CHAPTER III

COMPLIANCE AUDIT

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Compliance Audit of the departments of the Government and their field formations as well as autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

3.1 Excess payment/wasteful/infructuous expenditure

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.1.1 Excess release of interest subsidy by Government

Release of interest subsidy on *adhoc* basis by Government to the Tamil Nadu Cooperative Housing Federation Limited during the years 1983 to 2008 without ascertaining the actual interest subsidy payable in respect of Scheduled Caste beneficiaries resulted in excess release of subsidy of ₹ 7.71 crore to the Federation.

The Tamil Nadu Cooperative Housing Federation Limited (TNCHF), advanced housing loans to the Scheduled Caste (SC) and other members of the rural housing societies since 1977-78. The loans given to the SC members were interest-free and the corresponding interest paid by TNCHF to its lending institutions was to be reimbursed by Government as interest subsidy to TNCHF.

Housing loans of ₹ 159.94 crore[1] were disbursed to the beneficiaries during the period 1978-93 and there was no loan disbursement after 1993. TNCHF paid interest of ₹ 50.30 crore to its lending institutions upto March 2008 and received interest subsidy of ₹ 34.73 crore from Government in respect of the loans advanced to SC members. As the recovery of housing loans was waived by Government from April 2008, there was no subsequent claim for interest subsidy from TNCHF.

Scrutiny of records of TNCHF revealed (March 2011) that Government, based on a proposal of the Registrar of Cooperative Societies, Housing (RCS (H)), sanctioned *adhoc* interest subsidy of ₹ 1.25 crore to TNCHF in 1981 on the plea that the subsidy claims in respect of SC members were not received in complete shape from the field level rural housing societies. Subsequently, Government sanctioned (February 1983) the *adhoc* interest subsidy assuming that 70 *per cent* of the loans were sanctioned to SC beneficiaries and instructed RCS (H) to obtain the certified figures of claim on interest subsidy from the inception of the scheme from the Director of Cooperative Audit.

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[1] Scheduled Castes - ₹ 85.90 crore and Non- Scheduled Castes - ₹ 74.04 crore

It was noticed in audit that based on the proposals of RCS (H), Government continued to release the *adhoc* subsidy at 70 *per cent* every year upto 2007-08, without insisting the audited figures of actual amount of subsidy payable in respect of the loans paid to the SC beneficiaries. Out of the total loan amount of ₹ 159.94 crore disbursed during the period, the actual amount of loan disbursed to the SC beneficiaries was ₹ 85.90 crore, which worked out to 54 *per cent*. Even though TNCHF had details of loan disbursements to SC beneficiaries, it continued to claim the subsidy on *adhoc* basis at 70 *per cent* of total interest paid. At the rate of 54 *per cent*, the interest subsidy reimbursable to TNCHF by Government was ₹ 27.02 crore only. Government's failure to obtain from TNCHF the details of exact number of SC beneficiaries and of interest subsidy in respect of SC beneficiaries and release of interest subsidy on *adhoc* basis, resulted in excess release of subsidy of ₹ 7.71 crore[2] (₹ 34.73 crore - ₹ 27.02 crore) to TNCHF during 1983 to 2008.

TNCHF accepted the audit observations and stated (August 2012) that they had requested the Registrar (Housing) to adjust the excess interest subsidy paid to them by way of adjustment against the amount due to TNCHF from Government. RCS (H) also addressed (November 2011) Government to specify the head of account to which the excess amount of subsidy was to be remitted back. But, the amount remained to be adjusted/remitted to the Government Account (August 2012).

The matter was referred to Government in September 2012; reply has not been received (December 2012).

3.2 Avoidable expenditure/Extra expenditure

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD

3.2.1 Avoidable expenditure

Injudicious decision of the Tamil Nadu Water Supply and Drainage Board to revise the pre-qualification criteria for the tenderers led to avoidable expenditure of ₹ 1.88 crore.

Government sanctioned (December 2006) ₹ 616 crore for the Ramanathapuram Combined Water Supply Scheme to provide drinking water to five municipalities, 11 town panchayats and 3,163 rural habitations in Ramanathapuram, Sivaganga and Pudukottai districts. The Chief Engineer (CE), Tamil Nadu Water Supply and Drainage Board (Board), Southern Region accorded (December 2006) technical sanctions to estimates for various components of the scheme at a total cost of ₹ 596.50 crore. The work was

2 Subsidy received (₹ 34.73 crore) minus ₹ 27.02 crore (53.71 *per cent* of total interest paid of ₹ 50.30 crore)

split into seven packages (excluding head works). The estimated cost of Package III[3] was ₹ 63.09 crore.

Scrutiny of the records relating to Package III revealed (October 2010) that the CE invited (February 2007) bids, under two cover system[4] and received two bids. One of the pre-qualification criteria for the bidder mentioned in the bid document was that the bidder should have experience of having completed and commissioned at least two km length of Bar Wrapped Steel Cylinder (BWSC) pipeline work. Out of the two bidders, one bidder was pre-qualified (April 2007) by the Board's Tender Evaluation Committee. The other bidder was not qualified as the firm had produced the experience certificate for pipeline work of Mild Steel (MS) pipes only and not BWSC pipes as stipulated in the pre-qualification criteria. The CE opened (April 2007) the price bid of the single qualified bidder and recommended (May 2007) his tender to the Tender Committee at the negotiated rate of ₹ 70.43 crore, which was 14.40 *per cent* above the departmental value of ₹ 61.57 crore. The Tender Committee recommended the tender to the Board for approval. However, the Board, without giving detailed reasons, rejected (May 2007) the tender and requested the Managing Director to review the pre-qualification criteria for bidders before re-inviting bids for the work.

Accordingly, the pre-qualification criteria for the bidder were modified and bids re-invited in June 2007, after revising the estimated value to ₹ 65.08 crore adopting the Schedule of Rates for 2007-08. As per the modified criteria, the bidder should have completed and commissioned at least 2 km length of BWSC / MS pipe line work. In response to the tender, the Board received two bids. The price bids were opened in August 2007 and the lowest bid of the firm[5], whose tender was rejected in the first tender call, was accepted (August 2007) by the Board at ₹ 72.31 crore (11.30 *per cent* above the departmental value of ₹ 65.08 crore). The work was completed in February 2010 at a cost of ₹ 81.27 crore. Thus, by ordering for revision of the bid criteria and re-tendering, the Board had to incur an additional expenditure of ₹ 1.88 crore[6], which was avoidable.

The Government stated (June 2011) that the Board had anticipated participation of large number of bidders who manufacture BWSC pipes, but received only two bids and that in order to avoid monopoly of the limited number of BWSC pipe manufacturers and in the public interest, the Board had revised the pre-qualification criteria.

The reply is not acceptable since the Board's resolution dated 27.10.2005 stipulated that the bidders should have experience of having completed and commissioned at least two km length of pipeline works of respective material i.e. BWSC or MS Pipes as the case may be. As per the estimate for Package III, both BWSC and pre-stressed concrete pipes were proposed to be used in the work and accordingly, the first tender should have been called for

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3 All components of works in between sump at Alavoyal to sump at Kalayarkoil including maintenance for a period of 12 months (LS 81,650 m - 1,55,530 m)

4 Technical and price bids separately

5 M/s. Indian Hume Pipe Company Limited, Mumbai

6 ₹ 72.31 crore *minus* ₹ 70.43 crore = ₹ 1.88 crore

combining BWSC / MS pipe line works. Therefore, the Board's decision (May 2007) to revise the pre-qualification criteria without citing any reason, was not judicious. The Government's reply to the Audit observation is not acceptable as no such reason was recorded when the Board directed the Managing Director to revise the pre-qualification criteria.

The matter was referred to Government in June 2012; reply has not been received (December 2012).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2.2 Avoidable payment

Extension of financial assistance under the Janani Suraksha Yojana and Dr. Muthulakshmi Reddy Maternity Benefit Scheme without restricting the total assistance to ₹ 6,000 per beneficiary as ordered by Government resulted in avoidable payment of ₹ 67.89 lakh in 25 test-checked Primary Health Centres.

With the objective of promoting institutional delivery among the poor pregnant women, Government of India (GoI) launched the scheme of "Janani Suraksha Yojana" (JSY) in April 2005, as a sub-component of the National Rural Health Mission (NRHM). Under this scheme, cash assistance[7] was provided to pregnant women belonging to the below poverty line (BPL) families at the time of delivery to meet the expenditure in connection with delivery. Funds were released by GoI to the Mission Director, State Rural Health Mission, NRHM, who in turn released the amount to the Deputy Directors of Health Services (DDsHS) through the District Health Societies of NRHM concerned. The DDsHS made available the money to the primary health centres (PHCs) for eventual distribution to the beneficiaries through the Village Health Nurses. GoI specifically stated that the scheme could be modified by the states in consultation with GoI and that any unilateral change was not advisable.

