

**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

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

**SEVENTY SIXTH REPORT**

(Presented on 17th December, 2008)



SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2008

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**SEVENTY SIXTH REPORT**

**On**

**Paragraph relating to Water Resources, Finance, Industries, Cultural  
Affairs & General Education Departments contained in the Reports  
of the Comptroller and Auditor General of India for the years  
ended 31st March 1997 No. 3 (Civil), 31 March 1998 No. 3  
(Civil), 31 March 1999 No. 3 (Civil), 31 March 2000  
(Civil), 31 March 2001 (Civil), 31 March 2002  
(Civil) and 31 March 2003 (Civil)**

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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 Seventy Sixth Report on paragraphs relating to Water Resources, Finance, Industries, Cultural Affairs & General Education Departments contained in the Reports of the comptroller and Auditor General of India for the year ended 31 March 1997 No. 3 (Civil), 31 March 1998 No. 3 (Civil), 31 March 1999 No. 3 (Civil), 31 March 2000 No. 3 (Civil), 31 March 2001 No. 3 (Civil), 31 March 2002 No. 3 (Civil) and 31 March 2003 (Civil).

The Report of the Comptroller and Auditor General of India for the years ended 31 March 1997 No. 3 (Civil), 31 March 1998 No. 3 (Civil), 31 March 1999 No. 3 (Civil), 31 March 2000 No. 3 (Civil), 31 March 2001 No. 3 (Civil), 31 March 2002 No. 3 (Civil) and 31 March 2003 (Civil) were laid on the Table of the House on 23rd April 1998, 13th April 1999, 31 March 2000, 2nd July 2001, 15th March 2002, 8th July 2003, 28th July 2004 respectively.

The Committee considered and finalised this Report at the meeting held on December 11, 2008.

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 December, 2008.

ARYADAN MUHAMMED,  
*Chairman,*  
*Committee on Public Accounts.*

## REPORT

### WATER RESOURCES, FINANCE, INDUSTRIES, CULTURAL AFFAIRS AND GENERAL EDUCATION DEPARTMENTS

#### AUDIT PARAGRAPH

#### **Undue financial benefit to contractor**

Two works of construction of approach roads at Kozhikode side and at Malappuram side of the regulator-cum-bridge at Kavanakallu across Chaliyar river in Malappuram District were entrusted by the Superintending Engineer, Minor Irrigation Circle, Kozhikode in April 1994 and August 1994 respectively to the contractor who did the main work on the bridge-cum-regulator. The approach roads were estimated to cost Rs. 82.43 lakh and Rs. 31.70 lakh respectively.

Subsequently, the original alignment of the approach road at Kozhikode side was changed to avoid costly acquisition of garden lands. The revised alignment, however, increased earth work excavation nearly 7 times (from 17 thousand cubic metres to 1.08 lakh cubic metres). The excess cut earth was allowed, free of cost, to be conveyed to contractor's dump yard for which Rs. 27.55 lakh was paid.

The non-realisation of cost of excavated soil and its conveyance to contractor's dump yard at department's cost, was unjustified and conferred undue benefit to the contractor. Based on the rate of Rs. 20 per cubic metre for cheapest form of earth (red earth) as per 1990 Schedule of Rates, the cost of 71 thousand cubic metres of earth conveyed would be Rs. 14.31 lakh.

Government stated (October 1997) that the contractor was allowed to convey excavated earth to his own dump yard and that there were no rules for recovery from the contractors of the cost of cut earth to be dumped. The reply was no tenable as according to the existing instructions of Government (April 1993), excess excavated soil was to be auctioned at site. The excess cut earth was therefore auctionable and non recovery of its cost plus conveyance charges paid were not justified.

The matter was referred to Government in April 1998; reply has not been received (October 1998).

[Audit Paragraph 4.10—Contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998, No. 3 (Civil)]

Notes furnished by Government on the above audit paragraph is included as Appendix II.

1. The Committee pointed out that the change in the alignment of the approach road, at the Kozhikode side of the regulator-cum-bridge at Kavanakallu across Chaliyar river with an estimate of Rs. 82.43 lakh resulted in an additional expenditure of Rs. 41.86 lakh - the cost for additional excavation work was Rs. 27.55 lakh and the loss due to non-realisation of cost of excavated soil, which was conveyed to the contractors' dumpyard at department's cost, was Rs. 14.31 lakh. The Secretary, Water Resources Department apprised the Committee that the original alignment of the approach road was changed to avoid acquisition of land at exorbitant cost. The revised alignment necessitated huge excavation. He admitted that as per rules the cut earth should have been auctioned. But in this case the site was too narrow to dump the cut earth and the Government yard was far away. Taking the soil along Chaliyar and putting it in Government land was expensive. In these circumstances the only option was to allow the contractor to take the soil to his own dump yard.

2. The Committee opined that the assumption was that the tender rate would have been higher if the contractor was not allowed to take the cut earth. So it would not be wrong to infer that the contractor might have bid at a lesser rate with the sole intention of taking the soil at Government expense. The Committee remarked that the deposition of the Department that narrowness of the location hindered dumping of earth at the site and subsequent auction was not tenable. In its opinion it was not necessary to dump the soil in a particular place and then go in for auction. Approximate quantity of soil in an area could be calculated and that could be auctioned so that the bidder could himself excavate and take away the soil. But the witness (Chief Engineer, Project - I) defended that the quantity of soil in a particular area could be calculated only after excavation.

3. The Committee pointed out that the difficulty in dumping cut earth in cases where earth work was involved was found to be happening in almost all works undertaken by the Department. When such was the case why couldn't the Department build in the cost of excavation, the quantum of earth expected to be excavated and the cost of the cut earth etc. into the estimate itself so that the subsequent problem of dumping and auctioning the cut earth would not arise.

4. The Committee pointed out that the approach road at the Kozhikode side to the regulator-cum-bridge was constructed with a greater width and enquired about the reason for the construction of such a wide approach road. The Committee also enquired whether Government permission had been obtained for the variation in the plan. The Secretary, Water Resources Department replied in the negative.

5. The Committee concluded that irregularity was very clear in allowing the contractor to take soil at the expense of Government and that the explanation of the Secretary, Water Resources Department in this regard that the procedure followed by the department was in good faith and the decision, contrary to existing rules, was taken to avoid the inconvenience to the public in dumping soil in a narrow area, did not stand. The Committee recommended that responsibility should be fixed on the following officers.

(i) the person responsible for obtaining sanction of work in violation of Government circular by permitting the contractor to take cut earth to his yard at Government expense

(ii) the person responsible for preparing the estimate of work without taking in to consideration cost of excavation and the benefit from the soil.

6. The Committee urged the department that action should be initiated against the persons responsible and the details should be furnished. The Committee also desired to be furnished with the details of remedial measures taken to avoid such lapses in future.

#### **Conclusion/Recommendation**

**7. The Committee understands that this is yet another case of faulty planning and improper execution resulting in undue financial benefit to the contractor associated with the work. The Committee considers the statements put forth by the witness as baseless and contrary to the existing rules. The reason adduced by them for the change in the alignment of approach road was to avoid the acquisition of garden land at exorbitant cost is not acceptable to the Committee. Since the change itself has resulted in an additional expenditure of Rs. 41.86 lakh by way of allowing the contractor to take the excavated soil at free of cost and conveyed to the contractor's dumping yard at Government expenses whereas the existing rules mandate auctioning of the cut earth at the construction site. This itself defeated the purpose of variation from the original plan. The Committee urges the Department to fix responsibility on the individuals involved in allowing the contractor to take cut earth to his yard at Government expense and preparing the estimate of work and finalising the tender documents without considering the cost of excavation and transport of cut earth to the dumping yard and to furnish the details of the action taken against the persons responsible thereon. The Committee is of the opinion that the Department should take all steps to thwart the attempts of officials to deviate from original plan of projects and bypassing existing orders governing them. The Committee also desires that the existing circular instructions should be modified to include provision for fixing responsibility on those officers who**

**violate the instruction in the circular. The Committee further urges the department to furnish the reason for the construction of a wide approach road at the Kozhikode side of the Regulator-cum-Bridge without obtaining permission from Government for the variation in plan.**

*AUDIT PARAGRAPH*

**Large Number of bore wells constructed without sanctions**

The Director of Ground Water Department telephonically instructed (November 1994) the District Officer of the Department, Malappuram to invite tenders for construction of 110 bore wells and erection of hand pumps at an estimated cost of Rs.19.78 lakh. There was nothing on records to suggest how the requirement was assessed. Contract for construction of 88 wells (4 separate works) was awarded (February 1995) by the director to four contractors (22 each) at 33 to 34 per cent\* above estimate rates. During March-June 1995 the Director entrusted the work of construction of 205 more wells and erection of handpumps to the same contractors at the same rate in the same areas for a total value of Rs. 45.21 lakh, without inviting tenders.

The Director sought (May-August 1995) administrative sanction of Government and ratification of the award of works in anticipation of Government sanction on the ground that additional works were taken up based on the demand/recommendation of Ministers, local MLAs, Presidents of Grama Panchayat, etc. However, Government did not issue the sanction as of October 1999.

Of the 293 bore wells, only 281 were drilled and pumps were fitted in 219 wells and 9 wells remained (November 1998) to be fitted with pumps. In the remaining 53 wells, pumps could not be fitted, as the wells were totally dry or the water levels were beyond the reach of the hand pumps. A total amount of Rs.59.07 lakh was paid to the contractors during March 1995 to March 1999, the details of subsequent payments were not furnished (October 1999).

Scrutiny further revealed that the Director procured and supplied India Mark III pumps to the contractor in place of Mark II pumps actually required on the ground that there was no valid rate contract for Mark II pumps. As a result the department had to pay excess amount of Rs.6.02 lakh on purchase of India Mark III pumps in place of Mark II pumps, besides Rs.5.35 lakh to the contractors as erection charges.

At the instance of Audit, Government (July 1996) conducted an enquiry through the Chief Technical Examiner (CTE), who observed (January 1997) inter alia that valid rate contract for Mark II pumps was operative and hence

\* 33 per cent in the case of two works and 34 per cent in the case of two other works.

purchase of Mark III pumps was highly irregular Government placed the Director under suspension and ordered (February 1997) a vigilance investigation. Further developments were awaited (October 1999).

[Audit Paragraph 3.16 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999 No. 3 (Civil)]

Notes furnished by Government on the above audit paragraph is included as Appendix II.

8. The Committee came to know that during 1995-96 the Director, Ground Water Department, had executed the works on construction of 293 bore wells, erection of Mark III hand pumps and construction of sanitary platform in Malappuram District without obtaining administrative sanction from Government. The Secretary, Water Resources Department apprised the Committee that as per the recommendation of Vigilance Tribunal, 20% deduction from the pension of Shri. Devapalan Nair, former Director, Ground Water Department and permanent reduction of Rs. 300 from the monthly pension of Shri. Subramaniam, former Executive Engineer had been effected from November 2000.

9. The Committee opined that there were a number of cases before the Committee where departmental action was initiated, followed by vigilance enquiry ordered which dragged on till the person retired. This has become a common pattern in the Irrigation Department. The Committee could not understand the requirement of vigilance enquiry, where irregularity was prima facie evident. The Committee opined that as per legal opinion there was no barrier in initiating departmental action and conducting vigilance enquiry simultaneously. The Secretary, Water Resources Department assured the Committee that he would look into the matter. He told that as per the existing orders whenever vigilance enquiry commenced all departmental procedures initiated should be stopped forthwith.

#### Conclusion/Recommendation

**10. Though appreciated in the action taken in this case, the Committee is of the opinion that the Department should conduct a review on the serviceability and necessity of the bore well vis a vis the actual requirement of the beneficiaries residing in the area where these bore wells are constructed. The Committee would like to know whether the work executed was ratified by Government on a later stage. Notwithstanding the action taken in the case, the Committee expresses its opinion that a general tendency prevails in Government Departments not to proceed departmentally against the delinquent officers even if there is prima facie evidence of malpractice and**

**misappropriation, on the ground that vigilance enquiry has already been instituted against them. The Committee thinks that this practice is not entertainable and is against the interest of the State for the reason that, the prolongation in the process of vigilance probe is likely to result in allowing the culprit to go scot-free. Therefore, the Committee suggests that it is high time to initiate departmental action against the delinquent officers on the ground of prima facie evidence of his guilt though he is facing vigilance enquiry.**

AUDIT PARAGRAPH

**Construction of check dams in a private estate**

Under a scheme of construction of check dams in river basins approved in September 1992, Government sanctioned in October 1994 and January 1995 construction of three dams across Seethargundu stream in Nelliampathy Panchayat in Palakkad District for an estimated cost of Rs. 37.30 lakh. Construction of dam No.1 was completed in December 1996 at an expenditure of Rs. 18.20 lakh and that of dam No. 2 started in May 1996 was stopped in February 1997. Construction of dam No. 3 was, however, not commenced. Total expenditure amounted to Rs. 33.82 lakh as of February 1999.

Scrutiny revealed that the dams were located in a private estate. The selection of the site was done by the Chief Engineer on the basis of a representation received from Plantation Workers Welfare Society. In his justification for the selection, he stated that the dams would be most beneficial to the 'Karuna' estate and the labourers residing in it. Thus, the immediate beneficiaries were the private estate and the people in the plantation. Responsibility for providing water for the plantation and the people connected with it rested with the estate owners. The Superintending Engineer, Minor Irrigation Circle, Kozhikode stated that the rivers and banks were the Government property and construction of the dams were taken up for the benefit of the people. This was not tenable as construction of check dams at public cost in the private estate was irregular and hence unjustified.

The matter was referred to Government in April 1999; reply has not been received (October 1999).

[Audit Paragraph 4.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999 No.3 (Civil)]

Notes furnished by Government on the above audit paragraph is included as Appendix II.

11. Under a scheme of construction of check dams in river basins Government sanctioned construction of three dams across Seethargund stream in Nelliampathy Panchayat in Palakkad district. In this regard the Committee came to know that under the scheme, two check dams were constructed incurring Rs. 33.82 lakh and the immediate beneficiaries were 'Karuna' estate, a private firm and the people residing in that plantation. The Secretary, Water Resources Department apprised that eight officials and the estate owner were involved in this case and vigilance enquiry was going on and the Vigilance Department could not fix the financial responsibility of each and every person. To a question of the Committee, he replied that out of the eight officials, three had retired and service benefits like pension had not been sanctioned yet. Even family pension to the dependents of the deceased was not sanctioned. The Committee urged the department to furnish the details of the latest position of the vigilance case.

#### **Conclusion/Recommendation**

**12. It is disturbing to note that the Department has failed to take any conclusive action against the persons who were responsible for bringing undue gains to M/s Karuna Plantations Private Limited at Government expense. The construction of check dam in a private estate benefited only the estate owners. It is the primary responsibility of the estate owner to provide water to the plantation and people of the estate and not of the Government Department. Apart from this, the general public was deprived of the benefits of such a scheme. Considering the quantum of money involved in the case, the Committee directs the Department to expedite the proceedings in the vigilance case in this respect and fix the financial responsibility on the persons involved so as to make good the loss suffered by the Government. The Committee urges the Department to furnish the details regarding the present status of the vigilance case and the follow up measures initiated, if any.**

#### AUDIT PARAGRAPH

#### **Extra expenditure on removal of sand dunes**

For the smooth and proper conduct of the annual snake boat race at Aranmula in September 1997, Government sanctioned (May 1997) the work for removal of sand dunes formed in the river 'Pamba', construction of the wall, berms, etc., at an estimated cost of Rs. 65 lakh. The work proposed to be completed before the onset of South-West Monsoon (June-August 1997) was awarded on short tender notice to a contractor at 60 per cent above estimate rates, on 10 July 1997 and the work commenced on 12 July 1997. Contrary to the agreement provision for removal of the sand dunes manually by the contractor,

Chief Engineer (Irrigation and Administration) (CE) suggested mechanical dredging on the ground of persistent high water levels and shorter working period available, before the ensuing boat race on 17 September 1997. The contractor removed 67,935 cubic metres of sand dunes using a high capacity dismantling type dredger. In November 1997, Executive Engineer prepared an observed data of Rs. 96 per cubic metre and paid (January 1999) Rs. 65.22 lakh on that basis as against Rs. 43.05 lakh due at the rate of Rs. 39.60 per cubic metre plus tender excess for removal of sand dunes by conventional method. Adoption of dredging method led to extra expenditure of Rs. 22.17 lakh.

Audit scrutiny disclosed the following points :

(i) Although tenders received on a short tender notice were forwarded by CE with his recommendation to Government on 3 June 1997, Government approval was given only on 7 July 1997 by which time the monsoon had already set in (on 24 June 1997). Obviously the tenders were not finalised with due speed and urgency.

(ii) As the periodicity of South-West Monsoon, i.e., June-August, was a known fact and as removal of sand dunes manually was not feasible during high water levels, the work should have been programmed to be carried out sufficiently early in the pre-monsoon period or between the monsoons. In the project report also, it has been stressed that the work should be completed before the onset of monsoon.

Thus failure to plan the execution of the work in time entailed extra expenditure of Rs. 22.17 lakh towards avoidable dredging operations. No responsibility for the delay was fixed.

The matter was referred to Government in March 1999; reply had not been received (October 1999).

[Paragraph 4.8 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999, No.3 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix-II.

13. The Committee understood that the work for removal of sand dunes, formed in the river Pampa and construction of the toe wall, beams etc resulted in extra expenditure of Rs. 22.17 lakhs due to dredging in place of manual work. The Committee desired to know why the department failed to take necessary measures in advance though Aranmula Boat Race was an annual event. The Secretary, Water Resources Department apprised that every year the department

expended Rs. 2 to 3 lakh and removed the sand manually. But over a period of time, huge quantity of sand got accumulated in the river Pampa. Then Kerala Engineering Research Institute, Peechi was entrusted to study the matter and accordingly they submitted their report in January 1991. The Chief Engineer, IDR B wanted to have some modification and had constituted a high level Committee including CWRDM and the Committee submitted its report in April 1997 recommending what has to be done with this huge accumulation of sand dunes. Final order was issued in July 1997. But because of the high water level in the river and approaching Aranmula Boat race, it was decided to carry out the work mechanically using a dismantled level dredger. Regarding the disposal of sand, the Secretary, Water Resources Department informed that normally it would be given to the contractor himself at the Government rate.

14. The Committee appreciated the fact that recently the removal of sand was being carried out well in advance and remarked that if administrative departments acted with plan and foresight, Government money could have been saved considerably.

#### **Conclusion/Recommendation**

15. **The Committee finds that though tender notice was forwarded by the Chief Engineer with his recommendation to Government on 3 June, 1997, the Government had approved the tender only on 7th July, 1997 after a delay of one month during which the monsoon had set in. This is a clear evidence of delay on the part of the Government in giving approval to the tender without giving importance to the urgency of the work to be undertaken for the smooth and proper conduct of Aranmula boat race. As the onset of monsoon was a known factor to the Department, the work of removal of sand dunes from Pampa river should have been scheduled sufficiently early during the pre-monsoon period. Because of the delay in getting the approval of the work, the Department adopted mechanical dredging instead of removing the soil manually resulting in extra expenditure of Rs. 22.17 lakh. Therefore, the Committee suggests that whenever any project involving the works of like nature is to be implemented, the administrative departments should exert certain degree of foresight and act with a plan so that much amount of Government money can be saved.**

AUDIT PARAGRAPH

#### **Non-completion of a flood control work that commenced in 1991**

The Superintending Engineer (SE), Irrigation South Circle, Thiruvananthapuram entrusted the work on construction of flood embankment on the right and left banks of Killi river between Killippalam and Iranimuttom to a contractor in January 1991 for an agreed contract amount of Rs. 43.87 lakh.

The stipulated date of completion was August 1992. The work mainly involved formation of earthen bunds for which 65 thousand cubic metres of earth filling was provided for in the agreement. However, the initial levels taken in February 1991 prior to commencement of the work and earth proposals sent to SE in April 1991 indicated earth filling to be done as 1.10 lakh cubic metres (70 per cent increase). The contractor demanded 50 per cent enhancement in the estimate rates for quantities above 125 per cent of the agreed quantity, which was not accepted. After inspecting the site in June 1994, SE decided to close the accounts of the contractor after completion of the bund on the left bank and the contract was rescinded in January 1995. The value of work done amounted to Rs. 47.85 lakh and the value of balance works was Rs. 28.65 lakh. The balance works were awarded to another contractor in April 1999 for an estimated contract value of Rs. 79.96 lakh.

The following departmental lapses were noticed in audit:

(i) The estimate prepared in 1990 was not based on the prevailing site conditions indicating failure in survey works.

(ii) While approving the initial levels and earth work proposals in June 1991, though SE directed the Executive Engineer to obtain an undertaking from the contractor to execute quantities beyond 125 per cent of agreed quantities at the agreed rate, no such undertaking was obtained.

(iii) There was abnormal delay in rearranging the balance works mainly at the level of the Government for according administrative sanction for the revised estimate and at the level of the Chief Engineer (CE) for acceptance of lowest offer. As a result of these lapses, there was steep escalation in the cost of the work from Rs. 43.87 lakh to Rs. 1.28 crore. Besides, the flood control work, sanctioned in March 1990, is lying incomplete for more than 8 years.

The matter was referred to Government in April 1999; reply had not been received (October 1999).

[Paragraph 4.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999, No.3 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix-II.

16. The Committee came to know that the construction work of flood embankment on the right and left banks of Killi river between Killippalam and Iranimuttam lagged for ten years and as a result cost of the work escalated from Rs. 43.87 lakh to Rs. 1.28 crore. In this regard the Secretary, Water Resources

Department informed that initially it was estimated that 65,000 cubic metres of soil was sufficient to fill up and to make proper bunding. But owing to earth quarrying for brick moulding, and erosion caused to river banks in flood it was finally estimated that 1.10 lakh cubic meters of soil would be needed for filling work.

17. The Committee pointed out that even in 1991, immediately after awarding the work, the department was aware of the situation and the Superintending Engineer issued a letter directing to obtain a supplementary agreement for excess quantity beyond the permissible 25% excess over the agreement quantity within a week from the contractor and if he was unwilling, then to go in for fresh tender. The Committee opined that had all the measures were taken as directed by the Superintending Engineer, this excess expenditure could have been avoided. The Committee recommended that the department should fix the liability on the Executive Engineer who had violated the department's direction for the loss sustained and departmental action should be initiated against him.

#### **Conclusion/Recommendation**

18. **The Committee sees that though the original work was involved for the formation of earthen bunds requiring 65,000 cubic metres of earth filling for an agreed contract amount of Rs. 43.87 lakh, it was subsequently changed to the proposal of requiring the earth filling of 1.10 lakh cubic meters which had resulted in 70% increase in the work and the contractor had demanded 50% enhancement in the rate. The SE had not accepted his demand and decided to close down his accounts, and the balance work was awarded to another contractor for an estimated contract value of Rs. 79.96 lakh. This explicitly shows lack of due foresight which the department normally requires to exercise in the preparation of the estimate of the work which was based on a faulty survey work without ascertaining the prevailing site condition. The Committee notices that immediately after the awarding of the work, the SE, on being aware of the change in the situation, had issued directions to EE to obtain a supplementary agreement for excess quantity beyond the permissible 25% excess over the agreed quantity within a week from the contractor and if not, to go in for a fresh tender. But unfortunately the latter did not act upon the direction of the former. The Committee thinks that had all the measures been taken as per the directions of the SE, this excess expenditure could have been avoided. Therefore the Committee recommends that the Department should fix the liability for the loss sustained and punitive actions be taken against the Executive Engineer who had wilfully violated the Department's directions.**

## AUDIT PARAGRAPH

**Inadmissible payment of arrears of salary**

Government issued orders in January 1990 appointing the CLR<sup>#</sup> workers of Irrigation Department directly to the regular service. In March 1999, the benefit of time bound grade promotions reckoning their length of service as CLR workers prior to absorption, was extended to such regularised employees. Government, however, clarified in February 2000 that the monetary benefits of time bound grade promotions would be available only with effect from 18 March 1999.

Audit scrutiny revealed that arrear pay and allowances of 128 regularised employees belonging to two\* Sub Divisions under Minor Irrigation Division, Ernakulam were drawn even for the period prior to 18 March 1999. Out of Rs.1.41 crore (including Rs.17.46 lakh credited to respective GPF<sup>∇</sup> accounts) disbursed (May and June 1999) as arrears to these 128 employees, Rs.1.36 crore (including Rs.17.45 lakh credited to GPF accounts) pertained to the period prior to 18 March 1999. As payment of arrears for period prior to 18 March 1999 was not sanctioned by Government, payment of arrears of Rs.1.36 crore was irregular and recoverable.

Government stated (November 2000) that action was being taken to recover the excess amount paid to the employees and that disciplinary action against the officers who made the excess payment was also being considered.

[Paragraph 4.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix-II.

19. Regarding the payment of Rs. 1.36 crore as arrears of pay and allowances in respect of 128 regularised employees belonging to two sub divisions, under MI Division, Ernakulam for the period prior to 18 March 1999 without Government sanction; the witness, Chief Engineer, Project-1 apprised the Committee that though steps had been initiated to recover the excess amount, it had to be kept pending as the affected parties had obtained stay from the Hon'ble High Court. The Committee recommended that the department should be careful in future and should take all necessary precaution to avoid such lapses.

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<sup>#</sup> Casual Labour Roll

<sup>\*</sup> Minor Irrigation Sub Division, Aluva and Minor Irrigation Electrical Sub Division, Aluva

<sup>∇</sup> General Provident Fund

### Conclusion/Recommendation

20. **The Committee views the case with due concern and recommends that the department should be more vigilant and that sufficient precautionary measures be adopted to avert such lapses in future. Every possible steps should be taken to recover the excess amount paid to the employees and the Committee desires to be informed of the steps taken towards disciplinary action against the officers who made the excess payment as well as the measures for recovering the excess amount paid.**

#### AUDIT PARAGRAPH

#### **Tardy implementation of a lift irrigation scheme**

In May 1993, Government sanctioned the 'Kondozhinjal-Malachal-Kottamuri Lift Irrigation Scheme in Thrissur District for Rs. 49 lakh. Superintending Engineer (SE), Minor Irrigation Circle, Ernakulam awarded in June 1995 the execution of only one component of the work, viz, supply and laying of pipes (including construction of cistern) for Rs. 48.61 lakh and the contractor completed this portion, except construction of the cistern and laying of the pumping mains, at Rs. 75.42 lakh. Failure to arrange execution of all the components of the scheme simultaneously or in a predetermined time schedule resulted in non-completion of the scheme as of October 2000 and rendered the expenditure unproductive for the last four years.

Scrutiny revealed the following points:

(i) Two years after sanction of the work by Government, SE took up works which mainly involved supply of pipes (costing Rs. 70.35 lakh out of an expenditure of Rs. 75.42 lakh) and even this portion of the work was not completed properly. SE made no attempt to either complete the works in time or co-ordinate works on various components of the scheme like construction of pump house and supply and erection of pump set and motor.

(ii) Contrary to agreement conditions, SE made full payment for supply of pipes (Cost: Rs. 70.35 lakh) unauthorisedly in October 1996 without conducting the normal pressure test. Further, he issued completion certificate in June 1997 even though the Bureau of Indian Standards confirmed in January 1997 that pipes supplied were of inferior quality and did not conform to specifications. As of October 2000, no action was taken against the contractor.

Thus, SE's action in completing the distribution system without taking up other essential items of work like pump house, pumping systems, etc., and delay in completion of the distribution system and cistern work resulted in uncertainty in completion of work and unproductive expenditure of Rs.75.42 lakh which call for investigation.

The matter was referred to Government in May 2000; reply has not been received (November 2000).

[Paragraph 4.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix-II.

21. In this regard the Secretary, Water Resources Department apprised the Committee that disciplinary action had been initiated against the persons who had inflicted loss on Government while implementing the 'Kondozhinjal Malackal-Kottamuri Lift Irrigation Scheme' in Thrissur district. To a question of the Committee he replied that memo of charges had been issued against the guilty persons. Out of the four accused, one had retired and had been granted all pensionary benefits. The Secretary, Water Resources Department informed that after quantifying the loss, recovery would be effected from all the delinquent officers who were still in service. He added that civil case to recover the loss would be filed against the person who had already retired.

22. The Committee expressed its displeasure over the fact that even after six years, the department had not taken any action against the persons who inflicted huge loss on the Exchequer. The Committee urged the department to inform the details of action taken against the persons responsible. The Secretary, Water Resources Department assured that the Committee would be informed of the developments in this regard periodically.

#### Conclusions/Recommendations

**23. Idling of an investment upto Rs.75.42 lakh owing to the failure on the part of the Superintending Engineer (SE), Minor Irrigation Circle, Ernakulam to synchronise the execution of various components of 'Kondozhinjal Malackal-Kottamuri Lift Irrigation Scheme' is yet another addition to the never-ending list of schemes infested by 'poor-execution bug' in the Department. Over and above this failure, the SE had also failed to ensure the quality of materials used and allowed the use of pipes of inferior quality which did not conform to the specifications of Bureau of Indian Standards. It is disheartening to note that the Government all these years turned a Nelson's eye to the four officials who were identified as responsible for the uncertainty in the completion of the work and resultant loss to Government.**

**24. The Committee urges the Department to take befitting action including recovery of money against the officials who exhibited such dereliction of duty. Action taken in this regard should be intimated to the Committee.**

## AUDIT PARAGRAPH

**Avoidable expenditure due to changes in design**

Based on an estimate prepared by the Executive Engineer (EE), Irrigation Division, Ernakulam and sanctioned (January 1993) by the Chief Engineer (CE), the Superintending Engineer (SE), Irrigation Central Circle, Thrissur awarded (April 1994) the work 'Construction of a regulator-cum-bridge (RCB) at Kanakkankadavu' in Ernakulam District, to a contractor for Rs. 6.95 crore to be completed by May 1996. The work was completed in March 1999 at a cost of Rs. 7.90 crore.

Audit scrutiny disclosed the following major changes in design and specifications of the work at the post-contract stage due to presence of rock in an elevated position and difficulty in driving piles:

<i>Original item of work in the estimate</i>	<i>Description of changes made</i>	<i>Grounds for effecting the changes</i>	<i>Adverse financial implication</i>
Pile foundation up to top level of pile caps on the upstream and down stream sides of lock wall, right abutment and pier PI	Open foundation at the downstream side of lock wall, right abutment and pier PI	Piles could not be driven due to presence of rock at shorter depth than estimated	Infructuous expenditure of Rs. 19.55 lakh as piles for a length of 691.75 metres remained unutilised (March 1999)
Random rubble masonry for the superstructure of the lockwall of 62 metres length, 5.50 metres width and 8 metres height	Cement concrete 1:3:6	Dearth of skilled labourers, poor workmanship and slower manual work compared to cement concrete	Extra expenditure of Rs. 19.74 lakh

As a result of the change in the foundation design, quantities in respect of several items changed and 26 extra items were included in substitution of original items. This resulted in increase in cost by Rs.95 lakh Drastic changes in design and specifications due to difficulty in execution of work after award of the contract indicated poor design and failure of CE to detect the defective estimate and design. Though superstructure was changed to cement concrete

for expeditious completion of the work, it in fact delayed the completion of work by nearly 3 years (March 1999 against the stipulated date of May 1996).

Though there was no recorded reasons for delay in execution, extension of time was given in a routine manner.

Government stated (January 2000) that execution of masonry work was time consuming and required skilled labourers whereas cement concreting could be done in less time with higher out-turn and that it was difficult to control and ensure the quality of masonry works especially when the lock wall structure would be below the water level.

Reply is not tenable as the problems of dearth of skilled labourers, poor workmanship, quality control, etc., in the case of masonry works and inherent advantages due to application of machinery for concreting works were foreseeable while preparing the design and estimate for the lock wall. In fact, the design was changed due to inadequate soil investigation and defective estimates by the EE and failure of CE to detect these defects while approving the design.

[Paragraph 4.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix-II.

25. The Committee pointed out that the construction of Regulator-cum-bridge at Kanakkankadavu in Ernakulam district which was envisaged to be completed by May 1996, at a cost of Rs. 6.95 crore, was completed only in March 1999 at a cost of Rs. 7.90 crore and desired to know the reason for cost escalation. The Secretary, Water Resources Department put forth the following reasons that necessitated design change which resulted in cost escalation. Due to the unauthorised excavation, the river bed had gone down by 6 metres which necessitated open masonry foundation as against the Random Rubble masonry in the estimate. The work was carried out using cement concrete and rock was found in between which could not be identified at the time of estimation. At this juncture the Committee opined that the second reason regarding technology was not convincing. Cement concreting was not a novel technology. The department could have taken into account that aspect at the time of estimation. The Secretary, Water Resources Department replied that estimate was prepared in 1984-85 and as per the norms prevailed at that time, Random Rubble masonry was proposed. He added that the first tender was based on Rubble masonry. The first contract was terminated after some work was done. The balance work was tendered again for rubble masonry work since there was possibility of the

first contractor going in for arbitration if design in work was changed subsequently. The Secretary defended that, considering the durability of cement concrete and time required for Rubble masonry, the amount spent could not be considered as excess. The Committee disclosed that the deposition of the department did not stand. Though methodology changed, speedy execution had not taken place. In reality it took more time. The Committee urged the department to take necessary measures to curtail the tendency of delaying execution of works so that huge escalation in cost could be avoided by timely completion of works.

#### **Conclusions/Recommendations**

**26. The reasons rendered to the Committee for the subsequent changes in design which resulted in the delay in execution and cost escalation of the work are not tenable as the eventualities encountered during the construction work of the Kanakkankadavu regulator-cum-bridge were not of any special nature but of easily foreseeable. Hence what else to say the least is the poor design prepared by the Department.**

**27. The Committee urges the Department to ensure quality designing of the project taking into account all the geographical peculiarities of the construction site and not deviating from the original design and to schedule a time frame for the completion of the projects. The department should also ensure to make use of advanced technology and not to rely upon outdated technology on pity reasons that the contractor would likely to go in for arbitration. The Committee urges the Department to fix responsibility on the guilty for the avoidable expenditure incurred and inform the details of action initiated against them thereon.**

AUDIT PARAGRAPH

#### **Functioning of Irrigation Department**

##### *Highlights*

Though Kerala is gifted with abundant river waters, only 17 per cent of cultivable land has been brought under irrigation. Budget and expenditure control system was grossly deficient and needs considerable improvement. Of 30 irrigation projects launched up to 1998, 14 were either incomplete or still under investigation. Time overrun of these projects ranged between 14 and 40 years and cost overrun ranged from nearly 3 to 60 times. Rs.39.68 crore was spent (March 2000) on five projects which were yet to be cleared by Central Water Commission. There was huge avoidable expenditure in the project due to defective designs, delay in finalising designs and incorrect specifications.

Returns from irrigation projects were insignificant compared to investment of Rs. 2735 crore. The completed projects do not meet their revenue expenses. In some projects, establishment expenditure was very high compared to works expenditure. The department is overstaffed.

- While Rs. 308.75 crore of budgeted funds could not be spent during 1996-2001, Rs.112.23 crore of contractors' pending bills remained unpaid. Superintending Engineer/Executive Engineer of Pazhassi Irrigation Project awarded works despite lack of budget provision. As a result, Rs. 11.47 crore of contractors' bills remained unpaid.
- Execution of 9 project works was not given due priority. The budgeted funds were reappropriated for other purposes during 1998-2001. In three other projects, there was persistent savings ranging from 13 per cent to 75 per cent.
- In 12 divisions contractors' claims for Rs.1.13 crore were irregularly paid out of 'Public Works Deposits' by passing budgetary control system.
- In 13 projects under execution/investigation there was time overrun in the range of 14 to 40 years as of March 2001, leading to increase in cost by 3 to 60 times.
- Some of the important short-comings and irregularities brought out in recent Audit Reports included huge time and cost overrun leading to sharp decline in benefit cost ratio, low achievement of ayacut developed, huge establishment expenditure due to long gestation periods, profuse leakage of dams, execution of non-essential works and wastage of irrigation water.
- Number of designs finalised by the Design Wing declined from 32 in 1996-97 to 19 in 2000-01 while 24 designs were pending. Due to defective designs, change in specifications were required during execution of works leading to cost overrun/infructuous expenditure of Rs.6.05 crore in three projects.
- Expenditure on maintenance and repair of five projects in Palakkad District was in excess of the prescribed norms by Rs.1.87 crore.
- Rupees 44.02 crore spent on lining of canals under the various schemes was largely unfruitful as no additional ayacut was created to utilise the canal water.

- Against potential of 3.45 lakh hectares created in 14 completed projects, potential of 2.80 lakh hectares was utilised. In three projects viz. Vazhani, Peechi and Neyyar projects, achievement was low.
- The department was overstaffed. Establishment expenditure in Banasuragar Project during 1996-1999 was Rs. 75.45 lakh while practically no works were executed.
- Kallada Project, with 3 circles and 7 divisions, did not have adequate works. The CE (EEC) with 34 supporting staff was mostly passing the bills in respect of MI works.
- In the Investigation Division, Kannur, no significant work was performed while Rs. 3.46 crore was spent on establishment during 1996-2001.
- Due to absence of skilled personnel no work was undertaken in the Mechanical Division, Malampuzha, while Rs. 57.15 lakh was spent on establishment during 2000-01.
- In four projects still under investigation, Rs.21.08 crore was spent on idle staff during 1996-2001.
- Water cess pending collection as of January 2001 amounted to Rs.2.40 crore. Though Irrigation Commission suggested revision of water cess on the fourth year of each Five Year Plan, no effective action was taken to revise the rates. The revenue obtained in eight completed projects did not even cover their operating and maintenance expenditure.
- Owing to non-completion of works/non-energisation of pump sets, 17 lift irrigation schemes could not be commissioned and expenditure of Rs. 4.61 crore on them became unproductive.

### **Introduction**

Kerala is endowed with rich water resources. The annual yield of water from 44 rivers in the State was assessed to be 70300 million cubic meters. However, the State Government has not evolved an Irrigation Policy as of August 2001. The Irrigation Department implements various irrigation projects/schemes to meet the irrigation requirements of farmers. The department is also engaged in coastal protection works and flood control works in the State, Utilisable water was estimated at 42000 million cubic metres. As against 22.70 lakh hectares of cultivable land in the State, the total area provided with irrigation was only 3.90 lakh hectares (net) (17 per cent) Despite investment of Rs.2735 crore<sup>#</sup> as of March 2000, only seventeen per cent of the irrigable area in the State had been brought under irrigation.

<sup>#</sup> Source: Economic Review 2000

### Organisational set up

Secretary, Irrigation Department was in overall charge of the department assisted by ten Chief Engineers (CEs)\*, Works were executed through 68 Divisions under the supervision of 16 Circle Offices.

### Audit coverage

Some aspects of the working of the department were reviewed during February-June 2001 covering the period 1996-2001 by test-check of the records in the Administrative Secretariat, Offices of four CEs, six Circle Offices and 25 divisions.

### Financial management and budgetary control

#### (i) Persistent under – utilisation of budget provision

(a) Budget provision vis-a-vis expenditure during 1996-97 to 2000-01 was as under :

*(Rupees in crore)*

Year	Budget Provision			Expenditure			Savings		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1996-97	261.63	98.49	360.12	234.11	86.80	320.91	27.53	11.68	39.21
1997-98	264.42	95.04	359.46	231.40	86.47	317.87	33.02	8.57	41.59
1998-99	276.68	118.71	395.39	224.53	108.39	332.92	52.14	10.33	62.47
1999-2000	290.35	129.34	419.69	228.48	105.91	334.39	61.87	23.43	85.30
2000-2001	271.60	116.93	388.53	207.57	100.78	308.35	64.04	16.14	80.18
Total	1364.68	558.51	1923.19	1126.09	488.35	1614.44	238.60	70.15	308.75

The total savings of Rs.308.75 crore (16 per cent of the provisions) during 1996-2001 indicated unsatisfactory budgetary control. Even while there was significant savings, liability of Rs.112.23 crore on account of contractors' pending bills was not met. Had the unutilised provision been judiciously re-appropriated, this liability could have been mostly liquidated.

Reasons for under-utilisation of funds had not been furnished by CE/ Government (July 2001). Nearly 16 per cent of funds provided was not utilised on an average during 1996-2001. While Non-Plan expenditure went up by 16 per cent during 1996-2001, Plan expenditure declined through the five

\* Chief Engineers in charge of Irrigation and Administration: (1) Projects: (3), Investigation:(1), Design: (1), Administrator (CADA): (1), EEC Project Co-ordination: (1), Mechanical: (1) and Vigilance Cell (Kallada Irrigation Project): (1)

years. Plan funds formed 70 to 83 per cent of the total unutilised provisions during the period of review. While 10 to 15 per cent of funds<sup>#</sup> provided for revenue expenditure remained unutilised during 1996-2001, non-utilisation of budgeted funds for capital expenditure increased from 8 per cent in 1996-97 to 29 per cent in 2000-01. Expenditure on capital works was slowed down during 1998-2001.

(b) Some of the projected where substantial saving\* in works expenditure occurred during the last three years 1998-2001 were as under:

<i>Projects/scheme</i>	<i>Savings (Rs. in crore) and their percentage in brackets</i>		
	1998-99	1999-2000	2000-2001
Idamalayar Project	13.01 (43)	0.48 (19)	2.47 (19)
Kuriarkutty-Karappara Project	2.37 (69)	0.54 (41)	0.97 (77)
Kallada Irrigation Project	..	7.23 (39)	2.97 (16)
Banasurasagar	..	1.68 (68)	0.48 (21)
Chimoni Mupli Scheme	..	2.14 (86)	0.99 (66)
Kabini Project	..	1.00 (10)	1.55 (15)
RCB Kanakkankadavu-NABARD assisted Scheme	0.67 (16)	3.47 (69)	0.47 (94)
RCB at Chamaravattom	..	1.57 (95)	4.10 (95)
Veliyakallu causway	2.39 (71)	0.28 (34)	0.21(25)

In addition, major savings persistently occurred under three other major schemes as mentioned below :

<i>Projects/scheme</i>	<i>Savings (Rs in crore) and their percentage in brackets</i>		
	1998-99	1999-2000	2000-2001
National Hydrology Project	3.75 (75)	6.77 (68)	3.99 (50)
Water Resources Revamping and Consolidated Programme	3.17 (45)	4.61 (31)	8.15 (41)
Accelerated Irrigation benefit Programme	1.95 (13)	5.97 (29)	6.22 (30)

<sup>#</sup> Source: Appropriation Accounts for the period 1995-96 to 2000-01

\* Vide Appropriation Accounts for the respective years.

The department furnished reasons for only a portion of savings in certain cases. Most of the savings was attributed to less expenditure due to non-completion of works, strict enforcement of economy measures ordered by Government, etc.

(c) Scrutiny revealed that during 2000-01 though CE, Irrigation and Administration had sought Letter of Credit (LOC) for Rs. 74.56 crore from Government against a budgetary provision of Rs. 81.93 crore, Government issued LOC for Rs. 56.37 crore (69 per cent of budget allotment) only.

(ii) *Deficient budgetary procedure and expenditure control.*

Secretary to Government in Irrigation Department is the Chief Controlling Officer. CE, Irrigation and Administration forwards the budget estimates to Government. There are 90 Drawing and Disbursing Officers in the department.

(a) *Estimation of funds wide off the mark*

Budget estimates are required to be as accurate as practically possible and should neither be inflated nor underpitched. They have to bear a close approximation to the anticipated requirements assessed on the basis of past trends, liabilities to be discharged and that to be incurred in the ensuing year, etc. In the case of Supplementary Grant, they are to be obtained only when clearly anticipated and identified. These requirements were not met to a large extent while obtaining Supplementary Demand for Grants for resulting in unnecessary/excessive provision as indicated below:

*(Rupees in crore)*

<i>Year and nature of expenditure</i>	<i>Budget Provision</i>	<i>Supplementary Provision</i>	<i>Actual Expenditure</i>	<i>Savings</i>
1998-99	84.73	10.95	83.47	12.21
Revenue Capital	154.09	27.94	163.62	18.41
1999-2000	97.98	14.72	94.85	17.85
Revenue Capital	192.89	2.93	153.06	42.76
2000-2001	97.97	1.19	84.41	14.75
Revenue Capital	192.06	2.59	138.53	56.12

Excessive provisioning and resultant savings indicated not only inefficient estimation of funds required for the year but also failure to judiciously utilise the available funds on works which were in advanced stages under projects languishing for long periods.

(b) *Expenditure without provision*

According to State Budget Manual, no expenditure should be incurred on a scheme/service without specific provision of funds therefore. It was however, noticed that in several cases expenditure was incurred without budget provision as shown below:

<i>Year</i>	<i>Nomenclature</i>	<i>Expenditure (Rupees in lakh)</i>
1996-97	Thanneermukkom Project-Direction and Administration	15.71
1997-98	Direction and Administration–Establishment charges transferred from “2701-80-General” Modernisation and Water Management	20.09 12.48
1998-99	Thanneermukkom Project-Direction and Administration Chimony Mupli scheme–Major Works	44.91 6.00
2000-01	Chitturpuzha Irrigation Project–Direction and Administration	65.58

(c) *Arrears in submission of Schedule of Settlement with Treasuries*

The Schedule of Settlement with Treasuries (SST) is one of the important documents designed to ensure that all the cheques drawn and remittances made by the departmental authorities are properly accounted for by the treasuries. Timely reconciliation between departmental books and treasury account is imperative to detect fraud etc., if any. However, this work has not been attended to expeditiously with the result that balances were outstanding under PW Remittance and PW Cheques for long periods as shown below:

<i>Name of circle/division</i>	<i>Earliest period from which due</i>	<i>(Rupees in lakh)</i>	
		<i>Amount outstanding as July 2001 PW Remittances</i>	<i>PW Cheques</i>
Minor Irrigation circle, Tvpm.	April 1997	0.30	(-) 10.00
Kallada Irrigation Project, LB Division No. 1, Punalur	June 1999	(-) 0.83	(-) 7.75
Irrigation South Circle, Tvpm	December 1999	0.30	8.54
KIP, RB VIII Division, Karunagappally	August 2000	5.07	3.24

(iii) *Action Plan is disregarded*

Government provided Rs. 8.74 crore in the budget for 1999-2000 for various works under Pazhassi Irrigation Project and approved Action Plan for Rs. 7 crore in December 1999. However, the Action Plan was flouted by the departmental officers. The Superintending Engineer/Executive Engineer/Assistant Executive Engineers arranged 402 works costing Rs. 15.39 crore of which 161 works costing Rs. 4.47 crore were not included in the Action Plan. Against those 402 works executed at Rs. 20.15 crore, payment was made for Rs. 8.68 crore, leaving an undischarged liability of Rs. 11.47 crore. The Superintending Engineer, Project Circle, Kannur stated (May 2000) that execution of works outside the Action Plan was arranged, as requested by the farmers, local bodies and people's representatives. Thus evidently deviation from the Action Plan was resorted to at the junior levels without obtaining Government approval and additional funds. This also indicated that internal controls in the department to ensure compliance of Action Plan were not functional and the lower functionaries could ignore the Action Plans to suit local conditions.

