CHAPTER III

COMPLIANCE AUDIT

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

BACKWARD CLASSES, MOST BACKWARD CLASSES AND MINORITIES WELFARE DEPARTMENT

3.1 Provision and maintenance of hostels for Backward Classes, Most Backward Classes and Denotified Communities Students

3.1.1 Introduction

To improve the educational, social and economic status of the Backward Classes (BC), Most Backward Classes (MBC) and Denotified Communities (DNC), GoTN *inter alia* established and maintained welfare hostels in the State. Facilities such as accommodation, food, etc., were provided free of cost to the economically backward[1] students of these communities studying in schools and colleges so that they continue their studies without hindrance.

The Principal Secretary to GoTN, BC, MBC and Minorities Welfare Department (BCWD) assisted by the Commissioner, Backward Classes Welfare (BCW) and the Commissioner, Most Backward Classes and Denotified Communities Welfare (MBCW), looks after the provision and maintenance of hostels at the State level and District Backward Classes and Minorities Welfare Officers (DBCOs) at district level. The Joint Director (Kallar Reclamation), Madurai, (JD-KR) exclusively looks after the hostels for Kallar community which is a DNC.

In order to examine whether hostels admitted all eligible students and were provided with adequate facilities, an Audit was conducted between February and May 2015 covering the period 2012-15. Audit test checked records of the BCWD at Secretariat, Commissionerates of BCW and MBCW and District level officers i.e. DBCOs of four selected districts[2] out of 32 districts in the State. Besides, audit scrutinised records of 21[3] (17 hostels for school students and four hostels for college students) out of 197 hostels in the four districts selected through random sampling. Audit findings are discussed in the succeeding paragraphs.

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1 Students, whose parental annual income does not exceed ₹ 1 lakh

2 Chennai, Dharmapuri, Madurai and Pudukottai

3 Chennai District: 2 out of 12 hostels; Dharmapuri District: 6 out of 55 hostels, Madurai District: 6 out of 57 hostels (33 under DBCO and 24 under JD-KR) and Pudukottai District: 7 out of 73 hostels

Audit Findings

3.1.2 Admission of students in hostels

3.1.2.1 Delay in approval of additional seats by the Commissionerates

As per instructions of Commissioner, BCW, if additional seats were required over and above the sanctioned strength of school hostels, a report with justification for seeking additional seats should be submitted to the BCW and MBCW Commissionerates on or before 5th of July. Audit noticed that, during 2012-15, DBCOs of two test-checked districts *viz.*, Dharmapuri and Pudukottai sought (either in August or in September of each year) additional seats from the Commissionerates for filling up of 1,357 seats (Dharmapuri: 180 + Pudukottai: 1,177) and Commissionerates approved[4] (between September and November) the additional seats. Thus, during 2012-15 admissions against additional seats in school hostels took place belatedly with delays ranging from two to three months year after year and defeated the objective of providing food and accommodation facilities free of cost in time to the eligible school students.

3.1.2.2 Sanction of additional seats resulted in overcrowding of hostels

Apart from the delay in sanction of additional seats as discussed in the preceding paragraph 3.1.2.1, the impact of sanction of additional seats in two test-checked hostels of Pudukottai District is discussed below:

The original sanctioned strength in 33 out of 73 hostels in the district was increased permanently from 1,855 seats to 2,380 seats (by 210 seats in November 2008 and by 315 seats in August 2009) by GoTN. Further, based on recommendations of DBCOs, additional seats were sanctioned by District Collectors and Commissionerates on temporary basis year after year. The resultant admissions against additional seats are as detailed in **Table 3.1**.

Table 3.1: Details of overcrowding in two test-checked hostels in Pudukottai district

Sl. No.	Name of the hostel	Original SS	Revised SS	Students admitted in hostels during			Area (in sq.m)	
				2012-13	2013-14	2014-15	R	A
1	BC school Boys Hostel, Keeranur	55	70	102 (146)	96 (137)	103 (147)	652	465
2	BC school Boys Hostel, Karambakudi	50	65	72 (111)	75 (115)	71 (109)	605	223

SS: Sanctioned Strength; R: Requirement as per norms for the revised SS; A: Actually available

Figures in brackets indicate percentage of admission vis-à-vis revised sanctioned strength

Source: Compiled from details obtained from the department

4 Two hundred and fifty two additional seats in September 2012; 955 additional seats in October 2012, 2013 and 2014 and 150 additional seats in November 2014

As seen from **Table 3.1**, during 2012-15, sanction of additional seats had resulted in overcrowding in the two school hostels and deprived students of an environment that was conducive to learning. Besides this, the overcrowding also resulted in inadequate basic facilities as discussed in paragraph 3.1.4.1.

3.1.3 Construction of Hostel buildings

Hostels with space and other infrastructural facilities as per norms are crucial for providing an atmosphere conducive to pursue studies unhindered. As per norms prescribed (February 2002) by GoTN, the plinth area for hostels with capacity of 50 students was 465.39 sq.m. As on 31 March 2015, 1,301 BC, MBC and DNC welfare hostels with sanctioned strength of 81,064 seats were maintained in the State. Of these 1,128 were functioning in Government's own buildings and the remaining 173 were operating from rented buildings. Construction of hostel buildings and their maintenance and repairs were carried out through the Public Works Department (PWD).

The Department had taken up construction of 44[5] hostel buildings during the period 2012-15 at a total cost of ₹ 36.78 crore in the four test-checked districts. Of these, 23 were completed (March 2015) and construction of remaining buildings was in progress. Results of test-check of records in this regard revealed the following:

3.1.3.1 Hostels functioning either by sharing accommodation with another hostel or in rented building

As per Government policy (2001-02), welfare hostels were to function from own buildings. Scrutiny of records in the test-checked districts revealed that welfare hostels functioned either by sharing accommodation with another hostel or in rented buildings resulting in hardship to students due to insufficient living space and basic facilities like bathrooms and toilets as discussed below:

Chennai District: Out of 12 hostels in this district for college students, four hostels shared accommodation with four other hostels, three hostels functioned in separate rented buildings and one hostel functioned independently in own building as detailed in **Table 3.2**.

[5] Twenty seven new buildings sanctioned during 2012-15 and 17 buildings sanctioned prior to 2012

Table 3.2: Details of hostels sharing accommodation and in rented buildings in Chennai district

Sl. No.	Name of the college hostel	Own/ rented/ shared accommodation	San-ctioned strength	Admitted strength	Plinth area (sq.m.)	Available basic facility	
			2012-15	2014-15		Bathroom	Toilet
1	BC Boys Hostel, Chennai	Shared with Sl. No. 2 since 2011-12	100	85	..	6 (40)	6 (40)
2	BC Boys Hostel, Thirunagar	Own	145	85	668.90		
3	BC Boys Hostel, Saidapet (new)	Shared with Sl. No. 4 since 2005-06	85	85	..	6 (27)	7 (27)
4	MBC Boys Hostel, Choolaimedu	Own	75	75	465.39		
5	MBC Girls Hostel-II, Chennai	Shared with Sl. No. 6 since 2011-12	100	100	..	11(30)	8 (30)
6	BC Girls Hostel, Chepauk (new)	Own	80	80	465.39		
7	BC Boys Hostel, Saidapet (old)	Shared with Sl. No. 8 since 2010-11	140	62	..	8 (40)	7 (40)
8	MBC ITI Boys Hostel, Veperi	Own	105	94	622.45		
9	BC Boys Hostel Mylapore (new)	Rented	75	62	234.95	4 (13)	7 (13)
10	BC Boys Hostel, Mylapore (old)*	Rented	175	62	291.09	6 (29)	7 (29)
11	MBC Girls Hostel-I, Mannadi	Rented	100	100	316.98	5 (17)	5 (17)
12	BC Girls Hostel, Chepauk (old)	Own	90	90	465.39	14(15)	10(15)

