

TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2006-2008)**

FORTIETH REPORT

(Presented on 17th September, 2007)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2007

TWELFTH KERALA LEGISLATIVE ASSEMBLY

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On

**Paragraphs relating to Fisheries and Ports Department, contained in
the Reports of the Comptroller and Auditor General of India
for the year ended 31st March 2000 (Civil)**

1205/2007.

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COMMITTEE ON PUBLIC ACCOUNTS (2006-2008)

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Smt. A. Achamma, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf, present the fortieth Report on paragraphs relating to Fisheries and Ports Department contained in the Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2000 (Civil).

The Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2000 (Civil) was laid on the table of the House on July 2, 2001.

The Committee considered and finalised this Report at the meeting held on September 10, 2007.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Report.

Thiruvananthapuram,
17th September, 2007.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

REPORT

FISHERIES AND PORTS DEPARTMENT

AUDIT PARAGRAPH

Fishery Harbour Project

HIGHLIGHTS

Fishery Harbour Projects (FHPs) are intended to help the fishermen obtain increased fish catch by providing safe landing facilities and consequent increase in the number of fishing days. Out of eight projects taken up for execution between August 1981 and March 1995 by the Harbour Engineering Department, five projects were completed as of March 2000 after a delay of 3 to 5 years and the remaining three projects were delayed by 2 to 6 years with the cost overrun of Rs.17.74 crore (March 2000). Total expenditure on the projects was Rs.100.05 crore against the sanctioned estimate of Rs.74.33 crore. Delay in completion of the projects had also resulted in non-collection of revenue. Though five projects have been completed the fish catches in the State were declining.

- Five projects were completed with time overrun of 39 to 56 months and cost overrun of 11 to 49 per cent. Two projects slated for completion in November 1994/October 1996 remained incomplete (November 2000) though expenditure had already exceeded their estimates by 64 and 72 per cent as of March 2000. Main work on construction of breakwater for the Kayamkulam project had not been started even by November 2000 though stipulated period of completion was August 1998.
- The anticipated returns from the projects were over-pitched and the actual returns from completed projects were far less than projected. As information on the fish landings was not collected, the impact of the completed projects could not be ascertained.
- Projects were undertaken without considering their financial viability. Non-viable projects were shown as viable by over projection of fish catch and Central assistance obtained for those.
- There was no system for collection of data about fish landing in the project sites. Consequently, the benefit cost analysis of the projects could not be done.

- Delay in completion and commissioning of the five fishery harbours had resulted in loss of revenue to the tune of Rs.11.58 crore towards user charges for the periods of delay.
- Failure to discontinue departmental collection of landing and wharfage charges through daily wagers at Neendakara led to leakage of revenue. Loss of revenue up to November 1999 amounted to Rs. 2.85 crore.
- Project fund of Rs. 22.63 lakh received from Government of India was diverted for construction of office building for the Chief Engineer and the Superintending Engineer.
- Extra expenditure due to delay in arranging extension of the seaward breakwater at Thangassery FHP amounted to Rs. 5.66 crore.
- Premature dredging even before construction of the breakwaters for Kayamkulam project resulted in infructuous expenditure of Rs. 25.06 lakh.

Introduction

FHPs are centrally sponsored schemes taken up for facilitating increased fish catch by providing safe landing facilities and thus increasing the number of fishing days. The main components of such a project are construction of rubble mount breakwater for providing safe landing facilities and berthing places for both mechanised and traditional crafts throughout the year, wharf, auction hall etc. The execution of civil engineering works including investigation, planning, design and preparation of project reports of the projects and their maintenance are done by the Harbour Engineering Department (HED). Fifty per cent of the project cost is met by Government of India (GOI) by way of grant.

HED works under a Chief Engineer (CE) with headquarters at Thiruvananthapuram who is assisted by three* Superintending Engineers (SE) Secretary, Fisheries and Ports Department is in overall charge of the Department. There are seven project divisions at Vizhinjam, Thangassery, Neendakara, Kayamkulam, Munambam, Kozhikode and Kannur.

Audit coverage

A review on the functioning of the FHPs was conducted by Audit during December 1999 to March 2000 with reference to records in Fisheries and Ports Department in the Government, Chief Engineer's Office, three Circle and seven Division Offices. The results of the review are brought out in the succeeding paragraphs.

* Kollam, Kozhikode and Thiruvananthapuram

Financial outlay and time overrun

The estimated cost of the FHPs, Central assistance received, expenditure incurred till the end of March 2000 and time overrun were as follows:

<i>Sl. No.</i>	<i>Name of FHP</i>	<i>Estimated cost</i>	<i>Sanctioned estimate</i>	<i>Central Assistance</i>	<i>Total expenditure as of March 2000</i>	<i>Date of commencement</i>	<i>Due date of completion</i>	<i>Date of completion</i>	<i>Delay in months</i>
Rs. in crore									
1.	Neendakara	6.22 (O)	6.22	3.11	7.72	August 1981	August 1983	March 1988	56
2.	Munambam	18.95 (R)	11.67	6.84	17.13	June 1992	June 1994	March 1998	46
3	Puthiyappa	9.63 (O)	9.63	4.81	10.71	January 1990	September 1992	February 1996	42
4.	Chombal	9.75 (R)	5.56	3.70	8.31	March 1995	March 1996	May 1999	39
5.	Mopla Bay	8.16 (O)	8.16	4.08	9.42	October 1993	April 1995	May 1999	50
6.	Vizhinjam	15.84 (R)	7.04	6.90	12.10	June 1994	October 1996	Not completed	48
7.	Thangassery	47.42 (R)	19.80	9.87	32.48	November 1991	November 1994	Not completed	72
8.	Kayamkulam	17.70 (R)	6.25	2.00	2.18	Work not arranged	August 1998	..	24
Total		133.67	74.33	41.31	100.05				

(O-Original, R- Revised)

The completed five projects exceeded the sanctioned estimates by 11 to 49 per cent and were delayed by 39 to 56 months for completion. In Munambam and Chombal projects, GOI was yet to approve the revised estimate. In the remaining 3 incomplete projects, though expenditure in respect of Vizhinjam and Thangassery exceeded the sanctioned estimates by 72 and 64 per cent respectively, no revised estimates had been prepared as of January 2000. Government did not fix any revised date of completion of these projects as of October 2000. As such, Rs. 46.76 crore invested in these incomplete projects are so far unfruitful even though cost of 2 projects has exceeded the estimate by 66 per cent.

Of the 3 incomplete projects, construction of one project (Kayamkulam) has not been arranged for the last six years though approval of GOI was received in August 1994 and Central assistance of Rs. 2 crore received in December 1996. GOI stipulated that the work was to be completed by August 1998 but the main work, viz, construction of breakwaters was put to tender only in March 1998. However, High Court of Kerala awarded stay (as of October 2000) in response to a petition filed by a bidder. Even though main work did not start, Rs 2.18 crore was spent on ancillary works like dredging, construction of reclamation bunds, installation of weigh bridge, etc and salary of staff. In the absence of breakwaters, expenditure on dredging (Rs. 25.06 lakh) would be infructuous as discussed in paragraph 4.1.12.

Non-closure of accounts of completed projects

The accounts of the five completed projects have not been closed as of March 2000 though the projects were completed between March 1988 and May 1999. Expenditure on establishment and maintenance of the projects continues to be included under the plan outlay.

Physical target and achievement

The target and achievement of fish catch in respect of the FHPs were as follows:—

<i>Sl. No.</i>	<i>Name of FHP</i>	<i>Estimated fish catch in the project report (Year in bracket)</i>	<i>Targeted addition after completion</i>	<i>Total</i>	<i>Actual catch according to CMFRI* during 1999</i>
<i>in tonnes</i>					
(1)	(2)	(3)	(4)	(5)	(6)
1.	Neendakara	76702 (1977-78)	10005	86707	93657
2.	Munambam	25000 (1988)	6801	31801	16764

* Central Marine Fisheries Research Institute, Kochi

(1)	(2)	(3)	(4)	(5)	(6)
3.	Puthiyappa	44440 (1979-80)	16547	60987	NA
4.	Chombal	4329 (1987)	12880	17209	NA
5.	Mopla Bay	NA	7087	7087	NA
6.	Vizhinjam	24000 (1985)	47000	71000	14456
7.	Thangassery	8573 (1982)	28103	36676	NA
8.	Kayamkulam	28995 (1993)	7265	36260	NA
Total		212039	135688	347727	

NA - Not Available

The actual fish catches in respect of the Munambam project and partially completed FHP at Vizhinjam were less than even the estimated catch at the time of preparation of the project reports. Evidently, benefits from these projects were over projected. Department has not compiled the information regarding the fish catches in other completed projects. Thus, they were not aware of the impact of the project on fish catch. The CE had also not issued any direction to the Executive Engineers (EEs) to collect the details of fish catches in respect of completed FHPs. The total fish catches in the State was also decreasing from 6.63 lakh tonnes in 1990 to 5.81 lakh tonnes in 1999. Department was not aware of the reasons of low fish catch.

Non-viable fishery harbour projects

Government accorded sanction for construction of FH on the basis of feasibility study conducted by CE. Viability of the project was dependent on additional fish catches for 15 years on completion of the harbour. It was noticed in audit that project reports were not realistic due to adoption of inflated data on fish catches, fishing days and number of fishing vessels. Taking up of unviable projects resulted in drain of public exchequer as the projected benefits did not actually accrue to the fishermen. Some instances are given below:

- (i) Five FHs were completed and were in operation from various dates from March 1988 onwards with the stated objective of increasing the fish landing. However, according to CMFRI the total fish catches in the State was steadily decreasing from 1990 onwards. Project-wise analysis of fish catches revealed that in Munambam and Neendakara FHPs, against the projected fish catch of 0.32 lakh tonne and 0.87 lakh tonne, the actual fish catches during 1999 were 0.17 lakh tonne (53 percent)

and 0.94 lakh tonne (108 percent) respectively. Details in respect of fish catches from the other 3 completed projects were not available with CMFRI.

