic that *“The target price we are looking at is given below so that we can get a contribution of 5.60 per cent by adding 6 per cent to the actual input price from Panasonic. By adding KVAT as five per cent for FZ-B2 and 14.50 per cent for other two items, we can sell it at ₹1,00,000 per unit”*. This clearly reveals that the price was fixed by M/s. Panasonic in consultation with Keltron. Contents of an e-mail sent (13 February 2015) by Keltron to M/s. Panasonic before issue of tender stating that *“The testing of the new Tablet is in progress. Now it is being taken to Mr. Loknath Behra IPS along with the Docking Station. Regarding the price quoted by you, Mr. Loknath Behra is expecting an End User Price (EUP) with tax below ₹ one lakh. Otherwise he will not purchase the same. So please rework your price keeping our margin percentage intact”* clearly indicates vitiation of the tender process and collusion between Keltron, M/s. Panasonic and the Police Department in procurement of the equipment.

GOK stated (March 2019 and May 2019) that Keltron had evaluated products of two other vendors before selection of M/s. Panasonic. Audit was informed that the Panasonic Touch Book was a world class product and the said model was the best of the available models in the country at that point of time with back up maintenance support. It was stated that just because the Police Department preferred a good quality and world class product, it was quite inappropriate and unfair to suggest that there existed a nexus among the department, TSP and Original Equipment Manufacturer.

The reply of GOK is not tenable in view of the fact that the Department violated procurement guidelines stipulated by the Stores Purchase Manual as also the guidelines issued by the CVC regarding ensuring transparency in procurement and providing equitable opportunities to prospective bidders. The contention of

GOK that Keltron had evaluated products of two other vendors before selection of M/s. Panasonic is also not acceptable in the absence of evidence to establish that the selection of M/s. Panasonic was effected following a transparent procedure, after inviting EOI from vendors of various brands for comparison and determination of the end product selected. Scrutiny of the various e-mail correspondence between Keltron and M/s. Panasonic prior to the issue of e-tender dated 28 February 2015 clearly indicated that M/s. Panasonic was assured of the Order. Besides, the fact that Keltron issued an e-tender notification on 28 February 2015 for the supply and installation of 'Panasonic Rugged 7" tablet with Wi-Fi and 3G sim slot – FZ B2' when it was already in touch with M/s. Panasonic and field testing of the product was ongoing in February 2015, clearly indicates that the e-tender notification was a sham.

The pricing of the product was also managed by Keltron in consultation with the Vendor in such a way that Keltron would still receive their margin percentage while ensuring that the end price of the product would be acceptable to the Police Department. The contention of GOK that there was only consultation between the various parties and not collusion, is not borne out by facts as stated in the paragraph which clearly indicates nexus between the parties and resultant violation of the prescribed guidelines on procurement.

#### **2.14.2. Procurement of Voice Logger system**

The Police Department informed Keltron (January 2015) of an allocation of ₹90 lakh for procurement of 30 Voice Loggers (₹ three lakh per unit) and requested Keltron to submit a techno-commercial proposal for supply of the same. Keltron submitted (March 2015) a proposal to the police department agreeing to supply five units at a unit price of ₹3.07 lakh. The Police Department accepted the offer of Keltron at a negotiated price of ₹ three lakh per unit. Subsequently, the Police Department issued (April 2015) work order to Keltron for supply of 10 Units of Voice Logger at a cost of ₹30 lakh. The product was supplied and Invoice for ₹30 lakh was submitted to the Police Department on 31 August 2015. The work of installation was completed and Keltron issued a completion certificate to the Police Department on 16 January 2016. Payment of ₹30 lakh to Keltron was effected in September 2016.

Audit examined the records maintained by Keltron to assess whether the Voice Loggers were procured at the most competitive price and in a transparent manner. It was seen that consequent to receipt of request for techno commercial proposal from the Police Department, Keltron obtained quotations (27 February 2015) from M/s. Third Entity Security Solutions Pvt. Ltd. for supply of 30 Nos. of eight-port Voice Loggers at a unit cost of ₹2.60 lakh. A revised proposal was also seen obtained by Keltron from them for supply of Voice Loggers at a unit price of ₹2.07 lakh. It was based on these proposals that Keltron submitted (March 2015) its proposal for supply of 30 Nos. of Voice Loggers for ₹3.07 lakh per unit.

Audit noticed from the records of Keltron that the ADGP (Modernisation) had passed on to Keltron (09 March 2015), an e-mail enclosing a commercial proposal received by him (07 March 2015) from M/s. Law Abiding Technologies (LAT), New Delhi quoting a unit price of ₹1.72 lakh excluding tax for an 8-channel Voice Logger. Keltron was also informed (09 March 2015) that their quoted rates were higher than normal market rate, which was unacceptable.

Audit observed that Keltron then obtained a commercial proposal from M/s. LAT for supply of one to five units of 16-channel Voice Loggers including One-year warranty at a unit cost of ₹2.40 lakh excluding taxes. Accordingly, Keltron submitted a revised proposal to the Police Department agreeing to supply Voice Loggers at ₹3.07 lakh per unit. The Police Department accepted the offer of Keltron at a negotiated price of ₹3 lakh per unit and issued (March 2015) work order to Keltron for 10 units for ₹30 lakh. The supplies were effected (January 2016) and payment made in September 2016.

Audit observed that subsequent to receiving the commercial proposal of M/s. LAT from the ADGP (Modernisation), Keltron dumped the initial vendor identified for the supply of the Voice Loggers viz., M/s. Third Entity Security Solutions Pvt. Ltd. It commenced negotiation with M/s. LAT and finalised terms with them. Keltron made no efforts to obtain competitive rates from other Vendors including the initial vendor M/s. Third Entity Security Solutions Pvt. Ltd. before finalising the deal with M/s. LAT. It was seen that Keltron supplied the Voice Loggers to the police department at a rate which was exactly equal to the allocation available with the department and which was informed to them. The conditions in the Stores Purchase Manual/CVC guidelines that public procurements should be made only through open/limited tender system for ensuring transparency and affording equitable opportunities to all bidders were violated. Despite Keltron not complying with the condition stipulated in the work order that payment would be effected only if it certified its compliance to all codal formalities, Audit observed that the SPC wrongly confirmed (May 2016) to GOK that Keltron had fulfilled the condition. Collusion between the ADGP (Modernisation), M/s. LAT and Keltron in procuring the Voice Loggers without complying with the various stipulations mandated by the CVC for public procurement, vitiated the procurement process.

GOK stated (May 2019) that Keltron would be directed to refund the excess profit gained by them over and above its eligible approved TSP charges failing which deduction would be made from its due payments. Audit was informed that the decision not to tender the product was clearly documented in the file and it was so decided considering the confidentiality and secrecy of the equipment, being a surveillance equipment. The reply is not tenable in view of the fact that Audit did not come across any such noting in the file. In fact, in a letter (09 March 2015) to Keltron, the SPC informed Keltron that “*unless a reasonable solution at a reasonable rate is offered, PHQ will be forced to go for limited tender for its purchase considering the secrecy and confidentiality of the system*”. Interestingly, the letter to Keltron was issued on the same day



the commercial proposal received by the ADGP (Modernisation) from M/s. LAT was forwarded to Keltron. The fact that the SPC persisted with effecting the procurement through Keltron despite being aware that the procurement should have been effected through limited tender and the rates offered by Keltron were high, indicates questionable motives and utter lack of transparency in the process.

### **2.14.3. Procurement of vehicle mounted X-Ray baggage inspection system**

The AAP for 2014-15 allocated ₹1.95 crore to the Police Department for procurement of two vehicle mounted X-Ray Baggage Inspection systems. GOK also accorded Administrative Sanction for the purchase in December 2014. Accordingly, the SPC invited (March 2015) online bids from reputed manufacturers/authorised dealers for the supply, installation and commissioning of vehicle mounted X-Ray baggage inspection system. Meanwhile, the SPC purchased (May 2015) two Force Traveller 20 Seater vehicles for ₹17.18 lakh under DGS&D rate contract for mounting the X-Ray baggage system.

The tender issued for the procurement of the X-Ray baggage system was cancelled (April 2015) citing the reason that only one valid bid (M/s. ECIL-RAPISCAN Ltd.) was received. Tender was again issued (June 2015) for the purchase of the X-Ray baggage system. The financial bids of all four firms (including M/s. ECIL-RAPISCAN Ltd., Hyderabad) were not opened for the reason that the firms did not produce original vehicle mounted scanners before the technical evaluation committee. The SPC again invited online bids (February 2016) for the procurement of the X-Ray baggage system and the single tender received (M/s. ECIL-RAPISCAN Ltd.) was not accepted citing insufficient number of bidders.

Audit noticed that the SPC then informed Keltron (January 2017) about the availability of ₹1.95 crore for the procurement of two Vehicle Mounted X-Ray Baggage System and inability to effect the procurement since the tenderers failed to physically demonstrate their product to the Technical Evaluation Committee. The offer of Keltron (February 2017) to supply and install the two Vehicle Mounted X-Ray Baggage Systems for ₹1.40 crore subject to the condition that the vehicles were to be sent to M/s. ECIL-RAPISCAN Ltd., Hyderabad by the Department at its own cost for two months for fabrication works, was accepted (March 2017) by the Police Department. Agreement was executed (March 2017) with period of completion fixed as four months. The vehicles were supplied by Keltron in August 2018.

Audit observed irregularities in the procurement process undertaken by the SPC. Clause 10 of the online tender documents clearly emphasised that 'In the event of the firms not able to show live demonstration, they need to convince the Technical Evaluation Committee about such inability and resort to documentary/power point presentation with original product brochures/CDs/scale models/videos/slide shows etc.to the utmost satisfaction of the Technical Evaluation Committee'. The Technical Evaluation Committee reported (August

2015) that ‘None of the firms produced original Vehicle Mounted Scanner. They produced only brochures and made Power Point presentations. It is submitted that without attending the live demonstration of the equipment, capability to supply vehicle mounted scanner of a firm cannot be assessed effectively on the basis of the information gathered through power point presentation alone’.

Audit observed that the insistence of the Technical Evaluation Committee on live demonstration of the equipment even though the tender documents provided for Power point presentations/original product brochures/CDs, etc., was irregular. Audit noticed that the tenderers included M/s. ECIL-RAPISCAN Ltd., a GOI Joint Venture (ISO 9001-2008 Certified Company) whose bid was rejected thrice by the SPC on the ground of being a single bidder (twice) and making power point presentation to the Technical Evaluation Committee instead of live demonstration (once). Interestingly, no evidence was available on record to show that Keltron had made power point presentation/live demonstration before award of work to them on nomination basis. The irregular rejection of tenders by the technical committee led to award of work to Keltron. Audit observed that it was from the same vendor M/s. ECIL-RAPISCAN Ltd. that Keltron procured and installed the equipment for delivery to the Police Department.

Since the financial bid of M/s. ECIL-RAPISCAN Ltd. was not opened, Audit could not assess loss suffered by the Police Department on account of getting the work executed through Keltron instead of directly through M/s. ECIL-RAPISCAN Ltd. However, based on these facts, the conclusion can certainly be drawn that the award of work to Keltron by the SPC on nomination basis was injudicious and questionable.

During the Exit Conference (April 2019), the SPC stated that though the initial quote by Keltron was ₹140 lakh for the two systems, the Department calculated the charges for Keltron based on Government directions with respect to TSPs and agreed to pay only about ₹70 lakh for the equipment, including the cost of the system and charges of Keltron. GOK stated (May 2019) that it had taken note of the cost escalation in this regard and taken remedial measures. GOK justified the action of the Technical Evaluation Committee of insisting on live demonstrations stating that none of the firms which participated in the tender had previously undertaken similar work. The reply is not correct since an examination of the records of Keltron revealed that M/s. ECIL-RAPISCAN Ltd. had developed an Advanced Self Contained Mobile Scanning System with the trade name “ECIL Rapiscan (Rapiscan RAP 620 XR) Vehicle Mounted XBIS Baggage Screening System” which was available for sale. Besides, the minutes of the Technical Evaluation Committee revealed that M/s. ECIL-RAPISCAN Ltd. was willing to give live demonstration at Hyderabad.

#### 2.14.4. Procurement of security equipment for Sabarimala

GOK accorded Administrative Sanction (January 2017) for the purchase of 30 pieces of security equipment for Sabarimala for ₹11.36 crore. The SPC sought (July 2017) from Keltron, a Detailed Project Report after intimating the unit cost and total cost of the 30 pieces of security equipment. It was seen that Keltron submitted (July 2017) a Techno-Commercial Proposal to the Police Department with price schedule for 28 items amounting to ₹8.23 crore, with their unit costs exactly matching what was intimated by the department.

The Police Department constituted (August 2017) a five member Technical cum Financial Evaluation Committee (Committee) for effecting the purchase with the IG, Thiruvananthapuram Range, as the Chairman. The committee reported on 22 August 2017 that though the equipment proposed by Keltron were suitable, the prices quoted were two to three times more than the average market price. Keltron clarified (September 2017) that most of the equipment quoted were of high quality and of reputed makes and that 'since the offer was to be submitted without exceeding the budgeted amount, the margins were adjusted in a few products to make up the negative margin in other products'. Audit observed that the Committee accepted the clarifications furnished by Keltron for quoting higher prices and recommended to the SPC to effect the procurement from Keltron. Consequently, supply order was issued (11 October 2017) to Keltron for the supply of five types of security equipment at the rates quoted by them with date of supply on or before 31 October 2017. Keltron supplied three items towards the end of Sabarimala festival season and was paid ₹2.67 crore on 23 March 2018.

Audit observed that the acceptance by the Committee of the explanation offered by Keltron for charging the police department two to three times the market price was wrong and in violation of the provisions contained in the CVC guidelines which required the public procurement to be effected on the basis of most competitive rates, arrived at, through a transparent tendering procedure. The action of the SPC in accepting the recommendations of the Committee and awarding the work to Keltron without complying with CVC guidelines resulted in loss of at least ₹1.50 crore, as shown in **Table 2.10**.

**Table 2.10: Details of equipment procured**

(₹ in lakh)

Name of equipment	Quantity (Nos.)	Payment to Keltron	Market rate determined by Committee	Excess amount paid
Multi Zone DFMD <sup>22</sup>	19	122.84	57.00	65.84
DSMD <sup>23</sup> Mine Sweeper	10	39.79	30.00	9.79
NLJD <sup>24</sup>	3	104.49	30.00	74.49
<b>TOTAL</b>		<b>267.12</b>	<b>117.00</b>	<b>150.12</b>

(Source: Details obtained from PHQ)

<sup>22</sup> Door Frame Metal Detector

<sup>23</sup> Deep Search Metal Detector

<sup>24</sup> Non-Linear Junction Detector



GOK stated (March 2019) that the Police Department sought assistance from Keltron as a TSP since financial release was obtained late in September 2017 and Sabarimala season was to commence in mid-November. GOK also referred to a High Court order which ordered to dispense with tenders for procuring some equipment for Sabarimala. GOK also informed (May 2019) that the Police Department had invited tenders for five of the 30 items specified by Audit and that there were insufficient bidders for supply of four items. Audit was also informed that the rates will be verified by a Committee consisting of representatives of Devaswom Board, Police and a third party and if it was found that M/s. Keltron had taken more funds than the actual, action would be taken to obtain refund of such funds

The justification cited by GOK that since funds were received towards the end of September 2017, there was hardly a month and half left for procurement, installation and commissioning of the security equipment, is not acceptable since scrutiny of records revealed that Keltron was requested to submit Detailed Project Report as early as in July 2017. Audit observed that the SPC could have initiated tender procedure and effected the procurement instead of seeking a DPR from Keltron in July 2017. There was enough time for the SPC to effect the procurement through a tendering process. Audit also observed that the High Court order referred to by GOK was with reference to procurement of 15 Nos. infrared cameras only and did not order for all future purchases for Sabarimala to be executed without any tendering process.

***Recommendation 2.5: GOK must ensure that the Police Department resorts to transparent procurement processes by adhering to provisions of the Stores Purchase Manual and guidelines of the Central Vigilance Commission.***

### **2.15. Unfruitful expenditure on Automated Challan Generator**

GOK accorded (September 2010) Administrative Sanction for the purchase and installation of 550 Automated Challan Generators (ACG) with printer for ₹74.25 lakh under MOPF Scheme 2010-11. The equipment was supposed to record traffic violations and related offences. It was envisaged that the system would possess features like identifying previous offences committed by the individual while on the field, creating and maintaining a digital database of traffic violators and the ability to issue a challan on the spot. The ACGs were to be linked to the database of the Motor Vehicles Department (MVD).

A vendor, M/s. MobMe Solutions Pvt. Ltd., Cochin was selected through tender and 270 ACGs procured (October 2011) at a cost of ₹73.61 lakh<sup>25</sup>.

Audit observed that even though the ACGs were supplied by the vendor in October 2011 and taken to stock, integration of the ACGs server with the database of the MVD was completed only in February 2014. During this delay in integrating the server with the database of the MVD, the batteries of the

<sup>25</sup> This included cost of equipment, server, application software, module software, installation and training besides cost of GPRS and print rolls.

ACGs were damaged. A proposal (February 2014) of the vendor to replace the batteries at a cost of ₹5.70 lakh is yet to be acted upon by the Police Department (November, 2018).

The inordinate delay on the part of the Department to integrate the MVD database with the ACG server and laxity in ensuring proper maintenance of the equipment resulted in inability of the Police Department to derive the intended benefits of ACGs. The amount of ₹73.61 lakh spent on the scheme remains unfruitful.

GOK stated (March 2019) that inordinate delay occurred in preparing the digital database which led to the devices lying idle for about two and a half years which caused damages to the batteries of the 232 devices. It was stated that the inability to implement the project in time was solely due to unexpected delay for which the police department cannot be blamed.

The reply of GOK is not correct in view of the fact that the vendor had completed the MVD integration and successfully demonstrated the same at the State Crime Records Bureau office on 11 February 2014. The reply is silent on the reasons for not replacing the batteries. Audit observed that the recommendation (July 2016) of the Director, Training, Police Training Headquarters for replacement of the batteries to make the system operational has not been complied with (November 2018). The remarks of the Director, Training that no efforts were made to make the system operational or to resolve any issues in the successful implementation of the system clearly highlights the failure of the Police Department in this regard.

## **2.16. Procurement of Mobile Digital Investigation Assistance Platform for Grave Crime Investigation**

Procurement of 35 'Mobile Digital Investigation Assistance Platform for Grave Crime Investigation' was approved in the AAP for the year 2012-13 at a cost of ₹2.70 crore. However, procurement commenced only in 2013-14.

The Department procured (October 2013) 40 Tata Sumo Gold EX (BS III) vehicles at a cost of ₹2.41 crore. An amount of ₹5.47 lakh was also sanctioned for the registration, insurance and cess charges of the 40 vehicles. Further, the Department procured (December 2013) 40 i-Pads for ₹20.79 lakh as part of the procurement.

Audit noticed that none of the vehicles were fitted with the tablets. The tablets were distributed to high-level officers and the vehicles were distributed to various units/officers other than Police Stations. Audit observed that the Department merely procured 40 vehicles and i-Pads under the guise of Mobile Digital Investigation Assistance Platform for Grave Crime Investigation

GOK justified (March 2019) the procurement of i-Pads by stating that these were procured with the intention to enable senior officers to capture the photographic evidence during their visits to scene of crimes, etc., besides giving them the benefit of e-governance projects.

The reply is not tenable in view of the fact that the 40 vehicles and 40 i-pads needed to be integrated for achieving the objective of the Mobile Digital Investigation Assistance Platform for Grave Crime Investigation, which was not done. The distribution of i-Pads to higher level officers without integrating them with the vehicles defeated the very objective of the Mobile Digital Platform.

### 2.17. Irregularities in implementation of e-beat system

GOK accorded (July 2012) Administrative Sanction for introducing an electronic beat system (e-beat) in Police stations under seven police districts in the State at an outlay of ₹1.88 crore<sup>26</sup>. It was envisaged that the e-beat system would help to monitor the movement of policemen in their jurisdictions as part of performing beat duties by electronic means and help to create digitised map of the pattern of movement and time taken for more effective policing. Consequent to conclusion of tendering process, the work of supply of Reader, RFID Card, application software, installation and GPRS charges was awarded (December 2012) to M/s. Wifinity Technology Pvt. Ltd., Bangalore (Vendor) at a total cost of ₹1.88 crore. GOK also accorded (March 2013) financial sanction for payment of the amount from that year's budget provision.

From the minutes of a meeting (January 2014) of the Verification Board (Board) constituted for verification of e-beat, it was revealed that the firm supplied the items to the Police Chief Stores on 19 December 2013. The Board, after ensuring that the items supplied, fulfilled all the specifications mentioned in the supply order, recommended acceptance of the e-beat system.

However, detailed audit scrutiny revealed that the vendor submitted two invoices, both dated 21 March 2013 for ₹1.50 crore and ₹0.38 crore respectively indicating supply of the items. It was also revealed that the Chief Store Keeper had certified on 25 March 2013 that the items mentioned in the invoice were received in good condition. Payment of ₹1.88 crore was also made to the Contractor on the same date.

The certification by the Chief Store Keeper on 25 March 2013 of the receipt of the equipment when the equipment was actually received after nine months was irregular. Audit observed that the action of the Police Department in making payment of ₹1.88 crore to the Vendor on 25 March 2013 even though equipment was received only on 19 December 2013 was in violation of stores purchase norms and financial propriety.

It is seen that a committee to examine the issues related to default in supply of e-beat to Kerala Police, recommended (January 2015) to issue a legal notice to the Vendor and initiate steps to blacklist the vendor. However, no action was seen taken to fix responsibility within the Police Department for its failure to adhere to the provisions of Stores Purchase Manual.

<sup>26</sup> ₹1.50 crore from the XIII<sup>th</sup> Finance Commission Award and ₹0.38 crore from State Plan fund MOPD.

GOK agreed (March 2019) that financial rules and codal formalities were violated. Audit was informed that the SPC had since ordered an enquiry to fix responsibility and to suggest action against officers responsible for the lapses.

## 2.18. Construction

The Kerala Police Housing and Construction Corporation Ltd. (KPHCC) is the agency entrusted with the civil and electrical works for police infrastructure and housing. The observations of Audit on the construction activities of KPHCC is given below.

### 2.18.1. Construction of residential and non-residential buildings under MOPF

The MOPF scheme provided for construction of residential accommodation for Lower subordinate (Constables and Head Constables) and Upper subordinate (Sub Inspectors and Additional Sub Inspectors) staff and construction of non-residential buildings like Police Stations, Outposts, District Police Office, Barracks, Police lines, Kennels, Firing range, Administrative blocks, etc. Funds received from GOI for police construction activities were transferred to KPHCC for execution of the works. The details of funds received and activities undertaken during 2013-18 are given below.

**Table 2.11: Allocation and utilisation of funds for construction**

(₹ in crore)

Year	GOI Share Received	GOK Share Received	Total Receipts	Amount Expended	Unspent balance with KPHCC
2013-14	29.94	14.85	44.79	20.56	24.24
2014-15	24.32	16.37	40.69	2.70	37.98
2015-16	-	-	-	-	-
2016-17	-	-	-	-	-
2017-18	1.30	-	1.30	-	1.30
<b>Total</b>	<b>55.56</b>	<b>31.22</b>	<b>86.78</b>	<b>23.26</b>	<b>63.52</b>

(Source: Details obtained from PHQ and KPHCC)

Thus, ₹63.52 crore (73.20 per cent) remained unutilised with KPHCC as on March 2018. Audit examined the physical status of works undertaken by KPHCC during 2013-18, under MOPF and was as shown in **Table 2.12**.

**Table 2.12: Physical status of works undertaken by KPHCC during 2013-18 as on 30 September 2018**

Year	Residential			Non-residential		
	Units undertaken	Units Completed	Units remaining incomplete	Units undertaken	Units Completed	Units remaining incomplete
2013-14	85	55	30	116	100	16
2014-15	64	2	62	43	6	37
2015-16	Nil	Nil	Nil	Nil	Nil	Nil
2016-17	Nil	Nil	Nil	Nil	Nil	Nil
2017-18	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>149</b>	<b>57</b>	<b>92</b>	<b>159</b>	<b>106</b>	<b>53</b>

(Source: Details obtained from PHQ and KPHCC)

Audit observed that 145 (47 *per cent*) of the 308 works entrusted to KPHCC were yet to be completed. Scrutiny revealed that KPHCC was yet to tender (September 2018) for 31 works entrusted to it by the Police Department. It was seen that these works remained untendered due to reasons like delay in identifying and finalising site for construction, failure of Police Department to provide hindrance free sites for construction, site unsuitable for construction, delay in transferring funds to KPHCC, etc. (**Appendix 2.7**).

GOK stated (March 2019) that KPHCC did not have a permanent Architect or Structural Engineer and all such works were outsourced, which leads to delay. It was also stated that 18 works were taken back by PHQ as KPHCC could not complete them on time.

The fact remains that entrustment of works to an inefficient organisation like KPHCC resulted in 47 *per cent* of construction works under MOPF scheme remaining incomplete.

### **2.18.2. Irregular construction of Villas for SPC and ADGPs by utilising funds allotted for Upper Subordinate Staff Quarters**

Under the MOPF scheme ₹4.35 crore was earmarked in AAP 2013-14 under State share for construction of 30 Upper Subordinate Quarters (USQ). KPHCC was entrusted with the work of construction of these 30 USQs at Thiruvananthapuram and orders were issued (September 2015) to transfer funds to KPHCC. Funds were provided to the Police Department through Supplementary Demand for Grants in May 2017<sup>27</sup>.