Simultaneously, Government of Tamil Nadu (GoTN) issued orders in September 2006 for implementing "Dr. Muthulakshmi Reddy Maternity Benefit Scheme" (DMRMBS), a State scheme, under which cash assistance of ₹ 6,000 was given to pregnant women belonging to BPL families in six instalments of ₹ 1,000 each during three months of ante-natal and three months of post-natal periods for compensating the loss of income during that periods and to provide nutritious food for giving birth to babies not of under-weight. In the above mentioned order, Government specifically stated that those who availed benefit under JSY could also avail the assistance under DMRMBS.

Scrutiny of records of the Director of Public Health and Preventive Medicine (DPH&PM) revealed that Government had ordered (July 2008) that (i) beneficiaries who were eligible to avail assistance under both JSY and DMRMBS could avail cash assistance of ₹ 5,300 to ₹ 5,500 under DMRMBS and ₹ 500 to ₹ 700 under JSY, so that the total benefit could be restricted to ₹ 6,000, (ii) GoI assistance received for JSY be remitted into the State

[7] ₹ 700/₹ 600 for rural/urban institutional deliveries and ₹ 500 for home deliveries

Government account and (iii) separate account be maintained for JSY and the utilisation certificate should be furnished to GoI, in time.

With reference to the Government order of July 2008, the Mission Director, State Rural Health Mission, NRHM brought to the notice (July 2008) of the Principal Secretary, Health and Family Welfare Department that procedural change in the guidelines of JSY might affect subsequent release of funds from GoI and requested to maintain *status quo* prior to the issue of July 2008 Government order. Accordingly, DPH&PM instructed (August 2008) all the DDsHS to implement the schemes in the manner that existed prior to the issue of the said Government order i.e., to provide assistance under both the schemes, as the case may be, without any restriction of the amount until further instructions.

As the GoTN order in July 2008 to restrict the assistance under both JSY and DMRMBS to ₹ 6,000 per beneficiary was very clear, the contrary instruction of DPH & PM issued in August 2008 resulted in avoidable payment of ₹ 74.45 crore during the period from October 2008 to May 2011, by way of non-restriction of the total benefits to ₹ 6,000 per beneficiary.

When this was pointed out in audit, DPH&PM stated (August 2012) that the benefits under the two schemes were extended for different purposes and to different beneficiaries and that Government had been addressed requesting necessary guidelines on the parallel implementation of both the schemes.

The reply is not acceptable as test check of records in 25 PHCs in three health unit districts disclosed that the benefits of JSY to the tune of ₹ 67.89 lakh were extended to more than 95 *per cent* of the beneficiaries of DMRMBS too. Thus, the decision of DPH&PM not to restrict the total benefits to ₹ 6,000 per beneficiary was contrary to the Government order issued in July 2008 and that led to the avoidable payment from DMRMBS.

The matter was referred to Government in September 2012; reply has not been received (December 2012).

3.3 Regularity issues and others

REVENUE DEPARTMENT

3.3.1 Denial of benefits and idling of funds

Non-settlement of the claims in time by the Revenue Department resulted in denial of the intended benefits to the agricultural labourers and idling of funds to the tune of ₹ 53.39 crore for one to six years.

Government launched (February 2001) the Tamil Nadu Agricultural Labourers Social Security and Welfare Scheme 2001 for providing financial assistance to the agricultural labourers. The scheme was to provide financial assistance to the agricultural labourers in the cases of accident, death, permanent total/partial disablement and funeral expenses. In September 2005, Government introduced a new scheme namely "Tamil Nadu Chief Minister's Farmers Social Security Scheme" for the same purpose including small and marginal farmers in the targeted beneficiaries. In December 2006, Government enacted a legislation called the "Tamil Nadu Agricultural Labourers-Farmers (Social Security and Welfare) Act, 2006" and ordered its implementation in lieu of the "Tamil Nadu Chief Minister's Farmers Social Security Scheme". The scheme under the Act was to be implemented by the Commissioner of Land Reforms (CLR). The Act was repealed by Government in September 2011 and the scheme was continued as "Chief Ministers Farmers Social Security Scheme" from September 2011. The members to be registered under the new scheme were to be provided financial assistance for education, marriage, maternity, relief to the legal heirs in case of death, old age pension on attainment of 60 years of age and funeral expenses.

The details of claims received and settled, cost of printing of identity cards and forms and financial assistance provided under the four schemes are given in the **Table 3.1**.

Table 3.1 : Details of claims received, settled and financial assistance provided

Scheme	Cost of printing of ID cards	Cost of printing of forms	Number of claims received	Number of claims settled	Number of eligible claim not settled	Number of claim not processed	Financial assistance provided
	(₹ in lakh)						(₹ in crore)
2001	0.00	34.47	1962	0	454	1508	0.00
2005	178.36	328.84	4,53,788	3,38,789	2645	1,12,354	90.81
2006	257.77	187.78	9,84,591	9,22,081	62,510	0	803.49
2011	0.00	0.00	9,73,983	8,70,412	0	1,03,571	950.59
Total	**436.13**	**551.09**	**24,14,324**	**21,31,282**	**65,609**	**2,17,433**	**1,844.89**

Scrutiny of records revealed the following:

(i) Out of 24.14 lakh claims received from the registered labourers, the department settled 21.31 lakh claims only and financial assistance of ₹ 1,844.89 crore was provided (September 2012) to them since February 2001.

(ii) Out of 14,40,341 claims received under 2001, 2005 and 2006 schemes, 65,609 claims though eligible were not settled and 1,13,862 claims were not processed. GoTN directed the CLR (January 2012) to submit a revised proposal for the pending claims. The revised proposal submitted (September 2012) by the CLR recommending sanction of claims pertaining to the pending applications of 2001 and 2005 schemes was pending with GoTN (October 2012).

(iii) Rupees 53.39 crore out of the funds released in the earlier years to the 31 District Collectors for implementation of the 2005 and 2006 schemes remained unutilised.

(iv) Though the forms and registers were printed by incurring an expenditure of ₹ 34.47 lakh for the scheme launched in 2001, no financial assistance was provided even to the 454 eligible claimants for an amount of ₹ 46.52 lakh.

(v) Government while modifying the scheme every time, did not consider settlement of the eligible applications and processing of the pending applications. As a result, claims pertaining to the earlier schemes numbering 1,79,471 were not processed/settled, despite availability of funds.

(vi) The expenditure of ₹ 1.78 crore incurred on issue of identity cards for the 2005 scheme which was closed in 2006 and ₹ 0.34 crore on printing of forms and registers for the 2001 scheme became wasteful.

Thus, Government without taking into account, the unspent amount in the earlier schemes, continued to release funds for the new schemes which resulted in idling of Government funds to the tune of ₹ 53.39 crore with the District Collectors for periods ranging from one to six years.

Government stated (October 2012) that the request of the CLR to furnish head of account for settling the claims of 2001 and 2005 schemes already approved on 25 May 2010 was under the consideration of Government. As regards the 2006 scheme, the CLR was directed (October 2012) by Government to furnish the financial implication involved in this case and the report was awaited. In respect of idling of funds of ₹ 53.39 crore, the head of account to which the amount was to be remitted to Government Account had been intimated to CLR in October 2012 and action would be taken to remit the unspent amount. The reply is admittance of the fact that there were no proper instructions on settlement of the pending claims, despite availability of funds.

INFORMATION TECHNOLOGY AND REVENUE DEPARTMENTS

3.3.2 Failure to utilise the colour television sets

Delay in taking decision on distribution of 95,725 colour television sets procured at a cost of ₹ 22.82 crore for free distribution scheme resulted in idling of television sets for 16 to 29 months.

With the objective of providing entertainment to women at home and improving their general knowledge, Government introduced (June 2006) a scheme of supply of colour television sets (CTVs) free of cost to households that possessed family cards and did not own CTVs. Government procured 1.65 crore CTVs at a cost of ₹ 3,907.38 crore in six phases during 2006-11 through the Electronics Corporation of Tamil Nadu Limited (ELCOT) and distributed 1.64 crore sets to the beneficiaries through the Revenue Department. The phase-wise details of procurement and distribution of CTVs are given in the **Appendix 3.1.**

Scrutiny of records (September 2011) in the Information Technology (IT) and Revenue departments and in the office of the Commissioner of Revenue Administration (CRA) disclosed that, on the grounds of completing the scheme by covering all eligible households for supply of CTVs, the Principal Secretary cum Commissioner of Revenue Administration (CRA), after ascertaining the requirement from the district collectors, submitted a proposal (5 January 2011) to the IT Department for procurement of 12 lakh CTVs at the shortest possible time. The Government ordered (11 January 2011) procurement of 10 lakh CTVs in the sixth phase and also reduced the minimum time prescribed[8] for submission of tenders from 30 days to 15 days on the plea to ensure coverage of all eligible beneficiaries in a continuous manner.

