

COMPLIANCE AUDIT

CHAPTER IV COMPLIANCE AUDIT

AUDIT OF SELECTED TOPICS

GENERAL EDUCATION DEPARTMENT

4.1 Scheme for Providing Quality Education in Madrasas

4.1.1 Introduction

The GOI funded 'Scheme for Providing Quality Education in Madrasa' (SPQEM) introduced in 2009, was implemented in Kerala from 2009-10 onwards. The objective of the Scheme was to provide financial assistance to traditional institutions like Madrasas which generally give religious training, to provide education to Muslim children in modern subjects like Science, Mathematics, Social Studies, Hindi and English in their curriculum. It aimed at providing opportunities to students of Madrasas to acquire education comparable to the National Education System especially for secondary and senior secondary levels and prepare them for appearing in X and XII standard examination and also to provide vocational training to them to get employment. Madrasas which provided religious training to those children not attending regular schools were eligible for funding as per this scheme. State level Grant-in-Aid committee (SGIAC) was to recommend the applications received from various Madrasas to obtain grant in aid from GOI.

During 2010-11, all 547 Madrasas which were recommended for GOI assistance obtained Grant-in Aid of ₹22.67 crore from GOI. During 2011-12, 1462 of the 2551 Madrasas had applied for financial assistance, against which GOK had obtained ₹71.18 crore in 2013-14.

4.1.2 Scope and Coverage of Audit

The audit was conducted from April to June 2015 covering the period 2010-15 to assess whether the Scheme, as implemented in the State, complied with the guidelines issued by GOI. The Principal Secretary, General Education Department and the Director of Public Instruction (DPI) were responsible for implementing the Scheme. Audit scrutinised the records of the DPI, offices of four Deputy Directors of Education (DDEs) and District Institutes of Education and Training (DIET), in the four test checked districts of Kollam, Kozhikode, Malappuram and Wayanad selected by Probability Proportionate to Size without Replacement. Forty Madrasas in the four districts³³ were also test checked during the course of Audit.

³³ Kollam, Kozhikode, Malappuram and Wayanad

Audit Findings

4.1.3 Suitability of SPQEM for the State

Audit scrutiny revealed that the children studying in 39 of the 40 Madrasas test checked were actually students who attended regular schools and had regular access to modern subjects. The Secretaries of these Madrasas also admitted that all the students studying under the scheme were regular school going students.

Thus, these Madrasas were not eligible for GOI assistance under the Scheme. Even though this fact was brought to the notice of GOK in the earlier Audit Report of the C&AG of India for the period ended March 2012, the GOK had failed to take remedial action. Instead, the GOK had again sought funds from GOI in 2014-15 without ensuring that the Madrasas were fulfilling the eligibility criteria for the scheme. Audit observed that the Secretary of the Department of General Education in GOK was heading SGIAC. The SGIAC comprising of a representative of GOI, DPI, the Regional Director in the National Institute of Open Schooling (NIOS) and two others, failed in their duty to recommend eligible Madrasas only for GOI grants under the scheme. The SGIAC failed to conduct a detailed scrutiny of the applications received from Madrasas and forwarded these applications by treating them as eligible ones to the GOI for release of funds. An amount of ₹176.18 lakh was released to 40 Madrasas test checked, of which ₹170.93 lakh was released to 39 Madrasas which were not eligible for grant-in-aid under this Scheme.

As the Central Grant-in-Aid Committee (CGIAC) declined (September 2015) to fund the Madrasas in the State since they were not working as per scheme guidelines, the State Chief Minister addressed GOI (October 2015) seeking central assistance. It was admitted in the letter that Madrasas in the State were functioning only on part time basis and on holidays, with students attending mainstream education.

Audit observed that failure of the SGIAC in recommending Madrasas for funding without adequate scrutiny has resulted in GOK irregularly obtaining ₹93.85 crore from GOI during 2010-14. This is a serious matter of non-compliance where the members of the SGIAC have direct responsibility and calls for serious action by GOK against the officers of GOK in the committee and also need to be brought to the notice of the GOI with regard to the failure of the GOI representative in the SGIAC.

GOK confirmed (December 2015) the audit findings that all the Madrasas were conducting classes on part time basis only and that it has now been decided to provide financial assistance to eligible Madrasas only.

4.1.4 Assistance for National Institute of Open Schooling (NIOS)

Audit noticed that only one of the 40 test checked Madrasas viz., Shamsul Ulama Islamic Academy, Puzhamudi in Wayanad district had children at senior secondary level who were registered under NIOS accreditation and were eligible for assistance under the scheme. During the period 2010-15, though this Madrasa had spent Rupees One lakh towards admission and examination fees in respect of 49 students in connection with NIOS accreditation, no amount was obtained as reimbursement from GOI.

The Madrasa Secretary stated (October 2015) that they did not seek reimbursement as they were not informed about the reimbursement process by the DDE and other officers. GOK stated (December 2015) that the Madrasas did not claim reimbursement and that request for reimbursement would be forwarded to GOI on receipt of the same from the Madrasa.

Failure of DPI and non-constitution of State Madrasa Board to keep the Madrasas informed about the reimbursement process had resulted in deprivation of benefit to the eligible Madrasa.

4.1.5 Payment to teachers of Madrasas in violation of scheme guidelines

The seeking and subsequent release of grants under SPQEM was *ab-initio* wrong. To compound matters, the payment made to Madrasa teachers were also in violation of scheme guidelines. The GOI had clarified (February 2009) that financial assistance under SPQEM would be provided to a maximum of three full time graduate or post graduate (PG)/B.Ed teachers of modern subjects depending on the availability of students in the Madrasas. As per Clause 8 (a) of the Guidelines, while each full time graduate teacher was to be paid salary for 12 months at the rate of ₹6,000 per month, teachers with PG/B.Ed qualifications were to be paid ₹12,000 per month. Though the Madrasas were functioning only on part time basis, 4201 teachers in 1453 Madrasas were paid remuneration of ₹45.55 crore during 2010-15 on full time basis, which was against scheme guidelines.

GOK admitted (December 2015) the fact that the teachers were paid remuneration by reckoning that the classes were held full time. As the Government accepted the gross violation of scheme guidelines which led to payment of excess remuneration, action has to be taken against officers responsible for the same and recover the overpaid remuneration.

4.1.6 Mode of payment of salary to teachers against GOI instructions

GOI requested (July 2009) State Governments to ensure better transparency and accountability in payment of salaries to Madrasa teachers by depositing salaries of teachers in their respective bank accounts. The DPI belatedly ordered (March 2014) all DDEs to ensure payment of teachers' salaries through their bank accounts. However, based on the directions of the Education Minister of the State, the DPI revoked (May 2014) his order and released the salaries to Madrasa authorities instead of crediting into the bank accounts of the teachers, in clear violation of scheme guidelines, though orders issued by the Education Minister in this regard were also contrary to GOI instructions.

Thus, instructions aimed at ensuring transparency and accountability were flouted. Instances of complaints regarding non-receipt of salaries by Madrasa teachers which were not acted upon by DDEs, point to the serious compromise of accountability and transparency, due to which Audit could not obtain assurance that the teachers were indeed paid their remuneration.

GOK assured (December 2015) that steps would be taken to credit the salaries of the teachers to their respective bank accounts.

4.1.7 Monitoring and evaluation

As per Clause 21(v) of scheme guidelines, the GOI and GOK were responsible for ensuring monitoring and evaluation of scheme. The feedback on students appearing in NIOS and qualitative improvement in their achievement was to be collected by DPI and placed before the CGIAC which was not done. DPI was to furnish the accounts of grant-in-aid to GOI within one year along with monitoring report regarding number of Madrasas receiving assistance, and the amount received and utilised by Madrasas. However, DPI had not furnished (December 2015) accounts of grant-in-aid or monitoring report to GOI.

The State Madrasa Board which was an important part of the scheme, expected to monitor the modernization programme and create awareness among the children of the Muslim community about the advantages of the scheme, was not constituted.

GOK stated (December 2015) that DPI would be instructed to constitute a mechanism for monitoring and evaluation of the scheme in the State.

4.1.8 Conclusion

The SPQEM was being implemented by GOK in violation of scheme guidelines. Thirty nine of the 40 test checked Madrasas in the four districts, though not eligible to receive financial assistance from GOI under the Scheme had received the grants, as the SGIAC failed in its basic responsibility of ensuring observance of the guidelines while recommending Madrasas for Grants-in-Aid. The only Madrasa which was eligible to receive benefits under the Scheme was deprived of due financial assistance. Irregular payment of full time wages to teachers who discharged part time duty in all these Madrasas was noticed, which was against scheme guidelines. The State Madrasa Board which was expected to monitor the Madrasa Modernisation Programme and enhance awareness of the scheme had not been constituted by GOK.

HIGHER EDUCATION DEPARTMENT

4.2 Modernisation of Government Presses

4.2.1 Introduction

The modernisation of Government presses in the State was contemplated by Government of Kerala (GOK) since 1998 with a view to make available the latest printing equipment and adequate infrastructure facilities to meet the requirements for high quality printing besides introduction of modern management practices to derive optimum results in the utilisation of human resources and machinery. For improvement of infrastructure facilities, the renovation of old buildings, construction of store buildings for raw materials and godowns for stacking of printed and waste materials, disposal of obsolete machines for adequate space, introduction of Total Quality Management (TQM) in the operations of the presses were envisaged.

There were 11 Government presses (GP) under the control of the Printing and Stationery Department as of March 2015.

An audit of four out of 11 Government presses was conducted, to examine the status of modernisation of Government presses covering the period 2010-15 with reference to the proposals formulated by Government during the XIth (from 2007 to 2012) and XIIth (from 2012 to 2017) Plan periods and also the Reports of various Committees constituted by Government on modernisation of printing presses.

Audit findings

4.2.2 Funding

During 2010-15, the Department spent only 54 *per cent* i.e. ₹18.18 crore out of ₹33.82 crore for modernisation of Government presses. Further, out of ₹25.72 crore for purchase of machinery, only ₹10.72 crore (42 *per cent*) was spent.

Further, against ₹45.51 crore earmarked in the XIIth Five Year Plan (2012-17) for the modernisation of Government presses, budgetary support was provided for ₹26.37 crore (57.94 *per cent*) during 2012-15, against which only ₹7.95 crore (17.47 *per cent*) was spent and ₹17.40 crore was surrendered.

The delay in processing of tenders, lack of tender response and failure in convening of departmental purchase committee attributed to short utilisation and surrender of funds.

4.2.3 Planning

There was no action plan exclusively for modernisation of Government presses with time bound targets. Audit found that even against targets included in the XIIth five year plan, there was very little progress as most of the works planned were either not taken up for execution or not completed as of March 2015 as detailed in **Appendix 4.1**.

4.2.3.1 Constitution of Committees for Modernisation of Printing Presses

GOK constituted an Expert Committee in 1997 and a Committee on Modernisation in 2010 to suggest recommendations for the improvement in efficiency by modernisation of Government Presses. The Committees submitted their reports in 1998 and in 2011 respectively with recommendations for modernisation of the Government presses to improve their efficiency. However, GOK was yet to take a decision on the implementation of the recommendations of the committees. GOK replied (May 2015) that the reports were under consideration of the Government.

4.2.4 Modernisation of presses

The Committee on Modernisation of presses had observed that modernisation and expansion operations of the Printing & Stationery Departments were undertaken in an ad-hoc manner rather than systematically with a long term strategy. Audit noticed that the practice of ad-hoc implementation of the modernisation process as pointed out by the Committee was persisting even today. The activities of a Press can be categorised into ‘Pre-press’ (DTP, Plate making, etc.), ‘Printing’ and ‘Post-press’ (Stitching and Binding) processes.

An analysis of percentage of funds expended on modernising the various printing processes is given in **Table 4.1**.

Table 4.1: Expenditure involved in the various printing process

Plan Period	Pre-press			Printing			Post-press		
	Resources available (₹ in lakh)	Resources expended (₹ in lakh)	Percentage Expended (in per cent)	Resources available (₹ in lakh)	Resources expended (₹ in lakh)	Percentage Expended (in per cent)	Resources available (₹ in lakh)	Resources expended (₹ in lakh)	Percentage Expended (in per cent)
XI th Plan 2007-11	74.50	61.79	82.94	994.00	1167.14	117.42	164.50	7.22	4.39
XII th Plan 2012-17 (Up to 2015)	65.00	24.37	37.49	1275.00	59.69	4.68	968.50	3.68	0.38

(Source: Details collected from Directorate of Printing)

From the above table, it may be seen that the percentage of funds spent on modernisation of 'Post-press' activities was only 4.39 per cent during the XIth Five year plan period. During the XIIth Five year (2012-17) plan period also, percentage of expenditure on Post-press processes in 2012-15 was even lower at 0.38 per cent against 37.49 per cent and 4.68 per cent on Pre-press and Printing activities respectively. 'Post-press' activities are vital to ensure product quality as overall efficiency of presses depends upon the efficiency of all three activities. Thus, the failure of the Department in this regard had significantly affected the modernisation of the printing presses.

The Government stated (January 2016) that action was being taken to equip all presses with modern machinery to cope with the present needs.

4.2.5 Status of Modernisation

Audit assessed the status of modernisation of government presses in the State during the period 2010-15. Expenditure incurred on procurement of machinery during 2010-15 was ₹16.67 crore. Analysis of quality of expenditure indicated that while 62 per cent and 86 per cent of the pre-press and printing items planned for purchase were procured, only 28 per cent of the identified post-press items were actually purchased. Thus, these presses cannot be claimed to be fully modernised. Scrutiny of records revealed that the process of modernisation of presses suffered from deficiencies like purchase of outdated machinery, purchase of machinery at higher rates, delay in utilization of machinery purchased, non-disposal of obsolete machineries, etc., as detailed below:

4.2.5.1 Procurement of printing machines

One of the major items of purchase during 2010-15 as part of Modernisation of printing presses was three 'Four-Colour Web Offset Printing machines' for the Government presses at Vazhoor, Shoranur and Mannanthala costing ₹6.26 crore. Audit noticed that the tender process was vitiated and the machines were procured at an excess expenditure of ₹2.74 crore.

Tender for the supply of two Four-colour web offset printing machines was issued (July 2008) by the Director of Printing. Of the five offers received, the Technical Expert Committee (TEC) had rejected (September 2008) two offers including that of M/s. KSIE Emporium Ltd. (KSIE), a Public Sector Undertaking (PSU) due to non-submission of Earnest Money Deposit (EMD). The Director of Printing also informed GOK (November 2008) that the

rejection of the tender of KSIE by the TEC was in order as per Stores Purchase Manual. Meanwhile, the TEC, after an onsite inspection of the manufacturing process of the machines strongly recommended the machines offered by L3 - M/s. The Printers House (P) Ltd., New Delhi (M/s. Printers House) as it had met all the requirements.

However, the Departmental Purchase Committee (DPC) headed by the Principal Secretary, Higher Education Department cancelled the tender (December 2008) and ordered retender on the ground that none of the tenderers had agreed to warranty beyond one year. Consequently, a fresh tender was issued (December 2008) by the Director of Printing. Three of the five tenders were rejected by the TEC (March 2009) on various grounds³⁴ and it recommended purchase of the machines either from M/s. Printers House (L4) or from KSIE (L5).

Audit noticed that the DPC recommended (January 2010) purchase of machines from L5 (KSIE) citing reasons such as the tenderer was a State Government PSU and it would avoid risks and complications. Thus, the procurement of two printing machines from KSIE (L5) instead of from M/s. Printers House (L4) resulted in loss of ₹2.59 crore to the State exchequer.