Scrutiny of records at PHQ, Thiruvananthapuram revealed that M/s. Habitat Technology Group was directed to submit design proposal for construction of Bungalows for DGP and ADGPs, in a meeting held with SPC on 04 November 2017. Accordingly, the Police Department obtained (November 2017) an estimate for ₹3.66 crore from M/s. Habitat Technology Group for the construction of a Villa and Camp House for SPC and four Villas for senior officers at the very same site identified for construction of USQ. Based on the estimate obtained, the work was awarded and ₹1.83 crore released (February, March and June 2018) to the firm as advance. Revised work order was issued (June 2018) for ₹4.33 crore for construction of one Villa each for DGP and two ADGPs including site development. A further advance of ₹0.98 crore was also paid (August 2018) to the firm.

Audit observed that the Finance Department, GOK intimated (June 2018) SPC that it has sought clarification from the Home Department on the diversion of funds without Government approval. SPC replied to GOK (July 2018) that though funds of ₹4.33 crore were sanctioned under MOPF for construction of 30 USQs, the said amount would suffice for construction of only five quarters for higher officers in the Department and requested SLEC to ratify the activity. Audit observed that the justification offered by SPC to GOK for the

<sup>27</sup> Due to non-receipt of Ways and Means clearance, funds could not be utilised/deposited with KPHCC by Police Department till 2017-18.

unauthorised diversion of funds is unacceptable, as the Scheme Book for MOPF issued by GOI clearly specified that SI and ASI staff fall under Upper Subordinate category thereby ruling out irregular availing of benefits under the scheme by officers of higher cadre like SPC and ADGPs.

Similar instance of diversion of funds which appeared in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 was discussed (August 2008) by the PAC. The PAC had observed that it was upset over the act of the Department in diverting funds assigned for the construction of USQs and LSQs at Kerala Police Academy towards building Senior Officers Quarters, etc. The PAC, while stating that such diversion from the approved action plan resulted in denial of family accommodation to the subordinate officers had also issued a strong warning to the Police Department not to repeat any such deeds under any circumstances in future.

Audit observed that action of the Police Department in ignoring the warning of the PAC and repeating the same irregularity is indicative of showing disrespect to the Legislature besides being a blatant violation of MOPF scheme guidelines.

GOK stated (April 2019) that the decision to construct residential quarters for Senior officers was taken for the following reasons viz., 1) the funds were lying unutilised since 2013-14 and the GOK was unable to forward utilisation certificate; 2) need of the senior officers to have official residences from the security and professional point of view; and 3) the outlay for 30 USQs in MOPF scheme 2013-14 pertains to State share of the scheme. It was also stated that GOK had additionally contributed ₹1.50 crore for completing this project.

The reply is not tenable since there is no provision in the MOPF scheme guidelines for construction of villas for higher ranked police officers by diversion of MOPF funds (including State share of funds) meant for construction of Upper Subordinate Staff Quarters. The contention of GOK that State share of fund was utilised for the diversion is also not acceptable since the State share also forms part of the overall fund available under MOPF and is subject to the MOPF scheme guidelines. The deliberate violation of MOPF scheme guidelines as also the failure to heed the warning issued by the PAC earlier not to repeat such diversions is indicative of the Police Department's contempt towards the legislative processes and reports of constitutional bodies like the C&AG.

### **2.18.3. Fortification of outposts in vulnerable areas**

GOK sanctioned (November 2013) ₹3.25 crore to strengthen 16 police stations vulnerable to Maoist attacks in the northern districts of Kerala. The works included construction of compound walls with better strength and height, steel fencing and barricades and providing necessary lighting system to the Police Stations. While fortification works in respect of 15 Police Stations were completed, improvements to the Thirunelli Police Station in Wayanad district could not be undertaken since rates quoted by Contractors for the works were very high.



Sanction was also sought (December 2015) from GOK for the construction of fencing to Areacode camp of the Kerala Anti-Terrorist Squad (KATS) for ₹75 lakh based on an estimate obtained (August 2015) from the KPHCC. Later, the Police Department changed (August 2017) the work to construction of compound wall. Administrative Sanction was also accorded by GOK (November 2017) for construction of compound wall. However, due to non-receipt of Ways and Means clearance from GOK the funds could not be utilised. It was only later in May 2017 the funds were allotted and Police Department permitted to utilise the funds. Police Department transferred (January 2018) ₹60 lakh to KPHCC. Audit observed that due to delay in grant of permission for utilisation of funds, the camp which reportedly (December 2015) faces encroachments and security threats from Maoists, continues to function without a compound wall for its protection.

GOK stated (March 2019) that Wayanad district has acute shortage of Contractors and that negotiations were being undertaken with Contractors for reduction in quoted rate and the issues would be resolved soon. Audit was also informed that work on compound wall for Areacode camp was being undertaken by KPHCC.

### 2.19. Manpower

As on 01 January 2018, as against the sanctioned post of 40,500<sup>28</sup>, there were 33,461 police personnel deployed in the State. Out of which, 20,869 police personnel were posted across 521 Police Stations which had a sanctioned strength of 25,089 (83 *per cent*). Against the sanctioned strength of 15,411, similar civil police personnel deployed in other police offices like Special Branch, District Crime Records Bureau, Police Telecommunications, CBCID, were 12,592 (82 *per cent*).

Information furnished by the SPC indicated that the available manpower in the Police Department had been fully accounted by their deployment to Police Stations and other police offices in the State.

### 2.20. Conclusion

Police Stations and Armed Police Battalions in the State did not have the full complement of vehicles as required under BPR&D norms. The objective of improving mobility of the Police force was not fully achieved. Instead of addressing the shortfall, the Police Department procured inadmissible vehicles under the Scheme. Rather than procuring bullet resistant vehicles for deployment in operational areas like Naxalite infested areas, the Police Department procured bullet resistant vehicles for VIP security which was not admissible under the MOPF scheme. High-end luxury cars were procured in the guise of Mobile Command and Control Vehicles.

<sup>28</sup> Circle Inspector to Constable

Audit observed a deficit of weapons in the Police Department. The insistence of the Police Department on procurement of weapons which were not in the production line of the Ordnance Factory Board resulted in loss of GOI assistance of ₹1.87 crore and resultant inability to acquire weapons to that extent during 2014-15. Audit also noticed ammunitions missing in the Special Armed Police Battalion, Thiruvananthapuram which has implications on internal security.

Failure of the police department to make payment of spectrum charges resulted in inability to obtain licences from GOI for procurement of Digital Mobile Radios. Anti-Maoist operations in the dense forests of Palakkad, Malappuram, Idukki and Wayanad admittedly suffered for want of DMR. Shortage of staff led to pendency of cases in the Forensic Science Laboratories. Violation of Stores Purchase Manual and CVC guidelines was noticed in the procurement of equipment. Audit observed nexus between officers of the Police Department, Vendors and Keltron in fixation of prices. The Police Department ignored MOPF guidelines and earlier strictures of the PAC and constructed Villas for the SPC and two ADGPs by diverting funds meant for the construction of Upper Subordinate Quarters.



## CHAPTER III HOUSING DEPARTMENT

### Functioning of Kerala State Housing Board

#### *Executive Summary*

*The Kerala State Housing Board (KSHB) was established in 1971 under the provisions of the Kerala State Housing Board Act, 1971. The Act envisaged for KSHB to play a nodal role in planning and coordinating all housing activities in the State. A Performance Audit to assess the various activities discharged by the KSHB and its functioning was conducted covering the period 2013-18. The Performance Audit brought out the following findings.*

**KSHB sought approval from GOK for schemes without ensuring availability of hindrance free land, financial viability of the projects, obtaining assurance on project financing, etc., resulting in failure to implement the schemes.**

*(Paragraph 3.7.1)*

**Of the 18 Working Women's Hostels sanctioned in the State during 1998-99 to 2016-17, 11 works sanctioned up to 2013-14 were completed. Six works sanctioned since 2014-15 are yet to commence while one work is under progress.**

*(Paragraph 3.9.1)*

**Under Saphalyam scheme to provide flats to houseless Economically Weaker Sections, against the target of 1,032 housing units, KSHB could complete only 72 Housing Units (seven *per cent*) during the period 2012-18. All the 24 housing units taken up by the KSHB under Phase II during 2014-15 remain incomplete. KSHB also compromised with the quality of work in order to limit the cost of construction to stipulated rates.**

*(Paragraphs 3.9.2.1 and 3.9.2.2)*

**Flats under the Innovative Rental Housing Scheme aimed to provide residential flats on rent to poor urban workers were allotted to ineligible beneficiaries.**

*(Paragraph 3.9.4.1)*

**Financial Management under the KSHB was deficient. The financial statements contained material mis-statements and thus rendered the accounts unfit for use by stakeholders including Government.**

*(Paragraph 3.10.1)*

### 3.1. Introduction

The Kerala State Housing Board (KSHB) was established in 1971 under the provisions of the Kerala State Housing Board Act, 1971. Administrative control

of the KSHB vests with the Housing Department, Government of Kerala. The Act provided for the KSHB to undertake housing or improvement schemes on its own or undertake such schemes transferred to it. The Act also provided for the KSHB to take over and execute any housing or improvement scheme undertaken by a local authority. KSHB was also tasked with taking measures to plan and co-ordinate all housing activities in the State, provide technical advice and scrutinise all projects under housing or improvement schemes sponsored or assisted by the Central or the State Government. KSHB was also required to maintain, allot, lease and otherwise use plots, buildings and other properties of KSHB or the Government, to collect rent from the properties under the control and management of KSHB and repay loans to Central and State Government.

However, the powers of the KSHB were vastly reduced consequent to the passage of the Kerala Decentralisation of Powers Act, 2000 which decentralised powers to Local Self-Government Institutions (LSGI) in the State and resultant amendments made to the KSHB Act, 1971.

### **3.2. Organisational set up**

The KSHB consists of a non-official Chairman appointed by the Government, the Housing Commissioner of the State who is also the Ex-officio Secretary to the Board, four official members appointed by Government, 11 non-official members nominated by Government including two representatives of three-tier panchayats.

KSHB has jurisdiction over the whole of Kerala. KSHB has three Unit offices at Thiruvananthapuram, Ernakulam and Kozhikode headed by Regional Engineers. Besides the 14 division offices in 14 districts of the State headed by Executive Engineers, there are two Project and Consultancy (P&C) Divisions in Thiruvananthapuram and Ernakulam also headed by Executive Engineers. There are also four branch offices at Nedumangad, Balaramapuram, Changanassery and Kothamangalam.

### **3.3. Audit scope and methodology**

The Performance Audit covering the period 2013-18 was conducted between April 2018 and September 2018. Audit test-checked relevant records in the Government Secretariat, Head Office of the KSHB situated at Thiruvananthapuram, all the three unit offices at Thiruvananthapuram, Ernakulam and Kozhikode and the two P&C Divisions at Thiruvananthapuram and Ernakulam during the course of the Performance Audit.

Four divisions at Thiruvananthapuram, Palakkad, Ernakulam and Kottayam out of the 14 Divisions and branch offices at Balaramapuram under Thiruvananthapuram P&C Division and Changanassery under Kottayam Division were selected through Simple Random Sampling method.

Audit methodology included scrutiny of records and gathering of evidence by issue of audit enquiries and conduct of joint inspections along with officials of

the KSHB. The Performance Audit commenced with an Entry Conference on 16 April 2018 with the Additional Secretary to Government, Housing Department wherein the audit objectives, scope and methodology of audit were discussed in detail. An Exit Conference was conducted on 17 January 2019 with the Additional Chief Secretary to Government, Housing Department (ACS). Reply of GOK was received (March 2019) and has been suitably incorporated.

### 3.4. Audit Objectives

The Performance audit was conducted to assess whether:

- the various activities mandated by the Kerala State Housing Board Act, 1971 as amended from time to time were discharged by KSHB efficiently and effectively; and
- the financial management of the KSHB was done efficiently.

### 3.5. Audit Criteria

Audit findings were benchmarked against the criteria derived from the following documents:

- Kerala State Housing Board Act, 1971 and subsequent amendments and allied Rules;
- Guidelines, orders and circulars issued by Government of India (GOI)/ Government of Kerala (GOK);
- Kerala Service Rules, Kerala Financial Code, Kerala Treasury Code;
- PWD Manual;
- Perspective/yearly action plan of the KSHB;
- Minutes of the meetings of Board of Members; and
- Stores Purchase Manual

### 3.6. Acknowledgment

The co-operation extended to Audit by the Housing Department and KSHB facilitating the conduct of the Performance Audit is acknowledged.

### *Audit Findings*

### 3.7. Planning, Co-ordination and rendering of technical advice

#### 3.7.1. Project formulation

KSHB was required to prepare and submit to GOK, the annual plan proposals by November each year for the formulation of the State Five Year/Annual Plans.

Audit observed that KSHB sought approval from GOK for projects without ensuring availability of land, financial viability of the projects, without obtaining any assurance on project financing, etc., resulting in failure to implement the schemes as shown in **Table 3.1**.

**Table 3.1: Details of projects formulated by KSHB and their status**

Sl. No.	Name of project	Year of project proposal	Project details	Audit observation	GOK reply
1.	Soubhagya Housing Scheme	2014-15 and 2015-16	Grant housing loans of ₹2.50 lakh at four <i>per cent</i> interest to Economically Weaker Sections (EWS) with income up to ₹ one lakh and ₹ five lakh at 6.50 <i>per cent</i> interest to Low Income Group (LIG) with income up to ₹ two lakh. Interest subsidy of 7.25 <i>per cent</i> for EWS and five <i>per cent</i> for LIG to be met by GOK. Project was proposed to be financed through loans from Housing and Urban Development Corporation/ other banks	Project financing was declined by banks. The project proposed by KSHB in 2014-15 and 2015-16 was not proposed in subsequent years indicating abandonment of scheme. The project was formulated and proposed to GOK without obtaining assurances from banks on project financing resulting in abandonment of scheme.	GOK accepted (March 2019) that banks declined to fund the project and the project was dropped.
2.	Working Women's Hostel, Ottappalam, Palakkad	2015-16	Construction by KSHB of three-storeyed, 119 bedded WWH with a project cost of ₹8.81 crore.	The project conceived by KSHB was denied approval to proceed with the work since it was not financially viable due to the presence of three similar GOI aided WWH in the area. Directions of GOK (June 2016) to re-examine financial viability of the project or to identify alternative suitable location has not been complied with by KSHB (September 2018).	GOK accepted (March 2019) that project could not be implemented due to non-receipt of Essentiality Certificate from Social Justice Department.
3.	Santhwanam Rental Housing Scheme	2015-16	Construction of flats in land under possession of KSHB at an estimated cost of ₹6.72 crore for letting out on rent to patients requiring constant medical attention in Government Medical Colleges.	KSHB realised after obtaining Administrative Sanction that the project would not be financially viable since KSHB would not be able to recover the cost of land due to the nominal rate of rent and would have to incur additional recurring expenditure <sup>29</sup> post construction resulting in virtual abandonment of the project. Defective costing of project proposal by KSHB led to virtual abandonment of project.	GOK replied (March 2019) that the revised proposal including cost of land shall be placed by the Finance Department before the Special Working Group.

<sup>29</sup> Maintenance cost, day to day expenses, taxes, etc.

Sl. No.	Name of project	Year of project proposal	Project details	Audit observation	GOK reply
4.	Aswas Rental Housing Scheme	2017-18	Construction of flats in Government revenue lands for letting out on rent to patients requiring constant medical attention in Government Medical Colleges.	Work was not taken up due to non-availability of revenue land for construction. The project was conceived by KSHB without ensuring availability of revenue land for construction.	GOK while accepting audit observations, stated (March 2019) that further projects would be conceived only after ensuring availability of land.
5.	Working Women's Hostel, Poundkadavu, Thiruvananthapuram	2016-17	Construction of WWH to accommodate 1,296 women with day care facility at proposed cost of ₹102.24 crore.	Work was not taken up due to failure of GOK to assign land to the KSHB. The project was proposed by KSHB without ensuring availability of hindrance free land.	GOK replied (March 2019) that a suit regarding the ownership of land identified for the project is pending before the High Court and KSHB could not proceed further. The reply is not tenable in view of the fact that the suit was filed (March 2011) even prior to formulation of the project and KSHB should have considered the fact before conceiving the scheme.
6.	Working Women's Hostel, Peerumedu, Idukki	2017-18	Construction of three-storeyed WWH with 91 beds at proposed cost of ₹6.96 crore	Work was not taken up due to failure to get land identified for the project, assigned to KSHB. The project was proposed by KSHB without ensuring availability of hindrance free land.	GOK endorsed (March 2019) the reply of KSHB that the project could not be proceeded with due to inability to assign revenue land to KSHB.

(Source: Data obtained from KSHB)

### 3.7.2. Defective selection of location and resultant abandonment of projects

GOK made a provision of ₹ four crore under the scheme 'Working Women's Hostels' (WWH), a 75 per cent Centrally Sponsored Scheme (CSS) in the budget for 2014-15. GOK accorded (December 2014) Administrative Sanction (AS) at a project cost of ₹26.42 crore including value of land to a proposal (July 2014) submitted by KSHB for construction of a nine-storeyed 319-bedded hostel in 30 out of 35.76 cents of KSHB's own land in Jagathy, Thiruvananthapuram. The project was to be completed within a period of two years. An application for building permit submitted (March 2015) by KSHB to the Thiruvananthapuram Corporation was rejected (March 2015) on the ground that the land proposed for the scheme was identified as green strip under

Sanctioned Master Plan (SMP) and it was not permissible to construct a building with a total plinth area of 4045.87 square meters.

GOK, in the revised budget estimate for 2016-17, announced a project for construction of quarters for All India Service (AIS) Officers and the implementation of the scheme was entrusted to KSHB. Audit observed that KSHB proposed (February 2017) the same 35.76 cents land in Jagathy, Thiruvananthapuram for construction of a 15-storeyed building of area 5162 sq.m comprising 24 flats at a total project cost of ₹25 crore excluding land value. GOK accorded (February 2017) AS for the scheme and released (May 2017) ₹ five crore to KSHB as the first instalment of the scheme. The project has not commenced so far (September 2018) due to failure to obtain building permit from Thiruvananthapuram Corporation.

Even though KSHB requested (January 2016) GOK/Thiruvananthapuram Corporation for exemption from zoning regulations, no response was received (as on July 2018) from Thiruvananthapuram Corporation. Audit observed that KSHB identified the same site and formulated the scheme for construction of quarters for AIS Officers, even though the site was notified as a green strip and Thiruvananthapuram Corporation had denied permission to proceed with the earlier project. Selection of location without verifying the land use patterns prescribed in the SMP of the Thiruvananthapuram Corporation led to abandoning of the scheme at Jagathy.

During the Exit Conference (January 2019), ACS assured to pursue the proposal for a WWH as envisaged earlier since there was demand for the same. GOK replied (March 2019) that action was being taken to get exemption for the site from the zoning regulation.

### 3.8. Status of housing or improvement schemes undertaken by KSHB on its own or schemes transferred to it

During the period of audit 2013-18, KSHB envisaged 10 schemes with the objective of making available 9,112 units to various categories of beneficiaries, as shown in **Table 3.2**.

**Table 3.2: Details of nature and number of units proposed**

Nature of units	Number of units proposed
Flats/Houses	6313
11 Working Women's Hostels	2632
Rental Housing	140
Day time rest house	1
Revenue towers, Mini Civil Station, etc. <sup>30</sup>	26
<b>Total</b>	<b>9112</b>

(Source: Data consolidated from budget documents)

<sup>30</sup> Including Revenue Divisional Office Complex and Education Complex.



The KSHB had undertaken six<sup>31</sup> schemes during 2013-18. The work on the remaining four schemes *viz.* Soubhagya Housing Scheme for Economically Weaker Sections (EWS)/Low Income Group (LIG) category, Aswas Rental Housing Scheme, Santwanam Rental Housing Scheme and Day time rest house for senior citizen is yet to commence (September 2018).

Of the 9,112 units of various categories proposed to be constructed by KSHB during 2013-18, sanction was accorded for 7,387 units of which work on 3,377 units was completed as on March 2018. The scheme-wise status of units undertaken by KSHB during 2013-18 is given in **Table 3.3**.

**Table 3.3: Scheme-wise status of units undertaken by KSHB**

Sl. No.	Name of Scheme	2013-14		2014-15		2015-16		2016-17		2017-18		Total		Units completed
		Sanctioned	Undertaken	Sanctioned	Undertaken	Sanctioned	Undertaken	Sanctioned	Undertaken	Sanctioned	Undertaken	Sanctioned	Undertaken	
1.	Working Women's Hostels	390	369	319	Nil	228	Nil	1465	169	230	Nil	2632	538	378
2.	Saphalyam Housing Scheme	894	216	138	24	Nil	Nil	Nil	Nil	Nil	Nil	1032	240	72
3.	Grihasree Housing Scheme	525	525	Nil	Nil	1500	890	488	1444	1088	364	3601	3223	2861
4.	Innovative Rental Housing Scheme (Athani)	24	24	24	24	Nil	Nil	Nil	Nil	Nil	Nil	48	48	48
5.	Housing Scheme for Government employees in Government land	24	24	Nil	Nil	Nil	Nil	Nil	Nil	24	Nil	48	24	18
6.	Revenue towers, Mini Civil Station, etc.	1	1	Nil	Nil	Nil	Nil	25	Nil	Nil	Nil	26	1	Nil
<b>Total</b>		<b>1858</b>	<b>1159</b>	<b>481</b>	<b>48</b>	<b>1728</b>	<b>890</b>	<b>1978</b>	<b>1613</b>	<b>1342</b>	<b>364</b>	<b>7387</b>	<b>4074</b>	<b>3377</b>

(Source: Data obtained from KSHB)

Against establishment expenditure of ₹289.96 crore incurred by KSHB during 2013-18, the value of works executed during the period was only ₹96.77 crore which raises serious concerns on the viability of functioning of KSHB. Audit also observed GOK promoting other agencies in the housing sector. During 2013-18, against the budgetary allocation of ₹1105.54 crore<sup>32</sup> for housing activities in the State, LSGIs were allocated ₹768.73 crore (69.53 *per cent*). However, the allocation to KSHB was only ₹193.75 crore (17.53 *per cent*). Housing activities were also rendered by other agencies under GOK like Kerala Police Housing and Construction Corporation Ltd., Kerala State Nirmithi Kendra, Kerala State Co-operative Housing Federation and the Public Works Department. The original mandate of KSHB to plan and coordinate all housing activities in the State, and to ensure expeditious and efficient implementation of housing or improvement schemes in the State and to provide technical advice and scrutinise all projects under housing or improvement schemes sponsored or

<sup>31</sup> 1. Saphalyam Housing Scheme, 2. Grihasree Housing Scheme, 3. Working Women's Hostels, 4. Innovative Rental Housing Scheme, 5. Housing scheme for Government employees in Government land, 6. Revenue Tower.

<sup>32</sup> Includes allocations to LSGIs, KSHB and other housing agencies like Kerala Police Housing and Construction Corporation Ltd., Kerala State Nirmithi Kendra, Kerala State Co-operative Housing Federation and the Public Works Department for housing activities, under Plan schemes.

assisted by the Central or the State Government was diluted by provisions of Section 156A which was incorporated after passage of Kerala Decentralisation of Powers Act, 2000 (Act 16 of 2000). The amended provision entrusted greater responsibilities to the local authorities. It redefined the role of KSHB to plan any scheme intended to benefit the EWS in the rural or urban area in association with the local authority concerned and as far as possible shall be executed by such local authority with the technical advice of KSHB, if so required. The local authority may prepare and implement schemes for rural or urban housing for EWS in which case KSHB shall render necessary technical advice.

The dilution of mandate and activities rendered by the KSHB during 2013-18 is evident from the fact that as against 3,16,396 houses constructed by Local Self Government Department, only 2999<sup>33</sup> housing units were constructed by KSHB during the period. Interestingly, the units constructed by KSHB was even lesser than the number of houses constructed by the Scheduled Tribes Development Department (9,527) and the Scheduled Castes Development Department (26,608) during the period. Besides, during 2013-18, no local authority sought the advice of KSHB with reference to planning, coordination or seeking technical advice on housing for EWS as mandated under revised provisions of the Act. Audit observed that even the restricted mandate of the KSHB was not effectively executed by KSHB, as shown in the following paragraphs.

### **3.9. Implementation of schemes undertaken by KSHB on its own or schemes transferred to it**

#### **3.9.1. Working Women's Hostels**

The scheme of Working Women's Hostels (WWH) was conceived by GOI for construction of new/expansion of existing buildings to provide safe and conveniently located hostel facilities for working women who need to live away from their families, due to professional commitments. Under the scheme, GOI proposed to release financial assistance to the extent of 75 *per cent* (reduced to 60 *per cent* since 2016-17) of the cost of construction of the building for the hostels. The scheme envisaged GOI to release its share of funds in three instalments. While the first instalment of 50 *per cent* was to be released along with the sanction of the project, the second instalment of 40 *per cent* was proposed to be released when the implementing agency had already spent the previous instalment along with its own proportionate share of cost in the construction of the building. The third and final instalment of 10 *per cent* along with the one-time grant for purchase of furniture and common area facilities was to be reimbursed upon completion of the construction.

Audit observed that KSHB was accorded AS to proceed with the construction of 18 WWHs in the State during 1998-99 to 2017-18. Eleven works sanctioned up to 2013-14 were completed at a total cost of ₹32.36 crore with six works

<sup>33</sup> Excluding Working Women's Hostels



sanctioned since 2014-15 yet to be commenced and one work under progress as shown in **Table 3.4**.