* As the building housing the hostel was found unsafe, it was vacated and the students shifted (July 2015) to hostel at serial number 9

Figures in brackets indicate the requirement of bathrooms/toilets as per norms

Source: Compiled from details obtained from the department

Audit scrutiny in this regard revealed that

- Government sanctioned (July 2005) ₹ 31.50 lakh for hostel at serial number 10 of **Table 3.2** and ₹ 1.45 crore (November 2013) for each hostel building for hostels at serial numbers 1 and 9 of **Table 3.2** for construction of new buildings. However, site measuring 3,750 sq. m. was identified and handed over to PWD (April 2015) for construction of three buildings for these hostels. Subsequently, the District Administration and PWD proposed construction of a multi-storeyed building in the identified site to accommodate students of all the above three hostels, which was under examination. Thus, work had not commenced even after nearly 10 years in the case of one hostel and nearly two years in respect of two other hostels (September 2015) due to delay in handing over of site and in taking a decision on construction of hostel building.

- Similarly, though Government sanctioned (November 2013) ₹ 1.45 crore for each hostel for construction of new buildings for two girls' hostels at serial numbers 5 and 11 of **Table 3.2**, work had not commenced even after nearly two years, as transfer proposal for the identified land was under consideration of the Government (September 2015).

- In respect of BC boys hostel, Saidapet (new), which shared accommodation with another hostel since 2005-06**,** though proposal for land transfer was sent (December 2014) to Commissioner of Land Administration (CLA), approval was awaited (September 2015).
- For BC boys hostel, Saidapet (old)**,** whose building and land were taken over (December 2010) for Chennai Metro Rail Project, a site belonging to PWD was identified (July 2015) after more than four years and proposal was sent to CLA (September 2015) for which consent was awaited.

Pudukottai District: BC school boys hostel at Karambakudi in Pudukottai District was functioning since 1981 in a rented building (with plinth area of 223 sq. m.) with sanctioned strength of 65 seats and admitted strength of 72, 75 and 71 in 2012-13, 2013-14 and 2014-15 respectively. To construct a building for the hostel, site was identified (in 2011) and funds amounting to ₹ 66.78 lakh were sanctioned (June 2012) by GoTN. However, as the identified site was found unsuitable, a new site was identified (January 2015) and handed over to PWD (January 2015). Revised estimate was sent (June 2015) to Government for revised administrative approval which was awaited (September 2015).

Madurai District: BC college Girls hostel at Sathamangalam in Madurai District shared accommodation (since 1997) with BC school Girls hostel functioning in Government owned building with plinth area of 297 sq. m. The combined sanctioned strength of the two hostels was 100 seats (50 in each hostel) requiring a plinth area of 1,231 sq. m. Though accommodation was shared by 96 students[6], no action was taken by DBCO for nearly 18 years to construct a separate building for BC College Girls hostel (September 2015). Besides overcrowding, there were inadequate basic facilities as discussed in paragraph 3.1.4.1.

As a result of delays in identification or finalisation of sites and consequent delays in commencement of construction of new hostel buildings, hostels in the above three districts continued to operate either from rented buildings or by sharing accommodation in own or rented buildings with lesser living space and reduced hostel facilities like bathrooms and toilets for periods ranging from 3 to 10 years (September 2015). In Chennai district, the delays had also resulted in non-utilisation of full sanctioned strength as brought out in paragraph 3.1.3.2.

3.1.3.2 Non-utilisation of the full sanctioned strength

The sanctioned strength of 12 hostels (1,270 seats) in Chennai District could not be fully utilised and 459, 388 and 222 seats remained vacant during 2012-13, 2013-14 and 2014-15 respectively. This was due to shortage of space mainly on account of sharing of accommodation by hostels as brought out in paragraph 3.1.3.1 and unsafe condition of a portion of the building in

[6] College hostel: 54 students and school hostel: 42 students admitted during 2014-15

one hostel[7] (with 117 seats unavailable for filling). In this regard, Audit noticed that 349, 191 and 193 applicants in these years, though eligible, were not admitted. DBCO also attributed (November 2014) constraints of space and basic amenities as the reason for non-utilisation of the full sanctioned strength of the district.

3.1.3.3 Delay in occupation of new hostel buildings

During 2012-15, PWD handed over 21 new hostel buildings (Dharmapuri: 13 buildings and Pudukottai: eight buildings) completed at a cost of ₹ 13.89 crore to the department. However, these buildings were occupied belatedly after a delay of upto six months in respect of 10 buildings and upto 15 months in respect of 11 buildings.

As a result, 1,299 hostel students accommodated either in community hall/cyclone centre (three hostels) or in rented buildings (18 hostels) were deprived of improved facilities for 2 to 15 months besides avoidable payment of rent of ₹ 5.37 lakh for 16 hostels.

3.1.4 Maintenance of Hostels

GoTN provides funds in the annual budget for periodical maintenance of hostel buildings and the Commissioners of BCW and MBCW recommend priority list of works in this regard to the Engineer-in-Chief, PWD based on the priority list submitted by the DBCOs and JD-KR along with rough cost estimates obtained from field officers of PWD.

3.1.4.1 Provision of amenities in Hostels

Inadequate provision of toilets and bathrooms

As per norms prescribed by GoTN (February 2002), the State PWD provides for one bathroom and one toilet per six hostellers. However, due to functioning of hostels by sharing of accommodation with another hostel and in rented building there was shortfall in availability of number of bathrooms and toilets. The shortfall of bathrooms and toilets as of 2014-15 as worked out in Audit (July 2015) ranged between 5 and 21 and 4 and 20 respectively in nine hostels as detailed in **Appendix 3.1**.

Inadequate provision of other amenities

Similarly, inadequate provision of water supply arrangements and other facilities in two test-checked hostels was also noticed during joint inspection by Audit (March-April 2015) as discussed below:

- In BC school boys hostel, Keeranur, Pudukottai District, DBCO and other district level officers during inspections (between August 2013 and March 2015), pointed out non-availability of water supply in the existing borewell. Despite sanction (October 2013) of ₹ 5 lakh for carrying out water supply arrangements (₹ 1 lakh) and other works

[7] Housing one hostel *viz.*, BC college boys hostel, Choolaimedu @ Mylapore (old)

(₹ 4 lakh), Audit noticed (March 2015) that piped water supply was not available in bathrooms and toilets, due to non-functioning of motor pump. In reply, DBCO, Pudukottai stated that funds sanctioned during 2013-14 were utilised for carrying out civil works. Thus, the water supply problem in the hostel persisted even after more than two years (September 2015).

- Special Deputy Collector, Madurai, during inspection of hostel, suggested (February 2013) drilling of an additional bore well in MBC school boys hostel, Sedapatti, Madurai District, to overcome inadequate water level and Commissioner, MBCW sanctioned ₹ 2.30 lakh (October 2013) to PWD for water supply arrangements with instructions to complete the work within one month. However, the work had not commenced even after nearly two years (September 2015).