(iv) *Avoidable lapsing of fund*

Banasurasagar Project sanctioned in January 1999 was allotted funds of Rs. 1.75 crore during 1999-2000 and LOC for Rs. 1.56 crore was released in the last quarter of the year (January–March 2000). Works were commenced only in January 2000 due to administrative delays. Reappropriation of funds proposed by Chief Engineer (Projects I), Kozhikode was not sanctioned, Expenditure incurred on the project was Rs. 77.05 lakh and Rs. 78.89 lakh lapsed.

(v) *Irregular operation of Public Works Deposit*

In 12 out of 25 divisions test-checked, Rs. 1.13 crore of contractors' claims was withheld during 1995-2000 while passing the bills, and booked under 'Public Works Deposit' for want of sufficient LOC. The amounts so withheld were not released during the same financial year. This resulted in over reporting of expenditure without actual payment and circumvented the LOC system. The payment were released during subsequent years after obtaining LOC.

(vi) *Miscellaneous Works Advances*

Miscellaneous Works Advances (MWA) is a suspense head of account operated to record transactions on account of (i) sale of stores on credit pending realisation of cost, (ii) expenditure incurred on deposit works in excess of deposits received pending recovery of such expenditure, (iii) losses and excess in accounts awaiting recovery, regularisation or adjustments and (iv) other items of debits the allocation of which is not known or which cannot be adjusted until recovery is effected or write off ordered.

In Irrigation Department, the balances outstanding under MWA in 16 divisions as of March 2000 was Rs. 54.23 lakh pertaining to the period from 1968-69 onwards (vide Appendix III). The prolonged non-clearance of outstanding balances under MWA, needs to be looked into and action taken to recover the overdue amounts or adjust the debits to the concerned final head.

[Paragraph 4.1.1 to 4.1.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (civil)]

Notes furnished by Government on the above audit paragraphs are included as Appendix II.

28. The Committee desired to know the reason for persistent savings under plan and non-plan expenditure. The Secretary, Water Resources Department informed that though there was sufficient fund, some times the work could not be started due to some unpredictable reasons. In the case of Idamalayar Irrigation Project, the work could not be started due to non-availability of forest land and though the work of Chamravattom Irrigation Project had started, it was not possible to proceed due to viability gap and delay in resource mobilization. Another important reason was that many Irrigation Projects are embroiled in vigilance cases.

29. The Committee pointed out that the expenditure from plan fund was decreasing continuously. On the other hand recurring expenditure was increasing. In this regard, the Secretary, Water Resources Department informed that the organisational set up created for the implementation of a project would become excess when the project got completed. But the people attached to these divisions could not be re-deployed in time. This resulted in increase in recurring expenditure. In cases where the construction works were stalled due to paucity of funds for capital expenditure, vigilance cases, non-availability of land etc., the staff created for the execution of the projects had to be maintained. In such cases the capital expenditure would be lesser during the period when work was held up whereas the Revenue expenditure would be higher. He added that during the previous two to three years, maximum number of offices had been closed and the people were re-deployed to Panchayats. He told that all the people attached with the non-functioning divisions would be re-deployed.

30. The Committee enquired whether the first phase of the National Hydrology Project, had been completed and enquired the reason for the failure in spending the amount received from Government of India. The witness, Chief Engineer, Mechanical Engineering Department informed that in the initial stage the work lagged for want of approval of design in respect of work arrangement. The Secretary, Water Resources Department deposed that the National

Hydrology Project had to locate some wells all over the State to put the poles imported from Netherlands, which would record the water level at various points of time. But on trial it was found that the recording of data was not upto the mark. So it took some time to correct the software. This delayed the project. To a question of the Committee, the Chief Engineer, Mechanical Engineering Department informed that the department had drilled 700 wells in drought-affected areas and Central Ground Water Board had dug about 500 wells, which were used to measure water level fluctuations. The custodian of the well would measure the water level once in a month and a map in this regard would be kept in each district. He added that the first phase had been completed and that in the second phase more wells would be drilled. The Secretary, Water Resources Department brought to the notice of the Committee that though there were enough and more projects for digging wells, nobody gave adequate emphasis for harvesting rain water and re-charging ground water.

31. Water Resources Revamping and Consolidation Programme is intended for the stabilization of canals including lining and repairing of the controlling structure. The Committee pointed out that in almost all canals there was seepage of water and desired to know what action had been taken to repair the canals. The Chief Engineer, Mechanical Department informed the Committee that the Department was not able to complete all repair works due to paucity of funds. The Committee pointed out that during the period covered by audit, there was lapse in spending 40% of the funds allotted for the purpose. The Chief Engineer, Mechanical Engineering Department put forth the reason that though action plan was being sent for approval in the month of June, usually the approval from Planning Board and subsequent Government sanction would be obtained only in January. So every year there would be minimum time to arrange the work. He added that in the succeeding year the particular work would not get Letter of Credit and it would be sanctioned only in the State seniority, thus resulting in savings. In fact, there were a large number of pending bills to be cleared.

32. To a question of the Committee, the witness, Chief Engineer, Mechanical Engineering Department informed that the Accelerated Irrigation Benefit Programme was introduced in the Kallada Irrigation Project, but due to Vigilance Enquiry and other reasons the work could not be completed. If the amount sanctioned for a particular programme was not spent during that year itself, then Central Government would release funds corresponding to the actual expenditure only. The Secretary, Water Resources Department apprised that this programme was successfully implemented in the MVIP, which would be commissioned by March 2007.

33. The Committee desired to know the circumstances which prompted the Department to move supplementary Demand for grant while the amount so provided became savings. The Finance Officer, Irrigation Department apprised that the department moved for supplementary grant, for meeting the cost of Land Acquisition. But when Land Acquisition could not be effected in time, the amount became savings. The Committee opined that it was not advisable to obtain Supplementary Demands for Grants and then keep it unutilised; the department repeated the same error of obtaining Supplementary Demands for Grants and then not spending it in three consecutive years. The Committee urged the department to fix the responsibility for incorrect estimation and to take steps to curb such lapses in future. The Committee expressed its displeasure over the way in which the Finance Department handled the administrative department's requests for Supplementary Demands for Grants. The Committee opined that unless the department acted carefully, the financial propriety of the state could not be maintained. The expenditure should be taken into account while granting Supplementary Demands for Grants.

34. Regarding the expenditure without budget provision, the Finance Officer, Irrigation Department deposed that when the projects got completed, there would be no provision for the salary and other allowances of the persons attached with those projects. But the expenditure could not be avoided. He added that this had been rectified in 2002, by providing non-plan head for salary.

35. The Committee came to know that 161 works costing Rs. 4.47 crore were not included in the action plan of the Pazhassi Irrigation Project. The Committee urged the Department to fix responsibility for carrying out the work outside the action plan and desired that details regarding the action taken in this respect should be furnished to them.

36. The Committee urged the department to furnish the details like the total amount outstanding under Miscellaneous Works Advances, the period from which the arrears had been pending etc.

#### **Conclusions/Recommendations**

**37. The Committee understands from the audit findings that the functions relating to the implementation of various irrigation projects by the Irrigation Department in the State are entangled with many administrative lapses/irregularities like under utilisation of Budget provision, deficient expenditure control, inefficient estimation of funds, expenditure without budgetary provision, bypassing of action plan and Letter of Credit system, avoidable lapse of fund, non-clearance of outstanding balance in Miscellaneous Works Advances etc.**

38. Regarding the under utilisation of Budget provision the reason put forth by the Department for the increase in the Revenue expenditure and decrease in capital expenditure was the retention of the office even after the completion of the project. As the excess staff were not being redeployed in time there was increase in recurring Revenue expenditure. However, during the last two or three years maximum number of offices had been closed and they were re-deployed to Panchayaths. The Committee is acknowledged by the department that all the people attached to the non functioning division would be re-deployed forthwith. Therefore the Committee wants to know whether the actions relating to their re-deployment were completed and if so furnish the present position of the case.

39. On the functioning of the National Hydrology Project in the State the Committee is informed that the phase I of the project has been completed and in the phase II more wells would be drilled in different parts of the State. The Committee desires to know the present stage of the phase II of the project so far implemented and urges the Department to introduce an institutional mechanism for creating and promoting general awareness among the public about the importance and the necessity of rain water harvesting, ground water re-charging and surface storage.

40. The Committee observes that though Water Resources Revamping and Consolidation Programme was introduced for stabilization of canals, in almost all canals there were seepage of water due to the absence of timely repair works. The Department attributed the reason for this to paucity of funds. This is not acceptable to the Committee and it appears ridiculous by the reason that there was lapse in spending 40% of the funds allotted for the purpose. The Government submits that the reason for the lapse of funds was due to the delay in getting the approval of the action plan by the Planning Board and subsequent Government sanctions. The sanctions are normally obtained only at the fag end of every financial year. On the other hand the department has only a minimum time at disposal to arrange the work. Hence funds cannot be fully utilised resulting in savings. The Committee remarks that the main reason for the lapse of fund is the administrative failure on the part of the Department. The Committee opines that had the action plan been prepared sufficiently early and submitted to the Planning Board for its approval, lapse of funds could have been avoided. Therefore the Committee demands the Department to take necessary steps for preparing the action plan sufficiently early so that lapse of funds can be avoided in future.

41. The Committee is aware of the fact that the work of Accelerated Irrigation Benefit Programme introduced in the Kallada Irrigation Project could not be completed due to Vigilance Enquiry. The Committee directs the Department to furnish the details of the present position of the Vigilance Enquiry and the work of the Accelerated Irrigation Benefit Programme in the Kallada Irrigation Project.

42. The Committee expresses its dissatisfaction on the unfair practice followed in the Department that though the Department obtained funds through Supplementary Demands for Grants, the amount so obtained had remained unutilised for three consecutive years. This shows the callous attitude and failure on the part of the Department officials in assessing the cost factor of the Projects to be implemented in particular and maintaining the financial propriety of the State in general. The Committee also expresses its displeasure over the manner in which the Finance Department had dealt with the unrealistic request of the administrative department for Supplementary Demands for Grants without due care and diligence. Hence, the Committee recommends the Department to fix the responsibility for the incorrect estimation of the work and to take necessary steps to curb such lapses in future.

43. The Committee comes to know that 161 works under the Pazhassi Irrigation Project costing Rs. 4.47 crore were carried out by Executive Engineers without adequate Budget provision and Action plan. The actions of E.Es in flouting all statutory procedures and regulations are of serious nature which come under 'ultravires' and hence to be dealt with stringently. The Committee recommends the Department to fix responsibility for the work carried out without the Budgetary provision and action plan, and furnish the details of action taken in this regard to the Committee without delay.

44. The Committee also sees that there is prolonged non-clearance of outstanding balance maintained in the suspense head of account under the Miscellaneous Works Advances in the Department. The Committee therefore urges the Department to furnish the details of the total amount outstanding as on date and the period from which the arrears had been pending in Miscellaneous Works Advances, to the Committee.

## AUDIT PARAGRAPH

**Programme implementation***A. Status of implementation of projects*

Implementation of various major and medium irrigation projects was under the immediate jurisdiction of three CEs-(i) CE, Projects I at Kozhikode in charge of the projects in the six northern districts, (ii) CE, Projects II at Thiruvananthapuram responsible for the projects located in the remaining eight districts and (iii) CE, Projects III at Kottarakkara exclusively for Kallada Irrigation Project (in Kollam District).

The State Planning Board fixes priority for implementation of the incomplete projects depending on the availability of funds, every year. Monitoring of project implementation is done by the State Planning Board and the evaluation of the projects is conducted by the Investigation, Design and Research Board (IDRB). Out of 30 Major and Medium Irrigation Projects taken up for execution in the State since 1947, 16\* projects were completed. Nine projects were under various stages of execution and 5 projects under investigation stage. The details in respect of 14 projects (On-going: 9 and under investigation : 5) are given below.

Sl No.	Name of Project	Year of sanction	Estimate (Rs. in crore)		Year of last revision	Cost escalation (in %)	Expenditure upto March 2000 (Rs. in crore)	Expected to be irrigated (net)	Physical achievement  (in hectare)
			original	Revised					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<i>On-going</i>									
1	Pazhassi	1962	4.42	150.00	1999	3293	144.83	11525	6348
2	Karapuzha	1979	7.60	253.00	1999	3228	169.91	5221	..
3	Kanhirapuzha	1961	3.65	140.00	1999	3735	97.37	9713	7266

\* Chalakudy, Cheerakuzhi, Chinmani, Chitturpuzha, Gayathri, Kanakkankadavu, Kuttiady, Malampuzha, Mangalam, Neyyar, Pamba, Peechi, Periyar Valley, Pothundi, Vazhani & Walayar

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
4	Kuriyarkutty Karappara	1978	10.36	197.00	1999	1427	11.27	17488	
5	Idamalayar	1981	17.85	412.00	1999	2208	101.13	14394	
6	Muvatupuzha	1974	20.86	515.00	1999	2368	300.81	17737	
7	Kallada	1961	13.28	725.00	1999	5356	584.82	61630	35602
8	RCB Thruthala	1998	19.00	26.60	1999	525	3.92	1303	
9	Banasurasagar	1979	8.00	50.00	1999	525	3.90	2800	
<i>Under investigation</i>									
1	RCB Chamaravatom	1985	13.27	120.00	1999	804	5.79	3106	
2	AttappadyValley	1970	4.76	161.00	1999	3282	9.12	4347	
3	Chaliyar	1981	10.61	645.00	1992	5979	6.52	73240	
4	Meenachil River Valley	1981	35.00	128.00	1996	265	5.06	9960	
5	Vamanapuram	1981	19.82	260.00	1996	1211	13.19	8800	

As of March 2000, Rs.1457.64 crore was invested by Government on these 14 projects. The time overrun in completion (except one project) ranged between 14 and 40 years as of March 2001 and the consequential cost overrun was approximately 3 to 60 times. Failure to complete the projects on time resulted in exorbitant cost overrun and denial or delayed delivery of intended irrigation benefits. Delayed completion also entailed infructuous expenditure due to changes in cropping pattern and reduction in ayacut over the years.

Project implementation of some of the major irrigation projects was reviewed in audit from time to time and major findings featured in previous Audit Reports. Some of the more important and commonly found drawbacks,

deficiencies and irregularities in project execution brought out in recent Audit Reports are listed below:

<i>Deficiency/Irregularity in implementation</i>	<i>Name of irrigation projects</i>	<i>Reference to Report for the year ended 31 March and audit paragraph (in bracket)</i>
(1)	(2)	(3)
(i) Endemic time and cost overrun resulting in steep decline in benefit cost ratio making many projects economically unviable	Pazhassi Muvattupuzha	1992 (4.1)
	Valley Idamalayar	1994 (4.1)
	Kanhirapuzha Karapuzha	1995 (4.1)
	Chimony	1996 (4.1)
		1997 (4.1)
(ii) Low physical achievement of ayacut compared to that envisaged in the project documents despite massive investment of project funds, down sizing the projected ayacut midway of execution of the project by reducing canal lengths, erroneous target of ayacut to be achieved etc.	Pazhassi	1992 (4.1)
	Kuttiady	1993 (4.1)
	Muvattupuzha Valley	1994 (4.1)
	Idamalayar	1995 (4.1)
	Kanhirapuzha	1996 (4.1)
	Karapuzha	1997 (4.1)

(1)	(2)	(3)
(iii) Idle establishment expenditure because of unduly long gestation period	Chaliyar River Valley Karapuzha Chamravattom	1990 (4.12) 1997 (4.1) 1992 (4.3)
(iv) Failure to diversify cropping pattern as originally envisaged to derive maximum benefit commensurate with the massive investment of funds	Pazhassi Kuttiady	1992 (4.1) 1993(4.1)
(v) Profuse leakages in dam posing danger to its structural stability and safety, huge avoidable expenditure on rectification charges and lower utilisation of the storage capacity leading to diminishing irrigation potential	Kuttiaday Kanhirapuzha Chimony	1993(4.1) 1996(4.1) 1999(4.1)
(vi) Execusion of non-essential works dis-regarding the directions of superior officers	Chimony Kallada	1999(4.1) 1999(4.5)
(vii) Arrangement of works bypassing open tender system	Karapuzha	1997(4.1)
(viii) Wastage of Irrigation water as 'run off' due to overlapping of ayacut or non development of ayacut	Chimony	1999(4.1)

*B. Poor performance by Investigation and Design wing*

In order to strengthen the Investigation and Planning wing Government entrusted (September 1991) the work with the CE, Investigation and Planning. The CE (D& R), IDRB was to be in-charge of design, research, technical examination of project reports, monitoring, quality control and evaluation.

*(i) Poor performance of Design wing*

The Design wing of IDRB is headed by a CE who is assisted by 7 Executive Engineers, 17 Assistant Executive Engineers and 46 Assistant Engineers. Designs of structures estimated to cost above Rs. 30 lakh were to be done by this wing. It was seen that number of designs finalised by CE (Designs) decreased from 32 in 1996-97 to 19 in 2000-01, while number of pending designs increased from 4 in 1997-98 to 24 in 2000-01 as shown below:

Particulars	Period				
	1996-97	1997-98	1998-99	1999-2000	2000-01
Designs finalised	32	31	21	21	19
Designs pending	6	4	7	10	24

Chief Engineer, IDRB requested (March 2001) Government to initiate action to evaluate the functions of the wing. While examining audit paragraph on Pazhassi Irrigation Project (vide paragraph 4.1 of Report for the year ended 31 March 1992) the Committee on Public Accounts recommended (April 1999) to strengthen and revamp the Investigation wing with modern technology.

In March 1998, the wing purchased and installed (July 1998) computers worth Rs. 32.85 lakh as part of the modernisation programme of IDRB. However, no design packages (software) were available for preparing complete design of the irrigation structures.

*(ii) Post agreement changes in design resulting in cost overrun*

(a) On the basis of a tentative design, Superintending Engineer(SE), Minor Irrigation North Circle, Kozhikode awarded (October 1992) construction of Regulator-cum-Bridge and approach at Kavanakkallu (Minor Irrigation Division, Malappuram) to a contractor for an amount of Rs. 7.90 crore. On receipt of the final design, based on detailed site investigation, the scope of work was drastically changed (October 1996) resulting in the upward revision of estimate and expenditure as of March 2000 aggregating to Rs.14.29 crore. This included

and expenditure of Rs. 1.50 crore on two approached entrusted to the contractor as extra items. Excluding the cost escalation admissible to the contractor, the cost overrun on the work amounted to Rs. 4.89 crore. Thus, work was awarded by the department to the contractor on defective design.

(b) Under Pazhassi Irrigation Project, 15 lining works in the vulnerable reaches of the main canal were arranged during 1997-99 at a cost of Rs. 1.46 crore. While the works were under execution, the project authorities felt the need to change the thickness of lining to avoid breaches. Accordingly, the estimates were revised upward. Expenditure incurred on the works came to Rs. 2.16 crore, which was 48 *per cent* in excess of the agreed value of contract. Inadequate site surveys leading to change in the scope of work resulted in cost overrun of Rs. 70.22 lakh.

(iii) *Extra Expenditure due to defective investigation*

The supply of water to Moolathara regulator of Chitturpuzha project was being made from Parambikulam-Aliyar project (PAP) under PAP agreement with Tamil Nadu. Anticipating release of tailrace water from Karapara Hydroelectric project on its commissioning, it was decided (1980) to extend the Moolathara Right Bank Canal of Chirtturpuzha project for a length of 32.625 km with a view to utilising the surplus water. The first phase of widening for a length of 4.125 km was undertaken during 1984-86 at a cost of Rs. 89.86 lakh. As per the revised proposals submitted in March 2000, further extension of this canal beyond 4125 meters was very costly as a large tunnel had to be constructed. The Valiavallampathy Branch canal, which takes off from Chainage 2013 metre was, therefore, proposed to be widened to rejoin at Chainage 6100 metre of the old alignment. The defective investigation rendered the expenditure on the canal excavation from Chainage 2013 metre to 4125 metre at a cost of Rs. 46.01 lakh infructuous.

[Paragraph 4.1.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)].

Note furnished by Government on the above audit paragraph is included as Appendix II.

45. The Committee understood that out of the 30 Major and Medium Projects taken up for execution in the State since 1947, 16 projects were completed, 9 projects were under various stages of execution and 5 projects were

under investigation stage. The Chief Engineer, Project I detailed the progress of work of Irrigation Projects as follows.

(i) Karappuzha Project	-	50% completed
Head works and main canal nearing completion		
(ii) Kanhirappuzha	-	Completed
(iii) Kuriyarkutti	-	Karappara Project 30% completed
(iv) Edamalayar	-	50% completed
(v) Muvattupuzha	-	Canal works 80% completed
(vi) Kallada	-	99% completed
(vii) Banasura Sagar Project	-	30% completed
Canal works were progressing.		

46. The Committee urged the department to furnish the data such as estimated cost, total expenditure, date of completion, total area under irrigation etc in respect of both completed and ongoing Irrigation Projects. To a question of the Committee, the witness (Finance Officer, Irrigation Department) informed that the per hectare cost of the Irrigation Projects was Rs. 1,30,000 whereas in the case of potential ayacut area the cost was Rs. 2,50,000 per hectare. He admitted that none of the Irrigation Projects in our state was economically viable.

47. The Secretary, Water Resources Department apprised that three of the ongoing Irrigation projects were taken up on a mission mode basis to avoid lapse of the AIDP fund and those would be completed by the next March. The Committee opined that canal based irrigation was more suitable for a State like Kerala. It reminded that every year, large amount was allocated for Irrigation Projects in Budget. But the returns from those projects were realisable and even the interest of the amount spent for these projects could not be realised. The Committee, while stressing the importance of irrigation for the improvement in agricultural production, expressed its displeasure in implementing Irrigation Projects in the conventional way. The Committee opined that Irrigation

Department was a white elephant swallowing a major portion of the State's funds. The Committee urged the department to develop innovative water management schemes to bring more areas under cultivation and recommended to develop potential management with micro level harvesting structures.

48. The Committee understood that the Design Wing of IDRIB was intended to design, research, technical examination of project reports, monitoring quality control and evaluation. Designs of structures estimated to cost above Rs. 30 lakh were to be done by this wing. The Secretary, Water Resources Department informed that the Engineers of the Research Wing were given training regularly and that their skills should be upgraded by taking advantage of last technology. The Committee desired to be informed about the performance of the Design Wing. The Secretary, Water Resources Department apprised that during the previous two years this wing had submitted 76 designs. He added that as per the recommendation of the PAC (1999-2000) computer software was made available for strengthening the Research Wing but the staff strength had not been increased.

49. Regarding the estimation of Irrigated area, the witness (Chief Engineer, Project I) informed that the Economics and Statistics Department would take census in the Minor Irrigation Sector. The Irrigation Department assessed the ayacut area after making joint verification with the Revenue Department. The Committee desired to be furnished with the details like total cultivable land, area of land already irrigated, and the area proposed to be irrigated. The witness (Chief Engineer, Project-1) apprised that all those details were available in the Department as it was already collected for the Bharath Nirman Project of Government of India, which was intended to create 1 crore hectares of cultivable land additionally. He assured the Committee that the district wise list of the above details as suggested by the Committee, would be furnished as early as possible.

50. Moolathara Right Bank Canal was proposed as part of the Kuriyarkutty-Karappara Hydroelectric project with a view to utilise the surplus water. Out of the total length of 32.625 km of the canal, widening was done for a length of 4.125 km during 1984-86 at a cost of Rs. 89.86 lakh. This project of widening the entire length of the canal was dropped since it was found very

costly. As an alternative, the Valiyavallampathy Branch canal was proposed to be widened to rejoin the old alignments, which according to Audit observations was a result of defective investigation which accounted for an infructuous expenditure of Rs. 46.01 lakh.

51. The Chief Engineer-Project I stated that the widening of the existing Valiyavallampathy canal from chainage 2013 metre to chainage 12075 metre was in progress and a new canal was under construction to meet the old alignment at Moolathara Right Bank Canal from Neelamkachi to Aelamthavalam. He added that the extent of excavation of the canal was finalised bearing in mind, the water supply from Parambikulam–Aliyar Project (PAP) and also by considering flood water harnessing thus benefiting around 500 acres of land. Hence the expenditure on this canal could not be considered as infructuous.

#### **Conclusions/Recommendations**

52. **The Committee desires to be furnished with the data regarding the estimated cost, total expenditure, date of completion and total area under irrigation of both completed and ongoing irrigation projects. The Committee also notices that large amount is allocated every year in Budget for irrigation projects. The Committee feels that the Irrigation Department has not initiated any effective steps to develop innovative water management schemes to bring more area under cultivation. The Committee expresses its dissatisfaction over the implementation of Irrigation Projects in a conventional way rather than according to the change in time. The Committee urges the department to develop innovative water management schemes to bring more areas under cultivation and recommends to develop potential management with micro level harvesting structures.**

53. **The Committee demands the Government to furnish the district wise details of total cultivable land, area of land already irrigated and the area proposed to be irrigated in the State etc.**

AUDIT PARAGRAPH

#### **Maintenance of irrigation system**

(i) According to Kerala Public Works Department Manual, all completed irrigation projects including minor irrigation structures costing over Rs. 1 lakh are to be maintained by the department according to the norms fixed by Government. Expenditure on maintenance of five completed projects in

Palakkad District by two irrigation divisions was higher than the rate fixed by Government as shown below:

<i>Project</i>	<i>Total ayacut in hectares</i>	<i>Per hectares cost approved by Government</i>	<i>Per hectare expenditure actually incurred (in rupees)</i>			
			1996-97	1997-98	1998-99	1999-2000
Malampuzha, Mangalam and P o t h u n d y maintained by irrigation Division, Malam-puzha	29507	Rs. 180 (up to February 1999), Rs. 240 (from March 1999)	193	240	311	268
Gayathri and Walayar maintained by irrigation Division, Chittur	9487	do.	416	617	594	401

The per hectare maintenance expenditure incurred under the Walayar project was the highest (Rs. 617 as against the norm of Rs.180 to Rs. 240 per hectare). The total excess expenditure due to excess maintenance cost was Rs. 1.87 crore. Besides, in three projects under Malampuzha Division Rs. 2.61 crore was additionally spent for special maintenance during the period 1997-2000.

(ii) Expenditure incurred on Revamping and Consolidation Programme in 16 projects during 1991-2001 was shown below:

<i>Sl. No.</i>	<i>Number of projects on which the programme was implemented</i>	<i>Period of implementation</i>	<i>Source of fund</i>	<i>Expenditure (Rs. in crore)</i>
1	6	1991-95	World Bank aided National Water Manage- ment Project	23.98
2	9	1998-2001	State Plan Sch- eme (Planning Board approved)	17.36 (upto Dece- mber 2000)
3	1	1996-99	NABARD	2.68

Scrutiny revealed that though major portion of the above expenditure was incurred on lining of canal works to prevent loss of water additional ayacut was not created. Executive Engineer, Irrigation Division Chittur stated that the canal system was in a dilapidated condition and hence, the investment was meant for stabilising the system on the ayacut. This was not tenable as huge amounts had already been spent on annual maintenance and repair charges on a regular basis for stabilising this system. As such, further expenditure of Rs. 44.02 crore on Revamping and Consolidation Programme was not justified and served no useful purpose.

(iii) In January 1991, Government sanctioned construction of a Mini Hydel project at the barrage in Pamba Irrigation Project at Maniyar and allotted the work to a private firm. According to the agreement between KSEB and the firm, royalty for use of water from the barrage and cost of component for the controlled release of water was payable by the firm to KSEB, whereas Irrigation Department was maintaining its barrage and controlling release of water incurring an expenditure of Rs.14.23 lakh for the last 5 years. In the absence of any agreement between the firm and Irrigation Department in this regard, service charges could not be realised from the firm by the department.

#### **Irrigation potential created and utilised**

As of March 2001, the cumulative investment on major and medium irrigation projects in the State was Rs. 275.42\* crore. Fourteen completed major/medium irrigation projects were brought under Command Area Development Authority (CADA) between 1985 and 1993. The achievement of potential utilised (PU) reported to GOI by CADA was Rs. 2.80 lakh hectares (gross) against the potential created (PC) of 3.45 lakh hectares (81 *per cent*) as of March 2000. In three projects, achievement of PC was low (Vazhani-35 *per cent*, Peechi-54 *per cent* and Neyyar-67 *per cent*). The fact of unreliable reporting of achievement of PC and PU by CADA was commented upon in paragraph 7.13.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998. Government stated (September 1998) that as there was no specific norm, calculation of PC and PU was based on certain assumptions.

[Paragraph 4.1.6 and 4.1.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)].

(Note furnished by Government on above audit paragraphs is included as Appendix II.)

54. As instructed in the Public Works Department Manual all the completed irrigation projects including Minor Irrigation structures costing over #

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\* Source : Statement No. 13 of Finance Accounts 2000-01.

Rs. 1 lakh were to be maintained by the Irrigation Department. The Audit had observed that the expenditure on maintenance of five completed projects in Palakkad district by two irrigation divisions was higher than the rate fixed by Government, the highest being Rs. 617 per hectare as against Rs.240/hectare during the period 1997-98. The total excess expenditure due to excess maintenance cost was Rs. 1.87 crore. When asked about this hike in expenditure, the Additional Secretary, Water Resources Department stated that since proper and periodical maintenance had not been done for years due to non-availability of funds, it was not possible to restrict the expenditure only upon the routine maintenance work; rectification works also had to be carried out.

55. The Committee wanted to know whether any proposal had been put forth by the Irrigation Department to avail the benefits of Employment Guarantee Programme in the maintenance of Irrigation Projects. The Additional Secretary, Irrigation Department informed the Committee that it was proposed to do the maintenance works under participatory irrigation maintenance. The Committee recommended that a proposal be drawn up immediately on this line and to present it to the Block/Grama Panchayats.

56. It was observed by the Audit that the major portion of the funds allotted for revamping and consolidation programme was spent on lining works of canal to prevent loss of water and that no additional ayacut was created.

57. The Secretary, Water Resources Department detailed that due to non-availability of funds from the Government for maintenance works, certain irrigation projects remained abandoned for a considerably long period and that a huge amount would be required for regular maintenance of such projects. He submitted that ten such projects were identified for inclusion in the revamping and consolidation programme and Rs.50 crore had been availed by the Department for 4 or 5 projects.

58. The Additional Secretary, Water Resources Department pointed out the specific case of Pazhassi project, which was one among the five projects, included in the second generation projects, comprising of a main canal, distributory canals and branch canals with a total length of 600 k.m. He stated that the revamping of this canal alone would cost around Rs. 5 to 6 crore. He added that similar was the state of affairs in the other irrigation projects also.

59. The Committee discussed briefly the prospects of incorporating participation of beneficiary farmers in the revamping and consolidation of irrigation projects through Employment Guarantee Programme. It was pointed out that when such a programme would be implemented, the expenditure incurred on revamping on the part of Irrigation Department could be restricted to

the cost of materials thus enabling the department to undertake maintenance of more irrigation projects. The Government would have to meet the labour cost in the implementation of such a programme. In the case of approval of such a proposal, the Water Resources Department would be able to utilise the entire annual maintenance amount for the procurement of materials required for maintenance work.

60. To the question concerning the realisation of service charges, the Secretary, Water Resources Department answered that the matter had been taken up with KSEB and they were requested to make necessary changes in the agreement.

61. As per the report of CADA furnished before Government of India, the achievement of potential utilised is only 81% of the potential created in the case of completed Irrigation Projects coming under CADA. It was observed that in some projects, Vazhani, Peechi and Neyyar to be mentioned, utilisation of potential created was low. When asked about this, the Secretary, Water Resources Department stated that the projects could not be completed in a time bound manner and this in turn brought in the uncertainty in the achievement of potential utilised.

#### **Conclusions/Recommendations**

**62. The Committee understands from the audit paragraph that the expenditure on maintenance of five completed Irrigation Projects in Palakkad district was higher than the rate fixed by the Government. The Committee wants to know whether any proposal had been put forth by the Department to avail the benefits of Employment Guarantee Programme in the maintenance of Irrigation Projects. The Committee recommends to draw up a proposal to do the maintenance work under participatory irrigation and to present it to the Block/Grama Panchayat.**

**63. The Committee notes that if the beneficiary farmers are incorporated in the revamping and consolidation of irrigation projects through Employment Guarantee Programme, the expenditure incurred on the part of the Department could be restricted to the cost of materials, enabling the department to undertake more projects. The Committee points out that Government would have to meet the labour cost in the implementation of such a programme.**

**64. Regarding the non realisation of service charge rendered on account of the maintenance of the barrage and controlling release of water under the Pamba Irrigation Project at Maniyar, it was informed that the KSEB has been requested to make necessary change in the agreement with the Firm. The**

**Committee wants to know whether the proposed change in the agreement has been executed and if so furnish the details.**

AUDIT PARAGRAPH

**Management of human resources**

*(i) Over staffing*

As of March 2001, Irrigation Department has 7196 staff (Technical-3900; Non-Technical 3296). Out of 68 divisions, 57 are working divisions. Even while many staff were underutilised without adequate works to attend to, the department recruited 712 staff (Technical 344; Non-Technical 368) during 1996-2001. According to norms fixed by GOI in September 1990, establishment expenditure on irrigation projects was not to exceed 15 *per cent* of works expenditure including expenditure on investigations. A scrutiny of the records in four projects revealed that establishment expenditure was very high *vis-a-vis* works expenditure. Establishment expenditure constituted 41 *per cent* to 94 *per cent* of works expenditure in these projects during 1996-2001 *vide* table below :

<i>Name of project</i>	<i>Period of expenditure</i>	<i>Sanctioned staff strength</i>	<i>Establishment expenditure (Rs. in lakh)</i>	<i>Works expenditure (Rs. in lakh)</i>	<i>Percentage of establishment expenditure to works expenditure</i>
Chimony Muply Scheme	1996-2001	67	199.02	485.67	41
Kallada Irrigation Project	1997-2001	2164	5265.91	7303.30	72
Kuriakutty Karappara Irrigation Project	1997-2001	84	126.00	134.53	94

In Banasurasagar Project, establishment expenditure incurred during 1996-99 was Rs. 75.45 lakh while works expenditure was insignificant, being Rs. 0.14 lakh only. Under Kallada Irrigation Project which is under execution since 1961 there were one (CE Projects III), three Circle Offices and seven divisions. As Against the expenditure of Rs. 14.39 crore on their establishment during 1999-2000, work

expenditure was only Rs. 11.92 crore. Thus there was excess deployment of staff in the project without adequate work.

The CE (Project Co-ordinator), European Economic Community (EEC) with supporting staff of 34 was engaged only in passing of bills in respect of works undertaken with EEC assistance which were attended to by Minor Irrigation (MI) Divisions, though MI divisions were under CE (Irrigation and Administration). Thus he was not engaged in any substantive technical work.

There are no clear norms for creation/continuance of the post of Deputy Chief Engineers/Superintending Engineers. In one case, works of two mechanical divisions were controlled by two Deputy Chief Engineers and one Chief Engineer. In the Mechanical Division, Malampuzha, no works were undertaken for want of technical personnel, though its main activities included fabrication, erection and repair works of regulator gates of mechanical structures and repair works of tools and plant of Irrigation Department.

*(ii) Unnecessary retention of an establishment and consequent payment of idle wages*

The project office under a SE (Project Director) formed in 1986 exclusively for the Externally Aided Project-Kuttanad Water Balance Study Project was discontinued with effect from 31 March 1990 on submission of the project report to Government in December 1989. However, the office continued to function with nine staff for a period of ten years without any specific duty to be performed. Finally, Government ordered (June 2000) redeployment of the staff by forming the office of the Co-ordinator, External Aided Schemes. The newly created office, however, ceased to function in July 2000. The expenditure of Rs. 84.90 lakh incurred on the Cell for the period April 1990 to July 2000 was infructuous.

*(iii) Infructuous expenditure on a dormant investigation division*

One Investigation Division functioning at Kannur was entrusted with the investigation of 12 major projects in 1996-97. None of the works has been completed so far (June 2001). Out of investigation works on 160 check dams entrusted to the division during the period 1997-2001, investigation in respect of three check dams only has been completed during 1999-2000. Against the sanctioned staff strength of 160, the division was having 84 staff in position as of March 2001. No tangible work had been done by the divisions in the last five years while expenditure incurred on a staff was Rs. 3.46 crore. The department attributed non-completion of the work to non-allotment of required funds and non-availability of technical staff and vehicles.

*(iv) A division for canal formation was idle for five years*

Periyar Valley Irrigation Project (PVIP) started in 1956 was partially commissioned in 1967 after completion of 94 per cent of the distributaries at a cost of Rs. 100.55 crore. The project was declared completed and brought under Command Area Development Programme from March 1992. Though a division at Aluva with 100 staff was functioning exclusively for canal formation work, the entire staff were idling since March 1992, as no work had been executed by the Division thereafter. The idle wages paid to the staff for five years from April 1996 to March 2001 amounted to Rs. 3.88 crore.

*(v) Lack of skilled workers led to idling of mechanical division*

Irrigation Department has two Mechanical Divisions at Thanneermukkam and Malampuzha. These divisions were to attend to mechanical works of the department. In Malampuzha Division, there was no skilled workers although 64 posts of skilled workers were sanctioned as of March 2001. As such, the machinery, tools and plant in the workshop remained idle for the last 5 years. The annual establishment expenditure on other staff during 2000-01 was Rs. 57.15 lakh (1 Executive Engineer, 4 Assistant Executive Engineers, 8 Assistant Engineers and other Administrative staff).

*(vi) Idle staff on investigation of projects*

In the five projects under investigation, 399 staff (Technical : 221, Non-technical : 178) were idling as of March 2001. No target date for completion of the investigation works has been fixed. Expenditure of Rs. 21.08 crore incurred on establishment in respect of 4 divisions during 1996-2001 was largely unfruitful as no tangible work was done by the staff during this period. The details are given in the following table.

<i>Name of Project</i>	<i>Number of idle staff</i>			<i>Establishment expenditure during 1996-2001 (Rs. in crore)</i>	<i>Remarks</i>
	<i>Technical</i>	<i>Non-Technical</i>	<i>Total</i>		
(1)	(2)	(3)	(4)	(5)	(6)
Vamana-puram Irrigation	84	66	150	10.09	Works on the project had not been started due to non-availability of land and inadequacy of funds

(1)	(2)	(3)	(4)	(5)	(6)
Meenachil River Valley	77	53	130	5.40	Though 20 years have elapsed since its sanction no work had been undertaken on the project for want of clearance from Central Water Commission and Government of India.
Chamravattom	23	17	40	3.50	Government constituted Chamravattom Regulator Authority in February 2000 for implementation of the Project. Even after the constitution of the Authority the division was continuing and no action was taken to redeploy the staff (September 2001)
Chaliyar	29	27	56	2.09	Location of the site has not been finalised (March 2001)
Attappady Valle Irrigation	8	15	23	Not available	No clearance from Central Water Commission has been obtained

[Paragraph 4.1.8 contained in the Report of Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix II.

65. Regarding the issue of excess staff strength in many projects undertaken by the Water Resources Department, the Committee pointed out that in most of the projects, establishment expenditure constituted 41% to 94% of works expenditure as against the 15% fixed by Government of India.

66. The Additional Secretary, Water Resources Department stated that out of the 22 division offices and 4 circle offices under Kallada Irrigation Project, 19 division offices and 3 circle offices had been abolished. He added that it was

during the transition period that the establishment expenditure exceeded the prescribed limit in certain projects.

67. The Secretary, Water Resources Department stated that when the implementation process of a project was in progress, the capital expenditure would gradually come down. Once the project was implemented in full capacity there would be no capital expenditure but only expenditure for maintenance. Correspondingly the staff strength would also be shed off but usually this procedure would lag a little which was the reason why the expenditure figures were not in conformity with Government norms. The Committee desired to be furnished with a note detailing the percentage of establishment expenditure over total expenditure over a period of 10 years. To a query whether technical staff was utilised for administrative purposes, the witness answered in the negative.

68. In answering to a question, the witness, Secretary, Water Resources Department admitted that the investigation wing of Minor Irrigation was remaining idle.

69. When asked about the infructuous expenditure incurred on the Cell formed for Kuttanad Water Balance Study Project, the witness, Deputy Chief Engineer stated that the staff were engaged in formulating preparatory measures for the assistance from the Netherlands Government. It was pointed out in the audit report that the staff deployed in this project continued in the office for a period of 10 years even after the project ceased to function. The Secretary, Water Resources Department stated that when a project was completed the staff could be redeployed elsewhere retaining only a bare minimum of employees.

70. According to audit observation, the investigation division functioning at Kannur had been entrusted with the investigation of 12 major irrigation projects in 1996-97, none of which was completed as of 2001. To a question regarding the progress in investigation of 160 check dams, the Chief Engineer, I&D, IDRБ stated that though the estimate for 12 projects had been received the work could not be started without the receipt of advance letters of credit from the Finance Department.

71. The Committee observed that eventhough the investigation division remained idle a considerable amount was spent on staff as salary.

72. The Chief Engineer stated that the investigation division, comprised more of ministerial staff than technical staff. She added that out of the 94 staff engaged at the beginning, only 32 employees were remaining idle as of then. The Committee suggested that the 32 staff who were remaining idle in the investigation wing at Kannur should be redeployed.

73. The Committee sought an explanation regarding the circumstances under which idle wages was paid to the staff of Periyar Valley Irrigation Project- Aluva Division for five years. The witness, Chief Engineer, Project I,

informed that there were many court cases relating to acquisition of land for the Project and stated that the Aluva Division Office had been attending the court cases. The Committee opined that the conduct of the cases relating to PVIP could be entrusted to a particular officer and the other staff could be redeployed. The witness informed that the total staff in the division and sub-division would come to only below 30.

74. As per audit observations, establishment expenditure during 1996-2001 in respect of 5 projects under investigation, viz., Vamanapuram, Meenachil, Chamravattom, Chaliyar and Attappady had gone infructuous as no tangible work was done by the staff during the period. When asked about the progress in the implementation of Vamanapuram project, the witness, Chief Engineer, IDR B answered that as a consequence of public protests, height of the dam was reduced so as to minimise the area that would be submerged. She stated that as far as Meenachil River Valley Project was concerned all the proposals had been submitted and administrative sanction had been accorded for the Phase I of the work. She added that only one division was functioning there and the work had been entrusted with that division.

75. Regarding the Chamravattom project the Secretary, Water Resources Department stated that the original project cost of Rs.137 crore had been brought down to Rs. 67 crore. He added that letter of intend had been invited for executing the project on BOT basis and only on the receipt of the letter of intend, a final picture would evolve, concerning the total expenditure expected and how the money was going to be raised. Only after that the complete picture of how the project was going to be implemented would be clear.

#### **Conclusions/Recommendations**

**76. The Committee notices that in most of the Projects, establishment expenditure constituted 41 to 94% of work expenditure as against 15% fixed by the Government of India. Hence, the Committee desires to be furnished with a note detailing the percentage of establishment expenditure over total expenditure over a period of ten years of the Irrigation Projects in the State.**

**77. The Committee also expresses its displeasure on the retention of staff of the Kuttanad Water Balance Study Project for 10 years even after the abandonment of the project which resulted in an infructuous expenditure of Rs. 84.90 lakh, and urges the Department to take necessary steps to avoid such lapses in future.**

**78. The Committee observes that eventhough the investigation division of twelve major irrigation projects at Kannur remained idle, a considerable amount was spent on staff as salary. The Committee recommends to redeploy the staff who are remaining idle.**

79. The Committee wants to know the circumstances under which idle wages was paid to the staff of Periyar Valley Irrigation Project, Aluva Division for 5 years. The Committee urges the Department that the cases relating to PVIP should be entrusted to a particular officer so that the services of staff who were remaining idle could be redeployed.

AUDIT PARAGRAPH

**Stores management**

(i) *Lax control over procurement and use of departmental stores*

Irrigation Department has no separate stores division. According to Government orders, no departmental material need be supplied to work for which the SEs are competent to accord technical sanction (Value up to Rs. 45 lakh) and the contractors are required to procure the materials. Even in respect of other works, the departmental officers asked contractors to procure materials from open market due to non-availability of funds. Cost of the materials was reimbursed to the contractors subsequently on hand receipts. Thus, compliance with the prescribed procedures regarding custody, issue and use of departmental materials were not ensured by the divisional officers. It was noticed that in two projects, two contractors were paid Rs. 2.45 crore against fictitious claims towards supply of cement and steel by the divisional officers as shown below :

<i>Name of Project</i>	<i>Departmental materials (quantity and No. of bills)</i>	<i>Cost (Rs. in crore)</i>	<i>Period of supply</i>	<i>No. of contractors involved</i>	<i>Reference to audit paragraph</i>
Chimony Dam	Cement 2325 tonnes 87 bills	0.53	July 1994- May 1995	Two	4.1.12 of Report for the year ended March 1999
Karapuzha	Cement 6495.95 tonnes 658 bills	1.92	1994-95 and February- March 1996	Two	5.1 of Report for the year ended March 2000

(ii) *Idling stores, plant and machinery*

On completion of a project, the vehicles and other plant and machinery acquired for the project are required to be transferred to other on-going projects or disposed of in auction. In 4 project divisions and one mechanical division, machinery worth Rs. 1.57 crore was rusting as these were neither transferred nor disposed of (Appendix-IV).