- (ii) In Vizhinjam FH, construction of breakwater was completed and safe landing facility was available from 1982 onwards. As per the project report prepared in 1985 for infrastructure development of Vizhinjam FH, existing annual fish production was 24000 tonnes and on completion of the project there was to be an increase in fish landing by 47000 tonnes. However, according to CMFRI the annual fish landing in Vizhinjam ranged only between 6216 tonnes (9 percent of the projection) and 15547 tonnes (22 percent of the projection) during 1991 to 1999. Evidently, the project report was based on inflated projected return.
- (iii) The project report for Kayamkulam mentioned that on its completion the congestion at Neendakara, where 3000 boats were landing daily in peak season (August-September) against its maximum berthing capacity of 2000 crafts, could be reduced. However, as of May 1998 daily landing of boats during peak season was only 2000 (source: Assistant Executive Engineer (AEE), Neendakara Sub Division) and the number of crafts available at Neendakara during September 1998 was about 1600*. Thus, projected figures of output and services in the project reports were highly inflated which facilitated getting the projects sanctioned by GOI.
- (iv) The project report for Thangassery envisaged construction of two breakwaters for a total length of nearly 3 km. GOI observed in January 1987 that as the fishing crafts operating in the area were traditional beach landing crafts such as canoes and catamarans, the investment on the construction of two breakwaters with a total length of nearly 3 km. to provide a basin of 1800 metres x 600 metres for motorised vessels was not at all justified. Consequently, GOI disagreed with the viability of investment of Rs. 9 crore in the FH. The revised estimate of the State Government increased the projected estimated fish landings by the motorised traditional crafts at Thangassery to be 15.74 tonnes per annum against 6 tonnes indicated earlier. Scrutiny of records in HED/ Directorate of Fisheries revealed that the revised estimate of fish landings was without any basis and the Department could not state as to how they arrived at the revised enhanced projection at 15.74 tonnes per annum. The minutes of the Departmental Sanctioning Committee of Ministry of Agriculture, Department of Agriculture and Co-operation

* Source : CMFRI

revealed that the revised projection was purportedly based on the data published by CMFRI. On enquiry, CMFRI, however, informed that the computation of catch rate and addition thereof was not known to them and they could not comment on the basis on which the State Government had made the projection.

Based on the revised figure, the project was judged as economically viable and was approved by GOI in October 1988 for an estimated cost of Rs. 14.11 crore to be completed by October 1993. However, 12 years after this revision, the project was still incomplete and Rs.32.48 crore was spent as of March 2000. The project cost was subsequently revised in 1998 to Rs.47.42 crore due to successive revision of Schedule of Rates (SoR) and addition of Part II costing Rs.5.69 crore. The cost of a single project alone constituted about 35 per cent of the total estimated cost of all the 8 fishing harbours put together. Despite a total expenditure of Rs.32.48 crore incurred as of March 2000 the harbour was receiving country boats as before and the harbour was not fully operationalised as breakwaters, auction hall and administrative block were not completed even as of October 2000.

Lack of monitoring and co-ordination by Government

The project reports of Neendakara and Vizhinjam projects envisaged setting up of an FTO* under the Directorate of Fisheries headed by a Joint Director of Fisheries. FTO was to ensure availability of essential shore facilities and services to fishermen and processors in the port, to monitor the operation of auction hall and to maintain accurate statistical records of fish catches. Even though Neendakara project was completed in 1988, FTO had not been constituted (November 2000) and management of the harbour was still vested with HED. Project reports of other FHPs were silent on the constitution of FTOs. In the absence of FTOs Government failed to collect statistical information regarding fish catches in any of the completed projects. There was no co-ordination between HED and Directorate of Fisheries and no data on actual fish landings in the FHPs were available. Consequently, the extent of additional fish catches landed in the projects could not be known. Therefore, no evaluation of the benefit-cost ratio projected while taking up the projects could be carried out and the impact of FHPs on the fishery sector of the State could not be assessed by Audit. Further, in view of the declining trend of total fish catches in the State from 6.63 lakh tonnes in 1990 to 5.81 lakh tonnes in 1999 and also the persisting cost overrun due to time overrun in all the sanctioned projects, there was little justification for sanctioning new FHPs by Government.

* Fisheries Terminal Organisation

Unjustified projection of user charges in the project reports

Delay in completion of FHPs resulted in loss of revenue amounting to Rs. 11.58 crore on account of non-collection of user charges by way of wharfage, landing and gate fee collection either through auction or departmentally in respect of 5 FHs during 1993-99. The details are given below:

<i>Name of FHP</i>	<i>Due date for completion</i>	<i>Date of completion</i>	<i>Date from which user charges actually collected</i>	<i>Loss in revenue due to delayed completion/non completion as of December 1999 (Rupees in lakh)</i>
1. Thangassery	November 1994	..	..	601.47
2. Vizhinjam	October 1996	..	..	356.57
3. Puthiyappa	September 1992	February 1996	September 1995	57.18
4. Chombal	March 1996	May 1999	October 1998	26.72
5. Munambam	June 1994	March 1998	November 1999	115.63
Total				1157.57

EEs in charge of the divisions attributed the delays to (i) shifting the position of breakwaters, (ii) arrangement of additional work, (iii) obstructions by local people, (iv) stoppage of work by the contractors, etc. Out of the above 5 fishing harbours, collection of user charges started in respect of 3 harbours only. Against the projected collection of Rs.2.61 crore from the date of commencement of collection till the end of December 1999, only Rs.76.93 lakh (29 per cent) had been collected through auction of right to collect user charges as indicated below:

<i>Name of FHP</i>	<i>Date of commencement of collection charges</i>	<i>User charges</i>		
		<i>Actual collection till December 1999</i>	<i>Projected collection as per Project Report</i>	<i>Shortfall in collection (percentage)</i>
<i>(Rs. in lakh)</i>				
Puthiyappa	September 1995	61.74	193.32	131.58 (68)
Chombal	October 1998	11.69	61.77	50.08 (81)
Munambam	November 1999	3.50	5.87	2.37 (40)
Total		76.93	260.96	184.03 (71)

Thus, the projections of collection of revenue were highly inflated. It was also noticed in audit that the delay in completing the projects was due to delay in arranging the infrastructure works. In Vizhinjam FHP, though the construction of breakwater was completed in 1982, the project report for development of infrastructure was approved by GOI in 1987 and technical sanction was issued by CE in 1992 only. The work was arranged only in June 1994 because of delay of five years in issuing technical sanction by the CE. Due to non-completion of the project, collection of user charges has not been commenced. Delay in issuing technical sanction has resulted in revision of estimate from Rs.7.04 crore to Rs.11 crore. As the revised cost of Rs.11 crore was based on 1986 SoR, the project cost is likely to go up further due to subsequent revision of estimate.

Though Munambam harbour had become operational from January 1999, the contract for collection of user charges was awarded only from 15th November 1999. Loss of revenue due to delay in awarding the contract, at the rate estimated by the Department, during the period January to November 1999 would work out to Rs.44.63 lakh. This could have been avoided if collection of user charges was arranged by the department during the period.

Loss of revenue due to short-collection of landing and wharfage charges

Neendakara FHP was commissioned in March 1988 and user charges were being collected departmentally. In July 1996, CE recommended to Government that the right to collect user charges be awarded through tender. Government accepted the proposal and issued (January 1997) orders accordingly. However, at the instance of the then Labour Minister and the daily wage labourers of Neendakara FH who represented that the daily wage labourers would lose their employment once the revised procedure was brought into effect, Government kept the order in abeyance in March 1997. CE reported in October 1998 to Government that the services of daily wage labourers could be utilised for other works, but Government did not revoke its stay order and the collection of user charges was continuing through daily wage labourers (January 2000). AEE, Sub Division No. III, Neendakara attributed (May 1998) the low departmental collection to (i) unhealthy collusion of the daily wage labourers with local people, boat crews and fish traders and (ii) misappropriation of the amount collected. Scrutiny of the records in the Division revealed that the short collection of user charges by way of landing and wharfage charges during the period 1994-95 to 1999-2000 (upto November 1999) worked out to Rs. 2.85 crore as discussed below:

(a) Landing charges

During peak season (August/September) more than 2000 boats and around 150 valloms (country boats) were landing at the harbour everyday as per information furnished by AEE whereas according to CE the estimated number of 1205/2007.

boats landing during peak season was 3000. Adopting the lower projections (2000/150) the total number of boats and valloms in a month worked out to 60000 and 4500 respectively. However, as per the monthly statements of user charge collection, the total number of mechansied boats and valloms that landed at the harbour during the peak month (August) from 1994 to 1999 ranged between 5919 and 1234 and between 434 and 58 respectively. Thus, user charges were not collected from more than 90 percent of vessels. Assuming the same percentages of short collection for other months of respective years, the total amount of short collection of landing charges from April 1994 to November 1999 would work out to Rs. 2.04 crore as per details in the table below:

<i>Year</i>	<i>Recorded Landing of vessels (Number)</i>	<i>Revenue Collected (Rupees in lakh)</i>	<i>Assessed landing of vessels (Number)</i>	<i>Revenue which should have been collected (Rupees in lakh)</i>	
				<i>Loss of revenue collected</i>	
1994-95	33909	3.20	345516	32.50	29.30
1995-96	24836	2.61	310286	32.20	29.59
1996-97	17209	1.76	419107	43.94	42.18
1997-98	11363	1.13	320636	32.87	31.74
1998-99	7854	0.82	335449	35.76	34.94
1999-2000*	5041	0.70	274869	36.55	35.85
Total	..	10.22	..	213.82	203.60

(b) **Wharfage charges**

Scrutiny of the monthly statements of user charges collection revealed that only 57 percent of vehicles which took gate passes and entered the project area in Neendakara project paid wharfage charges during 1994-95 to 1998-99. As vehicles would enter the project area only for obtaining fish load, the low collection of wharfage charges indicated that a large number of vehicles evaded payment of wharfage charges. Audit scrutiny revealed short collection of wharfage charges to the tune of Rs. 81.67 lakh during the period 1994-95 to 1999-2000 (up to November 1999).