3.1.4.2 Non-provision of prescribed quantity of food to hostel students

Test check of records for rice and vegetables provided to students in two randomly selected months in each year (*viz.*, August and February) during 2012-15 in five hostels revealed that quantity of rice and vegetables actually provided was below the norms prescribed by GoTN (September 2011) as detailed in **Table 3.3**.

Table 3.3: Details of rice and vegetables provided to hostel students during 2012-15

Name of the test-checked District	Category of Hostel	Rice provided per month per student (in kg)			Vegetables provided per month per student (in kg)		
		Norm	Actual	Shortage	Norm	Actual	Shortage
Dharmapuri	School	15	10.77	4.23	5	3.09	1.91
Pudukottai	School	15	12.51	2.49	5	5.04	..
Chennai	College	18	8.04	9.96	6	4.97	1.03
Madurai	School	15	13.90	1.10	5	5.10	..
Madurai	College	18	15.52	2.48	6	6.14	..

Source: Compiled by Audit from details obtained from the department

As seen from **Table 3.3** while vegetables were supplied as per norms except in test-checked hostels in Dharmapuri and Chennai Districts, there was shortfall in rice provided to students which ranged between 1.10 kg and 9.96 kg per month per student in all the test-checked hostels. In reply while DBCO, Dharmapuri stated (May 2015) that instructions had been issued to all wardens and matrons to provide rice and vegetables as per norms, no reply was furnished by the other DBCOs. Further, Mess Committee comprising of hostel warden, one secretary and two members selected by students from among the inmates as directed (March 2012) by GoTN was not formed in 13 out of 21 test-checked hostels during 2012-15.

3.1.4.3 Shortfall in conducting medical camps in hostels

As per GoTN instructions (July 2007), hostels should conduct three medical camps in a year[8] to monitor the health of students. Details obtained from 21 test-checked hostels showed that during 2012-15, the shortfall in conducting medical camps ranged from 46 to 78 *per cent*. Further, no medical camp was organised in thirteen, six and four hostels during 2012-13, 2013-14 and 2014-15 respectively.

3.1.5 Manpower

Adequate manpower is one of the pre-requisites for proper functioning of hostels. The men-in-position in the test-checked districts during 2012-15 was as detailed in **Table 3.4**.

Table 3.4: Details of vacancies in test-checked districts during 2012-15

Year	Name of the post								
	Warden/Matron			Cook/Assistant Cook			Sanitary Worker*		
	S	A	V	S	A	V	S	A	V
2012-13	175	163	12	321	295	26	171	..	171
2013-14	174	156	18	332	304	28	171	..	171
2014-15	180	156	24	336	283	53	171	26	145

(S: Sanction; A: Actual; V: Vacancy)

* Including 163 sanitary worker posts created in June 2012

Source: Information furnished by the department

During 2012-15, the percentage of vacancies in the post of Warden/Matron ranged between 7 and 13. Audit noticed that despite instructions of Commissioner, BCW (August 2010) that wardens/matrons had to reside in the same town where the hostel is located, DBCOs of two test-checked districts entrusted additional charge of four hostels (in Madurai) and five hostels (in Pudukottai) to wardens who were holding regular charge of four and five other hostels respectively for a continuous period of more than six months during August 2013 to March 2015.

Similarly, the percentage of vacancies in the post of Cook/Assistant Cook ranged between 8 and 16 during 2012-15. Audit noticed that in five test-checked hostels[9] as against two sanctioned posts of cook, only one cook was available in each hostel during 2013-15 resulting in hardship to the sole incumbent cook *viz.*, handling of heavy vessels, while cooking and serving food.

In respect of the post of Sanitary Workers, the percentage of vacancies ranged between 85 and 100 during 2012-15. Audit, however, noticed that in the test-checked districts all the posts sanctioned for Chennai (8 numbers) and

8 In three phases i.e. July, October and January of the academic year

9 DNC school boys, Kulamangalam, Pudukottai; MBC school boys, Harur, Dharmapuri; MBC school boys, Sedapatti, Madurai and Kallar college girls Moonrumavadi and Kallar school boys, K. Perumalpatti, JD-KR, Madurai

Dharmapuri (51 numbers) remained vacant (April 2015), whereas in Madurai and Pudukottai 19 out of 32 and 46 out of 72 posts respectively were not filled up (September 2015). In Chennai and Dharmapuri Districts, despite receipt (March and June 2013 respectively) of list of eligible candidates from the District Employment Officer, no interview was conducted to fill up the posts. While DBCO, Chennai attributed (June 2015) non-filling up of post to administrative reasons, DBCO, Madurai stated (April 2015) that action would be taken to fill up the posts early.

3.1.6 Monitoring

3.1.6.1 Shortfall in conducting inspection of hostels

As per instructions (October 2009) of Commissioner, MBCW the hostel inspection team comprising of district level officers not below the rank of Deputy Collectors with the District Collector, as Chairman was to look into maintenance of hostels, supply of food at prescribed scale and its quality and number of students available by conducting inspection of hostels at least once a month. Accordingly, all DBCOs were also instructed (August 2010 and May 2012) by Commissioner, BCW. Audit, however, noticed that during 2012-15, in the 21 test-checked hostels the shortfall in inspections conducted by DBCOs and other nominated officers ranged from 22 to 92 *per cent*, indicating poor monitoring of hostels, by district level officers.

3.1.7 Conclusion

There were delays in admitting school students to hostels against additional seats. Sanction of additional seats and sharing of accommodation by more than one hostel in the same building resulted in overcrowding in these hostels, besides inadequate availability of bathrooms, toilets and other amenities. Construction of newly sanctioned buildings for hostels was not commenced due to delay in identification of site and indecisiveness. Vacancies in key posts in hostels remained unfilled. Shortfall in conducting medical camps and hostel inspections was also noticed.

The matter was referred to Government in August 2015; reply has not been received (December 2015).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Provision of medical facilities at secondary care hospitals under DMRHS

3.2.1 Introduction

The Public Health facilities and Health Services play key roles in improving the health status of the population in the State and operate at three levels, Primary, Secondary and Tertiary. The Primary level network of Primary Health Centres and Health Sub-Centres offer Preventive, Curative and Rehabilitative services essentially to the rural population. A variety of hospitals operate at the Secondary level, *viz.*, Non-Taluk Hospitals (NTKH), Taluk Hospitals (TKH) and District Headquarters Hospitals (DHQH), which serve as Referral facilities besides offering Curative and Medical Speciality Services. Teaching hospitals including a handful of speciality hospitals at the tertiary level are the higher level medical institutions.

The Secretary, Health and Family Welfare Department heads the Department at Government level. The Director of Medical and Rural Health Services (DMRHS) is the administrative head for Secondary Care Hospitals in the State. At the district level, the Joint Directors of Health Services (JDHS) functioning under DMRHS, co-ordinate and implement various health programmes.

In order to assess whether necessary infrastructure facilities like buildings, medical equipment, beds, blood banks etc., were provided and adequate number of medical and para-medical personnel were posted and deployed effectively, records relating to provision of medical facilities in secondary care hospitals were examined during March to June 2015 at Secretariat, DMRHS and at secondary care hospitals at district level, by selecting three out of 31 districts (except Chennai). Further, records of 19 hospitals[10] selected through random sampling method were test-checked covering the period from 2012-13 to 2014-15. Audit findings are discussed below:

Audit findings

3.2.2 Infrastructure

As per Indian Public Health Standards (IPHS) guidelines, the size of a hospital is derived from number of beds required. Further, the area will include the service areas such as waiting space, entrance hall, hospital service buildings and essential staff residences in the hospital premises.