[Paragraph 4.1.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)].

Note furnished by Government on the above audit paragraph is included as Appendix II.

80. The witness, Finance Officer, Project II stated that the fictitious claims on purchase of cement relating to Chimony Dam Project was under Vigilance Enquiry. The latest position of the case was that Vigilance had registered a case.

81. The Committee wanted to know the details regarding the total number of vigilance cases pending in the Irrigation Department under each project, the number of cases settled and the age-wise details of the cases pending. The witness agreed to furnish the information. The Secretary, Water Resources Department stated that decision had been taken to sell all the obsolete machinery to M/s SILK, Thrissur.

#### **Conclusion/Recommendation**

**82. The Committee demands the department to furnish the details regarding the total number of vigilance cases pending in the Irrigation Department under each project, the number of cases settled and the age-wise details of the cases pending etc. without delay.**

#### AUDIT PARAGRAPH

#### **Tardy functioning of Kerala Engineering Research Institute**

Kerala Engineering Research Institute (KERI) at Peechi, Thrissur under a Director (Superintending Engineer) with seven Research and one Publication Divisions was formed in 1960. The objective of the Institute was to create a Technological Brain Center with provision for conducting various experimental and analytical studies.

A Coastal Engineering Field Studies Division with three sub-divisions functioning at Thrissur was also brought under this Directorate from 1992. As of March 2001, 169 staff members (94 technical and 75 administrative) were

working under this wing. Expenditure incurred on staff of the Institute during 1996-2001 amounted to Rs. 8.02 crore.

CE, IDRIB stated that lack of fund and belated issue of LOC for recurring research expenditure, non-availability of qualified and interested personnel, inadequate infrastructural facilities etc. adversely affected research and development activities.

Two soil investigation works (value: Rs. 58.04 lakh) and an environmental impact study (Value: Rs. 25 lakh) were entrusted to other agencies by the department/Government during 1998-2000. The Department had proposed (November 1999) restructuring of the Institute at a cost of Rs 5.8 crore to curb idling of staff.

[Paragraph 4.1.10 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)].

Note furnished by Government on the above audit paragraph is included as Appendix II.

83. The Committee expressed discontent over the tardy manner in which KERI was functioning and criticised the lack of professionalism on the part of the officers and staff of the institute. It was suggested that the Institute should be developed into an autonomous research institute and services of professional researchers & technical experts in the field should be tapped. The Committee opined that apart from irrigation engineering, research could be undertaken on issues like land water management, dam safety etc.

84. The Witness, Chief Engineer, IDRIB stated that lack of funds was a main problem hindering the smooth functioning of the institute. She added that certain model studies had been conducted and certain other studies were in progress. Also the institute could raise some revenue by charging a nominal fee from external agencies for the works undertaken.

85. The Committee suggested that an expert study should be conducted regarding the prospects of converting the institute into a national level Consultancy cum Research Institute.

#### **Conclusion/Recommendation**

**86. The Committee criticises the lack of professionalism on the part of the officers and staff of the Kerala Engineering Research Institute (KERI) and recommends to develop the Institute into an autonomous research institute by tapping the services of professional researchers and technical experts. The Committee also recommends that the institute should undertake research programme in land water management, dam safety etc.**

87. The Committee suggests that an expert study is needed for converting the institute into a national level Consultancy cum Research Institute.

AUDIT PARAGRAPH

**Irrigation Revenue**

*(i) Betterment levy*

Betterment levy at specified rates is charged on the difference between the increase in the capital value of each class of land and the cost of making such land fit for advantageous utilisation. For want of unified law, Government kept in abeyance (1996) collection of betterment levy. No legislation has been enacted in this regard as of June 2001.

*(ii) Water cess*

When a project, scheme or work is completed, the ayacut achieved is jointly verified by the irrigation and revenue authorities prior to the demand raised on water cess. The total ayacut achieved till the end of 1999-2000 was 3.90 lakh hectares (net\*). On the basis of the average water cess of Rs. 74.30 per hectare, the revenue collectable was Rs. 2.90 crore per annum, whereas the demand for 1999-2000 was raised to the extent of Rs. 84.39 lakh only. The heavy shortfall in collection of water cess was attributable to absence of joint verification of ayacut achieved.

As at the end of January 2001, water cess pending collection was Rs. 2.40 crore against a demand of Rs. 2.93 crore, out of which, Rs. 1.22 crore was under remission or return of recovery notice and Rs. 15.96 lakh under stay orders. The departmental officers did not take any action to collect the balance amount of Rs. 1.02 crore.

*(iii) Poor receipts from completed projects*

According to the recommendation of Irrigation Commission (1972), irrigation works should give an annual income equal to the annual cost of operation so that the burden on the cost of providing irrigation was not passed on to the general tax payer. For this, Commission suggested a review and revision of rates on the fourth year of implementation of each Five Year Plan. Though Government set up an inter-departmental committee in 1978 for review of water cess rates on a continuing basis, no effective action was taken in this regard so far (June 2001). Irrigation projects failed to generate returns to sustain their operations.

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\* 'net' and 'gross' depend on the number of crops raised in an year in the cultivable area.

Even in respect of 8 irrigation projects, which were declared as commercial, the aggregate revenue receipts (Rs. 13.29 crore) did not cover their total working expenses and maintenance charge (Rs. 19.70 crore) during the period from 1996-97 to 1999-2001. Interest on capital charged was Rs. 77.70 crore. The excess expenditure of Rs. 84.11 crore was an extra burden on the exchequer.

*(iv) Non-assessment of ayacut under Minor Irrigation*

In respect of three Minor Irrigation divisions, out of an ayacut of 42625 hectares achieved and reported by them, only 16262 hectares could be jointly verified as of March 2001. Non-assessment of 26363 hectares of ayacut for collection of irrigation cess resulted in loss of revenue of Rs.19.59 lakh per annum, calculated at an average rate of Rs. 74.30 per hectare.

*(v) Loss on short-supply of water*

Periyar Valley Irrigation Project envisaged supply of 17.70 million cubic metre of water to the Cochin Division of Fertilizers and Chemicals Travancore Limited (FACT) during October to May every year. The actual supply during the 4 years ended 2000 was, however, 2,885.11 crore litres as against 7080 crore litres of water to be supplied as per agreement. Based on the rate of Re. 1 per cubic metre, fixed by Government in March 1990, the loss of revenue was Rs. 4.20 crore.

[Audit Paragraph 4.1.11 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)].

Note furnished by Government on the above audit paragraph is included as Appendix II.

88. The Committee opined that preparing irrigation statistics would help in the effective collection of irrigation cess and an expert team should be entrusted with the review of the existing status of the statistics.

89. The Secretary, Water Resources Department stated that remote sensing was being extensively used in assessing ayacut under minor irrigation.

**Conclusion/Recommendation**

**90. The Committee recommends to prepare irrigation statistics for the effective collection of irrigation cess. The Committee also suggests to appoint an expert team to review the existing status of the Statistics.**

## AUDIT PARAGRAPH

**Wasteful expenditure due to delay in commencement of mechanical works**

Superintending Engineer and Deputy Chief Engineer (Mechanical) Irrigation, Thiruvananthapuram entrusted (September 1997) the work 'design, fabrication, supply and erection of the shutters for the bridge-cum-regulator' at Kanakkankadavu in Ernakulam District to a firm for a contract amount of Rs. 1.08 crore. The contract stipulated that the firm should furnish the design and drawings of the shutters along with calculation in respect of each and every component and the work started only after getting approval of the same from the concerned authorities. The contract, however, did not prescribe any time frame for submission of the design and drawings by the firm.

In November 1997, Executive Engineer (EE), Irrigation Division, Ernakulam, who was in charge of the civil works, intimated EE in charge of Mechanical Wing, Malampuzha that a ring bund for executing the civil works in the river was expected to be ready by the end of November 1997 and that expenditure on construction of fresh ring bund could be avoided if mechanical works were executed before demolition of the existing ring bund.

The contractor furnished the design and drawings only March 1998, i.e., six months after entrustment of the work. Chief Engineer (CE), Design Wing approved the design only between May 1998 and January 1999. However, in June 1998 the ring bund formed for constructing the civil works breached in the monsoon floods, necessitating formation of a new ring bund for executing the mechanical works.

Based on the request of CE (Mechanical) in September 1998, EE, Irrigation, Ernakulam arranged the construction of a fresh ring bund for executing mechanical works. The work was completed in June 1999, at a cost of Rs. 35.15 lakh. Only after that, the shutters of the regulator were erected in January 2000.

Thus, failure of Deputy Chief Engineer (Mechanical), Irrigation in not stipulating a time frame for furnishing the design and drawings, delay on the part of CE (Design Wing) in approval of the design and lack of co-ordination between the Department's Civil and Mechanical Wings delayed the works which resulted in an extra expenditure of Rs. 35.15 lakh on formation of a fresh ring bund.

The matter was referred to the Chief Engineer, Irrigation and administration in January 2001 and to the Secretary to the Government (June 2001). Replies have not been received (October 2001).

[Paragraph 4.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)].

Note furnished by Government on the above audit paragraph is included as Appendix II.

91. As per audit observation the ring bund which was erected to carry out the civil works could not be utilized for mechanical works related to the erection of the shutters for the bridge-cum-regulator at Kanakkankadavu, due to lack of co-ordination between the Civil & Mechanical wings of the Water Resources Department. The ring bunds were breached in the monsoon floods even before the completion of the mechanical works, which necessitated the formation of a new ring bund. This resulted in an extra expenditure of Rs. 35.15 lakh.

92. The witness, Chief Engineer, Mechanical Engineering wing, stated that this extra expenditure could not be attributed to the lack of synchronisation between the two wings, since mechanical works could be started only on the completion of civil works. The Secretary, Water Resources Department detailed that only when the construction of pier reached the optimum height of 5m, the shutter could be fitted in place. The Chief Engineer, Mechanical Engineering wing, informed that after the completion of civil works on 18<sup>th</sup> June, 1998, the mechanical wing got only 5 days for their work, as the ring bund was breached on June 23, 1998 due to monsoon floods. Thus it was pointed out that whatever delay occurred on part of the mechanical wing, was only due to the delay in completion of the civil work by the civil wing. The Committee directed the Mechanical Engineering Wing of Water Resources Department to furnish a detailed reply in this regard.

#### **Conclusions/Recommendations**

**93. The Committee understands from the audit observation that in the work of erection of shutter for the Bridge-cum-regulator of Kanakkankadavu in Ernakulam district, the ring bund erected to carry civil works could not be utilised for mechanical works which resulted in wasteful expenditure of Rs. 35.15 lakh for the formation of a new bund. The Committee finds that this was due to lack of co-ordination between Civil and Mechanical Wings of the Water Resources Department.**

**94. Had a proper co-ordination been maintained between the Civil and Mechanical wing of the Department, the delay which had led to the situation of the breach of old ring bund by monsoon flood and consequent formation of a new ring bund for the completion of mechanical work could have been avoided. The Committee demands the Department to furnish a detailed reply in this regard.**

## AUDIT PARAGRAPH

**Unjustified benefit to contractors**

Superintending Engineer (SE), Irrigation circle, Kozhikode awarded the works on 'Improvements and protection of Canoli Canal' in Kozhikode District in 14 reaches to 12 contractors between September 1997 and December 1998 at a total estimated cost of Rs. 6.84 crore. One of the items in all the contracts was earth work excavation for deepening the canal and conveyance of the excavated earth to a place of contractors' choice. The cost of excavated earth was to be recovered from the contractors at the rate of Rs. 3 per 10 cubic metres. Total quantity of earth work excavation was estimated at 125157 cubic metres and the rates per cubic metre included in the tender documents were Rs. 655 in three contracts, Rs. 635 in seven contracts and Rs. 243 in four contracts.

Audit scrutiny revealed that the rates of Rs. 655 and Rs. 635 included Rs. 392.15 for conveying the cut earth by head load for a distance of 250 metres, whereas the rate of Rs. 243 did not include the element for head load conveyance. As the excavated earth was meant to be sold to the contractors, payment of conveyance charges of such earth by head load was not justified and was an undue aid to the contractor. The estimated avoidable expenditure on this account was Rs. 55.25 lakh. Of this, Rs. 38.32 lakh was paid (between March 1998 and July 1999) to the contractors as of May 2001.

SE maintained (January 2001) that the charges included in the rates were for conveying the material after excavation to suitable dumping places from where contractors got possession of the excavated earth and that no charges for conveying the material beyond the dumping points were included in the rates. This was not tenable as the specification of items did not envisage dumping of excavated earth temporarily and its eventual removal by contractors to their places of choice. The matter calls for investigation.

The matter was referred to the Chief Engineer, Irrigation and Administration in March 2001 and to the Secretary to Government in June 2001. Replies have not been received (October 2001).

[Paragraph 4.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)].

Note furnished by Government on above audit paragraph is included as Appendix II.

95. The Committee pointed out that Canoli canal would become part of the proposed inland water ways and hence cautioned that construction works on the

Canoli Canal should be undertaken with foresight. The Committee also expressed discontent over the loss of crores of rupees that might occur to the exchequer due to lack of co-ordination and foresight on the part of PWD and Water Resources Department in implementing the project.

96. The audit scrutiny revealed that as per the tender documents the rates for earth work excavation relating to the Canoli Canal Project were Rs. 655/10m<sup>3</sup> in 3 contracts, Rs. 635/10m<sup>3</sup> in 7 contracts and Rs. 243/10m<sup>3</sup> in 4 contracts. It was pointed out in the Audit Report that since as per the agreement the excavated earth was to be sold to the contractors, there was no justification for including charges for removing the earth excavated from the excavation site on head load, in the estimate.

97. The Secretary, Water Resources Department maintained that the rates had been fixed taking into consideration the lift & lead available with different sites of the canal. He stated that the rate was the least where the site was in close proximity with the roads having lorry access. The audit observed that providing head load charges for the removal of excavated earth to a temporary dumping yard could not be justified since the tender document envisaged the sale of the excavated earth to the contractors. The Chief Engineer, Project – I stated that the excavated earth had to be dewatered and converted into useable form before it was transported by the contractors and hence the provision for head load charges was not against the agreement.

98. The Committee opined that had the excavation been done using a dredger, the mud would have been transported to the dumping yards with the use of small boats, thus avoiding the payment of huge amount as head load charges.

99. To a question whether the excavated earth was sold to the contractor at the rate prescribed in the tender document, the Secretary, Water Resources Department stated that no shortcoming had occurred in this regard. The Committee asked the Department officials to furnish a copy of the estimate.

#### **Conclusion/Recommendation**

**100. The Committee expresses dissatisfaction over the lack of co-ordination between Public Works Department and Water Resources Department and lack of foresight in the excavation work of Canoli canal which resulted in loss of crores of rupees. The Committee opines that since as per agreement, the excavated earth was to be sold to contractors, there was no justification in including charges in the estimate for removing the earth excavated from the excavation site on head load. The Committee requires the Department to furnish a copy of the estimate of the work.**

## AUDIT PARAGRAPH

**Inadmissible payments to contractor**

Superintending Engineer (SE), Siruvani Project Circle, Palakkad awarded a contract for construction of a regulator-cum-bridge across Bharathapuzha at Velliyamkallu (Palakkad District) to a contractor in May 1999 to be completed within 24 months for a contract amount of Rs. 9.55 crore. As of January 2001 Rs. 4.80 crore was spent on the work. Scrutiny (January 2000) revealed inadmissible payment of Rs. 40.47 lakh as discussed below.

(i) According to the contract, the rates were inclusive of the charges for all incidental works, such as shoring, bailing of water, scaffolding etc. In November 1999, the contractor demanded extra payment for shoring to protect the sides of trenches excavated for apron concreting. In the supplemental agreement executed in June 2000, SE included shoring as an extra item for a length of 782 metres at the rate of Rs. 3255 per metre. The extra avoidable payment on this account worked out to Rs. 26.17 lakh.

(ii) The estimated requirement of sand for concreting work was 17306 cubic metres and as per the tender document the sand was to be obtained locally. The rates for different items involving use of sand provided the cost of sand at Rs. 85.80 per cubic metre for cement work and Rs. 36.30 per cubic metre for filling. Audit scrutiny revealed that the contractor was using sand from the river bed free of cost and therefore the SE unjustifiably allowed the rate inclusive of cost of sand. Based on the estimated quantity of sand to be used on the work, the contractor derived an undue gain of Rs.14.30 lakh for the unjustified cost of sand. As execution of the work was supervised by the Executive Engineer at field level and the contract agreements were concluded by SE, they were responsible for allowing such an inadmissible benefit to the contractor.

The matter was referred to the Chief Engineer, Irrigation and Administration in March 2001 and to the Secretary to Government (July 2001). Replies have not been received (October 2001).

**Unfruitful expenditure on supply of water to a thermal power station**

Chief Engineer (CE), Projects II, Thiruvananthapuram allotted (November 1998) Rs. 76.50 lakh for the work of remodelling of the main canal and extension of distributary No. 21 of Cheppad branch canal to supply water to the Kayamkulam Thermal Power Project in Alappuzha District. Based on Technical approval by the CE, Executive Engineer (EE), Pamba Irrigation Project Division, Chengannur spent Rs. 24.05 lakh on survey and investigation (Rs. 2.08 lakh), land acquisition (Rs. 10.83 lakh) and procurement of steel (Rs. 11.14 lakh) as of

March 1999. Scrutiny of the minutes of a meeting of the officers of the State Government and functionaries of NTPC held in November 1999 revealed that no feasibility study for supply of water was done before according technical approval to the scheme by the CE. As the alignment for extension of the canal was not determined and demarcation of land to be taken in advance possession was not carried out, land acquisition for the work was stalled. Since March 1999 no further work was undertaken as the work was held in abeyance by Government pending fresh feasibility studies regarding availability of water during lean seasons, cost effectiveness, alignment of canals, etc.

Thus, hasty action of EE on incurring expenditure on preliminaries for the work while Government did not clear the proposal for the work resulted in unfruitful expenditure of Rs. 24.05 lakh for more than 2 years. EE stated (March 2001) that 13.45 tonnes of steel (Rs. 1.88 lakh) was transferred to other works and that the remaining quantities would be given to other projects.

The matter was referred to Government in July 2001; in reply Government stated (August 2001) that disciplinary action against the EE was underway or not obtaining administrative sanction.

[Paragraphs 4.5 and 4.6 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001(Civil)].

Note furnished by Government on the above audit paragraphs is included as Appendix II.

101. The Committee wanted to know about the circumstances under which the provision for payment of Rs. 26.17 lakh to the contractor was included in the contract as an extra item for shoring up the sides of trenches, the rate of which was earlier included in the formulation of the contract. The witness, Assistant Executive Engineer, RCB, stated that sand could be found at varying depths from 2.1m to 29m at various points of the river bed and apron was provided to safeguard the structure (RCB) from the uplift pressure. It was pointed out that trenches of 2.5 m depth were excavated for the construction of apron. The adjacent sand bed collapsed into the excavated portion which made the excavation process very tedious. Also, if shoring up was not done, loose sand and other debris would have fallen in to the concrete laid for apron which in turn would reduce the strength of the apron. He added that no provision was included in the original estimate for shoring up the sides of these trenches and it was included later.

102. At this juncture, the Committee drew the attention of the witness to the statement in the original estimate, which mentioned that the rates were inclusive of the charges for all incidental works including shoring. The Assistant

Executive Engineer, RCB clarified that the 'shoring' mentioned in that clause of the estimate was regarding the dredging only upto 60cm depth.

103. As per the Government reply, the contractor had not used any sand from the work site either free of cost or by remitting any cost but the sand was brought by him from his own source. The Committee expressed suspicion on this Government reply regarding the procurement of sand by the contractor.

104. When asked about the source of sand, the Chief Engineer, Project-I answered that the source was mentioned in the estimate prepared by the Department. He added that as per the prevalent rules, sand mining was allowed only at certain sites of the river. On a query as to why the sand could not be mined out from the work site, he answered that the sand at the work site had been covered with slurry of clay soil and mud. Also there were restrictions from the part of the Panchayat and the District Collector.

105. The Committee pointed out that it was informed by the Panchayat officers of Parathur and Thrithala that the contractor Shri Ibrahimkutty had not remitted any amount towards the cost of sand. The witness stated that the contractor had been procuring sand from the tenderer who had tendered out the sand near the riverbank.

106. It was asserted by the Committee that the request from the Executive Engineer for the permission to use sand at the work site was forwarded to the Collector from the Thrithala Panchayat and the Collector had given sanction for using the sand at the work site. As this was the situation, the contractor derived an undue gain of Rs. 14.3 lakh for the cost of sand.

107. The Committee suggested disciplinary action against the erring officers. As far as the issue of shoring was concerned, the Committee recommended a technical examination on the matter. The Committee was extremely displeased over the perverse attitude of the Department officials regarding the unjustifiable payment of the cost of sand to the contractor and decided to examine the issue with the aid of available facts.

108. As per audit observation, the Chief Engineer, Projects II, Thiruvananthapuram accorded technical sanction for a scheme supplying water to the Kayamkulam Thermal Power Projects, before conducting feasibility study on the scheme. Based on the technical sanction, the Executive Engineer, PIP Division, Chengannur spent Rs. 24.05 lakh on preliminaries of the work.

109. The Secretary, Water Resources Department stated that out of the total expenditure of Rs. 24.05 lakh incurred, Rs. 11.14 lakh was spent for the purchase of 69.89 tonnes of steel, which was later fully utilised for other

irrigation works. He also stated that the expenditure incurred on land acquisition was kept unutilised in the Revenue Deposit account of the District Collector, Alappuzha. Correspondence was being made for recouping this amount. He added that Rs. 2.08 lakh was paid to LBS centre, Thiruvananthapuram for conducting survey prior to the implementation of the projects.

110. To a question regarding the necessity of such a survey, the witness stated that there existed no malafide intention in that. The Committee decided not to proceed with this further.

#### **Conclusions/Recommendations**

111. **The Committee understands that undue advantage of Rs. 26.17 lakh was paid to the contractor by way of accepting the work of construction of shoring to protect the sides of trenches excavated for apron concreting as an extra item even though the same was already included in the original contract. In the contract, it was shown that, the rates were inclusive of the charges of all incidental works including shoring. But the contractor demanded the work as an extra item and the Department accepted his demand in a supplemental agreement. The Department asserted that if the shoring up was not done, loose sand and other debris would have fallen into the concrete laid for apron which in turn would reduce the strength of the apron. This is not acceptable to the Committee since the rates in the original estimate were inclusive of all incidental works including shoring. The witness expressed the view that the shoring mentioned in the estimate was regarding the dredging only up to 60 cm depth. Since all circumstances appears to confirm the fact that the contractor was unjustifiably paid Rs. 26.17 lakh, the Committee recommends for the detailed technical examination on the whole case.**

112. **The Committee observes from the audit scrutiny that though the contractor had used sand from the river bed free of cost, the SE had unjustifiably allowed an undue gain of Rs. 14.30 lakh to the contractor towards the cost of the sand used, by stating that the contractor procured the sand from his own source. This is untrue by the fact that the contractor had actually used the sand free of cost. The Committee expresses its deep displeasure on the fallacious stand-point of the Department Officials in justifying the payment of the cost of sand unlawfully allowed to the contractor and recommends that the whole issue should be thoroughly investigated and stern disciplinary action should be taken against the erring officials and furnish the details to the Committee.**

## AUDIT PARAGRAPH

**Failure of a Scheme for rehabilitation of Adivasi families**

Government sanctioned (January 1995) construction of 218 houses in Government land for rehabilitation of Adivasi families evicted from Karapuzha Irrigation project area in 1978 at a cost of Rs. 76 lakh. The estimate was revised to Rs. 1.25 crore in September 1998. District Collector, Wayanad received Rs. 1.25 crore<sup>#</sup> from the Irrigation Department

Out of 218 Adivasi families listed during eviction, District Collector could identify (August 1993) only 161 families. However, construction of 168 houses was started in March 1999 and completed in December 2000 at a cost of Rs. 1.25 crore and the houses was handed over to Revenue Department in December 2000. Only 46 families could be located and 46 houses were allotted as of March 2001. The District Collector stated (May 2002) that none of the allottees occupied the houses for want of basic amenities such as electricity, water etc. The Department also spent Rs. 51,000 (upto June 2002) for security of the unoccupied houses.

Mention was made in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 on the delay in rehabilitation of these Adivasi families (Para 4.1.15) and the Committee on Public Accounts (1998-2000) in their Report presented to the State Legislature in December 2000 recommended that immediate time bound action should be taken to rehabilitate them. Yet these families have not been provided with habitable houses even after 24 years of their eviction and Rs. 0.90 crore spent on 122 houses and security has not benefited the Adivasis.

The matter was reported to Government in May 2002, reply has not been received (December 2002).

[Paragraph 3.8 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 (Civil)].

Note furnished by Government on the above audit paragraph is included as Appendix II.

113. The Committee discussed in detail the current position of the implementation of the scheme meant for rehabilitation of Adivasi families evicted from Karappuzha Irrigation Project area. The Secretary, Water Resources Department stated that the amount initially sanctioned by the Government (Rs. 1.25 crore) was spent for the construction of 42 units of houses. He added that 84 adivasi families were accommodated in 168 house units with all the basic

<sup>#</sup> Rs. 76.3 lakh in March 1996 Rs. 25 lakh in July 2000 Rs. 25 lakh in February 2001  
Total Rs. 1.26 crore less refund Rs. 1.75 lakh Rs. 1.25 crore.

amenities. As per the latest assessment 77 families were remaining to be rehabilitated. The witness stated that as per the estimate provided by the Chief Engineer, Project I, Rs. 245 lakh was required for the construction of 77 houses. The witness stated that the Tribal Development Mission was entrusted with the Rehabilitation and Water Resources Department would pay the requisite amount.

114. The Committee expressed concern over the poor living conditions and starvation among the remaining tribal families evicted from the Karappuzha Irrigation Project area and suggested that the rehabilitation process should be completed without any further delay. The Chief Engineer, Projects I stated that all the identified families were rehabilitated and action was in progress to identify the remaining families.

#### **Conclusion/Recommendation**

115. **The Committee expresses its anguish and great concern over the attitude of the authorities in rehabilitating the Adivasi families evicted from the Karapuzha Irrigation Project site in 1976. Though the Government officials appears to be pre-occupied with technicalities such as identification of beneficiaries, listing of the families, preparation of estimates etc., the plight of the adivasi families remained unchanged and hence the Committee in strong terms recommends that the rehabilitation process should be completed immediately. The Committee also takes note of the fact that its recommendation for immediate time bound action for rehabilitation of adivasis in December 2000 remained unconsidered. It is saddening to note that many families running into their newer generations were deprived of a dwelling place and other basic amenities. Hence the Committee recommends for their immediate rehabilitation and the action taken thereon be furnished to it without delay.**

#### INDUSTRIES DEPARTMENT

##### AUDIT PARAGRAPH

#### **Extra expenditure due to purchase of raw cashew nuts at higher price**

Mention was made in Paragraph 7.8 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1998 about the unjustified purchase of huge quantity of raw cashew nuts having poor quality by Kerala State Cashew Workers Apex Industrial Co-operative Society (CAPEX), Kollam. In another deal, CAPEX sustained a loss of Rs. 2 crore due to procurement at higher prices. The details are given below :

The Board of Directors of CAPEX authorized (February 1994 and April 1995) the Managing Director to effect purchase of raw cashew nuts from other States without incurring loss. CAPEX purchased 2924 MTs of raw cashew nuts

at a total cost of Rs. 9 crore from Rajamundhry in Andhra Pradesh during May 1994 to July 1994 and April 1995 to June 1995, through local agents at the rate of Rs. 28.58 per Kg. and Rs. 31.87 per Kg. respectively without ascertaining the competitiveness of the rates. Compared to the average rate of Rs. 21.80 and Rs. 25 per Kg. prevalent in Palassa in Andhra Pradesh during the above mentioned periods as published in the Cashew Export Promotion Council Journal, the buying rates were higher by Rs. 6.78 and Rs. 6.87 per kg. respectively. Thus CAPEX incurred avoidable additional expenditure of Rs. 2 crore in the procurement of raw nuts during 1994 and 1995 seasons.

The CAPEX also incurred an expenditure of Rs. 43.60 lakh towards railway freight, wagon loading, lorry hire and purchase tax on the above purchases, the veracity and correctness of which could not be verified in audit in the absence of any formal agreement and relevant documents.

Government stated (June 1999) that the case was under enquiry by the Vigilance and Anti-corruption Bureau.

[Paragraph 6.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999 No. 3 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix II.

116. As per audit observations, it was found that the Kerala State Cashew Workers Apex Industrial Co-operative Society (CAPEX) incurred a loss of Rs. 2 crore due to procurement of raw cashew nuts at prices higher than the prevalent rate as published in the Journal of Cashew Export Promotion Council. This was during 1994 & 1995 seasons. The Committee wanted to know whether there was any Vigilance Enquiry pending in the purchase of raw cashew nut in 1994 and 1995. The Additional Secretary, Industries Department informed the Committee that in the instant case there was no vigilance enquiry. It was in the case of TRIFED that a vigilance enquiry was ordered and since vigilance took all the records in the CAPEX regarding all the purchase of cashew nuts, CAPEX could not give a reply to the audit paragraph and informed that a detailed complete report on the paragraph would be given on receipt of the records from the vigilance department. The Government while giving the interim reply had by mistake informed that there was vigilance enquiry.

117. The Managing Director, CAPEX informed the Committee that prior to 1996 purchase was not done by calling tenders. The Board used to authorise the Managing Director, to make the purchase on the basis of the price fixed by them. He added that only after the issue of irregularity in the purchase was

alleged that tender system was adopted. He clarified that after the issue was detected the CAPEX could not be run satisfactorily. He stated that CAPEX worked for 201 days in 1993, 178 days in 1994, 203 days in 1995, 72 days in 1996, 90 days in 1997, 75 days in 1998, 22 days in 1999, 29 days in 2002, 51 days in 2003, 136 days in 2004 and 176 days in 2005. In 2000 and 2001 the society had not worked for even a single day.

118. The Managing Director, CAPEX detailed on the various issues which stood as stumbling blocks in the proper functioning of the Society and in making it a profitable organisation. One among the issues which was pointed out was the lack of a timely procurement facility due to the shortage of working capital. As far as the purchase of raw cashew nuts from Rajamundhry in Andhra Pradesh was concerned, the Managing Director, CAPEX explained that the nuts bought from there was inferior in quality to those bought from Aralam farm at Kannur and he added that the Society could not procure the raw nuts from Kerala in time since there existed a huge domestic requirement for raw nuts and that the Society was not financially competent enough to stand with the tough competition from private companies in procuring the raw nuts. The witness opined that the system followed in the functioning of the Society needed to be revamped in order to rejuvenate the organisation. He also stated that the products of the Society could be sold at a more profitable rate by value addition. He suggested that the financial constraints upon the Society (CAPEX) as well as the Cashew Corporation could be relaxed, had the amount released from the banks was provided as promoter contribution.

#### **Conclusion/Recommendation**

119. **No comments**

#### FINANCE DEPARTMENT

AUDIT PARAGRAPH

#### **Abstract Contingent Bills**

##### *Introduction*

According to Kerala Treasury Rules all contingent claims that require the countersignature of the controlling authority after payment are to be initially drawn by the drawing officer from the Treasury by presenting an abstract bill in prescribed form. Abstract Contingent (AC) bills can be drawn only by an authorized officer in cases where necessary expenditure sanction by competent authority exists. The drawing officer should maintain a register of AC bills and watch submission of detailed bills there against. The detailed bills in respect of

such claims are submitted to the controlling authority for countersignature every month for onwards transmission to Accountant General (A & E). The detailed bills pertaining to a month's claim should reach Accountant General not later than 20<sup>th</sup> of the succeeding month. The rule also provides that a certificate should be attached with every AC bill to the effect that the detailed contingent bills in respect of the abstract bills drawn a month earlier to the current bill had been submitted to the controlling officer.

A review of the outstanding AC Bills and other advances of 37 offices of 14 departments (Appendix V) was conducted covering the period 1995-96 to 1998-99. It was noticed that AC Bills for Rs. 59 crore drawn during 1989-90 to 1999-2000 by 31 drawing and disbursing officers in 11 departments test checked remained unadjusted as of March 2000 as shown below. The department-wise details are given in Appendix VI

*(Rupees in crore)*

Outstanding period	No. of items	Amount
Less than 1 year	90	2.55
1 to 5 years	379	24.71
6 to 10 years	278	31.74
Total	747	59.00

Audit scrutiny revealed that advances for payments not authorized to be drawn in AC bills were also routinely drawn by departmental officers for printing charges, diesel charges, expenditure on training etc. The fact that the officers against whom previous AC bills were outstanding were repeatedly allowed to draw AC bills in violation of codal provisions showed that the treasury officers either failed to exercise the requisite scrutiny or colluded with the departmental officers. Since detailed bills were not submitted against advances drawn on AC bills, it could not be verified in audit whether the money was spent for the intended purpose and possibilities of misappropriation, misutilisation, etc., could not be ruled out. Irregularities like non-submission of detailed bills, retention of unspent balances, keeping of amounts in deposit accounts, diversion of funds etc., were noticed as mentioned below:

#### **Non-receipt of accounts for funds advanced for schemes**

A total amount of Rs. 19.17 crore was drawn by Principal Agricultural Officer (PAO) Kottayam as advance on 87 AC bills during the period from 1992-93 to 1998-99 for implementation of various programmes.

\* Final adjustment bills have not been submitted even as of December 2000. Of this, an amount of Rs. 9.56 crore drawn in favour of 11 Assistant Directors of Agriculture on 11 AC bills during 1993-94 to 1994-95 by way of Demand Drafts pertained to 'Prime Minister's Programme for Paddy Development'. None of the Assistant Directors who had received the amount had furnished the details of expenditure incurred by them on the scheme, and the amount drawn remained unadjusted even as of December 2000. The scheme provided for payment of 85 per cent of the assessed cost of expenditure to the conveners of Padasekhara Samithies through whom the programme was implemented. Scrutiny revealed that the advances were paid to the conveners in violation of the guidelines resulting in excess payment of Rs. 30.45 lakh by Assistant Directors of Agriculture Madapally, Ettumanoor and Vaikom (39 cases). A report called for (August 1999) by the Director of Agriculture from the Principal Agricultural Officer, Kottayam to assess the excess payments made in this regard was not submitted by the Principal Agricultural Officer, Kottayam as of December 2000. The advances remained unadjusted even as of December 2000.

#### **Non-adjustment of advances drawn**

(i) The printing of text books was got done by the Director of Public Instructions through Kerala Books and Publications Society, a State autonomous body. In January 1991, Government issued an order for effecting a monthly advance payment of Rs. 20 lakh to the Society towards printing charges. This was enhanced to Rs. 25 lakh with effect from March 1999. The Text Book Officer did not adjust these advances against the annual printing charges claimed by the society. Against the payment of advance for Rs. 7.20 crore, the claims of the society for the period 1996-97 to 1998-99 were received for Rs. 6.52 crore resulting in excess retention of Rs. 67.72 lakh by the society. No final bill in adjustment of Rs. 20.15 crore advanced to the Society during April 1990 to March 2000 was prepared by the Office. Excess amount retained by the society for this period remained unadjusted as of July 2000

(ii) During 1994-98 Text Book Officer had drawn Rs. 4.62 crore through 3 AC bills and made advance payments for purchase of paper. Against this, the cost of paper supplied was only for Rs. 4.51 crore leaving a balance of Rs. 10.76 lakh with the supplier. This was neither adjusted against the cost of subsequent supplies nor refunded by the firm. Detailed bills for the advance of Rs. 4.62 crore were not submitted even as of July 2000.

(iii) In the Directorate of Tourism, the DDO did not record the details of money drawn through AC bills nor watched subsequent adjustment there of. Details of the payees were also not recorded in respect of advances of Rs. 1.22

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\* Integrated Cereal Development, Integrated Pest Management, Coconut Mite Control etc.

crore in 36 cases. Further, in violation of the provision of rules, multiple advances were given to persons without adjustments of the previous advances. For example, four advances of Rs. 6.90 lakh paid (1997-99) to former Director Shri U. K. S. Chouhan, two advances of Rs. 5.40 lakh paid (1998-99) to Dr. V. Venu, present Director, six advances of Rs. 3.10 lakh paid (1989-91) to Shri R. Purushothaman, Additional Director, two advances of Rs. 5.00 lakh paid (1989-99) to Dr. V. K. Rajan, Additional Director and twenty five advances of Rs. 51.13 lakh (1990-99) to four\* Tourism Information Officers were outstanding as of March 2000. Worse, it was seen that senior officers including the Director who were responsible to implement financial rules and procedures had themselves violated the rules.

(iv) Government in July 1990 accorded sanction to the Managers of Thiruvananthapuram and Kovalam Guest Houses to avail advances of Rs. 25,000 and Rs. 15,000 respectively at a time for purchasing provisions for catering purpose. Each advance bill was to be adjusted by a detailed bill, before the next advance was drawn. Manager of the Guest House, Thycaud, Thiruvananthapuram had drawn an amount of Rs. 23.50 lakh through 87 AC Bills during the period 1997-98 to 1999-2000 against which no detailed bills were submitted as of June 2000. No stock account of the items purchased by Guest House Manager had been kept inspite of directions issued by Government in this regard. The actual utilization of advances drawn for purchases, therefore, could not be verified in audit.

Government in Tourism Department stated (October 2000) that a cell was constituted for the adjustment of pending advances and settlement of advances would be closely monitored and effective steps including disciplinary proceedings, recovery from salary, institution of revenue recovery proceedings etc. were being resorted to settle the advances.

#### **Transfer of amounts drawn in AC bills to TP Account**

(i) Government of India, in 1994, released Rs. 15.30 lakh for starting a Centre of Excellence for Micro Surgical Recanalisation and Standards of Surgical Contraception at the Medical College, Kottayam. The amount was drawn in March 1995 by the Principal, Kottayam Medical College on an AC Bill and accredited to his TP Account. Of this, Rs. 1.50 lakh was set apart for training and purchase of equipment and Rs. 4 lakh paid to PWD for renovation of operation theatre. The details of expenditure incurred by PWD were not available with the Principal. The balance of Rs. 9.80 lakh remained in the TP account. Though the scheme was discontinued by Government of India in 1996, the unutilized balance was not refunded to GOI. The adjustment bill was not prepared even as of July 2000.

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\* 1. G. Radhamma, T.I.O., Rs. 45.26 lakh (15 items)  
 2. Smt. Rajalakshmy, T.I.O., Rs. 1.88 lakh (3 items)  
 3. R. Soman, T.I.O. Rs. 3.17 lakh (5 items)  
 4. P. Gopinath, T.I.O. Rs. 0.82 lakh (2 items)

(ii) The Principal, DIET, Kollam at Kottarakara, drew between May 1998 and March 2000 advances of Rs. 39 lakh through 14 AC bills to meet the expenditure on training. Actual expenditure incurred on training was only Rs. 36.45 lakh and the balance Rs. 2.55 lakh though required to be credited to the service head was kept in a TP Account. Submission of detailed bills for the entire amount remained outstanding as of July 2000.

The matter was referred to Government in October 2000; reply has not been received (November 2000)

#### CASH MANAGEMENT

##### **Introduction**

To ensure safe keeping of cash and the timely and accurate account financial rules prescribe certain internal control procedure. Every officer authorized to handle Government money is required to maintain a cash book. All monetary transactions are to be entered in the cash book immediately and attested by the head of office in token of check. The cash book is to be closed regularly and the Head of the office is to physically verify the cash balance at the end of each month and record a signed and dated certificate to that effect.

Scrutiny of cash books and related records of 40 Drawing and Disbursing Officers (DDOs) pertaining to 10 departments during May 1997 to January 2000 revealed non-observance of rules and procedures, retention of heavy cash balance, holding huge amounts in the form of bank drafts, non adjustment of cash advances etc. as discussed below:—

##### **Misappropriation of cash**

(i) Abstract of closing balance was not recorded in the cash books since 1984 by the DDO in Taluk Office, Devikulam. A surprise inspection by the Finance Department revealed that an amount of Rs. 2.38 lakh was misappropriated. The cash book showed unattested corrections and overwriting on several dates.

(ii) The Manager, Government Guest House Varkala in Thiruvananthapuram district, who was the DDO and cashier, while relinquishing charge in 9 October 1996 did not hand over the cash book with balance cash of Rs. 33,353 to his successor, who opened a new cash book from 10 October 1996 with 'Nil' opening balance. The Manager, remitted Rs. 26,670 into treasury in February-March 1997 and Rs. 6,683 still remained unaccounted for.

(iii) The Deputy Director, Ramanilayam Guest House, Thrissur handed over charge on 16 April 1998 with a cash balance of Rs. 34,145 as per the cash book.

But the actual cash taken over by his successor was only Rs. 11,168. Reasons for shortage of cash amounting to Rs. 22,977 could not be explained to Audit. Further shortage of cash (Rs. 16,317) detected on 28th February 1998 also remained unaccounted for.

It was also seen that no regular physical verification of cash was made or surprise checking of cash balance made by any higher/independent authority.

#### **Physical verification of cash**

Scrutiny revealed that ten DDOs did not conduct physical verification of cash at the end of each month during 1996-99 and record a certificate to that effect regularly.

At the instance of Audit, physical verification of cash was done in 8 DDOs in January 2000 and June 2000. While no shortage of cash was noticed in 3 DDOs\*shortage of cash of Rs. 4.59 lakh was noticed in 5 DDOs during verification of which Rs. 1.27 lakh were unauthorizedly held as unadjusted vouchers and Rs. 3.32 lakh were shown as advances to staff from the undisbursed cash. The details are as under:

<i>Sl. No.</i>	<i>Offices of the DDOs where shortage were detected</i>	<i>Date of physical verification</i>	<i>Amount of shortage given as advances</i>	<i>Amount of shortage held in vouchers</i>	<i>Total shortage</i>
1	Director of Scheduled caste Development Department	19-1-2000	-	13300	13300
2	Medical College, Thrissur	14-6-2000	1109	987	2096
3	Taluk Office, Ottappalam	16-6-2000	323570	100106	423676
4	Government Guest House, Thrissur	19-6-2000	7314	-	7314
5	Taluk Office, Fort Koch	20-6-2000	-	12334	12334
	Total		331993	126727	458720

\* Government Engineering College, Thrissur, Prfincipal Agricultural Officer, Palakkad District Educational Office, Palakkad

It was seen that Rs. 3.24 lakh advanced to Village officers by the Tahsildar, Ottappalam for the payment of honorarium to teachers for census and election duty should have been drawn from treasury through proper bills against regular budget provision. Rupees 1.27 lakh held in vouchers was irregular as vouchers could not be considered as cash balance. These disbursements were made without any allotments and sanction. DDO did not deposit the undisbursed pay and allowances and the cash balance in hand were misutilised for irregular payment of advances for the purposes for which no sanction existed.

#### **Irregular utilization of departmental receipt**

Rule 6(2) of the KTC provides that the amount of revenue received by a Government servant shall, without delay be deposited in full into the treasury/bank. Such moneys received cannot be appropriated to meet the departmental expenditure nor otherwise kept apart from Government Account. In contravention of this rule DDOs of Government Guest Houses at Ernakulam and Thrissur had utilized departmental receipt of Rs. 0.73 lakh and Rs. 0.66 lakh respectively during 1993-99 towards routine expenses of the institutions.

#### **Retention of heavy cash balance**

Financial Rules provide that no money is to be drawn from the treasury unless it is required for immediate disbursement. It is also not permissible to draw funds in anticipation of demand or to prevent the lapse of appropriation.

However, 22 DDOs in 5 departments listed in Appendix VII held heavy cash balance ranging from Rs. 0.50 lakh to Rs. 1.45 crore on 31 March 1997, 1998 and 1999. Total cash balance retained in these offices during these years were Rs. 1.59 crore, Rs. 2.89 crore and Rs. 1.91 crore respectively.

Retention of such heavy cash balance at the close of the year indicates unnecessary drawal of funds to prevent lapsing of budget provision and increase in risk of theft and misutilisation of cash

#### **Huge amounts kept in the form of bank drafts**

Rules provide that money should not be drawn from treasury in anticipation of expenditure or to avoid lapse of budget grant and kept in banks or in the form of bank drafts etc. In disregard of these rules, huge amounts ranging between Rs. 13.68 lakh and Rs. 11.85 crore were drawn from the treasury by 7 DDOs and kept in the form of Demand Drafts (DDs) at the end of the financial year 1998-99.

DDs for Rs. 30.24 lakh drawn by Medical College, Thrisur were retained for more than 3 months. Unnecessary drawal of DDs and their retention for long periods would cause loss of interest to Government and give undue financial benefit to the concerned banks.

The lacunae in the cash resource management procedure pointed out above were due to failure of the Controlling Officers in conducting inspection of cash book and relevant records at regular intervals, non-observance of financial rules by the D.D.O.s and non-maintenance of cash books.

The above points were referred to Government in February 2000 and the Heads of the Administrative Departments involving 40 D.D.O.s in April 2000. No reply has been received (October 2000)

[Paragraph 3.6 and 3.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (civil)]

Note furnished by Government on the above audit paragraphs is included as Appendix II

120. The Committee pointed out that Abstract Contingent Bills amounting to Rs. 59 crore drawn during 1989-90 to 1999-2000 remained unadjusted as of March 2000 and desired to know the current position regarding the settlement of the pending contingent bills. The Secretary, Finance Department (Resources) answered that a circular has been issued directing all the D.D.O.s to settle the bills immediately. He stated that out of the 279 D.D.O.s, 118 D.D.O.s had furnished the compliance reports. Director of Treasuries maintained that the Treasuries had been instructed not to pay upon Abstract Contingent bills for which the respective detailed contingent bills had not been presented before the Accountant General.

