

## CHAPTER IV

### TRANSACTION AUDIT

#### 4.1 Kerala Information Network for Local Bodies

##### 4.1.1 Introduction

With a view to facilitate easy and prompt communication between State Planning Board (SPB) and 1215 local bodies<sup>1</sup> for swift plan monitoring, Government launched a Project 'Kerala Information Network for local bodies' in August 1999. Networking, plan monitoring, service automation and training were the components of the project. The SPB initially implemented the project through Information Kerala Mission (IKM), constituted with inter-alia a group drawn from Centre for Development of Information Technology(C-DIT). IKM was headed by Executive Mission Director with Headquarters at Thiruvananthapuram. The administrative control of IKM was transferred from SPB to the Local Self Government Department (LSGD) in July 2001.

A review of the implementation of the project was conducted by Audit during February – July 2003 with reference to records in IKM headquarters, one Grama Panchayat<sup>2</sup> and two Municipal Corporations<sup>3</sup>. The bilingual data base in SQL<sup>4</sup> Server in MS Access format was analysed using Computer Assisted Audit Technique and sample test method.

##### 4.1.2 Absence of well-conceived Project Report

**Project was not properly conceived at implementation stage**

SPB submitted the proposal (estimated cost: Rs 47.25 crore) for the project to the Central Planning Commission in December 1998. Government sanctioned the Project for Rs 19.75 crore in August 1999 which was revised to Rs 26.59 crore in October 2000. The revised sanction did not reckon the costs for administration, training, and maintenance included in the earlier sanction. In July 2001, Government entrusted the purchase of hardware and software to local bodies and directed to limit the cost to the Central assistance of Rs 31 crore. In December 2002, Government decided to implement the project on a Public Private Participation (PPP) / Build Operate, Lease and Transfer (BOLT) mode. Though the decision would drastically reduce the cost of procurement of hardware and the off-the shelf software, the project cost was not revised suitably by excluding the cost of hardware, software and activities to be outsourced. In the absence of a well-conceived project report with component-wise cost, Government released funds on the basis of *ad hoc* proposals submitted by the Executive Mission

<sup>1</sup> Corporations: 5; Municipalities: 53; District Panchayat: 14, Block Panchayat: 152; Grama Panchayat: 991

<sup>2</sup> Vellanad

<sup>3</sup> Kochi and Kozhikode

<sup>4</sup> Structured Query Language

Director from time to time.

Government admitted (January 2004) that there were some ambiguities in completely demarcating all contours of the project at the start. It was stated (November 2004) that the final cost estimate of Rs 205.04 crore, including the components to be met through local bodies, was in the process of approval by Government.

#### **4.1.3 Inconsistent procurement policy**

**Computers as a vital component of the project were not provided**

Though the Project started in August 1999, there was delay in taking decision on procurement and also inconsistency regarding the mode of procurement of computers. It was only in December 2002 Government finally decided to provide computers to Local Bodies under BOLT mode. Though the notification inviting tenders for the supply of computers under BOLT mode was issued in July 2004, the final decision on purchase has not been taken by Government (February 2005). The computers, which are the vital component of the project, could not be provided for the last four years.

#### **4.1.4 Non-utilisation of Central assistance**

**Release of Central assistance of Rs 24.33 crore lacked justification**

Special Central assistance of Rs 33 crore (Grant: 30 per cent; Loan: 70 per cent) was received for the project during 1998-2001. The expenditure on the project upto March 2004 was only Rs 8.36 crore, which was less than the Central grant. While the entire loan amount remained unutilized, Government had to pay Rs 10.99 crore (up to March 2004) towards interest for the loan amount. Unutilised portion of the Central assistance of Rs 25.72 crore was released to IKM in March 2003 based on a proposal, which contained justification for activities for Rs 1.39 crore only. In view of the Government decision to provide computers under BOLT mode, there were no approved activities justifying immediate release of Rs 24.33 crore in March 2003 through Supplementary Grant.

Government stated (July 2004) that the unutilised Central assistance of Rs 25.72 crore released during March 2003, according to ways and means position, had been deposited in the PD account of the Director of Panchayats. As IKM had utilised only Rs 2.37 crore during 2003-04, there was no justification to release funds of that magnitude to them.