Scrutiny of records relating to provision of infrastructure facilities in test-checked hospitals disclosed the following:

3.2.2.1 Deficiencies in hospital buildings

In 19 test-checked hospitals, the availability of buildings required for out-patients, in-patients, operation theatre, diagnostic laboratory and mortuary facility, etc., was examined and following deficiencies were noticed.

- JDHS, Vellore informed (May 2014) DMRHS that the 30 bedded in-patient (IP) (female) ward in Government (Non-Taluk) Hospital, Pernambut, Vellore District was functioning in a 60 years old building which had developed cracks and lost structural stability. Assistant

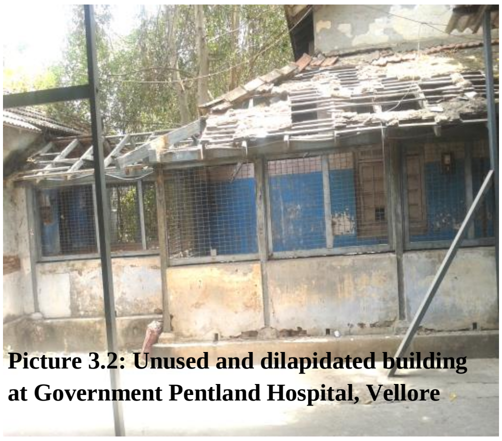
[10] **Erode District**: Erode (DHQH), Bhavani (TKH), Gobichettipalayam (TKH), Anthiyur (NTKH), Kavinthapadi (NTKH); **Vellore District**: Walajapet (DHQH), Ambur (TKH), Arcot (TKH), Gudiyatham (TKH), Pentland (TKH), Pernambut (NTKH), Sholingar (NTKH); **Virudhunagar District**: Virudhunagar (DHQH), Aruppukottai (TKH), Rajapalayam (TKH), Sathur (TKH), Sivakasi (TKH), Tiruthangal (NTKH), Watrap (NTKH)

Executive Engineer, PWD, Vellore also certified (May 2013) that the building was in a dilapidated condition and unfit to accommodate in-patients in the building. Hence, all the in-patients of the 30 bedded hospital having 45 in-patients were shifted (January 2014) to another building in the hospital with 20 beds by placing the beds close to each other. Thus the patients were susceptible to infection. During joint inspection with hospital officials, it was noticed that the hospital was overcrowded and some of the patients were allotted beds which were placed in the verandah of the hospital (**Picture 3.1**). Though a proposal for construction of a male and female ward in the first floor of another building[11] inside the hospital campus at a cost of ₹ 1.93 crore was sent (August 2013) to DMRHS seeking funds for the year 2014-15, the approval for construction of building was not received till the date of audit. The DMRHS stated (October 2015) that the proposal for construction of additional building for the hospital has been submitted (July 2014) to Mission Director, National Rural Health Mission and orders for the same were awaited.

Picture 3.1: Placing of beds at the Verandah at Government Non Taluk Hospital, Pernambut

- As per IPHS, the old and dilapidated buildings which pose threat to public are to be demolished and constructed anew. As per Paragraph 260 (a) of Tamil Nadu Public Works Department Code, every public building borne on the PWD registers should be carefully examined once every year by the officers of the PWD in respect of the soundness or otherwise of the roof and floor, timbers in the buildings and in respect of their general conditions.

It was noticed that the Government Pentland Hospital, Vellore was functioning from November 2007 as a 100 bedded hospital under the control of Directorate of Medical Education. Subsequently it was converted as Taluk Hospital from January 2012 and transferred to the control of DMRHS. Out of the 44 buildings available within the premises of the Taluk Hospital, 23 buildings were kept unused from 2005, which included 11 buildings in dilapidated condition **(Picture 3.2).**



Picture 3.2: Unused and dilapidated building at Government Pentland Hospital, Vellore

11 Constructed under National Rural Health Mission funds

However, demolition of the dilapidated buildings was not taken up with PWD till the date of audit. On this being pointed out by audit, the hospital addressed (April 2015) PWD regarding the structural stability of the unused buildings.

3.2.2.2 Operation theatres

Operation theatres not used for want of specialist Doctors

In 18 out of the 19 test-checked hospitals, a minimum of one General operation theatre (OT) was available and the OT in NTKH, Thiruthangal was under construction. Deficiencies noticed in the functioning of OTs are discussed below.

Scrutiny of records of TKH, Ambur revealed that the General OT in the hospital constructed in 1975 was kept unutilised from January 2013 due to non-availability of specialist Doctors *viz.*, Obstetrics and Gynaecology Specialist (DGO) and Anaesthetist. As the two posts of DGO were vacant for the past five years and the post of Anaesthetist was lying vacant from August 2013, 113 Outpatient (OP) cases were referred to other hospitals for want of DGO, 180 OP cases and 185 Inpatient (IP) cases were also referred to other hospitals for want of Anaesthetist during the period from 2012-13 to 2014-15. Similarly, in respect of NTKH, Kavinthapadi, the OT was not utilised from July 2014 due to non availability of specialist Doctors *viz*., General Surgeon, DGO and Anaesthetist.

3.2.2.3 Mortuary facilities

As per IPHS norms, the mortuaries in the district hospitals should be provided with air conditioned post mortem room and a separate room for body storage should be provided with two deep freezers for preserving the body. Similarly, at least cold chamber for preservation of two bodies should be installed in sub-district hospitals.

Scrutiny of records revealed the following.

- In Pentland Hospital, Vellore, mortuary was not available and the cases were being referred to Vellore Medical College Hospital and in NTKH, Tiruthangal, the hospital building with provision for mortuary was under construction.
- In non-taluk hospital Kavinthapadi, the mortuary building constructed in 1994 at a cost of ₹ 2 lakh was kept idle from November 2005, as post mortems were not done due to public objection towards mixing of post-mortem waste in the open drainage on the road.
- Cold storage facilities were not available in 17 out of 19 test-checked hospitals where mortuary buildings were available, even though a total

number of 6,410[12] dead bodies were kept in mortuaries of 16 hospitals during the period 2012-15.

- In three[13] taluk and five[14] non-taluk hospitals cold chamber or even two body freezer box facility was not available indicating non-adherence to IPHS norms.

3.2.2.4 Bed strength in hospitals

In 12 out of 19 test-checked hospitals, audit noticed that effective bed strength was over and above the sanctioned bed strength of the hospitals and ranged from 8 to 79 *per cent* as depicted in **Table 3.5** below.

Table 3.5: Details of sanctioned bed strength and effective bed strength in test-checked hospitals

Sl. No.	Hospital	Sanctioned bed strength	Effective bed strength	Effective bed strength in excess of sanctioned bed strength (In *per cent*)
1.	Virudhunagar	330	393	19
2.	Walajapet	84	150	79
3.	Pentland, Vellore	100	110	10
4.	Ambur	115	140	22
5.	Gudiyatham	130	190	46
6.	Bhavani	102	156	53
7.	Gobichettipalayam	150	229	53
8.	Sathur	84	100	19
9.	Rajapalayam	164	202	23
10.	Aruppukottai	276	297	8
11.	Pernambut	30	45	50
12.	Anthiyur	58	67	16

Source: Based on particulars furnished by the hospitals

Though DHQH, Walajapet addressed (January 2015) JDHS, Vellore for sanction of adequate basic facilities for the excess bed strength, no action was taken so far (October 2015). The remaining 11 hospitals had not even addressed the authorities concerned requiring additional facilities for the excess bed strength.