The EE who was responsible for collection of user charges attributed short collection to insufficiency of departmental staff. There was no record to show that CE/Government had conducted a review on this aspect.

* (Up to November 1999)

Diversion of project fund

The project report of Vizhinjam FH approved by GOI in February 1987 contained a provision for the construction of a single storeyed administrative office in the project area as ancillary facility to the harbour at an estimated cost of Rs. 29 lakh. The Department, however, constructed a multi storeyed building at Kamaleswarm, 12 km away from the project area at a cost of Rs. 45.25 lakh (Central Share : Rs. 22.63 lakh) misutilising project funds for accommodating the offices of CE and SE.

Extra expenditure due to delay in arranging work

The Project Report (1985) of Thangassery FH envisaged Part I – Construction of seaward (1685 metres) and leeward (550 metres) breakwaters as also development of infrastructure facilities with Central assistance at an estimated cost of Rs. 9 crore, and Part II- Extension of seaward breakwater by 730 metres (cost: Rs. 10.10 crore) with State funds to prevent coastal erosion which would occur consequent on construction of Part I. However, State Government sought approval (April 1986) of GOI for executing both the parts as a Centrally Sponsored Scheme at a total cost of Rs 19.10 crore. GOI, however, approved only the Part I of the project in October 1988 at an estimated cost of Rs.14.11 crore. The work was arranged in September 1991 at a contract amount of Rs.11.53 crore and was completed in November 1997. Meanwhile, the State Government forwarded (December 1992) another project report to GOI for the extension of seaward breakwater by 415 metres against 730 metres included in Part II earlier with the intention of increasing the beach length from 1400 metres to 1800 metres. The project was approved by GOI at an estimated cost of Rs.5.69 crore and the work arranged in March 1998, at a contract amount of Rs.12.23 crore was in progress (October 2000).

Thus, though work on Part II was anticipated as early as in 1985 and could have been arranged in September 1991 itself at Rs.7.36 crore, State Government did not take it up and hence the cost escalated to Rs.12.23 crore at the sanction stage. Moreover, an amount of Rs.79 lakh spent by the State Government to protect eroded coastline of 650 metres during the period September 1994 to September 1996 could also have been avoided. Thus, the delay in arranging the extension work had resulted in estimated extra expenditure of Rs.5.66 crore.

Infructuous expenditure on dredging

As already stated in paragraph 4.1.3 construction of breakwaters in Kayamkulam was not arranged even as of October 2000. Meanwhile, from July 1998 to December 1999 a total quantity of 49,000 cubic metres of sand was dredged

from basin channel as per the agreement executed by SE, at a cost of Rs.31 lakh of which Rs.25.06 lakh was paid till January 2000. The basin channel was required for use only after completion of the breakwaters for which a minimum period of 4 years was required. As there was flow of water through the basin channel, the dredged channel was likely to be filled with sand during the construction period of breakwater and fresh dredging would be required to make the channel operative. Due to premature dredging, Rs.25.06 lakh spent on it became infructuous.

Payment of inadmissible tender excess to a contractor

Mention was made under paragraph 4.1 of the Report of the Comptroller and Auditor General of India for the year ended 31st March 1998, No.3 (Civil) regarding the extra expenditure of Rs. 2 crore due to sanctioning inadmissible higher rate of tender excess for the entire work on 'Construction of breakwater at Thangassery' by Government in December 1995. Government had specifically ordered then to restrict the payment of higher rate for the balance work done after the original due date of completion i.e., 7th November 1994. But while making final payment in March 1998, EE, Harbour Engineering Division, Thangassery in defiance of the Government Order, allowed tender excess at higher rate of 75 per cent instead of the admissible rate of 21 per cent on a sum of Rs. 51.27 lakh being the cost of 61843 tonnes of granite stones supplied by the contractor before 7th November 1994. This resulted in excess payment of Rs.27.68 lakh to the contractor. As of May 2000, the overpayment has not been recovered from the contractor and no action had been taken against the Executive Engineer.

The above points were referred to Government in June 2000; reply has not been received (November 2000)

[Paragraph 4.1 contained in the Report of the Comptroller and Auditor General for the year ended 31st March, 2000 (civil)]

The notes furnished by Government on the above audit paragraph is included in Appendix II.

The Committee observed that the establishment expenditure of Fishery Harbour Projects far exceeded their project costs and enquired the reasons for this phenomenon. The Committee also sought suggestions for its rectification. The witness, Principal Secretary, Fisheries Department stated that Fishing Harbour Projects are Centrally Sponsored Schemes, where 50% of the project cost is borne by the centre. Much delay occur in obtaining approval for these projects. The other reason being hardships that arise in matters of land acquisition. Land acquisition is a very laborious process, which also gets delayed very often. The cost towards this end is not reimbursed by the Central Government. The third reason

is lack of funds. Together these reasons account for the inordinate delay in completion of projects within their respective stipulated periods. The witness added that there would be no cost escalation if the projects are completed in time.

2. The Committee enquired whether this problem could be solved if land acquisition procedures are completed before tender notice is issued and staff appointed. The witnesses, Secretary, Finance Expenditure and Principal Secretary, Fisheries Department replied that orders and directions have already been issued to the effect that tenders are to be invited only after the acquisition of land.

3. The Committee observed that the procedure regarding land acquisition is not the only problem and that there are flaws in the system itself. The Committee opined that measures are to be taken to simplify the procedure as well as to strengthen the system. The Committee also enquired whether any action has been taken against any official who proceeded with other works without completing land acquisition procedures .

4. The Secretary, Finance Expenditure replied that normally when land acquisition steps are taken after making a provision in the budget, the process gets delayed and the provision finally lapses. However, if 'Urgency Clause' 11 (2) of the Land Acquisition Act is moved the land can be acquired during that financial year itself. In certain Departments, even though budgetary provision is made, work is not taken up, since the department cannot ensure continued financing during the ensuing year. In some places, the department may not be aware of the actual cost of acquisition, and in some other cases, the budgetary provision would become insufficient as work progresses. Delay occur due to all these reasons. Keeping these difficulties in view, the principle of 'negotiable purchase' is being followed for the past three to four years. KSEB has been permitted to acquire land in this manner and they have acquired the same without cost escalation.

5. The Committee observed that a section headed by a Deputy Collector is functioning in the KSEB for matters related to land acquisition. The Committee suggested that a similar mechanism may be evolved in all departments for land acquisition involving an amount of Rs. 5 crores and above.

6. The Committee enquired whether amounts spent on projects are reimbursed by Centre. The witness, Principal Secretary, Fisheries Department replied that fifty percent is regularly received for the projects already submitted and that fifty percent cost is all that is pending. Central assistance as well as NCDC assistance are released through Revenue Department is one of the reasons for cost escalation. He informed that of the establishment cost, only salary is paid by the State Government. A revised project has to be submitted subsequently and up to fifty percent of the amount is often sanctioned. He also informed that bills for an amount of Rs. 3.74 crores are pending payment to contractors.

7. The Committee enquired of the facilities available for dredging in harbours. The witness, Chief Engineer, Harbour Engineering Department informed that the department is in possession of three dredgers, which attend to all urgent works. Mishaps occurred in Puthiyappa, Munambam and Mopla Bay harbours, where dredging was not done. Tender has now been invited for the work. The witness further informed that the department does not have the infrastructure to undertake dredging in all the harbours of the State. An imported Japanese dredger based at Neendakara is presently out of order. Tender has been invited for its repair works. Dredging in Thangassery Harbour is being undertaken by external agencies.

8. The Committee opined that taking into consideration their proximity, the fishing harbours in Neendakara and Thangassery seems to be a criminal waste of public money. If the harbour at Thangassery was shifted to Ambalapuzha, at least the sea erosion in that area could have been checked considerably. The witness reported that it is claimed that the fishing harbour at Thangassery is traditionally mechanised one for beach landing crafts.

9. The Committee enquired about the delay in works being done in ports. The witness (Principal Secretary, Fisheries Department) informed that prolonged labour disputes is one of the reasons for this and that there is no effective measures like IRC existing in Fisheries Department. The witness further reported that it could be solved only by the regular means of the Labour Department. The witness (Chief Engineer, HED) stated that every port is having a Harbour Committee with the District Collector as Chairman and officials from Police and Fisheries Department as members.

10. The Principal Secretary, Fisheries Department informed that stones are being brought from far away for the work in the newly started construction in Kayamkulam port and Muthalapozhi since there is no quarry near the place. As a result, cost escalation is causing in. The Committee enquired whether concrete blocks can be used in place of rocks. The witness replied that it was done in Vizhinjam and Thangassery, and that rock is more profitable, if available.

11. The Committee enquired the witness on possible ecological impact of the proposed Sourashtra Cement Company in Munambom and its bearing on fishing. The witness, Principal Secretary, Fisheries Department informed the Committee that the proposed unit will be bringing Klinker in bulk which will be powdered and packed. The department is concerned about this project and no official discussion has taken place till date. He added that the matter was taken up with the Chairman of the Pollution Control Board, who was also unaware of the details. The Chief Engineer, Harbour Engineering Department stated that Munambom is a declared port and that the Ports Department has submitted a proposal to bring Klinker and added that no discussion about the details of the proposed project has yet been held.

12. Regarding the accounts of five completed projects pending closure, the witness, Principal Secretary, Fisheries Department informed the Committee that the matter is being examined and that the same shall be closed within a period of three months.