#### **4.1.5 Wasteful expenditure on technical persons**

**Wasteful expenditure of Rs 69.78 lakh to train technical persons**

For rendering technical support for implementation of the project, IKM appointed (between September 2000 and March 2001) 1353 selected persons as apprentice trainees for a period of one year from 1 April 2001. In June 2001, IKM retrenched them due to non-availability of computers in local bodies. As Government had already decided to implement the project on BOLT basis, the services of the trainees were no longer required. The expenditure of Rs 69.78 lakh incurred on selection, training and stipend to the apprentice trainees had become a waste.

The Government stated (November 2004) that the expenditure incurred on training of technical persons was insignificant compared to substantial cost benefits that would accrue from BOLT mode. The reply is not tenable as the wasteful expenditure represented 22% of funds earmarked for training (Rs 3.15 crore)

#### **4.1.6 Absence of agreement with LSGD**

Though the administrative control of IKM was transferred from the SPB to LSGD in July 2001, no fresh agreement was executed between C-DIT and LSGD for continuation of the project after 31 March 2001.

Government stated (November 2004) that steps were taken to sign the MoU between C-DIT and LSGD with effect from April 2001. Such agreement with retrospective effect will not serve the desired purpose.

#### **4.1.7 Lack of supervision**

Government constituted (August 1999) an Implementation Committee comprising of 16 members headed by the Minister for Local Bodies to oversee the implementation of the project and a Technical Committee comprising of 16 members to prepare the specification for equipment, documents for software and to decide on technology choice. The Implementation Committee met only four times between September 1999 and November 2000 and in April 2003 thereafter. The Technical Committee met only once in November 1999. The few number of meetings held by these Committees indicated that their working were not effective.

Government stated (September 2003) that the Implementation Committee, which met on 23 April 2003, had ratified all activities and expenditure for the period from 2001-02 to 2002-03. As the primary purpose of constitution of the Committee was to monitor and supervise the activities of the project, such ratification would not substitute supervision and prior approval.

On this being pointed out, Government stated (November 2004) that all major decisions during the period April 2001 to April 2003 had been taken at the Government level and the IKM Implementation Committee approved the other activities earlier. Evidently, there was a delay of more than two years in carrying out the activities due to inadequate supervision.

#### **4.1.8 Delay in installation of software for Plan monitoring**

A software *Sulekha* was developed in SQL Server for monitoring Plan schemes implemented through local bodies. LB Module of *Sulekha* intended for District/Block/Grama Panchayats, Municipalities and Corporations had not been installed even in the 214 local bodies where computers procured for other purposes were available.

New version of LB Module modified to suit tenth Plan schemes was not tested as of April 2004. The DPO Module meant for installation in District Planning

**Working of  
Implementation and  
Technical committees  
was ineffective**

**New versions of LB, DPO and SPB modules were not tested and installed**

Offices (DPO) and SPB Module for installation in SPB were also to be tested and installed. In view of the delay in procuring hardware, the Government did not have any reliable information regarding the utilization of plan funds released to local bodies during IX Plan period even two years thereafter.

No attempt was made to compile the monthly progress report of Plan expenditure of local bodies at district level utilizing the computers at DPO and Block Development Office till the required network was in place in local bodies. The Government stated (November 2004) that a new mechanism for aggregating the Plan data using block level hardware and web based application would be operationalised shortly

#### **4.1.9 Delay in development of software for Office Automation**

Besides development of software for Plan monitoring, IKM was required to develop separate applications for (i) delivery of services such as issue of birth/death/marriage certificates and disbursement of destitute pension/unemployment wages (Sevana), (ii) demand & collection of about 80 sources of revenue (Sanchaya), (iii) administration of purchase and works (Sugama), (iv) preparing accounts (Samkhya), (v) automation of establishment functions (Sthapana) and (vi) work flow automation (Soochika). It was seen in audit that the applications Sevana, Sanchaya and Soochika had been installed in one Grama panchayat and the certificate module of Sevana in four Municipal Corporations. Though 24 programmers were engaged for software development for the past four years, the other applications were not in implementation stage as of April 2004. Government stated (January 2004) that staggered development was due to complexities involved in handling legacy, building up internal database and the learning curve of staff. But it was a fact that absence of specific time frame for implementation of the Project and inadequate supervision also contributed to the delay.