GOK replied (January 2016) that the offer of KSIE was accepted since a performance appraisal report of the machines offered by KSIE and Printers House revealed that machines offered by KSIE had an upper hand in performance metallurgy and other automatic controls besides aspects like sturdiness, compatibility and durability for long run.

The reply was not acceptable due to following reasons:

- Tender conditions stipulated that Manufacturers of machines could participate in the tender. In the instant case, KSIE (L5) was clearly not the manufacturer of machines. The machines were manufactured by M/s. Manugraph Ltd. However, machines offered by M/s. Printers House (L4) were manufactured in their own manufacturing units.
- While processing the first tender, an expert committee had inspected the manufacturing facilities of M/s. Printers House and observed that they were equipped with latest generation CNC based manufacturing facilities using imported machines. It was also observed that the machine was of the highest quality and with periodical maintenance, the machine would function effectively for as good as 20 years or more. The reasons cited by Government while justifying the purchase from KSIE (L5) regarding performance, metallurgy, sturdiness, compatibility were made without visiting the manufacturing unit and by observing running of the machine at a local press in Trivandrum.
- The reasons given by the Government for procuring machines from State PSU were not commercially and technically viable, especially when the State PSU was itself not the Original Equipment Manufacturer (OEM) and that it had to get supplies from a private party in the market.

³⁴ Two tenders L1 and L2 were rejected on grounds of poor quality and performance while L3 was rejected as production was yet to commence then.

The decision of the DPC and GOK to award the tender for the purchase of the two printing machines to KSIE (L5) instead of M/s. Printers House (L4) was not justified which resulted in loss of ₹2.59 crore to Government exchequer. Similarly, the Department invited tenders (November 2009) for the supply of one Four-Colour Web Offset Printing Machine for the Government Press, Vazhoor. Audit noticed that in this instance also, the machine was purchased from KSIE (L3) instead of M/s. Printers House (L2) in violation of the provisions of Stores Purchase Manual (Para 39(b) read with Para 57(a)) and TEC recommendations resulting in excess payment of ₹15 lakh.

The action of DPC headed by the Principal Secretary, Higher Education Department in favouring KSIE for the purchase when it was not the OEM had resulted in excess expenditure of ₹2.74 crore on purchase of three printing machines, which calls for fixing of responsibility.

4.2.5.2 Delay in commissioning of modern machinery

Audit noticed delays in commissioning of modern machines procured for want of pre-installation infrastructure facilities in GPs at Mannanthala, Shoranur and Vazhoor. Two 'Four-Colour web offset machines' were delivered at GP, Mannanthala and Shoranur in February 2011. These could be commissioned and put to use only in August 2011 and December 2011 respectively for want of essential pre- installation civil works in the respective Government presses.

Similarly, the Four-Colour Web Offset machine (NAPH-30) purchased (March 2011) for Government Presses, Vazhoor, could be commissioned and put to use only in July 2013, for want of pre-installation civil and electrical facilities in the Government presses.

The failure of the Department in providing the requisite pre-installation facilities resulted in idling of the machine for period varying from six months to 28 months, which delayed the modernisation of presses to that extent.

Government replied (January 2016) that delay occurred due to failure of the PWD to complete the pre-installation civil work on time.

The reply was not acceptable in view of the fact that procurement of machinery without ascertaining the feasibility for prompt commissioning indicates inadequate planning and resultant delay in installation and utilization of the machinery.

4.2.5.3 Purchase of outdated machinery

Modernisation of presses can be ensured by timely procurement of modern machines and introduction of upgraded printing technology. In pre-press section, Plate making machine or Plate processing unit became outdated with the introduction of Computer to Plate (CTP) Unit. The CTP unit has several advantages over conventional plate making unit such as superimposition of an image directly to a printing plate instead of through a photographic film, which saves pre-press time and cost of materials like film and related developer chemicals. This technology also increases the sharpness and quality of output.

Currently, the CTP Unit was available only at GP Mannanthala, installed at a cost of ₹47 lakh in February 2011 in the State. Though sanction (September

2014) was available for the procurement of one CTP unit for Government Press Shoranur, the CTP unit was not procured as of March 2015 due to poor tender response. However, Audit noticed procurement of three conventional plate making units at a cost of ₹25.82 lakh during the period 2013-15, one each for Government Central Press (GCP), Thiruvananthapuram (March 2014), GPs at Vazhoor and Kollam (March 2015). Audit observed that had the advanced CTP units been procured for these presses as part of Modernisation, there could have been savings in pre-press time besides improvement in quality of output at lesser cost of printing.

Government replied (January 2016) that Plate Processor machines were being used in Government presses for the printing of black and white printing work and as such, they were not outdated. Moreover, the Plate processor machine costs only Rupees eight lakh which was lesser when compared to CTP machines which costs ₹40 lakh.

The reply was not tenable in view of the fact that the Director had as early as in April 2008 informed GOK that most of the works received in Government Presses were of Four-Colour posters, brochures, lottery tickets, text books, etc. Hence, the purchase of the two old conventional Plate processing units for Vazhoor and Kollam as part of modernisation was not justifiable.

4.2.5.4 Disposal of obsolete machinery and materials

The Committees on Modernisation of Government presses constituted in 1997 and 2010 recommended disposal of obsolete machinery, equipment and materials kept in the premises of Government presses for better space management and for effective infrastructural development. Modern sophisticated machines with micro processors and electronic controls also require clean environment for smooth working. However, in the test checked presses, Audit found that huge stocks of such items were heaped in the presses and premises without disposal. Consequently, major part of the space in Government presses was occupied by these obsolete items.

Government replied (January 2016) that necessary corrective steps were being taken to comply with audit observations.

4.2.6 Modernisation of Post Press Sections

In order to enhance the efficiency of Government presses, advanced printing machines like 'Four-Colour Web offset machines' were installed during 2010-13 in printing sections of the three out of four test checked presses as part of modernisation. By installing modern machines of higher printing capacity, the output of printing section should have increased. However, Audit noticed that post-press sections in Government presses had not been modernised simultaneously by installing modern machines such as Heavy duty stitching machine, Gathering machine, Binding machine, three-way trimming machine, Folding machine etc. Despite the XIIth plan allocation of funds for modernisation of post press sections in Government presses amounting to ₹9.69 crore during the first three years of 2012-17, the amount spent on purchase of machines for post press sections during this period was only ₹0.04 crore which was spent for purchase of 10 Box strapping machines. Audit noticed (May 2015) that in Government press at Shoranur, 118 work

orders related to various forms and registers (2010-14) of 11 departments were pending in binding section.

Government stated (January 2016) that post-press works in all the Government Presses were being managed both mechanically and manually and action was being taken to equip all the presses with modern machineries to cope with the present needs.

4.2.7 Infrastructure

Modernisation of Government presses, besides requiring replacement of outdated machineries with modern printing equipment, also necessitated adequate infrastructure facilities for their installation and stocking of raw materials, printed materials and waste materials. However, Audit noticed deficiencies in providing infrastructure facilities in Government presses which hindered their effective functioning as detailed below:

4.2.7.1 Setting up of Workshops in Government Presses

The Committee on Modernisation observed (2011) that Government Presses suffered due to the lack of full-fledged workshop and repair facilities in-house which resulted in machines remaining under repair for considerable period of time thereby affecting productivity. However, Audit noticed that the issues as stated by the Committee were persisting (March 2015) since none of the Government presses had full-fledged workshop facilities as of March 2015 to maintain continued productivity of the machines. The Department had not taken Annual Maintenance Contract (AMC) for any machine except CTP machine at GP, Mannanthala.

In the test checked presses, Audit noticed delay ranging from five to 60 months in rectification of complaints of the modern machines installed as part of modernisation, resulting in idling of machines for long periods (**Appendix 4.2**).

Government stated (January 2016) that steps were being taken to address the observations made by Audit.

4.2.7.2 Adequacy of electrical back-up for machineries

The modernisation of presses was intended to enhance the efficiency of presses by installation of modern machines and providing necessary infrastructure. Modern machines like the Web Offset printing machines with computerised electronic controlling systems require adequate backup capacity to prevent serious business disruption or data loss due to frequent unexpected power failure. In the test checked Government presses, it was noticed that most of the machines were idle due to frequent power failure and inadequate backup facility. In GP Vazhoor, though a generator was installed (January 2015), it was not commissioned (May 2015) due to failure of the Department to deposit installation charges (₹2.38 lakh) with the PWD. Scrutiny of data available in four test checked GPs revealed that 21312 productive hours³⁵ were lost during 2012-14 due to power failure. Had suitable electrical back-up

³⁵ Productive Hours – Time directly associated with manufacturing operations or performance of a job or task.

been made available to Government presses, the loss of productive hours could have been avoided and generated more outturn.

Government stated (January 2016) that steps were being taken to address the observations made by Audit.

4.2.7.3 Waste Disposal system

As part of the Modernisation process, one of the recommendations of the Committee on Modernisation of Government Presses was to install waste disposal systems for chemical and solid wastes like incinerators in all the presses. An amount of ₹1.20 crore was also earmarked in the XIIth five year plan for installation of incinerators in Government presses in the State for waste disposal. However, Audit found (March 2015) that Incinerators were not installed in any of the test checked presses and waste materials were disposed of in open spaces by burning.

Government replied (January 2016) that necessary corrective steps were being initiated in this regard.

4.2.7.4 Maintenance of Fire Safety Standards

Government Presses in the State are registered as per Factories and Boilers Act 1948 and licenses to operate the presses are renewed every year by the Inspector of Factories and Boilers. Section 38 of the Act requires that all practicable measures shall be taken by factories to prevent outbreak of fire and to provide and maintain (a) safe means of escape for all persons in the event of a fire and (b) necessary equipment and facilities for extinguishing fire.

In presses, besides printing material such as paper, cotton waste, etc., there are also inflammable chemicals for cleaning machines, developer chemicals, etc., which pose threat of fire. Hence, the necessity of installation of precautionary measures like fire-extinguishers and smoke alarms to protect the buildings from lightning and fire is critical to the continued functioning of the Presses. However, Audit found that these statutory precautionary measures were not provided in any of the test checked Government Presses. Audit also noticed that consequent to a fire generated by lightning in May 2014, the Government Press Shoranur suffered a loss of ₹17 lakh. Even though GOK directed (August 2014) the Department to ensure periodical repair to electrical installations, installation of fire extinguishers and smoke alarm, the Department had not taken any action (March 2015).

Government stated (January 2016) that though there was budgetary provision in 2013-14 for installation of fire extinguishers in Government Presses, the departmental purchase committee had not been convened and hence the procurement of fire extinguishers could not be made.

4.2.8 Modernisation and Human Resource Management

4.2.8.1 Revision of KGPS Rules and Press Manual

The Expert Committee for Modernisation of the Government Presses in the State had recommended (1998) revision of cadre and recruitment rules to ensure the appointment of better qualified persons to various technical cadres. The Committee on Modernisation of the Printing and Stationery Department

had also recommended (2011) that the Special Rules for the Kerala Government Presses Subordinate Service issued by the Government of Kerala be amended to bring them in line with the suggested (i) restructuring of sections/branches within the government presses; (ii) restructuring of job categories and job designations. It was also recommended to appoint a committee to review the Special Rules and suggest changes.

Audit noticed that a Committee for revamping the Draft Kerala Government Presses Subordinate Service Special Rules with the Secretary, Printing and Stationery as the Chairman was constituted by GOK only in January 2014.

Government replied (January 2016) that the Draft Special Rules of Kerala Government Presses Subordinate Service was under consideration.

Audit observed that the delay in review of KGPS Rules and Press Manual was a matter of concern as some of the existing branches and job categories as defined in special rules were outdated, irrelevant and had relevance only in the realm of manual press operations.

4.2.8.2 Revision of Schedule for valuation of outturn

The Expert Committee on modernisation of presses had recommended (1998) revision of the Schedule for Valuation of Out-turn. The significance of the Schedule for Valuation of Outturn can be gauged by the fact that Annual Increment of employees in Government presses was dependent upon the outturn generated by an employee as reckoned by the Schedule, during a year. The performance of employees in a Press depends upon the output capacity of the machine on which the employees are deployed. Compared to old machines, modern machines have high output capacity. Hence, periodical revision of Schedule of Outturn for valuation of employee productivity is essential for optimal utilization of their services. However, Audit noticed that as of March 2015, the Government presses were following the Schedule for valuation of outturn fixed in 1956, despite the fact that several modern machines and equipment were purchased and installed thereafter. Also, Audit noticed that due to non-revision of Schedule for valuation of Outturn with reference to the newly installed machines, full hours of physical duty were allowed as outturn hours to the employees posted to such machines, even though the employees had completed their jobs at lesser time.

The Log Book of four-colour Web offset printing machine at GP Shoranur revealed that the machine was idle for 412 out of 746 (55 *per cent*) working days during 05 June 2012 to 31 March 2015. Analysis of outturn data for June 2012 to March 2015 made available to Audit by GP, Shoranur revealed that the number of impressions obtained from the machine ranged from a minimum of 600 impressions on 04 July 2013 to a maximum of 1,00,000 impressions on 11 March 2014 and 12 March 2014. Incidentally, the printing output of the machine was stated to be a maximum of 35,000 impressions per hour (2,80,000 impressions per day of eight hours). However, full outturn hours were allowed to the employees working on the machine in the concerned days.

Though there were attempts to revise the out turn hours of Four-Colour Web Offset machines (installed in 2011 & 2013), it did not materialise (January 2016). Consequently, the benefit of productive hours gained by using modern

machines was lost as workers were shown to be working for full hours as per time sheets of work even though the job was completed at lesser time.

Government replied (January 2016) that Revision of Outturn was in progress. The laxity of the Government in effecting the revision had resulted in employees continuing to be paid for work not done.

4.2.9 Impact of Modernisation of Government Presses

4.2.9.1 Assessment of Productivity of Presses

Audit assessed the impact of modernisation on GCP, Thiruvananthapuram and three Government Presses at Mannanthala, Shoranur and Vazhoor during 2010-15. It was seen that there was no appreciable increase in productivity in any of these presses except GP Mannanthala which showed a marginal increase (1.56 per cent) in the number of impressions obtained during 2014-15 over 2010-11.

Table 4.2: Table showing productivity of test checked presses

(Impressions in lakh)

Year	Govt. Central Press, Thiruvananthapuram	Govt. Press, Mannanthala	Govt. Press, Vazhoor	Govt. Press, Shoranur
2010-11	479.73	282.29	103.04	381.76
2011-12	446.30	296.95	61.22	372.22
2012-13	427.93	337.55	49.91	401.29
2013-14	422.34	375.15	63.68	320.88
2014-15	367.89	286.69	71.29	322.78
<i>Per cent increase/decrease</i>	-23.31	+1.56	-30.81	-15.45

(Source: Details collected from test checked presses)

Productivity did not increase in three Government Presses at Thiruvananthapuram, Vazhoor and Shoranur which in fact, showed a decline. Thus, despite spending ₹18 crore on modernisation during 2010-15, productivity of the presses had declined, rendering the investment infructuous.

The Director replied (March, 2015) that at present, Government departments including Legislative Secretariat have their own presses to meet their printing demands. Major works such as printing of text books, lottery tickets etc. had been entrusted to other agencies (i.e. KBPS, C-apt). These works were previously printed at Government Presses.

The reply of Director was not acceptable in view of the fact that the Government Presses were equipped with latest machinery for printing of text books and outsourcing the same was the reason for decline in productivity.