The firms which were given supply orders, supplied 2.51 lakh CTVs at a cost of ₹ 62.73 crore[9] and payments were made. Out of 2.51 lakh CTVs supplied, 1.24 lakh CTVs were supplied to the districts for distribution to the beneficiaries and the remaining 1.27 lakh CTVs were kept in the suppliers' godowns and their distribution was suspended with effect from 1 March 2011 as the model code of conduct in connection with the State Assembly elections came into effect on that day.

After the election process was over, the Cabinet, on grounds that the Government had distributed 1.64 crore CTVs, which was over and above the total number of households (1.42 crore as per 2001 census), decided (30 May 2011) to stop procurement of the balance ordered quantity of 7.49 lakh CTVs and to distribute the 1.27 lakh CTVs kept in the suppliers' godowns to schools, hospitals, health centres, anganwadi centres, orphanages etc. Accordingly, Government order was issued (6 June 2011).

Audit noticed that subsequent to the Government order, the CRA brought to the notice (16 June 2011 and 11 August 2011) of the Secretary, IT Department that 95,725 CTVs[10] remained undistributed in various districts. Out of this, 75,619 CTVs were reported to be in good condition and 20,106 CTVs were reported as defective or damaged. In response to the CRA's letter (April 2012) calling for particulars as to how the CTVs were damaged, six District Collectors[11] reported that 6099 CTVs were damaged during transportation and handling. Out of the 20,106 CTVs damaged, it was found that warranty for 670 CTVs distributed during the Phase IV had already expired.

When the CRA requested orders from Government for the proposal (February 2012) of distributing the 95,725 CTVs to other Government institutions which were not covered in the earlier Government Order, the Revenue Department directed (April 2012 and June 2012) the CRA to furnish the details of distribution of 1.27 lakh CTVs already ordered. The CRA did not furnish (October 2012) the required details and the 95,725 CTVs remained undistributed.

Thus, 95,725 CTVs procured during 2009-2011 at a cost of ₹ 22.82 crore[12] were idling in the districts for 16 to 29 months as of July 2012. Part of the

8 Vide the Tamil Nadu Transparency in Tenders Rules, 2000

9 2,51,225 CTVs at ₹ 2497 = ₹ 62,73,08,825

10 Phase IV (February 2009 to February 2010): 1,112; Phase V (February 2010 to January 2011): 58,815 and Phase VI (February 2011 to 01 March 2011): 35,798.

11 Cuddalore (1388 CTVs) Madurai (1200 CTVs), Ramanthapuram (1142 CTVs), Tiruchirapalli (885 CTVs), Vellore (758 CTVs) and Villupuram (726 CTVs)

12 Phase IV: 1,112 CTVs x ₹ 2,061 = ₹ 0.23 crore; Phase V: 58,815 CTVs x ₹ 2,321 = ₹ 13.65 crore and Phase VI: 35,798 CTVs x ₹ 2,497 = ₹ 8.94 crore; Total : ₹ 22.82 crore

surplus CTVs procured in February 2011 had to be diverted for the purposes other than the purpose for which they were procured. Further, even though the Government, in IT Department, was aware of the damaged CTVs, the Department failed to take action to replace them through ELCOT.

The matter was referred to Government in September 2012; reply has not been received (December 2012).

HIGHER EDUCATION DEPARTMENT

3.3.3 Avoidable delays leading to shelving of a scheme

Release of fund by Government to the Tamil Nadu Open University without ensuring the scope of spending in time and avoidable delays led to shelving of a scheme and loss of interest of ₹ 42.89 lakh.

As per Article 210 (3) of the Tamil Nadu Financial Code, only so much of grant as is likely to be expended during the year should be paid during any financial year. In the budget speech for the year 2008-09, a scheme to telecast educational programmes[13] for improvement of skills of the people through Tamil Nadu Open University was announced. Based on the plan of action (December 2008) furnished by the University stating that tenders were called for and the process of identifying the eligible bidders by a committee appointed for the purpose was nearing completion, Government released (September 2009) ₹ 3 crore to the University and the University kept the amount in savings bank account.

Scrutiny of records of the University revealed (May 2012) that the University had not invited tenders for the programmes in December 2008 and even the draft tender documents were finalised only in August 2010. The University stated that it could not invite tenders due to enforcement of code of conduct (March 2011) for the Assembly Elections. The University requested Government (February 2012) to permit it to use the amount for construction of its new academic block and library. In the meantime, the amount kept in savings bank account was drawn and invested (February 2012) in fixed deposit at the interest rate of 9.5 *per cent*. The request of the University to utilise the funds for construction of building was declined (March 2012) by Government and hence, the amount of ₹ 3 crore along with accrued interest of ₹ 0.34 crore was remitted (July 2012) into Government account.

Thus, the scheme of telecasting of educational programmes for development of various skills of the people was not implemented due to avoidable delays on the part of University from July 2009 in the finalisation of tender process and the delay also led to keeping of Government money outside its account for 33 months (October 2009 to June 2012). There was loss of interest of ₹ 42.89 lakh[14] due to keeping the amount in savings bank account instead of in fixed deposits during the period 22 September 2009 to 20 February 2012.

[13] Spoken English, yoga, guidance for students, training in general knowledge for competitive examinations, etc.

[14] (₹ 3 crore x 9.5 *per cent* x 882 days) / 365 days *minus* ₹ 25.98 lakh earned as interest in savings bank account

Further, the Director of Collegiate Education, who was to watch utilisation of the grant released, also failed to monitor the implementation of the programme.

Government attributed (October 2012) the delays to re-constitution of the expert committees for chalking out the programmes, change in the senior management of the University, shortage of staff and enforcement of code of conduct for the Assembly Elections.

The reply is not acceptable as the reasons stated by the Government are administrative in nature and foreseeable and should have been controlled.

HOME, PROHIBITION AND EXCISE DEPARTMENT

3.3.4 Undue delay in construction of court buildings

Delay in finalising the estimate/according administrative sanction for carrying out the balance work of construction of court buildings at Kakkathope, Udagamandalam resulted in increase in the latest estimated cost of construction by ₹ 62 lakh, besides idling of the basic building structure constructed at a cost of ₹ 41 lakh in April 1999.

Government, based on a proposal of Madras High Court, sanctioned (November 1996) ₹ 7.89 crore for the construction of court buildings and quarters for the judicial officers at Kakkathope in Udagamandalam through the Public Works Department (PWD).

Figure 3.1 :Incomplete construction of court buildings at Kakkathope

The work, awarded (December 1997) to a contractor at a cost of ₹ 5.51 crore, was scheduled for completion in 18 months and the contractor started the work on 2 March 1998. Government, however, ordered (13 March 1998) to stop the work due to agitation by the Bar Association and advocates' boycott, in view of the distant location of the site, lack of transport facilities and burden of legal community and litigants. On further review, Government ordered (August 1998) resumption of the work. The work resumed in September 1998 was ordered to be stopped by Government on 12 April 1999 as the Bar Association and the advocates agitated again. At the time of stoppage of work all the structural columns of the court buildings had been raised upto the ground floor slab level as shown in the **Figure 3.1**, at a cost of ₹ 41 lakh.

It was noticed that PWD's proposal (August 2000) to construct office buildings at an estimated cost of ₹ 5.39 crore for 28 Government offices in Udagamandalam, by utilising the structure was also not approved by the Government on the grounds of financial constraints.

In May 2009, the Registrar, Madras High Court, requested the Government to issue necessary instruction to the Chief Engineer (Buildings), PWD (CE) for speedy completion of the partially completed court buildings. The CE prepared an estimate for the balance work in September 2009 at an estimated cost of ₹ 11.80 crore and the estimate was sent (December 2009) to the Registrar, Madras High Court for obtaining sanction of Government. However, on further instruction by the Registrar (July 2010), the CE prepared (October 2010) a revised estimate for ₹ 12.42 crore adopting the Schedule of Rates of 2010-11. Revised proposal sent to Government by the Madras High Court in January 2011 was pending (May 2012) with the Government.

Thus, even after lapse of three years since the Registrar, Madras High Court sought completion of the balance work, the delay in finalising the estimate/obtaining administrative approval resulted in increase in the cost of construction of the work by ₹ 62 lakh[15], besides idling of the basic building structure constructed in April 1999 at an expenditure of ₹ 41 lakh for 12 years.