#### **4.1.10 Inadequacies in software “Sevana” and “Sanchaya”**

##### ***Birth/death/marriage registration module in “Sevana”***

**Absence of provision for data validation at higher level**

Under the manual system, the Registrar authenticated each registration of birth/death/marriage. Under the Computerised system, the primary data entered by the staff at the lowest level or back data got entered by outsourced agency was not validated at an upper level before finally saving the data. In the absence of suitable provision for validation of data at an upper level, there was a risk of issuing incorrect certificates, as the integrity of the data input cannot be vouchsafed.

**Absence of provision to prevent blanks in mandatory fields and duplicate records**

Input/validation controls in the software were not adequate to ensure the entry of valid data and to eliminate the risk of accepting duplicate records. As a result, there were records in which dates of birth/death/marriage etc were blank or subsequent to the registration date and even the current date.

The Government stated (November 2004) that validation controls provided in the package had to be removed following widespread problems in data and plans to improve the existing databases in Corporations and Vellanad Grama Panchayat have been prepared.

### ***Disbursement module in “Sevana”***

**Absence of provision to prevent selection of ineligible applicants**

The Disbursement module was intended to select beneficiaries and disburse pension under different schemes and the unemployment dole. Minimum age and income of the applicant were the parameters for deciding the eligibility for certain pensions such as Old Age Pension, Agriculture Workers Pension etc. Test data entry made by audit to assess the performance of the application revealed that applicants with age of 22 years and the family income exceeding Rs 50,000 were allowed to be saved to the database for Old Age Pension.

Age and the documents submitted in support of age were unavoidable information without which an application for pension could not be processed. The record was saved even if the field ‘documents submitted in support of age’ was blank. Other important fields such as Pension No., Date of disbursement etc., were also blank in many records due to absence of validation control.

The Government stated(November 2004) that it was not possible to provide validation control for pension module as pension schemes were originally handled by various Departments and steps have been taken to overcome the limitations of the legacy data. As the objective of office automation was to eliminate such irregularities and to ensure transparency and accuracy, it was essential to provide validation controls to prevent selection of ineligible beneficiaries.

### ***The Profession tax module in “Sanchaya”***

**No provision to capture date of service of demand notice**

The profession tax module had no provision for (i) initiating penal action under Section 205 K of Kerala Panchayat Raj Act 1994 for non-payment of tax by Employer/Head of Office, (ii) capturing the date of service of demand notice, due date of remittance etc., which were essential for taking further action on demand not remitted (iii) follow up action on LPC in the case of transfer of employees (iv) accounting of penalty/fine recovered for belated payment (v) watching/initiating revenue recovery steps for collection of arrears in demand. Government stated (January 2004) that necessary provision would be incorporated while integrating Sanchaya with Sookhika in the next version of the software.

**No provision to follow up demand**

#### **4.1.11 Absence of online transaction in Vellanad Grama Panchayat**

**Online transaction not implemented**

Vellanad Grama Panchayat was one of the 5 Panchayats selected for Pilot-roll out of Plan Monitoring System. IKM installed one computer at the Panchayat on 24 November 2000 for the purpose. Five computers and one server provided by one local entrepreneur were installed on 13 January 2003. The Panchayat was declared as the first fully computerized Grama Panchayat on 25 January 2003.

Though the software Sevana, Sulekha, Soochika, and Sanchaya, were installed in the server, no transaction was done through computers online.

The Government stated (November 2004) that online operation of Soochika and Sevana had commenced. But online operation of Sulekha, Sanchaya and Samkhya is yet to start.

#### **4.1.12 Non-involvement of staff and inadequate security controls**

The software-Soochika installed for workflow automation, included a module for marking attendance by staff by logging in and logging out of the System. The staff were, however, not regular in marking attendance. As per the database different persons had logged on to the system 683 times between 12 August 2002 and 18 June 2003. But log out details were missing in 415 records. While user ID was not allotted to two persons currently working, five non-employees had logged on to the system. Data entry relating to Profession tax, collection of licence fees, pension disbursement was not current. IKM had been periodically updating the database on back data entry mode by engaging daily wage staff instead of utilising the services of Panchayat staff for current data entry.