121. The Committee pointed out that there is a statement in the Accountant General's report to the effect that the detailed bills pertaining to a month's claim should reach Accountant General not later than 20<sup>th</sup> of the succeeding month and asked about the measures taken by the Finance Department in implementing the same. The witness stated that the Department would issue a circular in this regard.

122. The Committee wanted to be furnished with a detailed statement regarding the date wise settlement of each item out of the 747 items of Abstract Contingent bills remaining for settlement as pointed out by Accountant General.

123. The Committee expressed discontent over the manner in which the Agriculture Department is acting in the cases related to the non settlement of bills advanced for various schemes & other construction works. The Committee was alarmed to notice that certain D.D.O.s were allowed to retire from service and all their pensionary benefits were sanctioned to them while the Abstract Contingent (AC) bills drawn by them remain to be settled.

124. When asked about the amount drawn as advance on 87 AC bills by the Principal Agricultural Officer, Kottayam, the Director, Agriculture Department answered that the amount was drawn for construction work and since it was a continuing programme the final adjustment bills couldn't be submitted without the completion of the works sanctioned by the Department. He added that in the case of incomplete works action was being taken at the Department level to combine them with other schemes. In certain other cases Revenue Recovery has been recommended. 21 cases were pending in the court.

125. The Committee pointed out that since the programmes were continuing, the proper way of drawing money for the programme was to draw the 2<sup>nd</sup> instalment after settling the first advance. The Director, Agriculture Department stated that all the works were entrusted to beneficiary Committees and hence tender was not called for. Since there was no other way to mobilise resources, advances had to be paid for the commencement of the works. Hence the rule that further advance should be drawn only after settling the earlier advance could not be adhered to.

126. The Committee was briefed on the amount to be settled from the part of the Agriculture Department. It was noted that Rs. 12.4065799 crore was drawn as advance on 98 AC bills of which only 25 AC bills had been settled which amounts to Rs. 2.7320237 crore. Rs. 9.6745562 crore remained outstanding. The Committee could understand that the programme for which the AC bills were drawn ended in 1998 and even after 8 years the Department has not settled the bills. The Committee asked the Director of Agriculture Department to furnish the exact details regarding the 98 cases pointed out in Audit.

127. When enquired about the steps taken by the Finance Department in settling the outstanding AC bills, the Finance Secretary could only state that a general circular was issued to all D.D.O.s directing them to settle the bills. No further action was taken by the Finance Department. The Treasury Director informed the Committee that the bills had not been settled till then. The Committee pointed out that the action of the D.D.O.s in not settling the AC bills for such long period was sheer financial impropriety and hence action should be taken against them and also for clearing the bills. The Committee was informed that in case of Text Books Office as well as the various Guest Houses about which the Audit had mentioned AC bills had not been settled till then.

128. Regarding the settlement of Abstract Contingent bills relating to Police Department ADGP (HQ) informed the committee that the total amount to be settled up to 1998 was Rs. 12.84 crores which was thereafter escalated to Rs. 13.91 crores of which Rs.12.71 crores had been settled till then and the remaining Rs. 1.20 crores was pending for settlement.

129. The D.H.S. informed the Committee that all the pending AC bills relating to 10 hospitals had been adjusted.

130. The Additional Rural Development Commissioner informed the Committee that the Rural Development Department had to settle Rs.15 lakh drawn through AC Bills. Out of this an amount of Rs. 2.24 lakh relating to Chadayamangalam block had been settled. Since the exact information regarding the Kazhakuttom block was not available with the Commissioner, he promised that the matter would be settled in consultation with the Accountant General.

131. The Committee opined that the Finance Department should see that cases of adjustment of Account Bills pointed out by Accountant General were settled immediately.

132. The Committee took notice of the fault on the part of DDOs in the management of cash books and related records thus violating the financial rules concerned with internal control procedure of Govt. Departments. The Secretary, Finance Department said that out of the 40 such cases, Accountant General had already dropped 22 cases and that the Finance Department had the details of the objections for the balance 18 cases.

133. The issue of misappropriation of cash was discussed by the Committee. When asked about the action taken against the corrupt Officials involved in various cases of misappropriation of cash the Director, Treasuries answered that those cases were being investigated by Vigilance. The Committee expressed concern over the convention of referring such cases to Vigilance without initiating any sort of Departmental action. The witness stated that as per Treasury Rules, the cases of misappropriation involving an amount exceeding Rs. 5,000 should be referred to Police and that as per an order issued by the Vigilance Department, Departmental enquiry should not be conducted simultaneously with the Police enquiry.

134. The Secretary, Finance Department stated that out of the total amount of Rs. 6,683 to be recovered from the manager, Government Guest House Varkala, in the case of misappropriation, Rs. 5603 was recovered during August 2004 and the balance amount would be recovered at the earliest.

135. The Committee held a discussion upon the details of Audit which showed the outcome of the physical verification of cash done in 8 institutions. While no shortage of cash was noticed in 3 cases, shortage of cash of Rs. 4.59 lakh was noticed in 5 D.D.O.s of which Rs. 1.27 lakh was unauthorizedly held as unadjusted vouchers and Rs. 3.32 lakh was shown as advances to staff from the undisbursed cash.

136. The Secretary, Finance Department explained that Rs.13,300 held in vouchers in the Scheduled Caste Development Department was given on temporary receipts and that there was no shortage of cash balance at the time of verification of cash.

137. To the question regarding shortage of cash amounting to Rs. 4.23 lakh in the Taluk Office, Ottappalam, the witness detailed that an amount of Rs. 32 lakh was paid to the village officers on temporary receipts for immediate disbursement in connection with election. It was assured that the entire amount had been disbursed and that such practices would not be repeated. Rs.1 lakh given on vouchers had been recouped.

138. The Committee desired that the report regarding the remedial measures taken on the irregularities pointed out by the Accountant General about the 5 D.D.O.s should be furnished to them. The Secretary, Finance (Resources) Department agreed to do so.

139. The Secretary, Finance (Resources) Department, assured the Committee that detailed report on the settlement of the amounts drawn by the 40 D.D.O.s would be furnished to the Committee. He also assured that the Finance Department would take immediate steps to clear the audit objection and the details of the same would be reported to the Committee.

#### **Conclusions/Recommendations**

140. **On enquiring on the current position regarding the settlement of pending Abstract Contingent bills, the Committee is informed that a circular has been issued to Administrative Departments to settle all the pending bills. The Committee wants to know the present position of the pending bills since issuance of the circular . Regarding the enforcement of submission of the detailed bill pertaining to monthly claim to the Accountant General not later than 20<sup>th</sup> of the succeeding month, the Department assured that a circular would be issued. The Committee urges the department to furnish a detailed statement regarding the date wise settlement of each item out of the 747 unsettled items of Abstract Contingent bill of Rs. 59 crore for the period from 1989-90 to 1999-2000.**

141. **Regarding the non settlement of bills in Agriculture Department, the Department asserted that the amount was drawn for the construction work which is a continuing programme and hence the final adjustment of the bill could be done only after the completion of the work. The Committee opines that this is not the proper way of drawing public money which is against the stipulation that the 2<sup>nd</sup> instalment advance could be drawn only after the**

settlement of the 1st instalment. To this the witness put forth that the Rule could not be adhered to in the case since the whole work was entrusted to beneficiary committee and there was no other way to mobilise resource and hence the advances were granted. The Committee opines that this is an unfair and unhealthy practice to follow especially for ensuring strict compliance of financial discipline in the Department.

142. The Committee learns that out of the 98 AC bills amounting to Rs. 12.4065799 crore, Rs. 9.6745562 crore still remain to be settled. It is appalling to note that the amount has not been settled even after 8 years, since the programme ended in 1998. The Committee demands the Director of Agriculture to furnish all the details regarding the 98 AC bills pending with the Agriculture Department.

143. The Committee sees that though numerous cases of misappropriation/misutilisation of funds are unearthed in various departments, no effective measures of any kind has been taken to curb the corruption malice in Government Departments as a permanent solution. The passive reply of the Director of Treasuries that no departmental action could be taken against the corrupt officials since there was an order of Vigilance Department for not to conduct any departmental enquiry simultaneously with police enquiry, is not acceptable to the Committee. The Committee opines that the order of the Vigilance Department is unjustifiable as it does not contain any legal reason and is not originated from any legal constraint. No law prevails in the State prohibiting the Government from taking departmental action against the culprit on the ground that Vigilance enquiry is on against them. The Committee expresses its discontention in the continuance of this conventional method. Reference of cases of misappropriation to Vigilance, where the unending process virtually becomes a safe haven for the culprits. Hence this should be stopped forthwith. The Committee strongly recommends that whenever there is prima facie evidence of malpractice/corruption/misappropriation committed by department personnel, the department should initiate departmental enquiry and take appropriate action against the miscreants notwithstanding the fact that Vigilance enquiry has been initiated against them.

144. The Committee wants to know the present position of the amount to be recovered in the case of Varkala Government Guest House. The Committee also urges the Finance Department to furnish a detailed report on the settlement of amount drawn by 40 DDOs, as pointed out in the Audit.

## CULTURAL AFFAIRS DEPARTMENT

## AUDIT PARAGRAPH

**Infructuous expenditure on research projects**

The Centre for Development of Imaging Technology (C-DIT), a society registered under the Travancore Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 and sponsored by Kerala State Film Development Corporation Limited ( a Government company) was established in December 1988 with the objective of conducting research and imparting training both in hardware and software technology for electronic media.

Of the five schemes proposed by C-DIT in February and June 1990 for implementation in first phase and sanctioned by Government in November 1990, two schemes, viz, Centre for Technology Adaptation and Absorption Scheme(C-TAAS) and Centre for Imaging Technology Application Research (C-ITAR) were taken up in 1990-91 with the stipulated period of completion as January 1993 in the case of CTAAS and March 1993 in the case of C-ITAR. The scientists and technologists required for the schemes, who had been appointed on contract-basis, left C-DIT enmasse on expiry of their contract period of appointment (April 1993) and no action was taken by C-DIT either to renew their contract or to recruit new scientists. The expenditure on these schemes as of March 1996 was Rs. 2.30 crore which included Rs.79.75 lakh spent on acquisition of capital assets. As C-DIT had not taken steps to get back from the scientists/ technologists the technical data/documents collected and transfer of technology evolved before they left C-DIT, the schemes were abandoned in April 1993.

Although, C-DIT had decided in June 1994 to get the works on C-TAAS project completed by Electronic Research and Development Centre (ER &DC), the latter was not willing to take up the works for want of details of works already done.

Thus, the two schemes did not yield any result mainly due to failure on the part of C-DIT to renew the contracts of appointment of the scientists and technologists already working in the schemes till the completion of the projects or to take steps to get the technical data/documents and transfer of technology in respect of research work already done. Abandonment of the schemes thus resulted in infructuous expenditure of Rs. 2.30 crore. The Registrar, C-DIT, while accepting (March/June 1997) that the failure of the management to renew the contract had resulted in stalling of the projects stated that changes in top management personnel after 1991 had slowed down the activities which finally culminated in termination of the contracts of the scientists and technologists in April 1993.

The matter was referred top Government in February 1997; reply had not been received (October 1997).

[Paragraph 7.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix II

145. The Witness, Deputy Director (Projects), C-DIT explained to the Committee that the project was funded by the Department of Electronics and State Government. The Engineers and Technical Assistants who were on contract basis were relieved after the expiry of the contract. As all the staff were relieved the continuation of the project was badly affected. However, an attempt made to bring back those faculties by renewing the contract and the same also ended in vain. As C-DIT belonged to the category of an autonomous institution, the department could not offer permanent tenure to the scientific staff that virtually ended in the abandonment of the projects. The entire expenditure of Rs. 2.30 crore for the project could not be termed as infructuous because the Department of Electronics had agreed to a proposal that C-DIT could use these entire equipments and infrastructure acquired with the project fund for their activities. Accordingly, all assets acquired had been put to use in other projects and training activities undertaken by C-DIT. The Committee commented that the then Director and the Governing body might have thought that it was futile to develop such outdated technology which could not be viable in future. The Committee expressed its dissatisfaction over the functioning of the institution as it was not in the way as it ought to be. Hence it stressed the need for a scientific autonomy for the institute enabling them to have effective involvement in the decision making process.

146. The witness, Registrar, C-DIT informed the Committee that, the C-DIT was entrusted then with two ongoing projects of Department of Electronics, one was manufacturing holography elements for fibre optic cable and the other one to develop tactile graphics for the use of blind and both the projects were running smoothly. When the Committee expressed concern about the continuity of the projects, the witness admitted that it could hardly be desisted because an agreement had been made with MIIT. The Committee opined that there must be continuity of the project.

147. The Registrar, C-DIT stated that a time-bound programme was charted for all ongoing projects. Monthly evaluation regarding it used to be carried out. The Registrar optimised that these projects would be materialized, unlike the earlier ones.

148. The Committee was of the opinion that it would be more appropriate to give extension and make best use of whatever investment made before terminating a skilled technician either Scientist or Engineer. A person versed in knowledge used to take away the knowledge with him while leaving the project and utilize it privately in other technological centres.

149. The Committee enquired whether any advisory body like Technical Advisory Council, or Scientific and Research Committee existed in C-DIT for taking decisions on scientific and research matters. The witness, Registrar, C-DIT replied that no committee of advisory nature as such existed but it was the Governing body of C-DIT which took all decision on all matters. The Committee opined that C-DIT, a multi disciplinary institute where all sorts of disciplines come across, should have a separate body like Scientific or Technical Committee for taking research decisions. The Governing body, which took all decision on administrative matters in the opinion of the Committee, would not be sensitive to technical and scientific research matters. Hence the Committee suggested that there should have a separate mechanism like a sub-committee of Governing Body or a Research Advisory Council constituted by C-DIT itself, maintained in the institution. The witness, Registrar C-DIT assured the Committee that necessary steps would be taken by considering all suggestions of the Committee.

#### **Conclusion/Recommendation**

**150. The Committee learns that the two schemes for implementation by C-DIT viz. Centre for Technology Adaptation and Absorption scheme (C-TAAS) and Centre for Imaging Technology Application Research (C-ITAR) could not be completed and they were later abandoned as the scientists and technologists who had been appointed on contract had left C-DIT enmasse on the expiry of their contract. This resulted in an infructuous expenditure of Rs. 2.30 crore. It was noted that the Department had neither taken any steps to renew their contract nor get back the technical data/document collected from those scientists. To this the Department submitted that the contract of the scientists and technologists could not be renewed due to changes at the top level management personnel of the institute. This stresses the necessity of scientific autonomy be conferred to the institute to have an effective involvement in the decision making process. Though the C-DIT is a multi-disciplinary institute for conducting research and training in the electronic media, it does not have any advisory body like Technical Advisory Council for taking decision on scientific and research matters. So it should have a separate body for taking decision on research matters.**

**Therefore the Committee recommends that the C-DIT should have to maintain a separate mechanism like a subcommittee of governing body or a Research Advisory Council constituted by the institute itself for taking decisions.**

AUDIT PARAGRAPH

**Infructuous expenditure on printing of ‘Loka Rashtrangal’**

The State Institute of Children’s Literature(SICL) decided (January 1982) to compile an encyclopaedia for children in ten volumes, the fifth volume being ‘Loka Rashtrangal’, planned to be published between January and June 1985 at an estimated cost of Rs. 8 lakh. SICL entrusted (November 1990) the work of preparation of material for the book to an Assistant Editor of the Institute and entered (June 1991) into an agreement with St. Joseph’s Press, Thiruvananthapuram for printing the said book. Due to the delay in compiling the material, SICL could not hand over the manuscript to the press in time.

Therefore the press revised the rates for printing twice in August 1995 and May 1998 on account of escalation in labour charges, cost of printing material, etc. Finally the Press completed the printing of 4975 copies of the 620 page book in October 2000 at a total cost of Rs. 32.16 lakh including the salary of Rs. 11.38 lakh paid to the Assistant Editor.

An expert committee appointed for scrutiny and verification of the printed material opined (June 2001) that the book contained erroneous and inaccurate facts, grammatical mistakes, outdated information and had many other deficiencies, which could not be remedied merely by incorporating an erratum slip. As a result thereof, the SICL could not circulate the book.

Failure of SICL to scrutinize or verify the veracity of the materials compiled before giving final approval for printing resulted in infructuous expenditure of Rs. 32.16 lakh.

The Director stated (July 2003) that it was decided (November 2002) to publish a supplementary book of 150 pages rectifying the serious errors in the book at an estimated cost of Rs. 0.54 lakh, excluding the cost of paper.

The matter was referred to Government in May 2003; reply has not been received (December 2003).

[Paragraph 4.2.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix II

151. Regarding this paragraph, the Committee asked when the encyclopaedia would be completed. The witness, Deputy Director (Projects) C-DIT explained that the State Institute of Children's Literature had 32 projects to compile encyclopaedia for children, of which six have been issued, the fifth volume being 'Loka Rashtrangaal' which was planned to be published ten years ago. But later on there occurred delay in handing over materials to the Press, due to some technical error. During 1992-93 the countries like Soviet Union, Yugoslavia and Chechoslovakia were disintegrated and 20 odd new countries were formed. So new materials had to be collected and the matters drafted earlier had to be redrafted. Owing to lack of reference materials, redrafting of the materials consumed more time. It was the reason for cost escalation. The inclusion of salary paid to the Assistant Editor in expenditure increased the escalation which might not be correct.

152. When pointed out the news appeared in 'Mathrubhoomi' daily about the mistakes in the volume, the Administrative Officer, State Institute of Children's Literature stated that it was about the inclusion of the name of Soviet Union in the content. The error appeared in page 51 of the volume. The Committee found that the name of Soviet Union was mentioned in the volume and denoted the opinion of the expert Committee appointed for scrutiny and verification. The expert Committee viewed that the book fraught with errors, inaccurate facts, grammatical mistakes and outdated information. The errors could have been rectified by adding an erratum slip. Instead, years later ie. in 2003 it was decided to publish a supplementary book containing 150 pages rectifying the serious errors. The additional printing consumed Rs. 0.54 lakh. The Committee commented that it could have been avoided had opinions and suggestions been sought from the experts before bringing the book to light.

153. The Committee inclined to know about the person behind the shoddy work. The witness, Assistant Editor said that he was only an Editor-in-Charge and there were Chief Editor and Editorial Board. The Administrative Officer revealed that the first 200 pages were printed before the disintegration of Soviet Union. Hence the word Soviet Union appeared in all 200 pages. Later on, the error appeared in all pages was corrected by attaching erratum.

154. When asked about the latest position of the printed encyclopaedia, the Administrative Officer replied that out of the 4975 copies of the book printed, 991 copies had been sold out. The Committee opined that if the printed books were kept unsold it would be a great loss to the state's exchequer. Moreover, keeping it for days would make it outdated. Hence the Committee suggested that the encyclopaedia should be distributed among the schools at a concessional rate. The witness, Assistant Director revealed that an amount of Rs. 19,90,000 would be fetched by selling four thousand copies of the book.

### Conclusion/Recommendation

155. The Committee feels that had the Institute observed a time bound action plan in the publication of the book, escalation in printing cost of the book could have been avoided. The Committee recommends that the encyclopaedia should be distributed among schools at a subsidized rate at the earliest. The Committee is of the opinion that expert opinion should have been sought before publishing such authentic works so as to avoid such an array of mistakes in the book.

### GENERAL EDUCATION DEPARTMENT

#### AUDIT PARAGRAPH

#### Loss of Central assistance

*Non-fulfillment of the conditions for the release of grants resulted in loss of Central assistance of Rs. 11.30 crore in two cases*

Under the scheme of creation of Sports Infrastructure launched by Government of India (GOI) Central assistance of 50 per cent would be released on full utilization of the State share. During the plan period 1994-1999, projects of construction of sports hostels and of international multipurpose stadium and swimming pool at Manacaud had been taken up under the said scheme, for which Rs. 2.30 crore had been released as State's share to Kerala Sports Council. As Rs .0.60 crore only could be utilized out of the State's share as of July 2003, the condition of utilization of State's share first had not been satisfied resulting in loss of Central assistance to the tune of Rs. 2.30 crore and blocking up of funds of Rs. 1.70 crore.

The matter was referred to Government in May 2003; reply has not been received (December 2003).

GOI launched (January 1997) a scheme, viz, 'National illness Assistance Fund' to provide medical assistance to the patients below poverty line for the treatment of life threatening diseases. Under the scheme, each State Government was to set up its own fund initially subscribed by State Government and supplemented by GOI in the form of grant-in-aid to the extent of 50 per cent of the State's contribution subject to certain limits. The ceiling fixed for Kerala was Rs. 2 crore per year. Based on the guidelines issued by GOI, State Government set up (December 1998) a Society for Medical Assistance to the Poor. According to the instructions issued by Government in June 1999, patients having an annual income below Rs. 24,000 and undergoing treatment for seven types\* of life threatening diseases in specified hospitals would be eligible

\* Heart Surgery, implantation of pace makers, Angiogram and other connected diagnostics, Angioplasty and other therapeutic procedures, Renal Transplantation, Orthopedic Surgery, Brain Surgery.

for assistance to the extent of 75 per cent of the actual expenses subject to a maximum ranging from Rs. 20,000 to Rs. 50,000 for different diseases.

During the five years 1998-2003, State Government provided Rs. 4 crore in two installments of Rs. 2 crore each in the Budgets for 1998-99 and 2000-01. The Society deposited the amount in Treasury Savings Bank Account (TSB) in March 1999 and March 2001 despite the condition that the fund should be deposited in a bank. Though GOI released Rs.1 crore in March 2000, it did not release any further amounts as the funds were not deposited in bank; The society had paid assistance of Rs. 4.63 crore as of January 2003 from the funds received for the scheme and transferred the balance amount of Rs. 0.67 crore including interest of Rs. 0.30 crore earned on the deposit to nationalized bank in February 2003.

**Audit scrutiny revealed that:**

Central assistance of Rs. 9 crore was lost as the condition of deposit of the fund in nationalized bank and furnishing of utilization certificate and performance report had not been fulfilled and sufficient funds had not been allocated for the scheme in the State budget.

The assistance was restricted to patients undergoing treatment in Government hospitals only even though the scheme permitted treatment at private hospitals also.

Government stated (July 2003) that they had since fulfilled all the procedures and requested (June 2003), GOI to release atleast Rs. 2 crore for the years 1998-99 and 2000-01.

[Paragraph 4.6.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003 (Civil)]

Note furnished by Government on the above audit paragraph is included as Appendix II

156. When sought details regarding the paragraph 4.6.3, the Director, Sports and Youth Affairs Department explained that there had been an infrastructure development scheme launched by Government of India, for which a Central Assistance of 50% of the expenditure was also released. But the scheme discontinued during the year 2005-2006. During the plan period, project of construction of sports hostels and of international multipurpose stadium and swimming pool at Manacaud had been envisaged, for which Rs. 2.30 crore had been released as state's share. But, the plan was not materialised for want of a proper plot for construction. Hence, a new proposal of transplanting the scheme

to Pirappancode had been submitted for Central assistance. In the proposal Government had failed to mention about the new site of the project. It resulted in loss of Central assistance. As in the case of Sports Hostel, no further proposal was submitted for Central assistance. The Committee observed that the department of Sports & Youth Affairs could not find a viable programme for building a hostel or track or stadium as planned within the stipulated period and also felt it as an unsolved riddle. Then the Committee enquired whether any enquiry regarding the lapse was conducted or the officer who was responsible for the lapse was identified. As the reply was in negative, the Committee took the loss to tune of Rs. 2.5 crore as a serious matter and stressed that the department should examine the whole thing in detail and explanation should be sought from the officials who were responsible. The details should duly be informed to the Committee too.

#### **Conclusion/Recommendation**

**157. The Committee condemns the irresponsible attitude of the officials in the Department of Sports and Youth Affairs by which an amount of Rs. 2.30 crore of Central assistance for the construction of Sports hostel, international stadium and swimming pool had been lost on account of non-submission of adequate proposals to the GOI and non-fulfilment of the condition in the proposals of GOI. This is a serious lapse on the part of the Department. It is also appalling to note that the Department had so far not conducted any enquiry on the lapse and hadn't fixed the responsibility in this regard. The Committee strongly recommends to conduct a detailed enquiry into the whole thing and that explanation should be sought from the person who had failed to submit the proposal to GOI in time and furnish a detailed report to the Committee.**

#### AUDIT PARAGRAPH

#### **Idle deposit with Kerala Water Authority**

Government accorded (August 1994) administrative sanction for construction of a sports complex viz. 'Rajiv Gandhi Kayika Sadanam' at an estimated cost of Rs. 81.62 lakh. As the site for the proposed building belonged to Kerala Water Authority (KWA), Government stipulated that the construction work was to be done by KWA.

Government also ordered (August 1994) that the Director of Sports and Youth Affairs (Director) would work out suitable proposals for the provision for land by way of outright transfer, lease, etc. before starting the project and the building was to be completed in utilizable stages within a reasonable period.

KWA agreed (November 1994) to undertake the work on condition that the amount required for the construction would be given in advance. The foundation stone for the proposed building was laid in February 1995 and Rs. 35 lakh was paid as advance\* to KWA between March 1995 and March 1999. However, KWA in October 1996 retracted from their earlier stand and reported to Government that the land allotted for the sports complex should be allowed to be utilized for the construction of its Headquarters and the sports complex building be shifted to some other area.

Though KWA refused to undertake the work in 1996, advance payments of Rs. 35 lakh were made by the Director up to March 1999. As a result, Government funds of Rs.35 lakh remained unutilized with KWA. The delay would also lead to substantial escalation of cost of construction of the sports complex.

Government stated (May 2001) that KWA had agreed to start the construction work and it was expected to be started soon. However, the reply did not mention whether any specific time frame was given by the KWA/ Government for completion of the work or any definite commitment obtained from the KWA for the work in the same site. This indicates the Government failure to solve the inter-departmental disputes, thus denying intended benefits to the sports persons of the State.

[Paragraph 3.8 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)]

Note furnished by Government on the above paragraph is included as Appendix II.

158. Drawing the attention of the Committee, the witness, Director, Sports and Youth Affairs explained that Government accorded sanction for construction of a sports complex adjacent to Jimmy George Indoor Stadium, Thiruvananthapuram where there was a patch of vacant land. As the proposed site belonged to Kerala Water Authority, the work was entrusted to them. But, after laying the foundation stone and receiving advance of Rs.35 lakh, the Water Authority retracted from its earlier stand contending that the land proposed for the complex should be allowed to be utilised for its own future development. Though efforts were made to locate an alternative site for the sports Complex at Kudappanakunnu, the land thus located was later found earmarked for construction of a civil station. When enquired about the deposited amount, the witness replied that the amount was with the Water Authority. The Committee felt that there was a great failure on the part of both the Departments to enter into an agreement to resolve the dispute even after three years and suggested to settle the matter without further delay.

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\* Rs. 10 lakh in March 1995 by Chief Engineer, Buildings and Local Works  
 Rs. 10 lakh in March 1996 by Director  
 Rs. 10 lakh in February 1997 by Chief Engineer, Buildings and Local Works  
 Rs. 5 lakh in March 1999 by the Director.

159. In reply to another question of the Committee as to who was possessing the present Swimming Pool, the witness stated that it was under the control of Water Authority. The Committee remarked that the Department was not at all enthusiastic in settling the issue in time. In fact, such activities were defunct.

#### **Conclusions/Recommendations**

160. **The Committee strongly feels that the proposed sports complex did not materialise solely due to the lack of enthusiasm in the two Departments involved in the project thus depriving the sports persons and sports-lovers of the State as a whole and capital city in particular of the benefits of a modern sports facility. Further, the Committee views with concern the manner in which the Director of Sports and Youth Affairs Department made the advance payment for the project without having a contractual agreement entered into between the two Departments. It was stated that, the amount advanced to KWA has not been repaid so far. Thus the money earmarked for the sports complex remained idle. The Committee suggests to settle the matter without further delay.**

161. **The Committee demands that the two Departments should show greater maturity in future while dealing with such projects aimed at larger public interest and forgo narrow departmental interests. The Committee recommends speedy agreement between the two Departments on the issue and commencement of the construction work of the sports complex at the earliest.**

Thiruvananthapuram,  
17th December, 2008.

ARYADAN MUHAMMED  
*Chairman,*  
*Committee on Public Accounts.*

## APPENDIX I

**Summary of main Conclusions/Recommendations**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1	7	Water Resources	The Committee understands that this is yet another case of faulty planning and improper execution resulting in undue financial benefit to the contractor associated with the work. The Committee considers the statements put forth by the witness as baseless and contrary to the existing rules. The reason adduced by them for the change in the alignment of approach road was to avoid the acquisition of garden land at exorbitant cost is not acceptable to the Committee. Since the change itself has resulted in an additional expenditure of Rs. 41.86 lakh by way of allowing the contractor to take the excavated soil at free of cost and conveyed to the contractor's dumping yard at Government expenses whereas the existing rules mandate auctioning of the cut earth at the construction site. This itself defeated the purpose of variation from the original plan. The Committee urges the Department to fix responsibility on the individuals involved in allowing the contractor to take cut earth to his yard at Government expense and preparing the estimate of work and finalising the tender documents without considering the cost of excavation and transport of cut earth to the dumping yard and to furnish the details of the action taken against the persons responsible thereon. The

(1)	(2)	(3)	(4)
			<p>Committee is of the opinion that the Department should take all steps to thwart the attempts of officials to deviate from original plan of projects and bypassing existing orders governing them. The Committee also desires that the existing circular instructions should be modified to include provision for fixing responsibility on those officers who violate the instruction in the circular. The Committee further urges the department to furnish the reason for the construction of a wide approach road at the Kozhikode side of the Regulator-cum-Bridge without obtaining permission from Government for the variation in plan.</p>
2	10	Water Resources	<p>Though appreciated in the action taken in this case, the Committee is of the opinion that the Department should conduct a review on the serviceability and necessity of the bore well vis a vis the actual requirement of the beneficiaries residing in the area where these bore wells are constructed. The Committee would like to know whether the work executed was ratified by Government on a later stage. Notwithstanding the action taken in the case, the Committee expresses its opinion that a general tendency prevails in Government Departments not to proceed departmentally against the delinquent officers even if there is prima facie evidence of malpractice and misappropriation, on the ground that vigilance enquiry has already been instituted against them. The</p>

(1)	(2)	(3)	(4)
			Committee thinks that this practice is not entertainable and is against the interest of the State for the reason that, the prolongation in the process of vigilance probe is likely to result in allowing the culprit to go scot-free. Therefore, the Committee suggests that it is high time to initiate departmental action against the delinquent officers on the ground of prima facie evidence of his guilt though he is facing vigilance enquiry.
3	12	Water Resources	It is disturbing to note that the Department has failed to take any conclusive action against the persons who were responsible for bringing undue gains to M/s Karuna Plantations Private Limited at Government expense. The construction of check dam in a private estate benefited only the estate owners. It is the primary responsibility of the estate owner to provide water to the plantation and people of the estate and not of the Government Department. Apart from this, the general public was deprived of the benefits of such a scheme. Considering the quantum of money involved in the case, the Committee directs the Department to expedite the proceedings in the vigilance case in this respect and fix the financial responsibility on the persons involved so as to make good the loss suffered by the Government. The Committee urges the Department to furnish the details regarding the present status of the vigilance case and the follow up measures initiated, if any.

(1)	(2)	(3)	(4)
4	15	Water Resources	<p>The Committee finds that though tender notice was forwarded by the Chief Engineer with his recommendation to Government on 3rd June, 1997, the Government had approved the tender only on 7th July, 1997, after a delay of one month during which the monsoon had set in. This is a clear evidence of delay on the part of the Government in giving approval to the tender without giving importance to the urgency of the work to be undertaken for the smooth and proper conduct of Aranmula boat race. As the onset of monsoon was a known factor to the Department, the work of removal of sand dunes from Pampa river should have been scheduled sufficiently early during the pre-monsoon period. Because of the delay in getting the approval of the work, the Department adopted mechanical dredging instead of removing the soil manually resulting in extra expenditure of Rs. 22.17 lakh. Therefore, the Committee suggests that whenever any project involving the works of like nature is to be implemented, the administrative departments should exert certain degree of foresight and act with a plan so that much amount of Government money can be saved.</p>
5	18	Water Resources	<p>The Committee sees that though the original work was involved for the formation of earthen bunds requiring 65,000 cubic metres of earth filling for an agreed contract amount of Rs. 43.87 lakh, it was subsequently changed to the</p>

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(1)	(2)	(3)	(4)
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proposal of requiring the earth filling of 1.10 lakh cubic meters which had resulted in 70% increase in the work and the contractor had demanded 50% enhancement in the rate. The SE had not accepted his demand and decided to close down his accounts, and the balance work was awarded to another contractor for an estimated contract value of Rs. 79.96 lakh. This explicitly shows lack of due foresight which the department normally requires to exercise in the preparation of the estimate of the work which was based on a faulty survey work without ascertaining the prevailing site condition. The Committee notices that immediately after the awarding of the work, the SE, on being aware of the change in the situation, had issued directions to EE to obtain a supplementary agreement for excess quantity beyond the permissible 25% excess over the agreed quantity within a week from the contractor and if not, to go in for a fresh tender. But unfortunately the latter did not act upon the direction of the former. The Committee thinks that had all the measures been taken as per the directions of the SE, this excess expenditure could have been avoided. Therefore the Committee recommends that the Department should fix the liability for the loss sustained and punitive actions be taken against the Executive Engineer who had wilfully violated the Department's directions.

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(1)	(2)	(3)	(4)
6	20	Water Resources	The Committee views the case with due concern and recommends that the department should be more vigilant and that sufficient precautionary measures be adopted to avert such lapses in future. Every possible steps should be taken to recover the excess amount paid to the employees and the Committee desires to be informed of the steps taken towards disciplinary action against the officers who made the excess payment as well as the measures for recovering the excess amount paid.
7	23	Water Resources	Idling of an investment upto Rs. 75.42 lakh owing to the failure on the part of the Superintending Engineer (SE), Minor Irrigation Circle, Ernakulam to synchronise the execution of various components of 'Kondozhinjal Malackal Kottamuri Lift Irrigation Scheme' is yet another addition to the never-ending list of schemes infested by 'poor-execution bug' in the Department. Over and above this failure, the SE had also failed to ensure the quality of materials used and allowed the use of pipes of inferior quality which did not conform to the specifications of Bureau of Indian Standards. It is disheartening to note that the Government all these years turned a Nelson's eye to the four officials who were identified as responsible for the uncertainty in the completion of the work and resultant loss to Government.

(1)	(2)	(3)	(4)
8	24	Water Resources	The Committee urges the Department to take befitting action including recovery of money against the officials who exhibited such dereliction of duty. Action taken in this regard should be intimated to the Committee.
9	26	Water Resources	The reasons rendered to the Committee for the subsequent changes in design which resulted in the delay in execution and cost escalation of the work are not tenable as the eventualities encountered during the construction work of the Kanakkankadavu regulator-cum-bridge were not of any special nature but of easily foreseeable. Hence what else to say the least is the poor design prepared by the Department.
10	27	Water Resources	The Committee urges the Department to ensure quality designing of the project taking into account all the geographical peculiarities of the construction site and not deviating from the original design and to schedule a time frame for the completion of the projects. The department should also ensure to make use of advanced technology and not to rely upon outdated technology on pity reasons that the contractor would likely to go in for arbitration. The Committee urges the Department to fix responsibility on the guilty for the avoidable expenditure incurred and inform the details of action initiated against them thereon.

(1)	(2)	(3)	(4)
11	37	Water Resources	The Committee understands from the audit findings that the functions relating to the implementation of various irrigation projects by the Irrigation Department in the State are entangled with many administrative lapses/irregularities like under utilisation of Budget provision, deficient expenditure control, inefficient estimation of funds, expenditure without budgetary provision, bypassing of action plan and Letter of Credit system, avoidable lapse of fund, non-clearance of outstanding balance in Miscellaneous Works Advances etc.
12	38	Water Resources	Regarding the under utilisation of Budget provision the reason putforth by the Department for the increase in the Revenue expenditure and decrease in capital expenditure was the retention of the office even after the completion of the project. As the excess staff were not being redeployed in time there was increase in recurring Revenue expenditure. However, during the last two or three years maximum number of offices had been closed and they were re-deployed to Panchayaths. The Committee is acknowledged by the department that all the people attached to the non functioning division would be re-deployed forthwith. Therefore the Committee wants to know whether the actions relating to their re-deployment were completed and if so furnish the present position of the case.

(1)	(2)	(3)	(4)
13	39	Water Resources	<p>On the functioning of the National Hydrology Project in the State the Committee is informed that the phase I of the project has been completed and in the phase II more wells would be drilled in different parts of the State. The Committee desires to know the present stage of the phase II of the project so far implemented and urges the Department to introduce an institutional mechanism for creating and promoting general awareness among the public about the importance and the necessity of rain water harvesting, ground water re-charging and surface storage.</p>
14	40	Water Resources	<p>The Committee observes that though Water Resources Revamping and Consolidation Programme was introduced for stabilization of canals, in almost all canals there were seepage of water due to the absence of timely repair works. The Department attributed the reason for this to paucity of funds. This is not acceptable to the Committee and it appears ridiculous by the reason that there was lapse in spending 40% of the funds allotted for the purpose. The Government submits that the reason for the lapse of funds was due to the delay in getting the approval of the action plan by the Planning Board and subsequent Government sanctions. The sanctions are normally obtained only at the fag end of every financial year. On the other hand the department has only a minimum time at disposal to arrange the</p>

(1)	(2)	(3)	(4)
			<p>work. Hence fund cannot be fully utilised resulting in savings. The Committee remarks that the main reason for the lapse of fund is the administrative failure on the part of the Department. The Committee opines that had the action plan been prepared sufficiently early and submitted to the Planning Board for its approval, lapse of funds could have been avoided. Therefore the Committee demands the Department to take necessary steps for preparing the action plan sufficiently early so that lapse of funds can be avoided in future.</p>
15	41	Water Resources	<p>The Committee is aware of the fact that the work of Accelerated Irrigation Benefit Programme introduced in the Kallada Irrigation Project could not be completed due to Vigilance Enquiry. The Committee directs the Department to furnish the details of the present position of the Vigilance Enquiry and the work of the Accelerated Irrigation Benefit Programme in the Kallada Irrigation Project.</p>
16	42	Water Resources	<p>The Committee expresses its dissatisfaction on the unfair practice followed in the Department that though the Department obtained funds through Supplementary Demands for Grants, the amount so obtained had remained unutilised for three consecutive years. This shows the callous attitude and failure on the part of the Department officials in assessing the cost factor of the Projects to be implemented in particular and maintaining the financial</p>

(1)	(2)	(3)	(4)
			<p>propriety of the State in general. The Committee also expresses its displeasure over the manner in which the Finance Department had dealt with the unrealistic request of the administrative department for Supplementary Demands for Grants without due care and diligence. Hence the Committee recommends the Department to fix the responsibility for the incorrect estimation of the work and to take necessary steps to curb such lapses in future.</p>
17	43	Water Resources	<p>The Committee comes to know that 161 works under the Pazhassi Irrigation Project costing Rs. 4.47 crore were carried out by Executive Engineers without adequate Budget provision and Action plan. The actions of E.Es in flouting all statutory procedures and regulations are of serious nature which come under 'ultravires' and hence to be dealt with stringently. The Committee recommends the Department to fix responsibility for the work carried out without the Budgetary provision and action plan, and furnish the details of action taken in this regard to the Committee without delay.</p>
18	44	Water Resources	<p>The Committee also sees that there is prolonged non-clearance of outstanding balance maintained in the suspense head of account under the Miscellaneous Works Advances in the Department. The Committee therefore urges the Department to furnish the details of the total amount outstanding as on date and the period from which the arrears had been pending in Miscellaneous Works Advances, to the Committee.</p>

(1)	(2)	(3)	(4)
19	52	Water Resources	<p>The Committee desires to be be furnished with the data regarding the estimated cost, total expenditure, date of completion and total area under irrigation of both completed and ongoing irrigation projects. The Committee also notices that large amount is allocated every year in Budget for irrigation projects. The Committee feels that the Irrigation Department has not initiated any effective steps to develop innovative water management schemes to bring more area under cultivation. The Committee expresses its dissatisfaction over the implementation of Irrigation Projects in a conventional way rather than according to the change in time. The Committee urges the department to develop innovative water management schemes to bring more areas under cultivation and recommends to develop potential management with micro level harvesting structures.</p>
20	53	Water Resources	<p>The Committee demands the Government to furnish the district wise details of total cultivable land, area of land already irrigated and the area proposed to be irrigated in the State etc.</p>
21	62	Water Resources	<p>The Committee understands from the audit paragraph that the expenditure on maintenance of five completed Irrigation Projects in Palakkad district was higher than the rate fixed by the Government. The Committee wants to know whether any proposal had been put forth by the Department to avail the benefits of</p>

(1)	(2)	(3)	(4)
			Employment Guarantee Programme in the maintenance of Irrigation Projects. The Committee recommends to draw up a proposal to do the maintenance work under participatory irrigation and to present it to the Block/Grama Panchayat.
22	63	Water Resources	The Committee notes that if the beneficiary farmers are incorporated in the revamping and consolidation of irrigation projects through Employment Guarantee Programme, the expenditure incurred on the part of the Department could be restricted to the cost of materials, enabling the department to undertake more projects. The Committee points out that Government would have to meet the labour cost in the implementation of such a programme.
23	64	Water Resources	Regarding the non realisation of service charge rendered on account of the maintenance of the barrage and controlling release of water under the Pamba Irrigation Project at Maniyar, it was informed that the KSEB has been requested to make necessary change in the agreement with the Firm. The Committee wants to know whether the proposed change in the agreement has been executed and if so furnish the details.
24	76	Water Resources	The Committee notices that in most of the Projects, establishment expenditure constituted 41 to 94% of work expenditure as against 15% fixed by the Government of India. Hence, the Committee desires to be furnished with a note detailing the percentage of establishment expenditure over total expenditure over a period of ten years of the Irrigation Projects in the State.