The matter was referred to Government in June 2012; reply has not been received (December 2012).

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

3.3.5 Unauthorised utilisation of scheme funds

Interest earned on scheme funds required to be spent on schemes were utilised on contingent and other items of expenditure of District Rural Development Agencies.

In accordance with the Accounting Procedure for District Rural Development Agencies (2001), funds received by the District Rural Development Agencies (DRDAs) from Government of India and State Government under various centrally sponsored and State schemes are initially credited to a common Bank account operated by the DRDAs. The DRDAs should immediately transfer the fund so credited to the common Bank account to the Bank accounts maintained for the respective schemes. The Accounting Procedure for DRDAs also provides that interest earned on the funds of each scheme should be added to the respective scheme fund.

Audit noticed (November 2011 to February 2012) from the records of DRDAs of Tirunelveli, Virudhunagar, Erode and Coimbatore that funds amounting to ₹ 1,786 crore, relating to important schemes such as Mahatma Gandhi National Rural Employment Guarantee Scheme, Indira Awaas Yojana, Total Sanitation Campaign, Flood relief scheme, Member of Legislative Assembly Constituency Development Scheme remitted by GoI/ State Government were belatedly transferred from the common Bank account of the DRDAs to the respective scheme accounts during 2007-12, with delays ranging from five days to 280 days. The interest accrued in the common account of the four DRDAs during the said period on this respect was ₹ 2.41 crore.

[15] Difference in the estimated cost: ₹ 12.42 crore - ₹ 11.80 crore = ₹ 62 lakh

Audit noticed that out of ₹ 2.41 crore interest accrued on the scheme funds credited in the common account, ₹ 1.19 crore (**Appendix 3.2**) was utilised by the four DRDAs for purposes other than the schemes, in violation of the guidelines. The approval of GoI/State Government was not obtained for incurring such expenditure.

An analysis of the expenditure incurred out of the interest credited in the common account showed that vehicle, laptops, air conditioners, television, mobile phones, consumer articles etc., were procured at a cost of ₹ 57.10 lakh for the offices / camp offices of the District Collectors / Project Directors of DRDAs. Further, contingent and other expenditure like travel expenses, maintenance of vehicles, providing gifts to press persons, purchase of stationeries and consumables, conduct of meetings etc., amounting to ₹ 61.87 lakh were also incurred. Such utilisation of scheme funds for the expenditure of the offices of Collectors/Project Directors without obtaining approval of GoI / State Government was against the norms and principles of financial propriety.

In reply to audit query, the Project Directors of the DRDAs, Erode and Coimbatore stated that expenditure out of the interest amount was incurred due to insufficient allocation made under the 'DRDA Administration scheme'[16] for contingent expenses.

The reply is not acceptable as the expenditure was mostly incurred on purchase of items like television, mobile phones, improvements to existing rooms etc., and not to be incurred out of interest earned from deposit of scheme funds.

The Commissioner of Rural Development and Panchayat Raj stated (December 2012) that suitable instructions had been issued to the District Collectors and Project Directors of the districts concerned to recover the "ineligible expenditure" from the officers concerned for whom it was spent and to recoup the "eligible expenses" from the DRDA Administrative cost. The commissioner attributed backlog in release of funds for the DRDA Administration scheme by the State Government to incurring of eligible administrative expenses from a portion of the interest amount.

The matter was referred to Government in July 2012; reply has not been received (December 2012).

[16] A scheme under which funds towards administrative expenses of DRDAs are provided (GoI : 75 *per cent* and the State Government: 25 *per cent*)

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

3.3.6 Idling of a Samathuvapuram

Omission to include a clause in the Government guidelines that beneficiaries should be identified before construction of houses led to idling of a Samathuvapuram.

To provide social justice and spread the message of social equality, Government has been implementing a housing scheme called "Periyar Ninaivu Samathuvapuram" since 1997-98. Under this scheme, habitations are established in rural areas by constructing and allotting houses free of cost to the beneficiaries belonging to different communities where they live in unity and brotherhood. As per the guidelines issued by Government for establishing Samathuvapurams, selection of the beneficiaries should be done before construction of the houses and as far as possible the beneficiaries should be selected from the village in which the Samathuvapuram was established. The beneficiary selection before construction of the houses was to serve the purpose that each beneficiary was aware of the allotted site and was involved in the construction process from the beginning.

During 2009-10, Government sanctioned (July 2009) ₹ 75 crore for establishment of 30 Samathuvapurams, one in each district excluding Chennai and the Nilgiris District. Villupuram was one among the 30 districts. The District Collector, Villupuram established (December 2010) a Samathuvapuram by constructing 100 houses with infrastructural facilities such as roads, water supply and electricity in 8.64 acres of land in Sithalur village in the District at a cost of ₹ 2.50 crore.

Test check (September 2011) of records of the Commissioner of Rural Development by audit revealed that in the year 2009-10, while ordering establishment of Samathuvapurams, Government issued guidelines excluding the clause relating to identification of the beneficiaries before construction of the houses. Consequently, identification of the beneficiaries for Sithalur Samathuvapuram commenced only in November 2010 *i.e.*, after construction of the houses. However, the Court restrained (December 2010) the Department from allotting the houses to the beneficiaries of Sithalur village based on a case filed in Madras High Court, by a resident from a nearby Panayangal village. Even though the District Collector was in the process to settle the dispute by out of court settlement with the petitioner, by agreeing to allot the houses in the ratio of 60: 40 to the beneficiaries belonging to Sithalur and Panayangal villages, another resident from Sithalur village filed (2012) a case for allotment of all the constructed houses to Sithalur village people only and the case is pending in Madras High Court (September 2012).

It was observed in audit that due to non-inclusion of clause in the guidelines issued by Government for the scheme (2009-10) relating to identification of beneficiaries before construction of houses, and consequent non-finalisation of beneficiaries, there was scope for claims from residents of other villages for allotment of houses. When audit sought (May 2012) specific reasons for non-inclusion of such a clause, Government, *inter-alia,* stated (June 2012) that the clause was not included as it faced practical difficulties in re-selection of the other qualified beneficiaries, when the selected beneficiaries happen to migrate to other places and in case of sudden demise of the selected beneficiaries.

The reply is not acceptable as no such reason was recorded in the files of Government/Commissionerate for non-inclusion of the clause in the Government guidelines issued in 2009-10. There was always an option available with the Government/Commissioner for inclusion of additional beneficiaries in the case of un-allotted cases due to migration or death of beneficiaries already selected. Incidentally, Audit noticed inclusion of such clause in the guidelines issued by Government for the subsequent year (2010-11), which indicated that audit contention on State Government's incorrect stance earlier, was in fact correct.

Thus, the omission to include a specific clause in the Government guidelines in 2009-10 led to non-allotment of the houses constructed at a cost of ₹ 2.50 crore, when the people were in dire need of such facility.

The matter was referred to Government in July 2012; reply has not been received (December 2012).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3.7 Inadequate provision of equipment, staff and other facilities

Due to lack of proper assessment and coordination, the newly constructed 500 bedded medical college hospital at Thoothukudi, has not been provided with the required equipment, staff, etc., for its full-fledged functioning, even after two years of its inauguration.

During an inspection of the Thoothukudi Medical College, the Medical Council of India (MCI) had pointed out (2004) certain deficiencies in building requirements and had not permitted the college to admit students. Government, based on a proposal of Director of Medical Education (DME) to fulfil the norms of MCI sanctioned (November 2004) ₹ 27.75 crore for construction of the college and hospital buildings of the Government Thoothukudi Medical College and Hospital (TMCH). Out of the sanctioned amount, ₹ 15.98 crore were earmarked for construction of 500 bedded hospital and an outpatient block. Due to extra cost on account of tender premium and provision for one additional lift, the cost of construction of the 500 bedded hospital building was revised (July 2009) to ₹ 18.75 crore. The work entrusted to Public Works Department (PWD) was completed in September 2009. The building was inaugurated in November 2009 and an expenditure of ₹ 16.80 crore was incurred upto February 2011.

Audit noticed that due to the delay in finalisaing the proposal at the DME/Government level, required facilities like equipment, staff, etc., were not provided to the newly constructed hospitals, as discussed below:

Equipment

The Dean, TMCH sought (June/October 2009) ₹ 7.60 crore for purchase of equipment and instruments for the proposed operation theatres and other departments to be accommodated in the new hospital. However, based on further instruction by the Government/DME, the proposal was scaled down to ₹ 3.66 crore by the Medical Superintendent of TMCH, in July 2010 for purchasing only the very essential equipment given in **Appendix 3.3**. Only one out of the eight operation theatres available in the newly constructed hospital was functioning as of March 2012. Other seven operation theatres are not functioning due to non-provision of required equipment/ furniture. To a specific audit query (June 2012) Government stated (December 2012) that revised proposal was awaited from the DME.