**Table 3.4: Details of Working Women's Hostels sanctioned**

Year of sanction	Sl. No.	Name of WWH	AS amount* (₹ in crore)	Expenditure (₹ in crore)	Year of completion
1998-99	1.	Gandhi Nagar, Kottayam	1.48	0.80	1999
	2.	Muttam, Idukki	1.04	1.04	1999
2001-02	3.	Kakkanad, Ernakulam	0.97	1.03	2002
2009-10	4.	Pullazhi, Thrissur	2.30	2.65	2013
2012-13	5.	Chevayoor, Kozhikode	10.13	5.72	2017
	6.	Muttam, Idukki (Additional Block)	4.18	3.32	2015
	7.	Kattappana, Idukki	6.51	5.14	2017
2013-14	8.	Mulamkunathukavu, Thrissur	8.15	3.40	2017
	9.	Kizhakke Chalakudy, Thrissur	6.11	2.65	2017
	10.	Edappally, Ernakulam	7.48	3.25	2016
	11.	Peroorkada, Thiruvananthapuram	7.45	3.36	2017
2014-15	12.	Jagathy, Thiruvananthapuram	26.42	Work not commenced	
2015-16	13.	Ottappalam, Palakkad	8.81	Work not commenced	
	14.	Madhur, Kasaragod	8.37	Work not commenced	
2016-17	15.	Mananthavady, Wayanad	18.69	Work in progress	
	16.	Gandhi Nagar, Kottayam (Additional block)	12.68	Work not commenced	
2017-18	17.	Peerumedu, Idukki	6.96	Work not commenced	
	18.	Poundukadavu, Thiruvananthapuram	102.24	Work not commenced	
<b>TOTAL</b>			<b>239.97</b>	<b>32.36</b>	

\* AS amount includes cost of land, administrative expense, construction cost of building, land development cost, etc.

(Source: Data obtained from KSHB)

The deficiencies noticed in the execution of construction works of the WWHs is given below.

### 3.9.1.1. Defective planning and resultant infructuous expenditure

GOK accorded (September 2013) AS for the construction of a three-storeyed building for a 98 bedded WWH at Edappally, Ernakulam at an estimated cost of ₹3.71 crore. While the State share of ₹0.93 crore (25 per cent) was released in March 2014, GOI released ₹1.39 crore (March 2016) as the first instalment of its share of financial assistance for the scheme. The construction of the building was completed at an up-to-date expenditure of ₹3.25 crore and the WWH inaugurated in October 2017.

It was seen that the WWH, despite its inauguration, could not be made functional (August 2018) due to failure of the KSHB to plan for disposal of wastewater generated by the WWH. The Corporation drain in front of the hostel with a depth of 20 to 30 cms was incapable of holding and conveying the large volume of wastewater (15,000 litres per day) expected to be generated by the WWH, resulting in inability to dispose of the water.

An inspection conducted (March 2018) by the Secretary to KSHB also confirmed that defective planning led to failure to provide for disposal of wastewater in the WWH. Subsequently, the Secretary suggested installation of a Sewage Treatment Plant and taking up the matter of enlarging the size of drain

with Corporation authorities. Accordingly, KSHB decided (March 2018) to follow up the suggestions of the Secretary. However, the fact remains that as revealed in joint verification (August 2018) conducted by Audit, the hostel, though inaugurated in October 2017, is yet to commence operations due to insufficient drainage facility.

During the Exit Conference (January 2019), ACS directed KSHB to follow up and complete the work. GOK replied (March 2019) that KSHB with the support of Local Self Government Institution would rectify the issues without further delay.

### ***3.9.1.2. Delay in finalising scheme proposal and resultant escalation in costs due to revised sharing pattern of assistance***

The scheme of WWHs was funded between GOI and GOK in the ratio of 75:25 up to 2015-16. From 2016-17 onwards, the scheme was funded in the ratio of 60:40 between GOI and GOK. GOI further modified the funding pattern to 60:15:25 to be shared between the Centre, State and Implementing Agencies with effect from 22 November 2017.

Audit observed that in at least three instances, KSHB, failed to follow-up on the proposals, resulting in failure to take up the projects.

#### ***Additional block for Working Women's Hostel at Gandhi Nagar, Kottayam***

KSHB, consequent to a demand survey conducted by it, sought (January 2016) AS for construction of an additional block to the existing WWH at Gandhi Nagar, Kottayam at an estimated cost of ₹6.34 crore. The cost was to be shared between GOI and GOK in the ratio 75:25. Subsequent to revision of the funding pattern between GOI and GOK to 60:40 in 2016-17, KSHB forwarded (April 2017) a revised proposal to GOK. GOK accorded (June 2017) sanction for the project at an estimated cost of ₹9.08 crore.

Audit observed that instead of immediately following up on the AS to implement the project, KSHB spent time examining the feasibility of constructing 2-BHK flats instead of the already approved WWH in the same land. KSHB finally decided (March 2018) to proceed with the project upon being informed (October 2017) of lack of demand for 2-BHK/3-BHK flats.

Audit observed that despite obtaining AS in June 2017, the KSHB took no effort to implement the scheme till March 2018, when it decided to execute the project. Meanwhile, GOI further revised (November 2017) the funding pattern to 60:15:25, which necessitated further revision in the AS and financial contribution of 25 *per cent* by the KSHB against the earlier NIL contribution. In view of its poor financial position, the possibility of KSHB contributing to the extent of 25 *per cent* appears remote. The unwarranted delay caused by KSHB has resulted in foregoing GOI assistance besides failure to construct an additional 139-bedded block to the WWH in Kottayam district.

GOK replied (March 2019) that considering the market potentiality of the land at Gandhi Nagar, the KSHB had decided to examine whether construction of 2-

BHK/3-BHK flat on this land was economical compared to construction of WWH and that the delay was not intentional but for finding out more economical projects.

The reply is not acceptable, as the GOK had accorded AS to KSHB for construction of a WWH based on a demand survey and KSHB should have followed up on the already accepted proposal to its fruitful conclusion rather than exploring viability of other proposals. The action of KSHB resulted in foregoing of GOI assistance and failure to construct an additional block to WWH at Gandhi Nagar, Kottayam district.

### *Working Women's Hostel at Mananthavady, Wayanad*

KSHB sought (January 2012) a Demand Assessment Report from the District Social Welfare Officer, Wayanad for setting up a WWH in Mananthavady, Wayanad district. The need for a WWH at Mananthavady, Wayanad district was confirmed by the District Social Welfare Officer in June 2012.

However, it was only in December 2015 that KSHB decided to construct a building for 169 bedded WWH at Mananthavady at an estimated cost of ₹10.75 crore and forwarded proposal for sanction to GOK. As per the proposal, cost was to be shared between GOI and GOK in the ratio 75:25. Consequent to revision in the funding pattern to 60:40 between GOI and GOK, KSHB submitted (September 2016) a revised proposal for construction of the WWH at Mananthavady at an estimated cost of ₹12.00 crore which was accorded (October 2016) AS by GOK. GOK also released (March 2017) ₹4.80 crore as its contribution to the scheme.

Audit observed that despite obtaining need assessment report from the District Social Welfare Officer, Wayanad in June 2012 justifying the setting up of the WWH at Mananthavady, the proposal seeking sanction was forwarded to GOK only in December 2015. The delay of more than three years on the part of KSHB in pursuing and obtaining GOK sanction has resulted in enhancement of GOK contribution from 25 per cent to 40 per cent to meet increase in State share of funding. Besides the unwarranted delay caused by KSHB resulted in foregoing of GOI assistance and delay in construction of a WWH at Mananthavady.

GOK replied (March 2019) that KSHB decided not to immediately proceed with the project and instead explore the possibility of constructing a WWH at Kalpetta which did not materialise.

In view of the identified need for a WWH at Mananthavady, the decision of KSHB to explore the possibility of construction of a WWH in another location was unwarranted resulting in foregoing of substantial GOI assistance and delay in construction of WWH at Mananthavady, Wayanad District.

### *Working Women's Hostel, Madhur, Kasaragod*

GOK accorded (August 2015) AS to construct a three-storeyed WWH building (75 per cent CSS) with 109 beds at an estimated cost of ₹6.05 crore at Madhur in Kasaragod district. The construction was to be completed within one year.

Audit observed that the application for GOI assistance submitted (October 2016) to the Directorate of Social Justice for onward transmission to GOI was returned by the Directorate of Social Justice citing failure to obtain mandatory approval from the District Women's Welfare Committee (DWWC) and delay in submission of application (Due date of submission of application was 30 September 2016).

Paragraph 9 (a) of the scheme guidelines (June 2015) clearly stipulates that application for obtaining GOI assistance should only be submitted after getting approval from the respective DWWC. Failure of the KSHB to comply with the provision caused delay in submission of application.

The application was resubmitted (June 2017) to the Directorate of Social Justice after obtaining approval of the DWWC (May 2017). The Social Justice Department forwarded (March 2018) the proposal for WWH at Madhur to GOI.

However, during this period, the fund sharing pattern between GOI and GOK which was 75:25 initially was revised to 60:40 from 2016-17 and further revised (November 2017) to 60:15:25 between GOI, GOK and Implementing Agency. Thus, laxity on the part of KSHB in submitting the application for the WWH at Madhur in Kasaragod district has resulted in foregoing of substantial GOI assistance and delay in construction of the proposed WWH.

GOK replied (March 2019) that the permit from the local body was received only in 2016 for submitting to GOI and the same has now been forwarded to the GOI.

The reply is unacceptable, as it is seen that though the building permit was received in March 2016, KSHB submitted the application to Social Justice Department only in October 2016, without obtaining the approval of DWWC, which further delayed the process. Thus, laxity on the part of KSHB resulted in foregoing of GOI assistance and delay in the construction of WWH at Madhur, Kasaragod district.

***Recommendation 3.1: KSHB may effectively follow-up on proposals to ensure timely completion of projects.***

### **3.9.2. Implementation of Saphalyam Housing Scheme**

GOK accorded (March 2012) AS to KSHB for implementation of the 'Saphalyam Housing Scheme' to provide flats to houseless Economically Weaker Section (EWS) through KSHB by collaborating with public, beneficiaries and panchayat in Public Private Panchayat Partnership model (PPPP). The scheme envisaged limiting cost of each flat to ₹2.50 lakh (excluding cost of land) to be met by availing loan from Housing and Urban Development Corporation (HUDCO) (₹ one lakh), subsidy from GOK (₹ one lakh), contributions from voluntary organisations (₹0.25 lakh) and beneficiary contribution (₹0.25 lakh). The cost of land was proposed to be reckoned at the time of sale of flats. It was stipulated that GOK would not stand guarantee for any loan availed by the KSHB from HUDCO. It was the responsibility of the

LSGIs to ensure completion of site clearance works and provide basic facilities like road, drinking water distribution system, waste disposal system etc.

### 3.9.2.1. Non-attainment of targets set under the scheme

It was envisaged to construct 1,008 flats in the first phase at an estimated cost of ₹26.88 crore. Considering the poor demand for the scheme, GOK issued (November 2012 and January 2013) revised AS limiting the number of flats to 900 and enhancing the per unit cost to ₹3.50 lakh by increasing Government subsidy to ₹ two lakh. GOK accorded (August 2014 and March 2015) AS for construction of 138 flats in the second phase at an estimated cost of ₹5.45 crore. The project was implemented in 10 Panchayats in eight Districts in the first phase launched in 2012-13 and three Panchayats in three Districts in the second phase launched in 2014-15. The status of implementation of the scheme during 2013-18 is as given in **Table 3.5**.

**Table 3.5: Status of implementation of Saphalyam Housing Scheme**

District	Panchayat	No. of Units		
		Target	Taken up	Completed
Phase I				
Alappuzha	Chettikulangara	144	Nil	Nil
Kottayam	Meenachil	42	Nil	Nil
	Akalakkunnam	240	Nil	Nil
	Erumeli	72	Nil	Nil
Kollam	Chathannoor	48	48	48
Idukki	Kattappana	72	Nil	Nil
Kozhikode	Chelannur	66	66	Nil
Ernakulam <sup>34</sup>	Chottanikkara	54	54	24
Palakkad	Elapully	84	Nil	Nil
Thrissur	Puthukkad	72	48	Nil
Total		894	216	72
Phase II				
Palakkad	Lakkidi Peroor	66	24	Nil
Ernakulam	Elanji	48	Nil	Nil
Kasaragod	Chemmanad	24	Nil	Nil
Total		138	24	Nil
Grand Total		1032	240	72

(Source: Data obtained from KSHB)

As evident from the table, the number of housing units taken up for construction by KSHB was very low with reference to the target set by itself. Only 240 housing units were taken up for construction against the target of 1032. The percentage of completion was even lower. It was seen that only 24 *per cent* of the works taken up were completed. Thus, against the target of 1,032 housing units, KSHB could complete only 72 housing units (seven *per cent*) during the period 2012-18. None of the 24 housing units taken up by the KSHB under Phase II during 2014-15 has been completed (August 2018).

Audit examined reasons for the poor implementation of the scheme by the KSHB. It was observed that financial assistance provided by GOK was

<sup>34</sup> Initially it was envisaged to construct 60 flat/building at Thiruvalli in Malappuram district. Due to lack of co-operation from Panchayat, GOK accorded revised sanction (May 2014) to implement the scheme at Chottanikkara (54 units) instead of Thiruvalli.

inadequate. Audit noticed that GOK released ₹ one crore during 2011-12 and ₹ five crore during 2013-14 to KSHB for the scheme. No financial assistance was rendered by GOK for the scheme during 2012-13. Thus, against the requirement of ₹17.88 crore<sup>35</sup> for the first phase of 894 dwelling units, GOK released only ₹ six crore. The inadequate release of funds impacted the implementation of the Scheme with the KSHB proposing to take up only 216 units (24 *per cent*) in four<sup>36</sup> Panchayats against the target of 894 units in Phase I. In Puthukkad Panchayat, construction of only 48 out of the targeted 72 flats was taken up due to the presence of an electric line passing through the property.

All the 24 housing units taken up for construction in Phase II in Lakkidi Peroor remain incomplete due to failure of the beneficiaries to fully remit their share of contribution to the scheme. Further, Audit also observed that in nine<sup>37</sup> Panchayats, works were not taken up or remained incomplete due to failure to make available Government/Panchayat land to the KSHB for construction and lack of co-operation of Panchayats in mobilising funds.

Audit observed that the guidelines of the scheme did not stipulate execution of agreement between the KSHB, Grama Panchayats and beneficiaries. Had the proposal for construction of dwelling units under the scheme been approved by all stakeholders and legally documented, the possibility of the Grama Panchayats not cooperating with the implementation of the scheme could have been avoided and the scheme implemented more fruitfully. The lack of co-operation of the Grama Panchayats and hike in cost of construction has led to the KSHB proposing (May 2017) to wind up the Saphalyam Housing Scheme.

### 3.9.2.2. Defective estimation and unfinished works

The scheme envisaged limiting cost of each housing unit to ₹2.50 lakh which was later enhanced to ₹3.50 lakh by increasing Government subsidy from ₹ one lakh to ₹ two lakh. As this was a scheme targeted to benefit houseless people belonging to the economically weaker sections of society, the contribution of each beneficiary of the housing scheme was limited to ₹25,000.

It was observed that in order to limit the cost of the work of construction of 66 flats under the Saphalyam Housing scheme at Chelannur, Kozhikode to ₹3.50 lakh, the Chief Engineer, KSHB approved (February 2015) the suggestion of the Regional Engineer, KSHB (January 2015) to refrain from taking up certain items of work. The items of work included painting outside walls, plastering of walls in the toilet, plastering of floors inside the flats and installation of two inside doors. This compromised the quality of the work. Additionally, failure of the Grama Panchayats to provide for drinking water, electricity, waste

<sup>35</sup> 894 flats x Enhanced GOK subsidy ₹2 lakh = ₹17.88 crore

₹ One crore released in 2011-12; ₹17 crore provided for in the Budget for the year 2012-13 was not released.

<sup>36</sup> Chathannur, Chelannur, Chottanikkara and Puthukkad.

<sup>37</sup> Chettikulangara, Meenachil, Erumeli, Kattappana, Elapully, Puthukkad, Akalakunnam, Elanji and Chemmanad.



management, compound wall, etc., rendered the flats uninhabitable. Thus, the 66 flats whose building works were completed in June 2016, remain unoccupied (August 2018).

Similarly, KSHB compromised on the quality of work in the scheme implemented in Chathannoor where the walls were not plastered and at Lakkidi Peroor where the cost of plastering, painting, inside doors were excluded from the estimate to limit the unit cost to ₹3.50 lakh. Audit observed that tenants of the housing units at Chathannoor complained of seepage of water inside flats during rainy season due to non-plastering of outside walls.

The action of KSHB in compromising with the quality of work in order to limit the cost of construction to stipulated rates is untenable.

GOK while accepting (March 2019) audit observations with regard to the Saphalyam Housing scheme stated that the Government subsidy for the scheme was since increased to ₹ three lakh (January 2019) from ₹ two lakh.

### 3.9.3. Grihasree Housing Scheme

GOK accorded (August 2013) AS to KSHB to implement Grihasree Housing Scheme for financing construction of houses at a cost of ₹ four lakh by beneficiaries belonging to EWS and Low Income Group (LIG) categories owning two to three cents of land. The construction cost of ₹ four lakh was to be met by way of GOK subsidy of ₹ two lakh and contribution of ₹ one lakh each by the eligible beneficiary and sponsor respectively which were deposited in a separate bank account by KSHB. The disbursement of assistance to the beneficiaries under the scheme was made by KSHB in four stages as shown below.

Stage I (On getting building permit)	-	₹50,000
Stage II (On completion of foundation and basement)	-	₹1,00,000
Stage III (Construction up to roof stage)	-	₹1,00,000
Stage IV (On completion of roofing and commencement of finishing works)	-	₹1,50,000

The physical status of works undertaken under Grihasree Housing scheme as on 31 August 2018 is given in **Table 3.6**.

**Table 3.6: Status of works under Grihasree Housing scheme as on 31.08.2018**

Phase	No. of beneficiaries to whom amount has been disbursed in instalments				No. of completed buildings
	I	II	III	IV	
Phase I (2013-14)	536	535	524	516	516
Phase II (2014-16)	672	670	668	656	656
Phase III (2016-18)	1902	1857	1813	1689	1689
<b>Total</b>	<b>3110</b>	<b>3062</b>	<b>3005</b>	<b>2861</b>	<b>2861</b>

(Source: Data obtained from KSHB)

The Guidelines of the scheme envisaged completion of the housing units within one year of the receipt of first instalment. It is evident that 20 houses which



received the first stage of assistance in 2013-14 still remain to be completed. Similarly, 16 houses which received first stage of assistance during 2014-16 remain incomplete (August 2018).

### 3.9.3.1. Parking of Government of Kerala assistance in Fixed Deposit

Details of funds received and amount expended on Grihasree Housing scheme during 2013-18 is given in **Table 3.7**.

**Table 3.7: Details of funds received and expended on Grihasree Housing scheme during 2013-18**

(₹ in crore)			
Source of fund	Amount received	Expenditure	Balance as on August 2018
Government of Kerala	64.46	57.94	6.52
Beneficiaries and Sponsors	63.31	61.20	2.11
<b>Total</b>	<b>127.77</b>	<b>119.14</b>	<b>8.63</b>

(Source: Data obtained from KSHB)

Audit observed that out of these funds, ₹8.35 crore was kept in nine short-term fixed deposits and ₹0.28 crore was kept in Savings Bank account (status as on August 2018) with the State Bank of India, Thiruvananthapuram with the first deposit being made in August 2017. Parking of scheme funds of ₹6.52 crore received from GOK, in fixed deposits with nationalised banks, amounts to parking of funds outside of Government accounts and is in violation of GOK instructions (August 2009) directing retention of funds received from the State Government in Government Treasuries only. GOK replied (March 2019) that the amount received on this behalf has been invested in short term fixed deposits for avoiding loss of interest. The reply of GOK is unacceptable as it is contrary to its own instructions (August 2009) that Government funds should be retained in Government treasuries only.

### 3.9.4. Innovative Rental Housing Scheme (Athani)

Innovative Rental Housing Scheme formulated (2008-09) by KSHB at the instance of GOK targeted to provide housing facilities to poor urban workers who were being increasingly displaced from the city limits and forced to stay far away from their work place. Under the scheme, residential flats were to be constructed in urban areas which would be provided at cheap rental rates to the workers and their families. As per the guidelines of the scheme, 20 *per cent* of the units were reserved as Chairman's quota and 33 *per cent* for the women workers who are single, widowed, deserted, separated or divorced. The beneficiary should be a member of working class belonging to the Below Poverty Line (BPL) category except for Chairman's quota which is reserved for permanent/casual/ temporary/contract employees of GOK/KSHB. Monthly rent fixed for each dwelling unit was ₹1,000 which was revised to ₹1,500 in August 2017.

As on 31 March 2018, KSHB constructed 236 flats viz., 36 flats at Thrikkakkara, Ernakulam, 88 flats at Poojappura (including 48 flats sanctioned in 2013-15), Thiruvananthapuram, 72 flats at Kuttanellloor, Thrissur and 40 flats at Kozhikode. The scheme was implemented in two of the four test-checked districts viz., Thiruvananthapuram and Ernakulam. Audit examined the status of implementation of the scheme in test-checked districts and observed that flats were allotted to ineligible beneficiaries under the scheme, as shown below.

#### **3.9.4.1. Allotment of flats to ineligible beneficiaries**

The scheme guidelines (December 2012) stipulated that a beneficiary under the scheme shall be a member of the working class belonging to BPL Category except for Chairman's quota, which is reserved for permanent/casual/temporary/contract employees of GOK/KSHB. The beneficiary should execute an agreement for a period of 11 months to be renewed subsequently subject to a maximum period of 33 months. No beneficiary shall be allowed to continue occupation beyond 33 months from the date of first occupancy.

Tenants in 26 of the 40 units in Thiruvananthapuram and 28 of the 36 units in Ernakulam (status as on June 2018 and July 2018 respectively) were continuing occupation beyond 33 months from their initial occupation.

Joint Verification at Thrikkakkara in Ernakulam District revealed that a woman allottee under the BPL category, was in possession of a flat since 2011 (status as on June 2018). Audit observed that even though the guidelines of the scheme provided for allotment of flats to those in the BPL category, the Executive Engineer, KSHB reported (June 2018) to GOK that the occupant possessed all modern amenities in the flat like Air-conditioner, Television, Refrigerator, Computer, Water purifier, Electrical Sewing Machine, etc. As she was not allotted the flat under the Chairman's quota, it is evident that she was not eligible for a flat under the scheme.

In the Exit Conference (January 2019) Secretary, KSHB while confirming that the scheme was envisaged for providing temporary accommodation to migrant employees during which time these migrant employees would be able to make arrangements for alternate accommodation on their own, also expressed practical difficulty in eviction of occupants.

GOK replied (March 2019) that KSHB had resolved to consider continuance of the tenancy after the period of 33 months, in case they have no other house to stay and on receiving new application from them. However, the fact remains that the resolution of KSHB is contrary to extant guidelines.

#### **3.9.5. Housing Accommodation Scheme for Government employees in Government land**

GOK accorded (October 2011) AS for the 'Housing Accommodation Scheme for Government employees in Government land' (HAS) for providing rental accommodation to Government servants. It was envisaged that KSHB would construct the GOK funded flats in land belonging to the Government and

transfer the completed flats to the Revenue Department for allotment as residential quarters to Government servants. The Housing units were to be completed by the KSHB within one year from the date of the AS. The scheme was implemented in four phases as shown in **Table 3.8**.

**Table 3.8: Implementation of HAS**

Phase	Year	District-wise status of rental units					
		Kanhangad/Kasaragod (Kasaragod)		Devikulam (Idukki)		Kuttanellloor (Thrissur)	
		Target	Completed	Target	Completed	Target	Completed
I	2011-12	12	12	12	-	-	-
II	2012-13	12	12	6	6	-	-
III	2013-14	12	12	6	6	6	-
IV	2017-18	24	-	-	-	-	-
<b>TOTAL</b>		<b>60</b>	<b>36</b>	<b>24</b>	<b>12</b>	<b>6</b>	<b>-</b>

(Source: Data obtained from KSHB)

The table makes it evident that all works in the first three phases were completed except in Kuttanellloor in Thrissur district and Devikulam in Idukki district. Though AS for construction of six flats under the scheme at Kuttanellloor was received in October 2013 and GOK funds of ₹1.31 crore was released to the KSHB as early in January 2014, the work remains incomplete (June 2018). Audit observed that even though the civil work was completed (August 2017), work on water supply was pending since there was no extant water supply scheme of Kerala Water Authority in the area. The drilling of two bore wells by KSHB also did not yield the desired results. Failure of KSHB to ensure availability of potable water to the scheme has resulted in the six flats at Kuttanellloor, constructed in August 2017, remaining unusable.

In the fourth phase, AS was received (June 2017) from GOK for construction of 12 flats each in two locations at Kasaragod district namely one at Kasaragod taluk and other at Kanhangad in Hosdurg taluk in Kasaragod District at a total project cost of ₹ five crore. However, the projects are yet to take off due to issues in obtaining suitable land. Audit observes that the issue of AS by GOK for construction of flats without considering the availability of water resulted in work of six flats constructed under the third phase remaining incomplete.

GOK while accepting (March 2019) the audit observation with respect to Kasaragod stated that work order has since been issued for commencement of work at Kanhangad.

### 3.10. Financial Management

Audit examined the system of financial management prevalent in KSHB. Deficiencies in financial statements, revenue collection, failure to ensure receipt of GOI assistance, systemic deficiencies, etc., noticed during the course of the Performance Audit are given below.

### 3.10.1. Mis-statement of Financial Statements and lax financial standards

In compliance to Section 120 of the KSHB Act 1971, GOK appointed (August 1972), the Examiner of Local Fund Accounts (Local Fund Auditor) and his staff as the auditors of the accounts of KSHB. It was stipulated that the annual accounts of KSHB shall be submitted to the auditor as soon as the accounts were approved by KSHB.

Statutory audit of KSHB was completed by the Local Fund Auditors up to 2016-17. Audit noticed that the Local Fund Auditors had submitted a qualified<sup>38</sup> audit report to GOK on the maintenance of the Statements of Account of KSHB for the years 2013-14 and 2014-15. It was seen that the Local Fund Auditors had justified the issue of a qualified audit report by pointing out various discrepancies<sup>39</sup> in the accounts.