(1)	(2)	(3)	(4)
25	77	Water Resources	The Committee also expresses its displeasure on the retention of staff of the Kuttanad Water Balance Study Project for 10 years even after the abandonment of the project which resulted in an infructuous expenditure of Rs. 84.90 lakh, and urges the Department to take necessary steps to avoid such lapses in future.
26	78	Water Resources	The Committee observes that even though the investigation division of twelve major irrigation projects at Kannur remained idle, a considerable amount was spent on staff as salary. The Committee recommends to redeploy the staff who are remaining idle.
27	79	Water Resources	The Committee wants to know the circumstances under which idle wages was paid to the staff of Periyar Valley Irrigation Project, Aluva Division for 5 years. The Committee urges the Department that the cases relating to PVIP should be entrusted to a particular officer so that the services of staff who were remaining idle could be redeployed.
28	82	Water Resources	The Committee demands the department to furnish the details regarding the total number of vigilance cases pending in the Irrigation Department under each project, the number of cases settled and the age-wise details of the cases pending etc. without delay.
29	86	Water Resources	The Committee criticises the lack of professionalism on the part of the officers and staff of the Kerala Engineering Research Institute (KERI) and

(1)	(2)	(3)	(4)
			recommends to develop the Institute into an autonomous research institute by tapping the services of professional researchers and technical experts. The Committee also recommends that the institute should undertake research programme in land water management, dam safety etc.
30	87	Water Resources	The Committee suggests that an expert study is needed for converting the institute into a national level Consultancy cum Research Institute.
31	90	Water Resources	The Committee recommends to prepare irrigation statistics for the effective collection of irrigation cess. The Committee also suggests to appoint an expert team to review the existing status of the Statistics.
32	93	Water Resources	The Committee understands from the audit observation that in the work of erection of shutter for the Bridge-cum-regulator of Kanakkankadavu in Ernakulam district, the ring bund erected to carry civil works could not be utilised for mechanical works which resulted in wasteful expenditure of Rs. 35.15 lakh for the formation of a new bund. The Committee finds that this was due to lack of co-ordination between Civil and Mechanical Wings of the Water Resources Department.
33	94	Water Resources	Had a proper co-ordination been maintained between the Civil and Mechanical wing of the Department, the delay which had led to the situation of the breach of old ring bund by monsoon

(1)	(2)	(3)	(4)
			flood and consequent formation of a new ring bund for the completion of mechanical work could have been avoided. The Committee demands the Department to furnish a detailed reply in this regard.
34	100	Water Resources	The Committee express as dissatisfaction over the lack of co-ordination between Public Works Department and Water Resources Department and lack of foresight in the excavation work of Canoli canal which resulted in a loss of crores of rupees. The Committee opines that since, as per agreement, the excavated earth was to be sold to contractors, there was no justification in including charges in the estimate for removing the earth excavated from the excavation site on head load. The Committee requires the Department to furnish a copy of the estimate of the work.
35	111	Water Resources	The Committee understands that undue advantage of Rs. 26.17 lakh was paid to the contractor by way of accepting the work of construction of shoring to protect the sides of trenches excavated for apron concreting as an extra item even though the same was already included in the original contract. In the contract, it was shown that, the rates were inclusive of the charges of all incidental works including shoring. But the contractor demanded the work as an extra item and the Department accepted his demand in a supplemental agreement. The Department asserted that if the

(1)	(2)	(3)	(4)
			<p>shoring up was not done, loose sand and other debris would have fallen into the concrete laid for apron which in turn would reduce the strength of the apron. This is not acceptable to the Committee since the rates in the original estimate were inclusive of all incidental works including shoring. The witness expressed the view that the shoring mentioned in the estimate was regarding the dredging only upto 60 cm. depth. Since all circumstances appears to confirm the fact that the contractor was unjustifiably paid Rs. 26.17 lakh, the Committee recommends for the detailed technical examination on the whole case.</p>
36	112	Water Resources	<p>The Committee observes from the audit scrutiny that though the contractor had used sand from the river bed free of cost, the SE had unjustifiably allowed an undue gain of Rs. 14.30 lakh to the contractor towards the cost of the sand used, by stating that the contractor procured the sand from his own source. This is untrue by the fact that the contractor had actually used the sand free of cost. The Committee expresses its deep displeasure on the fallacious standpoint of the Department Officials in justifying the payment of the cost of sand unlawfully allowed to the contractor and recommends that the whole issue should be thoroughly investigated and stern disciplinary action should be taken against the erring officials and furnish the details to the Committee.</p>

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(1)	(2)	(3)	(4)
37	115	Water Resources	<p>The Committee expresses its anguish and great concern over the attitude of the authorities in rehabilitating the Adivasi families evicted from the Karapuzha Irrigation Project site in 1976. Though the Government officials appears to be pre-occupied with technicalities such as identification of beneficiaries, listing of the families, preparation of estimates etc., the plight of the Adivasi families remained unchanged and hence the Committee in strong terms recommends that the rehabilitation process should be completed immediately. The Committee also takes note of the fact that its recommendation for immediate time bound action for rehabilitation of Adivasis in December 2000 remained unconsidered. It is saddening to note that many families running into their newer generations were deprived of a dwelling place and other basic amenities. Hence the Committee recommends for their immediate rehabilitation and the action taken thereon be furnished to it without delay.</p>
38	140	Finance	<p>On enquiring on the current position regarding the settlement of pending Abstract Contingent bills, the Committee is informed that a circular has been issued to Administrative Departments to settle all the pending bills. The Committee wants to know the present position of the pending bills since the issuance of the circular. Regarding the enforcement of submission of the detailed bill pertaining to monthly claim to the</p>

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(1)	(2)	(3)	(4)
			Accountant General not later than 20 <sup>th</sup> of the succeeding month, the Department assured that a circular would be issued. The Committee urges the department to furnish a detailed statement regarding the date wise settlement of each item out of the 747 unsettled item of Abstract Contingent bill of Rs. 59 crore for the period from 1989-90 to 1999-2000.
39	141	Finance and Agricultural	Regarding the non settlement of bills in Agriculture Department, the Department asserted that the amount was drawn for the construction work which is a continuing programme and hence the final adjustment of the bill could be done only after the completion of the work. The Committee opines that this is not the proper way of drawing public money which is against the stipulation that the 2 <sup>nd</sup> instalment advance could be drawn only after the settlement of the 1 <sup>st</sup> instalment. To this the witness put forth that the Rule could not be adhered to in the case since the whole work was entrusted to beneficiary committee and there was no other way to mobilise resource and hence the advances were granted. The Committee opines that this is an unfair and unhealthy practice to follow especially for ensuring strict compliance of financial discipline in the Department.
40	142	Finance	The Committee learns that out of the 98 AC bills amounting to Rs. 12.4065799 crore, Rs. 9.6745562 crore still remain to be settled. It is appalling to note that

(1)	(2)	(3)	(4)
			the amount has not been settled even after 8 years since the programme ended in 1998. The Committee demands the Director of Agriculture to furnish all the details regarding the 98 AC bill pending with the Agriculture Department.
41	143	Finance	The Committee sees that though numerous cases of misappropriation/misutilisation of funds are unearthed in various departments, no effective measures of any kind has been taken to curb the corruption malice in Government Departments as a permanent solution. The passive reply of the Director of Treasuries that no departmental action could be taken against the corrupt officials since there was an order of Vigilance Department for not to conduct any departmental enquiry by simultaneous with police enquiry, is not acceptable to the Committee. The Committee opines that the order of the Vigilance Department is unjustifiable as it does not contain any legal reason and is not originated from any legal constraint. No law prevails in the State prohibiting the Government from taking departmental action against the culprit on the ground that Vigilance enquiry is on against them. The Committee expresses its discontention in the continuance of this conventional method. Reference of cases of misappropriation to Vigilance, where the unending process virtually becomes a safe haven for the culprits. Hence this should be stopped forthwith. The Committee strongly recommends that

(1)	(2)	(3)	(4)
			whenever there is a prima facie evidence of malpractice/corruption/misappropriation committed by department personnel, the department should initiate departmental enquiry and take appropriate action against the miscreants notwithstanding the fact that Vigilance enquiry has been initiated against them.
42	144	Finance	The Committee wants to know the present position of the amount to be recovered in the case of Varkala Government Guest House. The Committee also urges the Finance Department to furnish a detailed report on the settlement of amount drawn by 40 DDOs, as pointed out in the Audit.
43	150	Cultural Affairs	The Committee learns that the two schemes for implementation by C-DIT viz. Centre for Technology Adaptation and Absorption Scheme (C-TAAS) and Centre for Imaging Technology Application Research (C-ITAR) could not be completed and they were later abandoned as the scientists and technologists who had been appointed on contract had left C-DIT enmasse on the expiry of their contract. This resulted in an infructuous expenditure of Rs. 2.30 crore. It was noted that the Department had neither taken any steps to renew their contract nor get back the technical data/document collected from those scientists. To this the Department submitted that the contract of the scientists and technologists could not be renewed due to changes at the top level management personnel of the

(1)	(2)	(3)	(4)
			<p>institute. This stresses the necessity of scientific autonomy be conferred to the institute to have an effective involvement in the decision making process. Though the C-DIT is a multi-disciplinary institute for conducting research and training in the electronic media, it does not have any advisory body like Technical Advisory Council for taking decision on scientific and research matters. So it should have a separate body for taking decision on research matters. Therefore the Committee recommends that the C-DIT should have to maintain a separate mechanism like a sub committee of governing body or a Research Advisory Council constituted by the institute itself for taking decisions.</p>
44	155	Cultural Affarirs	<p>The Committee feels that had the Institute observed a time bound action plan in the publication of the book, escalation in printing cost of the book could have been avoided. The Committee recommends that the encyclopaedia should be distributed among schools at a subsidized rate at the earliest. The Committee is of the opinion that expert opinion should have been sought before publishing such authentic works so as to avoid such an array of mistakes in the book.</p>
45	157	General Education	<p>The Committee condemns the irresponsible attitude of the officials in the Department of Sports and Youth Affairs by which an amount of Rs. 2.30 crore of Central assistance for the construction of Sports hostel,</p>

(1)	(2)	(3)	(4)
			<p>International Stadium and Swimming Pool had been lost on account of non-submission of adequate proposals to the GOI and non-fulfilment of the condition in the proposals of GOI. This is a serious lapse on the part of the Department. It is also appalling to note that the Department had so far not conducted any enquiry on the lapse and hadn't fixed the responsibility in this regard. The Committee strongly recommends to conduct a detailed enquiry into the whole thing and explanation should be sought from the person who had failed to submit the proposal to GOI in time and furnish a detailed report to the Committee.</p>
46	160	General Education	<p>The Committee strongly feels that the proposed sports complex did not materialise solely due to the lack of enthusiasm in the two Departments involved in the project thus depriving the sports persons and sports-lovers of the state as a whole and capital city in particular of the benefits of a modern sports facility. Further, the Committee views with concern, the manner in which the Director of Sports and Youth Affairs Department made the advance payment for the project without having a contractual agreement entered into between the two Departments. It was stated that, the amount advanced to KWA has not been repaid so far. Thus the money earmarked for the sports complex remained idle. The Committee suggests to settle the matter without further delay.</p>

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(1)	(2)	(3)	(4)
47	161	General Education	The Committee demands that the two Departments should show greater maturity in future while dealing with such projects aimed at larger public interest and forgo narrow departmental interests. The Committee recommends speedy agreement between the two Departments on the issue and commencement of the construction work of the sports complex at the earliest.

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## APPENDIX II

## Report of the C &amp; A G for the Year ended 31-3-1998 [No. 3 Civil]

No.	Dept.	Para	Recommendation/Observation	Action Taken
(1)	(2)	(3)	(4)	(5)
1	WR (MI)	4.10	<p>Two works of construction of approach roads at Kozhikode side and Malappuram side of the regulator-cum-bridge at Kavanakallu across Chaliyar river in Malappuram District were entrusted by the Superintending Engineer Minor Irrigation Circle, Kozhikode in April, 1994 and August 1994 respectively to the contractor who did the main work on the bridge cum-regulator. The approach roads were estimated to cost Rs. 82.43 lakh and Rs. 31.70 lakh respectively.</p> <p>Subsequently, the original alignment of the approach road at Kozhikode side was changed to avoid costly acquisition of garden lands. The revised alignment however, increased earth work excavation nearly 7 times (from 17 thousand cubic metres to 1.08 lakh cubic metres). The excess cut earth was allowed, free of cost to be conveyed to contractor's dump yard for which Rs. 27.55 lakh was paid.</p>	<p>The locality where the regulator-cum-bridge was constructed is a hilly area and there was no space for dumping the huge quantity of cut-earth. Considering these facts. While preparing the estimate for the formation of approach road in Kozhikode side minimum lorry lead was provided for dumping the cut-earth in the available places. Which was also insisted</p>

(1)	(2)	(3)	(4)	(5)
			<p>The non-realisation of cost of excavated soil and its conveyance to contractor's dump yard at department's cost was unjustified and conferred undue benefit to the contractor. Based on the rate of Rs. 20 per cubic metre for cheapest form of earth (red earth) as per 1990 Schedule of Rates: the cost of 71 thousand cubic meters of earth conveyed would be Rs. 14.31 lakh.</p>	<p>in the agreement condition. Also there was no departmental land available to dump the cut-earth and there was no scope for auction due to the peculiar nature of the locality. The site and nearby places comprise of so many borrow pits and hill rocks. In the circumstances there was no alternative to dispose of such a huge quantity of earth from the site other than entrusting it with the contract agency.</p>
			<p>Government stated (October 1997) that the contractor was allowed to convey excavated earth to his own dump yard to avoid additional expenditure for providing departmental dump yard and that there were no rules for recovery from the contractors of the cost of cut earth to be dumped. The reply was not tenable as according to the existing instructions of Government (April 1993), excess excavated soil was to be auctioned at site. The excess cut earth was therefore auctionable and/ non recovery of its cost plus</p>	<p>According he had made arrangements and removed the cut-earth from the site according to the availability of land for which minimum lead was provided. The procedure followed by the department was in good faith and there is no malafide intention. It can be assumed that the tender rate obtained was taken into account the benefit from the disposal of the cut-earth. If the earth was not provided to the contractor the tender rate could have been higher. Therefore it may not be proper to assume that any loss is caused in this regard.</p>

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(1)	(2)	(3)	(4)	(5)
			conveyance charges paid were not justified.	
			The matter was referred to Government in April 1998, reply has not been received (October, 1998)	

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**Remedial Measures Taken Statement on Audit Paragraphs for the  
year ended 31-3-1999 (Civil)**

- I (a) Department : Ground Water Department
- (b) Subject/Title of the review : Audit para for the year ended 31-3-1999 Paragraph 3.16 Large Number of Bore well construction without sanction.
- (c) Paragraph Number : 3.16
- (d) Report Number and year : 3. 31-3-1999
- II (a) Date of Receipt of the Draft : 24-12-2003  
Paragraph Review in the Department
- (b) Date of Department Reply : 9-1-2004
- III Gist of Paragraph Review : Extra expenditure incurred consequent of the construction of 293 bore wells without Government sanction and purchase of India Mark III hand pump and its erection.
- IV (a) Does the Department agree with the facts and figures included in Paragraph ?
- (b) If not, please indicate the areas of disagreement and also attach copies of relevant documents in support. : Reply furnished below
- V (a) Does the Department agree with the Audit Conclusions.
- (b) If not please indicate specific areas of disagreement with reasons for disagreement and also attach of relevant documents, where necessary ? : Reply furnished below

<i>Audit Paras</i>	<i>Remedial Measures taken</i>
3.16 Large number of bore wells Constructed without sanction. Details of payment made from 1995 March to 1999 March and thereafter	: During 1995-96 the Director, Ground Water Department had executed works of construction of 293 bore wells and erection of India Mark II hand pumps and construction of sanitary platform in Malappuram District, without obtaining administrative sanction from Government. Out the 293 bore wells, only 281 were (drilled and pumps were fitted in 219 wells. The total payment made on account of this during March 1995- March 1999 is Rs. 59.07 lakhs. No further payments have been made.
Details of excess expenditure incurred due to the purchase and erection of India Mark III Pump	: Government had to incur an additional amount of Rs. 3,000 per unit and there by additional financial commitment of Rs. 6.27 lakhs was created to Government by purchasing Mark III Pumps instead of Mark II pumps in the 209 wells. Also an additional financial commitment of Rs. 5.33 lakhs was created to Government by awarding the work erection of 209 Nos. Mark III hand pump for an amount of Rs. 5,990 per unit instead of Rs. 3,440 per unit.
Outcome of Vigilance Investigation	: The recommendation of the Vigilance Tribunal for the permanent reduction of 25% of the monthly pension of Sri. G. Devapalan Nair and Rs. 300 from the monthly pension of Sri. Subramaniyan respectively was reviewed by Government and in G.O. (Ms.) 97/2000/Vigilance dated 1-11-2000 the 25% reduction was modified to 20% in respect of Sri. Devapalan Nair, former Director, Ground Water Department and retained permanent reduction of Rs. 300 from the monthly pension of Sri. Subramaniyan, former Executive Engineer.

**Statement of Action Taken on Para 4.7 Under Chapter IV of the Report of the  
C & AG for the year ended 31-3-1999**

<i>Para No.</i>	<i>Recommendation/Observation</i>	<i>Action Taken</i>
(1)	(2)	(3)
4.7	<p><b>Construction of Check Dams in a Private Estate</b></p> <p><i>Check dams were constructed at a cost of Rs. 33.82 lakh in a private estate for the benefit of the estate and its people.</i></p> <p>Under a scheme of construction of check dams in river basins approved in September 1992, Government sanctioned in October 1994 and January 1995 construction of three dams across Seethargundu stream in Nelliampathy Panchayat in Palakkad District for an estimated cost of Rs. 37.30 lakh. Construction of dam No. 1 was completed in December, 1996 at an expenditure of Rs. 18.20 lakh and that of dam No. 2 started in May 1996 was stopped in February 1997. Construction of dam No. 3 was, however not commenced. Total expenditure amounted to Rs. 33.82 lakh as of February 1999.</p> <p>Scrutiny revealed that the dams were located in a private estate. The selection of the site was done by the Chief Engineer on the basis of a representation received from Plantation Workers Welfare Society. In his justification for the selection he</p>	<p>A Vigilance Enquiry was conducted by the Vigilance &amp; Anticorruption Bureau on the allegation that the officials of the M. I. Department in connivance with the Managing Director of Karuna Plantation Pvt. Ltd., Nelliampathy selected the site with in the above estate for the construction of 3 check dams including the same in Government scheme which was actually meant for public utility purpose and thereby allowed pecuniary gains to M/s. Karuna Plantations and corresponding loss to the Government. During enquiry it is conclusively proved that 7 officials of the Irrigation Department by abusing their official capacities conspired and colluded with the Managing Director, Karuna Plantations Pvt. Ltd., Nelliampathy and thereby arranged the identification selection and approval of 3 check dams with an estimated cost of Rs. 14.80 lakhs and 22.5 lakhs respectively and got executed check dams 1 &amp; 2 in</p>

(1)

(2)

(3)

stated that the dams would be most beneficial to the 'Karuna' estate and the labourers residing in it. Thus, the immediate beneficiaries were the private estate and the people in the plantations. Responsibility for providing water for the plantation and the people connected with it rested with the estate owners. The Superintending Engineer, Minor Irrigation Circle, Kozhikode stated that the rivers and banks were the Government property and construction of the dams were taken up for the benefit of the people. This was not tenable as construction of check dams at public cost in the private estate was irregular and hence unjustified.

The matter was referred to Government in April 1999; reply has not been received (October 1999).

the Private estate namely Karuna Plantation (Pvt.) Ltd. at Nelliampathy as the estate being in sole beneficiary by misutilising the Government fund of Rs. 31,45,224 and caused pecuniary gains of Rs. 31,45,224 to the Karuna Plantations in the pretext of execution of amount seems in Public interest and corresponding loss to the State exchequer. Accordingly a case in VC.2/2000 under section 13 (1) (d) read with 13 (2) of PC Act, 88 and 120 B IPC was registered by the Vigilance Department on 17-1-2000 against the following persons and that department is pursuing action in the matter.

1. Sri. K. Sasidharan, formerly Chief Engineer (I&A), Thiruvananthapuram (retired from service).
2. Sri. M. Jacob Antony, formerly Superintending Engineer, M.I. Circle, Kozhikode (retired from service).
3. Sri. T. M. Suseelan, formerly Superintending Engineer, Minor Irrigation Central Circle, Ernakulam (Now Chief Engineer, Irrigation/Investigation, Thiruvananthapuram).
4. Sri. M. N. Raghavan, formerly Executive Engineer, Minor Irrigation Division, Palakkad (Now Executive Engineer, MVIP, Thodupuzha).

(1)	(2)	(3)
		<p>5. Sri. A. R. Balaram, formerly Executive Engineer, Minor Irrigation Division, Palakkad (Now Executive Engineer, Minor Irrigation, Thrissur).</p> <p>6. Sri. M. C. Padmanabhan, formerly Asistant Executive Engineer, Minor Irrigation Sub Division, Chittur (Now Executive Engineer, Pazhassi Project, Kannur).</p> <p>7. Sri. Rajan K. Paul, formerly Assistant Engineer, Minor Irrigation, Vengalakayam Section, Chittur (Now Head Draftsman, PWD Roads Division, Palakkad).</p> <p>8. Sri. P. A. Mathew, Managing Director, Karuna Plantation Private Limited, Nelliampathy.</p>
		<p>In order to curb such incidents in future Government had already issued directions to the Chief Engineer (I&amp;A)/ Investigation that while furnishing proposals for the construction of checkdams certificate to the effect that the checkdams proposed are for the benefit of the general public/Agriculturists should also be furnished. Accordingly the Chief Engieer (I&amp;A) had issued Circular No.W5-12365/2000 (1) dated 6-4-2000 to this effect. (copy of which is enclosed for ready reference) to all Superintending Engineers/ Executive Engineers.</p>

## OFFICE OF THE CHIEF ENGINEER, IRRIGATION AND ADMINISTRATION,

No. 15/12365/2000 (i).

*Thiruvananthapuram 6th April, 2000.*

From

The Chief Engineer

To

The Superintending Engineer,  
 Minor Irrigation Circle,  
 Thiruvananthapuram/Ernakulam/Kozhikode.  
 The Executive Engineer,  
 Minor Irrigation Division.

Sir,

*Sub:*—Construction of Check dams/weirs—Certification of each works—reg.

*Ref:*—Note No. Sy. 23/2000/IRD dated 30-3-2000 of the Secretary to Government, Irrigation Department.

Enclosed please find a copy of Note received from the Secretary to Government, Irrigation Department. You are requested to make an immediate assessment of each check Dam/weirs either completed or under construction or where construction is envisaged and to verify that each one of them is for public benefit instead of private benefit. You may furnish a detailed statement duly certified on this effect. The statement should enclose status of each check dams/weirs with certification and may be furnished within ten days on receipt of this letter. The certificate should be furnished on each check dams/weirs by the Executive Engineer concerned through the Superintending Engineers concerned.

Encl: As above

Yours faithfully,

(Sd.)

For *Chief Engineer.*

Copy with copy of enclosure to the Assistant Engineer, Section No.....

.....  
 of this office for obtaining report from the concerned officers and transmit the same to Assistant Engineers/W-S within the prescribed time limit.

Copy to Chief Engineer, Investigation, Trivandrum for information.

GOVERNMENT OF KERALA  
WATER RESOURCES DEPARTMENT

**Statement of Action Taken Report in Respect of The Report of The Comptroller  
and Auditor General for The Year Ended on 31-3-1999**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department</i>	<i>Recommendation</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)	(5)
1	4.8	Water Resources Department	<p><b>Extra expenditure on removal of sand dunes</b></p> <p><i>Lack of proper planning for timely removal of sand dunes before the annual snake boat race led to extra expenditure of Rs. 22.17 lakh.</i></p> <p>For the smooth and proper conduct of the annual snake boat race at Aranmula in September 1997, Government sanctioned (May 1997) the work for removal of sand dunes formed in the river 'Pamba', construction of toe wall, berms, etc., at an estimated cost of Rs. 65 lakh. The work proposed to be completed before the onset of South-West Monsoon (June-August 1997), was awarded on short tender notice to</p>	<p>Removal of sand dunes was the primary need of the hour while the work was tendered. Total quantity of sand dunes to be removed was 71912.98 m<sup>3</sup> out of which 67935m<sup>3</sup> was removed before the boat-race. The agency could not finish the work as the identification of the balance pattern of sand dunes were not possible due to the onset of the monsoon and consequent high water level in Pamba river.</p> <p>In the original estimate the earth work excavation was by manual labour, which became practically impossible at the tune of Commencement of the work. Hence revised estimate proposal for mechanical dredging was necessitated.</p> <p>The work was formerly inaugurated by the Hon'ble Minister for Irrigation on</p>

a contractor at 60 *per cent* about estimate rates, on 10 July 1997 and the work commenced on 12 July 1997. Contrary to the agreement provision for removal of the sand dunes manually by the contractor, Chief Engineer (Irrigation and Administration) (CE) suggested mechanical dredging on the ground of persistent high water levels and shorter working period available, before the ensuing boat race on 17 September 1997. The contractor removed 67935 cubic meters of sand dunes using a high capacity dismantling type dredger. In November 1997, Executive Engineer prepared an observed data of Rs. 96 per cubic metre and paid (January 1999) Rs. 65.22 lakh on that basis as against Rs. 43.05 lakh due at the rate Rs. 39.60 per cubic metre plus tender excess for removal of sand dunes by conventional method. Adoption of dredging method led to extra expenditure of Rs. 22.17 lakh.

12-7-1997. In the inaugural meeting itself, several representatives of the people stressed and demanded for the urgent removal of sand dunes before the boat-race. The Hon'ble Minister was fully convinced of the gravity and urgency of the issue and declared that all possible measures will be taken to remove the sand dunes before the ensuing Aranmula Boat-race 1997. After having detailed discussions with all those concerned, the Minister had given direction to the Chief Engineer and Superintending Engineer to explore the possibility to utilize suitable dredger for the purpose through the contractor.

So, when it was felt that removal of sand dunes by manpower within such a short span was impracticable and impossible, it was decided to apply mechanical devices. Estimate was revised accordingly and sanction for the same was accorded by Government. Earnest attempt had been made to make available departmental dredger from Alappuzha. But due to the obstruction in the water way in the upstream, Kallisseri Bridge, this attempt

(1)	(2)	(3)	(4)	(5)
			<p>Audit scrutiny disclosed the following points :</p> <p>(i) Although tenders received on a short tender notice were forwarded by CE with his recommendation to Government on 3rd June 1997. Government approval was given only on 7th July 1997 by which time the monsoon had already set in (on 24th June 1997). Obviously the tenders were not finalised with due speed and urgency.</p> <p>(ii) As the periodicity of south-west monsoon ie., June-August, was a known fact and as removal of sand dunes manually was not feasible during high water levels, the work should have been programmed to be carried out sufficiently early in the pre-monsoon period or between the monsoons. In the project report also, it has been stressed that the work should be completed before the onset of monsoon.</p>	<p>turned futile. The only possibility for the speedy execution of the work was to permit the contractor to avail and use dismantling type dredger. The extra expenditure on this account was ratified by Government vide G.O.(Rt.) No. 174/97/IRD dated 18-12-1997.</p> <p>The Assistant Executive Engineer, Mavelikkara reported that since dismantling type Dredger was not available within Kerala, he had to prepare the rate and estimate after observing and inspecting the performance of the dredger. The rate arrived by him amounted to Rs. 96/m<sup>3</sup> and this was based on the evaluation of the actual working function of the machinery (observed data).</p> <p>Hence the expenditure occurred in this work was on unavoidable circumstances with the bonafide intention to provide all possible amenities to Aranmula Boat-race from the part of Irrigation Department.</p> <p>The study of removal of sand dunes at Aranmula was actually commenced from 1986 onwards by the KERI Peechi and the final report was submitted to Chief Engineer,</p>

Thus, failure to plan the execution of the work in time entailed extra expenditure of Rs. 22.17 lakh towards avoidable dredging operations. No responsibility for the delay was fixed.

The matter was referred to Government in March 1999; reply had not been received (October 1999).

IDRB on 20-1-1991. But the Chief Engineer suggested some modifications and the report was not accepted. Therefore, the department submitted report in 1995. On 5-3-1997 a high level team of CWRDM inspected the site based on the instruction of the Hon'ble Minister for Irrigation. They submitted their report during the first week of April 1997. Based on the direction of the CWRDM the department prepared project proposal. So the delay happened in the arrangement and execution of the work was reasonable and is not due to any lapse of the departmental officials.

2 4.9 Water Resources

**Non-Completion of a flood control work that commenced in 1991**

*Initial failure to estimate fairly accurately the earthwork for the flood banks and inordinate delay in arranging the balance works resulted in huge cost escalation and prolonged delay in completion of flood control work since 1991.*

The Superintending Engineer (SE), Irrigation South Circle,

The work was awarded to the contractor Sri. Ibrahimkutty for an agreement amount of Rs. 43.86 (Estimate amount 64.50 lakh with the tender deduction of 21.70%). The time of completion was fixed as August 1992. The work of the left bank was completed in July, 1994 for total cost of 60.43 lakh. Total quantity of earth required for formation of bund as per the estimate was 65000 m<sup>3</sup>. But while taking initial level the quantity of earth filling required was found to be 110504 m<sup>3</sup>.

(1)	(2)	(3)	(4)	(5)
			<p>Thiruvananthapuram entrusted the work on construction of flood embankment on the right and left banks of Killi River between Killippalam and Iranimuttom to a contractor in January 1991 for an agreed contract amount of Rs. 43.87 lakh. The stipulated date of completion was August 1992. The work mainly involved formation of earthen bunds for which 65 thousand cubic metres of earth filling was provided for in the agreement. However, the initial levels taken in February 1991 prior to commencement of the work and earth work proposals sent to SE in April 1991 indicated earth filling to be done as 1. 10 lakh cubic metres (70 per cent increase). The contractor demanded 50 <i>per cent</i> enhancement in estimate rates for quantities above 125 per cent of the agreed quantity, which was not accepted. After inspecting the site in June 1994, SE decided to close the accounts of the contractor after</p>	<p>As per the initial level proposed quantity involves level quantity on both banks 93720 m<sup>3</sup>, stripping quantity for replacing the poor quantity top soil. 11328.50 m<sup>3</sup> which was not included in the original sanctioned estimate, tape measurement not covered by the bund for filling the cavities formed by quarrying the earth for brick manufacturing. From the records it is also understood that during heavy flood on 1978, both banks were severely eroded and site condition changed from that at the stage of sanctioning the estimate. Due to this uniformity of site changed and hence cross-sections were taken at closed intervals, which resulted in excess quantity at the time of execution.</p> <p>Since the contractor was not willing to take up the work above 125% of the agreed quantity the contract was closed and balance work rearranged. Revised estimate for this work has been sanctioned by Government vide G.O.(Rt.) No. 60/96/IRD dtd. 16-1-1996 for 134 lakh. Value of pending works to be executed by the contractor is 28.65 lakhs at 1990 schedule of rates. This quantum of</p>

completion of the bund on the left bank and the contract was rescinded in January 1995. The value of work done amounted to Rs. 47.85 lakh and the value of balance work was Rs. 28.65 lakh. The balance works were awarded to another contractor in April 1999 for an estimated contract value of Rs. 79. 96 lakh

The following departmental lapses were noticed in audit.

- (i) The estimate prepared in 1990 was not based on the prevailing site conditions indicating provision failure in Survey works.
- (ii) while approving the initial levels and earth work proposals in June 1991, though SE directed the Executive Engineer to obtain an undertaking from the contractor to execute quantities beyond 125 per cent of agreed quantities at the agreed rate, no such undertaking was obtained.

works was rearranged during 1996 after to schedule revision of 1992 and 1996 for an estimate amount of Rs. 51.13 lakh with accepted PAC of 79.96 lakh (58 % tender excess).

The quantity of earth required for flood bank increased too much from the agreed provision due to various reasons shown below.

- (i) Stripping quantity for replacing the poor quality top soil

Superintending Engineer issued sanction in initial level proposals to an earthwork quantity of 110658 m<sup>3</sup> against 65000 m<sup>3</sup>. Subject to the condition that an undertaking be obtained from the contractor agreeing to execute the excess quantities beyond the permissible limit of 25% excess over agreement quantity of the agreed rate. But the contractor was not willing to give such cnset. Considering this at the time of execution the quantity was limited to 93900. 528 m<sup>3</sup> ie. only 13.69% excess from agreed quantity. On the basis of this the work was closed without risk and cost of contractor and fee paid to the contractor.

(1)	(2)	(3)	(4)	(5)
			<p>(iii) There was abnormal delay in rearranging the balance works mainly at the level of the Government for according Administrative sanction for the revised estimate and at the level.</p> <p>(iv) of the Chief Engineer (CE) for acceptance of lowest offer. As a result of these lapses, there was steep escalation in the cost of the work from Rs. 43.87 lakh to Rs. 1.28 crore.</p> <p>Besides the flood control work sanctioned in March 1990, is lying incomplete for more than 8 years.</p> <p>The matter was referred to Government in April 1999, reply has not been received (October 1999).</p>	<p>2. Earth quarrying for brick molding.</p> <p>After the investigation stage of the work, but before handing over the acquired land the local people use the land on banks for earth quarrying. These cavities had to be reformed during execution and such quantity of 5453.50 m<sup>3</sup> came in excess over and above the sanctioned estimate quantity.</p> <p>3. Erosion caused to river banks in flood during 1978.</p> <p>During flood in 1978 both banks were severely eroded and original site condition changed. Due to this uniformity of site was also changed and cross sections for initial level were taken at closed intervals which resulted in excess quantity.</p> <p>Due to the above reasons the quantity of filling increased from 65000 m<sup>3</sup> to 110504 m<sup>3</sup> which are based actuals.</p>

**Report of Action Taken on the Recommendation contained in the Report of the Comptroller and Auditor General of India**

<i>Name of Department</i>	<i>Para No. of the Recommendation</i>	<i>Recommendation</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)
Water Resources	4.2 Inadmissible payment of arrears of salary	Recovery of arrear pay and allowances of Rs. 1.36 crore were paid to 128 erstwhile CLR workers in excess for periods prior to the effective date	Steps have been taken to recover the amount paid in excess and to initiate disciplinary action against the responsible. In the meanwhile the workers have filed various OPs before the Hon'ble High Court and the Court ordered interim stay on recovery. On 3-2-2003, the Court pronounced a common judgement with direction to the Government to consider the matter afresh after hearing the representative or the petitioners in accordance with law within four months from the date of receipt of the copy of the judgement. Accordingly Government had examined the case in detail and rejected the petitioner's request vide GO (Rt.) No. 117/2003/WRD dt. 3-2-2003. The workers again moved the Hon'ble High Court by filing various OPs before the Hon'ble High Court to set aside Government Order G.O.(Rt.) No. 117/2003/WRD dt. 3-2-2003 and obtained stay order.

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(1)	(2)	(3)	(4)
			Now five OPs (OP. No. 10192/03, 10193/03,10277/03,10781/03,10228/05 are pending before the Hon'ble High Court regarding this subject. The Advocate General, Ernakulam has already been directed to move the court for getting the stay on recovery vacated enabling Government to recover the excess payments made.

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**Action Taken Statement on the Report of the C & AG Report for the year ended 31-3-2000**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department</i>	<i>Recommendation</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)	(5)
1	4.3		<p>Tardy implementation of a Lift Irrigation Scheme—</p> <p>Failure to synchronize Execution of various components of the scheme led to idle investment of Rs. 75.42 lakh for four years.</p> <p>In may 1993, Government sanctioned the “Kondozhinjal-Malachal Kottamuri Lift Irrigation Scheme” in Thrissur District for Rs. 49 lakh. Superintending Engineer (SE), Minor Irrigation Circle, Ernakulam awarded in June 1995 the execution of only one component of the work, viz. supply and laying of pipes (including construction of cistern) for Rs. 48.61 lakh and the contractor completed this portion, except construction of the cistern and laying of the pumping mains, at Rs. 75.42 lakh. Failure to arrange execution of</p>	<p>Regarding the tardy implementation of Kondozhinjal Malachal Kotamuri LI Scheme, Govt. had directed CE (I&amp;A) to conduct an enquiry by his Vigilance Wing on the following points :</p> <p>(i) Use of Sub standard pipes ;</p> <p>(ii) The acceptance of the pipes without testing ;</p> <p>(iii) Relieving at the contractor prematurely ;</p> <p>(iv) Piecemeal award of work ;</p> <p>(v) Incurring of excess expenditure ; and</p> <p>(vi) Identifying and fixing the responsibility on the officers involved.</p> <p>The enquiry revealed the following :—</p> <p>(i) Use of the substandard PVC Pipes</p> <p>Enquiry team reported that the samples taken from two locations bear the marking of</p>

(1)	(2)	(3)	(4)	(5)
			<p>all the components of the scheme simultaneously or in a predetermined time schedule resulted in non-completion of the scheme as of October 2000 and rendered the expenditure unproductive for the last four years.</p> <p>Scrutiny revealed the following points.</p> <p>(i) Two years after sanction of the work by Government, SE took up works which mainly involved supply of pipes (Costing Rs. 70.35 lakh out of an expenditure of Rs. 75.42 lakh) and even this portion of the work was not completed properly. SE made no attempt to either complete the works in time, or co-ordinate works on various components of the scheme like construction of pump house and supply and erection of pumpset and motor.</p> <p>(ii) Contrary to agreement conditions. SE made full payment for supply</p>	<p>IS.4985. No lab test was conducted as the pipes were already laid. From the files it is seen that BIS had already tested samples and from the result it is learnt that all requirements except minimum wall thickness and visual appearance were satisfied. The required minimum wall thickness was 8.5 m.m., while what was obtained in the test result is 6.6 m.m. Visual appearance was reported as unsatisfactory. However the pressure test is seen achieved as per the agreement schedule.</p> <p>The Vigilance wing is on the sand that they are not in a position to ascertain whether the pipes are sub standard or not as they could not conduct lab test of a sample of the PVC pipes.</p> <p>(ii) <i>Acceptance of the pipes without testing:—</i></p> <p>The Executive Engineer, MI Division had doubts the quality of the pipes and so he took action for testing the quality of the pipes in the BIS, Thiruvananthapuram. But without waiting for the result, the pipelines were laid and payments made, thus substantiating the allegations.</p>

of pipes (Cost : Rs. 70.35 lakh unauthorisedly in October 1996 without conducting the normal pressure test. Further, he issued completion certificate in June, 1997 even though the Bureau of Indian Standards confirmed in January 1997 that pipes supplied were of inferior quality and did not conform to specifications. As of October 2000, no action was taken against the contractor.

This, SE's action in completing the distribution System without taking up other essential items of work, like pump house, pumping systems, etc., and delay in completion of the distribution system and cistern work resulted in uncertainty in completion of work and unproductive expenditure of Rs. 75. 42 lakh which call for investigation.

The matter was referred to Government in May 2000; reply has not been received (November 2000).

(iii) *Relieving of the contractor prematurely* :—

The contractor was relieved while laying pipeline for 85 in and construction of cistern remained to be completed. The reason mentioned by the officers for relieving the contractor before completion of the above works are :

- (1) Hard Narikkal was found in the portion and there was no provision in the agrmeent for blasting hard rock and the contractor expressed his inability to do this work as an extra item.
- (2) Construction of 8 cisterns including wheel valves could not be executed due to local disputes and failure of the Panchayath in fixing the position of the cisterns. The Vigilance term could find out Narikkal in some portion and in the office records there were no proof of local disputes. No correspondence was made with the Panchayath authority for fixing the position of the cistern.

(1)	(2)	(3)	(4)	(5)
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iv *Piecemeal award of work:—*

The civil works ie. construction of the pump house, retaining wall and providing lining to canal side was tendered in one group and supplying and laying of PVC pipelines including construction of cistern was done separately. The Vigilance team is of the opinion that the above civil works should have been tendered in one group. The method of piece meal award of works was not arranged in proper order too.

(v) *Incurring of excess expenditure without sanction :—*

On scrutiny of the files it was, revealed that the additional work of extending PVC pipeline for 1550 m. length was approved by the Chief Engineer and payment was made after executing the supplemental agreements.

Thus the enquiry report revealed that there were serious irregularities in the construction of the LI Scheme. Sri. C. Anto, Executive Engineer (Rtd.), M.I. Division, Thrissur was responsible for the payment of pipes supplied without waiting for test results and

Sri. Viswanathan Supt. Engineer (Rtd.) was responsible for issuance of completion certificate and relieving the contractor from the responsibility of left over works. The details of officers responsible for making payment of the work are K. K. Abdul Rahman, A. S. Divakaran and V. N. Ramachandran, Asst. Executive Engineers, and G. Padmanabhan and P. G. Venugopala Krishnan, Asst. Engineers. Chief Engineer (I&A) has already been directed to take action against the officers.

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**Statement of Action Taken on The Recommendation of The C & AG for  
The Year Ended 31-3-2000 Additional Information**

<i>Para No.</i>	<i>Name of Department</i>	<i>Recommendation/Observation</i>	<i>Action Taken/Remarks</i>
(1)	(2)	(3)	(4)
4.4	WR (MI)	<p>Report on avoidable expenditure due to change in design in the construction of Regulator-cum-bridge at Kanakkankadavu in Ernakulam District. Based on and estimate prepared by the Executive Engineer (EE), Irrigation Division, Ernakulam, and sanctioned (January 1993) by the Chief Engineer (CE), the Superintending Engineer (SE) Irrigation Central Circle, Thrissur awarded (April 1994) the Work “construction of a regulator cum bridge (RCB) at Kanakkankadavu” in Ernakulam District to a contractor for Rs. 6.95 crore to be completed by May 1996. The work was completed in March 1999 at a cost of Rs. 7.90 crore.</p> <p>Audit scrutiny disclosed the following major changes in design and specifications of the work at the post contract stage due to presence of rock in an elevated position and difficulty in driving piles.</p>	<p>The design of the structure was prepared 2 decades back and estimate prepared is also according to the approved design. Piles were cast based on the provision in the estimate. The casting was scheduled as first item in the programme scheduled. But when the driving down process started, the piles could be driven down only on the upstream side. On the down stream, the piles couldn't be driven down due to the presence of hard rock in and elevated position.</p>

<i>or i gin a I item of changes work in the made estimate</i>	<i>Description of changes</i>	<i>Grounds for effecting the changes</i>	<i>A d v e r s e fi n a n c i a l implication</i>	<i>(2) Concerning the midway change in design, it could not be fully attributed to investigation or soil test conducted only. The rock profile was not flat or horizontal but undulating in elevation. Huge quantity of sand was washed off due to heavy flow and by unauthorized sand mining, which resulted in lowering the riverbed. So the investigation conducted 25 years back could not be taken as defective. (3) The piles are kept at the work site and their disposal is yet to be completed. The piles being solid it can be kept for a long time without damage. So the amount spent may not be considered as waste. (4) Regarding the avoidable expenditure incurred due to the change in RR masonry to cement. concrete, it may be noted that the estimate was prepared long ago and RR masonry was proposed as per the practice followed at that time. Considering the durability of cement concrete, the amount spent could not be considered as excess. Savings in time could not be achieved as expected.</i>
Pile foundation upto top level of pile caps on the upstream and down stream sides of lock wall, right abutment and pier P1.	Open foundation down stream side of lock wall, right abutment and pier P1.	Piles could not be driven due to presence of rock at shorter depth than estimated	Infructuous expenditure of Rs. 19.55 lakh as piles for a length of 691.75 metres remained unutilized ( M a r c h , 1999).	
R a n d o m r u b b l e masonry for the super structure of the lock wall of 62 metres length, 5.50 metres width and 8 metres height.	C e m e n t concrete 1 :3 :6	Dearth of skilled labourers, poor workmanship and slower manual work compared to cement concrete.	E x t r a expenditure of Rs. 19.74 lakh	

(1)	(2)	(3)	(4)
		<p>As a result of the change in the foundation design, quantities in respect of several items changed and 26 extra items were included in substitution of original items. This resulted in increase in cost by Rs. 95 lakhs. Drastic changes in design and specifications due to difficulty in execution of work after award of the contract indicated poor design and failure of CE to detect the defective estimate and design. Though superstructure was changed to cement concrete for expeditious completion of the work, it in fact delayed the completion of work by nearly 3 years (March 1999 against the stipulated date of May 1996).</p> <p>Though there were no recorded reasons for delay in execution, extension of time was given in a routine manner.</p> <p>Government stated (January 2000) that execution of masonry work was time consuming and required skilled labourers whereas cement concreting could be done in less time with higher out turn and that it was difficult to control and ensure the quality of masonry works especially when the lock wall structure would be below the water level. Reply is not enable as the problems of dearth of skilled labourers, poor workmanship, quality control, etc., in the case of masonry works and inherent advantages due to</p>	<p>(5) If R.R. masonry was done, it might have taken even more time and commissioning would have been further delayed.</p> <p>The reason for delay in commissioning is not that C.C. was used for lock wall. The time extensions have no relation with change in design of the structure. Since the bund would breach at the start of Monsoon, the available working time was limited to summer months only. As masonry work is time consuming, it would not have been completed within the limited working time available between the monsoons.</p> <p>It is therefore requested that the difficult site condition may be taken into account and the audit objections may be dropped.</p>

application of machinery for concreting works were foreseeable while preparing the design and estimate for the lock wall. In fact the design was changed due to inadequate soil investigation and defective estimates by the EE and failure of CE to detect these defects while approving the design

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**Report of The Comptroller & Auditor General of India For The Year Ended  
31-3-2001 (Civil) Remedial Measures Taken Statement**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Relevant part in the report</i>	<i>Remedial measures taken</i>
(1)	(2)	(3)	(4)
4.1.1	<b>Introduction</b>	<p>Kerala is endowed with rich water resources. The annual yield of water from 44 rivers in the State was assessed to be 70300 million cubic metres. However, the State Government has not evolved an Irrigation Policy as of August 2001. The Irrigation Department implements various irrigation projects/schemes to meet the irrigation requirements of farmers. The department is also engaged in coastal protection works and flood control works in the State. Utilisable water was estimated at 42000 million cubic metres. As against 22.70 lakh hectares of cultivable land in the State, the total area provided with irrigation was only 3.90 lakh hectares (net) (17%). Despite investment of Rs. 2735 crore as of March 2000, only seventeen percent of the irrigable area in the State had been brought under irrigation.</p>	<p>The projected ayacut can be irrigated on completion of the ongoing projects. It is expected to achieve ayacut to the tune of 26925 hectares by modernisation of the completed projects and 40948 hectares with the completion of the ongoing schemes and 11850 hectares by starting new schemes over the next four year period. Under Minor Irrigation also it is expected to create additional ayacut of 28679 hectares.</p>

4.1.2 **Organizational set up**

No remarks

Secretary, Irrigation Department was in overall charge of the department assisted by ten Chief Engineers (CEs). Works were executed through 68 Divisions under the supervision of 16 Circle Offices.

4.1.3 **Audit coverage**

No remarks

Some aspects of the working of the department were reviewed during February-June 2001 covering the period 1996-2001 by test check of the records in the Administrative Secretariat, Offices of four CEs, six Circle Offices and 25 Divisions.

4.1.4 **Financial management and budgetary control**

*Financial management and budgetary control*

(i) *Persistent under utilisation of budget provision*

(a) Budget provision vis-a-vis expenditure during 1996-97 to 2000-01 was as under : (Rs. In crore)

Year	Budget Provision			Expenditure			Savings		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1996-97	261.63	98.49	360.12	234.11	86.80	320.91	27.53	11.68	39.21
1997-98	264.42	95.04	359.46	231.40	86.47	317.87	33.02	8.57	41.59
1998-99	276.68	118.71	395.39	224.53	108.39	332.92	52.14	10.33	62.47
1999-2000	290.35	129.34	419.69	228.48	105.91	334.39	61.87	23.43	85.30

(i) (a) Irrigation Department is a cheque drawing department and it is regulated through letter of credit issued by Government in Finance Department. The expenditure was to be limited to state level resources available at that time though provision was available in the budget.

(1)	(2)	(3)										(4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)			
2000-01	271.60	116.93	388.53	207.57	100.78	308.35	64.04	16.14	80.18			
Total	1364.68	558.51	1923.19	1126.01	488.35	1614.44	238.60	70.15	308.75			

The total savings of Rs. 308.75 crore (16 per cent of the provisions) during 1996-2001 indicated unsatisfactory budgetary control. Even while there was significant savings, liability of Rs. 112.23 crore on account of contractors' pending bills was not met. Had the unutilized provision been judiciously re-appropriated, this liability could have been mostly liquidated.

Reasons for under-utilisation of funds had not been furnished by Chief Engineer/ Government (July 2001). Nearly 16 per cent of funds provided was not utilised on an average during 1996-2001. While non Plan expenditure went up by 16 per cent during 1996-2001, Plan expenditure declined through the five years. Plan funds formed 70 to 83 per cent of the total unutilised provisions during the period of review. While 10 to 15 per cent of funds provided for revenue expenditure remained unutilised during 1996-2001, non-utilisation of budgeted funds for capital expenditure increased from 8 per cent in 1996-97 to 29 per cent in 2000-01. Expenditure on capital works was slowed down during 1998-2001.

(b) In 1998-99, Rs. 380 lakhs was additionally authorised for RCB, Thrithala. Due to the delay in completing procedural formalities, the works could not be started. Hence the savings.