Staff

Based on the proposal of the Dean, TMCH, the DME sought (November 2009) for creation of 1,349 additional posts for the newly constructed Medical College Hospital of Thoothukudi. On perusal of the proposal by the Government and based on the DME's instruction, the number of additional posts required was revised (March 2011) to 479 by the Dean / TMCH. However, the revised proposal for creation of 459 posts sent to Government (January 2012 and March 2012) by the DME, was under consideration of Government (December 2012).

Centralised Oxygen, Nitrous Oxide and Suction System

As per MCI norms, provision of Centralised Oxygen, Nitrous Oxide and Suction System (CONO & SS) is mandatory. Though the DME had sent the proposal as early as in December 2008 for provision of CONO & SS in the 500 bedded new hospital, the Government directed (September 2009) the DME to restrict the provision of CONO & SS to the operation theatres, intensive care units and post operative wards only. The DME sent revised proposals for 2011-12 (₹ 66 lakh), for 2012-13 (₹ 72.60 lakh) and for 2013-14 (₹ 79.86 lakh), to the Government only in October 2011. CONO & SS was not provided to the hospital so far (December 2012). Thus, despite mandatory requirement as per MCI norms, the newly constructed 500 bedded hospital was functioning without CONO & SS even after two years since it was opened.

It was further noticed that, though the Government sanctioned ₹ 3.71 crore in April 2012 itself for purchase of linen items; provision of centralised oxygen, nitrous oxide and suction system, improved sewerage system etc., the funds were not drawn (December 2012) by the DME.

On a similar nature of audit observation included in the previous Audit Reports (Paragraph 3.7 of the Report of Comptroller and Auditor General of India for the year ended 31 March 1980), the Public Accounts Committee had stressed that proposals submitted to the Government for sanction should cover all requirements *viz.,* buildings and equipment. Government assured[17] as early as in September 1985 that the Committee's recommendation for simultaneous coordinated action for commissioning the medical facilities would be followed in future. Despite such assurance, the newly constructed hospital at Thoothukudi was not provided with the required equipment, staff etc., for its full-fledged functioning due to lack of proper assessment and coordination.

The matter was referred to Government in June 2012; reply has not been received (December 2012).

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

3.3.8 Avoidable expenditure in procurement of cloth for uniform

Failure of the Director of Social Welfare and the Director of Handlooms and Textiles to procure double breadth pant cloth, disregarding the principles of financial propriety, resulted in avoidable expenditure of ₹ 3.42 crore.

Government has been implementing the scheme of free supply of uniforms to school children studying in schools since 1985. The Director of Handlooms and Textiles (DHT) is the nodal officer for implementing the scheme and the Tamil Nadu Handloom Weavers Cooperative Society Limited (Co-optex) functions as the agency for supplying cloth. The Director of Social Welfare (DSW) is responsible for placing consolidated indent with DHT based on the requirements for pant cloth received from the Directors of Elementary and School Education. The Director of Adi Dravidar and Tribal Welfare places supply orders for uniform cloth directly with the DHT. The DSW is also responsible for making arrangement for stitching the uniforms by utilising the services of Tailoring Women Industrial Co-operative Societies under his control.

Pant cloth for boys is available in single (27 inches width) and double (54 inches width) breadths. The rate of single breadth cloth was ₹ 63.78 / ₹ 66.83 per metre and that of double breadth cloth was ₹ 86 per metre in the year 2010-11. At a marginal increase in cost, double the quantity of cloth is available if double breadth cloth is purchased. In other words, if double breadth cloth is used, only half the quantity required under single breadth cloth is required for making the same number of pants, since the width of double breadth cloth was twice that of single breadth cloth. The Industrial Coordinator, Office of the District Social Welfare Office, Chennai also confirmed (July 2012) that only half the quantity required under single breadth cloth is enough if double breadth cloth is procured.

Audit noticed that the ADW has been procuring double breadth pant cloth from 2007-08 onwards and issued instructions (June 2007) to all the District

[17] Serial Number 2 of 69th Report (X Assembly) – 1991-92 presented to the Legislature on 28 April 1992

Adi-dravidar Welfare Officers to issue only half the quantity of what is required under single breadth cloth. The DSW, however, procured 14,57,000 metres of single breadth pant cloth produced by power looms at the rate of ₹ 63.78/ ₹ 66.83 per metre for the academic year 2011-12 at a total cost of ₹ 9.68 crore. The DSW, vested with the responsibility of placing orders with DHT failed to procure double breadth cloth of 54 inches width, whereby only 7,28,500 metres of pant cloth (50 *per cent* of 14,57,000 metres) would have been required at ₹ 86 per metre. Failure on the part of DSW to do so resulted in avoidable expenditure of ₹ 3.42 crore[18].

Being the monitoring authority of the Industrial Co-operative Tailoring Societies, which cater to the tailoring requirements of both DSW and ADW, DSW was aware that ADW was procuring double breadth pant cloth and accordingly should have placed orders for the cloth with same width for the requirement in DSW as well. Moreover, DHT, the nodal officer for procurement of uniform cloth, being conscious of the cost advantage in procuring double breadth pant cloth, should have insisted DSW to procure only double breadth pant cloth as done by ADW.

Thus, failure on the part of DSW and DHT to procure double breadth pant cloth, disregarding the principles of financial propriety, resulted in avoidable expenditure of ₹ 3.42 crore.

The matter was referred to Government in July 2012; reply has not been received (December 2012).

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT AND RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

3.3.9 Construction of kitchen-*cum*-stores for the noon meal centres

3.3.9.1 Introduction

With a view to avoid using the classrooms for cooking and storage purposes and to avoid cooking in the open which is unhygienic and hazardous, the scheme of "National Programme of Nutritional Support to Primary Education" envisaged construction of kitchen-*cum*-stores (KCS) in the government and local bodies' schools in convergence with other development schemes. GoI, while revising the scheme guidelines in 2006, made provision for central assistance to the states upto ₹ 60,000 per KCS and instructed to implement the scheme in convergence with other rural development schemes if the central assistance was found inadequate. Subsequently, in October 2007, GoI extended the scheme to cover the children of upper primary classes also and renamed it as the 'National programme of mid-day meal in schools' (NPMDMS). Since 2009-10, the cost of construction of KCS was shared by the central and state governments in the ratio of 75:25. The central assistance was released to GoTN and in turn GoTN released the funds along with its

[18] ₹ 9.68 crore *minus* ₹ 6.26 crore (7,28,500 metres x ₹ 86) = ₹ 3.42 crore

share through the Commissioner of Social Welfare to the district collectors. The district collectors, based on requirements of number of Kitchen-cum-stores redistributed the funds to the Block Development Officers (BDOs), who are the implementing officers of NPMDMS at block level.

At the State level, the Principal Secretary, Social Welfare and Nutritious Meal Programme Department and the Commissioner of Social Welfare (CSW) were responsible for provision, drawal and distribution of funds to the district collectors. The District Collectors were responsible for receipt and distribution of funds to the blocks for implementation of NPMDMS.

A thematic audit of construction of KCS covering the period 2006-12 was conducted during January to March 2012 by test checking of records in the offices of the Principal Secretary, Social Welfare and Nutritious Meal Programme Department; Commissioner of Social Welfare; district collectors of four[19] selected districts; and nine blocks[20] out of 74 blocks in the four districts. The audit findings are discussed below:

Audit findings

3.3.9.2 Planning

Though the scheme guidelines envisaged adoption of the prescribed type design for the KCS, GoI permitted the states to have their own type designs depending on local needs with cost estimates exceeding ₹ 60,000 per unit. In cases where the unit cost was higher, the states were requested to construct KCS in convergence with other rural and urban development programmes such as Backward Regions Grant Fund, Basic Services for Urban Poor, Member of Parliament Local Area Development Scheme, rural and urban wage employment programmes, etc.

It was noticed in Audit that when the poor progress in construction of KCS was brought to the notice (November 2010) of the Director of Rural Development (DRD) by the CSW, the DRD stated (January 2011) that in the interest of the scheme, the DRD and the District Rural Development Agencies (DRDAs) should have been completely involved in the scheme from the initial stage itself as the required funds were not available with Social Welfare and Nutritious Meal Programme Department and funds were to be dovetailed from other Rural Development schemes.

At the district level, the rural development programmes are implemented through the DRDA for which the District Collector is the chairman. Since DRDAs carry out a number of rural development programmes, it was essential to involve them so that convergence of programmes was possible.