13. The Committee enquired whether details of fish catch in respect of each Fishery Harbour Projects are maintained. The witness, Principal Secretary, Fisheries Department replied that accurate records are not maintained. Two persons from Central Marine Fisheries Research Institute (CMFRI) have been deputed for the purpose. Details of the catch for every year will be available from next year onwards.

14. The Committee observed that only a small percentage of traditional fisher folk depend on the fishing harbours while the vast majority prefer beach landings. The significance of ports arises only during monsoon. The Committee enquired whether the state is in receipt of revenue from harbours. The witness, Principal Secretary, Fisheries department informed the Committee that user charges are being collected. The amount of user charge collected in Puthiyappa, Munambom and Chombal is very low while Rs. 8 crores was expended for the Munambom fishing Harbour alone.

15. The Committee enquired the witness about the functioning of ports in the State. The Principal Secretary, Fisheries Department replied that Kochi and Neendakara Fishing Harbours are functioning effectively. He informed the Committee that while ports are closely located in certain places in gaps of 16 kms, like in Kochi and Munambom, there is lack of harbours in some long stretches of the total coastal area. Proposal has been forwarded to construct a fishing harbour in Chettuva. There is a demand for a fishing harbour in Mahe as well. Viability studies are conducted by agencies to whom the work is entrusted by the Government of India.

16. The Principal Secretary, Fisheries Department informed the Committee that wharfage charges @ Rs. 3 for mechanised vessels and @ Rs. 1 for row boats is being collected. He also informed the Committee that collection of wharfage charges is often difficult as the fisher folk adopt an aggressive stand on the matter. Collection was made during the first two years with police protection which is not forthcoming now, putting at risk the security of staff. The auction for entrusting collection of wharfage charges has to be effected barring native participation. This was done, but the same has been stayed now. The user charge thus collected in a harbour can be expended there for dredging and other works.

17. When asked about the diversion of project fund, the witness, Principal Secretary, Fisheries Department informed the Committee that funds were diverted from other accounts since funds for the project were not sanctioned in time. The Chief Engineer, Harbour Engineering Department added that there was a proposal of Rs. 28 lakhs, which was released.

18. Enquired about the delay in arranging the works of infrastructure facilities with central assistance the witness, Principal Secretary, Fisheries Department informed the Committee that the Project report on Thangassery Fishing Harbour was submitted in 1985. Work on dredging and break-water was undertaken simultaneously, saving public money.

19. On being asked about the circumstances which led to the payment of tender excess to a contractor, the Chief Engineer, Harbour Engineering Department informed the Committee that the para relates to an erroneous payment made in Thangassery harbour, due to mistake in calculation. He agreed that there was delay in furnishing notes and that the same has been furnished now.

20. The Committee enquired on the details regarding the proposed sea-sand extraction from areas near ports for which global tender has been invited. The Committee sought information on the multi-crore rupee project and its effect on the oceanic ecology, once lakhs of tonnes of sea sand get extracted.

21. The Principal Secretary, Fisheries Department informed the Committee that KSIDC is the body which is undertaking the project. He informed that he was invited to one of the meetings, during the course of which he had stressed upon the need for a comprehensive study on the effects on marine ecology before the implementation of the project.

22. The Committee directed the officials to make a record of the Committee's opinion that the Industries Department proceeding ahead with projects of this nature without any consultation with concerned departments, runs contrary to the Business Rules and is therefore improper. The witness agreed to comply with the directions.

23. In connection with the examination of the above audit paragraph, the Committee visited Azheekkal Fishery Harbour Project in Kannur and conducted an on the spot study regarding the functioning and shortcomings of the Harbour.

24. The Chief Engineer, HED informed the Committee that work on the Azheekkal Harbour was started as early as in 1960. The Harbour Engineering Department took over the Port in 1982 and an amount of Rs.50 lakhs was spent for its maintenance. Maintenance works including dredging was carried out in 1995 also, at a cost of Rs.3 lakhs and during last year spent Rs.2.5 lakhs for wharf maintenance.

25. The Committee asked for details regarding the anticipated catch of fish at Azheekkal and the present position of revenue collection. The Chief Engineer, HED informed that the revenue collection (toll from boats) during last year was Rs. 3.45 lakhs and that for the current year was Rs. 1.65 lakhs. There is no additional staff for the collection. The Chief Engineer attributed the reason for low revenue collection to lack of amenities in the Harbour. He informed the Committee that the sea depth in the port was not suitable for the boats. The depth varies between 20 to 50 cms. in the Harbour, whereas the minimum prescribed is 1.2 meters and the standard depth prescribed being 2 to 3 metres.

26. The Committee enquired about the future plans for the renovation of the Harbour. The Chief Engineer, HED explained that a project had been conceptualised involving an amount of Rs. 4.8 crores, which can be worked out in two years' time. A wharf has to be constructed additionally at a cost of Rs. 1.8 crores. Rs. 1.45 crores is to be expended on dredging. A cold storage and an office is required. A water supply scheme costing Rs. 10 lakh has also been envisaged. The proposal of Rs. 4.8 crore is for all these works. All fishing harbours in the state are proposed to be developed in another ten years. To the Committee's query regarding staff strength, the Executive Engineer, HED replied that presently, the strength at Azheekkal stands at 20. He also informed that the total revenue collection till date is Rs. 14.2 lakhs.

27. The Committee enquired whether the CMFRI had conducted any study regarding the volume of fish in the Azheekkal fishing area.

28. The Joint Director of Fisheries informed the Committee that the (fish) catch during the years from 1995 to 1999 varied between 22,000 tonnes and 39,000 tonnes. She opined that the catch would improve if better facilities were provided. To the Committee's query regarding diminishing volume of catch, the witnesses Joint Director of Fisheries and the Deputy Director of Fisheries could not offer a specific reply other than that studies were conducted on the subject.

29. The Committee asked for details regarding mineral sand mining and the related global tender. The Chief Engineer, HED informed the Committee that Azheekkal Port was included in the project. KINFRA was the agency which was conducting the study and they had discussed the matter with the Port authorities. The Deputy Director of Fisheries informed the Committee that administrative sanction regarding works in Harbour, Schools & Hospitals run by Fisheries Department, other social welfare measures etc., was accorded by Fisheries Department. He also informed the Committee that effective co-ordination between Harbour Engineering Department and the Fisheries Department was being maintained and that the administrative control of Officers in the Fishery Harbour was vested with Ports Department.

30. Then, the Committee invited opinions and suggestions from representatives of local bodies and development Committees. The Municipal Chairperson, Kannur informed the Committee that if the Azheekkal Port Fishing Harbour is fully developed, the area would witness significant development. She added that there were many families as well as minor industries in the area dependant on the harbour.

31. The Committee enquired whether KINFRA had called for opinion from the HED regarding their study. The Chief Engineer, HED replied that proposals had already been submitted. He also informed that all other harbours in the State have better facilities in comparison with Azheekkal.

32. The Committee sought the remarks of the Chairman, Azheekkal Fishery Harbour Development Committee on the subject. The Chairman said that it had been more than 30 years since the harbour started functioning. There was an ice plant then with an output capacity of 110 tonnes. The plant was operational only for a few months with production dwindling from 50 to 25 tonnes and then to a halt. The cold-storage never became operational. A work-shop which was set up does not function any more, so is the case regarding the wharf. Local boats itself are more than hundred in number. Numerous boats come and go from outside. But a majority of them are not landing here now due to lack of amenities such as comfort station, fresh water etc. There are few other trades in the area than fishing and allied works. The Fisheries Technical High School is open to children of traditional fisher-folk only. He implored the Committee to take necessary action to open up admission in the school to children of people rendering allied works as well.

33. At this point, the Joint Director of Fisheries informed the Committee that admission was earlier given to children of sea-going fishermen only. Considering the dearth in student strength, a proposal had been sent to Government to allow admission to children of people doing allied works as well.

Conclusions/Recommendations

34. **The Committee finds that in respect of the five completed projects the actual expenditure far exceeded the sanctioned estimate and the implementation of these projects were delayed very much. The Committee observes that due to the complexity of the procedures, much delay occurred in the implementation of these projects. The Committee notes that land acquisition alone is not the problem. The Committee recommends that effective steps be taken by the Government to simplify the procedures. The Committee suggests that a permanent mechanism as in Kerala State Electricity Board be evolved in all Departments to deal with matters related to land acquisition**

involving an amount of Rs. 5 crores and above. The Committee was informed that orders and directions have been issued to the Departments concerned that tenders are to be invited only after acquisition of land. The Committee desires to be informed whether Departments concerned strictly adhere to the above orders and directions. The Committee recommends that in the forthcoming projects, the Department should see that the establishment expenditure does not far exceed the project cost and take necessary steps for the same.

35. The Committee was informed that revised estimates for Munambam, Chombal and Mopila Bay were prepared and submitted to Government of India. The Committee desires to know the present position of the revised estimates submitted to Government of India.

36. The Committee finds that of the three incompleting projects, expenditure in respect of Vizhinjam and Thangassery is more than double the sanctioned estimates. The Committee also finds that neither revised estimates nor date of completion has been prepared by the Government in respect of the above projects. The Committee desires to know whether revised estimates have been submitted and if submitted, the details regarding the same may be intimated to the Committee.

37. The Committee notes that CMFRI figures on Munambam and Vizhinjam harbours show that the estimated fish catch in the project report was far in excess of the actuals and hence the benefits were over projected. The Committee also finds that the Department had not collected any details in this regard. The Committee desires to be informed of how the fish catch estimate in the project reports has been arrived at and what is the criterion for assessing the achievement. The Committee would like to know whether the Department has started collecting data and if so, the details regarding the same may be furnished to the Committee.