Savings under salaries and wages cannot be reappropriated to other sub heads.

In 2000-01, Government implemented a cut on plan expenditure. Hence the full amount could not be utilised.

*Idamalayar:* Works could not be arranged due to

(b) Some of the projects where substantial savings in works expenditure occurred during the last three years 1998-2001 were as under:

*Project/Scheme Saving (Rs. In crore) and their percentage in brackets*

	1998-99	1999-2000	2000-01
Idamalayar	13.01 (43)	0.48 (19)	2.47 (19)
Kuriyarkutty-Karappara	2.37 (69)	0.54 (41)	0.97 (77)
Kallada Irrigation	..	7.23 (39)	2.97 (16)
Banasurasagar	..	1.68 (68)	0.48 (21)
Chimoni-Mupli	..	2.14 (86)	0.99 (66)
Kabani	..	1.00 (10)	1.55 (15)
RCB Kanakkankadavu (NABARD assisted)	0.67 (16)	3.47 (69)	0.47 (94)
RCB Chamravattom	..	1.57 (95)	4.10 (95)
Velliyamkallu Causeway	2.39 (71)	0.28 (34)	0.21 (25)

non availability of forest land. Hence the provision could not be utilised fully.

*Kuriyarkutty - Karappara: 1998-99:* The final grant for the project was Rs. 342.25 lakhs, out of which Rs. 105.94 lakhs alone could be spent as the work was to be stopped due to a vigilance enquiry. Hence the savings.

1999-2000 Bills could not be cleared due to vigilance enquiry. Hence the savings.

2000-2001: There was a general cut on plan expenditure by 15% to 25%. Hence the savings.

(1)	(2)	(3)	(4)
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*Kallada:* Expenditure was limited to the LoC issued. Moreover, a number of works arranged under KIP was involved in cases and enquiries by special enquiry cell on account of sanction of exorbitant rate for extra items and sanction of additional works etc. Hence the works proposed/arranged could not be taken up/completed. Hence the savings.

*Banasurasagar:* Since the project was in the initial stage, full allocation could not be utilised.

*Chimony-Mupli:* Action Plan for Chimony Mupli was approved only for those works which were not related to vigilance or court cases. Also during 2000-01, the budget provision was reduced to Rs. 53 lakhs.

*Kabani:* Due to cases pending in the High Court of Kerala, the expected progress could not be achieved.

*RCB Kanakkankadavu :*  
The expenditure was limited to the actual requirement for

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clearing the pending bills. Works were not completed as anticipated.

*RCB Chamravattom* : The project was in the initial stage. The execution of the works was not commenced. Hence the savings.

*Velliyamkallu Causeway* : Rs. 337.42 lakhs was authorised additionally for the project in 1998-99. Even though division and sub division offices were formed, it was not possible to arrange the works in time after completing the formalities such as finalisation of prequalification tenders, land acquisition etc. Hence the savings.

*National Hydrology Project* : It was a World Bank Assisted Project. Delay in getting the acceptance of hydrological sites

In addition, major savings persistently occurred under three other major schemes as mentioned below:

<i>Project/Scheme</i>	<i>Saving (Rs. in crore) and their percentage in brackets</i>		
	1998-99	1999-2000	2000-01
(1)	(2)	(3)	(4)
National	3.75	6.77	3.99
Hydrology Project	(75)	(68)	(50)
Water Resources	3.17	4.61	8.15
Revamping and Consolidation	(45)	(31)	(41)

from CWC affected the ultimate progress of work. Besides, high water level due to prolonged monsoons, delay in finalisation of tenders due to quoting of high rates by contractors, poor response from contractors for difficult and unfavourable sites, delay in getting land etc. also affected the progress of work contrary to the expectations which led to savings. The project has been completed subsequently.

*Revamping & Consolidation :*  
The expenditure from the head earmarked for Revamping & Consolidation had to be limited to the letter: of credit released. Hence the savings.

*AIBP:* AIB Programme launched by Government of India aimed at assisting State Government with Central Loan Assistance (CLA) to accelerate completion of ongoing projects in advanced stage of construction

(1)	(2)	(3)		(4)	
	Accelerated Irrigation Benefit Programme	11.95 (13)	5.97 (29)	6.2 (30)	which yield bulk benefits on its completion. In Kerala two Irrigation Projects viz. Kallada Irrigation Project and Muvattupuzha Valley Irrigation Project were included in the programme in 1996-97 and subsequent years. The norms for release of CLA by GoI were in the ratio of 2: 1 between the GoI and GoK. If any backlog of expenditure was occurred during a financial year, on account of short release of fund by GoK no CLA will be released in the next financial year by Government of India. During 1996-97, 1998-99 and 1999-2000 shortfall in expenditure was occurred for KIP due to the existence of vigilance cases and enquiries. This resulted in the short release of AIBP assistance and less expenditure.
	The department furnished reasons for only a portion of savings in certain cases. Most of the savings was attributed to less expenditure due to non-completion of works, strict enforcement of economy measures ordered by Government etc.				

(c) Scrutiny revealed that during 2000-01 though Chief Engineer, Irrigation and Administration had sought Letter of Credit (LoC) for Rs. 74.56 crore from Government against a budgetary provision of Rs. 81.93 crore, Government issued LoC for Rs. 56.37 crore (69 per cent of budget allotment) only.

(ii) *Deficient budgetary procedure and expenditure control*

Secretary to Government Irrigation Department is the Chief Controlling Officer. Chief Engineer Irrigation and Administration forwards the budget estimates to Government. There are 90 Drawing and Disbursing Officers in the department.

(a) *Estimation of funds wide off the mark*

Budget estimates are required to be as accurate as practically possible and should neither be inflated nor under pitched. They have to bear a close approximation to the anticipated requirements assessed on the basis of past trends, liabilities to be discharged and that to be incurred in the ensuing year, etc. In the case of Supplementary Grant, they are to be obtained only when clearly anticipated and identified. These requirements were not met to a large extent while obtaining

An amount of Rs. 20 crores sanctioned for MVIP during 1998-99 under AIBP was also not released due to the shortfall of expenditure under AIBP in KIP. Hence the full provision could not be utilised.

(c): The Government in Finance Department issues LoC. At times they were forced to limit it to the actual resources available, in spite of budget allocation.

(ii) *Deficient budgetary procedure and expenditure control*

No remarks.

(a) *Estimation of funds wide off the mark*

Government have taken note of this and action has been taken to avoid recurrence in future.

(1)	(2)	(3)	(4)
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Supplementary Demand for Grants resulting in unnecessary/excessive provision as indicated below:

*(Rupees in Crore)*

<i>Year and nature of Expenditure</i>	<i>Budget Provision</i>	<i>Supplementary Provision</i>	<i>Actual Expenditure</i>	<i>Saving</i>
1998-99				
Revenue	84.73	10.95	83.47	12.21
Capital	154.09	27.94	163.62	18.41
1999-2000				
Revenue	97.98	14.72	94.85	17.85
Capital	192.89	2.93	153.06	42.76
2000-01				
Revenue	97.97	1.19	84.41	14.75
Capital	192.06	2.59	138.53	56.12

Excessive provisioning and resultant savings indicated not only inefficient estimation of funds required for the year but also failure to judiciously utilise the available funds on works which were in advanced stages under projects languishing for long periods.

(b) *Expenditure without provision*

According to State Budget Manual, no expenditure should be incurred on a scheme/service without specific provision of funds therefor. It was, however, noticed that in several cases expenditure was incurred without budget provision as shown below:

<i>Year</i>	<i>Nomenclature</i>	<i>Expenditure (Rs. in lakh)</i>
1996-97	Thanneermukkom Project-Direction and Administration	15.71
1997-98	Direction and Administration—Establishment charges transferred from 2701-80-General	20.09
	Modernisation and Water Management	12.48
1998-99	Thanneermukkom Project—Direction and Administration	44.91
	Chimony-Mupli Scheme—Major works	6.00
2000-01	Chitturpuzha Irrigation Project—Direction and Administration	65.58

(b) *Expenditure without provision*

As the Thanneermukkom Project was completed, no provision was provided under Plan head for salary. At the same time provision was also not made in the Non Plan Head. Salary being an inevitable expenditure, it could not have been avoided. Now provision is made under Non plan for meeting the salary expenditure of Thanneermukkom.

The expenditure incurred under Chimony Mupli scheme without provision during 1998-99 was for the payment of wages or SLR workers of the Department. This was an inevitable expenditure

In 2000-01, expenditure incurred under 4701-02-205 Chitturpuzha project without budget provision was for the inevitable expenditure of wages and salaries.

(1)	(2)	(3)	(4)
		(c) <i>Arrears in submission of Schedule of Settlement with Treasuries</i>	(c) <i>Arrears in submission of Schedule of Settlement with Treasuries</i>
		The Schedule of Settlement with Treasuries (SST) is one of the important documents designed to ensure that all the cheques drawn and remittances made by the departmental authorities are properly accounted for by the treasuries. Timely reconciliation between departmental books and treasury account is imperative to detect fraud etc., if any. However, this work has not been attended to expeditiously with the result that balances were outstanding under PW remittance and PW Cheques for long period as shown below:	Back log has been cleared and reconciliation is now being done regularly in time.

*(Rupees in Crore)*

<i>Name of circle/division</i>	<i>Earlier period from which due</i>	<i>Amount outstanding as of July 2001</i>	
		<i>PW remittances</i>	<i>PW cheques</i>
MI Circle, Thiruvananthapuram	April 1997	0.30	(-)10.00
KIP, LB Division No.1, Punalur	June 1999	I (-)0.83	(-)7.75
Irrigation South Circle, Thiruvananthapuram	Dec. 1999	0.30	8.54
KIP, III Division, Karunagappally	August 2000	5.07	3.24

(iii) *Action Plan is disregarded*

Government provided Rs. 8.74 crore in the budget for 1999-2000 for various works under Pazhassi Irrigation Project and approved Action Plan for Rs. 7 crore in December 1999. However, the action plan was flouted by the departmental officers. The Superintending Engineer/ Executive Engineer/Assistant Engineers arranged 402 works costing Rs. 15.39 crore of which 161 works costing Rs. 4.47 crore were not included in the Action Plan. Against those 402 works executed at Rs.15 crore, payment was made for Rs. 8.68 crore, leaving an undischarged liability of Rs. 11.47 crore. The Superintending Engineer, Project Circle, Kannur stated (May 2000) that execution of works outside the Action Plan was arranged, as requested by the farmers, local bodies and peoples' representatives. Thus evidently deviation from the Action Plan was resorted to at the junior levels without obtaining Government approval and additional funds. This also indicated that internal controls in the department to ensure compliance of Actions were not functional and the lower I functionaries could ignore the Action Plans to suit local conditions.

(iv) *Avoidable lapsing of fund*

Banasurasagar Project sanctioned in January 1999 was allotted funds of Rs.1.75 crore during 1999-2000 and LOC for Rs. 1.56 crore was released in the last quarter of the year (January-March 2000). Works were commenced only in January 2000 due to administrative delays. Reappropriation of funds proposed by Chief Engineer (Project I) Kozhikode was no sanctioned. Expenditure incurred on the project was Rs. 77.05 lakh and Rs.78.891lakh lapsed.

(iii) *Action Plan is disregarded*

The matter was enquired into and departmental action initiated against the offices responsible for the lapse.

(iv) *Avoidable lapsing of fund*

Action has been taken to avoid lapse of funds.

(1)	(2)	(3)	(4)
	<p>(v) <i>Irregular operation of Public Works Deposit</i></p> <p>In 12 out of 25 divisions test-checked, Rs. 1.13 crore of contractors' claims was withheld during 1995-2000 while passing the bills, and booked under "Public Works Deposit" for want of sufficient LoC. The amounts so withheld were not released during the same financial year. This resulted in over reporting of expenditure without actual payment and circumvented the LoC system. The payments were released during subsequent year after obtaining LoC.</p>	<p>(v) <i>Irregular operation of Public Works Deposit</i></p> <p>Strict instructions have since been issued to the Executive Engineers to avoid this practice. No such cases are noted later.</p>	
	<p>(vi) <i>Miscellaneous Works Advances</i></p> <p>Miscellaneous Works Advances (MWA) is a suspense head of account operated to record transaction on account of (i) sale of stores on credit pending realization of cost, (ii) expenditure incurred on deposit works in excess of deposits received pending recovery of such expenditure, (iii) losses and excess in accounts awaiting recovery, regularization or adjustments and (iv) other items of debits the allocation of which is not known or which cannot be adjusted until recovery is effected or write off ordered. In Irrigation Department, the balances outstanding under MWA in 16 divisions as of March 2000 was Rs. 54.23 lakh pertaining to the period from 1968-69 onwards (vide Appendix XXVI). The Prolonged non-</p>	<p>(vi) <i>Miscellaneous Works Advances</i></p> <p>Necessary instructions have been issued to the concerned to reduce/adjust the outstanding balances.</p>	

clearance of outstanding balances under MWA, needs to be looked into and action taken to recover the over due amounts or adjust the debits to the concerned final head.

#### 4.1.5 Programme Implementation

##### B. *Status of implementation of projects*

Implementation of various major and medium irrigation projects was under the immediate jurisdiction of three CEs - (i) Chief Engineer, Projects I at Kozhikode in charge of the projects in the six northern districts, Projects II at Thiruvananthapuram responsible for the projects located in the remaining eight districts and (iii) Chief Engineer, Projects III at Kottarakkara exclusively for Kallada Irrigation Project (in Kollam District).

The State Planning Board fixes priority for implementation of the incomplete projects depending on the availability of funds, every year. Monitoring of project implementation is done by the State Planning Board and the evaluation of the projects is conducted by the Investigation, Design and Research Board (IDRB). Out of 30 Major and Medium Irrigation Projects taken up for execution in the State since 1947, 16 projects were completed. Nine projects were under various stages of execution and 5 projects under investigation stage.

##### B. *Status of implementation of projects*

Priorities for completion of the projects are decided by the State Planning Board and allocation for the purpose is also decided by them. The State Planning Board allocated funds for the projects taking into consideration the financial resources of the State. Usually, the allocation provided in the budget for such projects were insufficient to keep the time frame set for completion. At times even the allocations provided could not be released by Government due to the precarious financial resources of the State. Labour problems and

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The details in respect of 14 projects (On-going: 9 and under investigation: 5) are given below:

SI No.	Name of Project	Year of sanction	Estimate		Year of last revision	Cost escalation (in %)	Expenditure upto March 2000 (Rs.in crore)	Ex-pected To be irrigated (net)	Physical achievement
			Original	Revised					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>On-going</b>									
1	Pazhassi	1962	4.42	150.00	1999	3293	144.83	11525	6348
2	Karappuzha	1979	7.60	253.00	1999	32.28	169.91	5221	
3	Kanhirappuzha	1961	3.65	140.00	1999	3735	973.37	9713	7266
4	Kuriyarkutty Karappara	1978	10.36	197.00	1999	1427	11.27	17488	
5	Idamalayar	1981	17.85	412.00	1999	2208	101.13	14394	
6	Muvattupuzha	1974	20.86	515	1999	2368	300.81	177.37	
7	Kallada	1961	1328	725.00	1999	5356	584.82	61630	35602
8	RCB Thrithala	1998	19.00	26.60	1999	40	3.92	1301	

arbitration cases in Chimony Mupli and Kallada Scheme was another cause. These have led to time over run and the consequent cost escalation.

In order to speed up completion of schemes which are already delayed, Projects such as Pazhassi, Kanhirappuzha and Kallada had been included in the winding up scheme.

Central loan assistance under AIBP for Kallada and Muvattupuzha has also been obtained. Karappuzha Irrigation Project will be commissioned partially during 2006-07. Banasurasagar Project is also proposed for partial commissioning during 2007-08. In OP No.445/2000 the Hon'ble High Court of Kerala has directed to arrange and complete necessary works for providing irrigation facilities upto Korayar,

9	Banasurasagar	1979	8.00	50.00	1999	525	3.90	2800
<b>Under Investigation</b>								
1	RCB Chamravattom	1985	13.27	120.00	1999	804	5.79	3106
2	Attappady Valley	1970	4.76	161.00	1999	3282	9.12	4347
3	Chaliyar	1981	10.61	645	1992	5979	6.52	73240
4	Meenachil	1981	35.00	128	1996	265	5.06	9960
5	Vamanapuram	1981	19.82	260	1996	1211	13.19	8800

which has been executed. A special purpose vehicle has been set up to complete the Regulator cum Bridge at Chamaravattom under private public partnership utilizing the viability gap funding of the Government of India. 99% of the works of Regulator Cum Bridge Thrithala has been completed and it can be commissioned soon.

As of March 2000, Rs.1457.64 crore was invested by Government on these 14 projects. The time overrun in completion (except one project) ranged between 14 and 40 years as of March 2001 and the consequential cost over run was approximately 3 to 60 times. Failure to complete the projects on time resulted in exorbitant cost overrun and denial of delayed delivery of intended irrigation benefits. Delayed completion also entailed infructuous expenditure due to changes in cropping pattern and reduction in ayacut over the years.

Project implementation of some of the major irrigation projects was reviewed in audit from time to time and major findings featured in previous Audit Reports. Some of the more important and commonly

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found drawbacks, deficiencies and irregularities in project execution brought out in recent Audit Reports are listed below:

<i>Deficiency/ irregularity in implementation</i>	<i>Name of Irrigation Project</i>	<i>Reference to Report for the year ended 31 March and audit pragraph (in bracket)</i>
(1)	(2)	(3)
(i) Endemic time and cost overrun resulting in steep decline in benefit cost ratio making many projects economically unviable	Pazhassi	1992 (4.1)
	Muvattupuzha Valley	1994(4.1)
	Idamalayar	1995(4.1)
	Kanhirappuzha	1996( 4.1)
	Karappuzha	1997( 4.1)
(ii) Low physical achievement of ayacut compared to that envisaged in the project documents despite massive investment of project funds downsizing the projected ayacut midway of execution of	Chimony	1999( 4.1)
	Pazhassi	1992(4.1)
	Kuttiyadi	1993(4.1)
	Muvattupuzha Valley	1994(4.1)
	Idamalayar	1995(4.1)
	Kanhirappuzha	1996( 4.1)
	Karappuzha	1997( 4.1)

the project by reducing canal lengths, erroneous target of ayacut to be achieved etc.

(iii)	Idle establishment expenditure because of unduly long gestation period	Chaliyar	1990(4.12)
		Karappuzha	1997(4.1)
		Chamravattom	1992(4.3)
(iv)	Failure to diversify cropping pattern as originally envisaged to derive maximum benefit commensurate with the massive investment of funds	Pazhassi	1992(4.1)
		Kuttiyadi	1993(4.1)
(v)	Profuse leakages in dam posing danger to its structural stability and safety, huge avoidable expenditure on rectification charges and lower utilisation of the storage capacity leading to diminishing irrigation potential	Kuttiyadi	1993(4.1)
		Kanhirappuzha	1996(4.1)
		Chimony	1999(4.1)

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(1)	(2)	(3)	(4)
(vi)	Execution of non-essential works disregarding the directions of superior officers	Chimony Kallada	1999(4.1) 1999(4.5)
(vii)	Arrangement of works bypassing open tender system	Karappuzha	1997(4.1)
(viii)	Wastage of Irrigation water as 'run off' due to overlapping of ayacut or non-development of ayacut.	Chimony	1999(4.1)

#### **B. Poor Performance by Investigation and Design Wing**

In order to strengthen the Investigation and Planning wing Government entrusted (September 1991) the work with the Chief Engineer Investigation and Planning. The Chief Engineer (DR), IDRB was to be in charge of design, research, technical examination of project reports, monitoring, quality control and evaluation.

#### **B. Poor Performance by Investigation and Design Wing**

##### **(i) Poor performance of Design Wing**

Only two Joint Directors and two divisions in IDRB were fully engaged in design works. The other divisions were engaged in other work relating to Hydrology, Inter State matters, Dam Safety, Technical Examination and Design Manual.

(i) *Poor performance of Design Wing*

The Design wing of IDRB is headed by a Chief Engineer who is assisted by 7 Executive Engineers, 17 Assistant Executive Engineers and 46 Assistant Engineers. Designs of structures estimated to cost above Rs. 30 lakh were to be done by this wing. It was seen that a number of designs finalised by Chief Engineer (Designs) decreased from 32 in 1996-97 to 19 in 2000-01, while number of pending designs increased from 4 in 1997-98 to 24 in 2000-01 as shown below:

Particulars	Period				
	1996-97	1997-98	1998-99	1999-2000	2000-01
Designs finalised	32	31	21	21	19
Designs Pending	6	4	7	10	24

Chief Engineer IDRB requested (March 2001) to initiate action to evaluate the functions of the wing. While examining audit paragraph on Pazhassi Irrigation Project (vide paragraph 4.1. Report for the year ended 31 March 1992) the Committee on Public Accounts recommended (April 1999) to strengthen and revamp the Investigation wing with modern technology.

The design works executed relates to the design of overflow and non overflow sections of dams, spillway channel earth dams, underground dams etc.

The observations in the audit are based on a concept that the nature of work and time involved in each design is uniform. That concept is not true. Each design is unique in itself. Each has its own characteristic with regard to the key data such as soil report, longitudinal sections, contour etc. Since the volume and nature of each design vary the skill, labour and time consumed in finalisation of the same also vary. One type of design has no comparison with the others. Usually the details furnished from the field will be deficient.

(1)	(2)	(3)	(4)
		<p>In March 1998, the wing purchased and installed (July 1998) computers worth Rs. 32.85 lakh as part of the modernisation programme of IDRB. However, no design packages (software) were available for preparing complete design of the irrigation structures.</p>	<p>Hence clarifications have to be called for from the respective fields and the same can be finalised only after receiving the clarifications. The said situation often prolongs the gestation period of design work in IDRB. This should not be considered as delay in design.</p> <p>During the years 1998-2001, the majority of the design works finalised related to major projects, MI works with bridges, canal breach rectification etc. These works were of complex nature. They also involved revisions of designs. These revisions on major designs consumed much labour, man power and considerable time for evolving the fully finished designs.</p> <p>It is not correct to say that the designs were kept pending in IDRB. In fact, none of the</p>

designs received in IDRB was kept pending. The figures shown against each year as pending were actually designs on which the work was in progress. The same were later finalised and forwarded to the field. It is often experienced that the original soil report recommends one type of foundation and after obtaining the final design from IDRB, at the time of execution, the field officers report that the foundation recommended in the soil does not suit to the actual soil conditions. They then request for a change in design based on the newly observed soil factors. The designs are then revised based on the fresh parameters and respective field data and soil conditions received from the site. A design revised as per the revised data is not a defective design. It is a revised design done under the newly observed features.

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In March 1998, the design wing purchased computers worth Rs. 32.85 lakhs as part of the modernisation of IDRB. But as design of irrigation structure is unique and involves so many parameters, no ready packages for complete design are available as such. But using the available software packages like MS-Excel the design of irrigation structures like Aqueduct, Stability analysis of dams etc. are being done. The structural drawings are prepared in AUTOCAD. The design of buildings is being done using the STAAD software.

(ii) *Post agreement changes in design resulting in cost overrun*

(a) On the basis of the tentative design, Superintending Engineer SE, Minor Irrigation North Circle, Kozhikode awarded (October 1992) construction of Regulator cum Bridge and approach at Kavanakkallu (Minor Irrigation Division, Malappuram) to a contractor for an amount of Rs. 7.90 crore. On receipt of the final design based on detailed site investigation, the scope of work was drastically changed (October 1996) resulting in the upward revision of estimate and expenditure as of March 2000

(ii) *Post agreement changes in design resulting in cost overrun*

The Administrative sanction for the work mentioned was accorded by the Government as per G.O. (Rt.) No. 776/92 dated 18-8-1992 for an amount of Rs. 820 lakhs, based on an estimate prepared on the basis of a

aggregating to Rs. 14.29 crore. This included an expenditure of Rs. 1.50 crore on two approaches entrusted to the contractor as extra items. Excluding the cost escalation admissible to the contractor, the cost overrun on the work amounted to Rs. 4.89 crore. Thus, work was awarded by the department to the contractor on defective design.

- (b) Under Pazhassi Irrigation Project, 15 lining works in the vulnerable reaches of the main canal were arranged during 1997-99 at a cost of Rs. 1.46 crore. While the works were under execution, the project authorities felt the need to change the thickness of lining to avoid breaches. Accordingly, the estimates were revised upward. Expenditure incurred on the works came to Rs. 2.16 crore, which was 48 per cent in excess of the agreed value of contract. Inadequate site surveys leading to change in the scope of work resulted in cost overrun of Rs. 70.22 lakh

tentative design received from the Chief Engineer IDR, Thiruvananthapuram as per IDR /DD/DAM/R&G/ AD3-3573/90 dated 23-7-1991.

The work was tendered and the agreement was executed for the work vide agreement SE(MI) 18/92-93 dated 16-10-1992 with an agreement PAC OF Rs. 7,90,46,809 as per 1990 schedule of rates. The above agreement was not inclusive of items like approach roads on either side of the regulator, supply and erection of shutter arrangements and other small structures like office buildings, staff quarters, etc. at the site of construction work for which only L.S. provisions were provided in the estimate sanctioned for Rs. 820 lakhs as per 1990 schedule of rates.

The work was commenced on 25-10-1992, but the tentative design received from IDR did not include the detailed drawing of the component parts of the

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structures to be constructed. Hence the Chief Engineer IDRB was contacted for finalisation of the full-fledged design and he had forwarded the necessary drawing part by part as the work was progressed. This had been so done for not hampering the progress of the work.

As such almost all the items were to be changed or modified to suit the financial drawings of the IDRB. For those items or work which were not included in the original agreement, sub-estimate were prepared based on the finalised design of IDRB. The Chief Engineer (I&A) then sanctioned such modified sub estimates as detailed below:

- (1) W3-12518/90 dated 30-3-1993 of Rs. 1,53,44,930
- (2) W3-12518/90 dated 15-9-1993 of Rs. 1,13,00,000
- (3) W3-12518/90 dated 26-4-2004 for Rs.4,09,56,755.

- (4) W3-12518/90 dated  
25-8-1994 for Rs. 52,12,282.

These estimates were sanctioned based on the 1990 schedule of rate and the contractor hence was allowed tender excess of 32.32% of the original agreement. The alignment of the approach roads on either side was also finalised as the work progressed. Sub estimates were also prepared and sanction was accorded, by the CE with direction to carry out the work through the original contractor, as per his agreed rate. The works so entrusted were as follows:

5. W3.12518/90 dated 24-5-1993 for Rs. 84,50,000 for the approach road on Kozhikode side.

6. W3.12518/90 dated 25-7-1994 for Rs. 31,74,595 for the approach road on Malappuram side.

The contractor had not executed supplemental agreements for the sub estimates 2,3,4. But the

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(1) (2)

(3)

(4)

contractor had represented the Government for enhancement of rates for those items which are not included in the original agreement as well as supplemental agreements, highlighting the huge escalation in the cost of materials and labour charges. Government after having examined the recommendations of the committee constituted ordered enhancement of rates as per G.O.(Rt.)No.227/96/IRD dated 20-2-1996.

The bridge was commissioned and opened for traffic on 21-11-2000. The total anticipated expenditure of the project as per the revised estimate comes to Rs. 22.42 crore against the agreement of Rs. 7.90 crores.

In this connection it can be noted that if the work were started based on the full fledged design it could have been started only during 1994. The then estimated cost of the work would be around

Rs. 1500 lakhs with other escalation such as tender excess etc., PAC of the work would have been Rs. 2,400 lakhs minimum. This amount is even much above anticipated expenditure of the project (Rs. 22.41 crores).

Hence the Government stood gained in the case or both ways.

(1) Financial advantage to the tune of Rs. 1.60 crores minimum to the Government. (2) If the work was started on full fledged design, the work would have been completed by only during 2002. But the work was commissioned during 11/2000.

(b) Changes were made due to the vulnerable nature of the canal. Conventional lining of canal was inadequate and different method is adopted for attaining full strength in the vulnerable reach of canal. Hence the extra expenditure. Care has been taken and instructions issued to avoid recurrence of such instances in future.

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(1)	(2)	(3)	(4)
		<p>(iii) <i>Extra expenditure due to defective investigation</i></p> <p>The supply of water to Moolathara regulator of Chitturpuzha project was being made from Parambikulam-Aliyar (PAP) under PAP agreement with Tamil Nadu. Anticipating release of tailrace water from Karappara Hydroelectric project on its commissioning, it was decided (1980) to extend the Moolathara Right Bank Canal of Chitturpuzha project for a length of 32.625 km with a view to utilizing the surplus water. The first phase of widening for a length of 4.125 km was undertaken during 1984-86 at a cost of Rs. 89.86 lakh. As per the revised proposals submitted in March 2000, further extension of this canal beyond 4125 meters was very costly as a large tunnel had to be constructed. The Valiavallampahthy Branch canal, which takes off from Chainage 2013 metre was, therefore, proposed to be widened to rejoin at Chainage 61000 metre of the old alignment. The defective investigation rendered the expenditure on the canal excavation from Chainage 2013 metre to 4125 metre at a cost of Rs. 46.011akh infructuous.</p>	<p>(iii) <i>Extra expenditure due to defective investigation</i></p> <p>The formation of Moolathara Right Bank Canal was started in 1970 and partially completed in 1972. Initial proposal of the canal was to cross the Palakkad Pollachi road through a tunnel. Subsequently MRBC was proposed as part of the Kuriyarkutty-Karappara Project. This work was started in 1980. After completion of the canal for a length of 4125 the work stopped in 1984. The work was resumed in 1993. The alignment of the tunnel was analysed costly and time consuming. Alternate alignment was studied and the canal works started accordingly in 1995. As per the alignment the existing Valiyavallampathy canal from 2013 M to MRBC also proposed to be widened from ch. 2013 m to 12075 m and a new canal is to</p>

be formed to meet the old alignment at ch. 6100 m. The canal formed ch. 2013 m to 4125 m is expected to make a water collecting pool for the Moongilmada Lift Irrigation Scheme, which is also part of Kuriyarkutty - Karappara Irrigation Project. It is to be noted that five numbers of direct sluices are connected to wells and functioning as stray lift to feed the ayacut area.

Five numbers of 10 HP Pumpsets installed for direct pumping from the canal for Irrigating lands. Altogether around 500 acres of land got benefit of the canal at present by formation of Moongilmada Lift Irrigation Scheme. The entire portion of the canal from ch. 2013 m to 4125 m is fully useable. All these aspect are taken into consid- eration while proposing alternate alignment. Hence the expen- diture on this canal is not at all a waste.

(1)	(2)	(3)	(4)
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4.1.6 **Maintenance of Irrigation system**

(i) According to Kerala Public Works Departmental Manual, all completed irrigation projects including minor irrigation structures costing over Rs. 1 lakh are to be maintained by the department according to the norms fixed by Government. Expenditure on maintenance of five completed projects in Palakkad District by two irrigation divisions was higher than the rate fixed by Government as shown below :

<i>Project</i>	<i>Total ayacut in hectares</i>	<i>Per hectare cost approved by government</i>	<i>Per hectare expenditure actually incurred (in rupees)</i>			
			1996-97	1997-98	1998-99	1999- 2000 (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Malampuzha, Mangalam and Pothundy maintained by irrigation Division, Malampuzha	29507	Rs. 180 (Upto February 1999), Rs. 240 (from March 1999)	193	240	311	268

*Maintenance of Irrigation System:*

(i) Malampuzha, Mangalam, Pothundy., Walayar and Gayathri Projects were constructed years back. In order to maintain effective water distribution rectification works have to be carried out in addition to the annual maintenance works which are mainly continued for removal of silt. Expenditure incurred on rectification and protection works cannot be clubbed with annual maintenance expenditure.

(ii) Under Revamping and consolidation Programme 10 projects were studied namely, Cheerakkuzhy, Gayathri, Malampuzha, Mangalam, Neyyar, Pothundy, Peechi, Walayar, Vazhani and Regulating structures of Kolelands-Thrissur and administrative sanction accorded for Rs. 50 crores vide G. O.

Gayathri a n d W a l a y a r maintained by irrigat- ion Divisi- on, Chittur	9487	Rs. 180 (Upto February 1999), Rs. 240 (from March 1999)	416	617	594	401
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The per hectare maintenance expenditure incurred under the Walayar Project was the higher (Rs. 617 as against the norm of Rs. 180 to Rs. 240 per hectare). The total excess expenditure due to excess maintenance cost was Rs. 1.87 crore. Besides, in three projects under Malampuzha Division Rs. 2.61 crore was additionally spent for special maintenance during the period 1997-2000.

(i) Expenditure incurred on Revamping and consolidation Programme in 16 projects during 1991-2001 was as shown below :

<i>Sl. No.</i>	<i>Number of Projects</i>	<i>Period of implementation</i>	<i>Source of fund</i>	<i>Expenditure (Rs. In crore)</i>
(1)	(2)	(3)	(4)	(5)
1	6	1991-95	World Bank aided National water Management Project	23.98

Rt. No. 134/2000/IRD dated 27-1-2000. Of these, Gayathri, Malampuzha, Mangalam, Pothundy and Walayar are in Palakkad Distrcit. The Scheme was intended to be completed during the IXth Plan itself. As the Action plan for the 3rd year was not approved, the scheme could not be taken as planned. Now the schem has been carried over to the Xth Plan and is to be taken up immediately to acheive the desired benefits. The project so far implemented is under evaluation. The land at the tail ends, which were devolved of irrigation, has to be fed properly, water use efficiency and the crop yield has to be increased. This activity is to be extended to the second generation projects viz., Pamba, Kanakkankadavu,

(1)	(2)	(3)			(4)
(1)	(2)	(3)	(4)	(5)	
2	9	1992-2001	State Plan Scheme (Planning Board approved)	17.36 (Upto December 2000)	Pazhassi, Kanhirappuzha and Periyar Valley during the Xth Plan. The main objective of this programme is to achieve improved productivity by intensifying water use efficiency in the canal system.
3	1	1996-99	NABARD	2.68	

Scrutiny revealed that though major portion of the above expenditure was incurred on lining of canal works to prevent loss of water additional ayacut was not created. Executive Engineer, Irrigation Division, Chittur stated that the canal system was in a dilapidated condition and hence, the investment was meant for stabilizing the system on the ayacut. This was not tenable as huge amounts had already been spent on annual maintenance and repair charges on a regular basis for stabilizing this system. As such, further expenditure of Rs. 44.02 crore on Revamping and Consolidation Programme was not justified and served no useful purpose.

(iii) In January 1991, Government sanctioned construction of a Mini Hydel Project at the barrage in Pamba Irrigation Project at Maniyar and allotted the work to a private firm. According to the agreement between KSEB and the firm, royalty for use of water from the barrage and cost of component for the controlled release of water was payable by the firm to KSEB, whereas Irrigation Department was maintaining its barrage and controlling release of water incurring an expenditure of Rs. 14.23 lakh for the last 5 years. In the absence of any agreement between the firm and Irrigation Department in this regard, service charge could not be realised from the firm by the department.

It can very well be realised that a scheme left incomplete may even retard the success of the already implemented portion. It is apprehended that the works already taken up may become infructuous unless the continuity is obtained and the supporting auxiliary works are attended to simultaneously. Hence an estimate amounting to Rs. 50 crores for additional works to be taken up under the Revamping Scheme for 8 projects. This includes projects of Palakkad District.

4.1.7 **Irrigation Potential created and utilised**

As of March 2001, the cumulative investment on major and medium irrigation projects in the State was Rs. 275.42 crore. Fourteen completed major/medium irrigation projects were brought under Command Area Development Authority (CADA) between 1985 and 1993. The achievement of potential utilised (PU) reported to Government of India, by CADA was 2.80 lakh hectares (gross) against the potential created (PC) of 3.45 lakh hectares (81 per cent as of March 2000). In three projects, achievement of PC was low (Vazhani - 35 per cent, Peechi - 54 per cent and Neyyar - 67 per cent). The fact of unreliable reporting of achievement of PC and PU by CADA was commented upon in paragraph 7.13.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998.

In addition to the above scheme, on the face of the threat of acute water scarcity, it is equally necessary other than to build new projects, to renovate, to expand the existing water impounding structures such as ponds, tanks, which had been built several years earlier and now kept abandoned.

In the above consequences, it may be realised that the investment meant for stabilizing the ayacut, system was done with bona fide intentions and is capable of being justified.

(iii) The matter is being taken up with the KSEB to make necessary changes in the agreement with the firm so that service charges could be realized by the Irrigation Department.

*Irrigation Potential created and utilised*

There was no specific norms for the calculation of potential utilised and potential created.

(1)	(2)	(3)	(4)
4.1.8	<b>Management of human resources</b>	<i>(i) Over staffing</i>	The achievement of potential created was low under Vazhani and Peechi due to lack of adequate maintenance upto 2000 March. Due to the old age of the projects the conveyor system was in dilapidated condition which resulted in the reduction of ayacut and thereby reduction in the potential created. Revamping helped to increase the potential created to a great extent.
	As of march 2001, Irrigation Department has 7196 staff (Technical 3900; Non-Technical 3296). Out of 68 Divisions, 57 are working divisions. Even while many staff were under utilised without adequate works to attend to, the department recruited 712 staff (Technical 344; Non-Technical 368) during 1996-2001. According to norms fixed by Government of India in September 1990, establishment expenditure on irrigation projects was not exceeding 15% of works expenditure including expenditure on investigations. A scrutiny of the records in four projects revealed that establishment expenditure was very high vis-a-vis works expenditure. Establishment	<b>Management of human resources</b>	<b>(i) Over staffing</b> Chimony Dam Project was abolished on 10-12-1998 by retaining one sub division and two section offices. The remaining staff was deployed to other offices. Thus the establishment expenditure has been reduced to the minimum possible for the maintenance of the project.

expenditure constituted 41 per cent to 94 per cent of works expenditure in these projects during 1996-2001 vide table below:

<i>Name of project</i>	<i>Period of expenditure</i>	<i>Sanctioned staff strength</i>	<i>Establishment expenditure (Rs. In lakh)</i>	<i>Works expenditure (Rs. In lakh)</i>	<i>Percentage of establishment expenditure to works expenditure</i>
(1)	(2)	(3)	(4)	(5)	(6)
Chimony Mupli Scheme	1996-2001	67	199.02	485.67	41
Kallada Irrigation Project	1997-2001	2164	5265.91	7303.30	72
Kuriarkutty Karappara Irrigation Project	1997-2001	84	126.00	134.53	94

In Banasurasagar Project, establishment expenditure incurred during 1996-99 was Rs. 75.45 lakh while works expenditure was insignificant, being Rs. 1.4 lakh only. Under Kallada Irrigation Project which is under execution since 1961 there were one Chief Engineer (Projects III), three Circle Offices

There were 22 division offices and 4 circle offices for KIP. Out of these 19 division offices and 3 circle offices including the post of Chief Engineer were abolished and the staff were redeployed. Now there are only three divisions and one circle office for the Kallada Irrigation Project, which is the barest minimum required for running the project activities.

The staff deployed for Kuriarkutty-Karappara was the barest minimum. The works of this project could not be taken up due to paucity of funds and vigilance cases. Hence much expenditure could not be incurred for works.

Under Banasurasagar Project, the available staff was engaged for investigation work. Only the investigational work could be carried out during this period and hence the expenditure was very nominal.

(1)	(2)	(3)	(4)
	<p>and seven divisions. As against the expenditure of Rs. 14.39 crore on their establishment during 1999-2000, work expenditure was only Rs. 11.92 crore. Thus there was excess deployment of staff in the project without adequate work.</p>	<p>The Chief Engineer (Project Coordinator), European Economic Community (EEC) with supporting staff of 34 was engaged only in passing of bills in respect of works undertaken with EEC assistance which were attended to by Minor Irrigation (MI) divisions, through MI Divisions were under Chief Engineer (Irrigation and Administration). Thus he was not engaged in any substantive technical work.</p>	<p>The EEC had insisted for separate control for EEC assisted schemes through a separate Chief Engineer. Though a Chief Engineer was provided, in order to reduce the expenditure on staff, the work related to EEC schemes were got executed by utilising the existing staff of Minor Irrigation.</p>
	<p>There are no clear norms for creation/continuance of the post of Deputy Chief Engineers/Superintending Engineers. In one case, works of two mechanical divisions were controlled by two Deputy Chief Engineers and one Chief Engineer. In the Mechanical Division, Malampuzha, no works were undertaken for want of technical personnel though its main activities included fabrication, erection and repair works of regulator gates of mechanical structures and repair works of tools and plant of Irrigation Departments.</p>	<p><b><i>(ii) Unnecessary retention of an establishment and consequent payment of idle wages</i></b></p>	<p>The two mechanical divisions of Irrigation are under the control one Deputy Chief Engineer. The other Deputy Chief Engineer looks after the mechanical divisions under the PWD. Now the mechanical division of Irrigation at Malampuzha is having sufficient work for the Deputy Chief Engineer and his staff.</p>
	<p>.The project office under a SE (Project Director) formed in 1986 exclusively for the Externally Aided Project - Kuttanad Water Balance Study Project was discontinued with effect from 31 st March 1990 on submission of project report to Government in December 1989. However, the office</p>	<p><b><i>(ii) Unnecessary retention of an establishment and consequent payment of idle wages</i></b></p>	<p>The Kuttanad Water Balance Study Project was expected to be</p>

continued to function with nine staff for a period of ten years without any specific duty to be performed. Finally, Government ordered (June 2000) redeployment of the staff by forming the office of the Coordinator, External Aided Schemes. The newly created office, however, ceased to function in July 2000. The expenditure of Rs. 84.90 lakh incurred on the Cell for the period April 1990 to July 2000 was infructuous.

***(iii) Infructuous expenditure on a dormant investigation division***

One Investigation Division functioning at Kannur was entrusted with the investigation of 12 major projects in 1996-97. None of the work has been completed so far (June 2001). Out of investigation works on 160 check dams entrusted to the division during the period 1997-2001, investigation in respect of three check dams only has been completed during 1999-2000. Against the sanctioned staff strength of 160, the division was having 84 staff in position as of March 2001. No tangible work had been done by the divisions in the last five years while expenditure incurred on staff was Rs. 3.46 crore. The department attributed non-completion of the work to non-allotment of required funds and non-availability of technical staff and vehicles.

***(iv) A division for canal formation was idle for five years***

Periyar Valley Irrigation Project (PVIP) started in 1956 was partially commissioned in 1967 after completion of 94 per cent of the distributaries at a cost of Rs. 100.55 crore. The project was declared completed and brought under Command Area Development Programme from March 1992. Though a division at Aluva with 100 staff was functioning exclusively for

assisted by the Netherlands Government. It was a pre-condition by them to set up an office first for materlising the Project. Later the Netherlands Government withdrew from their offer and the staff was to be redeployed.

***(iii) Infructuous expenditure on a dormant investigation division***

Investigation works are done by the department itself. Advance Letters of credit are necessary for carrying out the work. Letters of credit have been issued only at the fag end of the financial year. Shortage of technical staff was another cause. Hence the work could not be executed in time.

***(iv) A division for canal formation was idle for five years***

The Periyar Valley Irrigation Project completed and commissioned is at present having two division offices-one

(1)	(2)	(3)	(4)
	<p>canal formation work, the entire staff were idling since March 1992, as no work had been executed by the Division thereafter. The idle wages paid to the staff for five years from April 1996 to March 2001 amounted to Rs. 3.88 crore.</p>		<p>at Aluva and the other at Perumbavoor. The Division at Perumbavoor is attending the maintenance works of canals and dam at Idamalayar. This Division also attends the work arranged under CADA.</p> <p>The Division office at Aluva is attending the entire LAR cases of PVIP totaling Rs. 6 crores and is in various stages of decree. Moreover, certain major works arranged under the tail end of the major distributaries have been carried out by the division. Certain works arranged under Maintenance of Major Irrigation System was also executed by this division.</p>
	<p><b>(v) Lack of skilled workers led to idling of mechanical division</b></p> <p>Irrigation Department has two Mechanical Divisions at Thanneermukkom and Malampuzha. These divisions were to attend to mechanical works of the department. In Malampuzha Division, there was no skilled workers although 64 posts of skilled workers were sanctioned as of March 2001. As</p>		<p><b>(v) Lack of skilled workers led to idling of mechanical division</b></p> <p>Since the special Rules have not been finalised recruitment to the posts could not be made. Now the works are arranged on contract basis through competitive tenders.</p>

such, the machinery, tools and plant in the workshop remained idle for the last 5 years. The annual establishment expenditure on other staff during 2000-01 was Rs. 57.15 lakh (1 Executive Engineer, 4 Assistant Executive Engineers, 8 Assistant Engineers and other administrative staff).

**(vi) Idle staff on investigation of projects**

In the five projects under investigation, 399 staff (Technical 221, Non-technical 178) were idling as of March 2001. No target idle for completion of the investigation works has been fixed. Expenditure of Rs. 21.08 crore incurred on establishment in respect of 4 divisions during 1996-2001 was largely unfruitful as no tangible work was done by the staff during this period. The details are given in the following table:

Name of Project	Number of idle staff			Establishment expenditure during 1996-2001 (Rs. In crore)	Remarks
	Technical	Non-technical	Total		
(1)	(2)	(3)	(4)	(5)	(6)
Vamanapuram Irrigation Project	84	66	150	10.09	Works on the project had not been started due to non availability of land and inadequacy of funds.

Most of the mechnery is obsolete and is being disposed of.

**(vi) Idle staff on investigation of projects**

The Vamanapuram Project was faced with some public protest on the issue of submergible area. A proposal is being worked out to reduce the height of the dam so that the submergible area can be minimized.

The first phase of Meenachil River Valley Project has been approved and sanction accorded for its implementation.

A company, viz., Kerala Irrigation Infrastructure Development Corporation Ltd. has been incorporated to construct the Regulator cum Bridge at Chamravattom under private public participation utilising the viability gap funding of the Government of India. Sanction is being accorded.