Thus, the failure of the Social Welfare and Nutritious Meal Programme Department to involve the DRDAs in planning and execution of KCS in

[19] Salem, Thiruvallur, Thiruvannamalai and Villupuram

[20] Kadayampatti and Omalur (Salem), Poonamallee and Kadambattur (Thiruvallur), Polur and Thiruvannamalai (Thiruvannamalai) and Melmalayanur, Gingee and Thirukovilur (Villupuram)

convergence with the other schemes was the main reason for the poor financial and physical progress of construction of KCS as discussed in subsequent paragraphs.

3.3.9.3 Release and utilisation of funds

The details of funds released during 2006-10 and utilised upto August 2012 are given in **Table 3.2.**

Table 3.2: Release and utilisation of funds

(₹ in crore)

Programme Year	Funds released to the districts			Amount utilised upto August 2012	Percentage of utilisation	Unspent balance
	GoI share	State Share	Total			
2006-07	2.74	-	2.74	2.39	87	0.35
2007-08	6.20	0.85 *	7.05	4.46	63	2.59
2008-09	22.82	--	22.82	8.61	38	14.21
2009-10	** 148.53	** 49.51	198.04	30.42	15	167.62
Total	**180.29**	**50.36**	**230.65**	**45.88**	**20**	**184.77**

* ₹ 0.85 crore were released by the State in 2007-08 for construction of 142 KCS out of its own funds.

** Though GoI released its share of ₹ 148.53 crore in March 2010 for the programme year 2009-10, GoTN released the amount along with its share of ₹ 49.51 crore in April 2010.

As of August 2012, the district collectors spent ₹ 45.88 crore (20 *per cent*) only out of the funds of ₹ 230.65 crore released to them leaving a huge balance of ₹ 184.77 crore (80 *per cent*) as unspent.

Audit scrutiny revealed that non-sanction of works due to insufficient unit cost (₹ 60,000) per KCS, delay in release of funds to districts in respect of 2007-08 programme and non-adherence to the scheme guidelines regarding construction of KCS in convergence with other development schemes were the reasons for poor utilisation of fund.

3.3.9.4 Poor physical progress

The State level details of number of KCS sanctioned during 2006-2010, constructed, works in progress and works not yet started as of August 2012 are given in **Table 3.3.**

Table 3.3 : Details of kitchen-*cum*-stores sanctioned and constructed

Year	Number of works sanctioned	Number of works for which AS was not given	Number of works for which AS was given	Number of works completed	Number of works in progress	Number of works not yet started
2006-07	457	0	457	398	36	23
2007-08	1,176 *	0	1,176	760	154	262
2008-09	3,804	465	3,339	1,388	578	1,373
2009-10	9,045	3,900	5,145	1,142	1,894	2,109
Total	**14,482**	**4,365**	**10,117**	**3,688**	**2,662**	**3,767**

* Includes 142 KCS sanctioned out of State funds. AS : Administrative sanction

Out of 14,482 KCS sanctioned during 2006-10, the State constructed only 3,688 KCS (25 *per cent*) as of August 2012. Even administrative sanction was not given by the district collectors for 4,365 works and 3,767 works out of the 10,117 works for which sanction was given were not started. As already mentioned, the poor progress in construction of KCS was mainly due to inadequate unit cost of ₹ 60,000 and failure to overcome that by implementation of the programme in convergence with the other development programmes.

Scrutiny of the records in the test checked districts disclosed the following:

(i) The details of financial and physical progress in respect of KCS sanctioned during 2006-10 in the test-checked districts as of March 2012 are given in **Table 3.4.**

Table 3.4 : Physical and financial achievement in the test-checked districts

District	Financial progress(₹ in crore)			Physical progress (in numbers)				
	Amount released to districts	Amount utilised	Unspent balance	Works sanctioned	Works for which Administrative sanction accorded	Works taken-up	Works completed	In progress
Salem	10.21	1.57	8.64	666	542	297	155	142
Thiruvallur	10.17	1.17	9.00	632	501	326	115	211
Thiruvannamalai	11.81	0.85	10.96	726	488	176	34	142
Villupuram	12.71	0.58	12.13	1,009	296	111	88	23
Total	**44.90**	**4.17**	**40.73**	**3,033**	**1,827**	**910**	**392**	**518**

Out of the 3,033 works sanctioned in the four districts during 2006-10, administrative sanctions were accorded by the district collectors for 1,827 works (60 *per cent*) and out of 1,827 KCS for which administrative sanctions were given, 910 works were commenced as of March 2012. An amount of ₹ 40.73 crore out of ₹ 44.90 crore released during 2006-11 to the four districts remained unspent with the district collectors as on 31 March 2012.

Audit noticed delays ranging from six months to more than two years in according administrative sanctions to 1,536 KCS in the test-checked districts. Even the progress made so far could be achieved in the districts only by dovetailing funds from the general fund of the blocks for which approval of block panchayat councils were obtained.

(ii) In Villupuram District even the administrative sanction was not given (March 2012) by the District Collector for 713 out of 1,009 works sanctioned during 2006-10 and there was no financial progress during the years 2008-09 and 2009-10. The Personal Assistant (Noon Meal Programme) (PA (NMP)), Villupuram in his reply to an audit enquiry, stated (April 2012) that administrative sanctions were given for construction of KCS only in cases where the block panchayat councils approved dovetailing of their general fund to this programme and that DRDA, Villupuram was addressed (February 2011) for providing additional funds of ₹ 2.35 crore for completing the pending KCS works sanctioned during the period 2006-09. He added that on receipt of additional funds, administrative sanctions would be given to all the pending works.

(iii) The Assistant Engineer, Panchayat Union, Omalur, while furnishing (March 2012) progress report to the District Collector, stated that the KCS in Peramachur Panchayat Union Middle School was in progress at the foundation stage. But, during the joint inspection of the school by audit with the Union Engineer, it was noticed that the existing Noon Meal Centre (NMC) building was in a dilapidated condition in the school and cooking was done in open space as shown in the **Figures 3.2 and 3.3**, and no work was in progress as reported in the progress report. Even though a new KCS was sanctioned in 2007-08 and administrative sanction was accorded in December 2010 by the District Collector, Salem, the work was not yet taken-up (March 2012), however, the progress of work was misreported to higher authorities.

Figure 3.2 : NMC building in Peramachur Panchayat Union Middle School

Figure 3.3 : Cooking was done in open space in Peramachur Panchavat Union Middle School

3.3.9.5 Utilisation of the kitchen-cum-stores

Test check of records in the nine selected blocks and joint site inspection (March 2012) of 76 out of 3,033 noon meal centres by Audit along with the Union Engineers revealed the following:-

(i) In 21 NMCs, cooking was done in open, in the existing unhygienic old buildings and in the open space very near to school toilets due to non-construction of KCS, despite provision of funds under the scheme **(Figure 3.4)**.

In these cases, administrative sanctions were not accorded by the district collectors or works were not commenced by the BDOs due to insufficient funds made available per KCS (₹ 60,000).

(ii) Even after construction of KCS, in seven NMCs, they were utilised as office room of noon meal organiser /store room and cooking was continued to be done in the open space **(Figure 3.5)**.

Figure 3.4 : NMC at Panchayat Union Elementray School Kanaganandal, Tirukovilur Block, Villupuram district. Cooking done in open space

Figure 3.5 : Kitchen-cum-Stores used as office room / store room in NMC at Panchayat Union Middle School, Karuppur, Salem District

3.3.9.6 Non-furnishing of Utilisation Certificates

Form 19A of General Financial Rules prescribed the format of Utilisation Certificates (UCs) to be furnished by grantee institutions. The format provides either for the surrender or carry over of the unspent balances of earlier years. Accordingly, the district collectors were to furnish UCs for the grants utilised to CSW by consolidating the UCs obtained from the BDOs. The CSW was to furnish UCs to GoI. Financial assistance of ₹ 180.29 crore was received from GoI during 2006-10 for construction of KCS and an expenditure of ₹ 45.88 crore, as stated in **Table 3.2**, was incurred by the district collectors upto August 2012. It was noticed that no UC was furnished by the district collectors of the test-checked districts to CSW for sending it to GoI. To a specific audit enquiry, the PAs to Collectors of Villupuram and Salem districts stated that UCs were not furnished by the BDOs for the reason that the funds were not fully utilised. The reply is not acceptable since as per the format prescribed, UC is to be furnished even when there is an unspent balance out of the funds received. Thus, the district collectors and the Commissioner of Social Welfare, who released the funds to the blocks failed to monitor the utilisation of grants and furnishing of UCs.