38. The Committee finds that project reports were prepared by adopting inflated data on fish landings. The Committee also finds that in the revised estimate for Thangassery the estimated fish landings was increased from 6 tonnes to 15.74 tonnes per annum without any basis. The Committee is of the opinion that before setting out on such projects, proper study should be conducted on the advantages that accrue from it. The Committee recommends that immediate steps be taken to collect the information regarding fish landings from the completed and ongoing projects so that their viability can be ascertained.

39. The Committee finds that delay in completion of the projects has led to non realisation of user charges by way of wharfage, landing and gate fee collection. The Committee also notes that this has led to loss of revenue to the tune of Rs. 11.58 crores. In this connection, the Committee desires to be informed of the present system for collecting user charges. The Committee would also like to know

whether rules have been formulated for the effective collection of user charges. The Committee also desires to know whether the Department has finalised the proposal for collecting charges on yearly basis as fishing license.

40. The Committee understands that even before the commencement of the main work of the Kayamkulam project, premature dredging was carried out at a cost of Rs. 25.06 lakhs as per an agreement executed by the Superintending Engineer. The Committee desires to know the justification in carrying out the dredging work before the completion of the breakwaters. The Committee views this as a serious irregularity and hence recommends that stringent action be taken against the person responsible for the same.

41. The Committee during its visit to the Azheekkal Port came to understand that there was lack of basic amenities in the Harbour. The sea depth was not suitable for boats and the volume of fish catch was steadily declining. The Committee understands that The Fisheries Technical School, even though started with the honest intention of imparting higher education to children of fishermen community as a whole is now open to children of traditional fisher-folk only. The Committee should be apprised of the present position of the project conceptualized for the renovation of the Harbour. The Committee recommends that considering the dearth in student strength, admission to the Fisheries Technical School should be made open to children of people doing allied works also.

Thiruvananthapuram,
17th September 2007.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

APPENDIX I

SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl.No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1	34	Fisheries Department & Revenue Department	The Committee finds that in respect of the five completed projects the actual expenditure far exceeded the sanctioned estimate and the implementation of these projects were delayed very much. The Committee observes that due to the complexity of the procedures, much delay occurred in the implementation of these projects. The Committee notes that land acquisition alone is not the problem. The Committee recommends that effective steps be taken by the Government to simplify the procedures. The Committee suggests that a permanent mechanism as in Kerala State Electricity Board be evolved in all Departments to deal with matters related to land acquisition involving an amount of Rs. 5 crores and above. The Committee was informed that orders and directions have been issued to the Departments concerned that tenders are to be invited only after acquisition of land. The Committee desires to be informed whether departments concerned strictly adhere to the above orders and directions. The Committee recommends that in the forthcoming projects, the department should see that the establishment expenditure does not far exceed the project cost and take necessary steps for the same.
2	35	„	The Committee was informed that revised estimates for Munambam, Chombal and Mopla Bay were prepared and submitted to

(1)	(2)	(3)	(4)
			Government of India. The Committee desires to know the present position of the revised estimates submitted to Government of India.
3	36	Fisheries Department	The Committee finds that of the three incompleting projects, expenditure in respect of Vizhinjam and Thangassery is more than double the sanctioned estimates. The Committee also finds that neither revised estimates nor date of completion has been prepared by the Government in respect of the above projects. The Committee desires to know whether revised estimates have been submitted and if submitted, the details regarding the same may be intimated to the Committee.
4	37	..	The Committee notes that CMFRI figures on Munambam and Vizhinjam harbours show that the estimated fish catch in the project report was far in excess of the actuals and hence the benefits were overprojected. The Committee also finds that the department had not collected any details in this regard. The Committee desires to be informed of how the fish catch estimate in the project reports has been arrived at and what is the criterion for assessing the achievement. The Committee would like to know whether the Department has started collecting data and if so, the details regarding the same may be furnished to the Committee.
5	38	..	The Committee finds that project reports were prepared by adopting inflated data on fish landings. The Committee also finds that in the revised estimate for Thangassery the estimated fish landings

(1)	(2)	(3)	(4)
			was increased from 6 tonnes to 15.74 tonnes per annum without any basis. The Committee is of the opinion that before setting out on such projects, proper study should be conducted on the advantages that accrue from it. The Committee recommends that immediate steps be taken to collect the information regarding fish landings from the completed and ongoing projects so that their viability can be ascertained.
6	39	Fisheries Department	The Committee finds that delay in completion of the projects has led to non realisation of user charges by way of wharfage, landing and gate fee collection. The Committee also notes that this has led to loss of revenue to the tune of Rs. 11.58 crores. In this connection, the Committee desires to be informed of the present system for collecting user charges. The Committee would also like to know whether rules have been formulated for the effective collection of user charges. The Committee also desires to know whether the department has finalised the proposal for collecting charges on yearly basis as fishing license.
7.	40	,,	The Committee understands that even before the commencement of the main work of the Kayamkulam project, premature dredging was carried out at a cost of Rs. 25.06 lakhs as per an agreement executed by the Superintending Engineer. The Committee desires to know the justification in carrying out the dredging work before the completion of the breakwaters. The Committee views

(1)	(2)	(3)	(4)
8	41	Fisheries Department	<p>this as a serious irregularity and hence recommends that stringent action be taken against the person responsible for the same.</p> <p>The Committee during its visit to the Azheekkal Port came to understand that there was lack of basic amenities in the Harbour. The sea depth was not suitable for boats and the volume of fish catch was steadily declining. The Committee understands that The Fisheries Technical School, even though started with the honest intention of imparting higher education to children of fishermen community as a whole is now open to children of traditional fisher-folk only. The Committee should be apprised of the present position of the project conceptualized for the renovation of the Harbour. The Committee recommends that considering the dearth in student strength, admission to the Fisheries Technical School should be made open to children of people doing allied works also.</p>

APPENDIX II
FISHERIES & PORTS (B) DEPARTMENT
**Notes on Remedial measures taken on audit para 4.1 in the report of the Comptroller & Auditor
General of India for the year ended 31st March 2001 (Civil)**

<i>Para No. & Title</i>	<i>Remedial Measures taken</i>
(1)	(2)
4.1 Fishery Harbour Projects	
<i>4.1.1 Introduction</i>	
<p>FHPs are Centrally sponsored schemes taken up for facilitating increased fish catch by providing safe landing facilities and thus increasing the number of fishing days. The main components of such a project are construction of rubble mound breakwater for providing safe landing facilities and breathing places for both mechanized and traditional crafts throughout the year, wharf, auction hall, etc. The execution of civil engineering works including investigation, planning, design and preparation of project reports of the projects and their maintenance are done by the Harbour Engineering Department (HED). Fifty per cent of the project cost is met by Government of India (GOI) by way of grant. HED works under a Chief Engineer (CE) with headquarters at Thiruvananthapuram who is assisted by three Superintending Engineers (SE), Secretary, Fisheries and Ports Department is in overall charge of the department. There are seven project divisions at</p>	<p>No remarks</p>

(1)	(2)
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Vizhinjam, Thangassery, Neendakara, Kayamkulam, Munambam, Kozhikode and Kannur.

4.1.2. Audit Coverage

A review on the functioning of the FHPs was conducted by Audit during December 1999 to March 2000 with reference to records in Fisheries and Ports Department in the Government, Chief Engineer's Office, three Circle and seven Division Offices the results of the review are brought out in the succeeding paragraphs.

No remarks

4.1.3 Financial outlay and time overrun

The estimated cost of the FHPs, Central assistance received, expenditure incurred till the end of March 2000 and time overrun were as follows:

Following are the 5 completed fishery harbour projects:

(a) Neendakara, (b) Puthiyappa, (c) Munambam, (d) Chombal, (e) Mopla Bay

SI. No.	Name of FHP	Estimated cost	Sanctioned estimate	Central assistance	Total expenditure as of March 2000	Date of commencement	Due date of completion	date of completion	Delay in months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<i>Rs. in crore</i>									
1.	Neendakara	6.22(O)	6.22	3.11	7.72	August 1981	August 1983	March 1988	56
2.	Munambam	18.95(R)	11.67	6.84	17.13	June 1992	June 1994	March 1998	46

As pointed out by the Audit the implementation of these projects were delayed very much. Main reasons for the delay are explained below:

Delay in getting sanctions to the schemes : Fishery harbours are constructed at estuaries or at bays. Normally time lag between submission of proposal and sanction of projects are very long. In the meantime large

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
3.	Puthiyappa	9.63(O)	9.63	4.81	10.71	January 1990	September 1992	February 1996	42
4.	Chombal	9.75(R)	5.56	3.70	8.31	March 1995	March 1996	May 1999	39
5.	Mopla Bay	8.16(O)	8.16	4.08	9.42	October 1993	April 1995	May 1999	50
6.	Vizhinjam	15.84(R)	7.04	6.90	12.10	June 1994	October 1996	Not completed	48
7.	Thangassery	47.42(R)	19.80	9.87	32.48	November 1991	November 1994	Not completed	72
8.	Kayamkulam	17.70(R)	6.25	2.00	2.18	Work not arranged	August 1998	..	24
Total		123.67	74.33	41.33	100.05				

(O-Original, R-Revised)

scale changes are taking place in the estuary as well as in the bays which requires further model studies before proceeding with actual construction. Munambam Fishery Harbour construction was very much delayed due to this reason.

Delay in land acquisition: All the above schemes are sanctioned under 50% CSS. As per the existing rules proposals for LA can be initiated only after Administrative Sanction for the scheme is issued by GOI/GOR. Under normal circumstances the completion of LA procedure will take a minimum of 6 to 24 months. All these projects except Moplabay, land was received after a very long delay. It is to be noticed even now a stretch of land required for the construction of 100m wharf at Neendakara is yet to be acquired and handed over to the department. In addition to this, rehabilitation and other social problems consumes lot of time causing delay in completion of schemes.

Delay in account of LA can be reduced considerably if LA procedure is initiated immediately after the scheme is accepted in principle.