Our examination of the accounts also revealed similar mis-statements in accounts during 2015-16 and 2016-17. Of the 103 deposit works exhibited in the accounts of 2016-17, the balances in 44 deposit works totalling ₹41.69 crore had negative balance indicating that KSHB had incurred expenditure in excess of deposit received. Further scrutiny of accounts related to deposit works revealed that balance under nine works pertaining to the period prior to 1993-94, two works pertaining to the years 1997-2000, nine works relating to the years 2005-10 and 28 works of 2011-15 were continuing unchanged in the accounts. KSHB wrongly booked expenditure of ₹51 lakh and ₹22.32 lakh on construction of Revenue Towers at Thiruvananthapuram and Attingal when, in fact, no construction had taken place. A comparison of the Annual Financial Statement for the year ending March 2017 with the Statement of Fixed Deposits furnished to Audit revealed understatement of fixed deposits of ₹1.05 crore in the Annual Financial Statements.

The persistent mis-statements in the accounts spread over a number of years and their pervasive nature, is indicative of lax financial control and has rendered the accounts unfit for use by the stakeholders including Government.

GOK replied (March 2019) that based on audit observation, a special cell has been constituted to trace out and rectify the discrepancies.

***Recommendation 3.2: GOK may take all steps necessary to ensure that the accounts of KSHB are more professionally managed to ensure that the accounts are free from material mis-statements.***

<sup>38</sup> Qualified opinion - An Auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies. A qualified opinion means that the Auditor after verifying the accounts does not agree on some information presented in the financial statements prepared by the entity.

<sup>39</sup> Minus balances shown under various heads in different schedules of balance sheet, ₹32 lakh shown as repaid to Kozhikode Corporation in 2014-15 as annuity deposit despite no such liability shown in 2013-14 accounts, sale proceeds of ₹19.18 lakh pending collection as per accounts of Ernakulam Divisional Office shown as (-) ₹3.27 lakh in the accounts of KSHB, Figures shown under Works in progress was not correct since huge amounts were shown as expenditure on works not started, Figures under various heads under the Schedule 'Advance and Deposit' remaining unchanged since 2011-12.

### 3.10.2. Efficiency in mobilisation of funds and recovery of dues

Audit examined the efficiency of KSHB in mobilising funds and effecting recovery of dues. It was noticed that at least ₹18.38 crore was receivable from various sources as brought out below.

#### 3.10.2.1. Failure to obtain GOI assistance of ₹4.33 crore

The scheme of Working Women's Hostels envisaged GOI to release its share of funds in three instalments. While the first instalment of 50 *per cent* was to be released along with the sanction of the project, the second instalment of 40 *per cent* was proposed to be released when the implementing agency had already spent the previous instalment along with its own proportionate share of cost in the construction of the building. The third and final instalment of 10 *per cent* along with the one-time grant for purchase of furniture and common area facilities was to be reimbursed upon completion of the construction. Audit observed non-receipt of GOI assistance in six cases as shown in **Appendix 3.1**.

GOI released only first instalment of its share in the construction of two WWHs at NCC Nagar, Thiruvananthapuram and Edappally, Ernakulam. The second and third instalments totalling ₹2.84 crore (₹1.45 crore to WWH, NCC Nagar, Thiruvananthapuram and ₹1.39 crore to Edappally, Ernakulam) is yet to be received due to non-submission of Utilisation Certificates to GOI. Also, the third and final instalment was due (as on March 2019) in the other four instances on account of non-submission of Utilisation Certificates.

#### 3.10.2.2. Cost of land recoverable from Kerala Road Fund Board

KSHB transferred (January 2013) 4.45 cents of commercial land to the Kerala Road Fund Board (KRFB) for widening the road from Medical College Junction to Ulloor Junction under the Thiruvananthapuram City Road Improvement Project. It was decided in a meeting convened (April 2012) by the Hon'ble Minister of Public Works that KRFB would give compensation to the land taken over from KSHB at the market rate fixed by the District Collector, Thiruvananthapuram. It was also agreed that KSHB shall permit KRFB to carry out the road works on the land under reference immediately, pending payment of the compensation.

KSHB demanded (February 2015) ₹59.67 lakh from the KRFB based on the market price of the land as fixed (December 2014) by the Tahsildar, Thiruvananthapuram. Since KRFB declined (July 2018) to make payment citing various reasons<sup>40</sup>, KSHB requested (August 2018) the Housing department to take urgent steps to obtain the market value of the land with interest through a high-level discussion.

Audit observed that the KSHB transferred land vested with it without obtaining sanction from GOK. No agreement stipulating the conditions of transfer of land

<sup>40</sup> No sanction from Government for payment, land being taken over under Capital Region Development Program, etc.

was executed by KSHB while transferring the land to KRFB. Failure of KSHB to safeguard its assets resulted in inability to collect ₹59.67 lakh from the KRFB.

GOK, while agreeing to the audit observation stated (March 2019) that the KRFB could not release the amount to KSHB for want of sanction from the Public Works Department (PWD). Audit was also informed that KSHB has since taken steps with the PWD to settle the matter at the earliest.

### *3.10.2.3. Failure to obtain refund of excess establishment charges recovered by the District Collector, Ernakulam*

GOK accorded sanction (July 1995) for the creation of a Land Acquisition (LA) Unit consisting of 75 posts for the acquisition of land for Satellite Township Project in Kanayannur Taluk, Thrippunithura, Ernakulam District. GOK ordered (June 1999) that the requisitioning authority (KSHB) had to meet the establishment charges of the LA Unit, if an exclusive LA Unit attended to the land acquisition work. Thus, KSHB was liable to pay establishment charges including leave salary and pension contribution of the staff who were posted to the LA Unit. The LA Unit functioned from November 1995 to July 1996, when GOK stayed further LA proceedings due to resistance from local people, Panchayati Raj Institutions, etc. Consequently, after retaining a skeleton number of 16 staff, the remaining staff in the LA unit were deployed to various offices in the District on working arrangement. Subsequent to KSHB deciding (April 2000) to wind up the project, GOK issued (March 2001) orders to wind up the LA Unit.

The District Collector, Ernakulam without considering the transfer of staff on working arrangement, reckoned the establishment charges of the LA Unit for the period 1995-96 to 2000-01 including 75 staff as ₹1.70 crore. After setting off ₹1.17 crore recovered from dues payable to KSHB, the District Collector, Ernakulam demanded (October 2004) the balance of ₹0.53 crore from KSHB.

However, it was the contention of the KSHB that payment was to be made in respect of the establishment charges of 16 skeletal staff who actually worked in the LA unit excluding those deputed for other duties on working arrangement. The KSHB reckoned (July 2015) that only ₹0.60 crore was due to the District Collector, Ernakulam as against the amount of ₹1.70 crore demanded.

In a meeting convened (May 2017) by the Revenue Department to resolve the issue, it was decided to refund ₹0.57 crore<sup>41</sup> to the KSHB after obtaining remarks from the Finance Department. Audit observed that despite following up actively with Government, KSHB is yet to recover (March 2019) its dues from the District Collector.

### *3.10.2.4. Rent pending collection*

Collection of rent from tenants was an important source of revenue to the KSHB. Audit observed that the collection of rent by KSHB was in arrears to the

<sup>41</sup> Total amount paid by KSHB ₹1.17 crore less liability of ₹0.60 crore = ₹0.57 crore.



extent of ₹12.88 crore as on March 2018. It was noticed that Government departments were the major defaulters of rent to the KSHB.

Dues outstanding from 40 Government offices as on 31 March 2018 was ₹9.33 crore which accounts for 72 *per cent* of the total dues. Major defaulters were Land Revenue Department (₹2.37 crore), Police (₹2.15 crore), Electrical Inspectorate (₹1.07 crore) and Higher Secondary Department (₹0.78 crore).

Audit observed that though KSHB had intermittently issued letters/Demi-Official letters to Heads of Departments (November 2017, January 2018) seeking payment of rent, KSHB had failed to protect its interests by not ensuring prompt renewal of rental agreements.

The KSHB stated (February 2019) that Government Offices in Thiruvananthapuram District did not execute rent agreements for want of sanction from their Directors/Head of Offices. In Ernakulam, the Government Offices were not willing to renew the agreement since it was proposed to shift all Government offices to the newly completed Mini Civil Station.

GOK stated (March 2019) that the issue of recovery of rent arrears by KSHB from various Government Departments has been taken up with the Finance Department.

***Recommendation 3.3: KSHB may take such steps as are necessary to ensure that all revenue, due to it, is collected on time.***

### **3.10.3. Splitting-up of work**

Section 2014 of the Public Works Department Manual stipulates that splitting up of works for the purpose of limiting the expenditure to the powers delegated, be avoided. Rule 7.2 of the Stores Purchase Manual of GOK also clarified that demand for stores should not be divided into smaller quantities for making piece-meal purchases for the sole purpose of avoiding the necessity of obtaining required sanction from higher authority, with reference to the estimated value of the total demand.

In KSHB, while the Executive Engineers are delegated with powers to execute works up to ₹ one crore, the Regional Engineers can execute works up to ₹2.50 crore and works up to ₹ three crore can be executed by Chief Project Engineer. Works above ₹ three crore are entrusted to the Chief Engineer. Audit observed violation of these provisions in two instances as shown below.

#### **3.10.3.1. Construction of Working Women's Hostel, Kozhikode**

GOK accorded (June 2012) AS to the KSHB for construction of a seven-storeyed WWH at Kozhikode in two stages *viz.*, construction of first three floors in Stage I and the remaining four floors in Stage II at an estimated cost of ₹8.10 crore. While GOK share of ₹1.59 crore was released in March 2013, the



first and second instalments of GOI share (₹4.28 crore<sup>42</sup>) was received in December 2013 and August 2016.

Technical sanction for the work was accorded in May 2013 for ₹7.08 crore. The Chief Engineer directed (May 2013) the Executive Engineer, Kozhikode Division to carry out work by direct execution for early completion. The work was planned to be executed in three phases. Separate tenders for labour and materials up to plinth level were floated initially and later, upon receipt of instructions (March 2014) of Chief Engineer, remaining works were also split up so as not to exceed the financial delegation of powers of the Regional Engineer/Executive Engineer.

The work commenced in December 2013 and the building was inaugurated in October 2017. Audit scrutiny of records revealed that even though the Executive Engineer requested (March 2014) the Chief Engineer to issue tender for the work, the Chief Engineer directed (March 2014) the Regional Engineer to suitably split up the estimate, such that the works could be tendered by the Regional Engineer himself.

Even though Audit could not discern any identifiable monetary impact, the deliberate violation of extant provisions and relevant guidelines by the Chief Engineer suggests dereliction of duty and is indicative of lax supervisory controls.

### *3.10.3.2. Construction of Working Women's Hostel, NCC Nagar*

Government of Kerala accorded (September 2013) AS to KSHB for the construction of a 73-bedded WWH at an estimated cost of ₹5.18 crore in Thiruvananthapuram. Consequent to Technical sanction received (March 2014) for the work, KSHB decided (March 2014) to execute the work directly. Audit observed that the Regional Engineer floated separate tenders for labour and materials for works up to grade beam and for super structure, thereby splitting up the work. Separate tenders were also invited for the remaining works such as wooden joinery, steel grill works, painting works, septic tank etc. The deliberate violation of stipulations contained in the PWD Manual for the sole purpose of avoiding the necessity of obtaining required sanction from higher authority was unacceptable.

GOK replied (March 2019) that these works were completed under direct execution based on decision of KSHB/direction of Chief Engineer. The reply is not acceptable as scrutiny of records revealed that works were split up and tendered to limit the expenditure within the powers of Regional Engineer, which was a violation of stipulations contained in the PWD manual.

<sup>42</sup> First instalment of ₹2.38 crore received from GOI in December 2013. Second instalment of ₹1.90 crore was received in August 2016.

### 3.10.4. Asset Management

Observations of Audit on the maintenance of assets vested with KSHB is given below.

#### *3.10.4.1. Defective depiction of value of assets by KSHB*

Chapter 8 of Kerala State Housing Board (Maintenance of Accounts) Rules, 1984 requires KSHB to maintain in its Head Office, an Asset Register with full details of each item of asset in its possession. Particulars such as the date of purchase or acquisition, the nature of asset, brief particulars as to from whom purchased or acquired, where situated, the cost, the depreciation written off every year and the balance are to be entered in the register. In case the land along with building is purchased, the value must be segregated into cost of land and buildings.

Audit observed that KSHB did not maintain an asset register as stipulated in the Kerala State Housing Board (Maintenance of Accounts) Rules, 1984. Instead, an Asset register of Land was seen maintained from 2015 onwards which did not record the value of land in possession. Details of land, if any, transferred to the KSHB under Section 12 (1) of the KSHB Act 1971 from the erstwhile City Improvement Trust were neither seen recorded in the Register nor the details made available to Audit for scrutiny.

Audit also observed major differences between the assets registers maintained by the various Division Offices and that maintained by the Head Office of KSHB. Scrutiny of 76 cases in the test-checked four District Offices revealed that in seven cases, land included in the asset register of Division Offices was not included in the asset register of Head Office (**Appendix 3.2**).

It was also noticed that the quantum of land under two schemes in two Division Offices as recorded by KSHB Head Office was lesser than the land area as per the Assets register of land maintained by the Division Office (**Appendix 3.2**).

In view of the stated deficiencies in the maintenance of asset registers, the correctness of value of land as shown in Schedule 7 of the Balance Sheet of KSHB as at 31 March 2017 amounting to ₹829.13 crore is suspect.

GOK replied (March 2019) that based on audit observations, a special cell has been constituted to trace out and rectify the discrepancies.

#### *3.10.4.2. Improper maintenance of records resulting in non-allotment of nine plots under Thrikkakara Satellite Housing Scheme*

The Thrikkakara Satellite Housing Scheme was implemented during the period 1981-87. Of the 362 plots available for allotment, 179 plots had buildings and the remaining 183 were vacant plots. A scrutiny of records revealed that nine plots reserved for Overseas Indians were not allotted. Audit observed that these plots comprising of 107.69 cents (43.58 are) of land, valued (July 2015) at ₹3.17

crore<sup>43</sup> (current market value ₹10.76 crore) remains to be allotted (October 2018).

On seeking reasons for non-allotment of the nine plots costing at least ₹10.76 crore, KSHB stated (October 2018) that the relevant files were missing. Laxity of the KSHB has resulted in inability to realise at least ₹10.76 crore as sale proceeds from the property.

GOK replied (March 2019) that the land will be allotted at current market rate, after ascertaining from revenue records whether the plots have already been allotted or not.

### 3.10.4.3. Non-clearance of encroachment in the KSHB's land

KSHB failed to ensure that land vested with it was safeguarded against encroachment. It was noticed that in three instances, shown in **Table 3.9**, laxity of the KSHB resulted in failure to evict encroachers.

**Table 3.9: Instances of encroachments of KSHB land in test-checked districts**

Sl. No.	Details of Land	Details of land encroached	Name of the encroacher/ Audit observations	GOK reply
1.	1885.81 cents in Palakkad district	2.50 cents	Smt. P V Syamala/ Two suits filed by the encroacher were dismissed/withdrawn by the court/encroacher, respectively. Despite withdrawal of suit in August 2016, KSHB is yet to take effective steps for her eviction and take over possession of the property.	No reply offered by GOK.
2.	Land to the extent of 35.40 cents for Kumaranasan Nagar Commercial cum Residential Complex, Ernakulam District.	1.50 cents	Kochi Corporation/ Encroachment of KSHB property by Kochi Corporation for setting up of a park. Despite notice issued by KSHB, construction activities continued.	GOK replied (March 2019) that order has been issued (January 2019) directing the Kochi Corporation to remove the barrier constructed in the property of KSHB.
3.	38 cents of land in Vazhakala village	Eight cents of land in Survey No. 133/3 A2	Shri. Moorickal Parameswaran Nair/ Original suit filed by the encroacher/ legal heirs in 1988/2004 against KSHB was dismissed (March 2008) by the Court.	GOK replied (March 2019) that due to resistance from the encroacher, the survey to fix the boundaries could not be completed and now, the matter has been taken up with the District Collector, Ernakulam.
<b>TOTAL</b>		<b>12 cents</b>		

(Source: Data obtained from KSHB)

<sup>43</sup> As per the report of the Executive Engineer, Ernakulam (July 2015) the market value of land in that area was ₹10 lakh/cent and fair value fixed by GOK was ₹7.28 lakh/are. Based on the fair value fixed by GOK, the value of the total area of land is reckoned as ₹3.17 crore.

Audit observed that even when KSHB obtained favourable orders from Courts for eviction of encroachers, laxity of KSHB ensured that the properties remained with the encroachers.

#### 3.10.4.4. Non-mutation of land in possession of KSHB

‘Mutation’ or ‘*Pokkuvaravu*’ is an important process in all legal transactions involving land. Mutation is the process of changing of title ownership of a property from one person to another when the property is transferred. By mutating the property, the new owner can get the property recorded in his/her name and the details of property updated in the revenue records maintained by Civic Bodies like Municipalities, Panchayats and Corporations.

Audit observed that a number of properties of KSHB are yet to be mutated as shown in **Table 3.10**.

**Table 3.10: Instances of land in possession of KSHB yet to be mutated**

Sl. No.	Area	Location	Remarks
1.	143.865 cents	Pandit’s Colony Housing Accommodation Scheme, Thiruvananthapuram	The land was not mutated since resurvey revealed encroachment and land thus not in possession of KSHB. Due to failure to mutate the property KSHB has been unable to issue Sale Deeds to 90 flat owners.
2.	150 cents	Rajiv One Million Housing Scheme, Moonilavu, Kottayam	Land purchased in 1993 is yet to be mutated.
3.	18 cents of Puramboke <sup>44</sup> land	Kizhakke Chalakudy Housing Scheme	KSHB developed the scheme area including <i>Puramboke</i> land in anticipation of assignment of the land to KSHB. KSHB has been unable to issue Sale Deeds to 21 beneficiaries.
4.	776 cents	Akkulam, Thiruvananthapuram	Survey report with Thiruvananthapuram Divisional Tahsildar. Report is yet to be sent to District Collectorate.
5.	6.01 cents	Jagathy, Thiruvananthapuram	Included as <i>Puramboke</i> in resurvey record. Petition filed with the Tahsildar, Land Revenue, Thiruvananthapuram.
6.	18.78 cents	Pump house to PTP Nagar, Thiruvananthapuram	Included as <i>Puramboke</i> in resurvey record. Petition filed with the Tahsildar, Land Revenue, Thiruvananthapuram.
7.	29.48 cents	KT Jacob Nagar, Thiruvananthapuram	The land is still in the name of the earlier owner as per resurvey record. Petition filed with the Tahsildar, Land Revenue, Thiruvananthapuram.

(Source: Data obtained from KSHB)

<sup>44</sup> Puramboke land - Land vested with the Revenue Department

As evident from the table, construction and sale of dwelling/commercial units without mutating the land has resulted in inability of KSHB to issue Sale Deeds to eligible beneficiaries and prevented the beneficiaries from fully benefitting from their properties.

GOK while accepting audit observations, replied (March 2019) that steps were being taken to get the land mutated in the name of KSHB.

***Recommendation 3.4: KSHB may ensure that the value of assets are depicted correctly in the accounts. Urgent steps are required to be taken to ensure that the lands vested with KSHB are safeguarded against encroachment.***

### 3.11. Adequacy of Manpower

As on March 2018, there were only 312 permanent staff and 72 contract staff against the sanctioned strength of 1045. However, KSHB had not reported to the Kerala Public Service Commission all the vacancies in major entry posts as detailed in **Table 3.11**.

**Table 3.11: Details of sanctioned strength, men in position, vacancy and vacancy reported as on 31 March 2018**

Category	Sanctioned	Men in position	Vacancy	Reported vacancy
Assistant Engineer (Civil)	108	17	91	10
First grade draftsman (Civil)	100	7	93	15
Second grade draftsman (Civil)	71	1	70	--
Assistant Grade II	120	31	89	34

(Source: Data obtained from KSHB)

It was observed that the number of engineers engaged by KSHB ranged from 95 in 2013-14 to 81 in 2017-18. Salaries and allowances of ₹38.29 crore was paid to these staff during 2013-18 for works executed valued at ₹96.77 crore, which is 40 per cent of the cost of the total housing works undertaken by KSHB during the last five years. The works completed showed major quality deficiencies, as discussed in the preceding paragraphs, necessitating an immediate evaluation of the productivity and efficiency of these staff engaged by the KSHB.

Audit observed that by the end of 2022, actual strength of 312 would reduce to 164 due to retirement. More importantly, by the year 2022, the number of persons manning the major functional engineering posts of Assistant Engineer (Civil), Executive Engineer and Assistant Executive Engineer would reduce from 72 to 16, thereby adversely impacting upon the functional efficiency of the KSHB.

### 3.12. Conclusion

The Performance Audit revealed deficiencies in project formulation resulting in failure to implement schemes. Work on construction of seven Working

Women's Hostels sanctioned as early as 2014-15 remains to be completed. The performance of KSHB in attainment of target for construction of flats under Saphalyam Housing Scheme was very poor and needs to be improved upon. Instances of allotment of housing units to ineligible beneficiaries, defective preparation of estimates, laxity of KSHB in timely compliance to guidelines and resultant inability to execute projects was observed. The financial statements contained material mis-statements and thus rendered the accounts unfit for use by stakeholders including Government. The enactment of the Kerala Decentralisation of Powers Act, 2000 (Act 16 of 2000) has considerably weakened and marginalised the Kerala State Housing Board and reduced its role in the Government housing sector in the State.

# COMPLIANCE AUDIT





## CHAPTER IV COMPLIANCE AUDIT

### *AUDIT OF SELECTED TOPICS*

#### **DEPARTMENTS OF LABOUR AND SKILLS, SCHEDULED CASTES DEVELOPMENT AND SCHEDULED TRIBES DEVELOPMENT**

##### **4.1. Modernisation and Upgradation of Government Industrial Training Institutes**

###### **4.1.1. Introduction**

Vocational and technical training of labour is a part of the concurrent list of the Constitution of India (Entry 25). While the Ministry of Labour and Employment in the Government of India (GOI) is responsible for vocational training of labour in the country, the Labour and Skills Department is tasked with the responsibility in the State. Government of India introduced the Craftsmen Training Scheme (CTS) in 1950 by establishing Industrial Training Institutes (ITIs) in the States for imparting skills in various vocational trades to ensure a steady flow of skilled workers in different trades for the domestic industry and meet skilled manpower requirement for industrial growth of the country. While the day-to-day administration of ITIs in the States was transferred to the State Governments in 1956, the financial control of ITIs was transferred to the State Governments in April 1969. Government of Kerala (GOK) provided yearly assistance including providing budgetary allocation for construction of new buildings, renovation of existing buildings, providing hostel facilities, procurement of tools and equipment etc., to Directorate of Training for modernisation of ITIs for enabling ITIs to attain National Council for Vocational Training (NCVT) norms. Government of India also selected 38 ITIs for upgradation into Centres of Excellence (COE). As on 31 March 2018, there were 137 Government ITIs and 486 private ITIs in the State. Of the 137 Government ITIs, 91 ITIs including 14 ITIs for women, were administered by the Industrial Training Department (ITD). Besides, there were 44 ITIs under the Scheduled Castes Development Department (SCDD) and two ITIs under the Scheduled Tribes Development Department (STDD).

###### **4.1.2. Objectives, Scope and Methodology of Audit**

The Compliance Audit was conducted from May 2018 to August 2018 covering the period 2013-18, to examine whether the Government ITIs in the State complied with the standards stipulated by the NCVT. Audit also examined whether the ITD, SCDD and STDD complied with the financial norms laid down by the GOK/GOI in Codes, Manuals and Rules.

The Compliance Audit (CA) commenced with an Entry Conference held on 25 April 2018 with the Principal Secretary, Department of Scheduled Castes/Scheduled Tribes Development, the Director of Training (DT) and other departmental officers to discuss the scope and methodology of audit. The request of the Principal Secretary during the Entry Conference to exclude Thiruvananthapuram district from audit and instead include a district from the northern region of the State was considered by taking Malappuram district for audit. Three districts *viz.*, Kollam, Idukki and Ernakulam from the remaining 13 districts were selected based on Stratified Random Sampling technique. All 32 ITIs in the sampled districts (23 under the ITD, eight under the SCDD and one under the STDD)<sup>45</sup> were selected for detailed scrutiny. Records of Labour and Skills Department, Departments of SC/ST Development and the Directorates under them were also examined during the course of audit. Joint Physical Verification of the 32 selected ITIs was also carried out during the course of audit.

The Exit Conference of the CA was conducted on 21 December 2018, wherein the audit findings were discussed with the Government officials in detail.

### *Audit findings*

During 2013-14 to 2017-18, the number of students admitted to the ITIs under the three departments, showed an increasing trend (25 *per cent*). There was a decline in the dropout of trainees from 14.97 *per cent* in 2013-14 to 11.85 *per cent* in 2016-17. The number of students getting job placements through these ITIs was also on an increasing trend (19 *per cent* increase during 2013-16). Despite increasing demand for the ITI courses, the modernisation and upgradation of ITIs as envisaged by GOI was yet to be achieved, which are discussed in the succeeding paragraphs.

### *Modernisation of ITIs*

#### **4.1.3. Non-adherence to NCVT guidelines**

The National Council for Vocational Training (NCVT) is an advisory body set up (1956) by the GOI to prescribe standards and curricula for craftsmen training, advise the GOI on the overall policy and programmes, conduct All India Trade Tests and award National Trade Certificates (NTC). At the State level, the State Council for Vocational Training (SCVT) co-ordinates the Vocational Training Programmes throughout the State.

The NCVT guidelines required training institutions run by Government or by private agencies to issue NTC to trainees after receiving affiliation in respect of trades offered by them. The NTC enjoys national/international recognition for the purpose of employment.

In Kerala, ITIs also offer training in trades which are not affiliated to the NCVT. Though the syllabus followed for imparting training in such trades is the same

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<sup>45</sup> Names of test-checked ITIs are included in **Appendix 4.1**.

as NCVT affiliated trades, the trainees are awarded with certificates issued by SCVT. Details of ITIs along with the nature of trades offered for study, are given in **Table 4.1**.