4.2.9.2 Under-utilization of Government Presses - Printing of Text Books

The Expert Committee for Modernisation of the Government Presses in Kerala State in its Report (1998) had anticipated that modernisation of Government Presses would enable the Department to undertake printing of Text Books in-house, which would result in time bound printing of Text Books without depending on private printers. The Committee had also recommended discontinuance of opening of parallel Government Presses by Government departments as well as Quasi Government organizations. The Printing Manual of Government Presses in Kerala also stipulated that printing works should

ordinarily be entrusted only to Government presses and that such works may be given to private presses only in exceptional circumstances. However, Audit observed that despite installation of advanced printing machines in Government presses, GOK continued to ignore these presses while allotting work of printing of text books to autonomous bodies like KBPS and KSAVRC (renamed as C-apt) as shown in **Table 4.3**.

Table 4.3: Details of text books printed for Standard I to X

Year	Total requirement (Nos.)	Printed by Government Presses (Nos.)	Printed by KBPS (Nos.)	Payment made to KBPS (₹ in Lakh)	Printed by C-Apt (Nos.)	Payment made to C-Apt (₹ in Lakh)
2010-11	45136500	3075000	41101500	970.64	960000	10.93
2011-12	47787000	Nil	47787000	618.73	No print order for C-apt	
2012-13	39500000	Nil	38059000	687.69		
2013-14	30179400	Nil	31291000	564.41		
2014-15	37315500	Nil	37879043	849.06		
Total				3690.53		10.93

(Source: Details collected from KBPS and Text Book Officer)

Audit observed that the decision to get text books printed by KBPS was taken in a High Level Monitoring Committee (HLMC), convened in January 2011. The Principal Secretary (General Education Department) had expressed dissatisfaction on the poor performance of Government Presses in printing of text books for the academic year 2010-11. In order to facilitate the prompt and efficient distribution of text books, the committee decided to entrust the printing of all text books from Standard I to X to the KBPS. Based on this decision, printing order of text books were given to KBPS and C-apt in subsequent years also without entrusting the work to Government Presses.

Thus, despite Government Presses having been strengthened during 2011-13 for printing of text books with the installation of three³⁶ 'Four-Colour Web Offset machines costing ₹6.26 crore and CTP machine costing ₹47 lakh, the decision of HLMC taken in January 2011 was not reviewed. Audit noticed that Government presses were not given print orders and GOK depended on KBPS and C-Apt for printing of text books. An amount of ₹36.91 crore was also paid by GOK to KBPS and C-Apt during this period for various printing jobs.

Government replied (January 2016) that the printing of text books was a subject related to General Education department. Hence, General Education department has been requested to consider the matter of entrusting 50 per cent of printing of text books with Printing Department.

The decision of GOK to outsource printing of text books is contrary to the provisions contained in Government Press Manual and is inconsistent with its own initiative on modernisation of Government presses as one of the objectives of modernisation of government presses was intended to print text books in-house.

4.2.10 Conclusion

The modernisation of Government printing presses though envisaged as early as in 1998 was still remaining to be completed. The objective of entrusting

³⁶ One each at Mannanthala and Shoranur in 2011 and Vazhoor in 2013

printing work only to Government presses had not been realised. Instead of printing text books in Government Presses during 2010-15, GOK got them printed through KBPS and C-Apt for ₹36.91 crore. Despite spending ₹18 crore on Modernisation during 2010-15, productivity had declined in the three Government Presses at Thiruvananthapuram, Vazhoor and Shoranur.

The inherent contradiction in the GOK modernising its presses and at the same time not providing them with adequate print orders was a matter of concern which needed to be urgently addressed.

REVENUE DEPARTMENT

4.3 Receipts and Utilisation of River Management Fund

4.3.1 Introduction

Government of Kerala (GOK) enacted ‘The Kerala Protection of River Banks and Regulation of Removal of Sand Act, 2001’ (Sand Act) and ‘The Kerala Protection of River Banks and Regulation of Removal of Sand Rules, 2002’ (Sand Rules), to protect river banks and river beds from large scale indiscriminate dredging of river sand, protect their bio-physical environment system and regulate the removal of river sand. The Principal Secretary, Revenue Department was responsible for implementing the Sand Act at Government level. The Land Revenue Commissioner (LRC) and the District Collectors (DC) were responsible for implementing the provisions of the Sand Act at the State and district levels respectively.

The Sand Act provided for maintenance of ‘River Management Fund’ (RMF) by District Collectors to meet all expenses towards management of river banks where removal of sand was carried out (Kadavu³⁷). It was envisaged that 50 per cent of the sale proceeds of river sand would be the share of local bodies and the RMF would comprise of the remaining 50 per cent of the amount. In addition to this, RMF would include the grants by the Government to implement the River Development Plan (RDP) framed under the provisions of the Sand Act, money obtained by donations or contributions from public or from non-governmental agencies, all penalties imposed under the provisions of the Sand Act or Sand Rules, etc. The RMF was to be maintained in Treasury Savings Bank accounts.

4.3.2 Scope and Coverage of Audit

Audit was conducted covering the period 2010-15 to assess whether the action about collection of receipts and utilization of the RMF was in compliance with the Sand Act/Sand Rules. Audit scrutinised the records of the Revenue Department, Office of the Land Revenue Commissioner and four Collectorates

³⁷ ‘Kadavu’ means river bank or water body where removal of sand is carried out. The District Expert Committee shall identify the kadavu or river bank in a district in which sand removal may be permitted, to fix the total quantity of sand that can be removed from the kadavu or river bank, to close a kadavu or river bank opened for sand removal, etc. For the purpose of regulating the removal of sand in every kadavu or river bank situated in a district, the District Collector shall constitute for each kadavu or river bank a ‘Kadavu Committee’ called by the name of that place where the kadavu or river bank is situated.

in Ernakulam, Kollam, Malappuram and Thrissur districts selected by simple random sampling method. The status of various works like protection and maintenance of Kadavus, construction of check dams, protection walls, etc., undertaken in the test checked districts using RMF was also assessed during the course of the audit.

4.3.3 Fund Status

The RMF was constituted in all the districts of the State as stipulated under the Sand Act. Against total receipts of ₹299.75 crore, under RMF during 2010-15, the expenditure was only ₹92.24 crore (31 per cent). However, in the test checked four districts, against the receipts of ₹180.59 crore³⁸, expenditure from RMF was ₹43.67 crore viz. 24.18 per cent resulting in a closing balance of ₹136.92 crore as shown in Table 4.4.

Table 4.4: Details of funds received, expended and unutilised under RMF in test checked districts during 2010-15

							(₹ in crore)
Name of District	Opening Balance	Collection	Total	Expenditure	Closing Balance	Percentage unutilised	Committed expenditure
Ernakulam	16.74	27.78	44.52	21.82	22.70	51	Not Available
Kollam	10.98	25.15	36.13	5.21	30.92	86	Nil
Thrissur	13.35	17.13	30.49	5.35	25.14	82	18.00
Malappuram	34.92	34.53	69.45	11.29	58.16	84	29.21
Total	75.99	104.59	180.59	43.67	136.92	76	

(Source: Information obtained from District Collectors and LRC)

Lowest expenditure was recorded by Kollam which could utilise only 14 per cent of available funds.

GOK, while accepting the fact (November 2015) that funds under RMF remained unutilised in various districts, stated that worthy proposals from districts would be placed before the State High Level Committee (SHLC) for the upkeep of the bio-physical environment of river banks. It was further stated that participation of non-governmental agencies would also be explored for implementing riverbank protection measures.

The reply of the Government must be viewed against the fact that the provisions of Sand Act which stipulated preparation of River Development Plans (RDP) for the purposes of comprehensive development of river banks and its catchment areas were not complied with as confirmed by the LRC (June 2015). Audit observed that in the absence of the RDPs, inviting proposals from Districts for the upkeep of the bio-physical environment of river banks would only be ad-hoc in nature and not in compliance with the Sand Act/Sand Rules. The failure of District Expert Committees (DEC) to prepare RDPs had also contributed to lesser utilization of resources available under the RMF.

³⁸ Including opening balance of ₹75.99 crore

4.3.4 Receipts

4.3.4.1 Fixation of price of sand by ‘Kadavu’ Committees

Section 14 (1) of the Sand Act empowers Kadavu Committees³⁹ to fix the price of sand for each Kadavu after taking into account the availability and accessibility of sand in any area. Section 14 (2) of the Sand Act empowers the Kadavu committees to fix the price of sand by public auction. Thus, the Act envisaged conducting public auction for fixation of price of sand.

Audit, however, noticed that ‘Kadavu’ committees in the four test checked districts of Kollam, Thrissur, Ernakulam and Malappuram did not resort to public auction to determine the sale price of sand. Instead, the sale price of sand was determined by DEC and Kadavu Committees. The failure to fix the price of sand through public auction resulted in adopting different methods for fixing the sale price of sand in these districts as shown in **Table 4.5**.

Table 4.5: Comparison of prices fixed by Kadavu committees and PWD

(in ₹)

Year	Kollam		Ernakulam		Thrissur		Malappuram	
	PWD	Kadavu Committee	PWD	Kadavu Committee [@]	PWD	Kadavu Committee	PWD	Kadavu Committee
Mode of fixing of price of sand		Price fixed by DEC ⁴⁰ on the basis of GO of June 2009 ⁴¹		The respective Kadavu Committees themselves fixed the price of sand.		DEC notified a unified price for all the ‘Kadavus’ in the district based on recommendations made by the various ‘Kadavu’ committees in the district		DEC notified a unified price for all the ‘Kadavus’ in the district based on recommendations made by the various ‘Kadavu’ committees in the district
2010-11	951	634	951	709.12	951	292.63	951	330.00
2011-12	951	634	951	768.35	951	593.75	951	330.00
2012-13	1509	634	1509	828.50	1509	588.75	1509	330.00
2013-14	822	634	828	886.92	767	593.75	767	656.50
2014-15	925	634	907	1360.20	857	618.75	851	845.25

[@] Since the price fixed by Kadavu Committees in Ernakulam district varied from Kadavu to Kadavu, Audit reckoned the average of prices fixed by Kadavu Committees for quantifying revenue loss

(Source: Replies from District Collectorates and PWD/CPWD SOR)

Audit attempted to assess whether RMF/Local Bodies suffered any loss of revenue due to the sale of sand at ‘Kadavus’ at prices fixed other than through public auction. A scrutiny of the costing methodology followed by the Kadavu committees during 2010-15 in Ernakulam, Thrissur and Malappuram districts revealed that the sale price of sand as fixed by the DECs included cost of

³⁹ Kadavu committees are constituted by District Collectors to regulate the removal of sand in every Kadavu or river bank situated in a district. The President/Chairperson of the Grama Panchayat/Municipality, Secretary of the Grama Panchayat/Municipality, representatives from the Irrigation, Public Works Departments, Environmentalists, etc constitute the Kadavu Committee

⁴⁰ District Level Expert Committees are Expert Committees constituted by the Government for each district of the State with the District Collector as the Chairman and the Executive Engineer of the Irrigation department as the Convener.

⁴¹ GO (Ms) 227/09/RD dated 20 June 2009 refers to the mode of pricing of confiscated sand to be sold through ‘Kalavara’ fair price shops under the control of Kerala State Nirmithi Kendra and makes no reference to sale of sand at Kadavus.

labour also. In Kollam district, the DEC fixed the price of sand based on Government order (June 2009). As the labour cost (63.74 per cent) is an inevitable expenditure to be incurred, Audit observed that 36.26 per cent would constitute the income due to the RMF and local bodies from the sale proceeds of sand. To quantify loss due to sale of sand other than through rates fixed by public auction, Audit compared the difference in price of sand as fixed by the Kadavu committees and the rate of sand as per the State Public Works Department Schedule of Rates (PWD SOR) up to 2012-13 and Central Public Works Department Schedule of Rates (CPWD SOR) from 2013-14 onwards⁴² (Appendix 4.3 & 4.4). The PWD/CPWD rates were reckoned by Audit to quantify the loss since these rates undergo periodical revision in line with market sentiments and were also accepted by Government for fixing the price of confiscated sand.

Audit noticed that LRC had failed to enforce public auction to fix the price of sand which had resulted in loss of at least ₹115.02 crore on sale of 60 lakh tonnes of river sand in four districts during 2010-15, of which ₹57.51 crore should have accrued to the RMF and a similar amount to the local bodies in the four test checked districts.

GOK accepted their failure to resort to public auction as stipulated in the Act.

4.3.4.2 Sale of confiscated sand

A mention was made in Para 3.4.4.2 of the Audit Report of the Comptroller and Auditor General on General and Social Sector for the year ended March 2013 on loss of revenue of ₹1.63 crore due to disposal of confiscated sand lower than stipulated prices during the period June 2010 to July 2011 and November 2012 to March 2013. Despite such observation demanding action to sell confiscated sand at stipulated prices, the Kollam and Malappuram districts continued to sell the sand at lower rates, as brought out below.

As per an amendment made to the Sand Act in 2013, the confiscated sand was to be sold through Kalavaras⁴³ at the rates fixed by Public Works Department (PWD) in their Schedule of Rates (SOR). Audit noticed that while confiscated sand was sold in Ernakulam district at rates comparable to PWD rates, in Kollam district, the confiscated sand was sold through Kalavaras at the rates fixed by Government in June 2009 (₹634 per tonne) instead of selling it at PWD rates (₹822 and ₹925 per tonne). In Malappuram district, the confiscated sand was sold at even lesser rate of ₹535 (March 2015) fixed by the District Nirmithi Kendra headed by the District Collector. The sale of 23826.88 tonnes of confiscated sand at a lower rates resulted in revenue loss of ₹0.67 crore during 2013-15 to RMF as shown below:

⁴² Upto 2012-13, the State was following the State PWD SOR for works undertaken in all State Government departments. However, from 2013-14 onwards, the State followed the CPWD SOR and National Building Code guidelines. These rates were reckoned as they undergo periodical revision in line with market sentiments and were also accepted by Government for fixing the price of confiscated sand.

⁴³ Kalavaras are fair price markets run by District Nirmithi Kendras which are autonomous agencies registered under the Travancore Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 for disseminating cost effective and environment friendly building technology.

Table 4.6: Details of sale proceeds of river sand sold through Nirmithi Kendra, Kollam and Malappuram during 2013-15

District	Year	Quantity of sand sold (in tonne)	Price of sand sold/ tonne (in ₹)	Total (in ₹)	Rate of sand as per CPWD SOR/tonne including index cost of respective districts (in ₹)	Total (in ₹)	Loss incurred (in ₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) [(7) – (5)]
Kollam	2013-14	73.62	634	46675	822	60516	13841
	2014-15	113.6988	634	72085	925	105171	33086
Malappuram	2013-14	9866.745	535	5278709	767	7567793	2289084
	2014-15	13772.82	535	7368459	851	11720670	4352211
Total		23826.8838					6688222

(Source: Details received from District Collectorates)

Audit observed that uniformity was lacking, both in the rates fixed by different district collectors and in the methodology for determining the sale price of confiscated sand.

GOK stated (November 2015) that revised proposals for enhancement of rate at par with market rate of sand will be obtained from all district collectors and urgent steps would be taken to revise the same.

4.3.4.3 Non-remittance of Sale Proceeds in the RMF

As per Section 17(2) of the Sand Act, every local authority having a Kadavu or river bank shall contribute 50 per cent of the amount collected by the sale of sand towards the RMF maintained by the District Collector. Section 17(5) of the Sand Act also requires that the account shall be settled before the 10th day of succeeding month by remitting the balance amount due for payment. Audit found that in Ernakulam district, the proceeds from sale of sand of ₹10.07 crore during the period 2002-03 to 2014-15 was irregularly retained by 16 Panchayats. Out of this, an amount of ₹4.55 crore was recovered as of March 2015 and balance amount of ₹5.52 crore was yet to be recovered.