(1)

(2)

Prolonged labour disputes : All these projects are coming in the costal belt where labour disputes are very common. Very large number of days are lost due to labour disputes especially at Neendakara Harbour.

Quarrying problems : For all the fishery harbours completed as well as ongoing major component of the construction is breakwaters for which huge quantity of extraction of granite rock is involved. Extraction of bigger stones requires deep blasting which is causing environmental and ecological problems leading to litigation. All the above project implementation was delayed due to such problems

Increase in cost of petroleum products : During course of execution project cost of petroleum products are increased by Governments, which in turn causes considerable increase in transportation charges. As the profit from the work is reduced contractors delay the implementation and put forward claims for additional enhancement in rates. Execution of Puthiyappa and Munambam were delayed due to the above reason.

If Specific clauses for providing enhancement in rates due to Petroleum product hikes are included in the Agreement , lot of delay can be avoided.

Insufficient budget allotment/Restriction in Payments : While issuing Administration sanction for CSS schemes, period of completion are also specified. However budget allocations are made without considering this aspect. Moreover even when sufficient allocations are made, funds are not released regularly as a result execution projects are very much affected. This has resulted in delay in completion and also increased cost of construction.

By restricting number of schemes implemented at a time, delay on account of this can be reduced considerably.

From the above it can be seen that the implementation of the projects are delayed due to the reasons beyond the control of the implementing agency.

Revised estimate : Revised estimates for Munambam, Chombal and Moplabay were

(1)	(2)
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prepared and submitted to GOI through GOK. However certain clarifications are sought by the GOI which are under preparation and will be submitted to GOI as early as possible.

The completed five project exceeded the sanctioned estimates by 11 to 49 per cent and were delayed by 39 to 56 months for completion. In Munambam and Chombal projects, GOI was yet to approve the revised estimate. In the remaining 3 incomplete projects, though expenditure in respect of Vizhinjam and Thangassery exceeded the sanctioned estimates by 72 and 64 per cent respectively, no revised estimates had been prepared as of January 2000 Government did not fix any revised date of completion of these projects as of October 2000. As such, Rs. 46.76 crore invested in these incomplete projects are so far unfruitful even though cost of 2 projects has exceeded the estimate by 66 per cent.

Of the 3 incomplete projects, construction of one project (Kayamkulam) has not been arranged for the last six years though approval of GOI was received in August 1994 and Central assistance of Rs. 2 crore received in December 1996. GOI stipulated that the work was to be completed by August 1998 but the main work, viz, construction of breakwaters was put to tender only in March 1998. However, High Court of Kerala awarded stay (as of October 2000)

in response to a petition filed by a bidder. Even though main work did not start, Rs. 2.18 crore was spent on ancillary works like dredging, construction of reclamation bunds, installation of weigh bridge, etc and salary of staff. In the absence of breakwaters, expenditure on dredging (Rs. 25.06) lakhs would be infructuous as discussed in paragraph 4.1.12.

4.1.4 Non-closure of accounts of completed projects

The accounts of the five completed projects have not been closed as of March 2000 though the projects were completed between March 1998 and May 1999. Expenditure on establishment and maintenance of the projects continues to be included under the plan outlay.

Non-closure of Accounts of Completed Projects. Even though these projects are fully operational in strict sense these cannot be said as completed as some minor components of the project elements are yet to be completed. For eg.100m what portion of Neendakara Harbour is yet to be completed. Delay is due to litigation. However establishment charges are not met from the capital head.

Similarly for all other harbours some minor project components are yet to be completed. However only minimum staff is retained in these projects for this purpose.

On completion of the entire construction activities action will be taken for closing the accounts.

(1)

(2)

4.1.5 Physical target and achievement

The target and achievement of fish catch in respect of the FHPs were as follows:

Sl. No.	Name of FHP	Estimated fish catch in the Project report (Year in bracket)	Targeted addition after completion	Total	Actual catch according to CMFRI* during 1999
<i>In tones</i>					
1.	Neendakara	76702 (1977-78)	10005	86707	93657
2.	Munnmbum	25000 (1998)	6801	31801	16764
3.	Puthiyappa	44440 (1979-80)	16547	60987	N.A
4.	Chombal	4329 (1987)	12880	17209	N.A
5.	Mopla Bay	.. (NA)	7087	7087	N.A
6.	Vizhijam	24000 (1985)	47000	71000	14456
7.	Thangassery	8573 (1982)	21803	36676	N.A
8.	Kayamkulam	28995 (1993)	7265	36260	N.A
Total		212039 ..	135688	347727	N.A

N.A—Not Available

The actual fish catches in respect of the Munambam project and partially completed FHP at Vizhinjam were less than even the estimated catch at the time of preparation of the project reports. Evidently, benefits from these projects were over projected.

It is mentioned in the audit report that the actual fish catches of Needakara and Vizhinjam Fishery Harbour where major works of construction has been completed were less than the estimated catches. Regarding the catch no harbour wise details are being collected. At various harbours it is noticed that the landing and number of vessels are on the increase from what has been projected. The total catches on the state are now in an increasing trend from 1978-1987 to 1988-1997. Also in verifying the export income for the period from 1990-91 to 1999-2000. Also the landing facilities required for deep sea trawlers has not yet been started and hence the catch cannot be assessed now. Once the harbour starts functioning with the operation of the targeted number of vessels we would surely get the targeted due to exploitation of deep sea resources.

Department has not compiled the information regarding the fish catches in other completed projects. Thus, they were not aware of the impact of the project on fish catch. The Chief Engineer had also not issued any direction to the Executive Engineers (EEs) to collect the details of fish catches in respect of completed FHPs. The total fish catches in the State was also decreasing from 6.63 lakh tones in 1990 to 5.81 lakh tones in 1999. Departments was not aware of the reasons of low fish catch.

4.1.6 Non -viable fishery harbour projects

Government accorded sanction for construction of FH on the basis of feasibility study conducted by C.E. Viability of the project was dependent on additional fish catches for 15 years on completion of the harbour. It was noticed in audit that project reports were not realistic due to adoption of inflated data on fish catches, fishing days and number of fishing vessels. Taking up of unviable projects resulted in drain of public exchequer as the projected benefits did not actually accrue to the fishermen. Some instances are given below:

- (i) Five FHs were completed and were in operation from various dates from March 1988 onwards with the stated objective of increasing the fish landing. However, according to CMFRI the total fish catches in the State was steadily decreasing from 1990 onwards. Project-wise analysis of fish catches revealed that in Munmbam and Neendakara FHPs, against the projected fish catch of 0.32 lakh tonne and 0.87

GOI accord sanction to the projects only after careful scrutiny of proposals forwarded by State governments. Moreover all project proposals are scrutinized by CICEF before issuing administrative sanctions. Had the details furnished incorrect or un-realistic, the projects would not have been cleared by Government of India. In this connection it is to be noted that statistical details were not formulated by the CF, but were collected from authenticated reports.

The commend of the AUDIT that “To avoid redeployment of staff, new projects were taken up for construction and for getting central assistance, they were showing as viable by adopting incorrect data” is highly prejudiced.

(1)	(2)
<p>lakh the actual fish catches during 1999 were 0.17 lakh tonne (53 per cent) and 0.94 lakh tonne (108 per cent) respectively. Details in respect of fish catches from the other 3 completed projects were not available with CMFRI.</p>	<p>This department has deployed staff whenever projects are completed. Some of the examples are given below:</p>
<p>(ii) In Vizhinjam FH, construction of breakwater was completed and safe landing facility was available from 1982 onwards. As per the project report prepared in 1985 for infrastructure development of Vizhinjam FH, existing annual fish production was 24000 tonnes and on completion of the project there was to be an increase in fish landing by 47000 tonnes . However, according to CMFRI the annual fish landing in Vizhinjam ranged only between 6216 tonnes (9 per cent of the projection) and 15547 tonnes (22 per cent of the projection) during 1991 to 1999. Evidently, the project report was based on inflated projected return.</p>	<p>(a) When Neendakara FH was partially completed a subdivision was deployed to Mannakakadav and another subdivision was deployed to Puthiyappa.</p> <p>(b) When Puthiyappa FH was completed a division and subdivision were deployed to Kayamkulam., etc</p>
<p>(iii) The project report of Kayamkulam mentioned that on completion the congestion at Neendakara, where 3000 boats were landing daily in peak season (August-September) against its maximum berthing capacity of 2000 crafts, could be reduced. However, as of May 1998 daily landing of boats during peak season was only 2000 (source Assistant Executive Engineer (AEE), Neendakara Sub Division) and the number of crafts available at Neendakara during</p>	<p>(i) On analyzing fish landing details for 1980 to 1996 as shown below (refer page 23 of original draft) it is seen that the catch is not steadily declining and is in a cyclic pattern.</p> <p>(ii) Only the breakwater of Vizhinjam fishery harbour is completed and the landing facilities required for the proposed trawlers are not yet completed and that too the trawlers have not commenced their operation no assessment on the predicated</p>

September 1998 was about 1600*. Thus projected figures of output and services in the project reports were highly inflated which facilitated getting the projects sanctioned by GOI.

- (iv) The project report of Thangassery envisaged construction of two break waters for a total length of nearly 3 km. GOI observed in January 1987 that as the fishing crafts operating in the area were traditional beach landing crafts such as canoes and catamarans, the investment on the construction of two breakwaters with a total length of nearly 3 km to provide a basin of 1809 meters x 600 meters for motorized vessels was not at all justified. Consequently, GOI disagreed with the viability of investment of Rs. 9 crore in the FH. The revised estimate of the State Government increased the projected estimated fish landings by the motorized traditional crafts at Thangassery to be 15.74 tonnes per annum against 6 tonnes indicated earlier. Scrutiny of records in HED/ Directorate of Fisheries revealed that the revised estimate of fish landings was without any basis and the Department could not state as to how they arrived at the revised enhanced projection at 15.74 tonnes per annum. The minutes of the Departmental sanctioning Committee of Ministry of Agriculture, Department of Agriculture and Co-operation revealed that the revised projection was purportedly based on the data published by CMFRI. On enquiry, CMFRI,

catch is possible at this stage. It is true that at the time of preparation of the project report the then existing catch was 24000 t. It may please be noted after the commissioning of the Neendakara Fishery Harbour some of the vessels might have migrated, to Neendakara. Also the unauthorized fishing by deep sea trawlers also might have paved way for the decline in catch. Once the harbour is commissioned the scenario will be entirely different and there is every chance of getting the predicated quantity itself.

