

CHAPTER III HOUSING DEPARTMENT

Functioning of Kerala State Housing Board

Executive Summary

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

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

(Paragraph 3.7.1)

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

(Paragraph 3.9.1)

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

(Paragraphs 3.9.2.1 and 3.9.2.2)

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

(Paragraph 3.9.4.1)

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

(Paragraph 3.10.1)

3.1. Introduction

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

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

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

3.2. Organisational set up

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

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

3.3. Audit scope and methodology

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

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

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

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

3.4. Audit Objectives

The Performance audit was conducted to assess whether:

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

3.5. Audit Criteria

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

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

3.6. Acknowledgment

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

Audit Findings

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

3.7.1. Project formulation

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

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

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

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

²⁹ Maintenance cost, day to day expenses, taxes, etc.

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

(Source: Data obtained from KSHB)

3.7.2. Defective selection of location and resultant abandonment of projects

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

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

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

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

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

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

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

Table 3.2: Details of nature and number of units proposed

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

(Source: Data consolidated from budget documents)

³⁰ Including Revenue Divisional Office Complex and Education Complex.

The KSHB had undertaken six³¹ schemes during 2013-18. The work on the remaining four schemes *viz.* Soubhagya Housing Scheme for Economically Weaker Sections (EWS)/Low Income Group (LIG) category, Aswas Rental Housing Scheme, Santwanam Rental Housing Scheme and Day time rest house for senior citizen is yet to commence (September 2018).

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

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

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

(Source: Data obtained from KSHB)

Against establishment expenditure of ₹289.96 crore incurred by KSHB during 2013-18, the value of works executed during the period was only ₹96.77 crore which raises serious concerns on the viability of functioning of KSHB. Audit also observed GOK promoting other agencies in the housing sector. During 2013-18, against the budgetary allocation of ₹1105.54 crore³² for housing activities in the State, LSGIs were allocated ₹768.73 crore (69.53 per cent). However, the allocation to KSHB was only ₹193.75 crore (17.53 per cent). Housing activities were also rendered by other agencies under GOK like Kerala Police Housing and Construction Corporation Ltd., Kerala State Nirmithi Kendra, Kerala State Co-operative Housing Federation and the Public Works Department. The original mandate of KSHB to plan and coordinate all housing activities in the State, and to ensure expeditious and efficient implementation of housing or improvement schemes in the State and to provide technical advice and scrutinise all projects under housing or improvement schemes sponsored or

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

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

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

The dilution of mandate and activities rendered by the KSHB during 2013-18 is evident from the fact that as against 3,16,396 houses constructed by Local Self Government Department, only 2999³³ housing units were constructed by KSHB during the period. Interestingly, the units constructed by KSHB was even lesser than the number of houses constructed by the Scheduled Tribes Development Department (9,527) and the Scheduled Castes Development Department (26,608) during the period. Besides, during 2013-18, no local authority sought the advice of KSHB with reference to planning, coordination or seeking technical advice on housing for EWS as mandated under revised provisions of the Act. Audit observed that even the restricted mandate of the KSHB was not effectively executed by KSHB, as shown in the following paragraphs.

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

3.9.1. Working Women's Hostels

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

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

³³ Excluding Working Women's Hostels

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

Table 3.4: Details of Working Women’s Hostels sanctioned

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

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

(Source: Data obtained from KSHB)

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

3.9.1.1. Defective planning and resultant infructuous expenditure

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Working Women's Hostel at Mananthavady, Wayanad

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

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

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

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

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

Working Women's Hostel, Madhur, Kasaragod

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

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

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

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

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

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

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

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

3.9.2. Implementation of Saphalyam Housing Scheme

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

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

3.9.2.1. Non-attainment of targets set under the scheme

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

Table 3.5: Status of implementation of Saphalyam Housing Scheme

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

(Source: Data obtained from KSHB)

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

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

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

inadequate. Audit noticed that GOK released ₹ one crore during 2011-12 and ₹ five crore during 2013-14 to KSHB for the scheme. No financial assistance was rendered by GOK for the scheme during 2012-13. Thus, against the requirement of ₹17.88 crore³⁵ for the first phase of 894 dwelling units, GOK released only ₹ six crore. The inadequate release of funds impacted the implementation of the Scheme with the KSHB proposing to take up only 216 units (24 per cent) in four³⁶ Panchayats against the target of 894 units in Phase I. In Puthukkad Panchayat, construction of only 48 out of the targeted 72 flats was taken up due to the presence of an electric line passing through the property.