GOK stated (November 2015) that strict directions would be issued to all District Collectors to realise the entire dues without any further delay, even by resorting to coercive measures, wherever found necessary.

4.3.4.4 Maintenance of records

Income and Expenditure Account

As per Rule 9(g) of the Sand Rules, the District Collectors are required to prepare an annual Income & Expenditure Account of RMF. Rule 23 of the Sand Rules also stipulated that the Income and Expenditure of RMF was to be audited by a Chartered Accountant every year. Audit noticed that the audit of RMF by Chartered Accountants was in arrears in two of the four test checked districts. While in Thrissur district, the audit was due from 2005-06 onwards, audit was pending in Kollam district since 2012-13. The District Collector, Thrissur stated that a firm of Chartered Accountants had since been engaged to initially prepare accounts for 2014-15 for enabling backward reconstruction of accounts of earlier years up to 2005-06.

Audit observed that the process as proposed to be followed by the District Collector, Thrissur was not sound and was indicative of lack of financial control with respect to RMF. District Collector, Kollam replied that efforts were being made to appoint a firm of Chartered Accountants to audit the RMF accounts.

GOK stated (November 2015) that earnest efforts would be made for completion of audit by Chartered Accountants, as envisaged in the Act.

4.3.5 Utilisation of RMF

4.3.5.1 River Mapping and Sand Audit

River sand performs the critical function of maintenance of quality of water in the river. Excessive sand mining results in lowering of the water table and erosion of riverbanks. When the river channel is devoid of sand, the natural filtering process done by the sand would not be possible.

Section 29 of the Sand Act provides that with a view to ensure protection of every river, Government may ensure periodical measurement of the quantity of sand available for removal by such method and in such manner as may be prescribed. River mapping and sand auditing play crucial role in planning of RDP. Rule 30 of the Sand Rules made it mandatory for the Government to conduct sand audit every three years through expert agencies like Centre for Earth Science Studies and Centre for Water Resources Development and Management in order to ensure protection of rivers in each district and to assess periodically, the availability of sand in each river for mining. Moreover, Rule 30 (2) of the Sand Rules provided for meeting the expense for sand audit from RMF.

There are nine⁴⁴ rivers flowing through the test checked districts. As rules required sand audit to be conducted every three years, these nine rivers should have been audited four times during 2002-15. Audit noticed that GOK had only in 2012, ordered for the first time sand auditing to be conducted in these nine rivers. Sand audit reports in respect of seven⁴⁵ of these rivers conducted at a cost of ₹62.45 lakh, were submitted to GOK by the LRC during May to September 2015, while work on the other two⁴⁶ rivers was in progress.

Based on the sand audit reports of the rivers, GOK issued orders prohibiting sand mining in two rivers and phased mining in five rivers.

The sand audit reports led to prohibition of sand mining in two rivers⁴⁷ and allowed phased mining in other five rivers⁴⁸ in the test checked districts. Thus, it is evident that the delay/failure in conducting sand audit has led to indiscriminate sand mining. Audit observed that periodical conduct of sand audit as stipulated in the Act would help in arranging and taking steps for the upkeep of bio-physical environment.

⁴⁴ Kollam district (2 rivers), Ernakulam district (2 rivers), Thrissur district (4 rivers) and Malappuram district (3 rivers) – Bharatapuzha river flows through Thrissur and Malappuram and Periyar river flows through Ernakulam and Thrissur

⁴⁵ Ithikkara, Periyar, Kallada, Chaliyar, Kadalundi, Karuvannur and Muvattupuzha rivers

⁴⁶ Chalakudy and Bharatapuzha rivers

⁴⁷ Kallada and Karuvannur rivers

⁴⁸ Chaliyar, Ithikkara, Kadalundi, Muvattupuzha and Periyar

The LRC stated (September 2015) that sand audit of 20 rivers had been taken up in the first phase and that in respect of the remaining 24 rivers, decision would be taken after the first phase audit was completed. As there was unutilised accumulated balance in the RMF of the districts as of March 2015, there was no reason for the LRC to delay commencement of sand audit of all the rivers which resulted in indiscriminate mining and resultant depletion of the mineral.

GOK assured (November 2015) that sand auditing in respect of the remaining rivers would be completed in a time bound manner. It was also stated that the respective agencies entrusted with the work would be reminded and strict directions would be issued to District Collectors to ensure that the process was completed without further delay.

4.3.6 Conclusion

The sale of scarce natural mineral like sand at very low rates, without resorting to auction as stipulated in the Act resulted in the Fund and the local bodies of four test checked districts suffering a loss of revenue of at least ₹115.02 crore. Confiscated sand was sold at lesser than stipulated PWD prices resulting in loss to the Fund (₹0.67 crore). GOK also failed to initiate sand audit in 24 of the 44 rivers of the State despite availability of adequate funds in RMF indicating failure to protect river banks and river beds from large scale indiscriminate dredging of river sand, protect their bio-physical environment system and regulate the removal of river sand. There was also laxity on the part of the LRC to enforce compliance to the provisions of the Sand Act.

SOCIAL JUSTICE DEPARTMENT

4.4 Working of Children’s Homes, Observation Homes and Special Homes

4.4.1 Introduction

The Juvenile Justice (Care and Protection of Children) Act, 2000 was enacted by Government of India (GOI) in December 2000 empowering the State Government either by itself or in collaboration with voluntary organizations to set up (i) Children’s Homes (CH), (ii) Observation Homes (OH) and (iii) Special Homes (SH). The corresponding rules were notified in June 2001. The Act was amended in August 2006 (Act 2006) and amended Model Rules (JJ Rules) released in October 2007. Government of Kerala notified The Kerala Juvenile Justice (Care and Protection of Children) Rules in 2003 (State Rules) which was later revised in 2014⁴⁹.

As of March 2015, there were eight CHs, six Observation cum Special Children’s Homes, Eight OHs, one Place of Safety and two SHs run by the

⁴⁹ Sn.68 of the JJ Act 2006 states that the State Government may, by notification in the official gazette make rules to carry out the purposes of this Act provided that the central government may frame model rules in respect of all or any of the matters with respect to which the State Government may make rules under this section and where any such model rules have been framed in respect of any such matter, they shall apply to the State until the rules in respect of that matter is made by the State Government and while making any such rule, so far as is practicable, they confirm to such model rules.

Social Justice Department in the State (**Appendix 4.5**). Besides, one CH for boys and girls upto the age of 12 (at Nooranadu in Alappuzha District), two CHs for Physically Disabled Children (at Alappuzha and Kannur district) and one CH for mentally disabled children (in Kozhikode district) are functioning in the State under the administrative control of the Local Self Government Institutions. There were 591 inmates (417 Boys and 174 girls) in the 25 Government run homes in the State (March 2015).

While the Secretary to Government, Social Justice Department is responsible for implementation of the Act across the State, the Director of Social Justice is responsible for administering these Homes. Besides, Juvenile Justice Board (JJB)⁵⁰ and Child Welfare Committees (CWC)⁵¹ at District level are also entrusted with the responsibility to discharge the duties conferred on them under the Act in relation to JCL and children in need of care and protection respectively.

Audit was conducted during March to June 2015 covering the period 2010-15 in four⁵² selected districts. Records of the Social Justice Department (SJD) in the Government Secretariat, the Directorate of Social Justice, Child Welfare Committees and Juvenile Justice Boards in the selected districts were examined.

The Audit findings have been compiled as under:

4.4.2 Children's Homes

Children in need of care and protection are produced before Child Welfare Committees (CWCs⁵³) which send them to a CH pending inquiry by a social worker or a child welfare officer. If the CWC on conclusion of inquiry determines that the children have no family or ostensible support or need continued care and protection, it may allow the children to remain in the CH till suitable rehabilitation is made or till they attain the age of eighteen years. These homes were intended to provide children with comprehensive child care facilities for ensuring their all round development and to facilitate their rehabilitation and reintegration into mainstream society.

4.4.2.1 Registration of Children's Homes

According to Section 34(3) of the Act, all CHs run either by the State government or by voluntary organizations shall be registered under this Act. Registration certificates for CHs were to be issued by the State government after verifying adequacy of provisions like health, education, boarding and

⁵⁰ While SJD was responsible for overall implementation of the JJ Act in the State, the JJB is entrusted with the following important functions regarding JCL

a) Adjudicate and dispose cases b) Monitor institutions and seek compliance on suggestions of the JJB c) deals with non-compliance on the part of concerned government functionaries/functionaries of voluntary organizations d) to liaise with JJBs in other districts, etc.

⁵¹ CWC to a) take cognizance of and receive children produced before the CWC; b) ensure necessary care and protection including immediate shelter; c) provide child friendly environment for children, etc.

⁵² Alappuzha, Kozhikode, Thiruvananthapuram and Thrissur

⁵³ Child Welfare Committee comprises of a Chairperson and four other members. This is constituted by the State Government which shall function as a Bench of Magistrates and shall have the powers conferred by the Code of Criminal Procedure, 1973 on a Metropolitan Magistrate or, as the case may be, by a Judicial Magistrate of the first class.

lodging facilities, vocational facilities and scope for rehabilitation. Audit noticed that all CHs run by the State Government were not registered under the Act which deprived GOK the authority to oversee the functioning of these institutions and inability to obtain assurance regarding adequacy of provisions like health, education, boarding and lodging facilities, etc.

Government replied (September 2015) that prior to the notification of State Rules in 2014, the authority for registration of Juvenile Justice Institutions in a district was the District Social Justice Officer (DSJO) of the district concerned and that the Government CHs had secured registration from the DSJO concerned. The reply given by Government was not correct as it was found that the Government CHs were not registered with the DSJO concerned till date (December 2015). Even though GOK had issued detailed guidelines (January 2008) laying down procedure for all child care institutions (Government and Non-Governmental) to obtain Registration Certificate, Audit noticed that CHs had applied for registration only after GOK issued another order in November 2014. The reasons are not forthcoming regarding inaction of the department based on the guidelines issued in January 2008.

4.4.2.2 Children's Home for Girls

Rule 29(f) of JJ Rules 2007 states that separate CH shall be established for girls in the age group of 10 to 18 years. In Kerala, CHs for girls are functioning at Ernakulam and Kozhikode districts. Fewer number of CH for girls led to overcrowding and girls being placed in orphanages registered with Kerala Orphanage Control Board.

In the test checked districts of Thiruvananthapuram, Thrissur and Alappuzha, it was seen in audit that girls were provided short term placement pending enquiry at Mahilamandirams⁵⁴ or institutions run by NGOs which were not declared as fit institutions⁵⁵ as there were no CHs for girls in these districts. One hundred and eighty eight girls in Thiruvananthapuram and 55 girls in Alappuzha were sent to various orphanages during 2012-15. Three hundred and thirty five girls were sent to Mahilamandiram at Thrissur district during the period 2010-15. Incidentally, this Mahilamandiram was identified as a protective home of women under the Immoral Traffic Prevention Act.

The CWC, Thrissur admitted (June 2015) that placing the children with orphanages was posing serious problems in view of the fact that these orphanages were not registered under JJ Act and were reluctant to admit girls with behaviour problems/police investigations for fear of being asked to furnish reports making them accountable to authorities. Children who were involved in cases of child sexual abuse and placed in orphanages, often complained about unwelcome environment.

GOK, while admitting that (September 2015) there was a shortage of CHs for girls in the State, stated that a CH for girls in Kollam district with NGO participation had been started (June 2015) with Government support. GOK

⁵⁴ Widows, divorced, destitute and deserted women, etc. above the age of 18 years are admitted to Mahilamandirams

⁵⁵ Fit institution means a governmental or a registered NGO or a voluntary organisation prepared to own the responsibility of child and such organisation is found fit by the State Government on the recommendation of the competent authority

had also accorded sanction for construction of a new girls Home at Thrissur besides establishing Nirbhaya Homes for girl victims of sexual abuse. It stated that the present demand for girls Homes could be fully met with the above activities and that a programme has been introduced to accredit NGOs as and when demand arose for new girls homes.

Government reply was not tenable as the Nirbhaya Homes were exclusively meant for girl victims of sexual abuse and not meant for children in need of care and protection. Further, the CWC, Thrissur had also confirmed (July 2015) that it was well aware that placement of children in Mahilamandiram needed to be avoided. Placement of girl children in Mahilamandirams and other NGO run institutions, which were not declared as fit institutions, were posing serious threats as girl children were being accommodated in unsafe environment, besides depriving them of the much needed care and support as envisaged in the Act.

4.4.2.3 Children/Juvenile in Conflict with Law missing from Children's Homes, Observation homes and Special homes

While Rule 50 (11) of JJ Rules 2007 stipulates the procedure to be followed in respect of children leaving the institution without permission, Rule 18(2) of JJ Rules 2007 lays down the procedure to deal with the escape from OHs/SHs of Juveniles in Conflict with Law (JCL). These Rules stipulate that in the event of a child missing from a CH or JCL escaping from OHs/SH, the officer in charge of the institution besides conducting immediate search for the missing children has to furnish a report to the police and the family along with a report detailing the circumstances and the efforts made to trace the juvenile or child to the CWC or JJB and the authorities concerned.

Audit found that 47 children from CHs at Kozhikode, Thrissur and Alappuzha left the institutions without permission during 2010-15. These included street children and children having behavioral problems. Similarly, eight JCLs with criminal background escaped from OHs/SHs at Kozhikode and Thiruvananthapuram during the period 2010-15 as they could not adjust to the daily routine of the institution and the calm atmosphere and were interested in roaming around. Though the matter was reported to the Police, CWCs and JJB, the missing children had not been traced (October 2015).

The Superintendents of CH/OHs/SH intimated (October 2015) that the escape of JCLs/missing of children happened due to the absence of proper counselling by Professional Counsellors, non-preparation of Individual Care Plan by qualified Counsellors/Psychologists, children with behavioral problem, family problem, criminal background and lack of security in the Homes.

GOK stated (September 2015) that effective steps were being taken to strengthen surveillance system of the child care institutions and engage ex-service men in every Home. GOK also intimated that the details of missing children have been posted in the Track Child National Web Portal.

4.4.2.4 Re-instatement of Government Official accused of Sexual Abuse

Rule 60 of JJ Rules 2007 stipulate that every institution shall have system of ensuring that there is no abuse, neglect and maltreatment against the inmates.

As per Rule 89 (2) of JJ Rules 2007, any care giver or staff accused of physical, sexual or emotional abuse of a juvenile in CH or outside shall be liable for disqualification after due enquiry. On the basis of a complaint of sexual abuse by inmates of CH for girls, Kozhikode, a criminal case was registered (August 2014) against the Electrician cum Pump Driver of the nearby CH for boys and the accused was suspended from service. In September 2014, the High Court quashed all proceedings initiated against the offender after an amicable settlement between the parties. Meanwhile, a new case was registered against him in October 2014, with reference to Protection of Children from Sexual Offence Act (POCSO), on the basis of a complaint received from another inmate of the same institution. Audit noticed that despite the institution of a fresh case, the Director of Social Justice had re-instated (May 2015) the accused at District Social Justice Office, Kozhikode with permission to execute maintenance work at CH for Girls, Kozhikode.

Institutions like CHs are vital organs of Government machinery responsible for ensuring safety and security to children hailing from vulnerable circumstances. Re-instating a person prima facie accused of sexual offences and providing him access to the Girls' Home by virtue of his trade, was a clear violation of extant Rules and Acts devised for protection of children from sexual abuse and an avoidable cause of threat to the mental and physical well being of children residing in the institution.