**Table 4.1: Details of trades offered by ITIs**

Department	Total ITIs	ITIs offering only NCVT trades	ITIs offering only SCVT trades	ITIs offering both SCVT and NCVT trades
ITD	91	6	53	32
SCDD	44	35	3	6
STDD	2	1	0	1
<b>Total</b>	<b>137</b>	<b>42</b>	<b>56</b>	<b>39</b>

(Source: Data obtained from respective Departments)

Among the 32 ITIs test-checked, trades affiliated to NCVT alone were offered by nine ITIs, trades affiliated to SCVT alone by 11 ITIs and to both NCVT and SCVT by 12 ITIs. Audit observed that none of the 32 ITIs test-checked complied with all the stipulated NCVT requirements. It was also observed that even such ITIs which were affiliated to NCVT did not possess the requisite facilities. Further, 11 ITIs offering SCVT affiliated trades were granted (August and September 2018) NCVT affiliation despite not complying with standards stipulated in the Guidelines.

Audit further verified the details of admissions made in the 137 ITIs under the ITD, SCDD and STDD in the State during 2013-2018. It was observed that while 62,629 students gained admission under trades affiliated to NCVT, 31,734 students obtained admission to SCVT affiliated trades as shown in **Table 4.2**.

**Table 4.2: Details of students admitted to ITIs in the State**

Year of admission	Total Sanctioned Strength	Number of students under trades affiliated to NCVT			Number of students under trades affiliated to SCVT			Percentage of seats vacant (in <i>per cent</i> )
		Sanctioned	Admitted	Vacant	Sanctioned	Admitted	Vacant	
ITIs under the Industrial Training Department								
2013-14	17614	12403	11231	1172	5211	4763	448	9.20
2014-15	17530	11894	10913	981	5636	5124	512	8.52
2015-16	18280	11052	10527	525	7228	6075	1153	9.18
2016-17	19328	12155	11712	443	7173	6694	479	4.77
2017-18	20832	12191	11788	403	8641	8172	469	4.19
ITIs under Scheduled Castes Development Department								
2013-14	1386	1282	1204	78	104	100	4	5.92
2014-15	1365	1270	1175	95	95	94	1	7.03
2015-16	1407	1333	1233	100	74	74	0	7.11
2016-17	1591	1438	1353	85	253	222	31	7.29
2017-18	1785	1448	1382	66	337	312	25	5.09
ITIs under Scheduled Tribes Development Department								
2013-14	63	42	12	30	21	20	1	49.20
2014-15	63	42	25	17	21	21	0	26.98
2015-16	63	42	11	31	21	21	0	49.20
2016-17	63	42	31	11	21	21	0	17.46
2017-18	63	42	32	10	21	21	0	15.87
TOTAL			62629			31734		

(Source: Data obtained from respective Departments)

Year-wise analysis of admissions made in all the ITIs in the State showed an increasing trend. From 17,330 admissions made in 2013-14, the number of students admitted in 2017-18 increased to 21,707 (25 *per cent*).

#### 4.1.3.1. *Percentage of unfilled seats/dropouts*

Analysis of unfilled seats in comparison to the sanctioned strength of ITIs in the State during 2013-14 to 2017-18 indicated that the percentage of vacancy ranged between 4.19 to 9.20 *per cent* in ITIs under ITD and 5.09 to 7.29 *per cent* in ITIs under SCDD. Of the two ITIs under the administrative control of the STDD, the percentage of seats unfilled at ITI Kuttamala, which offered training in the NCVT approved trades of Electrician and Carpentry was very high and ranged between 23.80 *per cent* and 80.95 *per cent*.

Analysis of dropouts of trainees with reference to filled up seats of the ITIs under ITD revealed a declining trend. The percentage of dropouts in 2013-14 declined from 14.35 to 7.38 in 2017-18. Similarly, the percentage of dropouts in the ITIs under SCDD reduced from 22.51 in 2013-14 to 18.48 in 2016-17. The percentage of dropouts in ITIs under STDD also exhibited a declining trend from 40.63 *per cent* in 2013-14 to 23.07 *per cent* in 2016-17. Overall dropouts showed a declining trend during 2013-17<sup>46</sup> (nine *per cent*). While the decline in dropouts of trainees in the ITIs under the ITD is appreciable, the large percentage of dropouts from the ITIs under STDD is not encouraging and needs to be addressed on priority.

GOK replied (December 2018) that, since as per Directorate General of Training norms 30 *per cent* more trainees could be admitted as supernumerary in every trade to take care of dropouts and to ensure optimum utilisation of available infrastructure, there are no unfilled seats in respect of sanctioned strength. The reply is not acceptable as Audit comment was framed on the basis of details of unfilled seats/dropouts furnished by the Departments, which were inclusive of supernumerary seats.

#### 4.1.4. *Gaps in adherence to infrastructure standards*

The Training Manual issued by the GOI prescribed infrastructure standards to be met by ITIs affiliated to the NCVT. Standards are prescribed for land and building for Training Institute, provision of diesel generating set, lists of hand tools and equipment, maintenance of tools and equipment, etc. Audit test-checked the 32 ITIs in the selected four districts to examine compliance to the stipulated standards and noticed the following.

##### 4.1.4.1. *Requirement of space*

The NCVT prescribed (December 2003) revised space norms based on intake capacity in each shift, which prescribed 1.50 acres of land in metros/urban/semi urban areas and two acres in rural areas without hostels/staff quarters for ITIs having 201-500 trainees. The norms stipulated availability of two acres in

<sup>46</sup> Data on dropouts for 2017-18 not made available to Audit by SCDD and STDD.

metros/urban/semi urban areas and 2.50 acre in rural areas for ITIs with 501-1,000 trainees, and three acres in semi/urban/semi urban and five acres in rural ITIs with 1,001 or more trainees. Audit observed that all the test-checked ITIs except ITI Kalamassery (W) and ITI Kollam (W) complied with the above norms.

#### 4.1.4.2. Availability of backup power supply

NCVT norms provided for ITIs to install a diesel generator set possessing back up power supply with a capacity of 50 *per cent* of power supply to offer uninterrupted training activities during load shedding/power cut, thereby enhancing efficiency of the training programmes.

During physical verification of 32 ITIs in four selected districts, Audit noticed that no back up power supply system with 50 *per cent* of required power supply was available in 29 ITIs which was in violation of the affiliation norms. Power backup was available only in three ITIs, *viz.*, ITI Kollam (W), SCDD ITI Pathaikkara and SCDD ITI Pandikkad. Thus, the objective of providing uninterrupted training activities during load shedding/power cut for enhancing efficiency of training programmes, could not be ensured. Additional Chief Secretary assured in the Exit Conference (December 2018) that action will be initiated to set up back up power supply unit in these institutions at the earliest.

#### 4.1.4.3. Shortage of tools and equipment

The ITIs are required to maintain tools and equipment as per the standard lists of tools and equipment of the trades concerned, as prescribed by NCVT. In the 32 test-checked ITIs, Audit noticed shortfall in the availability of tools and equipment (**Appendix 4.1**). While in 23 ITIs under ITD, the average shortfall in tools and equipment ranged from 4.25 *per cent* to 65.24 *per cent*, the average shortfall in eight ITIs under SCDD ranged from 15.50 *per cent* to 81.97 *per cent*. The average shortfall in tools and equipment in the ITI under STDD was 46.27 *per cent*. Essential training equipment like Gas Metal Arc Welding Machine (GMAW), AC/DC Gas Tungsten Arc Welding machine (GTAW) and Portable gas cutting machine which were essential for the Welder trade were not available in SCDD ITI, Edappally.

ITI Kalamassery was operating the Surveyor trade with average deficiency of 63.97 *per cent* in equipment since the last syllabus revision in 2014, but tools to the extent of 90 *per cent* procured by ITI Kalamassery (W)<sup>47</sup> for the Surveyor trade in June 2016, remained unutilised due to failure of the ITI to commence the course. Audit observed that since both the ITIs were situated in the same compound, the idling equipment in ITI Kalamassery (W) could have been lent to ITI Kalamassery for productive utilisation till such time the Surveyor trade was commenced in ITI Kalamassery (W). The conduct of industrial training courses by ITIs without the required tools and equipment would adversely affect

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<sup>47</sup> ITI for Women

the quality of training delivered to the students and would result in inability of the trainees to acquire the requisite skills for obtaining gainful employment.

The Additional Director, ITD informed in Exit Conference (December 2018) that directions were since issued for transfer of equipment between the ITIs.

#### *4.1.4.4. Adequacy of manpower*

Paragraph 50 of Part 3 of the Industrial Training Manual issued (2008) by GOI, prescribed manpower for the Craftsman Training Scheme (CTS) in the ITI. Audit noticed that even though there was no significant shortage of trade instructors, there was deficiency in manpower in other categories of staff (Ministerial staff<sup>48</sup> - 30.13 per cent, Workshop Attendant - 68.31 per cent, Accountant - 100 per cent and Class IV - 41.83 per cent, Store keeper - 36.17 per cent) in the 32 ITIs test-checked. Computer Instructors were not appointed in any of the 13 ITIs which had Computer Labs contrary to GOI orders (June 2013) which required engaging Computer Instructors who will also look after the work of Audio-visual Instructor. During the Exit Conference (December 2018), the Additional Chief Secretary to Government stated that these posts were not filled for want of sanction and directed the Director, ITD to forward a fresh proposal for filling up the posts.

#### *4.1.4.5. Maintenance of firefighting system*

As per NCVT guidelines, every ITI should have basic firefighting equipment like fire extinguishers, fire alarms, sprinklers, etc. Physical verification of 32 ITIs in four districts revealed that 205 of the 285 fire extinguishers available in 29 ITIs were not refilled and thus were not usable. There were no fire extinguishers in ITI Kanjikuzhy, SCDD ITI Pathaikkara and SCDD ITI Pandikkad. Fire extinguishers at SCDD ITI Kulakkada and Oachira were found damaged and unfit for use. A fire alarm with sprinkler system which was an essential firefighting equipment in the workshop of Attendant Operator, Chemical Plant trade, was not provided at Basic Training Centre (BTC) Kollam<sup>49</sup>.

During the Exit Conference (December 2018), GOK accepted the audit observations and assured to take appropriate action for rectifying the deficiencies.

#### *4.1.4.6. Provision of Computer Lab*

The Director General of Employment and Training, Government of India (DGET) directed (June 2013) all Government and private ITIs to set up an exclusive Computer Lab with Internet Connectivity and multimedia on every computer. This lab was in addition to the lab required for the Computer Operator and Programming Assistant (COPA) Trade.

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<sup>48</sup> Administrative staff

<sup>49</sup> The lone ITI in the State providing the course of Attendant Operator (Chemical Plant) trade.



It was stipulated that the computer lab must have minimum ten computers/workstations and peripherals<sup>50</sup> with internet facility irrespective of trade(s) or trade related computer requirement, for an ITI with seating capacity of 100 students per shift. For each additional unit<sup>51</sup> accredited/affiliated, two computers/workstations must be added. Joint verification revealed that 19 (14 under the ITD, four under SCDD and one under STDD) out of 32 ITIs were not equipped with a Computer Lab, thus depriving the students of the facility. The Computer Labs in the ITIs at Rajakkad, Marancherry and Areacode had no internet connectivity. Audit further observed that six of the 13 ITIs which had IT labs suffered from shortage of computers to the extent of 16.60 to 90.74 per cent.

#### 4.1.4.7. Availability of library and reading room

Paragraph 38(e) of Part 2 of the Training Manual for ITIs issued by GOI required maintenance of a Library and reading room in the ITIs with sufficient number of technical books, technical magazines and other books related to the trades taught at the Institutes, for the guidance of instructional staff and trainees. The ITI Affiliation norms 2017<sup>52</sup> issued by GOI also specified the minimum area required for the library and reading room which should be 40 sq.m for up to 160 trainees and 10 sq.m for every additional 40 trainees. Physical verification of 32 ITIs under four districts revealed that 21 ITIs were not provided with libraries. Of the 11 ITIs which had libraries, a Librarian was posted only in ITI Kalamassery. Audit also noticed that no technical magazines as prescribed in the NCVT norms had been subscribed by any of the ITIs.

Audit observed that even such ITIs which had libraries did not comply with the requirement of space. Only four of the 11 ITIs inspected *viz.*, ITIs at Chandanathope, Kattappana, Kalamassery and Chathanoor had libraries with the minimal space of 40 sq.m and out of these, three ITIs did not have the stipulated requirement based on the number of additional trainees<sup>53</sup>, as given below.

**Table 4.3: Space requirement for Libraries**

Sl. No.	Name of ITI	Total number of students	Space required for library (sq.m)	Library space available (sq.m)
1	ITI Chandanathope	1242	310	40
2	ITI Kattappana	636	150	40
3	ITI Kalamassery	1063	260	40

(Source: Data obtained from respective ITIs)

<sup>50</sup> Devices like Mouse, Keyboard, Printer, Scanner, etc., connected to a computer to increase its functionality.

<sup>51</sup> One Unit = 21 students; 100 students correspond to five units.

<sup>52</sup> The earlier DGET norms 1999 and 2001 stipulated the space requirement for library and reading room as 45 sq.m up to 250 trainees. For every additional 250 trainees, the norms envisaged additional 15 sq.m for the purpose.

<sup>53</sup> 40 sq.m for up to 160 trainees and 10 sq.m for every additional 40 trainees.

#### **4.1.5. Failure of instructors to undergo mandatory training under the Craftsmen Instructor Training Scheme**

Government of India (GOI) stipulated (May 2014) norms for vocational instructor qualification for trades under the Craftsmen Instructor Training Scheme (CITS). As per these norms, every instructor who has already joined ITI must complete CITS course within three years of joining, which shall be a mandatory condition for the purpose of affiliation and promotion. The CITS envisaged the National Skill Training Institutes under the GOI to train Instructors in the techniques of transferring hands-on skills for training semi-skilled/skilled manpower for industry. Audit noticed that 14 out of 283 permanent instructors of the selected 23 ITIs under Industrial Training Department and four out of 14 permanent instructors of the selected eight SCDD ITIs failed to undergo the training (August 2018). Two out of the three permanent instructors in ITI Nadukani under STDD have not received training under the CITS.

#### **4.1.6. Internal Inspection of Institutes**

Paragraph 60 of Part 3 of the Training Manual for Industrial Training required regular internal inspections of the ITIs to be carried out for ensuring smooth working of the training programmes and to increase efficiency of administration. The inspections were to be carried out at two levels *viz.*, Group Instructors and Principals. It was also stipulated that details of the inspections conducted, deficiencies observed and remedies suggested were to be suitably recorded. Action taken on these suggestions was also to be verified and recorded at the time of the next inspection.

Audit observed during verification of 32 selected ITIs that contrary to the above provisions, the Principals/Group Instructors of eight ITIs<sup>54</sup> carried out no such inspections. Principals of 24 ITIs informed Audit that though inspections were conducted as required, no records were maintained. In the absence of stipulated records, Audit could not ascertain the authenticity of the claims of the Principals that Inspections were actually conducted.

#### **4.1.7. Training and Placement Cell**

Orders of DGET (June 2008) stipulated setting up of Training and Placement Cells in every ITI to help the graduates gain employment in different industries. Such Placement Cells were to maintain details of all trainees graduating from the ITIs including name, address, telephone number, etc. Placement cells were to organise campus selections to facilitate industries to recruit trainees with requisite skills. The Placement Cells were also required to keep track of graduates until they were suitably employed or for at least three years after completing training from the Institutes.

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<sup>54</sup> ITI Chathannoor, ITI Elamadu, ITI Thevalakkara, ITI Chadayamangalam, ITI Kottarakkara, ITI Keraladheeswarapuram, ITI Ponnani and ITI Pathaikkara

Verification of records and procedures at 30 ITIs<sup>55</sup> revealed that BTC Kollam, ITI Kattappana and ITI Areacode complied with the aforesaid norms in setting up of Training and Placement Cell. The Placement Cells in the remaining 27 ITIs were found to be deficient in maintenance of student details, providing career guidance and counselling to the trainees, etc. Data on placement of trainees during 2013-16 was not furnished to Audit by five<sup>56</sup> of the 30 ITIs since the data was admittedly not available with them. In the remaining 25 ITIs, the number of students getting job placements showed an increasing trend (19 *per cent* increase during 2013-16). Audit observed that ITIs at Kattappana, Keraladheeswarapuram and Edappally recorded high rate of placement during the audit period (**Appendix 4.2**). None of the 31 trainees who passed out of ITI Nadukani under STDD during 2013-16 could obtain placement. In ITI Areacode which had a full-fledged Placement Cell, the average rate of placement of trainees during 2013-16 was only 12.27 *per cent*.

Audit observed that a Job Portal developed (July 2012) by the DT at a cost of ₹11.65 lakh with the assistance of Keltron to help trainees of ITIs to gain employment with registered prospective employers did not yield the desired results. Even though the portal was active (September 2018), it was seen that neither the ITIs enrolled their students nor did the employers/industry register themselves with the portal, resulting in failure to deliver employment services to the students.

#### 4.1.8. Laxity in maintenance of bio-metric attendance and monitoring system

The GOK accorded Administrative Sanction (AS) in three phases (March 2012, September 2012 and August 2013) for installation of bio-metric attendance and monitoring system in all ITIs and Related Instruction Centres (RICs) under the ITD. The real time online system was intended for monitoring the attendance of the staff as well as the students of the ITIs since the maintenance of trainees attendance was posing problems leading to unwanted incidents.

Test-check of the 23 ITIs under ITD revealed that the biometric attendance system was not installed in two ITIs at Kottarakkara and Chadayamangalam. In the remaining 21 ITIs under the ITD, biometric attendance system was not functional in five ITIs since 2014, in 10 ITIs since 2015, three ITIs since 2016 and three ITIs since 2017. Scrutiny of records revealed that Keltron did not undertake maintenance of the biometric systems after expiry of the warranty of one year due to failure of ITD to execute Annual Maintenance Contract (AMC) with them.

The ITD stated (October 2018) that considering the possibility of electronic machines getting damaged, there was need for execution of AMC. ITD also informed that AMC would be executed after rectification of system faults. The reply of the ITD does not justify the laxity of the Department in timely execution

<sup>55</sup> Excluding ITIs at Kottarakkara and Chadayamangalam which commenced functioning in 2017-18

<sup>56</sup> ITI Kalamassery, ITI Kalamassery (W), ITI Chathanoor, ITI Chandanathope, ITI Kollam (W)

of AMC and resultant failure to effectively monitor the attendance of staff and students of the ITIs.

#### 4.1.9. Status of Civil Works other than PPP

Creation of infrastructure by way of construction of class rooms, workshops, hostel buildings, etc., was an essential element reckoned for upgradation of ITIs. Observations of Audit on the status of Civil Works undertaken by the test-checked six of the 26 ITIs targeted for upgradation under PPP have been reported in paragraph 4.1.12.1. Audit also examined the status of civil works undertaken by the ITIs without the assistance of Public Private Partners. The findings of audit are given below.

##### 4.1.9.1. Works not taken up and resultant parking of funds with external agencies

Audit observed three instances of construction works of ITIs entrusted to the PWD and other agencies, but not taken up for execution till date (September 2018). Details are as given in **Table 4.4**.

**Table 4.4: Details of works not taken up**

Sl. No.	ITI/Name of work	Agency entrusted with the work	Amount released for the work (₹ in lakh)	Year release of	Status of work as on September 2018	Remarks
1.	ITI Thevalakkara/ Construction of compound wall	Kerala State Construction Corporation Ltd.	30.00	March 2014	Work not started	Dispute between ITI and neighbours regarding boundary wall remaining unsettled
2.	ITI Kalamassery/ Modification of workshop	Nirmithi Kendra	3.00	December 2014	Work not started	Non-clearance of tool and equipment kept in the site by Advanced Vocational Training Systems Institute Kalamassery due to which work could not be started
3.	ITI Kollam (W)/ Construction of Ladies' amenities centre	Public Works Department (PWD)	7.19	December 2017	Work not started	Proposed site was not suitable for the construction leading to change of site.

(Source: Data obtained from Directorate of Training)

Thus, ₹40.19 lakh remained parked with PWD and other agencies for periods ranging from one to four years.

#### 4.1.9.2. *Release of ₹17.80 crore to an implementing agency for implementing civil works without ensuring competence of the agency*

Based on the proposal of DT, GOK allotted (November 2013) ₹10 crore for upgradation of three ITIs at Thevalakkara, Chengannur and Chackai into world-class standards and ITI Kannur for upgradation of existing trades and expansion of infrastructure. As stipulated in the Government order, the amount was drawn and deposited (December 2013) in the Special Treasury Savings Bank account no. 12 of the implementing agency, Kerala Academy for Skills Excellence (KASE)<sup>57</sup>, for the execution of the works. GOK also released (February 2014) ₹7.80 crore to KASE for the construction of workshops and classrooms in Government ITI Kalamassery (₹4.80 crore) and for the construction of new buildings in three Women ITIs at Kalamassery, Chengannur and Chalakkudy (₹3.00 crore).

It was seen that KASE, citing lack of expertise and resultant inability to undertake the construction works refunded ₹17.73 crore (December 2015) to the DT after expending ₹7.25 lakh on various activities.

Audit observed that the injudicious transfer of ₹17.80 crore to an agency without assessing its ability to undertake such projects led to failure to commence the work and resultant blocking up of funds for a period up to two years. The seven ITIs were thus unable to upgrade existing trades and could not derive the benefits that would have accrued from the additional infrastructure (October 2018).

#### 4.1.9.3. *Deficiencies in implementation of civil works*

Audit scrutiny of records revealed that 24 works, proposed for construction by 20 ITIs under the ITD at an estimated cost of ₹42.35 crore during 2012-17, were pending completion (**Appendix 4.3**).

Significant deficiencies noticed in the execution of works in the test-checked ITI Kattappana and ITI Elamadu are given in **Appendix 4.4**.

#### 4.1.10. *Infructuous expenditure for modernisation of ITIs due to non-utilisation of assets*

##### 4.1.10.1. *Failure to commence computer courses despite availability of newly constructed building*

The GOK accorded Administrative Sanction (September 2007) for the construction of six buildings, at an approximate cost of ₹10 lakh each, in six ITIs under the SCDD for commencing two NCVT approved Computer courses<sup>58</sup>. The buildings were to be constructed in the ITIs at Mariyapuram,

<sup>57</sup> The Kerala Academy for Skills Excellence (KASE), a non-profit company set up by GOK as a nodal agency for facilitating and coordinating various skill development initiatives of the State to help develop an industry-ready workforce.

<sup>58</sup> One year Computer Operator and Programming Assistant (COPA) course and six month Data Entry Operator (DEO) course.

Vettikkavala, Pandalam, Madapally, Keraladheeswarapuram and Cheruvathoor.

During test-check of ITIs Keraladheeswarapuram and Vettikkavala under the SCDD, Audit observed that even though construction of the buildings was completed on 20 August 2009 and 15 September 2010 respectively at a total estimated cost of ₹23.76 lakh, the SCDD is yet to commence the two Computer courses envisaged (September 2018).

The SCDD informed Audit (September 2018) that buildings in the other four ITIs were also completed between 05 March 2009 and 15 September 2010. No action was taken by the SCDD to commence the trade and the buildings constructed as early as in March 2009 remained idle (September 2018). The Department replied (September 2018) that a proposal forwarded to GOK (January 2012) for commencement of new trades in the newly constructed building was yet to be approved by the Government.

#### **4.1.10.2. Idling hostels**

The Government accorded (September 2010) AS for the construction of a 50 bedded boys' hostel and a 17 bedded girls' hostel at ITI Nilambur at a cost of ₹2.33 crore for accommodating students belonging to SC, ST, OBC<sup>59</sup> and OEC<sup>60</sup>. The Director, Industrial Training Department was to furnish Utilisation Certificate to Director, SCDD, who will ensure completion of construction before 31 March 2011. The GOK sanctioned (March 2013) an additional amount of ₹1.36 crore to meet the escalation in cost due to revision in rates as per 2012 Schedule of Rates. Audit observed that though the construction of girls' and boys' hostels was completed on 30 April 2016 and 15 January 2018 respectively, these hostels were idling till date (October 2018) due to non-sanctioning of the post of Assistant Hostel Superintendent and lack of required furniture. Thus, students belonging to SC/ST/OBC/OEC were deprived of hostel facilities in a remote area as in Nilambur, where 80 *per cent* of the sanctioned intake belong to SC/ST communities. In the Exit Conference (December 2018), ACS assured that proposal for appointing hostel warden at ITI Nilambur will be sent to Finance department and in the meanwhile an instructor will be given additional charge to start the functioning of the hostel.

#### **4.1.11. Avoidable expenditure on High Tension electric connection leading to huge recurring expenses in ITI Thevalakkara**

ITI Thevalakkara offered training in three trades *viz.*, Surveyor, Plumber and Welder. The required power norms for conducting the trades was 22 KW (three KW each for Surveyor and Plumber trades and 16 KW for Welder trade). Thus, the power requirement of the ITI could have been fully met under the category

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<sup>59</sup> Other Backward Communities

<sup>60</sup> Other Eligible Communities



of Low Tension (LT) connection by KSEB<sup>61</sup>, which permits 100 KVA to its consumers.

Audit noticed that ITI Thevalakkara, instead of seeking LT connection wrongly applied (April 2016) for High Tension (HT) connection after incurring expenditure of ₹14 lakh including purchase and installation of 160 KVA transformer. Besides, the ITI was also liable to pay fixed charges of ₹13,300 per month towards the HT connection.