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District	2012-13	2013-14	2014-15	Total
Vellore (6)	575	612	709	**1,896**
Erode (4)	982	879	863	**2,724**
Virudhunagar (6)	563	575	652	**1,790**
Total (16)	**2,120**	**2,066**	**2,224**	**6,410**

13 Arcot, Bhavani and Sivakasi

14 Anthiyur, Kavinthapadi, Pernambut, Tiruthangal and Watrap

DMRHS replied (August 2015) that Government intends to provide quality medical facilities with the available space to the maximum patients who attend the hospitals and Government is aware of space constraints in hospital buildings and provision of sufficient space for beds. However, the reply was silent on any action plan for providing basic facilities to the excess bed strength operated by the hospitals.

3.2.3 Medical Equipment

Medical equipment constitutes an integral part of diagnostic and treatment procedure in hospitals.

3.2.3.1 Non-installation/idling of X-ray machines

Audit scrutiny revealed that there was idling/non-installation of equipment in the test-checked hospitals as discussed below.

- The Dental X-ray unit was transferred (September 2013) from NTKH, Watrap to DHQH Virudhunagar and the same was not put to use for want of Dental X-ray films in both the hospitals.
- In TKH, Ambur, the Adonis 300 MA X-ray unit purchased (October 2004) was non-functional since July 2009.
- In 15 out of 19 test-checked hospitals, the Cryotheraphy equipment was not used due to non-availability of trained Doctors (eight hospitals), nitrogen leakage (four hospitals) and no cases requiring treatment with this equipment (three hospitals).

3.2.3.2 Safety measures in X-ray centres

As per Atomic Energy Act, 1962 read in conjunction with the Rules all persons who operate the medical diagnostic X-ray equipment for medical diagnosis have to register with Atomic Energy Regulatory Board (AERB) who issues licence to the Registrant. The registrant is responsible for installation of medical diagnostic equipment *viz*., X-Ray machine, C.T. Scanner and MRI Scanner in the location with appropriate shielding and ensuring continued radiation surveillance of all persons involved in the operation of those equipment.

Audit noticed that 18 out of 19 test-checked hospitals offered X-ray services. However, in 15 out of 18 hospitals, X-ray machines were operated without obtaining Certificate of Registration from the AERB, in contravention of the Rules.

- As per AERB norms, hospitals have to provide Thermo Luminescence Dosimeter (TLD) film badges to personnel working with X-ray unit, which is a protective device indicating permissible radiation levels. Audit noticed that the technicians manning the X-ray unit in eight out of 18 test-checked hospitals were not provided with TLD film badges in violation of provisions. In the absence of Certificate of Registration and provision of TLD film badges, audit could not obtain reasonable assurance that patients and technicians were not being exposed to more than permissible radiation levels.

3.2.4 Speciality Services

3.2.4.1 Blood storage facilities

As per IPHS norms, blood storage facility is one of the essential services to be provided in District and Sub-district hospitals. In 19 test-checked hospitals blood storage facilities were available in 13 hospitals. However, Audit scrutiny of records revealed the following deficiencies.

Non-availability of blood storage facilities

- There was no blood storage facility in TKH, Sathur and in five NTKH *viz*., Pernambut, Anthiyur, Kavinthapadi, Watrap and Thiruthangal. In respect of NTKHs, Pernambut, Anthiyur and Watrap, 70, 56 and 35 cases respectively were referred to other hospitals during 2012-15, due to non-availability of blood storage facility. Thus, the first referral units without blood storage facilities in the above test-checked taluk and non-taluk hospitals failed to ensure rapid and safe delivery of whole blood in an emergency.

Licence to operate blood bank/storage

As per Drugs and Cosmetics Act, 1940, licence to operate a blood bank for collection, storage and processing of whole blood are required to be obtained from State Drug Controller, which has to be approved by the Drug Controller (India), Central Licensing Approving Authority, New Delhi and renewed periodically.

- Out of the three DHQH test-checked, two DHQH *viz*., Erode and Virudhunagar did not get the licence renewed though they had applied for renewal of licence which expired in September 2014 and January 2012 respectively and these DHQHs continued collections, storage and issue of blood till the date of audit (June 2015).
- Two out of 10 taluk hospitals test-checked *viz.,* Ambur and Gobichettipalayam were functioning without getting their licence renewed though their licences expired in June 2013 and December 2011 respectively. These hospitals had applied for renewal of licence and approval was awaited (July 2015).

3.2.5 Manpower

Quality health care services largely depends on the adequacy of manpower i.e., Doctors, Nurses and Paramedical staff in hospitals. IPHS recommends minimum essential manpower separately for Doctors, Nurses, Paramedical staff, etc., based on the bed strength of the District hospitals and Sub-district hospitals (TKH/NTKH). Details of sanctioned bed strength and staff strength as per IPHS norms, men-in-position and percentage of shortage in 19 test-checked hospitals as of March 2015 are given in **Appendix 3.2**.

Though there was no shortage of Doctors in TKH Gudiyatham and TKH Gopichettipalayam and Nurses in TKH Sivakasi, shortages of Doctors, Nurses and Paramedical Staff were noticed in the test-checked hospitals as discussed below.

- The shortage of Doctors ranged from 10 to 38 *per cent* in respect of three test-checked DHQH, 29 to 58 *per cent* in respect of 8 out of 10 test-checked TKHs and 54 to 85 *per cent* in respect of six test-checked NTKHs.
- The shortage of Nurses ranged from 38 to 59 *per cent* in respect of three test-checked DHQH, 9 to 71 *per cent* in respect of 9 out of 10 test-checked TKHs and 43 to 78 *per cent* in respect of six test-checked NTKHs.
- The shortage of Paramedical staff ranged from 25 to 42 *per cent* in respect of three test-checked DHQH, 24 to 79 *per cent* in respect of 10 test-checked TKHs and 63 to 85 *per cent* in respect of six test-checked NTKHs.

Even though the test-checked hospitals had furnished the details of men-in-position and vacancies in the Institutional Services Monitoring Report (ISMR) to DMRHS every month, the posts were not filled till date of audit.

3.2.5.1 Diversion of specialist Doctors to other hospitals

Audit noticed that during 2012-15, in eight out of the 19 test-checked hospitals, specialist Doctors were diverted in 22 instances for periods ranging from 6 to 54 months (**Appendix 3.3**) resulting in denial of adequate specialised services to the needy patients in the parent hospital of these Doctors.

3.2.5.2 Non availability of specialist posts

Government sanctioned (July 2012) a post of Plastic Surgeon to the newly sanctioned Modern Burns Unit at Government Taluk Hospital, Sivakasi to reconstruct post burn wounds and scars and facial reconstruction due to burns. Government also specifically ordered that the post was not to be redeployed to any other unit/hospital. However, it was noticed that Plastic Surgeon posted (November 2012) in TKH, Sivakasi was transferred (March 2013) to Thoothukudi Medical College Hospital by Director of Medical Education in violation of Government orders and the post was vacant for more than two years. Due to non-availability of specialist post of Plastic Surgeon during 2012-15, a total of 58 cases were referred to Government Rajaji Hospital (GRH), Madurai. The Medical Officer of the hospital stated (June 2015) that the patients with large scars and big contractures are referred to GRH, Madurai. The hospital also stated that the demand of a plastic surgeon could not be met, so far.