Government replied (September 2015) that as per Kerala Civil Service (Classification, Control and Appeal) Rules, an employee cannot be kept under suspension indefinitely and hence was re-instated in service pending inquiry. It was further stated that the incumbent was re-instated at Kozhikode as there was no other post in the department having analogous scale of pay of Electrician cum Pump driver and that the incumbent could undertake any electrical or plumbing work in CH, Kozhikode only under the close supervision of the Superintendent of the Institution.

The reply of the Government displays insensitivity to the safety and security of the girl children. The re-instatement of the person accused of sexual abuse was made by the Director, SJD contrary to the legal opinion rendered by the Law Officer of the SJD. The incumbent was re-instated (May 2015) when there was a case with respect to POCSO registered against him (October 2014) which was a clear violation of extant Rules and Acts.

4.4.2.5 Functioning of Children's home for boys and girls in the same building

As per Rule 29(f) of JJ Rule 2007, separate CHs shall be set up for boys and girls in the age group of 10 to 18 years. Audit noticed that in the CH Nooranadu, 11 boys and eight girls in the age group of 10 to 12 years were accommodated together.

Government replied (September 2015) that a proposal made by the CWC, Alappuzha to convert CH Alappuzha to a Home exclusively for girls and CH Nooranadu exclusively for boys was under consideration.

The reply was not acceptable as failure to set up children homes for girls led to accommodating boys and girls together in violation of provisions of JJ Rules.

4.4.3 Observation Homes/Special Homes

4.4.3.1 Observation Homes

Children in conflict with law who are produced by Police before JJBs are either sent home on bail or kept in OHs pending inquiry. After inquiry, the children are either acquitted or transferred to SHs for rehabilitation. The SJD runs OHs for boys in all the districts in the State except Idukki district. There was only one OH for Girls in Kozhikode District.

4.4.3.2 Functioning of Observation Home and Children's Home in same premises

Rule 40(1) of JJ Rules 2007 as well as Rule 53 of State Rules 2014 state that the home for JCL and Children in need of care and protection were to function in separate premises. Audit noticed that in seven⁵⁶ districts, the State was operating Observation cum Children's Homes where both OHs and CHs were functioning in the common premise. Exposing children who are in need of care and protection to children having criminal or quasi-criminal background goes against the basic tenets of the Act and is a cause for concern.

GOK replied (September 2015) that the average number of residents in OH was only three or five and to make full use of public money, the ground floor of the building was being used as CH and the first floor was being used as OH in seven districts. The reply was not tenable as the JJ Rules 2007 stipulate that the Home for JCL and children in need of care and protection were to function in separate premises to isolate children requiring care and protection from juveniles with criminal/quasi criminal background.

4.4.3.3 Forced stay due to delay in disposal of cases

As per Rule 13 and 15 of JJ Rules 2007, on production of a juvenile before the JJB, the JJB was to conduct and complete all inquiries and pass dispositional orders relating to the juvenile within a maximum period of six months. On conclusion of inquiry and passing of final dispositional orders, the JCL would either reunite with their families or rehabilitated in SHs. However, Audit noticed delay in settlement of cases ranging between six months to four years as of September 2014. In the four test checked districts, eight boys and four girls were detained in OHs for periods up to 14 months due to delay in completion of inquiries and passing of dispositional orders by the JJB. Audit observed that the delay in passing dispositional orders may lead to either delay in re-uniting the children with their family or their rehabilitation process in SHs, which was against the fundamental principle of repatriation and restoration as enunciated in the Act.

Government attributed (September 2015) the reason for delay to the busy schedule of Chief Judicial Magistrate. It also stated that orders (August 2015) have been issued for making the Judicial First Class Magistrate as the Principal Magistrate of the JJB and this would help in bringing down the pendency of cases in the JJBs.

⁵⁶ Alappuzha,, Kannur, Kasaragod, Malappuram, Palakkad, Pathanamthitta and Wayanad districts

4.4.3.4 Functioning of ‘Place of safety’

‘Place of Safety’ is a Home to accommodate such juveniles who have attained the age of 16 years and had committed serious offence, or their conduct was such that it would not be in their interest or in the interests of other juveniles to keep them along with others in OHs/SHs. It was envisaged that children transferred to Place of Safety would be subjected to necessary therapeutic care like specialised medical/counselling/psychiatric care and vocational training for their proper educational, vocational, mental, psychological, social and employment rehabilitation and to prevent them from reverting to bad company or crime.

In consonance with Section 16 of the Act, Government declared (October 2010) the OH at Thrissur as a ‘Place of Safety’ for the Juvenile boys in conflict with law in the State. Audit, however, noticed that despite the State Government according sanction (October 2010) to engage staff for the ‘Place of Safety’ such as Probation Officer (PO)/Case Worker, Educator, Doctor, Art/Craft cum Music Teacher, PT instructor cum Yoga trainer and House Keeper (one each), none of the posts were filled up. Instead, the day to day affairs were being managed by deputing staff from OH. Audit observed that 22 juveniles transferred (up to March 2015) to the Place of Safety by various JJBs were deprived of the much needed services of these trained personnel.

Government stated (September 2015) that on-call as well as part-time services for medical care and psycho-social care were available to the residents. They also stated that the building for the Place of Safety at Thrissur would be ready for occupation by October 2015 and on completion of the building, trained personnel would be posted for giving medical/counselling/psychiatric care, and vocational training to the residents for their proper rehabilitation and to prevent them from relapsing to bad company or crime.

The reply was not acceptable as failure of Government to appoint staff as per the earlier order of October 2010 resulted in depriving the inmates of counselling and rehabilitation assistance and indicates lack of seriousness of Government to take care of such juveniles as required under the Act.

4.4.3.5 Shortage of manpower in child care institutions

As per Rule 82(8) of State Rules 2014, the suggested number of posts of each category of staff required for CH/OH/SH was to be fixed on the basis of the capacity of institutions. Audit noticed shortage of manpower ranging from 33 to 100 per cent in the State as shown in **Table 4.7**.

Table 4.7: Shortage of manpower

Name of post	No. of posts required as per capacity*	Number of posts sanctioned	Persons-in-position as of March 2015	Shortage with reference to capacity and percentage of shortage
Superintendent	24	21	16	8 (33 per cent)
Probation Officer/Case workers/Child Welfare Inspector	58	11	10	48 (82 per cent)
Care Takers	118	88	82	36 (30 per cent)
Counsellors	36	Nil	Nil	36 (100 per cent)

* Excluding the posts in four institutions funded by Local Self Governments
(Source: Departmental records)

Absence of the above staff had adversely affected rendering of required services like preparation of social investigation report, ICP, orientation, monitoring, education and rehabilitation of children, follow up, supervision of juveniles, security and safety arrangement of the homes, etc.

Government replied (September 2015) that action was being taken to fill up all existing vacancies in the child care institutions run by the department.

4.4.4 Rehabilitation and Restoration

4.4.4.1 Individual Care Plan for child

Rule 29(2) of JJ Rules 2007 states that each CH shall be a comprehensive child care centre with the primary objective to promote integrated approach to child care. Further, Rule 29(3)(a) of the JJ Rules 2007 provided for preparing and following Individual Care Plan (ICP) for every child. ICP is a comprehensive development plan for a juvenile or child based on age specific and gender specific needs and the case history of the child in order to restore juvenile's self esteem, dignity and self worth and nurture him into a responsible citizen. The plan shall address the health, emotional, educational, psycho-social rehabilitation needs, etc., of the child. This was to be prepared by such centers and was to be monitored by the PO/Child Welfare Officer assigned by the JJB/CWCs. Audit scrutiny of records revealed that ICPs were not prepared in any of the test checked institutions.

While admitting the lapse, GOK stated (September 2015) that action had been initiated to post full-time Counsellors in every Child Care Institution in the Department.

4.4.4.2 Absence of follow-up plan in respect of children restored to parents/guardians

Rule 65(8) of JJ Rules 2007, stipulates preparation of a follow-up action as part of the ICPs by the Child Welfare Officers or POs. The quarterly follow-up reports were to be prepared for a period of two years with a copy to the Officer-in-charge of the institution where the juvenile or child was restored from. The Officer-in-charge was to send a copy of these reports to the District Child Protection Units (DCPU). The follow-up reports were to make a mention about the situation of the juvenile or child post-restoration and the

juvenile's or child's needs to be met by the State Government in order to reduce further vulnerability of the juvenile.

Audit noticed that during the period 2010-15, twenty JCLs were restored with their parents/guardians from SH, Thiruvananthapuram. It was, however, noticed that follow up plan/quarterly follow-up reports were not prepared in any of the cases. Due to failure to prepare follow-up plan/report, it was not possible to assess and meet children's needs and vulnerability.

Government stated (September 2015) that Legal-cum- Probation Officers had been given necessary training about supervision and follow up services and they would be given charge of doing follow up services for the ex-inmates of the CHs and SHs for a period of two years. Government also stated that quarterly reports would be collected from the POs regarding the condition of children after the release and the Department would take necessary action to follow up every child discharged from the Homes, as laid down in the Rules.

4.4.4.3 Mental Health Care Plan for inmates of Children's home

According to Rule 46 (7) of JJ Rules 2007 and Rule 59 (7) of State Rules 2014, a Mental Health Care Plan was to be developed for every juvenile or child by the Child Welfare Officers, in consultation with mental health experts and the recommendations of the experts were to be recorded in each case file. Inmates of the CH/SHs live in an atmosphere where they are deprived of the privilege of direct parental care. A few of them could have had negative experience in their life. Preparation of mental health care plan is, therefore, very essential for addressing emotional and special needs of the child in the area of mental health, education, skill development and protection etc.

Audit test checked 376 case files selected at random in CHs of four test checked districts and noticed that the mental health care plan as stipulated in the JJ Rules 2007 was not prepared during the period 2010-15 and the services of Specialised Psychologist/Psychiatrist were not available for preparation of mental health care plan as envisaged. Non-preparation of mental health care plan for children resulted in non-achievement of the objectives mentioned in Rule 46 of JJ Rules 2007 as well as Rule 59 of State Rules 2014.

Government stated (September 2015) that a panel of psychologists and psychiatrists would be prepared for every district by the DCPO and the service of such experts would be utilised for the preparation of mental health plan and follow up services to the children admitted in CHs or SHs. They also stated that action was underway to post an experienced Counsellor in every home before October 2015 for the purpose of maintaining and monitoring mental health record of juveniles, creating an enabling environment in the institution for helping the child to grow beyond negative experiences and for providing individual or group therapy and counselling.

4.4.4.4 Deprivation of treatment to mentally ill children

As per Section 58 of the Act, any juvenile or child kept in an institution in pursuance of the Act who appears to be mentally ill⁵⁷ could be ordered by the

⁵⁷ Mental illness usually occurs after birth due to different circumstances and brain disorders and it can be cured with proper medicine. Mental illness is of short duration

competent authority to be removed to a psychiatric hospital. During the period 2010-15, ten mentally ill children were sent by various CWCs to the Home for Mentally Disabled Children (HMDC), Kozhikode for treatment.

Audit noticed that the HMDC was meant for providing care, protection and treatment to mentally retarded⁵⁸ children only and did not have facilities and trained staff to handle these mentally ill children. The HMDC admitted (June 2015) that it caters to mental retardation cases and do not possess the facilities to treat mentally ill persons. As mentally ill and mentally retarded are two different categories of persons, the treatment to be given to these two categories is also different. Keeping mentally ill children in an institution which does not have any facility to provide them with treatment and care would lead to severe hardship to the mentally retarded inmates of the home.

Government replied (September 2015) that the children mentioned as mentally ill, were in fact children cured of mental illness. It was further stated that this had been brought to the notice of the CWCs and they have been requested not to send mentally ill children to the HMDC.

Reply of the Government was not factually correct as it was seen from the records of HMDC that three out of the ten children were later sent to Mental Hospital, Kozhikode. Moreover, the fact that Government has instructed CWCs not to send such children to HMDC indicates that CWC had erred in sending children to HMDC.

4.4.4.5 Release of Juvenile in Conflict with Law on probation

Rule 15(8) of JJ Rules 2007 states that, where the JJB decides to release a JCL on probation and place him under the care of the parent/guardian/fit person, the JJB may order that the juvenile be placed under the supervision of a PO. The period of supervision shall be maximum for three years. Further, as per Rule 87(k) of JJ Rules 2007, the duties of a PO included visiting regularly the residence/place of employment/school of the juvenile or child under their supervision and submitting fortnightly reports in this regard.

During the period 2010-15, Audit noticed that 279 JCLs were released on probation and placed under supervision in the four test checked districts. However, from the records made available to Audit, there was no evidence of the PO having performed his prescribed duties. The District Probation Officers (DPO) failed to submit progress report of JCLs to concerned JJBs. Since no such report had been prepared by PO, the behavior of JCLs during the period of probation i.e. whether the terms and conditions of probation had been observed by them or their guardians, etc., could not be ascertained by Audit.

The JJB, Thiruvananthapuram confirmed (July 2015) that the DPO did not send necessary report. The DPO, Alappuzha stated (June 2015) that supervisory visits could not be conducted due to high work load and transfer of one PO as District Child Protection Officer (DCPO). Similarly, DPO, Thrissur and Kozhikode stated that progress reports were not submitted regularly due to heavy work load as there was only one officer in the district.

⁵⁸ The condition of mental retardation is inborn and we cannot improve the condition with medicine or treatment. Mental retardation is lifelong

Government stated (September 2015) that Legal-cum-Probation Officers had been appointed in all DCPUs for supervising juveniles released on probation for good conduct as per section 15(e) of JJ Act. It also stated that the Department would ensure supervision of the children and submit reports to the JJBs promptly.

4.4.5 Delay in completion of Inquiries

As per Rule 28 of JJ Rules 2007 and Rule 32 of State Rules 2014, when a child is brought before the CWC, an inquiry is to be conducted by an officer designated by CWC within four months to obtain sufficient details for developing an ICP and suitable rehabilitation of the child. On completion of the inquiry, decision to restore the child to his family or to continue in the home is to be taken.

Audit noticed that inquiries in respect of 137 out of 387 cases (35 per cent) in Alappuzha and 58 out of 99 cases (59 per cent) in Kozhikode were pending before CWCs as of March 2015. Of these, 17 cases in Alappuzha and 13 cases in Kozhikode were pending since 2010-13. Thus, delay in completing inquiries resulted in delay in determining whether a child could be corrected and rehabilitated at home surroundings with or without institutional services or to release the child to his parents/guardian.

Government stated (September 2015) that DCPUs had since been made fully functional and the process of preparing inquiry report had been streamlined. It was also stated that while the PO and the Social Worker of the DCPU had been entrusted with the responsibility of conducting and submitting inquiry reports to the CWCs, the DCPOs were entrusted with supervision and monitoring timeliness in submission of reports.

4.4.6 Fitness of institutions

Section 69 (2) of the JJ Rules 2007 stipulate that any suitable place or institution, the manager of which is willing temporarily to receive a juvenile or child in need of care and protection may be recognised by the State Government as a fit institution on the recommendation of the competent authority. Rule 25(k) of JJ Rules 2007 identified the CWC as the competent authority to recommend to the Government 'fit institutions' for the care and protection of children for obtaining approval.

However, none of the Homes run by the Government in the test checked districts obtained fitness certificates from the GOK. The GOK replied (September 2015) that action would be taken to declare all JJ homes under the Social Justice Department as fit institutions for receiving JCL and children in need of care and protection.