#### **Missing log off details of system access**

Due to inadequate controls for authorizing and capturing system access logs, the security of the system cannot be vouchsafed.

The Government stated (November 2004) that Panchayat has taken steps to resolve inadequacies in marking of attendance by staff. It was also stated that the responsibility for updating data had been entrusted to Panchayat staff.

#### **4.1.13 Defective maintenance of database**

Analysis of electronic data kept in the server at Janasevanakendram at Vellanad revealed that the database contained several impurities as discussed below.

(i) Many fields such as date, name, place etc vital for generation of birth and death certificates were blank.

(ii) The Building Master table relating to property tax included 1423 houses under non-existent ward No.15, for which neither house numbers were assigned nor assessment particulars were available. The table containing 84809 records of Building tax assessment from 1993-94, first half onwards, included 58448 uncollected demands amounting to Rs 19,36,076 whereas the uncollected demand as per details furnished by the Secretary was Rs 4,89,545 only. Thus the database relating to assessee and demand was not accurate and reliable.

(iii) Employee Master table relating to Profession tax assessment contained 2117 records of which the vital fields such as transfer in date, transfer out date, date of relief and date of joining were blank in most of the cases. Due to omission to capture these vital data, any demand raised or demand collection and balance (DCB) prepared may not be accurate. Rs 8.5 lakh spent on data entry remained unfruitful due to non-completion of validation process even after one year.

The Government stated (November 2004) that the Panchayat had been requested to initiate a process for correction of the data.

#### 4.1.14 Ineffective computerisation in Urban Local bodies

**Computerisation of Municipal corporations behind schedule**

Computerisation of Kozhikode Corporation estimated to cost Rs 70.71 lakh was entrusted to IKM in March 2001 stipulating the period of completion as nine months. Though *Janasevanakendram*<sup>^</sup> comprising of eight counters started functioning from January 2003, only the cash collection other than fee was computerised.

**Software applications yet to be installed**

The Kochi Corporation entrusted (June 2002) the computerisation of all functional areas to IKM. The project costing Rs 1.33 crore was to be completed within one year. But apart from the setting up of *Janasevanakendram* in January 2003 for issue of birth/death and marriage certificates using *Sevana*, no other software had been installed for online transaction. IKM did not fulfill its obligation to supply software relating to Plan Monitoring (*Sulekha*), Revenue Module (*Sanchaya*) to the Corporations. The software for disbursement of services - *Sevana* did not include the module for Pension disbursement. The birth and death registration at Kochi covered only four out of seven Zones of the Corporation. Certificates were issued on the same day, only if the data in computer matched the details in manual record. In Kozhikode Corporation, there was delay of three days in issuing birth and death certificates as the certificates were to be verified with the original records. Thus in both the Corporations, the databases were not reliable.

**Certificates issued after verification of manual records**

In Kozhikode, Property tax and other taxes were collected at the counter using software supplied by IKM. In the absence of database relating to assessee under the different sources of Revenue, the details of collection could not be updated in the ledger. Revenue collection by Bill Collectors was remitted in bulk at the counter but the details of assessees were not captured. The present system would only help to compile the collection of revenue on a particular day as IKM had not installed the software *Sanchaya* for revenue collection till date (April 2004).

The Government stated (November 2004) that *Sulekha* software has been supplied to all Corporations and the system of maintenance of stock of preprinted stationery had been put in place. But obligation on the part of IKM to install *Sanchaya* and *Sevana* (Pension Module) has not been fulfilled so far.

#### 4.1.15 Improper maintenance of database on birth/death/marriage

Analysis of the electronic data kept in the server at *Janasevanakendrams*, Kochi and Kozhikode Corporations revealed the following:

In the data relating to birth at Kozhikode (306464 cases) and Kochi (196756 cases) Corporations, the vital fields such as date of birth (128 cases), reporting

<sup>^</sup> Public service centre

date (303 cases), sex of child (312 cases), registration date (188 cases) and child's mother's name (158 cases) were blank. The fields-date of birth and reporting date included future dates in 70 cases. There were 1723 pairs of duplicate records. In 2808 cases the date of registration was before the date of birth.