In Taluk Hospital, Arcot out of the two DGO posts sanctioned, services of one DGO was diverted to Pentland Hospital, Vellore from June 2012 to April 2013 and from May 2013 to DHQH, Walajapet. The other DGO was diverted to GH, Cheyyar from December 2014 to till date. Thus, the services of two DGOs was not made available to the public which resulted in referral of 54 maternity cases to other hospitals during the above period.

In the DHQH, Walajapet, out of the two sanctioned posts of Ophthalmologists, one incumbent was diverted (December 2012) to Non-taluk Hospital, Kalavai and another incumbent who was posted in June 2014 also went on unauthorised absence from September 2014. Though a total number of 5,016, 5,299 and 5,500 OP cases with eye problems were attended by the Ophthalmic Assistant during the years 2012-13, 2013-14 and 2014-15 respectively, 336 cases requiring cataract surgery during 2012-15 were taken to Taluk Hospital, Arcot for surgery, thereby causing hardship to the patients.

Out of the three test-checked DHQHs which were provided with CT scan facility, in respect of DHQH, Virudhunagar and Walajapet, though a total of 14,686 and 863 CT scan tests were taken respectively for the period 2012-15, the reports were being handed over to patients on sending the films/reports to Radiologist available in Government Taluk Hospital (GTH), Tirupathur (in respect of DHQH, Walajapet) and GTH, Aruppukottai (in respect of DHQH, Virudhunagar). Though the Managing Director, Tamil Nadu Medical Services Corporation Limited requested (August 2014) DMRHS to provide Radiologists to the hospitals with CT scan facility to overcome the problem, no action was taken till the date of audit.

3.2.6 Conclusion

Inadequate infrastructure facilities were noticed in NTKH, Pernambut and Operation Theatres were not used for want of specialist Doctors in two hospitals. In 12 test-checked hospitals, the bed strength was over and above the sanctioned strength requiring additional facilities. Non-installation/idling of equipment was noticed in test-checked hospitals. Blood storage facilities were not available in hospitals leading to referral of cases to other hospitals. Shortage/diversion of manpower was noticed in hospitals and the percentage of shortfall of Doctors, Nurses and Paramedical staff was significant.

The matter was referred to Government in August 2015; reply has not been received (December 2015).

SPECIAL PROGRAMME IMPLEMENTATION DEPARTMENT

3.3 Free Distribution of laptop computers to students of Government/Government aided Schools and Colleges

3.3.1 Introduction

Government of Tamil Nadu introduced (June 2011) the scheme of 'Free distribution of laptop computers' to students studying in Government and Government aided Higher Secondary schools (for students studying in plus two) and colleges, in the State to facilitate them in acquiring better computer skills. The Electronics Corporation of Tamil Nadu (ELCOT) was entrusted with the task of procuring laptop computers under the scheme. The Directorate of Technical Education (DoTE), Directorate of School Education (DSE) and Directorate of Collegiate Education (DCE) were to prepare the list of schools and colleges under their control along with number of students and furnish the details to ELCOT. Based on the consignee list given to the selected suppliers by ELCOT, laptop computers were to be distributed to the institutions and the Heads of institutions were to disburse the laptop computers to students.

During 2011-15, out of ₹ 3,231.75 crore allotted, ₹ 3,231.74 crore was spent on procurement of 21,90,683 laptop computers, out of which 21,69,196 laptop computers were distributed to students, leaving 21,487 laptop computers available in the districts.

Audit was conducted between February and June 2015 to assess whether the laptop computers were distributed in time to all eligible beneficiaries and whether adequate support services were provided for usage of the laptop computers. Records for the period 2011-12 to 2014-15 were test checked in the Department, DSE, DCE, DOTE and the three[15] District Collectorates (out of total 32 districts in the State), 42 out of 147 schools, six out of seven Engineering Colleges, seven out of 44 Arts and Science Colleges and six out of 24 Polytechnic Colleges in the selected districts. Audit findings are given below.

Audit Findings

3.3.2 Distribution of laptop computers

3.3.2.1 Delay in distribution of laptop computers

The guidelines on the scheme provided a schedule according to which students studying in a particular year of a course were to be provided laptop computers in 2011-12, 2012-13 and 2013-14.

15 Chennai, Coimbatore and Tiruchirappalli

However, it was seen that 5,400 students in 33 test-checked schools were distributed laptop computers two to twelve months after the end of the academic year (month of March) for the year 2012-13. Similarly, 5,882 students of 36 schools were distributed laptop computers two to seven months after the end of the academic year for the year 2013-14, as detailed in **Table 3.6**.

Table 3.6: Delay in distribution of laptop computers to students

Name of the District/Year	2012-13			2013-14		
	No. of schools	No. of students	Period of delay	No. of schools	No. of students	Period of delay
Chennai	13	2,299	2 to 4 months	13	2,341	2 to 3 months
Coimbatore	10	1,559	8 to 12 months	13	1,951	4 to 7 months
Tiruchirappalli	10	1,542	2 to 4 months	10	1,590	2 to 3 months
Total	**33**	**5,400**	**2 to 12 months**	**36**	**5,882**	**2 to 7 months**

It was noticed that the purchase orders were placed by ELCOT between November 2011 and October 2012 for 2011-12, February 2013 and July 2013 for 2012-13 and in May 2014 for 2013-14. The belated finalisation of the suppliers led to distribution of laptop computers to students at the fag end of the academic year or after the academic year came to a close.

ELCOT attributed (June 2015) delays in 2011-12 and 2012-13 to inability to import Hard Disk Drives (HDD) by the suppliers, due to flood in Thailand, which is the major source of supply of HDD used in laptop computers. The delay in 2013-14 was attributed to delay in finalisation of the suppliers and the operation of model code of conduct for the 2014 General Elections.

However, it was noticed that funds were released to ELCOT belatedly, during October 2011 to March 2013 for the year 2011-12; during April 2013 to March 2014 for the year 2012-13 and during May 2014 to October 2014 for the year 2014-15, which could also be attributed to delayed distribution of laptop computers to students.

3.3.2.2 Distribution of laptop computers to students studying in self-financing courses

The scheme guidelines (August 2011) provided for supply of laptop computers to students of Government and Government aided schools and colleges in the State. The Principal Secretary to Government, Special Programme Implementation Department (SPID) in reply to a paragraph[16] which was included in Audit Report 2013-14, pointing out avoidable expenditure on supply of laptop computers to students studying in self financing stream in

16 Included as Paragraph 3.4.5 of the CAG's Audit Report for the year ended March 2014 – General and Social Sector – Government of Tamil Nadu

Government aided schools, stated (August 2014) that only students studying in aided sections were eligible to get the laptop computers and that laptop computers were inadvertently given to the students studying in the self-financed sections of the partially aided schools.

Scrutiny of records relating to test-checked colleges showed that 1,61,359 laptop computers costing ₹ 242.30 crore were distributed to students studying in self financing courses in Government aided Arts and Science Colleges, Engineering Colleges and Polytechnic Colleges, who were ineligible, as detailed in **Table 3.7**.