(1)	(2)		(3)			(4)
	Meenachill River Valley Project	77	53	130	5.40	<p>Though 20 years have elapsed since its sanction no work had been undertaken on the project for want of clearance from Central Water Commission and Government of India</p> <p>The Chaliyar scheme was reworked to be executed as 7 minor schemes. Preliminary reports on 4 schemes have been prepared by March 2004. On the other 3 schemes, draft report is being prepared.</p> <p>The project report on Attappady is being revised for 2.5 TMC of water.</p> <p>The service of the staff engaged for investigation of these projects are now being utilised effectively.</p>
	Chamravattom Project	23	17	40	3.50	<p>Government constituted Chamravattom Regulator Authority in February 2000 for implementation of the Project. Even after the constitution of</p>

(1)	(2)	(3)	(4)	(5)	(6)
					the Authority the division was continuing and no action was taken to redeploy the staff (September 2001)
Chaliyar Project	29	27	56	2.09	Location of the site has not been finalised (march 2001)
Attappady Valley Irrigation Project	8	15	23	Not available	No clearance from Central Water Commission has been obtained

**4.1.9 Stores management**

*(i) Lax control over procurement and use of departmental stores*

Irrigation Department has no separate stores division. According to Government orders, no departmental material need be supplied to works for which the SEs are

**Stores management**

*(i) Lax control over procurement and use of departmental stores*

On the fictitious claims under Chimony Dam Project the

(1)	(2)	(3)	(4)																		
	competent to accord technical sanction (value upto Rs. 45 lakhs) and the contractors are required to procure the materials. Even in respect of other works, the departmental officers asked contractors to procure materials from open market due to non availability of funds. Cost of the materials was reimbursed to the contractors subsequently on hand receipts. Thus, compliance with the prescribed procedures regarding custody, issue and use of departmental materials were not ensured by the divisional officers. It was noticed that in two projects, two contractors were paid Rs. 2.45 crore against the fictitious claims towards supply of cement and steel by the divisional officers as shown below:		Vigilance Department has been conducting enquiry in many cases, and is still continuing. Further action in the matter will be taken as per the findings of the Vigilance Department.																		
	<table border="1"> <thead> <tr> <th><i>Name of Project</i></th> <th><i>Departmental materials (quantity and No.of bills)</i></th> <th><i>Cost (Rs. in crore)</i></th> <th><i>Period of supply</i></th> <th><i>No. of contractors involved</i></th> <th><i>Reference to audit paragraph</i></th> </tr> </thead> <tbody> <tr> <td>Chimony Dam Project</td> <td>Cement 2325 tonnes 87 bills</td> <td>0.53</td> <td>July 1994- May 1995</td> <td>Two</td> <td>4.1.12 of Report for the year ended <del>March</del> 1999</td> </tr> <tr> <td>Karappuzha</td> <td>Cement 6495.95 tonnes 658 bills</td> <td>1.92</td> <td>1994-95 and February- march 1996</td> <td>Two</td> <td>5.1 of Report for the year ended March 2000</td> </tr> </tbody> </table>	<i>Name of Project</i>	<i>Departmental materials (quantity and No.of bills)</i>	<i>Cost (Rs. in crore)</i>	<i>Period of supply</i>	<i>No. of contractors involved</i>	<i>Reference to audit paragraph</i>	Chimony Dam Project	Cement 2325 tonnes 87 bills	0.53	July 1994- May 1995	Two	4.1.12 of Report for the year ended <del>March</del> 1999	Karappuzha	Cement 6495.95 tonnes 658 bills	1.92	1994-95 and February- march 1996	Two	5.1 of Report for the year ended March 2000		
<i>Name of Project</i>	<i>Departmental materials (quantity and No.of bills)</i>	<i>Cost (Rs. in crore)</i>	<i>Period of supply</i>	<i>No. of contractors involved</i>	<i>Reference to audit paragraph</i>																
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Karappuzha	Cement 6495.95 tonnes 658 bills	1.92	1994-95 and February- march 1996	Two	5.1 of Report for the year ended March 2000																

*(ii) Idling stores, plant and machinery*

On completion of a project, the vehicles and other plant and machinery acquired for the project are required to be transferred to other on going projects or disposed of in auction. In 4 Project divisions and one mechanical division, machinery worth Rs. 1.57 crore was rusting as these were neither transferred nor disposed of (appendix—XXV)

*(ii) Idling stores, plant and machinery*

Major portions of idling stores, plant and machinery have been transferred to other divisions. Scrap materials have been disposed of and sold to *M/s.* Steel Industries Kerala Limited, Athani, Thrissur. Survey report for the remaining machinery has been prepared and is under consideration to hand over the same to *M/s.* SILK, Thrissur.

**4.1.10 Tardy functioning of Kerala Engineering Research Institute**

Kerala Engineering Research Institute (KERI) At Peechi, Thrissur under a Director (Superintending Engineer) with seven Research and one Publication Divisions was formed in 1960. The objective of the Institute was to create a Technological Brain Centre with provision for conducting various experimental and analytical studies.

A Coastal Engineering Field Studies Division with three sub divisions functioning at Thrissur was also brought under this Directorate from 1992. As of March 2001, 169 staff members (94 technical and 75 administrative) were working under this work. Expenditure incurred on staff of the Institute during 1996-2001 amounted to Rs. 8.02 crore.

**Tardy functioning of Kerala Engineering Research Institute**

The main problems hindering the smooth functioning of KERI are lack of availability of fund and delay in timely availability of Letters of Credit causing idling of manpower and machinery, delay in completion of model studies and other research activities.

(1)	(2)	(3)	(4)
	<p>Chief Engineer IDRB stated that lack of fund and belated issue of LoC for recurring research expenditure, non-availability of qualified and interested personnel, inadequate infrastructural facilities etc. Adversely affected research and development activities.</p> <p>Two soil investigation works (value: Rs. 58.04 lakh and an environmental impact study (value: 25 lakh) were entrusted to other agencies by the department/Government during 1998-2000. The department had proposed (November 1999) restructuring of the Institute at a cost of Rs. 5.8 crore to curb idling of staff.</p>		<p>All soil investigation works referred to KERI were taken up by the Institute. This Institute has no environmental impact study wing and hence studies related to this are not taken up here. On a proposal for converting the institute as a “Centre of Excellence” a separate wing for taking up environmental impact study is also proposed. It is being examined.</p>
	<p><b>4.1.11 Irrigation Revenue</b></p>		
	<p><b>(i) Betterment levy</b></p>	<p>Betterment levy at specified rates is charged on the difference between the increase in the capital value of each class of land and the cost of making such land fit for advantageous utilisation. For want of unified law, Government kept in abeyance (1996) collection of betterment levy. No legislation has been enacted in this regard as of June 2001.</p>	<p><b>Irrigation Revenue</b></p> <p><b>(i) Betterment levy</b></p> <p>A comprehensive legislation has been enacted by Government in 2003. This Act contains provision for levying betterment levy.</p>
	<p><b>(ii) Water Cess</b></p>	<p>When a project, scheme or work is completed, the ayacut achieved is jointly verified by the irrigation and revenue authorities prior to the demand raised on water cess. The total ayacut achieved till the end of 1999-2000 was 3.90lakh hectares (net). On the basis of the average water cess of Rs. 73.40 per hectare, the revenue collectable was Rs. 2.90 crore per annum, whereas</p>	<p><b>(ii) Water Cess</b></p> <p>Government has issued directions to conduct joint verification by Irrigation and Revenue Department and to</p>

the demand for 1999-2000 was raised to the extent of Rs. 84.391akh only. The heavy shortfall in collection of water cess was attributable to absence of joint verification of ayacut achieved.

As at the end of January 2001, water cess pending collection was Rs. 2.40 crore against a demand of Rs. 2.93 crore out of which Rs. 1.223 crore was under remission or return of recovery notice and Rs. 15.96 lakh under stay orders. The departmental officers did not take any action to collect the balance amount of Rs.1.02 crore.

***(iii) Poor receipts from completed projects***

According to the recommendation of Irrigation Commission(1972), irrigation works should give an annual income equal to the annual cost of operation so that the burden on the cost of providing irrigation was not passed on to the general tax payer. For this, Commission suggested a review and revision of rates on the fourth year of implementation of each Five Year Plan. Though Government set up an inter-departmental committee in 1978 for review of water cess rates on a continuing basis, no effective action was taken in this regard so far (June 2001) Irrigation projects failed to generate returns to sustain their operations.

Even in respect of 8 irrigation projects, which were declared as commercial, the aggregate revenue receipts (13.29, 29 crore) did not cover their total working expenses and maintenance charge (Rs. 19.70 crore) during the period from 1996-97 to 1999-2001. Interest on capital charged was Rs. 77.70 crore. The excess expenditure of Rs. 84.11 crore was an extra burden on the exchequer

determine and levy water cess as per rules.

***(iii) Poor receipts from completed projects***

Action has been taken to determine the ayacut benefited through various irrigation projects by conducting joint verification of Irrigation and Revenue Departments. The gap in expenditure and income can be reduced once the actual ayacut is determined and water cess is levied accordingly.

(1)	(2)	(3)	(4)
	<b><i>(iv) Non-assessment of ayacut under Minor Irrigation</i></b>	In respect of three Minor Irrigation divisions, out of an ayacut of Rs. 42625 hectares achieved and reported by them, only 16262 hectares could be jointly verified as of March 2001. Non-assessment of 26363 hectares of ayacut for collection of irrigation cess resulted in loss of revenue of Rs. 1959 lakh per annum, calculated at an average rate of Rs. 74.30 per hectare.	<b><i>(iv) Non-assessment of ayacut under Minor Irrigation</i></b>
			The joint verification of 112 numbers of Minor Irrigation Schemes were done and its ayacut area come to 1689.25 hectares. The joint verification could not be completed due to the inconvenience of the Revenue officials. The fact has already been brought to the notice of the District Collectors concerned. Earnest efforts have been taken by the Department to complete the process of joint verification

#### 4.1.12

##### **Other topics of interest**

##### **(i) Idle investment on lift irrigation schemes**

An expenditure of Rs. 4.61 crore incurred on 17 Lift Irrigation Schemes (LIS) relating to 4 Minor Irrigation divisions was rendered unfruitful due to non-completion of civil works and non-energisation of pump sets (Appendix -XXVI). The delay in commissioning ranged from 1 year to 17 years.

##### **(i) Idle investment on lift irrigation schemes**

For commissioning the LI Schemes the cooperation of other departments such as Electrical Wing of PWD and that of KSEB are highly essential. Most of the LI schemes have been made

***(ii) Encroachment of Project land***

In four project areas, 182.71 acres of land were encroached upon by private individuals. However, no effective action Department/Government to evict the encroachers.

The above points were referred to the Chief Engineer, Irrigation and Administration and the Secretary to the Government, Irrigation Department in July 2001 for reply within 6 weeks. Replies have not been received from them (October 2001).

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operational during the previous year. Efforts are also being made to commission the remaining ongoing LI Schemes immediately with the cooperation of the other departments concerned.

**(ii) Encroachment of Project land**

Strict instructions have been issued to the Project Chief Engineers concerned to evict all encroachers immediately from the irrigation project land.

## GOVERNMENT OF KERALA

## WATER RESOURCES (IR) DEPARTMENT

**Statement of Action Taken Report in respect of the Report of the  
Comptroller and Auditor General for the year  
ended 31st March, 2001**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department</i>	<i>Conclusion and Recommendation</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)	(5)
1	4.3	Water Resources	<p>Wasteful expenditure due to delay in commencement of mechanical works.</p> <p>Failure in not synchronizing execution of mechanical works with Civil Works resulted in wasteful expenditure of Rs. 35.15 lakh for formation of a fresh ring bund.</p> <p>Superintending Engineer and Deputy Chief Engineer (Mechanical), Irrigation, Thiruvananthapuram an entrusted (September 1997) the work design, fabrication, supply and erection of the shutters for the bridge-cum</p>	<p>The Mechanical works of Bridge-cum-regulator at Kanakkankadavu viz. design, supply erection and commissioning of 10 Nos. of Regular shutters and 2 Nos. of Lock gates with electrically operated hoisting mechanism was tendered by the Superintending Engineer and Deputy Chief Engineer (Mechanical), Irrigation vide Tender Notice No. SE/MECH/Im./1/96-97 dated 18-4-1996 with last date for submission of tenders on 20-6-1996. The Contractor executed agreement on 24-1-1997 after clearing his clarifications for the special conditions imposed in the work order.</p> <p>The mode of execution of the mechanical works as follows :</p> <ol style="list-style-type: none"> <li>1. Fixing of primary embedded parts on piers.</li> <li>2. Fixing of (main) secondary embedded parts on piers and Bit.</li> <li>3. Fabrications of shutters outside the site.</li> <li>4. Procurement of bought out items like electric motors, switch gears, mechanical items like reduction gear units, gear wheels, break drums line shafts, plummer blocks, wire ropes etc.</li> </ol>

(1)	(2)	(3)	(4)	(5)
			regulator at Kanakkankadavu in Ernakulam District to a firm for a contract amount of Rs. 1.08 crore. The contract stipulated that the firm should furnish the design and drawings of the shutters along with calculation in respect of each and every component and the work started only after getting approval of the same from the concerned authorities. The contract, however did not prescribe any time frame for submission of the design and drawings by the firm.	<ol style="list-style-type: none"> <li>5. Fabrication of Hoist bridge assembly outside site.</li> <li>6. Erection of shutters in the grooves.</li> <li>7. Erection of hoist bridges above the piers.</li> <li>8. Assembling and erection of the operating mechanism consisting of items mentioned in item No. 4.</li> </ol>
			In November 1997, Executive Engineer (EE), Irrigation Division, Ernakulam who was in charge of the Civil Works, intimated EE in charge of Mechanical Wing/Alappuzha that a ring bund for executing the	<p>In the report of the C &amp; A, it was pointed out that both the civil works and mechanical works did not synchronize. In fact the question of synchronization does not arise at all for the main items (2) to (8) stated above. Item No. (1) is fixing of small iron pieces along with concreting which were done during the time of execution of civil works and thus there was co-ordination for the execution of item (1).</p> <p>But the fixing of main embedded parts which are pre fabricated structures could be done along with the block out portions of the piers and apron only if Civil Works of two adjacement piers and the corresponding sill beam block out on the apron are fully completed. Likewise the prefabricated shutters and hoist assembly can be erected only if the entire civil structure in all respects is completed, since the entire mechanical structure rests on the civil structure. In short it is obvious that the mechanical works can be executed only after completing civil structure. Thus it is clear that the two works were executed one after the other and no co-ordination failure occurred.</p>

(1)	(2)	(3)	(4)	(5)
		<p>Civil Works in the river was expected to be ready by the end of November 1997 and that expenditure on construction of fresh ring bund could be avoided if mechanical works were executed before demolition of the existing ring bund.</p> <p>The Contractor furnished the design and drawing only in March 1998, ie. six months after entrustment of the work Chief Engineer (CE), Design Wing approved the design only between May 1998 and January 1999. However, in June 1998 the ring bund formed for constructing the Civil Works breached in the monsoon floods, necessitating formation of a new ring bund for mechanical works.</p> <p>Based on the request of CE (Mechanical) in September 1998, EE, Irrigation</p>	<p>The design of the secondary embedded parts were got approved by IDR B on 18-5-1998. It may kindly be remembered that ring bunds and dewatering etc. were only needed for fixing embedded parts. The items of work like erection of shutters and erection of hoisting item do not require any ring bund or de-watering but completion of civil structure in all respects was a must for the same. The civil structure was completed only during Marh 1999 and that was only reason for the late handing over of the site to the mechanical contractor for completion of execution of mechanical works, during March 1999. However the IDR B approved the design of shutters on 21-1-1998. Likewise the design of hoist units were approved on 30-1-1999 which had in no way adversely affected the execution of works . Linking factors like approval of design of hoist units etc. have no relevance with the formation of ring bund and dewatering.</p> <p>The design of embedded parts were officially approved by the IDR B on 18-5-1998 and Mechanical contractor managed to fabricate and supply all the embedded parts on a war footing and brought at site on 1-6-1998 itself. He had also arranged a mobile fabrication unit near the work site comprising 62 KVA. Diesel Generator set and a good number of machineries including 5 Nos. of portable welding sets. He had also arranged 23 skilled men and a few</p>	

(1)	(2)	(3)	(4)	(5)
			<p>Ernakulam arranged the construction of a fresh ring bund for executing mechanical works. The work was completed in June 1999 at a cost of Rs. 35.15 lakh. Only after that, the shutters of the regulator were erected in January 2000.</p> <p>Thus, failure of Deputy Chief Engineer (Mechanical), Irrigation in not stipulating a time frame for furnishing the design and drawings delay on the part of CE (Design Wing) in approval of the design and lack of co-ordination between the Department's Civil and Mechanical Wings delayed the works which resulted in an extra expenditure of Rs. 35.15 lakh on formation of a fresh ring bund.</p> <p>The matter was referred to the Chief Engineer, Irrigation and Administration in January 2001 and to the Secretary to the Government (June</p>	<p>number of supervisors to arrange the work on a war footing. But unfortunately the Civil Works on 1-6-1998 were not ripe for fixing secondary embedded parts. The position of Civil Works on 13-6-1998 was as follows.</p> <p>Only two spans (bays) out of the total ten says between piers 3 and 4 and between pier 9 and lock wall had achieved the minimum height of 5 metres which was a pre-requisite for fixing atleast half length of embedded parts which submerge under water. The fixing of embedded parts on these two bays were completed on 13-6-1998 itself. It is to be well remembered that for fixing one set of embedded parts, the two adjacent vertical grooves on the piers as well as the inter connecting horizontal sill block out portion on the apron concrets should be ready. The completion of piers at random or blocking of sill block out portions by construction materials will never enable fixing of embedded assembly for a span. Fixing of embedded parts is the most precise work since any deviation in alignment will never permit smooth movements of shutters along the grooves. In short the mechanical works need milli-metre accuracy while the Civil Works can tolerate even few</p>

(1)	(2)	(3)	(4)	(5)
			2001). Replies have not been received (October 2001).	centimetre of allowance and tolerance. The Executive Engineer, Irrigation Division, Ernakulam had asked several occasions to complete the erection of shutters and embedded parts even before raising anyone of the piers.
				On 18-6-1998 all the piers had just achieved the minimum height of 5 metres. But most of the bays and the apron sill beam block-outs had been blooded with civil contractor's equipments and construction materials. Still the mechanical contractor tried his maximum to complete the fixing of embedded parts in the balance 8 days by arranging round the clock shifts. But he could finish the fixing of embedded parts fully in 4 bays and partially, in the balance 6 bays within the available short gap of 5 days. At this juncture it may please be noted that the civil wing could not arrange secondary concreting even on the fully completed 4 bays and sill beam of the partially completed bays. The ring bund was allowed to breath by the civil wing on 23-6-1998 without waiting for completion of mechanical works or the fully completed 4 bays. It is humanly impossible to carry out the precise fixing of secondary embedded parts in the balance 6 bays within a span of 5 days which was the

(1)	(2)	(3)	(4)	(5)
				<p>time available after completion of civil works. This time was not only for executing mechanical works alone, but for also attending civil works viz. secondary concreting of block-outs, on apron well as on piers.</p> <p>In fact whatever delay happened in completing civil works has reflected correspondingly in the execution of mechanical works, as the Mechanical works can only be executed after civil works. But whatever delay if any happened in arranging Mechanical works did not at all affect its smooth execution as the civil works were delayed and not completed in time (ie. at least one month before the breaching of the ring bund) as is evident from the chronological history of events shown below :</p> <ol style="list-style-type: none"> <li>1. Project execution first started : during eighties</li> <li>2. Works with NABARD Assistance sanctioned on 25-2-92 vide G.O.(Rt.) 281/92/IRD.</li> <li>3. T.S. as per above sanction issued on 19-1-1993 (W.S. 13343/85 of CE (I&amp;A) design: on 28-11-9712).</li> <li>4. Request for arrangement of Mechanical works came to mechanical wing during March 1996 (It may be noted that some</li> </ol>

(1)	(2)	(3)	(4)	(5)
				attempts were made by the civil wing to arrange the mechanical works also through' M/s.KEL, Mamala before approaching the mechanical wing).
				5. Tenders notice published for arranging mechanical works: on 18-4-1996 vide MU/Tech. 494/96 of SE (Mech.) (Hardly one month after the request).
				6. Date of opening of tender: 20-6-1996.
				7. Submission on tenders to Government for sanction after taking post tender clarification and negotiation of rates on 25-10-1996.
				8. Sanction to award the work obtained from Government on 30-8-1997 vide G.O.(Rt.) No.1219/97/IRD.
				9. Selection notice issued to the contractor on 22-9-1997.
				10. Agreement executed by the contractor after clearing his doubts about the special conditions imposed in the sanction orders on : 24-11-1997. IDR/BB/DAM/R&G/AD1/679/98.
				13. Contractor supplied prefabricated embedded parts on : 1-6-1998.
				14. Fixing of secondary embedded parts in two bays fully completed on : 13-6-1998.

(1)	(2)	(3)	(4)	(5)
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15. Civil works for the remaining 8 bays just completed without removing construction machineries and materials from the apron brock cuts on : 18-6-1998.

16. Ring bund breached on : 23-6-1998.

From the above it can be seen that there is no lapse on the part of mechanical wing in the execution. It is true that the contractor took 6 months time to submit a finally accepted design. Though he had earlier submitted designs even before 5-4-1998, some of the initial designs submitted were returned on the spot without making it official. It should be noted that the mechanical structure itself is a very complex one and its design is very intricate. Practically nobody in the state is working as a competent consultant who can independly handle the design of all components like design of shutters, embedded parts, hoisting machanism etc. Even M/s. KEL, Mamala Cochin a Kerala Government undertaking who are also pioneers in the field, though have their own design wing, normally depends on a consultant at Banglore. Moreover, none of the two projects in the country are similar in size, shape and similar in hydraulic parametres. Hence it is quite impossible to fix a light time

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(1)	(2)	(3)	(4)	(5)
				<p>barrier for such a complicated design. The preparation of design is purely a technical matter to be dealt with on a number of Parametres, change in any one of which can ultimately result in complete change of design. In this particular case the depth of groove provided in the pier was too inadequate. The groove depth was only 40 cm which made the design of shutter, and boxes, boggie which etc. very difficult and complicated and thus changes were necessitated on several occasions. It was really a combined effort of field officers and designers to arrive at an optimum design. Vetting had been done in the Chief Engineer, (Mechanical) Office on a good number of occasions suggesting a number of modifications. At this juncture it is also worth remembering that the IDRB is not provided with Mechanical Engineers for attending design of mechanical works. So only because of the concerned efforts made from the office of the Chief Engineer (Mechanical), Thiruvananthapuram as well IDRB they could finalise and approve the design. Moreover, the fact that IDRB took more than 2.5 months time even for checking the design shows its complexity in spite of all these hurdles. The Mechanical wing was able to get official approval for the design of embedded part on 18-5-1998</p>

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(1)	(2)	(3)	(4)	(5)
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and contractor could supply pre-fabricated embedded parts on 1-6-1998 that is before completing the casting of piers by the civil wing to the required height.

The site was ready for handing over to the mechanical contractor after completion of civil works only in March 1998. The delay in handing over site to the Mechanical contractor was not due to the delay in getting approval of the mechanical design, but because of the delayed completion of the civil structure. It may be recalled that the erection of shutters and hoist can only be done after completion of the entire civil structure since the shutters and hoists rests on the civil structure.

From the above facts it is evident that

(1) there was no delay in executing mechanical works.

(2) The question of synchronization of mechanical works and civil works does not arise since the mechanical works are executed on after completion of civil works.

(3) The said delay in getting approval of the design in no way affected the progress of mechanical works since the civil works were not completed in time.

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(1)	(2)	(3)	(4)	(5)
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(4) The ring bund formed by the civil wing for the second time was not for attending mechanical works alone, but for attending civil works also viz. concreting of secondary embedded parts.

(5) The unavoidable delay in sanctioning the works, approval of mechanical design etc. in no way affected the progress of mechanical works.

Though the Executive Engineer, Irrigation Division, Ernakulam informed Executive Engineer, Mechanical Division, Malampuzha that civil works was expected to be ready by the end of November 1997 the civil works were ready for fixing embedded parts only on 18-6-1998 (as explained above in detail) and the civil works were completed for handing over to the mechanical contractor to arrange creation of shutters and hoiste mechanism only in March 1999. As such the approval of mechanical design in 5/98 and 11/98 are irrelevant. Though the mechanical contractor arranged all embedded parts on 1-6-1998 these could not be fixed as the civil works were not ripe for fixing embedded parts till 18-6-1998. However it was humanly impossible to fix the precision embedded parts in all the beys within a period of 5 days before the breach of bund on 23-6-1998.

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(1)	(2)	(3)	(4)	(5)
				<p>It is worth mentioning that the secondary concreting even in the fixed embedded parts could not be done by the civil contractor before the breach of bund.</p>
				<p>Ring bund was not necessary for fixing embedded parts above water level and other mechanical works like erection of shutters and hoist mechanism. But it is to be noted that the ring bund was essential for the civil contractor to arrange the secondary concreting of embedded parts on the sill and under water portion of the piers.</p>
				<p>Even though the work order was issued to the mechanical contractor in 9/97 the site could be handed over only in 3/99. This is because the civil works were ready only in 3/99 and the erection of shutters and hoisting mechanism were possible only after 3/99. But it may be noted that the embedded parts were ready by 1-6-1998 which could not be fixed till 18-6-1998 due to delay in the civil works. As mentioned earlier date of handing over of the site, date of erection of the shutters etc. had no relevance on the expenditure on additional ring bund.</p>
				<p>In short, so far as mechanical works is concerned, the ring bunds were essential only for fixing the main embedded parts. These embedded parts were ready on 1-6-1998 ie. 23 days before the breach of old</p>

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(1)	(2)	(3)	(4)	(5)
				<p>bund on 23-6-1998. But the mechanical contractor could not fix the embedded parts since the civil works were not ready till 18-6-1998. Within this 5 days the mechanical contractor has fixed the maximum possible embedded parts. Hence formation of additional bund was necessitated only because sufficient time was not available to fix all the embedded parts. The civil wing would have either completed the civil works earlier or maintained the old bund allowing sufficient time till fixing all the embedded parts and subsequent concreting. This resulted in expenditure for additional bund and not due to any failure on the part of mechanical wing.</p> <p>In view of the details explained above, further action on this para may be dropped.</p>

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## GOVERNMENT OF KERALA

**Statement of Action Taken on Audit Para 4.4 of the Report of the  
Comptroller and Auditor General for the year  
ended 31-3-2001 (Civil)**

<i>Para No.</i>	<i>Department</i>	<i>Recommendation/Observation</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)
4.4	Water Resources	Unjustified benefit to contractor. Contractors were paid Rs. 55.25 lakh for carriage of excavated earth meant for sale to them. This expenditure was not contemplated in the notice of specifications in the notice inviting tenders and was thus an undue favour to the contractors. Superintending Engineer (SE) Irrigation Circle, Kozhikode awarded the works on improvements and for different reaches in protection of Canoli Canal in Kozhikode District in 14 reaches to 12 contractors between September, 1997 and December 1998 at a total estimated cost of Rs. 6.84 crore. One of the items in all the contractors was earth work 10m <sup>3</sup> . Where there was no excavation for deepening the canal and conveyance of the excavated earth to a place of contractors choice. The cost of excavated earth was to be recovered from the contractors at the rate of Rs. 3 per 10 cubic metres. Total quantity of earthwork excavation was estimated at 125157 cubic	Administrative sanction to the work improvement and protection of Canoli Canal was given by Government in October 1996 for Rs. 5.575 crores. For the purpose of convenience of execution and speedy the work was split into 16 reaches. estimate was approved with different lift and lead in accordance with the site conditions where there was road and easy lorry access, and the head load provision is less and hence the rate for the earth work excavation was minimum only Rs. 255/10m <sup>3</sup> . Where there was no head load provision is given as per rules and the rate arrived at the contractors choice. The cost was Rs. 635/10m <sup>3</sup> for 2nd reach and Rs. 655/10m <sup>3</sup> for 3rd and 4th reaches. The estimate was realistic and according to the site conditions. It is clear that there was no over rating

(1)	(2)	(3)	(4)
”	”	<p>metres and the rates per cubic metre included in the tender documents were Rs. 655 in three contractors Rs. 635 in seven contractors and Rs. 243 in four contractors.</p> <p>Audit scrutiny revealed that the rates of Rs. 655 &amp; Rs. 635 included Rs. 392.15 for conveying the out earth by head load for a distance of 250 metres, whereas the rate of Rs. 243 did not include the element for head load conveyance. As the excavated earth was meant to be sold to the contractors, payment of conveyance charges of such earth by head load was not justified and was an undue aid to the contractor. The estimated avoidable expenditure on this account was Rs. 55.25 lakh. Of this Rs. 38.32 lakh was paid (between March 1998 and July 1999) to the contractors as of May, 2001.</p> <p>SE maintained (January 2001) that the charges included in the rates were for conveying the material after excavation to suitable dumping places from where contractors got possession of the excavated earth and that no charges for conveying the material beyond the dumping points were</p>	<p>from the fact that the reach with minimum rate of Rs. 255/10m<sup>3</sup> had the lowest offer of 55% above estimate rate where as the reaches with the rate of 633 and 655/10m<sup>3</sup> had a higher offer for 60% above estimate rate.</p> <p>Since there was no departmental land to dump the excavated materials which was unserviceable it was made the contractors responsibility to take the materials to a place of his choice. A recovery at Rs. 3/m<sup>3</sup> has been proposed for the entire excavated quantity in the contract. The excavations from the canal bed and dumping the materials at suitable locations at the site is an essential part of the contract for which rates have been worked out and tender offers admitted. Moreover conveyance to suitable place away from the work spot was stipulated as contractors responsibility without making any provision in the estimate for such conveyance. Hence it is clear that there was no over rating and no extra commitment is involved.</p>

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(1)

(2)

(3)

(4)

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included in the rates. This was not tenable as the specification of items did not envisage dumping of excavated earth temporarily and its eventual removal by contractors to their places of choice. The matter calls for investigation.

The matter was referred to the Chief Engineer, Irrigation and Administration in March 2001 and to the Secretary to Government in June 2001. Replies have not been received (October 2001).

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**Remedial Measures Taken on the Report of the C & AG for the Year ended  
31 March 2001 (Civil) Para 4.5 Inadmissible payments to Cotntractor**

<i>Sl No.</i>	<i>Audit Para No.</i>	<i>Department</i>	<i>Audit Para Details</i>	<i>Remedial Measures Taken</i>
(1)	(2)	(3)	(4)	(5)
1	4.5	Water Resources	<p>Superintending Engineer (SE), Siruvani Project Circle, Palakkad awarded a contract for construction of a regulator-cum-bridge across Bharathapuzha at Velliyamkallu (Palakkad District) to a contractor in May 1999 to be completed within 24 months for a contract amount of Rs. 9.55 crore. As of January 2001, Rs. 4.80 crore was spent on the work. Scrutiny (January 2000) revealed inadmissible payment of Rs. 40.47 lakh as discussed below :</p> <p>(i) According to the contract, the rates were inclusive of the charges for all incidental works, such as shoring bailing of water, scaffolding etc. In November 1999, the contractor demanded extra payment for shoring to protect the sides of trenches excavated for apron concreting. In the supplemental agreement</p>	<p>(i) The Chief Engineer, Projects-I has reported that the work involved construction of 295 M long Regulator cum Bridge across Bharathapuzha at Velliyamkallu where the width of the river is 300 M. The bridge Will have a 7.5 M. wide road connecting both bankes. The proposal is to have 27 spans of 9M each for the regulator which-are to be regulated by means of M.S.Vertical shutters of 9M x 5.5 M as per the approved design. The reservoir thus formed will have a storage capacity of 13.3 Mm<sup>3</sup> at FRL of 115 M extending to an area of 362 hectare. This project is targeted to irrigate an ayacut area of 3997 hectares. According to the boreholes taken at various points of the river bed, strata of soils consists sand for the depth varying from 2.20 M to 21.9M. Main purpose of apron is to safeguard the structure from the uplift pressure.</p>

(1)	(2)	(3)	(4)	(5)
			<p>executed in June, 2000, SE included shoring as an extra item, for a length of 782 meters at the rate of Rs. 3255 per metre. The extra avoidable payment on this account worked out to Rs. 26.17 lakh.</p> <p>(ii) The estimated requirement of sand for concreting work was 17306 cubic metres and as per the tender document the sand was to be obtained locally. The rates for different items involving use of sand provided the cost of sand at Rs. 85.80 per cubic metre for cement work and RS. 36.30 per cubic metre for filling. Audit scrutiny reveled that the contractor was using sand from the river bed free of cost and therefore the Superintending Engineer, unjustifiably allowed the rates inclusive of cost of sand. Based on the estimated quantity of sand to be used on the work, the contractor derived on undue gain of Rs.14.30 lakh for the unjustified cost of sand. As execution of the work was supervised by the Executive Engineer at the field level and the contractor's agreements</p>	<p>Seeping water through the foundation exerts uplift pressure on the floor. The uplift, pressure is maximum at the point just down stream of the weir wall or crest wall when water is filled to the top of the gates and there is no water on the down stream side. If the thickness of the floor is insufficient, it would be inadequate to resist the uplift pressure. This may ultimately load to bursting of the floor and failure of the structure. Such a failure of the structure can be avoided by providing sufficient length of impervious floor, that is apron. In the original estimate it, is proposed to form apron of 2.5M thickness at downstream and 1.0 M upstream side. This involves excavation of the riverbed to form trenches for apron of 2.5 M deep. Cement concrete of the approved proportion is to be laid in the treach in layers to form the apron of the approved thickness. As revealed from the borehole details, the upper most portion of the</p>

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(1)	(2)	(3)	(4)	(5)
			<p>were concluded by SE, they were responsible for allowing such an inadmissible benefit to the contractor.</p>	<p>river bed consists of only sandy soil. Width of the river at this point is very narrow. Pressure of water will be very high at this point even during lean flow periods. forming deep trenches to the line and levels is not possible in the river bed and trenches formed in the sandy soil with seepage of water is not likely to remain intact as the loose sand and other debris will fall into the trench from the sides by the slightest movement. The sides of the trenches are to be properly protected by shoring for concreting the apron of the approved design and strength. Otherwise, loose sand and other debris will fall into the concrete at the time of laying concrete for forming aprons and they will get mixed up with the concreting thereby reducing the strength, defeating the very purpose of aprons. Hence the proposal of the Superintending Engineer was approved by the Chief Engineer with direction to limit shoring at places where the depth of the excavation exceeds 2.5 M.</p>

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(1)	(2)	(3)	(4)	(5)
				<p>The Executive Engineer had reported to the Chief Engineer that at the time of actual excavation the adjacent sand bed collapsed into the excavated portion thereby making the excavation an unending process. Sand with water will not stand on its own and will flow freely. The only possible way to retain it was to provide shoring. If excavation of sand was done without shoring, it was felt that the ring bunds already put up will also collapse into the working area, thereby causing serious threat to the safety and strength of structure under construction. The then Chief Engineer was convinced of the necessity of additional works during site inspection. In the original estimate, total amount provided for Earthwork is Rs. 9.95 lakhs only. Whereas the extra item allowed as per supplemental agreement for shoring comes to Rs. 25.45 lakhs. The department cannot force the contractor to bear additional expenditure of such huge magnitude solely on the ground that this item was not included in the original agreement. The shoring proposed in the MDSS is of</p>

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(1)	(2)	(3)	(4)	(5)
				<p>nominal nature. Moreover it was advantageous to the department to provide shoring if necessary and the rate can be arrived according to the necessity as per site conditions. The provision contained in the Notice inviting tenders regarding the incidental works cannot be made applicable to major works like this. As such the additional expenditure incurred towards this can only be considered, as on expenditure incurred for satisfactory completion of the work.</p>
				<p>(ii) The Chief Engineer has reported that, the contractor has not used any sand for the construction from the work site either free Of cost or by remitting any cost. The contractor had been obtaining sand from his own source as in the case of other materials like broken stones, 20 mm, 40 mm, rubble etc. It is further reported that the sand at the work site has been covered with slurry of bentonite and clay mix pumped out from the bored holes of the piles and this is quite unfit for use in concreting works. As such, corresponding reduction in the agreed rate was not found possible.</p>

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## GOVERNMENT OF KERALA

**Statement of Action Taken Report In Respect of the Report of the  
Comptroller and Auditor General for the year  
ended 31-3-2001**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department</i>	<i>Conclusion/ Recommendation</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)	(5)
1	4.6	Water Resources	<p>Unfruitful expenditure on supply of water to a thermal power station.</p> <p>Even before Government approved the proposal to supply water to the thermal power project, Executive Engineer, unnecessarily spent Rs. 24.05 lakh on land acquisition and purchase of steel.</p> <p>Chief Engineer (CE), P r o j e c t - I I , Thiruvananthapuram allotted (November 1998) Rs. 76.50 lakh for the work of remodeling of the main canal and extension of distributary No. 21 of Cheppad branch canal to supply water to the Kayamkulam Thermal Power Project in Alappuzha District. Based on technical</p>	<p>Based on the discussion with the NTPC officials by the Chief Engineer, Project-II, on 22-4-1991 and subsequent joint inspection and further discussion, the Superintending Engineer was directed to prepare the estimate for the work of modeling of the main canal and extension of distributary No. 21 of Cheppad Branch Canal to supply water to the Kayamkulam Thermal Power Project as per the letter dated 27-10-1995 of the Chief Engineer.</p> <p>As agreed, the estimate envisaged to supply a quantity of 32 causes of Sweet Water through the Cheppad Branch Canal and its distributary No. 21 for which it was found necessary to remodel the distributary No. 21 for a length of 935 m. and to extend it for a length of 1225m., so as to supply sweet water to the link portion of the Achenkovil</p>

(1)	(2)	(3)	(4)	(5)
			<p>approval by the CE, Executive Engineer (EE), Pamba Irrigation Project Division, Chengannur spent Rs. 24.05 lakh on survey and investigation (Rs. 2.08 lakh) land acquisition (Rs. 10.83 lakh) and procurement of stell (Rs. 11.14 lakh) as of March 1999. Scrutiny of the minutes of a meeting of the officers of the State Government and functionaries of NTPC held in November 1999 revealed that no feasibility study for supply of water was done before according technical approval to the scheme by the CE. As the alignment for extension of the canal was not determined and demarcation of land to be taken in advance possession was not carried out, land acquisition for the work was stalled. Since March 1999 no further work was undertaken as the work was held in abeyance by</p>	<p>River near Nalukettukavala. It was presumed by the Irrigation Department that the NTPC would pay the water charge. Subsequently Technical sanction was issued for Rs. 57 lakhs by the Chief Engineer, Project-II, Thiruvananthapuram vide order No. WP2-3210/97/D1 dated 6-3-1999. But the proposal was kept in abeyance by Government for feasibility studies and review and hence the proposed work was not arranged.</p> <p>The Scheme was for providing sweet water to the NTPC which started a project to generate thermal power for catering to the needs for power sector of the state when the state was experiencing an alarming situation due to shortage of power.</p> <p>Payment of Rs. 2,08,173 was made to the LBS Centre for Science and Technology, Thiruvananthapuram towards the fees for soil testing. Payment of Rs. 10.83 lakhs was made for payment during 3/99 for land acquisition in advance possession to the District Collector, Alappuzha so as to utilize the allotted funds.</p>

(1)	(2)	(3)	(4)	(5)
			<p>Government pending fresh feasibility studies regarding availability of water during lean seasons cost effectiveness, alignment of canals etc.</p>	<p>Since the work was held up for feasibility study as decided in the High Level meeting held on 15-11-1999, land acquisition work could not be proceeded and the amount paid for land acquisition is in the account of District Collector, Alappuzha, which is yet to be recouped. Since technical sanction was obtained for the work during 3/99, procurement of 69.89 tonnes of steel for an amount of Rs. 11.14 lakhs was made during 3/99 on the assumption that the work could be started soon.</p>
			<p>Thus, hasty action of EE on incurring expenditure on preliminaries for the work while Government did not clear the proposal for the work resulted in unfruitful expenditure of Rs. 24.05 lakh for more than 2 years. EE stated (March 2001) that 13.45 tonnes of steel (Rs. 1.88 lakh) was transferred to other works and that the remaining quantities would be given to other projects.</p>	<p>Since the High Level Committee had decided for further feasibility studies, the work was in a stand still position. Out of 69.89 tonnes of steel purchased for the expansion work of Cheppad branch canal of P.I.P. for providing sweet water to NTPC was fully utilised for Irrigation works as per the direction of the Chief Engineer, Irrigation and Administration, Thiruvananthapuram.</p>
			<p>The matter was referred to Government in July 2001 in reply Government stated (August 2001) that disciplinary action against the Executive Engineer was underway for not obtaining administrative sanction.</p>	<p>It was expected that, the scheme could be started for supply of sweet water after providing comprehensive</p>

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(1)	(2)	(3)	(4)	(5)
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technical report based on completion of feasibility study as directed by Government. Later the NTPC authorities have confirmed that the proposed work was not feasible for catering to the need of sweet water required for stage II of the project.

As per the Technical sanction issued by the Chief Engineer, Project II on 6-3-1999, the then Executive Engineer, PIP Division, Chengannur incurred an expenditure of Rs. 10.83 lakhs for land acquisition in advance possession to the District Collector, Alappuzha which is in the account of the District Collector unutilized. The steel purchased for an amount of Rs. 11.14 lakh to carryout the work for providing sweet water to the NTPC for catering to the needs of power section of the state considering the situation prevailed in power generation at that time was fully utilized for other Irrigation works. The actual expenditure incurred for this purpose was Rs. 2,08,173 which was paid to the LBS Centre, Thiruvananthapuram for the fees of soil testing.