In the data relating to death in Kozhikode (67058 cases) and Kochi (67166 cases) Corporations the fields such as date of death (294 cases), registration date (359 cases), reporting date (359 cases), name of dead person (538 cases) etc were blank. The date of death included future dates in 64 cases and date of registration was before the date of death in 1008 cases. There were 125 pairs of duplicate records.

In respect of marriage data in Kozhikode (4651 cases) and Kochi (3310 cases) Corporations the vital fields such as registration date (115 cases), marriage reporting date (3111 cases), name of bride and bride groom (193 cases) place of marriage (682 cases) were blank. Date of marriage was after date of registration in 540 cases.

The Government stated (November 2004) that the improper maintenance of database was due to poor verification of records by Corporation staff and the process of verification by IKM was in an advance stage. The process of 100 *per cent* verification which was to be completed before commencement of Janasevanakendram in January 2003 is yet to be completed and hence the Corporation had resorted to manual verification of registration data defeating the very purpose of computerization.

#### **4.2 Erroneous computation of rate for earth filling**

##### **Payment for earth filling with contractors' own earth at erroneous rates resulted in excess payment of Rs 40 lakh.**

The Kerala Panchayat Raj (Execution of Public Works) Rules 1997 and the Kerala Municipality (Execution of Public Works and purchase of materials) Rules 1997 prescribe the procedures for execution of public works by Local Self Government Institutions (LSGIs). The Rules provide that LSGIs shall follow procedures applicable to the Public Works Department (PWD) in the case of matters not specified in these rules.

The rate for 'earth work filling with contractors' own earth' is arrived at by clubbing the rate for two components, namely, earth work excavation in ordinary soil and conveyance of the earth by lorry as provided in the Standard Data Book and Schedule of Rate respectively. The rate for earthwork excavation in ordinary soil, includes one lead and one lift. The rate for conveyance of earth by lorry also includes one lead and one lift at loading and unloading points. The Chief Technical Examiner Finance Inspection Wing, had instructed (April 1986/May 2004) that when the item 'earth work excavation' was clubbed in the item 'conveyance by lorry', the labour for one lead and one lift should be deducted



from the combined rate for arriving at the rate for ‘ earth work filling with contractors own earth’. While clubbing the two rates for computing the rate for ‘earth work filling with contractor’s own earth’, rate for one lead and one lift which stood included in both the components was to be deducted.

Test check of 124 earth works executed by 11 LSGIs (Appendix VII) during 1999-2004 revealed that in works involving earth filling, the rate was erroneously computed without deducting one lead and one lift included in both the components. Besides, in certain cases, cost of earth instead of rate for excavation in ordinary soil was also reckoned. The erroneous computation of rate for earth filling over a period of years indicated that the technical scrutiny of the estimate by the expert committees of the LSGIs was inadequate, leading to excess payment of Rs 40 lakh during February 1998 to February 2004.

The matter was referred to Government in June 2004; reply had not been received (November 2004).

### **4.3 Irregularity in purchase of an incinerator**

**Kayamkulam Municipality rejected the lowest offer of a State Government Undertaking for supply and erection of an incinerator and placed orders with a private firm. The firm received Rs 21.50 lakh as advance but failed to supply the incinerator.**

In response to a tender (January 2003) for the supply and erection of an incinerator, Kayamkulam Municipality received four offers. Of these, the lowest was from a State Government Undertaking for Rs 25 lakh excluding sales tax. The Municipality considered the second lowest offer of Rs 48 lakh including sales tax from a private firm ‘A’ and accepted their negotiated offer of Rs 43 lakh against the project cost of Rs 30 lakh approved by the District Planning Committee. The Municipality paid (March 2003) as advance Rs 21.50 lakh to firm ‘A’. The firm had not supplied the plant as of October 2004 even though the stipulated time for completion of supply and erection expired in June 2003.

The Municipality stated (July 2003) that the matter was investigated by the Joint Director of Urban affairs who submitted his report in August 2003 and the results were awaited (November 2004).

The matter was referred to Government in June 2004; reply had not been received (November 2004).

#### **4.4 Unproductive expenditure on a slaughter house**

##### **Selection of inaccessible site for construction of a slaughter house resulted in unproductive expenditure of Rs 36.49 lakh.**

The Thrissur District Panchayat decided (September 1997) to construct a slaughter house at Vellangalloor at an estimated cost of Rs 40.82 lakh to make available clean and hygienic meat at reasonable rates to the public with the co-operation of the Vellangalloor Grama Panchayat. The District Panchayat was to construct the slaughter house (Rs 33.19 lakh) and the Grama Panchayat to purchase the land (Rs 7.63 lakh). The Grama Panchayat was to run the slaughter house after its commissioning.