The reply of GOK was not acceptable in view of the fact that GOK was yet (October 2015) to issue instructions to the Homes to apply to the CWC for fitness certificates. In the absence of application for recognition, CWCs could not recommend any institution as 'fit' to GOK. Thus, the failure of these homes to obtain fitness certificate had resulted in inability of the Government to ascertain their suitability to receive children and provide basic service for care and protection, prevent subjecting of the children to any form of cruelty, exploitation or neglect and other safeguards stipulated in the JJ Act.

4.4.7 Standards of care for Homes

4.4.7.1 Physical Infrastructure

Rule 40 of JJ Rules 2007 lays down minimum standards of infrastructure facilities for childcare institutions. Audit noticed that the infrastructure facilities provided in the test checked CHs were not commensurate with the infrastructure facilities stipulated in JJ Rules 2007 as shown in **Appendix 4.6**.

The CH, Nooranadu which was transferred to Nooranadu Block Panchayat accommodates 47 children in the age group of 5 to 12 years as of March 2015. Physical verification of the home conducted by Audit revealed that there was only 1265 square feet of dormitory for accommodating 50 boys and girls which was far below the required 2000 square feet as stipulated under Rule. Audit also noticed that the dormitory for boys was very congested with only 15 single cots provided to accommodate 25 boys. Further, there was no separate room for sick available in this CH to isolate the children suffering from contagious diseases.

Government admitted (September 2015) that there were space constraints and some of the homes were not commensurate with the infrastructure stipulated in the JJ Rules 2007.

4.4.7.2 Medical facilities

Rule 45 of JJ Rules 2007 stipulates that every CH/OH has to arrange for medical examination of each juvenile or child by a Medical Officer within 24 hours of admission, immediately in special cases or emergencies and within 24 hours before transfer to other institutions or discharge. Every institution has to maintain medical record of each juvenile based on monthly medical check-up and to have tie-ups with various Hospitals, Medical Colleges, Clinical Psychologists and Mental Health Institutions for holding periodic health camps and to arrange doctors for treatment of juveniles.

Immediate medical checkup of children while admitting in Homes is necessary to identify their health status and to see whether they are not suffering from any injury or contagious diseases and also to ensure whether any further specialised treatment is required at the time of admission. An immediate medical examination is also essential to ensure that the child has not been subjected to any cruelty or physical abuse either by the police or by any other person.

During the inspection of CHs/OHs at Alappuzha, Audit noticed that no such medical care facilities had been arranged by the authorities (September 2015). However, in CH/OH at Kozhikode and Thiruvananthapuram, such medical facilities were being provided since 2014. Audit noticed failure to conduct medical examination within 24 hours of admission and discharge in every test checked institution.

Government replied (September 2015) that instructions had been issued for medical examination of each juvenile or child admitted in an institution by the Medical Officer within 24 hours of admission and at the time of transfer or discharge as laid down in Rule 58(1) (m) of State Rules 2014.

4.4.7.3 Inspection of Institutions

Rule 63 of the JJ Rules 2007 and Rule 76 of the State Rules 2014 stipulate that the State Government shall constitute State, District or city level inspection committees to visit and oversee the conditions in the institutions and appropriateness of the processes for safety, well being and permanence, review the standards of care and protection being followed by the institutions, look out for any incidence of violation of child rights, make suggestions for improvement and development of the institution, etc. The inspection was to be carried out once in three months.

Audit noticed that the committees had not been constituted till date (July 2015). GOK replied (September 2015) that the proposal for the constitution of State and District level inspection committee was under consideration. Due to delay in constitution of Inspection Committees by GOK, the appropriateness of the process of safety, well being and permanence, reviewing the standards of care and protection being followed by institutions, look out for any incident of violation child rights etc. could not be ascertained by Government.

4.4.8 Training for staff of Children's home/Observation home/Special home

As per Rule 90 of JJ Rules 2007, training was required to be provided to the staff of CH/OH/SH according to their statutory responsibilities. As per Rule 106 of State Rules 2014, training was also required to be given to caretakers⁵⁹, superintendents, deputy superintendents, counsellors and child care workers⁶⁰.

Even though the Director, SJD admitted (July 2015) that those holding posts of Superintendent and Care Takers were offered training in September 2014 and June 2015, these trainings did not include the specific areas mentioned in these Rules. The Nodal Expert Group required to be set up under Rule 106 (4) of State Rules 2014 for organising different training programmes like seminars, workshops, pre-service/in-service training, training for counselling and guidance, case work methods, etc., was not set up.

Government replied (September 2015) that Rule 106 (4) of the State Rules 2014 envisages three types of training programmes, namely, (a) orientation and induction training, (b) refresher and skill enhancement training for all caretakers and (c) periodic staff conferences, seminars and workshops and that the training programme pointed out in audit report relate to pre-service training. The capacity building programmes as envisaged under (b) and (c) above were being regularly carried out. It also stated that a Nodal Expert Group will be set up to organise various training programmes for the functionaries of Juvenile Justice Administration as envisaged in Rule 106 (4).

The fact, however, remains that newly appointed staff members were discharging their duties without having obtained any pre-service training.

⁵⁹ To be trained in security measures, combating riots, emergency situations, rescue and relief operation, first aid, crisis management during epidemic, personal hygiene, sanitation, Act, Rules, responsibilities, etc.

⁶⁰ Were to be given two weeks training in Child Rights Convention, Information gathering analysis and report writing, Act and Rules with special reference to the duties attached to each category and the UN Standard Minimum rules for the administration of Juvenile Justice

4.4.9 Conclusion

The CHs were not registered with the State Government as required by the JJ Act. For want of separate CHs for Girls, 188 girls in Thiruvananthapuram district and 55 girls in Alappuzha district had been sent to various orphanages during 2012-15. Forty seven children who had gone missing from CHs and eight children who had escaped from three OHs/SHs run by Government during 2010-15 had not been traced as of March 2015. The State Government was operating Observation cum Children's Homes exposing children in need of care and protection to children having criminal or quasi-criminal background. Shortage of manpower hampered the functioning of the Homes. ICP for Children was not prepared due to failure of Government to sanction posts of Counsellors. Mentally ill children were sent by various CWCs to the Home for Mentally Disabled Children, Kozhikode which did not possess facilities to treat them. State Government failed to constitute State, District or City level inspection committees to oversee functioning of the Homes. Persons manning these institutions were not appropriately trained to handle their responsibilities. The implementation of provisions of the JJ Act relating to the functioning of these Homes left much to be desired.

WATER RESOURCES DEPARTMENT

4.5 Incomplete water supply schemes of Kerala Water Authority

4.5.1 Introduction

The Kerala Water Authority (KWA), established by the Government of Kerala in April 1984, was entrusted with the responsibility of providing drinking water to the entire State of Kerala. The major sources of funds for KWA were grants from Government of Kerala (GOK) and Government of India (GOI), loans from GOK and financial institutions and revenue collected for the supply of water and sewerage charges.

Scrutiny of records of KWA as on 31st March 2015 revealed that work was progressing on 269 Water Supply Schemes (WSS) on which ₹3651.75 crore had already been incurred and were awaiting completion. Financial assistance for these WSS was provided by various agencies like the NABARD⁶¹ and JICA⁶² or by inclusion in schemes like SAARK⁶³, JNNURM⁶⁴, UIDSSMT⁶⁵, NRDWP⁶⁶, etc. This audit, covering the period 2010-15, focused on incomplete WSS which were financially assisted by NABARD and SAARK since implementation of WSS with financial assistance from the NRDWP, JNNURM, JICA and UIDSSMT have already been covered in detail in previous Audit Reports. This audit exercise attempts to analyse the reasons for inordinate delay in commissioning of such essential WSS and to assess delay

⁶¹ National Agricultural Bank for Rural Development,

⁶² Japan International Co-operation Agency

⁶³ Special Package Against Recession in Kerala

⁶⁴ Jawaharlal Nehru National Urban Renewal Mission

⁶⁵ Urban Infrastructure Development for Small and Medium Towns

⁶⁶ National Rural Drinking Water Programme

attributable to non-compliance of rules/procedures/guidelines laid down by Government/KWA.

4.5.2 Financial assistance by NABARD and Government of Kerala

Financial assistance was sanctioned by NABARD in four tranches during September 2003 to December 2011 for implementing rural water supply schemes. The GOK also formulated a new project ‘Special Package against Recession in Kerala’ (SAARK) during 2009-10 and 2010-11. The details are given below:

Table 4.8: Financial assistance by NABARD and GOK

(₹ in crore)

Source of funds	Total No. of Schemes	Amount sanctioned	No. of incomplete WSS as on March 2015	Expenditure on incomplete schemes as on March 2015	Remarks
NABARD	47	537.02	15	262.53	All these schemes were to be completed on or before March 2015.
SAARK	25	342.47	22	207.68	
Total	72	879.49	37	470.21	

(Source: KWA)

4.5.3 Status of implementation

As of March 2015, 37 schemes (15 under NABARD and 22 under SAARK) remained incomplete despite incurring expenditure of ₹470.21 crore. Audit observed that while a further 13⁶⁷ WSS were completed up to September 2015, it was stated by KWA that major hurdles relating to 12⁶⁸ WSS were cleared and that the schemes were likely to be completed shortly. As an audit paragraph on an incomplete WSS to Cheruthuruthy and Nedumpura had already appeared in the CAG’s Report for the year ended March 2014, this Audit focused on the remaining 11 Schemes which also included a scheme remaining incomplete since 1997. The expenditure of the remaining 11 incomplete schemes (March 2015) is given in **Table 4.9**.

Table 4.9: Expenditure incurred on 11 incomplete schemes as on March 2015

(₹ in crore)

Source of fund	No. of schemes	Expenditure incurred prior to inclusion under NABARD/SAARK	Expenditure incurred under NABARD/SAARK	Total expenditure
NABARD	5	-	57.93	57.93
SAARK	6	5.80	78.35	84.15
Total	11	5.80	136.28	142.08

(Source: KWA)

Audit Findings

Projects taken up with NABARD assistance were to be completed within two to three years as mentioned in the loan sanction orders. Works sanctioned

⁶⁷ Four WSS under NABARD & nine WSS under SAARK

⁶⁸ Five WSS under NABARD & seven WSS under SAARK

under SAARK were to be arranged in such a way that the schemes would be completed within two years from the date of Technical Sanction (TS). Audit noticed that as on March 2015, completion of these schemes was already delayed by 24 to 48 months from the targeted dates. Norms for timely acquisition of land, implementation of the procedural requirements, finalization of tenders and obtaining permissions from various agencies/ Departments like Railway, PWD, etc., were not adhered to, due to which these schemes were still incomplete as brought out below.

4.5.4 Schemes remaining incomplete due to non-acquisition of land

The KWA identified, as early as in 2001, non-availability of required land as the reason for delay in completion of schemes. The KWA, therefore, directed its officers (July 2001 and September 2008) not to tender any work unless the entire land required for completion and commissioning of the scheme was in complete physical possession of the Authority. Audit observed that NABARD while sanctioning the loan had also insisted that the State Government should ensure completion of all processes including land acquisition and obtaining necessary clearances from the authorities concerned at the earliest for ensuring timely completion of projects. Audit noticed that these orders were not complied with due to which three schemes were still remaining incomplete as of October 2015, as discussed below.

4.5.4.1 Comprehensive WSS to Parassala and Adjoining villages and Marukil Maranalloor villages in Thiruvananthapuram District

The WSS, taken up under SAARK, was intended to provide water to 396870 beneficiaries in eleven villages in Neyyatinkara Taluk in Thiruvananthapuram district. The work was divided into 15 packages. Out of this, three packages⁶⁹ could not be taken up due to non-availability of land for the construction of Over Head Service Reservoirs (OHSR) and Ground Level Service Reservoirs (GLSR). It was envisaged that while KWA would acquire 81 ares⁷⁰ land for construction of one OHSR and one GLSR at Ponvila, the Grama Panchayats (GPs) in Kulathoor and Parassala would hand over land for construction of OHSRs and GLSRs at Poozhikkunnu, Parassala and Pandarakkonam. It was seen that the required land was not handed over to KWA despite the two GPs having agreed (May 2008) to provide land for construction of the OHSRs and GLSRs. Repeated reminders of KWA (March 2010 and September 2011) to provide land failed to elicit any response from GPs. The land acquisition process for acquiring land by the KWA for construction of the reservoirs was also not finalised.

The Executive Engineer, KWA while confirming (September 2015) audit observation stated that land acquisition work at Ponvila was being processed by the District Collector's Office (September 2015). The Managing Director (MD), KWA replied (January 2016) that follow-up action was being taken.

⁶⁹ Package IX Construction of OHSR/GLSR at Poozhikkunnu, Clear Water Transmission Main (CWTM) & distribution line in Kulathoor
Package X Construction of OHSR/GLSR at Ponvila, CWTM & distribution line in Karode village
Package XII Construction of OHSR at Parassala, GLSR at Pandarakkonam, CWTM & distribution line in Parassala

⁷⁰ One 'are' =0.0247 acre

The reply failed to answer as to why the possession of the required land was not taken before commencement of the Scheme. The scheme which should have been completed by November 2011 was remaining incomplete even as of October 2015, thereby denying potable water to 396870 beneficiaries. The expenditure of ₹56.67 crore incurred on the scheme (March 2015) remained unproductive.

4.5.4.2 SAARK - Accelerated Urban Water Supply Schemes (AUWSS) to Pudukkad Census Town in Thrissur District

The AUWSS for Pudukkad Census Town slated for completion at an estimated cost of ₹1.37 crore was a combined scheme with the ARWSS⁷¹ to Parappukkara and adjoining villages with a common source, intake well cum pump house, raw water pumping main (RWPM) and water treatment plant (WTP) and targeted to benefit 96,250⁷² beneficiaries. Audit noticed that all components of the works were completed (December 2012) except construction of WTP, Pumping main, Service Reservoir, Gravity Main, gap connection and river crossing which could not be taken up due to non-availability of land for WTP and storage tank.

GOK approved the scheme (September 2009) for funding its incomplete components under SAARK. The work commenced in March 2010 with scheduled date of completion fixed as June 2012. Audit noticed that other than erecting the pump set at a cost of ₹0.29 crore (February 2011), none of the other pending works were taken up since the Pudukkad GP had handed over only 20 cents of land as against the requirement of 30 cents, which was insufficient to construct the civil structures. The incomplete works were taken up under NABARD funding scheme (May 2014).

The failure of KWA to obtain additional 10 cents of land from the Grama Panchayat necessitated proposing changes (February 2015) to the design of WTP and reducing the capacity of the OHSR to accommodate the structure within 20 cents of land provided by Grama Panchayat. The proposal was pending approval from the MD, KWA (September 2015).

The MD, KWA confirmed (January 2016) the audit findings and stated that the tendering process was in progress. Failure of KWA to comply with its own instructions regarding obtaining and taking possession of requisite land before commencement of work resulted in the WSS remaining incomplete for at least six years besides depriving 96,250 beneficiaries from obtaining the benefit of the scheme.

4.5.4.3 Comprehensive WSS to Pallichal, Balaramapuram and Vilavoorkkal Panchayats in Thiruvananthapuram District

The NABARD assisted comprehensive WSS was envisaged to provide sufficient drinking water to three panchayats viz., Pallichal, Balaramapuram and Vilavoorkkal and also to ensure quality of water. The scheme was partially commissioned (July 2014).

⁷¹ Accelerated Rural Water Supply Scheme

⁷² ARWSS to Parappukkara and adjoining villages – 81,250
AUWSS to Pudukkad town villages – 15,000

Audit noticed that the construction of GLSR at Poovada could not be taken up due to failure of KWA to obtain possession of land from Pallichal Panchayat. Also, work on construction of OHSR Tank at Mottamoodu was stopped consequent to a suit filed by a nearby resident citing reasons like violation by KWA of building rules, etc. The partially commissioned scheme, after incurring expenditure of ₹20.96 crore (March 2015), was currently providing (November 2015) water to a population of 9000 against envisaged population of 1,19,887.