All the 24 housing units taken up for construction in Phase II in Lakkidi Peroor remain incomplete due to failure of the beneficiaries to fully remit their share of contribution to the scheme. Further, Audit also observed that in nine³⁷ Panchayats, works were not taken up or remained incomplete due to failure to make available Government/Panchayat land to the KSHB for construction and lack of co-operation of Panchayats in mobilising funds.

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

3.9.2.2. Defective estimation and unfinished works

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

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

³⁵ 894 flats x Enhanced GOK subsidy ₹2 lakh = ₹17.88 crore

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

³⁶ Chathannur, Chelannur, Chottanikkara and Puthukkad.

³⁷ Chettikulangara, Meenachil, Erumeli, Kattappana, Elapully, Puthukkad, Akalakunnam, Elanji and Chemmanad.

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

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

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

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

3.9.3. Grihasree Housing Scheme

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

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

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

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

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

(Source: Data obtained from KSHB)

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

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

3.9.3.1. Parking of Government of Kerala assistance in Fixed Deposit

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

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

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

(Source: Data obtained from KSHB)

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

3.9.4. Innovative Rental Housing Scheme (Athani)

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

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

3.9.4.1. Allotment of flats to ineligible beneficiaries

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

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

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

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

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

3.9.5. Housing Accommodation Scheme for Government employees in Government land

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

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

Table 3.8: Implementation of HAS

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

(Source: Data obtained from KSHB)

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

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

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

3.10. Financial Management

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

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

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

Statutory audit of KSHB was completed by the Local Fund Auditors up to 2016-17. Audit noticed that the Local Fund Auditors had submitted a qualified³⁸ audit report to GOK on the maintenance of the Statements of Account of KSHB for the years 2013-14 and 2014-15. It was seen that the Local Fund Auditors had justified the issue of a qualified audit report by pointing out various discrepancies³⁹ in the accounts.

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

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

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

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

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

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

3.10.2. Efficiency in mobilisation of funds and recovery of dues

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

3.10.2.1. Failure to obtain GOI assistance of ₹4.33 crore

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

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

3.10.2.2. Cost of land recoverable from Kerala Road Fund Board

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

KSHB demanded (February 2015) ₹59.67 lakh from the KRFB based on the market price of the land as fixed (December 2014) by the Tahsildar, Thiruvananthapuram. Since KRFB declined (July 2018) to make payment citing various reasons⁴⁰, KSHB requested (August 2018) the Housing department to take urgent steps to obtain the market value of the land with interest through a high-level discussion.

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

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

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

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

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

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

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

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

In a meeting convened (May 2017) by the Revenue Department to resolve the issue, it was decided to refund ₹0.57 crore⁴¹ to the KSHB after obtaining remarks from the Finance Department. Audit observed that despite following up actively with Government, KSHB is yet to recover (March 2019) its dues from the District Collector.

3.10.2.4. Rent pending collection

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

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

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

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

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

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

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

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

3.10.3. Splitting-up of work

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

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

3.10.3.1. Construction of Working Women's Hostel, Kozhikode

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

first and second instalments of GOI share (₹4.28 crore⁴²) was received in December 2013 and August 2016.

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

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

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

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

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

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

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

3.10.4. Asset Management

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

3.10.4.1. Defective depiction of value of assets by KSHB

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

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

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

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

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

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

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

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

crore⁴³ (current market value ₹10.76 crore) remains to be allotted (October 2018).

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

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

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

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

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

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

(Source: Data obtained from KSHB)

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

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

3.10.4.4. Non-mutation of land in possession of KSHB

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

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

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

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

(Source: Data obtained from KSHB)

⁴⁴ Puramboke land - Land vested with the Revenue Department

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

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

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

3.11. Adequacy of Manpower

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

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

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

(Source: Data obtained from KSHB)

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

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

3.12. Conclusion

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

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