Audit further observed that the ITI, which was earlier incurring electrical charges of ₹1,623 per month in March 2017 on consumption of 259 units, was forced to remit electricity charges of ₹19,340 per month with the consumption reckoned as 736 units for June 2017. The inflated assessment of connected load by the ITI and consequent billing under the HT category resulted in the ITI incurring additional electricity consumption charges of ₹1317.61<sup>62</sup> per month. GOK replied (December 2018) that though KSEB has been contacted to reduce the connected load from 50 KVA to 15 KVA to bring down the average consumption charges payable, no action has been taken by KSEB so far.

### *Upgradation of ITIs*

#### **4.1.12. Vocational Training Improvement Project**

The Vocational Training Improvement Project (VTIP) of GOI, conceived (2004) to establish Centres of Excellence (COEs) and upgrade training imparted under conventional trades in 500 out of the 1,896<sup>63</sup> Government ITIs in the country in two phases<sup>64</sup>. The main thrust of the programme was to provide appropriate infrastructure, equipment, update syllabi and introduce new courses in the ITIs. Of the 38 ITIs<sup>65</sup> selected by GOI from the State, for upgradation into COEs, five<sup>66</sup> ITIs were to be upgraded utilising domestic resources in the first phase and seven<sup>67</sup> ITIs in the second phase through World Bank funding. In the third phase, the remaining 26 ITIs (including four ITIs run by the SCDD) were to be upgraded through Public Private Partnership (PPP) during the Eleventh Five Year plan period ending 2011-12. Upgradation of the ITIs was to be achieved by the upgradation of existing trades, introduction of new trades/ additional units and the overall development of the ITIs by improved pass percentage, placement of trainees, etc.

<sup>61</sup> Kerala State Electricity Board

<sup>62</sup> Tariff for LT 6A category customer: up to 500 units - ₹5.50 per unit; above 500 units - ₹6.30 per unit  
Energy charges to be paid for 736 units if LT connection had been continued: ₹4236.80 {(500 x ₹5.50) + (236 x ₹6.30)}

Excess energy charges paid by ITI, Thevalakkara: ₹5554.41 - ₹4236.80 = ₹1317.61

<sup>63</sup> As on 1 January 2007

<sup>64</sup> In the first phase (2005-06), 100 ITIs were to be upgraded into COEs utilising domestic resources. In the second phase (2006-09), 400 ITIs were to be covered under the World Bank assisted VTIP

<sup>65</sup> 5+7+26 ITIs selected from Kerala in the first, second and third phases

<sup>66</sup> ITIs at Kalamassery, Chackai, Chalakudy, Kollam and Ettumanoor

<sup>67</sup> ITI Kollam (W) and ITIs at Pallikathode, Dhanuvachapuram, Aryanad, Koyilandy, Kalpetta and Malampuzha.



The Guidelines on Upgradation of the remaining 1,396 Government ITIs in the country through PPP, issued (April 2008) by the GOI stipulated that an Institute Management Committee (IMC) be constituted for each selected ITI, which would be registered under the relevant Societies Registration Act. The IMCs were entrusted with the responsibility of managing the affairs of the ITIs under the scheme. The project envisaged release of interest free loan of ₹2.50 crore per ITI by GOI to the IMC, repayable after a moratorium of ten years from the year in which the loan was released to the IMC. An amount of ₹65 crore was received by the 26 IMCs during the period 2007-12. It was envisaged that after the moratorium period, repayment of loan would commence in equal annual instalments spread over a period of 20 years, starting from the 11<sup>th</sup> anniversary of day of drawal.

Audit, examined the implementation of the third phase of the project, since the audit period (2013-18) coincided with the period of utilisation of the loan amount. Six of the 26 ITIs were test-checked to assess status of upgradation *vis-à-vis* providing infrastructure, equipment and introduction of new trades in the ITIs. The findings are given below.

#### 4.1.12.1. Civil Works under PPP

Undertaking of civil construction works were vital for the upgradation of ITIs. Audit observed that while five of the six test-checked ITIs had completed the civil construction works undertaken by them, the civil works in ITI Kattappana remained to be completed (September 2018) despite obtaining loan as early as in 2008-09 and expending ₹85.82 lakh out of the envisaged ₹99.80 lakh.

#### 4.1.12.2. Equipment

Scheme guidelines provided for utilisation of loan amount for the procurement of tools and equipment for the upgradation of existing NCVT affiliated trades and starting of new trades. As stated in paragraph 4.1.4.3, Audit noticed shortfall in tools and equipment in all the 32 ITIs test-checked. These included six<sup>68</sup> ITIs which were identified for upgradation into COEs under the PPP scheme. Audit observed that 88.32 *per cent* of the target amount, as per the Institute Development Plan (IDP) formulated by the IMC within the ITIs, was spent for the procurement of tools and equipment for the period up to 2017-18, since the beginning of the scheme. However, there was average deficiency in tools and equipment ranging from 17.77 *per cent* to 36.58 *per cent* in the trades in the above six ITIs under the PPP scheme as already pointed out in **Appendix 4.1**.

Audit observed that there was no justification for these ITIs to be suffering from shortage of equipment since they had been identified for conversion into COEs and funds as earmarked by them in the IDP were available to them for upgradation of tools and equipment.

<sup>68</sup> ITIs at Chathanoor, Kattappana, Nilambur and Areacode, ITI Kalamassery (W) and BTC Kollam

#### 4.1.12.3. Introduction of new trades/additional units to existing trades in ITIs

The upgradation of ITIs under the PPP mode included offering new trades to aspiring trainees besides revamping existing NCVT affiliated trades, through introduction of additional units<sup>69</sup> in existing trades. The Appendix to PPP Guidelines issued by GOI clarified that NCVT affiliation was mandatory before commencement of new courses by the ITIs.

Audit observed that 16 new trades with two new units each were introduced by six ITIs without obtaining prior NCVT affiliation. One additional unit each to existing eight trades was also introduced in two<sup>70</sup> of the six ITIs. One of the trades to which an additional unit was added was revamped<sup>71</sup> from 2015 onwards. Admissions to these trades commenced from 2013 onwards. However, NCVT affiliation, as mandated by the PPP Guidelines, was not obtained for these trades/additional units, before admission of students.

#### 4.1.12.4. Achievement of Key Performance Indicators in the audit period

The IDPs formulated by the IMC within the ITIs set for themselves Key Performance Indicator (KPI) targets to assess the outcome of PPP scheme, with reference to percentage of candidates appearing in examinations, percentage of pass-outs, revenue generation, etc. The Institutions themselves set the targets in the KPIs. Audit examined KPI of the six test-checked ITIs for the years 2014-19<sup>72</sup> and observed as follows.

##### *Performance of trainees*

Audit analysed the status of achievement of KPI 1, by measuring the number of trainees who appeared in the final semester examination *vis-à-vis* sanctioned intake capacity during the period 2014-17<sup>73</sup> in the six test-checked ITIs identified for upgradation into COEs. It was observed that against the sanctioned intake capacity of 4,191, number of trainees enrolled in various trades was 3,975, of which 727 candidates (18.29 *per cent*) failed to appear in the final semester examination, indicating probable dropout from the course, as shown in **Appendix 4.5**. In the test-checked ITIs, ITI Kattappana failed to achieve the target set in all the three years, while ITI Kalamassery (W) did not achieve the target in the year 2016-17.

Audit also observed that in respect of KPI 2, which examined the percentage of candidates passing out *vis-a-vis* candidates appearing in the examination, 1,126 of the 3,248 trainees (34.67 *per cent*) who appeared for the final semester examinations failed to pass the examination as shown in **Appendix 4.6**. ITI

<sup>69</sup> One unit corresponds to a batch of students undergoing training in a trade, in one shift.

<sup>70</sup> BTC Kollam, ITI Areacode

<sup>71</sup> At BTC Kollam, from 2015 onwards, Food production (Vegetarian) trade (one unit SCVT and one unit NCVT) has been revamped as Food Production General (2 units) and affiliated to NCVT from August 2018

<sup>72</sup> The first KPIs were set for the initial five years which ended in 2013-14. The second KPIs were set for the next five years from 2014-19.

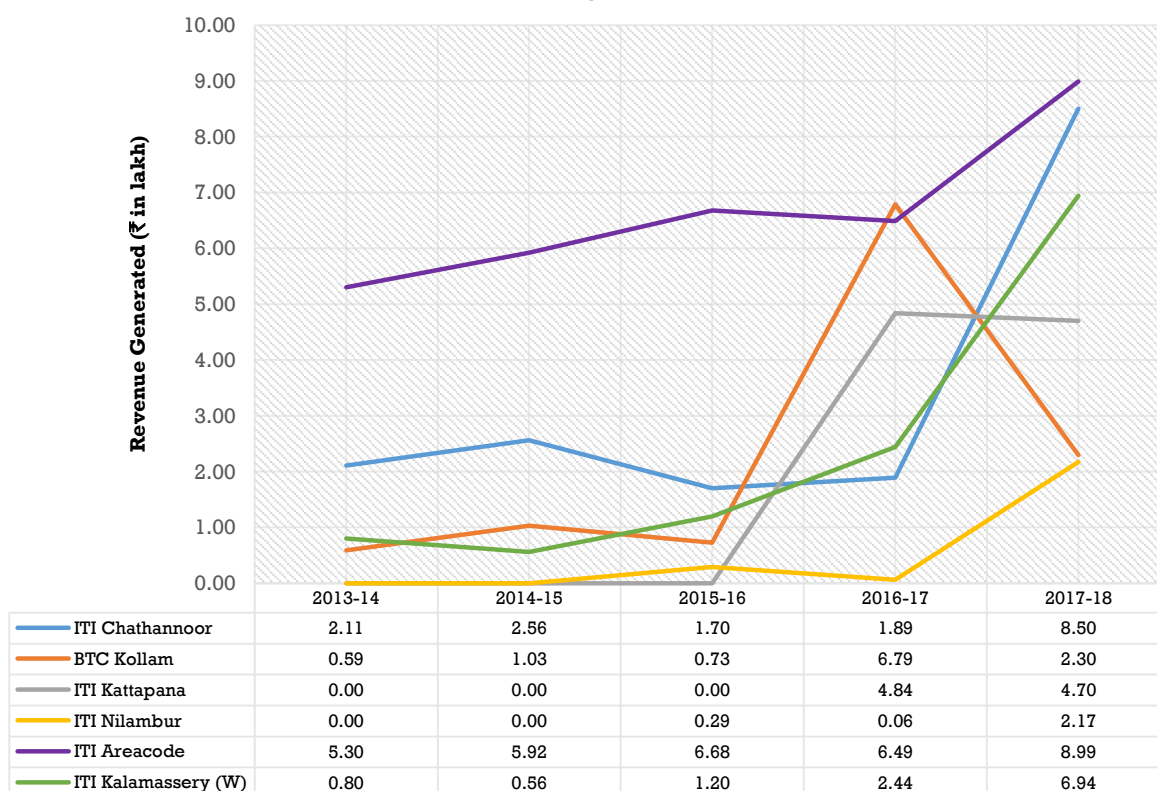
<sup>73</sup> The second KPIs were set for the period 2014-19.

Kattappana failed to achieve the set target in all the three years, while BTC Kollam failed to achieve it in 2015-16 and 2016-17. ITI Chathanthoor failed to achieve the target in 2015-16 while ITI Kalamassery (W) and ITI Areacode failed to achieve the target in the year 2016-17.

### Revenue generation

The PPP Guidelines stipulated that the GOK and the IMC of the ITI would undertake measures to generate sufficient revenue not only for running of the ITI but also for the repayment of the loan taken under the scheme. Thus, the IMCs were to generate sufficient funds for purchase of consumables and materials for training. The repayment of the loan amount of ₹2.50 crore was to start in equal instalments of ₹12.50 lakh per annum from the eleventh anniversary of the date of drawal of the loan, over a period of 20 years. It was envisaged that the main source of revenue generation would be setting up of production centres, short-term training courses, regular training courses, consultancy, attracting private funds, etc. The yearly target fixed for revenue generation during the years 2014-15, 2015-16 and 2016-17 was ₹ five lakh, ₹10 lakh and ₹15 lakh respectively. Audit observed that this was not achieved in any of the six test-checked ITIs except ITI Areacode, which attained the target of ₹ five lakh in the year 2014-15.

**Chart 4.1: Revenue generation in six test-checked ITIs**



#### 4.1.13. Conclusion

None of the 32 ITIs test-checked complied with all the stipulated NCVT requirements. Even such ITIs which were affiliated to NCVT did not possess the requisite facilities. The services delivered by the ITIs under STDD needs to be strengthened to generate better outcomes. Deficiency in tools and equipment was noticed in the ITIs including six ITIs identified for being upgraded into Centres of Excellence. The upgradation of ITIs was hampered due to inefficiencies in execution of civil works and idling of assets. Despite demand for the ITI courses and the enhanced likelihood of obtaining jobs, the modernisation and upgradation of ITIs as envisaged by GOI was yet to be achieved. The identified deficiencies need to be addressed so that ITIs in the State are modernised and upgraded to ensure that the trainees are better equipped to avail of employment opportunities.

### **FAILURE OF OVERSIGHT/ADMINISTRATIVE CONTROLS**

#### **CONSUMER AFFAIRS DEPARTMENT**

#### **4.2. Non-adherence to codal provisions led to misappropriation of ₹0.28 lakh**

**Non-adherence to codal provisions facilitated misappropriation of ₹28,202 by the Inspector, Legal Metrology, Circle II, Neyyattinkara.**

Provisions of the Kerala Treasury Code (KTC) require all Government officers who handle cash to enter all monetary transactions in the Cash Book as soon as they occur and to be attested by the Head of Office. The Head of Office should verify the totalling of the Cash Book or have this done by some responsible subordinate other than the writer of the Cash Book and initial it as correct. At the end of each month, the Head of Office should verify the cash balance in the Cash Book and record a signed and dated certificate to that effect. The KTC also requires that when Government moneys in the custody of a Government officer are paid into the Treasury or the Bank, the Head of the Office making such payments, should compare the Treasury Officer's/the Bank's receipt/the pass book with the corresponding entries in the Cash Book before attesting them and satisfy himself that the amounts have been actually credited into the Treasury or the Bank.

The Kerala Legal Metrology Manual (Manual) recognises the Inspector to be in charge of the maintenance of the Cash Book and other office records. It also stipulates that the various fees<sup>74</sup> collected by the Legal Metrology

<sup>74</sup> Fees like verification and stamping fee, compounding fee, licence fee, registration fee, duplicate verification certificate fees and such other fees.

Officers shall be written in the Cash Book. Similarly, the remittances<sup>75</sup> into the Treasury shall be entered in the Cash Book, daily. The monthly abstract was to be written and signed by the Legal Metrology Officer, concerned.

During the compliance audit of the Legal Metrology Department conducted from May 2018 to August 2018, records in five of the nine offices of Senior Inspectors/Inspectors in Thiruvananthapuram district were test-checked. Test-check at the Office of the Inspector, Legal Metrology, Circle II, Neyyattinkara, Thiruvananthapuram District of the office copies of TR5<sup>76</sup> receipts including Departmental receipts<sup>77</sup> and counterfoils of challans showing remittances into the Treasury for the period August 2016 to October 2017 revealed that all receipts were not fully remitted into the Government account. Against ₹12.72 lakh collected as receipts by the Inspector during the period June 2017 to October 2017, only ₹12.44 lakh was remitted into the Government account indicating short remittance of ₹27,852 into the Treasury.

Audit conducted a detailed examination of the entries made in the Cash Book with reference to TR5/Departmental receipts and challan counterfoils for the period. Audit observed that the Cash Book was not maintained as per the codal provisions. The Inspector, who was the writer of the Cash Book was also the Head of Office who was responsible for ensuring correctness of entries made in the Cash Book. Entries in the Cash Book were written shabbily with a number of erasures and overwriting. The audit examination revealed that the receipts were overstated/ understated in the Cash Book on seven occasions during 01 June 2017 and 31 October 2017, which had a cumulative effect of understatement of cash balance by ₹557 at the end of October 2017. Besides, on 28 June 2017, the cash balance was wrongly recorded as ₹2,680 against the actual ₹30,325<sup>78</sup> revealing understatement of cash balance and resultant misappropriation of ₹27,645. Thus, Audit identified misappropriation of ₹28,202 by the Inspector, Legal Metrology, Circle II, Neyyattinkara during the period June 2017 to October 2017.

The fact that the Inspector who was the writer of the Cash Book was also the Head of Office, indicated lack of proper controls and checks, and facilitated misappropriation of Government money. Besides, the jurisdictional Assistant Controller, who is required to conduct quarterly inspections of offices under his jurisdiction, had conducted (July 2012)

<sup>75</sup> Remittances into Treasury are to be made on designated days viz., every Wednesday, 15<sup>th</sup> of the month and the last working day of the month

<sup>76</sup> A Government servant who receives any money including money received in the form of Postal Money Order on behalf of the Government shall give the payer a receipt in form TR5 unless in any case the Government have by a general or special order dispensed with the grant of receipt.

<sup>77</sup> While Stamp fees is collected by issuing Department receipts, all other receipts such as compounding fees, licence fees, packing registration fees, etc. are collected by issuing TR 5 receipts.

<sup>78</sup> Opening Balance ₹71985 + Receipts ₹2680 = Total Receipts ₹74,665;  
Total Receipts ₹74,665 – Remittance into Treasury ₹44,340 = Closing Balance ₹30,325.

quarterly inspection of the Office of the Inspector, Legal Metrology, Circle II, Neyyattinkara, covering the period only up to December 2011. Annual inspections by the Deputy Controller as required in the Manual, were conducted (April 2017) covering the period up to December 2016. The misappropriation could have been detected earlier had timely inspections been held.

Thus, non-adherence to codal provisions facilitated misappropriation of ₹28,202 by the Inspector, Legal Metrology, Circle II, Neyyattinkara.

Government of Kerala replied (January 2019) that based on the audit observation, the Inspector concerned was placed (November 2018) under suspension. Further, Vigilance Officer of the Legal Metrology Department has been authorised to conduct an inquiry into the matter and explanation has been sought from the Deputy Controller and Assistant Controller concerned on laxity on their part in conducting regular inspections.

## CO-OPERATION DEPARTMENT

### 4.3. Unfruitful expenditure of ₹8.91 crore due to abandonment of construction of buildings for a proposed engineering college

**Failure of the Co-operative Academy of Professional Education to correctly assess the funding pattern for construction of an engineering college resulted in avoidable, infructuous expenditure of at least ₹8.91 crore.**

The Co-operative Academy of Professional Education (CAPE), an autonomous Society promoted by the Co-operation Department of Government of Kerala (GOK), proposed (April 2012) to start a new engineering college in Thrissur District. The decision was taken based on the recommendations (April 2012) of a Committee consisting of the Principals of four engineering colleges<sup>79</sup> (Committee) under CAPE. Accordingly, the decision to start the college was announced in the Budget Speech for the year 2012-13. The GOK also sanctioned (June 2015) transfer of 5.40 acres of land to the CAPE to start an Engineering College at Wadakkancherry in Thrissur District. Consequently, CAPE issued Administrative Sanction (August 2015) for construction at an estimated cost of ₹46 crore. It proposed to mobilise the expenditure of ₹46 crore by utilising ₹ four crore allotted as grant-in-aid in the State Budget 2015-16, ₹12 crore as Assistance from the Education fund of Co-operative societies, ₹20 crore as loan from Kerala State Co-operative Bank (KSCB) and ₹10 crore from its own resources.

Tenders were invited (August 2015) by the Director, CAPE and the work was awarded (September 2015) to M/s. FINS Engineers and Contractors Private

<sup>79</sup> CAPE engineering colleges at Thalassery, Pathanapuram, Vadakara and Punnapra



Ltd., (Contractor) for ₹43.42 crore (5.20 *per cent* below estimated rate). An agreement was executed (September 2015) with the Contractor for completion of the work by April 2017.

While the work was progressing, the Director, CAPE, citing non-availability of anticipated funds and dearth of supervisory staff, issued (July 2016) stop memo to the Contractor directing temporary stoppage of work for three months. Later, in a meeting convened (August 2016) by the Minister, Co-operation Department, the Director, CAPE informed of the severe financial crisis it was facing and the resultant difficulty to continue the work. It was decided in the meeting that the works like construction of retaining walls, etc., which were essential to safeguard the work executed so far, be assessed. An inspection team comprising engineers of CAPE and Kerala State Housing Board (KSHB) recommended (August 2016) continuing the construction of Block II for at least one floor, completing retaining walls and backfilling. These works were completed in August 2017.

Audit noticed that of the ₹12.41 crore booked (July 2018) as expenditure on the project, payment of ₹8.91 crore was made, including ₹0.28 crore paid as consultancy fee to KSHB. The expenditure of ₹8.91 crore was met by drawing ₹8.60 crore from the Kerala State Co-operative Education Fund Scheme 2015 (KSCEF Scheme) and ₹0.31 crore from own funds of CAPE. Payment of ₹3.50 crore remained to be made (October 2018).

CAPE formally decided (June 2017) to stop the work and transfer the land and building to the Industries Department. However, the Industries Department rejected (July 2018) the offer since the building was designed for a college and was not suited for industrial purposes.

Thus, the entire expenditure of ₹8.91 crore on the construction of an engineering college remained unfruitful. The Director, CAPE stated (September 2017) that CAPE did not have sufficient means to raise bank loans as envisioned in the project and consequent to poor admission rate in its engineering colleges there was a deficit in revenue of the organisation.

The reply is not tenable in view of the fact that CAPE disregarded the recommendation (April 2012) of the Committee which had envisaged that the project would require financial support from GOK to cover about 75 *per cent* of the total capital expenditure. The rest of the financial requirement was to be met by way of loans from banks and financial institutions. Thus, to make the project financially viable, ₹34.50 crore of the ₹46 crore envisaged as capital expenditure, should have been received from GOK and the balance of ₹11.50 crore was to be met by availing loan from Banks and financial institutions.

However, CAPE disregarded this vital aspect while according (August 2015) Administrative Sanction for the work. Contrary to the recommendations made by the Committee, CAPE limited the GOK contribution to a mere ₹ four crore while committing to fund the balance from its own resources, by a loan from the KSCB and assistance from the Education Fund of Co-operative Societies.



The GOK stated (October 2018) that it was exploring the possibility of utilising the construction for other Government ventures under Industries Department and a committee was constituted for the same. However, the fact remains that CAPE failed to correctly assess the funding pattern for the project which resulted in avoidable, infructuous expenditure of at least ₹8.91 crore on construction of buildings for the proposed engineering college.

## FISHERIES DEPARTMENT

### 4.4. Infructuous expenditure of ₹1.29 crore in the procurement of marine diesel engines

**The violation of CVC guidelines by Matsyafed, and the resultant failure to exercise due diligence in the procurement of marine diesel engines and finding a viable alternative to the existing kerosene engines resulted in infructuous expenditure of ₹1.29 crore.**

The Central Vigilance Commission (CVC), issued (February 2011) guidelines for procurement of equipment/plants which are complex in nature. The CVC opined that it would be prudent for procuring organisations that may not possess full knowledge of the various technical solutions available in the market, to invite expressions of interest and proceed to finalise specifications, based on technical discussions/presentations with experienced manufacturers/suppliers in a transparent manner. The CVC Guidelines<sup>80</sup> (January 2002) also stipulated that “in order to give wide publicity, generate enough competition and to avoid favoritism, as far as possible, issue of Advertised/Global tender inquiries should be resorted to and published in the Indian Trade Journal and select national newspapers.”

The Kerala State Co-operative Federation for Fisheries Development Ltd. (Matsyafed<sup>81</sup>), initiated (March 2006) a process to propagate an alternative propulsion system to replace two-stroke kerosene engines to reduce the fuel bill of the fishermen and increase their per capita income. It held discussions (March 2006) with M/s. Yanmar S P Company Ltd., Thailand (M/s. Yanmar) and received (November 2006) free of cost, two four-stroke, long tail, diesel engines (Model TF 115 HM) from M/s. Yanmar. Trial runs conducted from December 2006 to February 2007 in different parts of the State using these Yanmar engines revealed that the local fishermen found it difficult to operate their boats fitted with these engines due to difficulty in controlling in rough seas, inconvenience in operation of nets, lack of forward-reverse gears, etc. To make the Yanmar engines acceptable to the fishermen, Matsyafed contacted a local gear maker,

<sup>80</sup> CVC guidelines on ‘Common irregularities/lapses observed in stores/purchase contracts and guidelines for improvement in the procurement system’ published in January 2002.

<sup>81</sup> MATSYAFED –An Apex Federation of primary level welfare societies in the coastal fishery sector with the objective of ensuring the economic and social development of the fishermen community by implementing various schemes aimed at promoting the production, procurement, processing and marketing of fish and fish products.

an innovator<sup>82</sup>, for development of reduction gears for the engine. A Committee consisting of experts from CIFNET<sup>83</sup>, CIFT<sup>84</sup> and a few officers from Matsyafed recommended (March 2008) for the commercialisation of the Yanmar engines in Kerala and to develop a beach landing model considering regional variations and fishermen preference. Trial runs were conducted from December 2008 after fitting the Z drive system developed by the innovator to the Yanmar engines.

However, even before trials runs of Yanmar engines fitted with Z drive were conducted, Matsyafed imported (July 2008) 25 diesel engines (Model TF 99 HM) of Yanmar for ₹11.68 lakh. It also procured (April 2010) 24 Z drive systems costing ₹11.86 lakh from the local innovator for fitting on these engines. Scrutiny of records during audit of Matsyafed for the period 2010-11 to 2016-17 conducted in February and April 2017 revealed that the Yanmar engines fitted with the Z drives developed troubles frequently like engine failure, problem with gear, malfunctioning of propeller, etc. and there were complaints of long idling of boats, making these engines unattractive to the fishermen. Due to the poor interest shown by the fishermen to the Yanmar engines fitted with Z drive, 11 out of 25 engines procured by Matsyafed in 2008 remained unsold as of July 2013. Despite this poor interest shown by fishermen, Matsyafed submitted (July 2013) a project to the Government of Kerala (GOK) for distributing 100 units of Yanmar engines with Z drives after subsidising 70 *per cent* of the cost of the engine, subject to a maximum of ₹ one lakh. The project was approved (August 2013) by GOK. Matsyafed imported (July 2014) 90 Yanmar diesel engines (Model TF 105 HM) for ₹67.87 lakh and purchased 100 Z drives costing ₹67.25 lakh during August – November 2014. The import of 90 more Yanmar diesel engines by Matsyafed when 11 of the 25 engines it procured in 2008 were still unsold due to low acceptability among the fishermen was not justifiable.