3.3.9.7 Misreporting of physical progress to Government

The District Collector being the implementing authority is responsible for monitoring the progress at district level. The details of physical progress of construction of KCS as on 31 March 2012 reported to GoI by the Department and the status of physical progress upto August 2012 furnished to Audit by the Department largely varied in respect of number of KCS completed and in progress as given in **Table 3.5.**

Table 3.5 : Progress and completion of construction of Kitchen-*cum*-Stores

Status of construction	Reported to GoI (as of March 2012)	Furnished to Audit (as of August 2012)
Number of KCS completed	4,275 (30)	3,688 (19)
Number of KCS in progress	6,941 (48)	2,662 (17)
Number of KCS not taken up	3,124 (22)	8,132 (64)
Total	**14,340**	**14,482** @

(Figures in brackets represent percentage)

@ Including 142 KCS sanctioned out of State funds

As of August 2012, only 3,688 and 2,662 out of 14,482 works were completed and in progress respectively. Whereas it was reported by the Department to GoI that 4,275 works were completed and 6,941 works were in progress as of March 2012.

Test check of records and site inspections conducted (March 2012) by audit team along with the Union Engineers in 76 NMCs revealed that in respect of 30 NMCs in Salem and Thiruvallur districts, the physical progress in construction of KCS based on BDOs reports as reported by the district collectors to the Commissioner of Social Welfare was incorrect as illustrated in **Table 3.6**.

Table 3.6 : Incorrect report on the construction of Noon meal centres

District	Number of NMCs	Progress	
		Reported position	Actual position
Salem	3	Basement level	Works not started
	22	Foundation level	Works not started
Tiruvallur	4	Foundation level	Works not started
	1	Lintel level	Basement level
Total	**30**		

Thus, there was large-scale misreporting of status of the works which proved that the monitoring of progress of works and physical inspection of works by the district level officers were not effective. The PA (NMP) Salem, admitted (March 2012) the misreporting.

3.3.9.8 Lack of co-ordination and monitoring

It was noticed in audit that Commissioner of Social Welfare requested (November 2010) DRD to instruct the District Collectors to speed-up construction works dovetailing funds from the centrally sponsored schemes or from the General Fund of blocks and to review the progress at the monthly review meetings. In reply, DRD stated that in most of the districts, the Project Directors of DRDAs were not aware of the scheme and the stage of works as the works were being directly dealt by the PA (NMP). DRD further stated that the subject was not brought to his notice earlier and that when such a massive scheme was under implementation in the blocks, the Directorate of Rural Development should have been involved from the initial stage itself for proper monitoring. It was evident from the above that there was no co-ordination between the Social Welfare & Nutritious Meal Programme and Rural Development departments, which hampered the progress of construction of KCS.

The State level Steering-*cum*-Monitoring Committee met only twice (October 2009 and July 2010) during 2006-12 and in the meetings, it generally instructed the agencies concerned to expedite completion of construction of the kitchen-*cum*-stores, without analyzing the reasons for poor progress at block/district levels and finding out ways to solve the problems in construction of KCS.

3.3.9.9 Conclusion

The scheme guidelines regarding construction of the Kitchen-*cum*-stores in convergence with the other development programmes were not followed, which resulted in poor utilisation of funds and poor progress of works. Only 3,688 out of the targeted 14,482 kitchen-*cum*-stores were constructed in the State and ₹ 184.77 crore out of ₹ 230.65 crore released during 2006-10 remained unutilised. There were misreporting of progress of the scheme and utilisation of the kitchen-*cum*-stores for purposes other than the intended one. There was lack of coordination between the departments of Social Welfare and Nutritious Meal Programme and Rural Development and Panchayat Raj.

The above points were referred to Government in September 2012; reply has not been received (December 2012).

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

3.3.10 Implementation of the Total Sanitation Campaign in Tiruvallur District

3.3.10.1 Introduction

The Total Sanitation Campaign (TSC) was launched by Government of India (GoI) in 1999 and it was aimed at providing sanitation to all rural communities by 2012 (extended to 2017 in July 2011). The main objectives of TSC are to accelerate sanitation coverage in rural areas, generate demand for sanitation facilities through intensive awareness and health education, promotion of sanitation in schools and anganwadis and to reduce/eliminate water borne diseases that spread through sewage contamination.

The strategy was to make the programme "Community led" and "People centred". A demand driven approach was to be adopted with emphasis on awareness creation and demand generation for sanitary facilities in houses and schools for achieving cleaner environment. GoI contributed 60 to 80 *per cent* of the fund requirement and the rest was to be met by the State Government and the beneficiaries.

Audit of implementation of TSC as a theme was conducted in Tiruvallur District between January and March 2012 by test checking of records relating to the period from 2007-08 to 2011-12 in all the 14 blocks and 57 randomly selected village panchayats out of the 539 village panchayats in the district, besides the office of District Rural Development Agency, Tiruvallur (DRDA). Field visits were made to selected individual households, schools, community sanitary complexes and rural sanitary marts in the 57 village panchayats by the Audit team along with the District Coordinators and Block Coordinators of TSC. The Audit findings are given below:

3.3.10.2 Utilisation of fund

Provision of funds to TSC by GoI and the State Government were on sharing basis. GoI released funds directly to the Project Directors, DRDAs upto 2009-10 and through the State Water and Sanitation Mission from 2010-11 onwards. The funds received by DRDAs were kept in savings bank account in nationalised banks.

During the period 2003-12, DRDA, Tiruvallur received ₹ 36.32 crore (GoI share : ₹ 23.72 crore, State share : ₹ 11.27 crore and beneficiary contribution of ₹ 1.33 crore) for the project. The DRDA spent only ₹ 15.05 crore (41 *per cent*) during the period and kept the unspent balance of ₹ 21.27 crore (₹ 15.98 crore with DRDA and ₹ 5.29 crore with the blocks) including interest earned in the bank account. The poor financial progress was mainly due to shortfall in construction of individual household latrines and community sanitary complexes.

3.3.10.3 Target and achievement

Component-wise target for the project period and achievement in Tiruvallur District from 2004 to the end of March 2012 are given in **Table 3.7.**

Table 3.7 : Component-wise target and achievement as of March 2012

Component	Target (in numbers)	Achievement (in numbers)	Percentage of shortfall
Individual household latrines	1,94,625	57,251	71
School toilets	1,418	1,418	0
Anganwadi toilets	1,312	1,183	10
Community sanitary complexes	35	5	86
Rural sanitary marts	10	8	20

The shortfall and other deficiencies noticed during audit in each of the components of TSC are discussed in the succeeding paragraphs.

3.3.10.4 Construction of Individual Household Latrines

A duly completed Individual Household Latrine (IHL) comprises a basic low cost toilet unit with a superstructure. The programme aimed at covering all rural families.

The unit cost[21] of construction of IHL under TSC was ₹ 1,500 from 1 April 2006, ₹ 2,500 from 1 April 2008 and ₹ 3,500 from 1 June 2011. The amount was released to the Below Poverty Line (BPL) household beneficiaries as cash incentive. The construction of toilets was to be undertaken by the BPL household and on completion and use of the toilet by the BPL household, cash incentive was given to the beneficiaries.

[21] Including beneficiary contribution of ₹ 300 per unit

(a) Audit scrutiny of records of the blocks disclosed that the actual achievement in construction of IHL for the families living below the poverty line was 57,251 units (29 *per cent*) during the period 2004-05 to 2011-12, as against the project target of 1,94,625 units. But, the achievement had been shown as 1,30,787 units in the on-line progress report of DRDA submitted to GoI. Thus, the progress report of DRDA was misleading.

The Commissioner of Rural Development and Panchayat Raj (CRD) stated (November 2012) that the progress of 1,30,787 units under IHL for BPL households, reported in online Integrated Management Information System (IMIS), was a cumulative progress reported periodically by the DRDA, based on the physical completion reports received from the blocks from 2004 onwards, for which subsidies were claimed and that the records including those available in the village panchayats would be verified and the correct details made available to Audit.

(b) The IHLs constructed prior to 2006-07 were without the super structure. Audit noticed that in five[22] out of the 57 test-checked village panchayats, IHLs were not in use due to absence of the super structure and subsequent damage **(Figures 3.6 and 3.7)** as the beneficiaries were not motivated to provide their contribution (12 *per cent* of the cost) for raising the super structure.

Figure 3.6 : Kuppamkandigai in Thiruvalangadu Block

Figure 3.7 : Sirugumi in Thiruthani Block

The CRD stated (2 November 2012) that in the five test-checked village panchayats the beneficiaries had since constructed the super structure by using hollow blocks with their own funds and had started reusing the toilets. During the field visit conducted by audit on 21 and 22 November 2012, it was noticed that the condition of the toilets remained the same. Hence, the reply is not acceptable.