- (iii) Preliminary investigation works of Kayamkulam was only inaugurated during 1981. While formulating the project report of Kayamkulam Fishery Harbour, only a mention that is "it can help to reduce the congestions in Neendakara Fishery Harbour" is made. Actually the designed capacity of the Neendakara harbour is 1480. During peak season 1500-2000 boats

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<p>however, informed that the computation of catch rate and addition thereof was not known to them and they could not comment on the basis on which the State Government had made the projection.</p>	<p>are operating at Neendakar. However it is to be noted that no additional landings due to diversion of vessels from Neendakara is also accounted for evaluating the IRR. As such the figures furnished in the project report are not inflated.</p> <p>(iv) The Thangassery Fishery Harbour is proposed exclusively for the operation of traditional fishermen itself. As mentioned in the Audit para the new additions were beak landing crafts such as canoes and catamarans and the improvement envisaged for the vessels were motorization by outboard engines, is true and the said motorization intended for the traditional crafts itself.</p>

Based on the revised figure, the project was judged as economically viable and was approved by GOI. In October 1988 for an estimated cost of Rs. 14.11 crore to be completed by October 1993. However, 12 years after this revision, the project was still incomplete and Rs. 32.48 crore was spent as of March 2000. The project cost was subsequently revised in 1998 to Rs. 47.42 crore due to successive

The incremental landings as a result of motorization of traditional craft were assumed as 6t/annum based on the information available during the formulation of the project report. But subsequently the Kalawar Committee appointed by the

revision of Schedule of Rates (SoR) and addition of Part II costing Rs. 5.69 crore. The cost of a single project alone constituted about 35 per cent of the total estimated cost of all the 8 fishing harbours put together. Despite a total expenditure of Rs. 32.48 crore incurred as of March 2000 the harbour was receiving country boats as before and the harbour was not fully operationalised as breakwater, auction hall and administrative block were not completed even as of October 2000.

Government during 1985 has assessed the available data on Fishery resources and submitted its report to Government. As per the published report, availability of the fishery resource in the West Coast, particularly the South West Coast of Kerala were the richest fishing grounds. It also stated that due to the effect motorization of catch has increased by 5 to 6 times. Before the release of Kalawar Committee report the effect of motorizations was assumed as 65% of the existing catch which was considered in the earlier reports. Even though Kalawar Committee recommended 5 to 6 times increase in catch we have assumed only 3 times increase in the catch while projecting fish landings. That is the reason why the annual landings for a motorized canoe and marine plywood canoe turn out to 15.742 T and 25.423 T respectively.

Now the harbour is partially completed. And the facilities provided are fully utilized by the fishermen community.

In addition to the tangible benefits, the intangible benefits such as social upliftment accrued as a result is many fold.

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4.1.7 Lack of monitoring and Co-ordination by Government

The Project reports of Neendakara and Vizhinjam projects envisaged setting up of an FTO* under the Directorate of Fisheries headed by a Joint Director of Fisheries. FTO was to ensure availability of essential shore facilities and services to fishermen and processors in the port, to monitor the operation of auction hall and to maintain accurate statistical records of fish catches. Even though Neendakara project was completed in 1988, FTP had not been constituted (November 2000) and management of the harbour was still vested with HED. Project reports of other FHPs were silent on the constitution of FTOs. In the absence of FTOs Government failed to collect statistical information regarding fish catches in any of the completed projects. There was no co-ordination between HED and Directorate of Fisheries and no data on actual fish landings in the FHPs were available. Consequently, the extent of additional fish catches landed in the projects could not be known. Therefore, no evaluation of the benefit-cost ratio projected while taking up the projects could be carried out and the impact of FHPs on the fishery sector of the State could not be assessed by Audit. Further, in view of the declining trend of total fish catches in the State from 6.63 lakh tones in 1990 to 5.81 lakh tones in 1999 and also the persisting cost overrun due to time overrun in all the sanctioned projects, there was little justification for sanctioning new FHPs by Government.

* Fisheries Terminal Organization

Government vide Government Order No. 62/85/PWF&PD., dated 21-6-1985 had entrusted the Harbour Engineering Department the collection of mooring charges of Neendakara Fishing Harbour. In that government order it is specifically mentioned that the management of Fishing Harbours/Fish Landing Centres and collection of fees will done by the Harbour Engineering Department till legislative is enacted for the collection of levy for enjoying these facilities in fishing harbours.

Unlike other maintain states Kerala is having an Engineering Department exclusively for the implementation of Fishery Development Schemes and this Department is entrusted with the operation and management of completed Fishing Harbours. Hence the provision was not included in the projects sanctioned later.

Even if F. T. O. has been established for the running and management of fishing Harbour, the establishment expenditure would have been much higher. Moreover the existing staff is not under taking only the management of harbour instead a lot of works such as construction of fishery roads, fish landing centers and other works in the Fisheries Sector are being carried out by the Division.

4.1.8 *Unjustified projection of user charges in the project reports*

Delay in completion FHPs resulted in loss of revenue amounting to Rs. 11. 58 crore on account of non-collection of user charges by way of wharfage, landing and gate fee collection either through auction or departmentally in respect of 5 FHs during 1993-99. The details are given below:

<i>Name of FHP</i>	<i>Due date for completion</i>	<i>Date of completion</i>	<i>Date from which user charges actually collected</i>	<i>Loss in revenue due to delayed completion/ non completion as of December 1999 (Rupees in lakh)</i>
1. Thangassery	November 1994	..	..	601.47
2. Vizhinjam	October 1996	..	..	356.57
3. Puthiyappa	September 1992	February 1996	September 1995	57.18
4. Chombal	March 1996	May 1996	October 1995	26.72
5. Munambam	June 1994	March 1998	November 1999	115.63
Total				1157.57

As already explained in para 4, the reasons for the delay in completion of the projects were beyond the control of the implementing agency.

As pointed out by the audit non-realization of landing and breathing charges are found to be the major reason for the shortfall in collection. Only a very few percentage of boats landed in the harbour with catches are remitting landing breathing charges. Normally after the fishing trip, almost all boats are landing in the harbour simultaneously. During peak hours boats are breathed in 6 to 20 tires making it difficult to collect landing charges from them or even counting of the boats practically difficult.

System of collection can be improved if proper rules are enacted specifically for this purpose.

It is suggested that instead of collecting landing charges from boats when they arrive at harbour with catch, charges may be collected on yearly basis as fishing license. So from a trawl net boat charges equivalent to 250 days landing charges can be collected in advance.

(1)

(2)

EEs in charge of the divisions attributed the delays to (i) shifting the position of breakwaters (ii) arrangement of additional works (iii) obstructions by local people (iv) stoppage of work by the contractors, etc. Out of the above 5 fishing harbours, collection of user charges started in respect of 3 harbours only. Against the projected collection of Rs. 2.61 crore from the date of commencement of collection till the end of December 1999, only Rs. 76. 93 lakh (29 per cent) had been collected through auction of right to collect user charges as indicated below :

Name of FHP	Date of commencement of collection charges	User charges		
		Actual collection till December 1999	Projected collection as per Project Report	Shortfall in collection (percentage)
(Rs. In lakh)				
Puthiyappa	September 1995	61.74	193.32	131.58 (68)
Chombal	October 1998	11.69	61.77	50.08 (81)
Munambam	November 1999	3.50	5.87	2.37(40)
Total		76.93	260.96	184.03 (71)

Thus, the projections of collection of revenue were highly inflated. It was also noticed in audit that the delay in completing the projects was due to delay in arranging the infrastructure works. In vizhinjam

FHP, though the construction of breakwater was completed in 1982, the project report for the development of infrastructure was approved by GOI in 1987 and technical sanction was issued by CE in 1992 only. The work was arranged only in June 1994 because of delay of five years in issuing technical sanction by the CE. Due to non-completion of the project, collection of user charges has not been commenced. Delay in issuing technical sanction has resulted in revision of estimate from Rs. 7.04 crore to Rs. 11 crore. As the revised cost of Rs. 11 crore was based on 1986 SoR, the Project cost is likely to go up further due to subsequent revision of estimate.

Though the Munambam harbour had become operational from January 1999, the contract for collection of user charges was awarded only from 15th November 1999; Loss of revenue due to delay in awarding the contract, at the rate estimated by the Department during the period January to November 1999 would work out to Rs. 44.63 lakh. This could have been avoided if collection of user charges was arranged by the Department during period.

4.1.9 *Loss of revenue due to short-collection of landing and wharfage charges*

Neendakara FHP was commissioned in March 1988 and user charges were being collected departmentally. In July 1996, CE recommended to Government that the right to collect user charges be awarded through tender. Government accepted the proposal and issued (January 1997) orders accordingly. However, at the instance of the then Labour Minister and the daily wage labourers of Neendakara

Considering the number of boats/valloms landing in Neendakara harbour, the collection is likely to be increased if the right of collecting user charges from the harbour is leased out by tender. Accordingly orders for introducing the system were issued by the Government. However for the time being the same is withheld for want of setting the CLR issue.