Government issued (October 1998) orders for the transfer of 66 cents of *Poramboke*\* land at the specified site to the Grama Panchayat with effect from the date of remittance of the cost of land. The Vellangalloor Grama Panchayat remitted (December 1998) Rs 3.30 lakh from Own Fund and took possession (January 1999) of the site. There was, however, no proper access from the road to the site. The District Panchayat paid (June 1998) Rs 33.19 lakh from Plan fund to M/s Steel Industrials Limited, Kerala (SILK), a Public sector Company for construction of the slaughter house on turnkey basis stipulating the period of completion as nine months from the date of handing over of the site. The SILK transported the materials for construction through a private land. On completion of the slaughter house in September 2000, when the Grama Panchayat applied for electric connection, the Kerala State Electricity Board expressed their inability to provide power connection as the over head cable lines to be drawn had to cross private property. The attempts of the Grama Panchayat to purchase unencumbered land for an approach road to the slaughter house had not materialised as of May 2004.

Failure of the Grama Panchayat and of the District Panchayat to assess the suitability of land before acquisition resulted in non-completion of the project even after seven years of its commencement and in unproductive expenditure of Rs 36.49 lakh.

The matter was referred to Government in July 2004; reply had not been received (November 2004).

#### **4.5 Unfruitful expenditure on clinical laboratories**

##### **Purchase of equipment and chemicals without creating infrastructure facilities rendered the expenditure of Rs 22.64 lakh unfruitful.**

The Thrissur District Panchayat approved (August 2001) the project 'Employment for Women in Paramedical Field' with the objective of providing

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\* Unassessed lands which are the property of Government or used/reserved for public purposes.

laboratory services at affordable cost and generating employment for women. The project envisaged setting up of clinical laboratories in Primary Health Centres (PHCs) in 52 Grama Panchayats at a total cost of Rs 31.20 lakh. This includes Rs 26 lakh for purchase of equipments and chemicals and Rs 5.20 lakh for creating infrastructure facilities. The laboratories were to start functioning in December 2001.

The Implementing Officer placed (August 2002) orders for supply of equipments and chemicals for 46 laboratories with a local firm without ensuring provision of infrastructure facilities at the PHCs. He obtained an invoice from the supplier, certified receipt of the materials in good condition, recorded entries in the stock registers and made payment of Rs 22.64 lakh (between January – March 2003) but kept the items in the premises of the supplier. The Implementing Officer started lifting the goods for delivery to PHCs after the expiry of 14 months from the date of supply. He made distribution (between March – July 2004) of equipment and chemicals to 19 PHCs even though infrastructure was not ready in 11 PHCs.

The guarantee period of two years on equipments and chemicals expired in December 2004 even though 27 PHCs (out of which infrastructure was not ready in 22) were yet to receive the supply. The District Panchayat did not appoint laboratory technicians in any of the PHCs.

Failure to synchronize purchase of equipments and chemicals with completion of the infrastructure facilities rendered expenditure of Rs 22.64 lakh unfruitful. As a result, the objective of providing employment to women in paramedical field and extension of laboratory services at affordable costs to rural population remained illusory.

The matter was referred to Government in June 2004; reply has not been received(December 2004).

#### **4.6 Idle investment on establishment of blood banks**

**Investment of Rs 20.28 lakh made during 1997-2002 for creation of blood banks remained unproductive as Local Self Government Institutions failed to provide requisite infrastructure for the blood banks.**

Local Self Government Institutions (LSGIs) formulated projects for establishment of blood banks during 1997-2001. As per the project report, the LSGIs were to construct buildings, procure necessary equipment, secure mandatory licences from Drugs Controller, appoint required staff and provide other infrastructure facilities like water supply, electricity etc. Test-check of the accounts of four LSGIs disclosed that Rs 20.28 lakh spent during 1997-2002 on construction of buildings to house the blood banks remained unfruitful for reasons given in the following table:

Name of LSGI	Name of hospital	Implementing agency	Year of project	Month/Year of completion of building	Expenditure (Rs in lakh)	Inhibiting problem/major constraint
Vazhoor Block Panchayat	Taluk Hospital, Kanjirappally	Superintendent, Taluk Hospital	1997-98	July 2000	9.54	i) Facilities as per the guidelines issued by the Ministry of Health and Family Welfare were not provided. ii) Non-receipt of blood bank licence (July 2004).
Changanassery Municipality	Taluk Headquarters Hospital, Changanassery	Hospital Development Committee	1998-99	May 2002	5.06	Delay in getting Electricity and water supply (July 2004).
Vadakara Municipality	Government Hospital, Vadakara	Superintendent, Government Hospital	1997-98	August 1999	2.42	i) Equipments were not supplied ii) Blood bank licence not received (July 2004).
Nedumangad Municipality	Taluk Headquarters Hospital, Nedumangad	Superintendent, Taluk Hospital	2000-01	March 2001	3.26	Government's approval for required staff was not obtained (July 2004).
<b>Total</b>					<b>20.28</b>	

Thus, Plan funds totaling Rs 20.28 lakh spent by four LSGIs during 1997-2002 for setting up blood banks and related activities remained unproductive.

The matter was referred to Government in June 2004; reply had not been received (November 2004).

#### **4.7 Incomplete/vacant Mini Industrial Estates**

**Rupees 2.96 crore invested by 16 Local Self Government Institutions during 1998-2003 for setting up mini industrial units remained unfruitful.**

A number of Local Self Government Institutions (LSGIs) had taken up schemes for setting up industrial units/estates in their respective localities during Ninth and Tenth Plan periods. The scheme intended to provide infrastructure such as land, building, electricity, water connection etc to attract potential industrial entrepreneurs and to facilitate setting up of new industrial ventures. Test-check of 16 LSGIs disclosed that Rs 2.96 crore invested on them remained unfruitful as of March 2004.

Of these 11 LSGIs had invested Rs 2.06 crore on setting up of Mini Industrial Estates which remained incomplete as detailed below.

Sl. No.	Name of Local Self Government	Investment (Rs. in lakh)	Stage of implementation
1	Chalakkudy Municipality	16.00	Municipality purchased two acres of land during 1998-99 for Rs 16 lakh. No other work was done (September 2004).
2	Payyannur Municipality	19.60	In April 1999, 8.90 acres of land was transferred to the local body by the Revenue Department. An amount of Rs 5.34 lakh was paid to the Revenue Department during 1999-2000. Rs 9.70 lakh was spent during 2001 for formation of approach road. An amount of Rs 4.56 lakh was deposited with Kerala State Electricity Board during 1999-2000 for extension of power lines. Even though land was purchased as early as 1999-2000, the boundary was not demarcated and title deed is yet to be obtained. No action was initiated for the construction of building.
3	Kodungalloor Municipality	23.34	During 1999-2000 Municipality purchased 80 cents of land at a cost of Rs 20 lakh. But the Municipality obtained the ownership of land only in February 2003. The Municipality constructed compound wall in May 2003 for Rs 3.34 lakh. Construction of building has not been started(August 2004).
4	Irinjalakuda Municipality	44.51	The Municipality purchased 5.65 acres of land during 1998-2000 at a total cost of Rs 37.72 lakh. During 2001-03 an amount of Rs 6.79 lakh was spent for the construction of compound wall. The Municipality did not take up other works till date.
5	Kayamkulam Municipality	11.06	The Municipality purchased 82.75 cents of land during 2000-01 at a total cost of Rs 11.06 lakh. It was reported that the width of the public path leading to the plot was narrow and that heavy vehicles cannot pass through it. No construction was started (April 2004).
6	Kunnummel Grama Panchayat	6.12	The Grama Panchayat incurred expenditure from 1997-98 to 2002-03 towards cost of land(Rs.3.08 lakh),compound wall (Rs.1.12 lakh),advance for construction (Rs.1.00 lakh), preparation of estimates(Rs. 0.02 lakh) and deposit with Kerala State Electricity Board (Rs.0.90 lakh). The construction work could not be started as site leveling work was incomplete (August 2004).
7	Thalassery Block Panchayat	27.54	An amount of Rs 27. 54 lakh was paid to District Nirmithi Kendra for construction of 15 sheds at Kundoormala. However the site for construction of sheds was not handed over to Nirmithi Kendra. It was stated that the proposal to construct shed at Kundoormala was dropped by Block Panchayat and it was decided to construct sheds in Eruvatty Amsom. The Secretary, Thalassery Block Panchayat stated (July 2004) that the construction of five sheds had been commenced in the new plot.
8	Athirappally Grama Panchayat	3.38	The Grama Panchayat had purchased the land in May 1999 at a cost of Rs 3.38 lakh. The establishment of Mini Industrial Estate was yet to be started(September 2004).
9	Nattika Grama Panchayat	3.25	The work for the construction of six rooms for giving employment to 50 members of Scheduled Caste community had reached only upto structural level. Work was stopped by convenors since October 2002 after receiving Rs 3. 25 lakh.
10	Nedumangad Municipality	31.63	The Municipality spent Rs 13.02 lakh for the purchase of 87 cents of land in 1998-99. An advance of Rs 18 lakh was made to SIDCO for construction of units and Rs 0.61 lakh was deposited with Kerala State Electricity Board (1998-99) for extension of Electric lines. It was reported(July 2004) that construction of the units have been completed but no mention was made of their leasing out