As of September 2018, 89 out of 115 Yanmar diesel engines and 98 out of 124 Z drives remained unsold which clearly indicated the failure of the scheme to replace kerosene engines of fishing boats.

GOK replied (February 2019) that the product was not a standard one and was evolved through several technical interventions and that the process of expression of interest inviting other bidders would have jeopardised the interest of the stakeholders involved in the product development. GOK further stated that all efforts are being taken to disburse the engines.

The reply is not acceptable as the failure of Matsyafed to adhere to the CVC guidelines requiring it to invite Expressions of Interest and to finalise specifications after technical discussions with experienced manufacturers and suppliers resulted in failure to obtain valuable technical advice from multiple sources to identify the best possible solution for an alternate propulsion system for country craft in Kerala. Matsyafed also violated the CVC guidelines on

<sup>82</sup> Shri. Mohanlal, Proprietor, M/s. Kavery Engineering Works, Alappuzha.

<sup>83</sup> Central Institute of Fisheries Nautical and Engineering Training, Kochi.

<sup>84</sup> Central Institute of Fisheries Technology, Kochi.

ensuring transparency in procurement and tendering processes. Moreover, Matsyafed had entered (February 2007) into a Memorandum of Understanding (MOU) with M/s. Yanmar whereby Matsyafed was granted exclusive dealership for Yanmar TF series engines for marine applications in Kerala and three<sup>85</sup> coastal districts of Tamil Nadu. The MOU also stipulated that Matsyafed would not try to promote any other competitors products during the period of exclusivity<sup>86</sup>. More significantly, the MOU reveals that Matsyafed had committed to place orders for 500 units of TF 99 HM engines during April 2007 to March 2008. The fact remains that Matsyafed ignored other national/international vendors and persisted with Yanmar engines even though it was established that these engines were not suitable for fishing boats operating in Kerala.

Thus, the violation of CVC guidelines by Matsyafed and the resultant failure to exercise due diligence in the procurement of marine engines and finding a viable alternative to the existing kerosene engines resulted in infructuous expenditure of ₹1.29 crore.

## GENERAL EDUCATION DEPARTMENT

### 4.5. Infructuous expenditure on construction of a temporary additional floor at Pareeksha Bhavan

**The injudicious decision of the Director of Public Instructions to construct a temporary additional floor on the six-storeyed building of Pareeksha Bhavan, and failure of the Public Works Department to rightly assess the structural soundness of the work led to partial collapse of the structure and resultant infructuous expenditure of ₹2.35 crore.**

The General Education Department, Government of Kerala (GOK) accorded (February 2012) Administrative Sanction (AS) to the proposal of the Director of Public Instruction (DPI) for construction of a temporary additional floor with trussed roof to accommodate a computer lab, server rooms, system manager's room, toilets, etc., on the existing<sup>87</sup> six-storeyed building of Pareeksha Bhavan<sup>88</sup>, Thiruvananthapuram. Technical Sanction (TS) was accorded (March 2012) by the Chief Engineer (Buildings), Public Works Department (PWD) and the work awarded to a Contractor (June 2012). The GOK also sanctioned ₹one crore (February 2012) and ₹1.96 crore (February 2013) for civil and electrical works respectively. The GOK, further sanctioned (October 2014) ₹0.13 crore to the Electrical Division of PWD for carrying out the SITC<sup>89</sup> of Ductable Split AC Unit and re-arrangement of electrical installation and providing plug sockets

<sup>85</sup> Kanyakumari, Tirunelveli and Tuticorin districts in Tamil Nadu.

<sup>86</sup> One year from the start date of MOU viz., 23 February 2007.

<sup>87</sup> The Pareeksha Bhavan building was constructed in 1978.

<sup>88</sup> The Pareeksha Bhavan conducts examinations for school leaving certificates, arranges for the valuation of answer scripts, processes marks, and announces results and issues diplomas, degrees and certificates

<sup>89</sup> Standard Industrial Trade Classification

in the newly constructed hall to comply with SITC standards. The civil works were completed (September 2014) incurring an up to date expenditure of ₹0.97 crore. The Executive Engineer of Electrical wing PWD (EE) reported (May 2018) that electrical works and works pertaining to installation of firefighting system were completed incurring an expenditure of ₹1.38 crore.

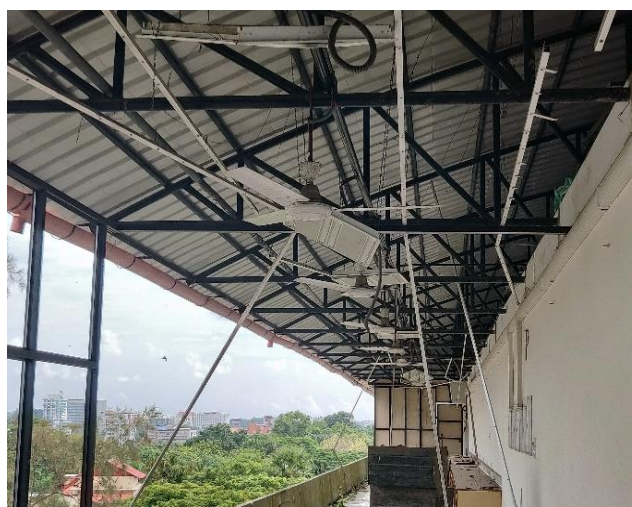
Scrutiny of records revealed that the Joint Commissioner, Pareeksha Bhavan had written (June 2016) to the DPI and PWD that despite spending sizeable funds in the last four years, the additional floor was not functional due to lack of co-ordination between the civil and electrical wings in PWD. He therefore sought co-ordinated efforts of both wings of PWD for timely completion of work. Subsequently in the same month, a portion of the newly constructed structure including parts of the ceiling collapsed and the aluminium fabrications were blown away due to strong wind, rendering the newly constructed structure unfit for use.

The National Building Code stipulated that wind forces and their effects should be taken into account while designing buildings, structures and components. However the approved design provided for normal wind pressure only and avoided cross ventilation which could have minimised the high wind pressure on the sixth floor. The EE stated in reply (January 2019) that the then Executive Engineer and the Superintending Engineer had discussed (September 2012) the impact of wind force on the temporary structure on the sixth floor. The reply is not tenable in view of the fact that PWD did not conduct a feasibility study to assess the structural soundness of the construction or calculate wind-load to be withstood by the building prior to according TS in March 2012.

Joint verification conducted by Audit (October 2018) along with officials of Pareeksha Bhavan revealed that the newly constructed floor still remains unfit for use. Glass panels, which made up the sidewalls, were either blown away or broken to pieces and remnants of false ceiling were seen hanging from the roof, or totally missing at some places, as seen in the photographs below.



*Picture 4.1: Sidewalls blown away and glass panels broken to pieces at Pareeksha Bhavan, 16 October 2018*



*Picture 4.2: Remnants of false ceiling hanging from the roof at Pareeksha Bhavan, 16 October 2018*



Audit observed that the Joint Commissioner, Pareeksha Bhavan had voiced his disagreement (October 2011) to the idea of a temporary structure on the sixth floor of the 33-year old building. Instead, he had suggested constructing a new building in the open space in the premises, with the allotted funds. This decision was overruled by the DPI who went ahead with the proposal of constructing a temporary additional floor on the existing building.

Thus, the injudicious decision of the DPI to construct an additional floor on the existing six-storeyed building of Pareeksha Bhavan, coupled with failure of the PWD to consider the impact of wind force while designing the structure, resulted in partial collapse of the structure and resultant infructuous expenditure of ₹2.35 crore.

The GOK replied (January 2019) that the matter was brought to the notice of the PWD by the DPI and that steps were being taken by GOK to rectify the matter.

## WATER RESOURCES DEPARTMENT

### 4.6. Deficiencies in implementation of a Water Supply Scheme led to infructuous expenditure of ₹8.50 crore

**Kerala Water Authority commenced the work of laying pipelines for a Water Supply Scheme without complying with conditions stipulated by Government of Kerala. The work was subsequently stopped resulting in infructuous expenditure of ₹8.50 crore, besides inability to provide an additional water source to the Kollam Water Supply Scheme.**

The Kollam Water Supply Scheme (Kollam WSS), commissioned in 1957, draws water from Sasthamcotta Lake<sup>90</sup> for providing potable water to Kollam Corporation and adjoining panchayats. The lake is a designated wet land of international importance under the Ramsar Convention<sup>91</sup>, which emphasised its conservation by reducing extraction of water. Considering the drastic fall in the water level of Sasthamcotta Lake during the summer of 2013 which affected the water supply to Kollam Corporation, the Government of Kerala (GOK) accorded (October 2014) Administrative Sanction (AS) to the Kerala Water Authority (KWA) to implement a new WSS with the Kallada River as source, at an estimated cost of ₹14.50 crore.

The scheme, ‘Providing additional water source to the Kollam WSS from Kallada River at Kadapuzha’ envisaged pumping raw water from the Kallada River with intake point at Kadapuzha and conveying the water to the existing

<sup>90</sup> The largest fresh water lake in Kerala is located at a distance of about 26 km from Kollam town and is one of the main source of drinking water of Kollam district.

<sup>91</sup> The Convention on Wetlands, called the Ramsar Convention, is an inter-governmental treaty that provides the framework for the conservation and wise use of wetlands and their resources. The Convention was adopted in the Iranian city of Ramsar in 1971 and came into force in 1975.

Water Treatment Plant at Sasthamcotta, for treatment and distribution to Kollam Corporation. Since the riverbed at the intake point at Kadapuzha is below mean sea level, saline intrusion from the nearby Ashtamudi Lake which opens into the Arabian Sea, is common due to tidal variation. The Detailed Project Report (DPR) of the Scheme prepared (October 2014) by KWA also clarified that since the chloride content level at the intake point during the drought season was three to six times above the acceptable limit, additional drawal of water could further magnify the intensity of saline intrusion at the intake point. The DPR therefore recommended construction of a suitable salt-water intrusion barrier across the Kallada River and ensuring its effective functioning before drawal of water from Kadapuzha for the water supply scheme. The DPR also required conduct of a detailed Environmental Impact Assessment (EIA)<sup>92</sup> study by an accredited agency prior to finalisation of the project proposal.

Accordingly, GOK issued (October 2014) AS to KWA to implement the scheme only after constructing a suitable saline intrusion barrier across Kallada River and ensuring its effectiveness. While the components of laying the pumping main and other allied<sup>93</sup> works were to be executed by KWA, the design and construction of the salt-water intrusion barrier was deemed the responsibility of the Irrigation department by GOK.

Audit observed (October/November 2017) that KWA ensured neither the conduct of EIA study nor construction of the saline intrusion barrier by the Irrigation department before commencing work on the raw water pumping main for the Scheme. KWA tendered (October 2014) and entered into agreements (May 2015) for the raw water pumping main, with a Contractor for two works viz., the supply, laying, testing and commissioning of 800 mm MS<sup>94</sup> pipes for a length of 3800 m from the Kadapuzha intake point to Sasthamcotta Treatment Plant, and the work of supplying, laying, testing and commissioning of 800 mm HDPE<sup>95</sup> pipes across the Sasthamcotta Lake for a length of 930 m for ₹8.44 crore and ₹3.44 crore, respectively. The target date for completion of the works was fixed as 24 January 2016.

The Contractor, citing reasons such as the onset of monsoon and delay on the part of KWA in making payments, sought (December 2015) extension of time up to 31 May 2016, which was granted (February 2016). Though the Contractor requested to further extend the time of completion till 31 May 2017 citing delayed payment of funds by KWA, extension was granted until 31 December 2016 only. Scrutiny of records revealed that the Contractor supplied the entire

<sup>92</sup> As per the Wetlands (Conservation and Management) Rules, 2010, any construction of a permanent nature except for boat jetties within 50 m. from the mean high flood level observed in the past ten years was prohibited within the wetlands. Similarly, withdrawal of water or the impoundment, diversion or interruption of water sources within the local catchment area of the wetland ecosystem shall not be undertaken without the prior approval of the State Government. In such cases, the State Government shall ensure that a detailed Environment Impact Assessment is carried out in accordance with the procedure specified in the notification of GOI in the Ministry of Environment and Forests.

<sup>93</sup> Supplying and laying 800 mm MS and HDPE pipes, construction of intake well cum pump house and construction of transformer room including supply, erection, testing and commissioning.

<sup>94</sup> Mild Steel

<sup>95</sup> High Density Poly Ethylene

contracted quantity of 3800 m of MS pipes and 930 m of HDPE pipes required for the work. However, the Contractor had laid only 1559.05 m of MS pipes, when the work was stopped by KWA. Reason for stopping the work was reported to be land issues related to the intake well. Audit observed that the work of laying of HDPE pipes procured at a cost of ₹2.41 crore across Sasthamcotta Lake had not even commenced (August 2018).

The violations noticed by Audit in the award of work were brought to the notice of KWA/GOK for remarks (May 2018). The Managing Director, KWA, stated (June 2018) that tenders for laying pipeline were invited in compliance to directions issued in a meeting convened by Additional Chief Secretary on 21 October 2014 and that construction activities could commence after issue of AS (July 2015) for the saline intrusion barrier by the Irrigation Department. It was also stated that no EIA study was required since the proposed weir<sup>96</sup> across Kallada River had been changed to regulator cum bridge<sup>97</sup>. GOK replied (November 2018) that the work order was issued only after the declaration of construction of weir/regulator during the Chief Minister's Jana Sambarka Paripadi<sup>98</sup>. It was also stated that notification of Ministry of Environment and Forestry on EIA dated 14 September 2006 did not suggest any EIA study for Water supply schemes.

The reply is not tenable since GOK clearly stipulated (October 2018) that the work on the proposed WSS should be taken up "after ensuring the construction of the salt water intrusion barrier since the success of the project depended on the success of the saline intrusion barrier" and KWA should have ensured completion of construction of saline intrusion barrier by the Irrigation department before commencing the work of laying pipelines. The justification offered by GOK for not ensuring conduct of EIA study is also not tenable since the Ashtamudi and Sasthamcotta Lakes have been categorised as Ramsar Wetlands of International Importance under the Ramsar Convention and therefore governed by the Wetlands (Conservation and Management) Rules, 2010 issued by GOI. GOK was therefore bound to ensure conduct of detailed EIA since the construction of either a weir or a regulator to serve the purpose of a saline intrusion barrier across the Kallada River could have adverse environmental consequences on these two Ramsar sites.

Considering the fact that the mandatory EIA has not been conducted and the AS issued to the Irrigation department for the construction of the Regulator across Kallada River at Kadapuzha at an estimated cost of ₹19 crore has lapsed, the probability of completion of the WSS is remote. The Irrigation Department has also confirmed to Audit (March 2018 and April 2018) that no assurance was

<sup>96</sup> A low dam built across a river to raise the level of water upstream or regulate its flow.

<sup>97</sup> The main objective is to evolve sufficient storage for meeting the drinking water supply and the effective control of saline water intrusion into the upstream side of regulator. Besides, the river when bridged connecting the two banks, will improve the communication facilities, transportation distance and the employment opportunities in that area. The proposal for construction of salt water intrusion barrier across Kallada River was modified by the Irrigation Design and Research Board (IDRB) for construction of a Regulator across the river.

<sup>98</sup> Mass Contact Programme



given to KWA regarding the construction of saline intrusion barrier across the Kallada River and that the department is yet to obtain Technical Sanction for the work.

The haste shown by KWA in awarding the work of laying pipeline for the pumping main without satisfying the mandated stipulations and subsequent stoppage of the work has resulted in infructuous expenditure of ₹8.50 crore<sup>99</sup>, besides inability to provide additional water source to Kollam Water Supply Scheme.



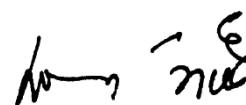
**(S. SUNIL RAJ)**

**Accountant General**

**(General and Social Sector Audit), Kerala**

**Thiruvananthapuram,  
The 28 January 2020**

**Countersigned**



**(RAJIV MEHRISHI)**

**Comptroller and Auditor General of India**

**New Delhi,  
The 29 January 2020**

<sup>99</sup> ₹8.50 crore comprising payment made to contractor ₹6.67 crore and balance ₹1.83 crore payable by KWA for work done.

# APPENDICES



## Appendix 1.1

Year-wise break up of outstanding Inspection Reports (IRs) as on 30 June 2018

(Reference: Paragraph 1.7.1; Page: 7)

Year	Up to 2013-14	2014-15	2015-16	2016-17	2017-18	Total
<b>CULTURAL AFFAIRS DEPARTMENT</b>						
No. of IRs	57	23	25	24	4	<b>133</b>
No. of paragraphs	198	139	144	176	41	<b>698</b>
No. of IRs for which initial reply has not been received (no. of paragraphs)	-	-	-	-	-	-
<b>GENERAL EDUCATION DEPARTMENT</b>						
No. of IRs	599	256	226	422	50	<b>1553</b>
No. of paragraphs	1638	776	756	2048	516	<b>5734</b>
No. of IRs for which initial reply has not been received (no. of paragraphs)	3 (18)	4 (22)	5 (50)	10 (82)	24 (196)	<b>46 (368)</b>
<b>REVENUE DEPARTMENT</b>						
No. of IRs	22	38	29	30	1	<b>120</b>
No. of paragraphs	127	136	185	312	10	<b>770</b>
No. of IRs for which initial reply has not been received (no. of paragraphs)	1 (0)	2 (7)	2 (4)	13 (168)	-	<b>18 (179)</b>
<b>SOCIAL JUSTICE DEPARTMENT</b>						
No. of IRs	7	22	56	91	-	<b>176</b>
No. of paragraphs	29	56	167	355	-	<b>607</b>
No. of IRs for which initial reply has not been received (no. of paragraphs)	-	1 (4)	17 (71)	35 (157)	-	<b>53 (232)</b>
<b>GRAND TOTAL</b>						
<b>No. of IRs outstanding</b>						<b>1982</b>
<b>No. of Paragraphs outstanding</b>						<b>7809</b>
<b>No. of IRs for which initial reply has not been received (no. of paragraphs)</b>						<b>117 (779)</b>

## Appendix 1.2

### Details of Action Taken Notes pending as of September 2018

(Reference: Paragraph 1.7.3; Page: 7)

Sl. No.	Department	2013-14	2014-15	2015-16	2016-17	Total
1.	General Administration	-	-	2	-	2
2.	Health and Family Welfare	-	-	1	1	2
3.	Ayush	-	-	-	1	1
4.	Higher Education	-	1	2	2	5
5.	Public Works	-	-	-	1	1
6.	Home and Vigilance	-	-	-	1	1
7.	Labour	-	-	-	2	2
8.	Water Resources	-	1	1	1	3
9.	Printing and Stationery	1	1	-	-	2
10.	Social Justice	-	-	-	1	1
11.	Local Self Government	-	1	-	1	2
<b>Total</b>		<b>1</b>	<b>4</b>	<b>6</b>	<b>11</b>	<b>22</b>

## Appendix 1.3

Statement showing the details of paragraphs pending discussion by the Public Accounts Committee as of September 2018

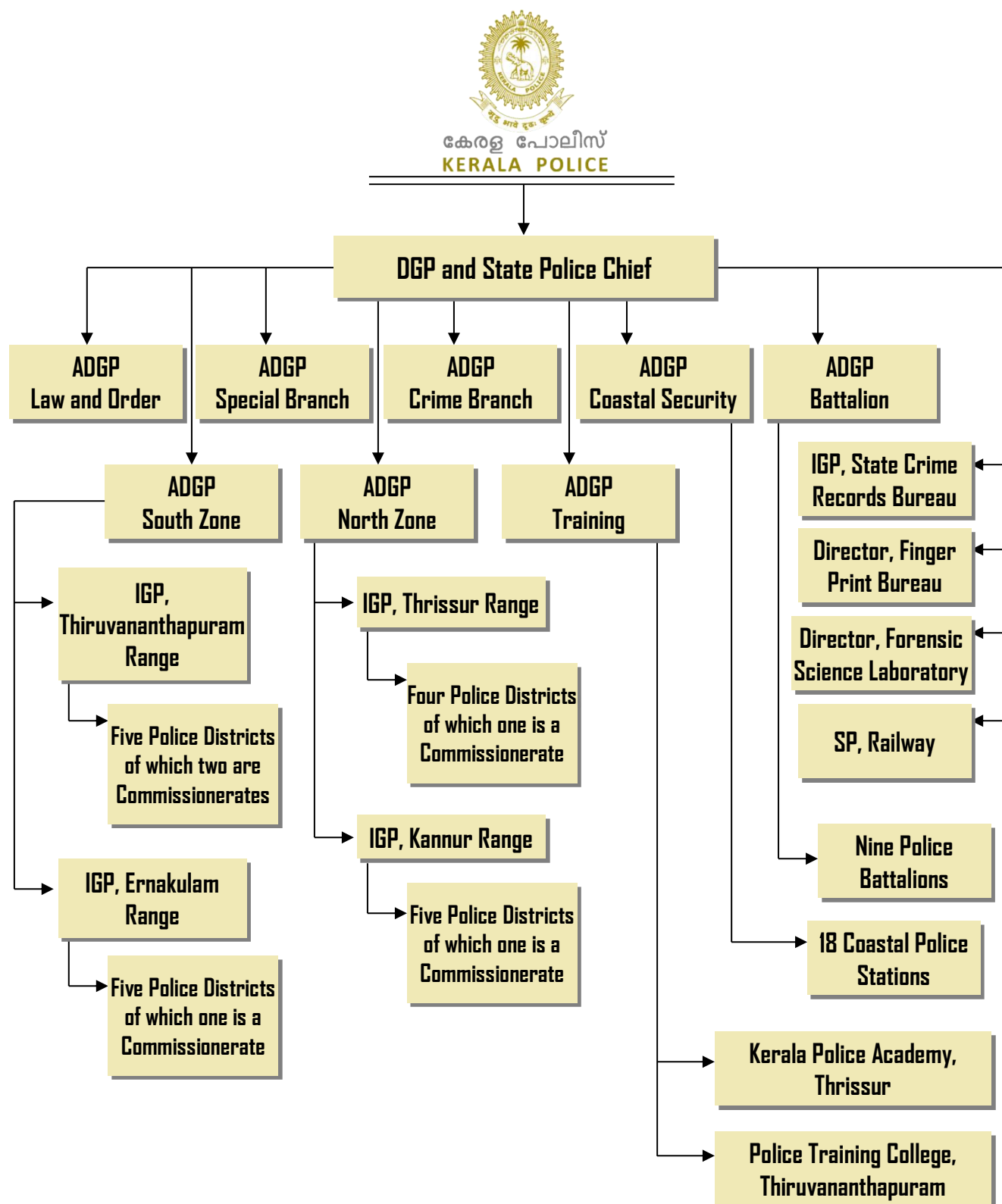
(Reference: Paragraph 1.7.4; Page: 7)

Sl. No.	Department	2012-13	2013-14	2014-15	2015-16	2016-17	Total
1.	Ayush	-	-	-	-	1	1
2.	Cultural Affairs	-	1	-	-	-	1
3.	General Administration	-	-	-	2	-	2
4.	General Education	-	-	1	-	-	1
5.	Health and Family Welfare	-	3	-	1	1	5
6.	Higher Education	-	-	2	3	2	7
7.	Home and Vigilance	1	-	-	-	1	2
8.	Housing	-	1	-	-	-	1
9.	Information Technology	-	1	-	-	-	1
10.	Labour and Skills	-	1	-	-	2	3
11.	Local Self Government	-	-	1	-	1	2
12.	Public Works	-	-	-	-	1	1
13.	Revenue	2	-	3	-	-	5
14.	Scheduled Castes Development	-	1	1	-	-	2
15.	Social Justice	-	-	1	-	1	2
16.	Sports and Youth Affairs	1	-	-	-	-	1
17.	Water Resources	-	-	2	1	1	4
<b>TOTAL</b>		<b>4</b>	<b>8</b>	<b>11</b>	<b>7</b>	<b>11</b>	<b>41</b>

## Appendix 2.1

### Organisational setup of Kerala Police Department

(Reference: Paragraph 2.2; Page: 10)





## Appendix 2.2

## Details of items purchased

*(Reference: Paragraph 2.7.1; Page: 14)*

AAP Year	Total equipment to be procured/activities to be implemented	Equipment procured/activities completed during						Total equipment procured/activities completed
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
2013-14	81	1	15	12	6	8	4	46
2014-15	81	0	1	7	9	10	4	31
2015-16	0	0	0	0	0	0	0	0
2016-17	48	0	0	0	0	7	4	11
2017-18	86	0	0	0	0	26	5	31
<b>Total</b>	<b>296</b>	<b>1</b>	<b>16</b>	<b>19</b>	<b>15</b>	<b>51</b>	<b>17</b>	<b>119</b>

### Appendix 2.3

#### Availability of modern weapons for civil police force and armed police battalions

(Reference: Paragraph 2.10.2; Page: 23)

Police Constables to Havildars and Civil Police Officers to Senior Civil Police Officers				
	Strength	Weapons	Shortage	Excess
Civil Police Force	33111	3421	29690	Nil
Armed Battalions	7953	8025	Nil	72
<b>Total</b>	<b>41064</b>	<b>11446</b>	<b>29690</b>	<b>72</b>
ASI to Commandant / Superintendent of Police				
	Strength	Weapons	Shortage	Excess
ASI to SP	5203	4448	755	Nil
ASI to Commandant	385	1351	Nil	966
<b>Total</b>	<b>5588</b>	<b>5799</b>	<b>755</b>	<b>966</b>

Shortage of weapons for CPOs, SCPOs, Constables and Havildars: 29618 (29690-72)

## Appendix 2.4

## Further discrepancies noticed in the verification report of DIG (APB)

(Reference: Paragraph 2.10.3.2; Page: 26)

Verification Report of DIG (APB)	Further discrepancies noticed in Audit	Final Reply of Government	Remarks on Final Reply
1. Special Armed Police Thiruvananthapuram (SAP) transferred 31 numbers of 5.56 mm INSAS Rifles to India Reserve Battalion, Thrissur (IRB) as per Order No. H4/23397/2012/PHQ	Audit verified the records at IRB, Thrissur. Thirty one INSAS Rifles were transferred from SAP, Thiruvananthapuram to IRB, Thrissur vide Bale Ticket dated 18.04.2012. The rifle with Body No.18288913 which was included in the list attached to the Bale Ticket was not available at IRB. Instead another rifle bearing Body No.16671162 which was not in the attached list was available at IRB.	It was a mistake in the entry made in the Bale Ticket while it was issued from SAP. The weapon is currently available in KAP-III Battalion.	The Audit observation was that the Rifle (18288913) which was transferred to IRB as per Bale Ticket is not available in IRB.
2. SAP Battalion transferred 335 Rifles to KAP-III, Adoor in December, 2005 and September, 2013. This includes 10 rifles bearing Body Nos. from 16671593 to 16671602.	On verification of records at KAP-III, Adoor it was noticed that the rifles bearing Body Nos. from 16671593 to 16671602 (which were stated to be transferred from SAP to KAP-III) were not received from SAP but from KAP-V.  Instead 10 rifles bearing Body Numbers 16671538 to 16671547 which were not included in the Verification Report were seen received at KAP-III from SAP. However, verification at Police Chief Stores revealed that the above 10 rifles (Body Nos. from 16671538 to 16671547) were not issued to SAP from Police Chief Store.	The 10 weapons are physically available in KAP-III  Audit remarks are correct and the error was in the initial issue of 500 weapons from Police Chief Stores to SAP Battalion and MSP Battalion in 2005. Though, as per the available records in Police Chief Stores, rifles with Body Numbers 16671538 to 16671547 were seen to be issued to MSP, they were physically allotted to SAP. Similarly, rifles with Body Numbers 16671518 to 16671527 were seen to be allotted to SAP, but were physically allotted to MSP.	Even though the 10 rifles (16671593 to 16671602) are available in KAP-III, the same were seen received at KAP-III from KAP-V and not from SAP as stated in DIG's Verification Report.