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<p>Fishing Harbour who represented that the daily wage labourers would lose their employment once the revised procedure was brought into effect, Government kept the order in abeyance in March 1997. CE reported in October 1998 to Government that the services of daily wage labourers could be utilized for other works, but Government did not revoke its stay order and the collection of user charges was continuing through daily wage labourers (January 2000). AEE, Sub Division No. III, Neendakara attributed (May 1998) the low departmental collection to (i) unhealthy collusion of the daily wage labourers with local people, boat crews and fish traders and (ii) misappropriation of the amount collected. Scrutiny of the records in the Division revealed that the short collection of user charges by way of landing and wharfage charges during the period 1994-95 to 1999-2000 (upto November 1999) worked out to Rs. 2.85 crore as discussed below:</p> <p>(a) Landing charges</p> <p>During peak season (August/September) more than 2000 boats and around 150 valloms (country boats) were landing at the harbour every day as per information furnished by AEE whereas according to CE the estimated number of boats landing during peak season was 3000. Adopting the lower projections (2000/150) the total number of boats and valloms in a month worked out to 60000 and 4500</p>	<p>Assumption of the audit that vehicles would enter the project area only for obtaining fish load is not correct. Vehicles are entering in the harbour for other purpose such as bringing ice., packing materials, conveying dredged soil from the harbour, etc. Hence it can be seen that the short collection projected by the audit is unrealistic.</p>

respectively. However, as per the monthly statements of user charge collection the total number of mechanized boats and valloms that landed at the harbour during the peak months (August) from 1994 to 1999 ranged between 5919 and 1234 and between 434 and 58 respectively. Thus, user charges were not collected from more than 90 per cent of vessels. Assuming the same percentages of short collection for other months of respective years, the total amount of short collection of landing charges from April 1994 to November 1999 would work out Rs. 2.04 crore as per details in the table below:

<i>Year</i>	<i>Recorded Landing of vessels (Number)</i>	<i>Revenue collected (rupees in lakh)</i>	<i>Assessed landing of vessels (Number)</i>	<i>Revenue which should have been collectd (Rs. in lakh)</i>	<i>Loss of revenue</i>
1994-95	33909	3.20	345516	32.50	29.30
1995-96	24836	2.61	310286	32.20	29.59
1996-97	17209	1.76	419107	43.94	42.18
1997-98	11363	1.13	320636	32.87	31.74
1998-99	7854	0.82	335449	35.76	34.94
1999-2000*	5041	0.70	274869	36.55	35.85
Total	..	10.22	..	213.82	203.60

* (upto November 1999)

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(2)

(b) Wharfage charges

Scrutiny of the monthly statements of user charges collection revealed that only 57 per cent of vehicle which took gate passes and entered the project area in Neendakara project paid wharfage charges during 1994-95 to 1998-99. As vehicles would enter the project area only for obtaining fish load, the low collection of wharfage charges indicated that large number of vehicles evaded payment of wharfage charges. Audit scrutiny revealed short collection of wharfage charges to the tune of Rs. 81.67 lakh during the period 1994-95 to 1999-2000 (upto November 1999).

The EE who was responsible for collection of user charges attributed short collection to insufficiency of departmental staff. There was no record to show that CE/Government had conducted a review on this aspect.

4.1.10 Diversion of project fund

The project report of Vizhinjam FH approved by GOI in February 1987 contained a provision for the construction of a single storeyed administrative office in the project area as ancillary facility to the harbour at an estimated cost of Rs. 29 lakh. The Department, however, constructed a multi storeyed building at Kamaleswaram, 12 km away from the project area at a cost of Rs. 45.25 lakh (Central share: Rs. 22.63 lakh) misutilising project funds for accommodating the offices of CE and SE.

Sanctioned project report of Vizhinjam FH project an amount of Rs. 29.00 lakh was provided for the construction of Administrative Office and related works. While the RE was prepared this provision was increased to Rs. 59.25 lakhs utilizing this provision. Administrative Office for CE and SE were constructed at Kamaleswram. As SE and CE are very much the part of

4.1.11 Extra expenditure due to delay in arranging work

The project report (1985) of Thangassery FH envisaged Part I— Construction of seaward (1685 meters) and leeward (550 meters) breakwaters as also development of infrastructure facilities with Central assistance at an estimated cost of Rs. 9 crore, and Part II/ Extension of seaward breakwater by 730 meters (cost: Rs.10.10 crore) with State funds to prevent coastal erosion which would occur consequent on construction of Part I. However, State Government sought approval (April 1986) of GOI for executing both the parts as a Centrally Sponsored Scheme at a total cost of Rs. 19.10 crore. GOI, however approved only the part I of the project in October 1988 at an estimated cost of Rs. 14.11 crore. The work was arranged in September 1991 at a contract amount of Rs. 11.53 crore and was completed in November 1997. Meanwhile, the State Government forwarded (December 1992) another project report to GOI for the extension of seaward breakwater by 415 meters against 730 meters included in Part II earlier with the intension of increasing the beach length from 1400 meters to 1800 meters. The project was approved by GOI at an estimated cost of Rs. 5.69 crore and the work arranged in March 1998, at a contract amount of Rs. 12.23 crore was in progress (October 2000).

Administration of Vizhinjam FH the construction made utilizing the above provision is perfectly in order and it cannot be stated as diversion of project fund.

View of the audit that if we had arranged the extension of 415m in 1991 itself no additional expenditure would have been incurred in fully appreciated. However it is to be noticed that schemes has to be implemented only after administrative sanction issued by Government of India.

The first stage works were commenced soon on getting administrative sanction. In the meantime sanction for the 2nd stage works were arranged accordingly. As per stage 1st proposal there is a leeward breakwater and seaward breakwater. As per Stage 2nd it is proposed to extend the main breakwater by 415m and to construct a leeward breakwater. But as the 2nd stage proposals are framed during the construction of stage 1st works itself and due to the judicious planning of the department has relocated the leeward breakwater instead of constructing an

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<p>Thus, though work on Part II was anticipated as early as in 1985 and could have been arranged in September 1991 itself at Rs. 7.36 crore, State Government did not take it up and hence the cost escalated to Rs. 12.23 crore at the sanction stage. Moreover, an amount of Rs. 79 lakh spent by the State Government to protect eroded coastline of 650 meters during the period September 1994 to September 1996 could also have been avoided. Thus, the delay in arranging the extension work had resulted in estimated extra expenditure of Rs. 5.66 core.</p>	<p>additional leeward breakwater. So it can be seen with in the limitations department has taken action to minimize the cost of construction.</p> <p>The Thangassery beach is prone to erosion for so many years. So the statement made by the Superintending Engineer that premature constructions of breakwater had cause beach erosion is not correct. Even without the construction of breakwaters the beach might have eroded due to the attack of waves.</p> <p>Also diffraction studies conducted for the project indicated that there will be erosion for some length on the shore and due to this reasons provision was made in the cost estimate for beach nourishment.</p> <p>The quoted rated for works is dependent on the quantum of work, time of completion, probable cost escalation, etc. So if we had tendered both stages together with longer time of completion, the tendered rates would have been much higher.</p>

4.1.12 *Infructuous expenditure on dredging*

As already stated in paragraph 4.1.3 construction of breakwaters at Kayamkulam was not arranged even as of October 2000. Meanwhile, from July 1998 to December 1999 a total quantity of 49,000 cubic meters of sand was dredged from basin channel as per the agreement executed by SE, at a cost of Rs. 31 lakh of which Rs. 25.06 lakh was paid till January 2000. The basin channel was required for use only after completion of the breakwaters for which a minimum period of 4 years was required. As there was flow of water through the basin channel, the dredged channel was likely to be filled with sand during the construction period of breakwater and fresh dredging, would be to make the channel operative. Due to premature dredging Rs. 25.06 lakh spent on it became infructuous.

4.1.13 *Payment of inadmissible tender excess to a contractor*

Mention was made under paragraph 4.1 of the Report of the Comptroller and Auditor General on India for the year ended 31st March 1998, No. 3 (Civil) regarding the extra expenditure of Rs. 2 crore due to sanctioning inadmissible higher rate of tender excess for the entire work on 'Construction of breakwater at Thangassery' by Government in December 1995. Government had specifically ordered then to restrict the payment of higher rate for the balance work done after the original due date of completion i.e., 7th November 1994. But while making final payment in March 1998, EE, Harbour Engineering Division, Thangassery in difference of the Government order, allowed

Since the work of breakwaters are delaying indefinitely, and other structures such as wharf, auction hall, etc. Are coming under the reclaimed land dredging was done for reclamation with an intention to complete the works as early as possible. So the work of dredging may not be treated as infructuous.

The quantity of stones 61843 t. which is noticed in the audit para as excess quantity, is taken from the statement given from the executive Engineer, Thangassery Fishing Harbour Division. From this quantity, the Accountant General arrived the excess amount as 51.27 lakhs (ie. $61843 \times 82.90 = 5126784.70$). Then the Accountant General arrived the over payment as Rs. 27.68 lakhs (ie. $61843 \times 82.90 \frac{(75.21)}{100} = 2768463.738$).

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<p>tender excess at higher rate of 75 per cent instead of the admissible rate of 21 per cent on a sum of Rs. 51.27 lakh being the cost of 61843 tonnes of granite stones supplied by the contractor before 7th November 1994. This resulted in an excess payment of Rs. 27.68 lakh to the contractor. As of May 2000, the over payment has not been recovered from the contractor and no action had been taken against the Executive Engineer.</p>	<p>On verification of files and records, it is found that the statement given from Division Office to Accountant General is not correct. Some errors and duplications are seen credit in some of the entries of the statement. The actual quantity of stones supplied upto 7-11-1994 was only 472877 t. instead of 534720 t. as reported earlier by which the calculation were arrived by Accountant General and tender excess @ 21% were only made to this quantity of stones supplied upto 7-11-1994. Hence no excess payment was given to the contractor for the quantity 61843 t. of stones as noted by Accountant General. As a result there was no over payment of Rs. 27.68 lakhs to the contractor in this regard.</p>
<p>The above points were referred to Government in June 2000, reply has not been received (November 2000)</p>	