11	Puzhakkal Block Panchayat Thrissur District	19.28	Mulakunnathukavu Grama Panchayat purchased 67 cents of land at Mulakunathukavu for Rs 3.76 lakh during 1997-98 and also remitted Rs 3.92 lakh to Kerala State Electricity Board in January 1999 for power supply for the Industrial Estate. The Block Panchayat, Puzhakkal approved the project for construction of the building at a cost of Rs 23.21 lakh and the work was entrusted to the beneficiary committee in March 2000. The convenor stopped the work in March 2001 when it reached roof level. Expenditure incurred (March 2000 to March 2002) was Rs 11.60 lakh.
	<b>Total</b>	<b>205.71</b>	

In five LSGIs, the Mini Industrial Estates constructed at a cost of Rs 90.58 lakh remained vacant for the reasons detailed below.

Sl.No.	Name of Local Self Government	Investment (Rs in lakh)	Stage of implementation
1	Mattannur Municipality	32.40	The work was completed in January 2001. The entire plot was divided into 18 plots and was put to auction. Only one plot was let out as of July 2004.
2	Punalur Municipality	7.47	The Municipality spent Rs 6.02 lakh for construction of two small scale units at Kalayanadu, and Rs 1.45 lakh for one unit at Maniyar which were completed in March 1999 and July 1999 respectively. Only one unit was let out in July 2000 and other units were idling due to non-provision of electric connection(August 2004).
3	Kallara (Vaikom) Grama Panchayat	5.80	The construction of building was completed in July 2000. No plot could be allotted till date(August, 2004).
4	Lalam Grama Panchayat	19.50	Out of the two acres of land purchased in 1997-98, 1.02 acres of land only have been allotted(December, 2004)
5	District Panchayat, Kollam	25.41	The scheme envisaged construction of 10 sheds in the 50 cents of land owned by Thalavoor Grama Panchayat. The work was completed in February 2004. No unit was started as of August 2004.
	<b>Total</b>	<b>90.58</b>	

The matter was referred to Government in June 2004; reply had not been received (November 2004).

#### **4.8 Idling machinery**

**Eight Local Self Government Institutions procured Agro machinery during 1997-2002 at a cost of Rs 30.51 lakh. The machinery was idling/under-utilised.**

As part of improving the economic well being of farmers and creating employment potential, the Local Self Government Institutions (LSGIs) planned to mechanise agricultural operations and introduce scientific practices. Test check of

the records of eight LSGIs disclosed that the LSGIs purchased agro machinery, viz., three tractors, five tractor-trailers, three power tillers and two trailers at a cost of Rs 30.51 lakh (Appendix VIII) during 1997-2002. The machinery was lying idle reportedly due to decrease in the area of cultivation, lack of interest among farmers and scarcity of agricultural labourers and tractor drivers. Thus procurement of agro-machinery without proper survey meant waste of public funds of Rs 30.51 lakh.

The matter was referred to Government in June 2004; reply had not been received (November 2004).

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