## Appendix 2.5

### Utilisation of fund against allocation for FSL in Annual Action Plans from 2013-14 to 2017-18

(Reference: Paragraph 2.13; Page: 30)

Scheme Year	Allocation in Annual Action Plan (₹ in lakh)			Fund utilised (₹ in lakh)			Number of equipment/ activity proposed in AAP	Number of equipment/ activity procured/ completed as on November 2018
	GOI	GOK	TOTAL	GOI	GOK	TOTAL		
2013-14	0.00	143.00	143.00	0	57.07	57.07	16	9
2014-15	220.00	0.00	220.00	82.96	0.00	82.96	18	6
2015-16	668.00	0.00	668.00	0.00	0.00	0.00	4	0
2016-17	0.00	111.00	111.00	0.00	109.71	109.71	4	3
2017-18	369.00	0.00	369.00	41.32	0.00	41.32	11	3
<b>Total</b>	<b>1257.00</b>	<b>254.00</b>	<b>1511.00</b>	<b>124.28</b>	<b>166.78</b>	<b>291.06</b>	<b>53</b>	<b>21</b>

# Additionally, two equipment were procured using funds under State scheme.

## Appendix 2.6

### Details of pendency of grave crime cases referred to FSL for examination

(Reference: Paragraph 2.13.1; Page: 31)

Section	2013	2014	2015	2016	2017	2018	Total
Section 302	1	22	52	80	127	57	339
Section 302 + (SC/ST)	0	1	0	2	2	2	7
Section 307	0	12	44	90	161	60	367
Section 376	1	49	48	79	174	24	375
Section 376 + POCSO	0	6	32	147	328	63	576
Section 376 + (SC/ST)	0	6	7	23	48	7	91

## Appendix 2.7

### Details of works entrusted to KPHCC but not tendered as on 30 September 2018

(Reference: Paragraph 2.18.1; Page: 43)

Sl. No.	Name of work	Location	Year in which included in AAP	Fund allocated in AAP (₹ in lakh)	Date of transfer of fund to KPHCC	Reason for not taking up the work
1.	Construction of District Police Office, Thrissur City	Irinjalakkuda	2013-14	150.00	10.12.2014	Site was not finalised by the police department. Final sanction for the new site identified was received on 21.05.2018. Architectural consultancy agreement was under process. Steps have been taken for soil test. Based on soil test report the design will be finalised.
2.	Construction of 5 Nos. class room at the second floor above library at KEPA	KEPA	2013-14	100.00	25.09.2017	Estimate was submitted to PHQ for obtaining permission to tender the work. PHQ has decided to take back the work.
3.	Construction of LSQ	Paravoor	2013-14	95.75	31.03.2018	Estimate was submitted to PHQ for obtaining permission to tender the work on 26.06.2018.
4.	Construction of LSQ	Thrissur	2013-14	59.84	31.03.2018	Estimate was submitted to PHQ for obtaining permission to tender the work on 20.06.2018. The permission awaited.
5.	Construction of Police Stations	Aroor	2014-15	100.00	31.10.2017	A drawing received from PHQ is not suitable at site. Now the local MLA is proposing another plan.
6.	Construction of Police Stations	Chompala	2014-15	50.00	31.10.2017	Estimate was submitted to PHQ on 19.06.2018 for obtaining permission to tender the work.
7.	Construction of Upper Subordinate Quarters	Ernakulam Town North PS premises (4 Nos.)	2014-15	112.00	19.01.2018	Estimate was submitted to PHQ on 19.06.2018 for obtaining permission to tender the work.
8.	Construction of Lower Subordinate Quarters	Florican Hill, Kozhikode (1 No.)	2014-15	23.08	12.03.2018	Estimate was submitted on 19.06.2018 to PHQ for obtaining permission to tender the work.
9.	Construction of citizen facilitation centre	Kochi	2014-15	25.00	29.03.2018	Sanction was received on 11.05.2018 for renovating the existing police club. Estimate was submitted to PHQ for obtaining permission to tender the work on 12.06.2018.
10.	Training Infrastructure at KEPA - Construction of Baffle range for small Arms Firing, Model interrogation room	KEPA	2017-18	80.00	03.03.2018	Fund resumed by Government.
11.	Training Infrastructure at KEPA - Construction of Model interrogation room	KEPA	2017-18	5.00	03.03.2018	Fund resumed by Government.
12.	Construction of new Police Station	Vadanapally, Thrissur	2013-14	35.00	26.08.2014	Integrated with Thampanoor PS.
13.	Construction of citizen facilitation centre	Kozhikode City	2013-14	25.00	26.08.2014	Integrated with Thampanoor PS.
14.	Construction of women police rest room	Mannuthy, Thrissur	2013-14	3.00	26.08.2014	Integrated with Thampanoor PS.
15.	Construction of 5 Nos. Modern Public Response Facilitating Centre (control rooms)		2013-14	250.00	31.10.2017	This work was entrusted with another agency.

Sl. No.	Name of work	Location	Year in which included in AAP	Fund allocated in AAP (₹ in lakh)	Date of transfer of fund to KPHCC	Reason for not taking up the work
16.	Construction of women police rest room	Vadanapally Police Station	2013-14	3.00	26.08.2014	Site not received.
17.	Construction of visitors room	Vadanapally Police Station	2013-14	4.00	26.08.2014	Site not received.
18.	Construction of new Police Station at Ezhukone shifted to Sakthikulangara, Kollam	Sakthikulangara, Kollam	2013-14	73.50	25.11.2016	The proposed site falls in Coastal Regulation Zone and very near to the sea. Hence, the SPC has been requested to allot a new site.
19.	Construction of new police station	Pallithottam, Kollam	2014-15	49.00	25.11.2016	Integrated with Thampanoor PS.
20.	Construction of new police station	Infopark Police Station, Kochi	2014-15	200.00	25.11.2016	The work was entrusted with KPHCC. As per soil test report pile foundation was proposed at site. The estimate prepared by KPHCC including pile foundation was for ₹3.01 crore. As per the direction of the SPC action was taken to revise the foundation type as column footing. Later SPC decided to reallocate the above work to another agency.
21.	Construction of mess hall	Sannidhanam, Pathanamthitta	2014-15	350.00	25.11.2016	Hindrance free site has not been handed over to KPHCC by the department.
22.	Construction of mess hall	Pampa, Pathanamthitta	2014-15			
23.	Construction of LSQ	Infopark police station	2014-15	23.60	17.02.2017	Integrated with Infopark police station and the work was entrusted to another agency.
24.	Construction of new Police Station	Pinarayi, Kannur	2014-15	30.00	31.10.2017	Hindrance free site has not been handed over to KPHCC by the department.
25.	Construction of CI Office/SDPO	Pinarayi, Kannur	2014-15	50.00	23.12.2017	Integrated with Pinarayi Police Station. Hindrance free site has not been handed over to KPHCC by the department.
26.	Construction of Upper Subordinate Quarters	Palayam	2014-15	112.00	19.01.2018	Proposed site is not suitable for the construction of USQ. PHQ has been requested to allot a new site.
27.	Construction of Lower Subordinate Quarters	PHQ (Vertical extension to Janamaithri Hall)	2014-15	46.15	12.03.2018	This work was entrusted with another agency.
28.	Construction of citizen facilitation centre	Thampanoor	2014-15	40.00	29.03.2018	Work was integrated with Thampanoor Police Station. Construction of Thampanoor Police Station was entrusted with another agency.
29.	Construction of citizen facilitation centre	PHQ	2014-15	10.00	29.03.2018	This work was entrusted with another agency. As per the direction of SPC fund for the work was transferred to the District Police Chief, Thiruvananthapuram.
30.	Construction of citizen facilitation centre	Infopark	2014-15	25.00	29.03.2018	Work was integrated with Infopark police station. Construction of Infopark Police Station was entrusted with another agency.
31.	Development of Training Infrastructure for District Training Centre	Police Club, Kollam City	2017-18	20.00	12.02.2018	Action was taken to tender this work. However, based on a request of District Police Chief, Kollam the amount was refunded.



### Appendix 3.1

#### Status of release of GOI assistance for WWH scheme

(Reference: Paragraph 3.10.2.1; Page: 66)

(₹ in crore)

Sl. No	Particulars	Construction Cost	Date of completion	GOI share eligible	GOI share received	GOI share due	Remarks
1.	WWH, Chevayoor, Kozhikode	6.34	October 2017	4.76	4.28	0.48	Final instalment was due. Fund request was submitted to Directorate of Women and Child Development for onward transmission to GOI (September 2018).
2.	WWH, Kattappana, Idukki	5.02	March 2017	3.77	3.39	0.38	Final instalment was due. Fund request was submitted to Secretary, Social Welfare Department in July 2017.
3.	WWH, Kizhakke Chalakudy, Thrissur	3.16	January 2017	2.36	2.12	0.24	Final instalment was due. Utilisation certificate (UC) is yet to be submitted (September 2018)
4.	WWH, NCC Nagar, Thiruvananthapuram	3.87	June 2017	2.90	1.45	1.45	Incorrect sanction number and date mentioned in the UC, forwarded to GOI. Documents like certificate from the district administration that the progress of construction is satisfactory, resolution passed by Management committee, acceptance of terms and conditions and statement of expenditure were not submitted.
5.	WWH, Edappally, Ernakulam	3.71	October 2017	2.78	1.39	1.39	Details of grants received from GOK, completion certificate from State PWD along with the recommendation of GOK and half-yearly progress report after 31.12.2016 were not submitted.
6.	WWH, Mulamkunnathukavu, Thrissur	5.26	December 2017	3.95	3.56	0.39	Final instalment was due. UC is yet to be submitted (September 2018)
<b>TOTAL</b>		<b>27.36</b>		<b>20.52</b>	<b>16.19</b>	<b>4.33</b>	

### Appendix 3.2

#### Differences in Asset registers maintained at Division Offices and Head Office

(Reference: Paragraph 3.10.4.1; Page: 70)

##### a) Land included in Asset register of test-checked Division Offices not included in Asset register of Head Office

Division	Description	Village	Area (in cents)
Thiruvananthapuram Division Office 2	Nalanchira Tilak Nagar	Ulloor	5.33
Kottayam Division Office	Pala site II	Lalam	18.00
Ernakulam Division Office	Kudumbi Scheme	Elamkulam	13.81
	Revenue Tower, Kothamangalam	Kothamangalam	180.00
	Kumaranasan Nagar	Elamkulam	3.56
Ernakulam P&C	Revenue Tower	Ernakulam	97.01
Palakkad Division Office	Ottappalam HAS (commercial area)	Ottappalam	38.22

##### b) Difference in land area as per asset register maintained by Division Office and Head Office

Sl. No.	Office	Scheme	Village	Land Area as per Division Office (in cents)	Land Area as per Head Office, KSHB (in cents)
1.	Ernakulam P&C	Panampilly Nagar	Ernakulam	78.13	39.43
2.		KOFCITY	Ernakulam	1965.40	1790.00

## Appendix 4.1

## Average deficiency of tools in the test-checked ITIs

(Reference: Paragraphs 4.1.4.3 and 4.1.12.2; Pages: 79, 88)

Sl. No.	Name of the ITI	Average deficiency of tools percentage wise
1.	ITI Maradu	5.54
2.	SCDD ITI Edappally	72.12
3.	ITI Maneed	8.51
4.	ITI Kattappana	24.58
5.	ITI Kanjikuzhy	32.26
6.	STDD ITI Nadukani	46.27
7.	SCDD ITI Oachira	69.01
8.	ITI Kollam (W)	16.42
9.	ITI Thevalakkara	11.87
10.	ITI Chandanathope	63.33
11.	BTC Kollam	27.36
12.	ITI Chathannoor	36.58
13.	ITI Arakuzha	5.78
14.	ITI Elamadu	4.25
15.	ITI Vengoor	8.39
16.	ITI Chadayamangalam	29.83
17.	ITI Kalamassery (W)	19.99
18.	ITI Kottarakara	65.24
19.	SCDD ITI Vettikavala	69.90
20.	SCDD ITI Kulakada	15.50
21.	ITI Cheriyamundam	14.08
22.	SCDD ITI Keraladheeswarapuram	57.00
23.	SCDD ITI Ponnani	30.64
24.	ITI Marancherry	26.24
25.	SCDD ITI Pathaikkara	40.86
26.	ITI Thazhekode (W)	15.26
27.	ITI Puzhakkittiri	4.55
28.	SCDD ITI Pandikkad	81.97
29.	ITI Areacode	19.35
30.	ITI Nilambur	17.77
31.	ITI Kalamassery	43.73
32.	ITI Rajakkad	6.60

## Appendix 4.2

**Details of trainees who passed the final trade test and those who got placement during the year**

*(Reference: Paragraph 4.1.7; Page: 83)*

Sl. No.	Name	2013-14		2014-15		2015-16		2016-17	
		Students Passed	Students Got placed	Students passed	Students Got placed	Students passed	Students Got placed	Students passed	Students Got placed
1.	ITI Maneed	37	Nil	41	20	40	15	32	15
2.	ITI Maradu	16	10	33	14	29	24	42	3
3.	ITI Vengoor	67	Nil	69	Nil	58	Nil	39	Nil
4.	ITI Arakkuzha	30	Nil	33	Nil	35	10	19	Nil
5.	ITI Kalamassery	Data not available	Data not available	266	Data not available	296	Data not available	300	Data not available
6.	ITI Kalamassery (W)	147	Data not available	154	Data not available	152	Data not available	31	Data not available
7.	SCDD ITI Edappally	24	21	22	18	30	23	13	10
8.	ITI Kattappana	104	70	131	150	50	126	26	30
9.	ITI Rajakkad	36	Nil	35	Nil	40	8	40	12
10.	ITI Kanjikuzhy	26	Nil	31	Nil	36	Nil	7	Nil
11.	STDD ITI Nadukani	8	Nil	20	Nil	1	Nil	2	Nil
12.	ITI Chandanathope	343	Data not available	202	Data not available	231	25	285	130
13.	ITI Chathanloor	76	Data not available	105	Data not available	93	Data not available	83	Data not available
14.	ITI Elamadu	34	Nil	51	Nil	31	Nil	32	8
15.	ITI Kollam Women	296	Data not available	258	Data not available	69	Nil	136	Nil
16.	ITI Thevalakkara	28	Nil	32	Nil	31	Nil	34	3
17.	BTC Kollam	137	76	117	65	126	68	93	55
18.	ITI Chadayamangalam	ITIs started in 2017-18.							
19.	ITI Kottarakkara								
20.	SCDD ITI Vettikavala	5	2	15	2	2	Nil	6	Nil
21.	SCDD ITI Kulakkada	26	Nil	31	Nil	33	Nil	31	4
22.	SCDD ITI Oachira	25	5	32	8	24	14	17	14
23.	ITI Areacode	256	38	311	50	300	18	111	14
24.	ITI Cheriyaundam	82	61	81	9	79	9	34	Nil
25.	ITI Marancherry	46	19	37	8	53	8	50	5
26.	ITI Nilambur	81	29	87	32	100	47	27	12
27.	ITI Puzhakkattiri	41	Nil	40	Nil	37	3	37	17
28.	ITI Thazhekkode (W)	30	5	29	11	29	10	Nil	Nil
29.	SCDD ITI Keraladheeswarapuram	20	19	13	13	20	20	16	10
30.	SCDD ITI Pathaikkara	18	Nil	16	Nil	19	2	17	1
31.	SCDD ITI Ponnani	17	5	19	3	19	Nil	Nil	Nil
32.	SCDD ITI Pandikkad	20	7	20	12	18	5	Nil	Nil

### Appendix 4.3

#### Details of civil works pending completion (September 2018)

(Reference: Paragraph 4.1.9.3; Page: 85)

Sl. No.	Name of ITI	Agency entrusted with the work	Nature of work	Amount released (₹ in lakh)	Year of release	Present status
1	Kattappana	Public Works Department	Construction of Hostel	120.00	2012-13	Completed 60 per cent Revised AS required.
2	Kattappana	Public Works Department	Parking Shed for MMV Trade	35.00	2016-17	Not commenced
3	Mala	Public Works Department	Construction of Practical Lab	50.00	2013-14	In final stage
4	Chengannur	Public Works Department	Construction of new administration block	77.00	2013-14	97 per cent completed. Electrification remaining.
5	Chengannur	Public Works Department	Construction of first floor of administration block	50.00	2016-17	Work in final stage
6	Beypore	Public Works Department	Construction of building	215.00	2014-15	Piling work in progress,
7	Arakkuzha	Public Works Department	Construction of building	316.00	2014-15	Work in progress.
8	Attingal	Public Works Department	Construction of first and second floor of additional block	260.00	2015-16	Electrification work remaining.
9	Attingal	Public Works Department	Renovation of plumbing workshop	6.99	2016-17	Not commenced
10	Cheriyamundam	Public Works Department	Construction of boys hostel	118.00	2015-16	Work in progress
11	Chandanathope	Public Works Department	Construction of administration block	250.00	2015-16	Not Commenced
12	Peruva	Public Works Department	Construction of building	300.00	2015-16	Structure completed
13	Vaniyankulam	Public Works Department	Construction of building	180.00	2015-16	Civil Work completed
14	Vaniyankulam	Public Works Department	Remaining work and Compound wall	90.00	2016-17	Work Not commenced
15	Attappady	Public Works Department	Construction of staff quarters	100.00	2016-17	Work commenced
16	Kalpetta	Public Works Department	Construction of staff quarters	220.00	2016-17	Work not commenced
17	Peravoor	Public Works Department	Construction of building second phase	350.00	2016-17	Technical sanction is in progress.
18	Cherpu	Public Works Department	Construction of building	475.00	2016-17	Work in progress
19	Chenneerkkara	Public Works Department	Construction of compound wall	24.63	2016-17	60 per cent completed
20	Kurumathoor	Public Works Department	Construction of well pump house and compound wall	45.00	2016-17	Work at final stage
21	Malampuzha	Public Works Department	Electrification of various workshops	10.15	2016-17	Work not started
22	Ettumanoor	Public Works Department	Construction of toilet block	43.00	2016-17	Work not started
23	Vengoor	Public Works Department	Construction of building	500.00	2017-18	Work not started
24	Maradu	Public Works Department	Construction of building	399.00	2015-16	Work not started
	<b>Total amount</b>			<b>4234.77</b>		

## Appendix 4.4

## Deficiencies in works executed by PWD

(Reference: Paragraph 4.1.9.3; Page: 85)

Name of ITI	Name of work	Date of AS/ Amount	Components of original plan of PWD	Components of revised plan of PWD	Works actually executed	Justification offered by Department	Observations of Audit
Kattappana	Construction of hostel building to accommodate 32 boys	August 2012/ ₹1.20 crore	Proposal to construct ground floor of a three-storeyed building. Nine rooms including two rooms for kitchen and dining	Seven rooms by excluding two rooms for kitchen and dining	Constructed five rooms at a cost of ₹1.24 crore	PWD stated that plinth area was reduced to compensate for the additional expenditure on foundation work	Approval of the Department was not obtained before revising plan and unilaterally deciding to reduce plinth area. Possibility of obtaining revised sanction was not explored. The building, as constructed, is not accessible. The land is enclosed on three sides by private property and the fourth side faces the road. Since the land is about 20 feet below ground level, the building would be accessible from the road only upon construction of two more floors. The present hostel with no provision for kitchen and dining area for the trainees remains unutilised since its completion in November 2014 even after incurring expenditure of ₹1.24 crore.
Elamadu	Construction of two-storeyed building for class rooms and workshops	February 2011/ ₹2.50 crore	Proposal to construct two-storeyed building for accommodating class rooms and workshops for two existing trades (Plumber and Computer Hardware and Network Management) and for three additionally proposed trades of Mechanic (Diesel), Welder and Draughtsman (Civil)	The plan was revised to construct only the ground floor	Only the ground floor was constructed at a cost of ₹2.50 crore	DT stated (September 2018) that estimate was prepared by the PWD before conducting soil test. As the proposed site was a paddy field, the ground level of the proposed building had to be raised by 90 cm from the existing road level by earth filling. By constructing only the ground floor instead of a two-storeyed building PWD was able to compensate for the unforeseen expenditure incurred for earth filling.	AS was issued in February 2011. Work was partially completed in April 2018. Delay in commencement of work due to delay in obtaining (December 2013) GOK approval for obtaining exemption under the Paddy field Conservation Act resulted in cost escalation. Possibility of obtaining revised sanction was not explored. Approval of the Department was not obtained before revising plan and unilaterally deciding to construct one of two floors. The curtailment of the construction of two-storeyed building to a single-storeyed building by the PWD without informing the department and failure to obtain revised sanction from GOK resulted in the ITI unable to commence classes for three trades additionally proposed trades and denial of learning opportunities to at least 63 trainees.

## Appendix 4.5

### Details of trainees appearing in the examination *vis-à-vis* sanctioned intake capacity - Key Performance Indicator 1

(Reference: Paragraph 4.1.12.4; Page: 89)

ITI	2014-15				2015-16				2016-17				Total		
	Target (in per cent)	Intake capacity	Appeared for exam	Target achieved (in per cent)	Target (in per cent)	Intake capacity	Appeared for exam	Target achieved (in per cent)	Target (in per cent)	Intake capacity	Appeared for exam	Target achieved (in per cent)	Intake capacity	Appeared for exam	Total percentage of appeared for exams
BTC Kollam	70	210	158	75.24	70	294	214	72.79	75	210	158	75.24	714	530	74.23
ITI Chathannoor	70	179	147	82.12	75	158	132	83.54	70	95	88	92.63	432	367	84.95
ITI Kalamassery (W)	70	220	182	82.72	80	220	179	81.36	85	178	147	82.58	618	508	82.20
ITI Areacode	70	431	354	82.13	70	431	379	87.94	72	263	234	88.97	1125	967	85.96
ITI Kattappana	70	399	235	58.90	80	414	252	60.87	85	225	163	72.44	1038	650	62.62
ITI Nilambur	82	116	95	81.90	84	116	101	87.07	86	32	30	93.75	264	226	85.61
<b>TOTAL</b>													<b>4191</b>	<b>3248</b>	<b>77.50</b>



## Appendix 4.6

**Details of trainees passing out *vis-à-vis* candidates appearing in the examination  
- Key Performance Indicator 2**

*(Reference: Paragraph 4.1.12.4; Page: 89)*

ITI	2014-15				2015-16				2016-17				Total		
	Target (in <i>per cent</i> )	Appeared for exam	Passed	Target achieved (in <i>per cent</i> )	Target (in <i>per cent</i> )	Appeared for exam	Passed	Target achieved (in <i>per cent</i> )	Target (in <i>per cent</i> )	Appeared for exam	Passed	Target achieved (in <i>per cent</i> )	Appeared for exam	Passed	Percentage
BTC Kollam	70	158	117	74.05	70	214	126	58.88	75	158	93	58.86	530	336	63.40
ITI Chathannoor	70	147	105	71.43	75	132	93	70.45	70	88	83	94.32	367	281	76.57
ITI Kalamassery (W)	70	182	154	84.62	80	179	152	84.92	85	147	31	21.09	508	337	66.34
ITI Areacode	70	354	311	87.85	71	379	300	79.16	72	234	136	58.12	967	747	77.25
ITI Kattappana	70	235	131	55.74	85	252	50	19.84	90	163	26	15.95	650	207	31.85
ITI Nilambur	85	95	87	91.58	85	101	100	99.00	90	30	27	90.00	226	214	94.69
<b>TOTAL</b>													<b>3248</b>	<b>2122</b>	<b>65.33</b>

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