Table 3.7: Laptop computers distributed to ineligible students of self-financing courses

Category of Institution	Number of laptop computers distributed			Cost of laptop computers (₹ in Crore)
	2011-12	2012-13	2013-14	
Arts & Science Colleges	84,365	41,672	Nil	187.56
Engineering Colleges	5,519	5,398	Nil	16.75
Polytechnic Colleges	10,449	9,838	4,118	37.99
Total	**1,00,333**	**56,908**	**4,118**	**242.30**

This had resulted in irregular expenditure of ₹ 242.30 crore. This was brought to the notice of SPID (June 2015) and reply in this regard is awaited (September 2015).

3.3.2.3 Theft of laptop computers

The guidelines on the scheme (August 2011) provided that each institution should identify and earmark proper storage space in their respective institution for the safe keeping of the laptop computers till these are distributed to the students.

However, it was noticed that 724 laptop computers were lost due to theft (upto September 2015) in schools. Of these 128 were found and in respect of 38 laptop computers, ₹ 5.70 lakh has been recovered from the officials concerned and credited to Government account. The remaining 558 laptop computers in respect of which First Information Reports (FIRs) were lodged with the Police, were yet to be traced or the cost recovered from the officials concerned, as detailed in **Table 3.8**.

Table 3.8: Theft of laptop computers in schools

Year	No. of laptop computers lost in theft	No. of laptop computers retrieved	Cost of laptop computers recovered (₹)
2011-12	237	30	3,89,035
2012-13	239	54	1,80,688
2013-14	165	44	Nil
2014-15	83	Nil	Nil
Total	**724**	**128**	**5,69,723**

Similarly, in respect of Arts and Science colleges 14 laptop computers distributed to the colleges for the years 2012-14, were yet to be traced (October 2015). The theft of laptop computers indicated lacuna in safe storage in schools and colleges.

3.3.2.4 Students left out of the scheme

Under this scheme, the students studying in Government and Government aided Schools, Arts and Science Colleges, Engineering Colleges and Polytechnic Colleges are eligible. These students were to be covered as in **Table 3.9**.

Table 3.9: Plan of coverage of students under the scheme

Year	Schools	Arts / Science Colleges	Engineering Colleges	Polytechnics
2011-12	Plus Two(12th Standard)	1st & 3rd year Students	2nd & 4th year Students	1st & 3rd year Students
2012-13	Plus Two (12th Standard)	3rd year Students	2nd & 4th year Students	1st & 3rd year Students
2013-14	Plus Two (12th Standard)	----	----	1st year Students

Though Government decided to provide laptop computers free of cost to all students studying in Government/Government Aided Schools and Colleges, students studying in the following courses in Government/Government Aided Colleges were omitted to be covered under the scheme.

- First year students of Arts & Science Colleges and Engineering Colleges admitted in 2012-13 and who studied plus two in private schools, prior to joining the college, were not covered under the scheme. The details in respect of test-checked institutions are furnished in **Table 3.10**.

Table 3.10: First year students not covered under the scheme

Name of the Institution	Number of students not covered
PSG College of Technology, Coimbatore	874
Government Arts College, Coimbatore	353
Bishop Heber College, Tiruchirappalli	54
Presidency College, Chennai	124
Loyola College, Chennai	218
Ethiraj College, Chennai	416
Government College of Engineering, Chennai	571
Total	**2,610**

- Five hundred and ten Students of lateral entry admitted directly in second year of three test-checked Polytechnic Colleges in 2011-12, 2012-13 and 2013-14 were not covered under the scheme.

- Science graduate students of Engineering Colleges were not covered under the scheme. In the test-checked Coimbatore District, it was noticed that 157 students of B.Sc. Applied Sciences course, who studied during 2011-15 in PSG College of Technology, Coimbatore were not covered under the scheme. It was noticed from the records of the College that the Principal of the College had intimated to the Commissioner of Technical Education in November 2012, the details of students of B.Sc programmes in the College, for distribution of laptop computer. In reply to audit, the Principal of the College stated (May 2015) that no free laptop computers were sanctioned and received from DoTE, Chennai for the B.Sc Applied Science students and hence these students were not provided with laptop computers.

3.3.3 Finance

3.3.3.1 Non-remittance of liquidated damages to Government Account

As per the contract entered into with the suppliers of laptop computers, liquidated damages were to be levied on the supplier, in the event of non-fulfillment of delivery schedule, at the rate of one *per cent* per week on the value of the undelivered quantity of the order, subject to a maximum of five *per cent* of the undelivered quantity. The conditions also stipulate that the amount on liquidated damages would be automatically deducted from the bills submitted by the supplier to ELCOT.

It was noticed that ELCOT had deducted ₹ 71.32 crore from the suppliers, due to delay in supply of laptop computers under Phases II (2012-13) and III (2013-14). However, the amount collected has been retained in ELCOT account instead of remitting into Government account.

The Government in Finance Department informed (October 2015) ELCOT that liquidated damages recovered from the suppliers of laptop computers had to be remitted to Government along with interest thereon and requested to remit the retained liquidated damages amounting to ₹ 74.51 crore, along with interest thereon, to the Government.

3.3.4 Conclusion

The laptop computers were distributed belatedly to students after the close of the academic year, due to delayed release of funds to ELCOT. Laptop computers were distributed to students studying in self financing courses in Government Aided colleges, though they were not eligible under the scheme. There were losses due to theft in schools and colleges, which indicated lacuna in safe storage of laptop computers.

The matter was referred to Government in July 2015; reply has not been received (December 2015).

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

3.4 Information Technology Audit on Computerised Billing and Collection in Chennai Metropolitan Water Supply and Sewerage Board

3.4.1 Introduction

Chennai Metropolitan Water Supply and Sewerage Board (Board) caters to the growing needs of water supply and sewerage services in Chennai Municipal Corporation (CMC). The Board migrated to a new computerised system called "Enterprise Resource Planning" (ERP) in April 2004 at a total cost of ₹ 9.63 crore from its earlier stand-alone Unix/COBOL Systems. ERP system was rolled out in February 2007 after providing necessary infrastructure and connectivity. 'Billing and Collection' was one of the computerised activities. In July 2011, due to expansion of city limits, 42 local bodies[17] got merged with CMC and the number of Area Offices and Depots increased from 10 to 15 and 161 to 200 respectively. As of now, there are 11.5 lakh assessees in Chennai including added areas under the Board's jurisdiction. The Board collects Water Tax (WT) at seven *per cent* of the Annual Value (AV) of properties in respect of core CMC area and 23.33 *per cent* of property tax collected by CMC in respect of added areas. Water Charges (WC) are collected for properties provided with water connections at different rates for domestic and non-domestic purposes in core areas and in respect of added areas, the rates at which WC were collected by the erstwhile local bodies before merger are continued to be collected by the Board.

In paragraph 1.4.9 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2010 - Civil - Tamil Nadu, short assessments and short raising of demands due to incorrect classification of properties, non-collection of WT, adoption of lower AV, non-updation of the Board's database and non-raising of demands for metered connections leading to loss of revenue to the Board were pointed out. The Audit findings were not taken up for discussion by the Committee on Public Undertakings as of November 2015. However, the Board, in its explanatory notes on the audit findings submitted (May 2013) to Government, stated that in respect of cases pointed out by Audit, necessary corrective measures were taken by the Board by raising demands, updation of its database and integration of New Water Connection system with the ERP system.