(c) Similarly, in three IHLs of Beerakuppam in Tiruthani block and five IHLs of Jagirmangalam in Tiruvalangadu block, it was observed during physical verification by the Audit team that the household latrines constructed were used as dump yards for wastes and as cattle sheds as shown in **Figures 3.8** and **3.9** indicating lack of awareness among the beneficiaries.

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[22] Dharanivarahapuram and Sirugumi in Tiruthani Block; Melanur and Vishnuvakkam in Tiruvallur Block; and Kuppamkandigai in Thiruvalangadu Block

Figure 3.8 : IHL, Beerakuppam

Figure 3.9 : IHL,Beerakuppam, Tiruthani

The CRD stated (2 November 2012) that in respect of eight IHLs, there was temporary disuse and that they had since been used by the beneficiaries. During the field visit conducted by audit on 21 and 22 November 2012, it was noticed that the condition of the toilets remained the same. Hence, the reply is not acceptable.

3.3.10.5 Functioning of institutional toilets and rural sanitary marts

(a) School toilets

Audit noticed that in 16 out of 56 test-checked schools, toilets and urinals set-up at a total cost of ₹ 3.20 lakh were not used during January 2011 to March 2012 due to lack of water facility, location of the toilets outside the schools, non-maintenance and damaged condition depriving the students of the basic amenities and safe healthy learning environment.

The CRD producing photographic evidence, stated (2 November 2012) that the 16 toilets which were unused were set right immediately by the district administration by using Panchayat funds and were made functional and that there was only one toilet located outside the school compound as no sufficient space was available within the school premises. During the field visit conducted by audit on 21 and 22 November 2012, it was found that the toilets were put into use.

(b) Anganwadi toilets

Audit noticed that in 20 out of 57 test-checked Anganwadis, 21 toilets set-up at a total cost of ₹ 1.05 lakh, were not in use from January 2011 to March 2012 due to their damaged condition and lack of water facility.

The CRD producing photographic evidence, stated (2 November 2012) that the defects pointed out in audit *viz.,* lack of water facility, damaged conditions, etc., in 20 Anganwadi toilets were rectified by using Panchayat funds and that the toilets were made functional. During the field visit conducted by audit on 21 and 22 November 2012, it was found that the toilets were put into use.

Thus, the schools and anganwadis toilets were rectified after being pointed out in audit.

(c) Rural sanitary marts

Audit scrutiny of records of DRDA, revealed that out of eight NGOs to whom ₹ 2 lakh each were released during 2004 to 2011 as Revolving Fund for functioning as rural sanitary marts (RSMs), six[23] of them became defunct. Rupees 12 lakh provided to them as Revolving Fund, were not recovered by DRDA.

The CRD stated (November 2012) that as reported by the District Administration, these NGOs had revived their RSMs and all the six RSMs were functioning and that the NGOs were instructed to refund the Revolving fund in 10 monthly instalments.

3.3.10.6 Shortfall in construction of the community sanitary complexes

As against the approved cost of ₹ 71 lakh for construction of 35 Community Sanitary Complexes (CSCs) at the unit cost of ₹ 1.80[24] lakh in Tiruvallur District, as of January 2012, DRDA had constructed only five CSCs (cost : ₹ 9 lakh). In reply the CRD stated (November 2012) that only for five CSCs, where public were forthcoming in providing 10 *per cent* contribution, were constructed. Out of the pending works, Audit noticed that in respect of 26 CSCs, no public contribution (10 *per cent* of the cost) of ₹ 5.20 lakh had been collected (March 2012) indicating lack of community participation. Contrary to the above factual position, DRDA had wrongly reported to GoI the physical and financial achievement at the end of 2011-12 as 29 CSCs and ₹ 59 lakh respectively.

The CRD stated (November 2012) that the data entry was done in IMIS, a data entry software application used by Ministry of Drinking Water Supply and Sanitation, based on the physical progress reported by the blocks, where some of them had wrongly included the sanitary complexes completed and subsequently renovated under the State schemes and that this had been erroneously entered in IMIS.

3.3.10.7 Solid and liquid waste management

In order to bring about improvement in general quality of life in rural areas, proper maintenance of general cleanliness of the villages was emphasized. For this purpose 10 *per cent* of the TSC project outlay i.e. ₹ 6.50 crore was earmarked for the capital cost towards solid and liquid waste management in Tiruvallur District. Out of this, though there was approval for spending ₹ 2.58 crore, none of the blocks in the District had taken up this activity so far.

[23] SCAN in Poondi, IWDI and SHARE in Gummidipoondi, IRCDS in Kadambathur, ANNAI INDIRA in Pallipat and MOTHER THERASA in R.K. Pet.

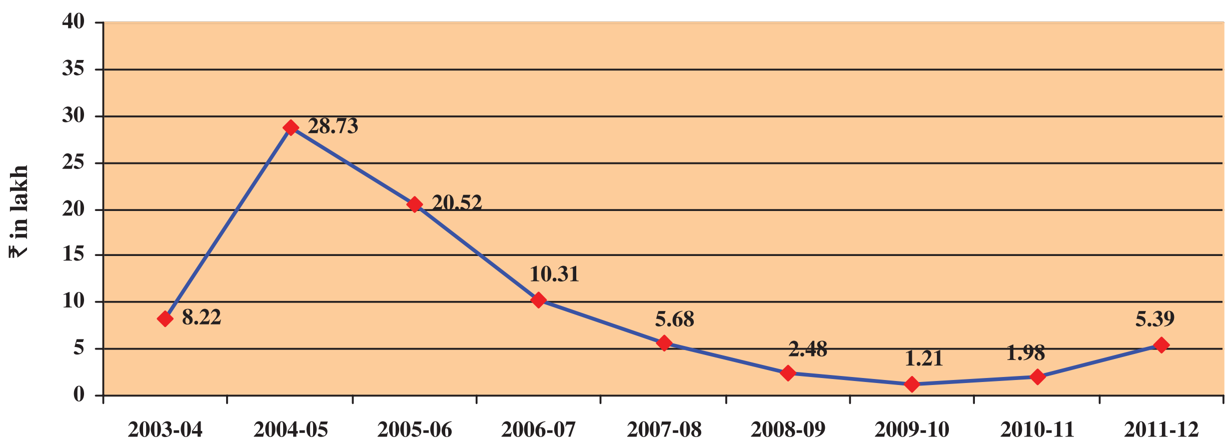
[24] Total unit cost : ₹ 2 lakh inclusive of beneficiary contribution of ₹ 0.20 lakh

In reply the CRD stated (November 2012) that the district administration had selected 34 village Panchayats in 14 blocks for implementation of solid and liquid waste management project during the year 2012-13 at an estimated cost of ₹ 6.06 crore.

3.3.10.8 Information, Education and Communication activities

Information, Education and Communication (IEC) activities intend not only to create demand for sanitary facilities, but also for use, maintenance and upgradation of the sanitary facilities. Though there was an allocation of ₹ 7.44 crore to Tiruvallur District for carrying out the IEC activities, only a meagre sum of ₹ 85 lakh (11 *per cent*) was spent on this component during the years 2003-04 to 2011-12 (**Chart 3.1**) leaving a huge unspent balance of ₹ 6.59 crore as of 31 March 2012, with the DRDA.

Chart 3.1 : Trend of expenditure on IEC activities



In spite of clear instructions that this component was not to be implemented as one-time activity, Audit noticed that only during the year 2004-05 *i.e.,* at the beginning stage of implementation of the scheme, ₹ 28.73 lakh were spent and the expenditure had come down to the level of below ₹ 2 lakh during the years 2009-10 and 2010-11. Under-utilisation of the IEC funds had resulted in lack of creation of awareness and inadequate community participation, eventually leading to poor achievement of the targets. In respect of Scheduled Castes and Scheduled Tribes, the achievement in construction of IHL at the end of July 2012 was only 40.86 *per cent* of the total achievement for the families living below the poverty line.

In reply the CRD stated (November 2012) that IEC activities were being carried out in Thiruvallur District and that the District Communication Action Plan was also being prepared based on the National Communication Strategy released by the Ministry of Drinking Water Supply and Sanitation.

3.3.10.9 Conclusion

Due to poor monitoring and lack of community participation, the targets set for some of the components of Total Sanitation Campaign in the District were not achieved, resulting in huge unspent amount. Information, Education and Communication activities were not carried out on regular basis to create awareness among the individuals and community for their participation. Thus, there is long way to go for achieving the primary objective of sanitation for all in the District.

The above points were referred to Government in August 2012. Government endorsed the reply of CRD (December 2012).

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Chennai
The 08 March 2013

Countersigned

(VINOD RAI)
Comptroller and Auditor General of India

New Delhi
The 11 March 2013