The MD, KWA admitted (January 2016) that the delay in completion of the scheme was due to failure in handing over the site for GLSR at Poovada by the Pallichal GP.

Failure of KWA to ensure possession of adequate land had resulted in three schemes remaining incomplete.

4.5.5 Timely completion of procedural requirements

As per the terms and conditions for sanction of projects under NABARD, the State Government was to take all steps necessary to remove any legal or procedural delays in the smooth implementation of the projects. The Government was also responsible for obtaining necessary clearances from the concerned authorities at the earliest for timely completion of the sanctioned projects. Permissions were required to be obtained from the Public Works Department (PWD), the National Highway Authorities (NH), Local bodies and Railways for laying pipes through their land. Audit noticed that five schemes suffered due to KWA's failure to obtain permissions from various agencies which resulted in denial of potable water to the beneficiaries as explained below.

4.5.5.1 Permission for road cutting and rail crossing

NABARD - RDWSS to Kazhakkuttom Outer Growth in Thiruvananthapuram District

The AS for the scheme was accorded in August 2008 for completion by 31 March 2011. The distribution system was not completed due to the failure to obtain road/rail cutting permission. The KWA approached NH (June 2009) and Railway authorities (March 2010) seeking permission for road cutting and rail crossing works. Audit noticed that while permission for road cutting was refused by the NH (May 2010) as land acquisition was in progress in the area, the Railways suggested (May 2010) to KWA to submit an alternate proposal as they were planning to construct an overbridge at the site proposed for laying pipelines. The cumulative expenditure of ₹8.72 crore incurred on the incomplete scheme was remaining unfruitful.

The MD, KWA stated (January 2016) that alternate arrangements to avoid NH/rail crossings were being looked into.

Audit observed that failure to obtain necessary clearances from NH/Railways resulted in failure to complete the scheme and resultant denial of potable water to 24,570 beneficiaries.

4.5.5.2 Permission for road cutting from NH/PWD/Local Body

SAARK - Augmentation of UWSS⁷³ to Neyyattinkara Municipality in Thiruvananthapuram District

The AS for the scheme was accorded during August 2009 for completion by November 2011. The work was awarded to a contractor during November 2012. The KWA approached NH/Municipal authorities for road cutting permission during March 2013 and PWD during September 2013 only. Permission was accorded (December 2013) by the Neyyattinkara Municipality to lay distribution lines along 10 kms of Municipal roads. However, after laying pipes in two kilometres through the municipal roads, the work was stopped due to public protest since the Kalippara transmission main under CWSS to Parassala which was the source of water for this distribution line was yet to be completed (January 2016). Permission was also refused (August 2014) by NH authorities for road cutting as a proposal for four lane road widening work was in progress and suggested to lay pipes simultaneously with the road widening work. The PWD did not offer any response to a letter from KWA (September 2013) seeking sanction for road cutting work. The work was still incomplete (January 2016) resulting in denial of potable water to 45,390 beneficiaries despite spending ₹0.98 crore on the scheme.

The MD, KWA replied (January 2016) that KWA was targeting for partial commissioning of Kalippara scheme soon and that road cutting permission would be obtained after completion of road widening works.

The reply of KWA was not acceptable as KWA should have obtained necessary clearances from respective agencies before award of the work to the contractor, which was indicative of ill-planning due to not obtaining permissions before starting works.

NABARD - RWSS⁷⁴ to Azhoor, Kizhuvillam and Keezhattingal villages in Thiruvananthapuram District

The AS for the work was accorded during August 2008. The work was commenced in March 2010 with stipulated date of completion on 31 March 2011. The scheme was partially commissioned on 20 July 2012 after completion of CWPM⁷⁵, OHSR and distribution network. The work of laying 2037 metres of transmission main from Mananakku tank to OHSR was yet to be completed due to non-receipt of permission for road cutting from NH authorities.

The MD, KWA replied (January 2016) that the NH road was under maintenance contract of the PWD contractor and permission for road cutting would be obtained after completion of maintenance period.

Audit observed that better coordination between NH and KWA could have ensured timely permission for road cutting prior to commencement of maintenance work.

⁷³ Urban Water Supply Scheme

⁷⁴ Rural Water Supply Scheme

⁷⁵ Clear Water Pumping Main

SAARK - WSS to Ollur and Edakkunni in Thrissur District

The AS for the work was accorded during August 2009 and works were scheduled to be completed by June 2012. The scheme was targeted to provide drinking water to 92,794 beneficiaries. The CWPM and distribution systems were not completed for want of road cutting permission from PWD. The KWA approached PWD only during January 2014 for the purpose.

Lack of co-ordination between KWA and PWD resulted in non-obtaining of road cutting sanction. Since the work relating to CWPM, distribution system and OHSR was still incomplete, the scheme could not become operational even after incurring an expenditure of ₹6.19 crore.

The MD, KWA replied (January 2016) that road cutting permission was yet to be received.

4.5.5.3 Permission for Rail crossing

SAARK - WSS to Feroke and Karuvanthuruthi villages in Kozhikkode District

The AS for the work was accorded during November 2010 for completion by 31 March 2013. The scheme was envisaged to provide drinking water to 50,277 beneficiaries. The main feeder line from the OH tank had to cross the railway line near Feroke railway station. A suitable location across railway track at Feroke yard was identified by the Railways and KWA was directed (August 2011) to submit the estimate of the work along with centage charges to Railways. Though KWA submitted detailed estimate for laying pipes across the railway track and remitted centage charges to Railways in August 2011, the Railways, after a lapse of three years informed (October 2014) that it was not permissible to cross the track at the proposed point due to technical reasons and suggested shifting the point of crossing to another location. Though KWA had agreed (December 2014) to this proposal, no further progress was achieved in the matter.

Audit observed that the failure of KWA to lay the distribution line across the railway track had resulted in potable water not being made available to the residents of Feroke and Karuvanthuruthi villages. An expenditure of ₹3.43 crore (March 2015) incurred on the scheme had remained unfruitful.

The reply of Executive Engineer (September 2015) stating that the permission for rail crossing was awaited was not acceptable as KWA had failed to obtain the same from Railways before commencement of work. Further, the MD, KWA replied (January 2016) that it was decided to supply water from gravity main of JICA and the above scheme was included in the State Plan and not in SAARK.

The reply was not correct as the AS for the work was accorded (November 2010) under SAARK by the MD, KWA.

Thus delay in getting permission from the government departments and other agencies resulted in non-completion of five schemes and the beneficiaries could not get potable water.

4.5.6 Delay in finalization of tenders

Government issued instructions (May 2007) that in order to avoid delay in tendering of works, the works should be tendered within three weeks after getting administrative sanction. Further, the MD, KWA directed (June 2008) that the entire tendering process in respect of works falling under NABARD should be completed within 60 days from the date of notification or date announced by his Office. This has been extended to those works taken up under SAARK with effect from November 2009. Audit scrutiny revealed that 48 to 69 months were taken to finalise the tenders as against 60 days prescribed by the Government resulting in delay in completion of three schemes.

4.5.6.1 NABARD - WSS to Nadapuram, Kozhikkode District

The AS for the scheme was accorded during August 2008 for ₹10.63 crore and the works were to be completed by 31 March 2011. The scheme was envisaged to provide drinking water to 79,036 beneficiaries. The work for RWPM⁷⁶, CWPM and Gravity main was first tendered on 26 August 2008 and submitted to MD on 04 November 2008. The MD forwarded it to the Government only on 24 January 2010. The Government ordered (31 January 2011) to retender the work due to high rate quoted by the contractor. The estimate for the work was revised based on SOR 2012 and retendered during November 2012.

Delay in finalising the tender in the above instances further led to delays in finalising the tender (July 2014) for supply and erection of transformer and allied works by 69 months. The work remained incomplete leading to unfruitful expenditure of ₹4.63 crore (March 2015).

The MD, KWA accepted (January 2016) the audit observations and stated that the transformer erection work was in progress.

4.5.6.2 NABARD - WSS to Kuttiyadi, Kozhikkode District

The AS for the scheme was accorded during August 2008 for ₹5.03 crore and the works were to be completed on 31 March 2011. The work for RWPM, CWPM and Gravity main was first tendered on 26 August 2008 and submitted to MD on 04 November 2008, who forwarded it for submission to Government only on 24 January 2010. The Government ordered (31 January 2011) to retender the work due to high rate quoted by the contractor. The estimate for the work was revised based on SOR 2010 and retendered during January 2012.

Delay in finalising the tender in the above instances further resulted in delay in finalising the tender (July 2014) of transformer work (common component with WSS to Nadapuram) by 69 months.

The MD, KWA, while confirming (January 2016) the audit observations stated that all works except transformer erection had been completed and the scheme was commissioned by connecting to an existing scheme.

⁷⁶ Raw Water Pumping Main

The reply, however, failed to explain retention of tender at the office of the MD, KWA for 26 months which resulted in delay in finalization of tender and escalation in costs, which calls for fixing of responsibility.

4.5.6.3 SAARK - RWSS to Belur, and adjoining villages in Kasargod District

The AS for the scheme was accorded during February 2011 for completion by March 2013 at an estimated cost of ₹17 crore. The scheme was envisaged to provide drinking water to 35,558 beneficiaries. Technical sanction for the work was issued by the Chief Engineer (North) on 23 August 2011 i.e. six months after issuance of AS. Tender for the work was invited on 27 July 2012. This had resulted in a delay of 16 months from the date of issuance of AS.

The KWA could not finalise the tender for erection of centrifugal pump sets even after inviting tenders four times due to lack of response. This had resulted in delay in finalising tender of pump sets by 48 months. The work remained incomplete leading to unfruitful expenditure of ₹11.23 crore.

The MD, KWA replied (January 2016) that rates for these pump sets fixed by KWA in 2011 had not been revised. The low rates fixed and stringent tender conditions regarding warranty, etc., had resulted in KWA finding it difficult to get competitive bidders for centrifugal pump set.

Failure of KWA to rectify the identified problems had resulted in its inability to complete the Scheme

The delay in tendering had resulted in the timelines set by NABARD and KWA for completion of WSS redundant.

4.5.7 Conclusion

The KWA had failed in obtaining hindrance free land, permissions for road cutting/rail crossing besides delaying finalization of tenders which led to non-completion/partial commissioning of various WSS. The delay in completing the schemes resulted in blocking of funds to the tune of ₹97.50 crore besides denying potable water to the targeted population of 8.21 lakh in respect of eight schemes which remain incomplete (January 2016).

FAILURE OF OVERSIGHT/ADMINISTRATIVE CONTROLS**HEALTH & FAMILY WELFARE DEPARTMENT****4.6 Misappropriation of Government Money in Ayurveda Dispensary, Cherpulassery**

Non-adherence to codal provisions and laxity in supervision resulted in misappropriation of ₹2.50 lakh.

Rule 92 a (ii) of the Kerala Treasury Code (KTC) stipulates that all monetary transactions should be entered in the Cash Book as soon as they occur and attested by the Head of the Office in token of check. Section 12 of the Kerala Indigenous Medicine Departmental Manual stipulates that the District Indigenous Medical Officers (DMO, ISM) shall make intensive annual inspection of hospitals and dispensaries under their jurisdictions.

The Medical Officers (MO) of Government Ayurveda Dispensaries are the Drawing and Disbursing Officers (DDO) in respect of both Government as well as the Local Self Government Institutions (LSGI) funds. In accordance with Government of Kerala (GOK) guidelines (September 1995), funds are released by LSGIs to hospitals under their control for purchase of medicines, maintenance of hospitals, etc. Guidelines issued (April 2006) by GOK on allocation and drawal of LSG funds require that the money drawn by DDOs from a non-banking treasury⁷⁷ must be deposited on the same day in the account opened in a nationalised bank. Payments were to be made by way of demand drafts on receipt of proper acknowledgement.

The MO, Government Ayurveda Dispensary (GAD) Cherpulassery withdrew Rupees Three lakh (Rupees One Lakh each was withdrawn on 27 October 2011, 27 March 2013 and 19 July 2013) provided by Cherpulassery Grama Panchayat from the Sub Treasury, Cherpulassery for purchase of Ayurveda medicines from Oushadhi⁷⁸. Audit examined the accounts of Oushadhi with reference to these transactions and noticed that between October 2011 and July 2013, the MO, GAD Cherpulassery had procured medicines worth Rupees One lakh only from Oushadhi.

Further, though Rupees One lakh drawn from the Sub Treasury on 27 October 2011 was shown as receipt in the Cash Book and paid to Oushadhi by way of demand draft for purchase of medicines, the money was neither deposited in the bank account maintained with State Bank of Travancore nor demand draft drawn for payment to Oushadhi. Also, Rupees One lakh drawn from the Sub Treasury on 19 July 2013 was not recorded as receipt in the cash book. Verification of bank account statements by Audit also did not show deposit of the money on 19 July

⁷⁷ Non-Banking Treasury is a Treasury which does not transact its cash business through the bank.

⁷⁸ A Public Sector Undertaking under the Department of Health & Family Welfare, Kerala engaged in the production and supply of Ayurveda medicines.

2013 or on subsequent days. Thus, Rupees two lakh was misappropriated by the MO.

Similarly, the MO withdrew (11 October 2013) ₹0.50 lakh from the treasury for purchase of computers. The amount was taken as receipt in the cash book and shown as expenditure on the same day for purchase of computers. However, records examined by Audit did not confirm any such purchase. No quotation, invoices and stock entries were available on record as evidence of purchase of the computers. Bank account statement also did not show any evidence of deposits and payment made to any firm towards the supply of computers. Moreover, monthly reconciliation of accounts were not found to be done with the bank/treasury. The MO, GAD also stated that no computers were available in the GAD which confirmed that the then MO had misappropriated ₹0.50 lakh.

Even though as per Rules, the DMO, ISM was required to make intensive annual inspection of hospitals and dispensaries under their jurisdictions, inspections were conducted only on three occasions (03.02.2010, 24.01.2011 and 12.09.2013) during the years 2009-14 against the required five. However, the DMO, ISM failed to identify the instances of misappropriation during the course of his inspections.

Thus, non-adherence to codal provisions by the MO and laxity on the part of the DMO, ISM in conducting periodical and intensive inspections as mandated in the Departmental Manual resulted in misappropriation of ₹2.50 lakh at the GAD, Cherpulassery.

It was observed by Audit that on the basis of audit findings, departmental enquiry was conducted by the department and the Director (ISM) had suspended (September 2014) the MO, GAD Cherpulassery from service. Confirming the audit findings, Government of Kerala stated (July 2015) that the MO had admitted the misappropriation and that action was being finalised at the Government level for imposing major penalty against the official.

HIGHER EDUCATION DEPARTMENT

4.7 Irregular payment for valuation of examination answer scripts by Universities

During 2010-14, three universities in the State made inadmissible payment of ₹5.28 crore to teachers towards valuation charges of answer scripts in violation of Government orders.

The University Grants Commission (UGC) notified (1998) the revision of pay scales, minimum qualifications for appointment of teachers in Universities, Colleges and other measures for the maintenance of standards. Government of Kerala (GOK) issued orders (December 1999) for implementation of the UGC Scheme in the State including revision of pay scales to College/University/Physical Education teachers/Librarians in the State with retrospective effect

from 01 January 1996. The scheme was fully funded⁷⁹ by GOK since April 2000.