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(1)	(2)	(3)	(4)	(5)
				<p>Disciplinary action was initiated against Smt. Kumary Ponnann, Executive Engineer who involved in this case. Smt. Kumary Ponnann, Executive Engineer, PIP Division, Chengannur had retired from service on 30-6-2000. Considering the fact that Government have sustained no loss in this case, further action against the Executive Engineer was dropped by Government and their decision communicated to the Chief Engineer, Irrigation and Administration as per letter No. 17039/GW2/2002/WRD dated 11-11-2003. Moreover the steel purchased has already been utilized for other irrigation works.</p>

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**Committee on Public Accounts (2004-06)—Audit Para 3.8 in the Audit Report  
(Civil) for the year ended 31-3-2002—Failure of a scheme for Rehabilitation  
of Adivasi Families (Karappuzha)—Remedial Measures Taken**

<i>Sl. Aduit No. Para No.</i>	<i>Depart- ment</i>	<i>Paragraph</i>	<i>Remedial Measures Taken</i>
(1)	(2)	(3)	(4)
1	3.8 Water Resources (MP)	<p>Government sanctioned (January 1995) construction of 218 houses in Govt. land for rehabilitation of Adivasi families evicted from Karappuzha Irrigation Project area in 1978 at a cost of Rs. 76 lakh. The estimate was revised to Rs. 1.25 crore in September 1998. District Collector, Wayanad received Rs. 1.25 crore from the Irrigation Department.</p> <p>Out of 218 Adivasi families listed during eviction, DC could identify (August 1993) only 161 families. However, construction of 168 houses was started in March 1999 and completed in December 2000 at a cost of Rs. 1.25 crore and the houses were handed over to Revenue Department in December 2000. Only 46 families could be located and 46 houses were allotted as of March 2001. The District Collector</p>	<p>Government in January 1995 had accorded Administrative sanction for the rehabilitation of the evicted Adivasi Families of Karappuzha Project at a cost not exceeding Rs. 76.30 lakhs and directed the District Collector, Wayanad to implement the scheme. The project was to construct 42 units of residential blocks, 8 units of toilet blocks, 1 unit of Anganawadi, 6 units of septic tank and soak pit. Though the original estimate was Rs. 76.30 lakhs, Rs. 1,24,51,586 was spent for the Project upto July 2002. From the list of 218 Adivasi families furnished by the Special Tahasildar (LA) Kalpetta, the Joint Inspection/team of Revenue, Irrigation and Tribal Development departments identified 161 Adivasi families for rehabilitation. The order for the execution of the work was issued on 18-3-1999. The construction was under taken by M/s Build India Ltd. and</p>

(1)	(2)	(3)	(4)	(5)
			<p>stated (May 2002) that none of the allot occupied the houses for want of basic amenities such as electricity, water etc. The Department also spent Rs. 51,000 (upto June 2002) for security of the unoccupied houses.</p> <p>Mention was made in the Report of the Comptroller and Auditor General of India for the year ended 31 March. 1997 on the delay in rehabilitation of these Adivasi families (Para 4.1.15) and the Committee on Public Accounts (1998-2000) in their Report presented to the State Legislature in December 2000 recommended that immediate time bound action should be taken to rehabilitate them. Yet these families have not been provided with habitable houses even after 24 years of their eviction and Rs. 0.90 crore spent on 122 houses and security has not benefited the Adivasis.</p>	<p>completed on 10-11-2000. The Houses were taken possession by the Revenue Department on 29-12-2000 and allotment order of 6 residential units were issued on 23-3-2001. Since the Adivasies had not occupied the houses due to lake of basic amenities, such as electricity, water supply, approach road etc, 2 temporary security persons were appointed on daily wages.</p> <p>In a joint meeting of Revenue Irrigation and Tribal Development Departments with leaders of political parties held on 22-6-2002, it was decided to arrange the facilities at the earliest and as such, wiring of houses had been completed and electrical connection had been provided. Electrical motor and pipe line had been established to provide water supply. A road had also been constructed to the Colony.</p> <p>Moreover as decided in the cabinet Sub Committee meeting on Tribal resettlement and development Government have transferred 37.174 Hectares of land identified in the Karappuzha Irrigation Project to the District Collector, Wayanad during</p>

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(1)	(2)	(3)	(4)	(5)
				<p>3/03, for distribution to the landless tribal families. The cabinet Sub Committee also decided to re-model the cluster houses (one building designed for four families) considering lack of space etc and to supply one building for 2 families and also decided to construct buildings for the remaining evicted Adivasi families by meeting the expenditure from tribal development mission. Accordingly 84 adivasi families were accommodated in the 168 house units intended for 168 families on 10-1-2004. 75 cents of land were also assigned to each of these families.</p>
				<p>As per the latest assessment of Revenue Department, 77 families are remaining to be rehabilitated. The District Collector, Wayanad has reported that action is in progress to find out the above 77 families residing in various parts of Wayanad district and to rehabilitate them through Tribal Development Mission. The Chief Engineer, Projects - I has reported that an amount of Rs 245 lakhs is required for constructing 77 houses for the remaining Adivasies.</p>

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**Reply to the report of Comptroller & Auditor General (Audit)  
for the year ended 31-3-1999 (Civil)**

<i>Sl No.</i>	<i>Report</i>	<i>Reply</i>
(1)	(2)	(3)
6.7	<p><i>Purchase of raw cashew nuts at higher rates resulted in extra expenditure of Rs. 2 crore</i></p> <p>Mention was made in Paragraph 7.8 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1998 about the unjustified purchase of huge quantity of ras cashew nuts having poor quality by Kerala State Cashew Workers Apex Industrial Co-operative Society (CAPEX) Kollam. In another deal, CAPEX sustained a loss of Rs. 2 crore due to procurement at higher prices. The details are given below :—</p> <p>The Board of Directors of CAPEX authorised (February 1994 and April 1995) the managing Director to effect purchase of raw cashew nuts from other States without incurring loss. CAPEX purchased 2924 MTs of raw Cashewnuts at a total cost of Rs. 9 crore from Rajamundry in Andra Pradesh during May 1994 to July 1994 and April 1995 to June 1995 through local agents at the rate of Rs. 28.58 per kg. and Rs. 31.87 per kg. respectively without ascertaining the competitiveness of the rates. Compared to the average rate of Rs. 21.80 and Rs. 25 per kg. Prevadent in palassa in Andhra Pradesh during the above mentioned</p>	<p>The requirement of raw cashew nuts for providing continuous work throughout the year in the 10 primary societies affiliated to CAPEX was estimated at 12000 MTs. The main source of raw nuts to the society is from Kerala region. During the monopoly season, CAPEX could obtain an allotment from 4000 to 5000 MTs.</p> <p>The rate of rawnuts vary day by day depending upon the supply from farmers and demand from factory owners and also on veriation in the price of cashew Kernals in the internal market.</p> <p>Andhra Pradesh is the second largest producer of raw cashew nuts in India. From 1992 onwards collection centres were opened at Rajmundry during the cashew season for collecting raw nuts, drying and storing them. The quality of raw nuts from Rajmundry area is comparatively better than other parts like palassa etc. During 1994 season also Capex opened a collecting entre at Rajmundry. Local agents were also arranged for collecting rawnuts from farmers at the rate fixed by Capex after ascertaining the market price. The</p>

(1)	(2)	(3)
<p>periods as published in the Cashew Export Promotion Council Journal, the buying rates were higher by Rs. 6.78 and Rs. 6.87 per kg. respectively. Thus, CAPEX incurred avoidable additional expenditure of Rs. 2 crore in the procurement of raw nuts during 1994 and 1995 seasons.</p>	<p>The CAPEX also incurred an expenditure of Rs. 43.60 lakh towards railway freight, wagon loading, lorry hire and purchase tax on the above purchases, the veracity and correctness of which could not be verified in audit in the absence of any formal agreement and relevant documents. Government stated (June 1999) that the case was under enquiry by the Vigilance and Anti-corruption Bureau.</p>	<p>raw cashew after receipt at the collecting centre were weighed and quality test conducted for ascertaining the outturn. The payment was made according to the outturn. The purchase have to pay the purchase tax at the rate of 9%, market cess @ 1%, turn over tax @ 1.1%, commission to the agents @ 1%, cost of junny bags, transportation charges to the collecting centres etc. in addition to the price fixed. The entire amount to be paid to the dealer is included in the invoice and the society pay the total amount of the invoice. The price pointed out in the audit is the average of the invoice value and not the basic price. The final purchase was @ Rs. 31.92 per kg. for an outturn of 23.5 kg bag.</p>
		<p>The cashew Export promotion Council publishes the price of raw cashewnuts and Cashew Kernels in the different parts of the country in their monthly journal. The price of the raw cashew nuts prevailed in Palassa in andhra Pradesh have been published in the C.E.P.C. journal, may be that for a particular month and this cannot be taken as the price prevailed in the State. The purchase price of raw cashew nuts pointed in audit report is the average price paid by Capex inclusive of the Taxes, Cess, Commission, Cost of gunny bags and transportation charges etc.</p>

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(1)	(2)	(3)
		<p>It will be economical to purchase the raw nuts having higher outturn than the raw nuts having poor outturn at lowest rate of price. A comparison of the price of procurement for a season by the society and the price indicated in a journal for the particular month will not give a clear picture.</p>
		<p>During 1991 to 1994 seasons the society transported rawnuts from Rajmundry to Capex factories by lorry. This was practically much difficult since lorries are not readily available and takes more days to arrive the stock at the factories. During 1995 season Capex made a programme to purchase maximum quantity from Rajmundry, since the availability of crops in Kerala was poor and the purchase price was uneconomical. Transporting a huge quantity by lorry was a time consuming process. Hence, discussions were made with the Railway Authorities for transporting the raw nuts by railway wagon, so that 1600 Mts. could be shifted as a full rack and reached Kollam, within 3 to 4 days. The railway freight, expenses for transportation from godown at Rajmundry to rail, loading charges in the train unloading charges from the train and transporting the stock to the factories put together was found to be slightly lesser than the expenses for transportation by lorry, directly from Rajmundry.</p>

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(1)	(2)	(3)
	The Society had incurred the following amount at Rajmundry :—	
	1. Railway freight	.. 33,20,442.00
	2. Lorry hire	.. 4,60,455.00
	3. Sales tax	.. 3,00,250.00
	4. Loading & Unloading charges	.. 1,53,899.00
	5. Drying charges	.. 97,576.00
	6. Yard rent	.. 30,000.00
	7. Yard expenses	.. 28,431.00
		<u>43,91,053.00</u>

The Managing Director, Capex has reported that the relevant records to the purchase of raw cashew nuts from Rajmundry are in the custody of Vigilance and Anti-corruption Department, Kollam in connection with another case. The Vigilance Department has not finalised the enquiry. Some records are still under the custody of Vigilance and Anti corruption Department.

**Statement of Action Take on the Audit Para (s) contained in the Report  
of the Comptroller and Auditor General for the year ended  
on 31-3-2000 (1999-2000)**

Name of Department : Finance (Streamlining) Department

<i>Sl. Para No. No.</i>	<i>Audit Para</i>	<i>Statement of action taken on the Audit Para</i>
(1) (2)	(3)	(4)
1	3.6	<b>Abstract Contingent bills</b>
	3.6.1	<i>Introduction</i>
		<p>According to Kerala Treasury Rules all contingent claims that require the countersignature of the controlling authority after payment are to be initially drawn by the Drawing Officer from the Treasury by presenting an abstract bill in prescribed form. Abstract contingent (AC) bills can be drawn only by an authorized Officer in cases where necessary expenditure sanction by competent authority exists. The Drawing Officers should maintain a register of AC bills and watch submission on detailed bills there against. The detailed bills in respect of such claims are submitted to the controlling authority for countersignature every month for onward transmission to Accountant General (A&amp;E). The detailed bills pertaining to a month's claim should reach Accountant General not later than 20th of the succeeding month. The rule also provides that a certificate should be attached with every AC bill to the effect that the detailed contingent bills in respect of the abstract bills drawn a month earlier to the current bill</p>

(1)	(2)	(3)	(4)
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had been submitted to the controlling officer.

A review of the outstanding AC bills and other advances of 37 offices of 14 departments (Appendix-XXVII) was conducted covering the period 1995-96 to 1998-99. It was noticed that AC bills for Rs. 59 crore drawn during 1989-90 to 1999-2000 by 31 drawing and disbursing officers in 11 departments test checked remained unadjusted as of March 2000 as shows below. The department-wise details are given in Appendix-XXVIII.

<i>Outstanding period</i>	<i>No. of items</i>	<i>Amount</i>
Less than 1 year	90	2.55
1 to 5 years	379	24.71
6 to 10 years	278	31.74
Total	747	59.00

Audit scrutiny revealed that advances for payment not authorized to be drawn in AC bills were also routinely drawn by departmental officers for printing charges diesel charges, expenditure on training etc. The fact that the officers against whom previous AC bills were outstanding were repeatedly allowed to draw AC bills in violation of codal provisions showed that the treasury officers either failed to exercise the requisite scrutiny or colluded with the departmental officers. Since detailed bills were not submitted against advances drawn on AC bills, it could not be

(1)	(2)	(3)	(4)
		<p>verified in audit whether the money was spent for the intended purpose and possibilities of misappropriation, misutilisation etc., could not be ruled out. Irregularities like non-submission of detailed bills, retention of unspent balances, keeping of amounts in deposit accounts, diversion of funds etc., were noticed as mentioned below:</p>	
	<p>3.6.2 <i>Non-receipt accounts for funds advanced for schemes</i></p>	<p>A total amount of Rs. 19.17 crore was drawn by Principal Agricultural Officers (PAO) Kottayam as advance on 87 AC bills during the period from 1992-93 to 1998-99 for implementation of various programmes. Final adjustment bills have not been submitted even as of December 2000. Of this, an amount of Rs. 9.56 crore drawn in favour of 11 Assistant Directors of Agriculture on 11 AC bills during 1993-94 to 1994-95 by way of Demand Drafts pertain to 'Prime Minister's Programme for Paddy Development'. None of the Assistant Directors who had received the amount had furnished the details of expenditure incurred by them on the scheme, and the amount drawn remained unjustified even as of December 2000. The scheme provided for payment of 85% of the assessed cost of expenditure to the conveners of Padasekhara Samithies through who the programme implemented. Scrutiny revealed that the advances were paid to the conveners in violation of the guidelines resulting in</p>	<p>Circular No. 34/2003/Fin. dt. 25-4-2003 issued to all Heads of Department/Officers/DDOs and Chief Controlling Officers. A meeting of the concerned Finance Officers have been convened on 19-10-2003 for strict follow up of the Cir. No. 34/2003/Fin. dt. 25-4-2003. A warning has been issued to the concerned DDos to clear pending DC bill, failing which further AC bills will not be entertained on 3-12-2005, the Director of Treasuries has been instructed to give directions to all treasuries not to pass the ACBs of the drawing and disbursing officers who do not clear the pending Detailed Contingent Bill by 30-12-2005.</p>

(1)	(2)	(3)	(4)
		<p>excess payment of Rs. 30.45 lakh by Assistant Directors of Agriculture Madappally, Ettumanoor and Vaikom (39 cases). A report called for (August 1999) Director of Agriculture from the Principal Agricultural Officer, Kottayam to assess the excess payments made in this regard was not submitted by the Principal Agricultural Officer, Kottayam as of December 2000. The advances remained unadjusted even as of December 2000.</p>	
	<p>3.6.3 <i>Non-adjustment of advances drawn</i></p>		
	<p>(i) The printing of text books was got done by the Director of Public Instructions through Kerala Books and Publications Society, a State autonomous body. In January 1991, Government issued an order for effecting a monthly advance payment of Rs. 20 lakh to the society towards Printing charges. This was enhanced to Rs. 25 lakh with effect from March 1999. The Text Book Officer did not adjust these advances against the annual printing charges claim by the society. Against the payment of advance for Rs. 7.20 crore, the claims of the society for the period 1996-97 to 1998-99 were received for Rs. 6.52 crore resulting in excess retention of Rs. 67.72 lakh by the society. No final bill in adjustment of Rs. 20.15 crore advanced to the society during April 1990 to March 2000 was prepared by the office. Excess amount retained by the</p>	<p>Circular No. 34/2003/Fin. dt. 25-4-2003 issued to all Heads of Department/ Officers/DDOs and Chief Controlling Officers. A meeting of the concerned Finance Officers have been convened on 19-10-2003 for strict follow up of the Cir. No. 34/2003/Fin. dt. 25-4-2003. A warning has been issued to the concerned DDos to clear pending DC bill, failing which further AC bills will not be entertained on 3-12-2005, the Director of Treasuries has been instructed to give directions to all treasuries not to pass the ACBs of the drawing and disbursing officers who do not clear the pending</p>	

(1)	(2)	(3)	(4)
		society for this period remained unassessed as of July 2000.	Detailed Contingent Bill by 30-12-2005.
		(ii) during 1994-98 Text Book Officer had drawn Rs. 4.62 crore through 3 AC bills and made advance payments for purchase of paper. Against this, cost of paper supply was only for Rs. 4.51 crore leaving a balance of Rs. 10.76 lakh with the supplier. This was neither adjusted against the cost of subsequent supplies nor refunded by the firm. Detailed bills for the advance of Rs. 4.62 crore were not submitted even as of July 2000.	
		(iii) In the Directorate of Tourism, the DDO did not record the details of money drawn through AC bills nor watched subsequent adjustment thereof. Details of the payees were also not recorded in respect of advances of Rs. 1.22 crore in 36 cases. Further, in violation of the provision of rules, multiple advances were given to persons without adjustments of the previous advances. For example, for advances of Rs. 6.90 lakh paid (1997-99) to former Director Sri. U. K. S. Chouhan, to advances of Rs. 5.40 lakh paid (1998-99) to Dr. B. Venu, present Director, six advances of Rs. 3.10 lakh paid (1989-91) to Sri. R. Purushothaman, Additional Director, to advances of Rs. 5.00 lakh paid (1998-99) to Dr. V. K. Rajan, Additional Director and 25 advances of Rs. 51.13 lakh (1990-99) to four Tourism Information Officers	

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(1)	(2)	(3)	(4)
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including the Director who were responsible to implement financial rules and procedure had themselves violated the rules.

- (iv) Government in July 1990 accorded sanction to the Managers of Thiruvananthapuram and Kovalam Guest Houses to avail advances of Rs. 25,000 and Rs. 15,000 respectively at a time for purchasing provisions for catering purpose. Each advance bill was to be adjusted by a detailed bill, before the next advance was drawn. Manager of Guest House, Thiruvananthapuram had drawn an amount of Rs. 23.50 lakh through 87 AC bills during the period 1997-98 to 1999-2000 against which no detailed bills were submitted as of June 2000. No stock account of the items purchased by Guest House Manager had been kept in spite of direction issued by Government in this regard. The actual utilization of advances drawn for purchases, therefore, could not be verified in audit.

Government in Tourism Department stated (October 2000) that a cell was constituted for the adjustment of pending advances and settlement of advances would be closely monitored and effective steps including disciplinary proceedings, recovery from salary, institution of revenue recovery proceedings etc., were being resorted to settle the advances.

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(1)	(2)	(3)	(4)
3.6.4	<i>Transfer of amounts drawn in AC bills to TP account</i>	<p>(i) Government of India, in 1994, released Rs. 15.30 lakh for starting a Centre of Excellence for Micro Surgical Recanalisation and Standards of Surgical Contraception at the Medical College, Kottayam. The amount was drawn in March 1995 by the Principal, Kottayam Medical College on an AC bills and credited to his TP account. Of this Rs. 1.50 lakh was set apart for training and purchase of equipment and Rs. 4 lakh paid to PWD for innovation of operation theatre. The details of expenditure incurred by PWD were not available with the Principal. Balance of Rs. 9.80 lakh remained in the TP account. Though the scheme was discontinued by Government of India in 1996, the unutilized balance was not refunded to GOI. The adjustment bill was not prepared even as of July 2000.</p> <p>(ii) The Principal, DIET Kollam at Kottarakara, drew between May 1988 and March 2000 advances of Rs. 39 lakh through 14 AC bills to meet the expenditure on training. Actual expenditure incurred on training was only Rs. 36.45 lakh and the balance Rs. 2.55 lakh though required to be credited to the service head was kept in a TP Account. Submission of detailed bills for the entire amount remained outstanding as of July 2000.</p> <p>The Matter was referred to Government in October 2000; reply has not been received (November 2000).</p>	<p>Circular No. 34/2003/Fin. dated 25-4-2003 issued to all Heads of Department / Officers/DDOs and Chief Controlling Officers. A meeting of the concerned Finance Officers have been convened on 19-10-2003 for strict follow up of the Cir. No. 34/2003/Fin dated 25-4-2003. A warning has been issued to the concerned DDOs to clear pending DC bill, failing which further AC bills will not be entertained on 3-12-2005, the Director of Treasuries has been instructed to give directions to all treasuries not to pass the ACBs of the drawing and disbursing officers who do not clear the pending detailed contingent Bill by 30-12-2005.</p>

## GOVERNMENT OF KERALA

**Finance (SL) Department**

No. 28154/SL3/05/Fin. Dated, Thiruvananthapuram, 30th December, 2005.

From

The Principal Secretary (Finance).

To

The Director of Treasuries,  
Thiruvananthapuram.

Sir,

*Sub:*—Status Report on Pending AC Bills/DC Bills—Passing of further AC Bills—Reg.

*Ref:*— 1. Circular No. 34/2003/Fin. dated 25-4-2003.

2. Letter 28154/SL3/05/Fin. dated 3-12-2005 to the Finance Officers and drawing and Disbursing Officers concerned (copy enclosed).

3. Letter No. AAD/I/53-6(B) Misc./05-06/132 dated 14-11-2005 from AG (A&E), Kerala, Thiruvananthapuram.

As per letter under reference 3rd cited Accountant General (A&E) has furnished the list of Drawing and Disbursing Officers against whom advances are pending for want of Detailed Contingent Bills as at the close of the accounts for August 2005. As per letters 2nd cited the Drawing and Disbursing Officers concerned were strictly directed to comply with the instructions issued in this regard vide Circular No. 34/2003/Fin. dated 25-4-2003 and furnish all pending DC Bills with Sub Vouchers to the Accountant General under intimation to Government, within one month, failing which further AC bills will not be passed in future. The concerned Finance Officers were intimated this matter for follow up action. In this regard I am directed to request you to instruct all the treasuries not to pass further Abstract Contingent Bills of those Drawing and Disbursing Officers who fail to comply with the above instructions.

Yours faithfully,

K. SREEDEVI AMMA,  
*Additional Secretary,*

For *Principal Secretary (Finance).*

## GOVERNMENT OF KERALA

**Finance (Streamlining) Department**

## CIRCULAR

No. 34/2003/Fin.

*Dated, Thiruvananthapuram, 25th April, 2003.*

*Sub:*—Submission of sub vouchers of Rs. 500 and above to the Accountant General—Regarding.

*Ref:*— 1. Circular No. 48/2002/Fin. dated 26-6-2002.

2. D. O. letter No. Co-ordn. VI/12-1A/Vol. 27/294/378 dated 17-3-2003 from the Accountant General (A&E), Kerala.

As per the Circular cited, instructions have been issued to all Drawing and Disbursing Officers to comply with Rule 187 (d) of Kerala Treasury Code Vol. I regarding the submission of Detailed Contingent Bills and to include status report on pending Abstract Contingent bills while handing over charge on transfer etc. The Accountant General (A&E) has brought to notice that there are still instances of non-compliance of the instructions and that the amount placed under objection for want of Detailed Contingent Bills is on the increase. Non-submission of D.C. bills is a serious violation of the codal provisions. All the Drawing and Disbursing Officers are therefore directed to take necessary steps for the timely submission of D. C. bills to the Accountant General. Any lapse in this regard will be viewed seriously.

2. The Accountant General (A&E) has also brought to the notice of the Government the recent direction of the Comptroller and Auditor General of India that all sub vouchers of Rs. 500 and above should be forwarded to the Accountant General along with the D. C. bills. All the Drawing and Disbursing Officers are directed to make immediate arrangements to furnish all sub vouchers of Rs. 500 and above to the Accountant General (A&E) along with the D.C. bills within a month of drawal of the A. C. bills.

3. On account of the above direction, the correction slip No. 2/98 already issued to Article 103, 107 and 108 of K. F. C. Vol. I and correction slip No. 4/88 issued to Rule 187, K. T. C. Vol. I will be modified suitably.

V. S. SENTHIL,

*Secretary to Government,  
(Finance-Expenditure).*

To

The Accountant General (A&E), Kerala, Thiruvananthapuram.

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.

All Heads of Departments and Offices.

All Drawing and Disbursing Officers.

The Director of Treasuries, Thiruvananthapuram.

All District Treasury Officers/Sub Treasury Officers (Through the Director of Treasuries).

**Statement of Action Taken on the Audit Para(s) contained in the Report of the  
Comptroller and Auditor General for the year  
ended on 31-3-2000 (1999-2000)**

<i>Sl. Paragraph No.</i>	<i>Paragraph No.</i>	<i>Audit Para</i>	<i>Statement of action taken on the audit para</i>
(1)	(2)	(3)	(4)
2	<b>3.7</b>	<b>Cash Management</b>	
	<b>3.7.1</b>	<i>Introduction</i>	
		<p>To ensure safe keeping of cash and the timely and accurate account, financial rules prescribe certain internal control procedure. Every officer authorized to handle Government money is required to maintain a cash book. All monetary transactions are to be entered in the cash book immediately and attested by the Head of office in token of cheque. The cash book is to be closed regularly and the Head of the office is to physically verify the cash balance at the end of the each month and record a signed and dated certificate to that effect procedures, retention of heavy cash balance, holding huge amounts in the form of Bank drafts, non-adjustment of cash advance etc. as discussed below.</p>	
		<b>3.7.2 Misappropriation of cash</b>	
		<p>(i) Abstract of closing balance was not recorded in their cash books since 1984 by the DDO in Taluk Office, Devicolam. A surprise inspection by the Finance Department revealed that an</p>	<p>Circular No. 17/2003/Fin. dated 20-1-2003 has been issued giving instructions regarding maintenance of cash book, routing fund,</p>

(1)	(2)	(3)	(4)
		<p>amount of Rs. 2.38 lakh was misappropriated. The cash book showed unattested corrections and overwriting on several dates.</p>	<p>disbursal of Government money etc. by departmental officers.</p>
		<p>(ii) The Manager, Government Guest House, Varkala in Thiruvananthapuram District, who was the DDO and Cashier, while relinquishing charge on 9 October 1996 did not hand over the cash book with balance cash of Rs. 33,353 to the successor, who opened a new cash book from 10 October 1996 with "Nil" opening balance. The Manager remitted Rs. 26,670 into Treasury in February-March 1997 and Rs. 66,683 still remained unaccounted for.</p>	<p>All the 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have been requested to furnish the report. The District Finance Inspecting Officers, Thrissur has reported that Accountant General has dropped all objections raised. 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have furnished their report, two of them received very recently. The same may be consolidated and furnished to Accountant General for dropping Action within a week's time.</p>
		<p>(iii) The Deputy Director, Ramaniyam Guest House, Thrissur handed over charge on 16 April 1998 with a cash balance of Rs. 34,145 as per the cash book. But the actual cash taken over by his successor was only Rs. 11,168. Reasons for shortage of cash amounting to Rs. 22,977 could not be explained to Audit. Further shortage of cash (Rs. 16,317) detected on 28 February 1999 also remained unaccounted for.</p>	
		<p>It was also seen that no regular physical verification of cash was made surprise checking of cash balance made by any higher/independent authority.</p>	

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(1)	(2)	(3)	(4)
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### 3.7.3 Physical verification of cash

Scrutiny revealed that ten DDOs did not conduct physical verification of cash at the end of each month during 1996-99 and record a certificate to that effect regularly.

At the instance of Audit, physical verification of cash was done in 8 DDOs in January 2000 and June 2000. While no shortage of cash was noticed in 3 DDOs shortage of cash of Rs. 4.59 lakh was noticed in 5 DDOs during verification of which Rs. 1.27 lakh were unauthorized held as unadjusted vouchers and Rs. 3.32 lakh were shown as advances to staff from the undisbursed cash. The details are as under :

Circular No. 17/2003/Fin. dated 20-1-2003 has been issued giving instructions regarding maintenance of cash book, routing fund, disbursement of Government money etc. by Departmental Officers.

All the 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have been requested to furnish the report. The District Finance Inspecting Officers, Thrissur has reported that Accountant General has dropped all objections raised. 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have furnished their report, two of them received very recently. The same may be consolidated and furnished to Accountant General for dropping Action within a week's time.

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Sl. No.	Offices of the DDOs where shortage were detected	Date of Physical verification	Amount of shortage given as advances	Amount of shortage held in vouchers (in Rupees)	Total Shortage
1	Director of Scheduled Caste Development Department	19-1-2000	..	13300	13300
2	Medical College, Thrissur	14-6-2000	1109	987	2096
3	Taluk Office, Ottappalam	16-6-2000	323570	100106	423676
4	Government Guest House, Thrissur	19-6-2000	7314	..	7314
5	Taluk Office, Fort Kochi	20-6-2000	..	12334	12334
Total			331993	126727	458720

It was seen that Rs. 3.24 lakh advanced to Village Officers by the Tahsildar, Ottappalam for the payment of honorarium to teachers for census and election duty should have been drawn from treasury through proper bills against regular budget provision. Rupees 1.27 lakh held in vouchers was irregular as vouchers could not be considered as cash balance. These disbursements were made without any allotments and sanction. DDO did not deposit the undisbursed pay and allowances and the cash balance in hand were misutilised for irregular payment of advances for the purposes for which no sanction existed.

(1)	(2)	(3)	(4)
		<p><b>3.7.4 Irregular utilization of departmental receipt</b></p>	<p>Circular No. 17/2003/Fin. dated 20-1-2003 has been issued giving instructions regarding maintenance of cash book, routing fund, disbursal of Government money etc. by Departmental Officers.</p>
		<p>Rule 6 (2) of the KTC provides that the amount of revenue received by a Government servant shall, without delay be deposited in full into the treasury/bank. Such moneys received cannot be appropriated to meet the departmental expenditure nor otherwise kept apart from Government Account. In contravention of this rule DDOs of Government Guest Houses at Ernakulam and Thrissur had utilized departmental receipt of Rs. 0.73 lakh and Ernakulam and Thrissur had utilized departmental receipt of Rs. 0.73 lakh and Rs. 0.66 lakh respectively during 1993-99 towards routine expense of the institutions.</p>	<p>All the 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have been requested to furnish the report. The District Finance Inspecting Officers, Thrissur has reported that Accountant General has dropped all objections raised. 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have furnished their report, two of them received very recently. The same may be consolidated and furnished to Accountant General for dropping Action within a week's time.</p>
		<p><b>3.7.5 Retention of heavy cash balance</b></p>	<p>Circular No. 17/2003/Fin. dated 20-1-2003 has been issued giving instructions regarding maintenance of cash book, routing fund, disbursal of Government money etc. by Departmental Officers.</p>
		<p>Financial Rules provide that no money is to be drawn from the treasury unless it is required for immediate disbursement. It is also not permissible to draw funds in anticipation of demand</p>	

(1)	(2)	(3)	(4)
		<p>or to prevent the lapse of appropriation. However, 22 DDOs in 5 departments listed in Appendix XXIX held heavy cash balance ranging from Rs. 0.50 lakh to Rs. 1.45 crore on 31st March of 1997, 1998 and 1999. Total cash balance retained in these offices during these years were Rs. 1.59 crore, Rs. 2.89 crore Rs. 1.91 crore respectively.</p>	<p>All the 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have been requested to furnish the report. The District Finance Inspecting Officers, Thrissur has reported that Accountant General has dropped all objections raised. 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have furnished their report, two of them received very recently. The same may be consolidated and furnished to Accountant General for dropping Action within a week's time.</p>
		<p>Retention of such heavy cash balance at the close of the year indicates unnecessary drawal of funds to prevent lapsing of budget provision and increase in risk of theft and mis-utilisation of cash.</p>	
		<p><b>3.7.6 Huge amounts kept in the form of bank drafts</b></p>	<p>Circular No. 17/2003/Fin. dated 20-1-2003 has been issued giving instructions regarding maintenance of cash book, routing fund, disbursement of Government money etc. by Departmental Officers.</p>
		<p>Rules provide that money should not be drawn from treasury in anticipation of expenditure or to avoid lapse of budget grant and kept in banks or in the form of bank drafts etc. In disregard of these rules, huge amounts ranging between Rs. 13.68 lakh and Rs. 11.85 crore were drawn from the treasury by 7 DDOs and kept in the form of Demand Draft (DDS) at the end of the financial year 1998-99.</p>	<p>All the 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have been requested to furnish the report. The District Finance Inspecting Officers, Thrissur has reported that Accountant</p>

(1)	(2)	(3)	(4)
		<p>DDs for Rs. 30.24 lakh drawn by Medical College, Thrissur were retained for more than 3 months. Unnecessary drawal of DDs and their retention for long periods would cause loss of interest to Government and give undue financial benefit to the concerned banks.</p>	<p>General has dropped all objections raised. 40 Drawing and Disbursing Officers and District Finance Inspecting Officers have furnished their report, two of them received very recently. The same may be consolidated and furnished to Accountant General for dropping Action within a week's time.</p>
		<p>The lacunae in the cash resource management procedure pointed out above were due to failure of the Controlling Officers in conducting inspection of cash books and relevant records at regular intervals, non-observance of financial rules by the DDOs and non-maintenance of cash books.</p>	
		<p>The above points were referred to Government in February 2000 and the Heads of the Administrative Departments involving 40 DDOs in April 2000. No reply has been received (October 2000).</p>	

GOVERNMENT OF KERALA  
**Finance (Streamlining) Department**

CIRCULAR

No. 37/2003/Fin.

*Dated, Thiruvananthapuram 20th January, 2003.*

*Sub:*—Observance of rules regarding the maintenance of cash book, routing fund, disbursal of Government money etc. by Departmental Officers Instructions Issued.

The Finance inspection wing, on the basis of inspections made in various moments, has detected many lapses in the matter of keeping Cash Book, of funds, management and disbursal of Government money etc. by Various Department Offices. Several Drawing and Disbursing Officers are maintaining than one Cash Book simultaneously with equal number of savings bank and also they are reluctant to keep contingent registers. Instances of collections in Nationalised Banks have also been brought to notice. All notices are against the codal provisions.

In order to avoid such irregularities, the following instructions are issued for appliance by all the officers concerned.

Single Cash Book for one office system should be followed strictly and all allotments, Demand Drafts and Cheques should be accounted in that Cash Book.

Funds from various Government Agencies and Autonomous Agencies should strictly be routed through the immediate departmental heads as DDs/ Cheques.

Funds from PTA account, Hospital Development Committee account or any such account should be credited on the next day of collection itself their SB account and if the funds are to be withdrawn that should be one through cheques only.

(iv) Since the beneficiaries may not be turning up on the very next day of drawal of money from Treasury, and also in order to ensure that the amounts are disbursed to actual beneficiaries, all such disbursals, especially of Integrated Education for Disabled Children (IED), Quality Improvement Programme (QIP), Lump Sum Grant (LSG) and monthly stipend for SC/ST students, payments should be made only through cheques.

Any Laxity in observing the above instructions will be viewed seriously.

SUDHA PILLAI,  
*Principal Secretary (Finance).*

To

All Heads of Departments and Offices.  
All Departments of the Secretariat.  
The Director of Treasuries, Thiruvananthapuram.  
All District Treasury /Sub Treasury Officers (Through the Director of Treasuries, Thiruvananthapuram).

*Copy to:*

1. The Principal Accountant General (Audit), Kerala, Thiruvananthapuram (with C.L.).
2. The Accountant General (A & E), Kerala, Thiruvananthapuram (with C.L.).
3. The Finance Inspection Wing (vide U.O. file No. 51155/FIW. A1/2002/ Fin.)

**Report of the Comptroller & Audit General of India for the year  
ended 31st March 1997 No. 3 (Civil) Statement howing  
Remedial Measures in Respect of Audit Paragraph 7.9  
Infructuous Expenditure on Research Projects**

<i>Sl. Para- No. graph No.</i>	<i>Subject</i>	<i>Action taken</i>
1	<p>7.9 The centre for Development of Imaging Technology(C-DIT), a society registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 and sponsored by Kerala State Film Development Corporation Limited (a Government company) was established in December 1938 with the objective of conducting research and imparting training both in hardware and software technology for electronic media.</p> <p>Of the five schemes proposed by C-DIT in February and June 1990 for implementation in first phase and sanctioned by Government in November 1990, two schemes, viz. centre for Technology Adaptation and Absorption Scheme (C-TAAS) and Centre for Imaging Technology Application Research (C-ITAR) were taken up in 1990-91 with the stipulated period of completion as January 1993 in the case of C-TAAS and March 1993 in the case of C-ITAR. The scientists and technologists required for the scheme, who had been appointed on</p>	<p>1. It is mentioned in para 2 of the report that the stipulated date of completion of the scheme Centre for Imaging Technology Applications Research was March 1993. It may be noted that only some of the projects taken up under the scheme were to be completed in March 1993, and not the entire scheme.</p> <p>2. The Department of Electronics which had supported the scheme of centre for Technology Adaptation and Absorption (C-TAAS) and sanctioned Rs. 70.00 lakhs for the two projects has decided to formally close the project. They have also noted that some of the technologies developed under the project have been put to use by the Scientists who left C-DIT. DOE has also agreed that C-DIT could use the equipment and infrastructure acquired with the project funds for</p>

(1)	(2)	(3)	(4)
		<p>contract-basis, left C-DIT enmasse on expiry of their contract period of appointment (April 1993) and no action was taken by C-DIT either to renew their contract or to recruit new scientists. The expenditure on these schemes as of March 1996 was Rs. 2.30 crores which included Rs. 79.75 lakh spent on acquisition of capital assets. As C-DIT had not taken steps to get back from the scientists/technologists the technical data/documents collected and transfer of technology evolved before they left C-DIT, the schemes were abandoned in April 1993.</p> <p>Although, C-DIT had decided in June 1994 to get the works on C-TAAS project completed by Electronic Research and Development Centre (ER&amp;DC), the latter was not willing to take up the works for want of details of works already done.</p> <p>Thus, the two schemes did not yield any result mainly due to failure on the part of C-DIT to renew the contracts of appointment of the scientists and technologists already working in the schemes till the completion of the projects or to take steps to get the technical data/documents and transfer of technology in respect of research work already done. Abandonment of the schemes thus resulted in</p>	<p>gainful use in its activities. Accordingly all the assets acquired have been put to use in the Video maintenance and training activities undertaken by C-DIT.</p> <p>3. Similarly, most of the Computer Systems and Testing and measuring equipment acquired under the scheme C-ITAR have also been put to use for the subsequent R&amp;D work in C-DIT. C-DIT also proposes to use all equipment except which are now outdated, for use in its video maintenance and training activities.</p> <p>4. In view of above, the entire expenditure of Rs. 2.30 crores cannot be termed infructuous.</p> <p>5. The Research and Development projects taken up by C-DIT in 1989 related to the indigenisation of film studio equipment and development of video electronics hardware. Considerable progress was made by the research team in the development of the products taken up during the period 1989-91. However, since the economic</p>

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(1)	(2)	(3)	(4)
		<p>infructuous expenditure of Rs. 2.30 crores. The Registrar, C-DIT, while accepting (March/June 1997) that the failure of the management to renew the contract had resulted in stalling of the projects stated that changes in top management personnel after 1991 had slowed down the activities which finally culminated in termination of the contracts of the scientists and technologists in April 1993.</p>	<p>liberalisation policy was announced in 1990-91, the import of high-end technology based products to India became very cheap. It was very difficult to find market for the indigenously developed products, made at relatively high costs compared to the imported products. The top management of C-DIT including Director who assumed office in 1992 had taken a stand that the research activities undertaken in C-DIT were not worthwhile, apparently because of the technological changes and the new policies of the Central Government. As per the available office records, it is seen that permission was not granted for technology transfer of the products developed by the research team. A specific case was the proposal for signing a Memorandum of Understanding with Keltron for transfer technology for "Video Routing Switcher". This proposal had been returned by the then Director without approval and without stating any reason.</p>

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(1)	(2)	(3)	(4)
			<p>The Scientific and technical staff who were working in the R&amp;D projects in C-DIT were appointed on short term contract basis. When their contract periods expired on 31st March, 1993 the then Director had issued orders terminating the services of all the scientific and technical staff on contract against the advice the Group Director in charge of the research project. This resulted in virtual stoppage of work in the R&amp;D projects due to lack of experienced scientists to continue with the work. Although an attempt was made in 1994 to re-appoint some of the scientific staff who were retrenched, none of them joined since they had already got jobs elsewhere.</p>
			<p>As can be seen from above, the change in Government policies towards liberalisation and for imported technology and the decisions of the Director C-DIT in 1993 to terminate the scientific staff had resulted in the abandonment of the projects.</p>

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**Report of the Comptroller and Auditor General of India (Civil)**

<i>Sl. No.</i>	<i>Year</i>	<i>Para-graph No.</i>	<i>Title</i>	<i>Action taken</i>
(1)	(2)	(3)	(4)	(5)
1	2001	3.8	Idle deposit with Kerala Water Authority (Rajiv Gandhi Kayika Sadanam)	As per G. O. (Rt.) No. 3045/94/Gl.Edn. dated 9-8-1994, administrative sanction was accorded for construction of a multistoried building adjacent to the Jimmy George Indoor Stadium for having the Directorate of Sports & Youth Affairs and the Rajiv Gandhi Sports Medicine Centre. The work was entrusted to the Kerala Water Authority. But the Kerala Water Authority went back on its earlier promise and did not carry out the work contending that the land proposed for this work is required by Kerala Water Authority for its future development and later that as this is located close to the water Works Compound it also posed security risk. Kerala Water Authority had offered to refund the advance of Rs. 35 lakhs given to them. Effort was made to locate alternative site through District Collector, Trivandrum, including at Kudappanakkunnu, which later got earmarked for Civil Station.
2	2003	4.6.3	Loss of Central Assistance	In continuation of reply sent earlier regarding Swimming Pool, the position regarding Sports Hostels is furnished herewith. No proposals for Central assistance for Sports hostels were sent or proposed to be sent to Government of India. There is no loss of promised Central assistance but the potential to seek Central assistance was not used for Sports Hostels. State Government have submitted various other projects for Central assistance during different periods to Government of India.

## APPENDIX III

**Statement Showing Divisions with Outstanding  
Balances under MWA**

<i>Sl. No.</i>	<i>Name of Division</i>	<i>Blanance (Rupees)</i>
1	Kuttiady Irrigation Project Division No. I, Perambra	2,51,984.06
2	Muvattupuzha Valley Irrigation Project, Thodupuzha	9,98,996.23
3	Periyar Valley Irrigation Project I, Perumbavoor	27,211.00
4	Vamanapuram Irrigation Project, Nedumangad	8,10,678.00
5	Kallada Irrigation Project RB No. I, Thenmala	45,186.20
6	Kallada Irrigation Project LB No. V, Kollam	1,540.00
7	Irrigation Division, Alappuzha	8,89,885.25
8	Irrigation Division, Chittur	24,701.00
9	Minor Irrigation Division, Kollam	21,197.00
10	Minor Irrigation Division, Changannur	1,80,495.00
11	Minor Irrigation Division, Kottayam	4,59,376.11
12	Minor Irrigation Division, Thrissur	58,781.52
13	Minor Irrigation Division, Palakkad	22,883.00
14	Minor Irrigation Division, Malappuram	12,323.77
15	Minor Irrigation Division, Kozhikode	14,47,246.85
16	Minor Irrigation Division, Kannur	1,70,799.00
	Total	54,23,283.99

## APPENDIX IV

**Idling Stores and Plant & Machinery**

<i>Sl. No.</i>	<i>Name of item</i>	<i>Number/ quantity</i>	<i>Purchase Cost (Rupees)</i>	<i>Date from which idling</i>	<i>Name of division</i>	<i>Reasons</i>
1	Road Roller	3	6,03,495	1992(1)-February 1996 (2)	Idamalayar Irrigation Project	Want of repairs
2	Air Compressor	12	14,54,000	Not available	do.	Dilapidated condition
3	Bulldozer	2	24,20,774	December 1992	Karapuzha Irrigation Project	Want of sufficient work or un-serviceable
4	Air Compressor	3	2,59,961	December 1992	do.	do.
5	Triple Tanker	1	13,096	December 1992	do.	do.
6	Concrete Vibrator	7	1,34,812	December 1992	do.	do.
7	Concrete Mixer	15	15,56,161	December 1992	do.	do.
8	Road Roller	7	9,11,903	December 1992	do.	do.
9	Tipper	5	54,16,875	December 1992	do.	do.
10	Sand Processing Plant	1	10,36,000	1981	Attappady Valley Irrigation Project	Unserviceable
11	Steel rods	160.605 tonnes	9,12,236	February 1987	Chamravattom Irrigation Project	Unnecessary purchase at investigation stage of the project
12	Bulldozer	2	10,00,000	Not available	Mechanical Division, Malampuzha	Steps taken for disposal
Total			1,57,19,313			

## APPENDIX V

**Details of Offices taken up for review**

I	Agriculture	Principal Agricultural Officers <ol style="list-style-type: none"> <li>1. Kollam including O/o the ADA, Oachira and Kottarakara.</li> <li>2. Pathanamthitta</li> <li>3. Alappuzha</li> <li>4. Kottayam</li> <li>5. ADA, Neyyattinkara</li> </ol>
II	Health Services	<ol style="list-style-type: none"> <li>1. Government Victoria Hospital, Kollam</li> <li>2. District Hospital, Kollam</li> <li>3. District Hospital, Kozhenchery</li> <li>4. DMOH, Kollam</li> <li>5. DMOH, Alappuzha</li> <li>6. DMOH, Pathanamthitta</li> <li>7. Taluk HQ Hospital, Chirayinkil</li> <li>8. Taluk HQ Hospital, Neyyattinkara</li> <li>9. Government Hospital, Kayamkulam</li> <li>10. Taluk HQ Hospital, Mavelikkara</li> </ol>
III	Medical Colleges	<ol style="list-style-type: none"> <li>1. T.D. Medical College, Alappuzha</li> <li>2. Government Medical College, Kottayam</li> </ol>
IV	Water Transport	Directorate of Water Transport, Allappuzha
V	Collectorates	Collectorate, Kollam
VI	Animal Husbandry Department	<ol style="list-style-type: none"> <li>1. Chief Disease Investigators Office, Palode</li> <li>2. Director, Animal Health and Veterinary Biological Institute, Palode</li> </ol>
VII	Jails	Sub-Jail, Kollam
VIII	Tourism	<ol style="list-style-type: none"> <li>1. Directorate of Tourism, Trivandrum</li> <li>2. Guest Houses at Thycaud, Kovalam, Ernakulam, and Kollam</li> <li>3. Tourism Garage, Thycaud</li> </ol>

IX	Technical Education Engineering Colleges	Government College of Engineering, Trivandrum
X	General Education	1. DIET, Kollam 2. DIET, Pathanamthitta 3. DIET, Kottayam 4. Text Book Office, Trivandrum
XI	Dairy Development	Dairy Extension Offices, Adoor & Trivandrum
XII	Rural Development	1. B. D. O. Chadayamangalam 2. B. D. O. Kazhakuttam
XIII	Stationery and Printing	Controller of Stationery and Printing, Trivandrum
XIV	Marine Survey	1. Chief Hydrographic Surveyor, Trivandrum 2. Assistant Director, Hydrographic Survey, Kollam.

## APPENDIX VI

## Department-wise details of outstandings

<i>Sl. No.</i>	<i>Department</i>	<i>Period</i>	<i>No. of DDOs</i>	<i>No. of items</i>	<i>Amount (Rs. in lakh)</i>
1	Agriculture	1991-92 to 1998-99	5	174	2023.00
2	Health	1994-95 to 1999-2000	11	29	46.00
3	Tourism	1989-90 to 1999-2000	3	247	471.33
4	Text book Office Education	1990-91 to 1998-99	1	96	2434.00
5	Engineering College, Thiruvanan- thapuram	1990-91 to 1998-99	1	13	26.00
6	Animal Husbandry	1996-97 to 1999-2000	2	52	63.00
7	Stationery and Printing	1995-96 to 1999-2000	1	8	467.00
8	DIET (Education)	1995-96 to 1999-2000	3	55	135.00
9	Rural Development	1996-97 to 1999-2000	1	17	15.00
10	Dairy Development	1999-2000	1	1	1.00
11	Medical Education	1990-91 to 1998-99	2	55	218.40
Total			31	747	5899.73

## APPENDIX VII

**List of DDOs holding heavy cash balance for three years**

Sl. No.	Drawing of Disbursing Officer (DDO)	Cash balance as on 31st March		
		1997	1998	1999
(Rs. in lakh)				
<b>Health &amp; Family Welfare Department</b>				
1	Medical College, Thiruvananthapuram	16.39	145.26	35.42
2	Government Ayurveda College, Thiruvananthapuram (Pharmacology Department)	9.40	4.89	2.25
3	District Medical (Health), Kozhikode	9.07	1.32	1.36
<b>Higher Education Department</b>				
4	Government Engineering College, Thiruvananthapuram	13.38	17.51	23.33
5	Government Engineering College, Kottayam	40.69	57.61	39.05
6	Government Engineering College, Thrissur	6.40	7.06	8.56
7	Government Engineering College, Kannur	5.73	4.35	6.31
8	Maharaja Technical Institute, Thrissur	1.94	2.02	3.02
<b>Revenue Department</b>				
9	Taluk Office, Ottappalam	3.02	2.58	1.89
10	Taluk Office, Kochi	13.30	3.93	4.60
11	Taluk Office, Adoor	0.74	1.52	2.62
12	Taluk Office, Kollam	3.37	4.13	11.88
13	Taluk Office, Devikulam	1.43	1.78	2.00
14	Taluk Office, Udumbanchola	3.67	A	A

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