While issuing orders for scheme implementation in December 1999, GOK required that examination work be reckoned as part of official duty and teacher's response for the examination work should be assessed in the Performance Appraisal Report. GOK also ordered (January 2001) that in accordance with the recommendations of the UGC scheme, teachers shall value the answer scripts of regular students as part of their duty and no separate remuneration shall be paid for the same. However, remuneration could be paid to serving as well as retired teachers in respect of valuation of answer sheets of private candidates. The UGC regulations of 2010 also laid down a Code of Professional Ethics which stipulated that teachers should cooperate and assist in the conduct of university and college examinations, including supervision, invigilation and evaluation.

Audit noticed that during 2010-14 in violation of GOK orders, teachers who were drawing pay and allowances according to UGC norms in three Universities viz. Cochin University of Science and Technology (CUSAT), Kannur and Calicut Universities were together paid ₹5.28 crore⁸⁰ towards valuation charges of answer scripts of regular students. Though the Kerala and Mahatma Gandhi Universities also stated that ₹16.30 crore had been paid towards valuation charges of answer scripts of regular students, Audit has not reckoned these due to inability of the Universities to segregate the remuneration paid to UGC and non-UGC teachers.

Failure of universities to implement the orders of GOK resulted in irregular payment of ₹5.28 crore during 2010-14.

Government stated (October 2015) that the concerned universities have been directed to place a resolution before their respective syndicates stating that no remuneration shall be paid to teachers drawing UGC scale of pay for valuation of answer scripts of regular students.

The reply of the Government was not acceptable as it is silent about the irregular payment of ₹5.28 crore already made to the teachers.

⁷⁹ The additional expenditure for implementing this scheme was to be shared by GOI and GOK in 80:20 ratio for the period January 1996 to March 2000. Thereafter the entire expenditure was to be borne by GOK.

⁸⁰ CUSAT: ₹1.38 crore, Kannur University: ₹1.36 crore, Calicut University: ₹2.54 crore

LOCAL SELF GOVERNMENT DEPARTMENT

4.8 Laxity in implementing a GOI funded poverty alleviation scheme for BPL women beneficiaries

Due to laxity in implementation of a GOI approved poverty alleviation scheme, 11,214 BPL women beneficiaries could not be benefitted despite availability of ₹2.80 crore which was parked irregularly in fixed deposits.

Government of India (GOI) accorded administrative approval (March 2005) to a project 'Promotion of Back Yard Breeding of Chicks in Kerala' at a total approved cost of ₹14.92 crore⁸¹. The project was proposed by Kerala State Poultry Development Corporation Ltd., (KEPCO)⁸² under the Swarnajayanti Grama Swarozgar Yojana (SGSY), a Centrally Sponsored Scheme. KEPCO was identified as the Project Implementation Agency (PIA) responsible for implementing the Scheme in the State. The scheme was implemented with the active participation of Local Self Government Institutions. The Block Panchayat authorities were to invite the applications and the beneficiary selection was to be finalised by them. The scheme envisaged alleviation of poverty among 40000 Below Poverty Line (BPL) women from 50 selected blocks of the State by providing each beneficiary with adequate training along with one time supply of wooden cage, 20 layer birds, 40 kg of Poultry feed and medicines worth ₹50. The Scheme was conceived as an ongoing scheme but without recurring assistance. An individual investment of ₹3730 on a beneficiary (inclusive of her contribution of ₹50 and Loan ₹120) was projected to generate an income of ₹26,793 over a period of five years.

GOI released ₹8.11 crore to KEPCO in two installments of ₹4.05 crore each during March 2005 and March 2009 respectively with directions to maintain a separate bank account and not to be parked in fixed deposits. KEPCO was also responsible for furnishing progress reports, utilization certificate, Audit certificate and other documents to GOI for claiming subsequent installments of funds. Proportionate assistance of ₹2.70 crore was released by GOK in two equal installments during March 2006 and April 2009 respectively.

The project was initially slated for completion by March 2007. As KEPCO/GOK sought (February 2008) extension of time by 18 months citing reasons such as outbreak of bird-flu/general elections, extension was granted (March 2009) by GOI up to 31.03.2009. KEPCO again requested GOI (April 2010) for further extension of project period till March 2011 citing difficulties in implementation and also asked for revision of rates of certain components under the project. In order to take a decision, GOI directed GOK (August 2010) to furnish the component wise expenditure details. Despite the Commissioner for Rural Development, GOK requesting KEPCO multiple times⁸³ to furnish the requisite information for onward transmission to GOI,

⁸¹ Government share: ₹13.52 crore to be shared between GOI and GOK in the ratio of 75:25 i.e. ₹10.14 crore and ₹3.38 crore respectively (State share routed through District Rural Development Agency); Bank credit: ₹1.20 crore and beneficiary contribution: ₹0.20 crore

⁸² A Government of Kerala undertaking

⁸³ Letters from the Commissioner of Rural Development, GOK to the Managing Director, KSPDC dated 29.10.2010, 25.11.2010, 28.02.2011, 16.07.2011, 04.11.2011

the information was not furnished by KEPCO. GOI neither granted extension of time nor released the third and final installment of ₹2.04 crore (March 2015). Meanwhile, GOI informed (October 2013) that the SGSY scheme had ceased to exist with effect from 01.04.2013.

In this regard, following observations are made in audit.

- KEPCO could cover only 28786 of the 40000 beneficiaries in 36 of the 50 blocks targeted to be covered during 2005-07, despite having adequate funds and obtaining extension of time for completion of the scheme till March 2009 from GOI.
- Unspent scheme funds of ₹3.37 crore (including interest on deposits) was parked with Banks including ₹2.80 crore in fixed deposits (March 2014) by KEPCO, in clear violation of GOI guidelines.

Audit had earlier reported in Para 5.8 of Report of the Comptroller and Auditor General of India on General and Social Sector for the year ended March 2014 that KEPCO had failed to implement a similar scheme for providing livelihood to unemployed Scheduled Castes resulting in blocking up of funds of ₹2.80 crore for a period of over three years. The persistent failure of KEPCO to successfully implement schemes despite availability of funds and resultant loss of GOI assistance is cause for concern.

Government accepted the audit observations and stated (October 2015) that KEPCO failed to achieve the target even during the extended period due to various reasons like discontinuance of supply of cages by M/s. Kerala Small Industries Corporation Ltd.⁸⁴, non-willingness of local banks to sanction loans, increase in production cost of birds and feeds and high transportation cost of birds from production centres to supply sites. It also stated that ₹2.80 crore was lying as unspent balance and was kept in bank account as fixed deposit.

The reply is not acceptable as GOK failed to explore other possible ways to overcome the known obstacles and implement the scheme.

REVENUE DEPARTMENT

4.9 Unfruitful expenditure on construction of a Regulator-cum-Bridge

Unfruitful expenditure of ₹87.52 lakh incurred on construction of a Regulator-cum-bridge.

In order to prevent flooding in the adjoining areas of Cherpu Panchayat at Ettumana, Thrissur, Government issued Administrative Sanction (February 2006) for constructing a Regulator-cum-Bridge (RCB) on the right bank of Karuvannur river at a total cost of ₹90 lakh which also stipulated that any cost overrun was to be met by the District Panchayat or Block Panchayat as no more funds would be provided from River Management Fund (RMF). The

⁸⁴ M/s. Kerala Small Industries Corporation Ltd., a GOK undertaking was engaged for supply of cages by KEPCO

RCB was intended to serve the purposes of distribution of water to *Kole*⁸⁵ lands in summer, preventing floods in monsoon and allow traffic through bund road in all seasons. The Chief Engineer, Irrigation & Administration issued Technical Sanction (October 2007), and the work was awarded to a contractor at an agreed Probable Amount of Contract (PAC) of ₹94.41 lakh. The work commenced in May 2008 and after completion of 92 *per cent* of civil works, the work was stopped. An amount of ₹87.52 lakh has been spent on the work. The mechanical work was yet to be taken up (March 2015). Additional funds were sought for by the Irrigation department which was not sanctioned by the State Level Committee. The Local Bodies were also not in a position to provide additional fund assistance.

In a meeting (January 2008) chaired by the District Collector in the presence of local MLA, it was decided to complete the civil works with the sanctioned amount and to complete the mechanical work by including it under some other schemes, which is yet to materialise. Thus, the work was commenced without ensuring adequate funds resulting in the expenditure of ₹87.52 lakh incurred on the project remaining unfruitful. The balance work including mechanical portion of the work costing ₹51 lakh as per 2010 SOR remained incomplete as of March 2015. The objective of the RCB to prevent flooding has thus not been achieved. Audit noticed that GOK expended ₹26.04 lakh during 2008-14 on construction of a bund and its maintenance to prevent flood waters from inundating the *Kole* lands.

GOK replied (November 2015) that it would analyse the problem meticulously and explore ways to complete the project without further delay.

4.10 Unproductive expenditure on construction of a check dam

Failure of GOK to accord revised sanction for the work has resulted in inability to complete the scheme despite incurring expenditure of ₹2.80 crore.

Government accorded (December 2007) Administrative Sanction (AS) for the construction of a check dam across the Bharathapuzha in Vallathole Nagar Panchayat in Thrissur district at an estimated cost of Rupees five crore meeting the expenditure from River Management Fund (RMF). The proposed date of completion was 19 May 2010 (18 months from the date of handing over of site). The objective of the scheme was to address the scarcity of drinking water in nearby areas along the riverbanks of the Bharathapuzha and for conservation of surface and sub-surface water in the river even during acute summer season. The work was awarded at 41.29 *per cent* (₹7.01 crore) above the Estimate Rate. The changes in design subsequently, necessitated revised estimate and the Government accorded fresh AS (February, 2011) revising the estimate cost as ₹9.24 crore including tender excess, to be met from the RMF.

⁸⁵ The *Kole* wetlands are low lying tracks located 0.5 to 1 metre below mean sea level and remain submerged for about six months from June to November. This area is used for particular cultivation method (*Kole* cultivation) adopted in wastelands in Thrissur district from December to May.

Audit found that though the contractor started the work in 2008, only 30 per cent of the work was completed as of May 2009 and the contractor was paid ₹2.80 crore (December 2013) against the up to date value of work done of Rupees three crore. Due to the death of the contractor, the work was foreclosed (April 2012) without risk and cost with reference to the revised estimate. Though revised estimate for the completion of the balance work for ₹14.50 crore (DSOR 2013) was submitted (December 2014) to Government, no sanction was obtained as of March 2015. The check dam originally scheduled for completion (May 2010) has not been completed even at the end of November 2015. The objective of the Scheme to address the scarcity of drinking water in nearby areas along the riverbanks of the Bharathapuzha has remained unachieved despite incurring expenditure of ₹2.80 crore.

The District Collector admitted (June 2015) that the practical difficulties faced during initial period of construction including changes in estimate due to variances in site conditions, resultant cost overrun and failure of GOK to accord revised sanction for the work had resulted in the scheme remaining incomplete.

Principal Secretary to Government, Revenue Department stated (November 2015) that the Finance Department had been requested for providing funds.

WATER RESOURCES DEPARTMENT

4.11 Avoidable expenditure on e-procurement services incurred by Kerala Water Authority

Kerala Water Authority incurred an avoidable expenditure of ₹1.42 crore due to failure to migrate to free e-tendering/e-procurement service offered by Government of Kerala.

The Kerala Water Authority (KWA) executed an agreement with Karnataka State Electronics Development Corporation (KEONICS) (December 2008) for publishing tender notices in the portal, uploading tender documents to the e-tendering site and assisting in contractor enrolment, bid submission and bid opening under the internet based tendering system. The contract was extended from February 2009 to January 2010 (one year), February 2010 to January 2012 (two years) and February 2012 to January 2015 (three years) and further extended till 31 July 2015.

Meanwhile, Kerala was selected (June 2008) as one of the pilot States for implementation of e-Government Procurement (e-GP), a Mission Mode Project under National e-Governance Plan of Government of India (GOI). The project aimed at enhancement of transparency and efficiency in public procurement activities and monitoring on real time basis. Subsequently, GOI informed that a standardised e-procurement system which was free for all departments and organizations under GOK was planned to be implemented using the e-procurement solution (GePNIC) developed by National

Informatics Centre (NIC). GOK recognising the benefits⁸⁶ to accrue out of the implementation of e-GP project directed (June 2011) all State Government departments to adopt the above system. It was also stated that those departments which had adopted a 3rd party solution were to migrate to the GePNIC solution as and when it was operational. GOK issued directions (December 2011) for implementation of the project and selected four⁸⁷ departments for inclusion in the pilot phase of the project. The system was to be rolled out to other government departments across the State on successful completion of pilot phase.

The free e-GP project became operational in the State on 7 December 2011. Audit noticed that KWA, instead of migrating to e-GP, extended its contract with KEONICS for a further period of three years from February 2012 to January 2015. KWA had incurred an expenditure of ₹1.42 crore being charges for service provided by KEONICS during the period May 2013 to May 2015. Meanwhile, the Departments of Public Works, Transport, Police and Irrigation (under Water Resources Department) implemented e-GP during December 2011 to October 2013.

The reluctance of KWA to migrate to e-GP and decision to continue with KEONICS is evident from the fact that it had sought (July 2013) the remarks of the Kerala State Information Technology Mission (KSITM) for continuing the usage of e-Tendering portal of KEONICS. KWA was advised by KSITM to reduce the exposure to the e-Tendering system of M/s. KEONICS and adopt the GePNIC solution of GOK in a phased manner. Audit noted that despite GOK setting deadline to migrate to e-GP, no steps were initiated by KWA until August 2014 when the High Level Committee of KWA decided to obtain the features of GePNIC solution from NIC. Justification was lacking on the part of KWA for extending the contract with KEONICS for a further period of three years from 2012 to 2015 when the free e-GP service offered by GOK was functional from December 2011.

To enable smooth transition to GePNIC solution, KWA could have extended its contract with KEONICS for one year 2012-13, instead of three years (2012-15). Due to its laxity in taking effective steps to migrate to the free e-GP solution offered by GOK and the inexplicable extension of contract with KEONICS for three years, KWA incurred an avoidable expenditure of ₹1.42 crore during the period 2013-15.

The Secretary, Water Resources Department (Secretary) stated (September 2015) that the Government Order of June 2011 to implement e-GP was communicated to KWA in October 2012, by which time extension of work order had already been given to KEONICS for three years and agreement executed in August 2012. It was also stated that NIC portal was then in its primitive form and that KWA had since switched over to e-GP for e-tendering in June 2015 after ascertaining its effectiveness.

⁸⁶ Complete project cost will be borne by GOI for two years, necessary back-end hardware and Software to be installed and maintenance of the National Data Centre by NICS, customization of e-procurement solution by NIC as per the States requirements, Manpower for training and hand holding support to be provided by empanelled agencies of NICS and Central help desk facilities by NICS for phone-e-mail support.

⁸⁷ Public Works, Water Resources, Transport and Police Departments

The reply of the Secretary is contrary to the facts since GOK, as early as in June 2011, besides directing all Government departments to adopt e-GP system also ordered all those departments using third party solutions to migrate to the e-GP. Moreover, Water Resources Department was identified by GOK in December 2011 as one of the four departments for inclusion in the pilot phase of the project with the Secretary nominated as a member of core committee for implementation of the project. Hence, the Secretary was aware of the e-GP solution offered by GOK when KWA decided to extend its contract with KEONICS for a further period of three years from 2012. The contention of the Secretary that the e-GP portal was in primitive mode was also misleading in view of the fact that while final extension of contract with KEONICS was made in August 2012, KWA decided to obtain the features of e-GP solution only in August 2014.



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