[17] Nine Municipalities, eight Town Panchayats and 25 Village Panchayats

In order to ensure whether recurrence of such deficiencies was actually prevented in the present Billing and Collection Module of the ERP system of the Board, data relating to the period from 1 April 2010 to 31 March 2015 were examined in Audit. The audit findings revealed that the deficiencies still persist in the Billing and Collection Module of the ERP system. The findings are given below.

Audit findings

3.4.2 Short assessment of WT due to incorrect adoption of AV

The Board obtains periodically data from CMC in respect of all new properties and those properties which underwent AV revisions. CMC data are used for updating the Board's database. Audit found that AV of properties in the Board's database was lower than AV in CMC database in 40,372 cases[18] (37,627 in added areas and 2,745 cases in core areas). The short raising of demand for WT in 2,745 cases in core areas[19] worked out to ₹ 7.56 crore (calculated for the period from their respective effective half-year upto second half-year of 2014-15).

It was also found that in 671 cases in added areas, WT collected was not based on property tax records as available in CMC's database. There was short raising of demand of ₹ 2.27 crore in added areas (671 cases) for the period from respective effective half-years[20] upto second half-year of 2014-15, due to non-updation of property tax in the Board's database.

Audit test checked records of Zone VIII of CMC and made a comparison of the Board's database with CMC's web portal. It was noticed that there were 387 cases of new assessments and 51 cases of AV change as per the data obtained from web portal of CMC, while only 335 and 36 cases were updated respectively in the Board's database in February and March 2015. This could be attributed to the fact that AV updation was carried out by the Board only if there was upward revision of AV as per CMC data. The updation is to be carried out for all cases irrespective of difference in AV being lower or higher. However, the software was designed to carry out the updation only in respect of cases where new AV of CMC is higher and the Board's AV is equal to old AV of CMC. Failing to update the lower AV cases would result in their non-updation in future also and the cases would remain unreconciled between CMC and the Board's database, which would defeat the very purpose of updation of database.

Government replied (November 2015) that out of 2,745 cases pointed out by audit in core areas, demands for WT amounting to ₹ 4.38 crore in respect of

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18 Cases where difference in AV was lesser than ₹ 100 were not taken into account

19 In core areas, the WT is calculated based on the AV assessed by CMC *viz.* @ 7 *per cent* of AV per annum

20 In respect of added areas, the effective half-year has been reckoned from first half-year of 2011 considering the fact that these areas have been merged with CMC in that year

2,488 cases were raised and the remaining 257 cases were under verification. In respect of added areas, Government stated that the demands were raised for the first time from 2nd half year of 2014-15 in 644 cases to the tune of ₹ 1.25 crore and remaining 27 cases were under verification.

3.4.3 Incomplete data transfer of 'Live' properties - Short assessment of WT

It is imperative that WT is to be paid in respect of all properties that are 'live' in the data of CMC. Analysis of data revealed that 9,425 consumers in core areas and 17,266 consumers in added areas existed in CMC's database but not in the Board's database. This omission of records in the Board's database led to short assessment of WT amounting to ₹ 21.82 crore in core areas and ₹ 1.67 crore in added areas. This indicated deficiencies in the existing internal control for ensuring completeness in transfer of data from CMC.

Government replied (November 2015) that out of 9,425 cases pointed out by audit, demands were raised for 6,489 cases for ₹ 17.43 crore and remaining 2,936 cases were found to be inactive either requiring verification or clarification. Further, out of 17,266 cases in added areas, demands were raised for 17,136 cases amounting to ₹ 3.88 crore and in respect of 130 cases, demands could not be raised due to non-availability of street names and codes.

3.4.4 Mismatch of consumer numbers between CMC's database and the Board's database

The Board adopted CMC number for assessing WT and WC. However, data analysis showed that there were several 'live' assessees in the Board's database which could not be directly linked to CMC's database through their consumer numbers as their consumer numbers adopted in the Board's database were different from those in CMC's database. As a result, updates of AVs relating to these properties could not flow to the Board's data in the existing arrangement.

On examination of database, Audit found that 35,011 consumers (Consumer Number with 13 digits) existed in the Board's database without corresponding records in CMC's database. This could be attributed to the fact that the consumer number in CMC's database would have undergone change due to reallocation of Division within the same area and this was not updated in the Board's database. Hence, in these cases, the Board's AV cannot be updated on par with CMC's AV due to non-matching of consumer numbers, which would result in financial implications.

Government replied (November 2015) that the mismatch of consumer numbers between CMC's database and the Board's database for 35,011 cases pointed out by audit in current database needed reconciliation with CMC.

3.4.5 Billing of consumers with temporary numbers – Non-updation of data from CMC

Whenever a new water connection is given to a property yet to be assessed by CMC, a temporary number is assigned by the Board for identification based on which WC are collected till the property is regularly assessed and a permanent consumer number is assigned by CMC.

Analysis of data relating to 2010-14 disclosed that in 495 cases, even after one year from the date of provision of water connections, the temporary numbers in the Board's database were not substituted with regular CMC numbers assigned by CMC. This would result in non-updation of data in case of change in AV for these properties in future. Though the Information Technology Department of the Board generates such cases and forwards the same to Area Offices for assigning permanent number of CMC, due to lack of proper monitoring at the Head Office level, temporary numbers continue to exist in the system.

Government replied (November 2015) that for exempted properties, CMC numbers assigned by CMC were continued and for properties not assessed by CMC, temporary numbers assigned by the Board were continued. Hence, to overcome the difference between the database of CMC and the Board, it has been decided to share the Board's new water and sewer connection database with CMC for early assessment and easy correlation of data.

3.4.6 Incorrect classification of property – Short assessment of WC

Water charges are lower for domestic properties and higher for commercial and industrial properties. Though data on usage was available with CMC, the Board adopted its own methodology for assessing the same. A comparison between master database available in the Billing and Collection system of the Board and CMC's data obtained by the Board for periodical updation of master data, revealed that in 6,778 cases, the category was "domestic" in the Board's database, whereas the same was "commercial/mixed" in CMC's database. This resulted in loss of revenue of ₹ 15.47 crore upto second half-year of 2014-15.

Government replied (November 2015) that out of 6,778 cases pointed out by audit, the changes were effected and demands raised (for six half-years as per convention for omission cases) for 5,135 cases for an amount of ₹ 2.79 crore and that the remaining 1,643 cases were under verification.

3.4.7 Non-collection of WT due from regular assesses paying WC

On examination of the data it was found that in 10,831 cases, demands for WC were raised but not for WT, though these properties were not exempted from payment of WT. These 10,831 cases were compared with CMC's database and it was found that there were 1,324 cases in core areas. This resulted in non-raising of WT demands to the tune of ₹ 3.38 crore in respect of 1,324 water connections for the period from their respective effective half-year up to second half-year of 2014-15.

Government replied (November 2015) that the 1,324 cases pointed out by audit would be verified and reply furnished on completion of field verification.

3.4.8 Non-raising of demands in respect of metered connections

For properties with metered connections, the Board raises demands for WC monthly based on meter readings. Examination of the data with reference to Demand table revealed the following discrepancies:

(i) In 6,617 instances, no demand for WC was raised for "metered connections". Though these consumers were given connections, WC demands for these consumers were not available in the Billing and Collection Demand table. The details are given in **Table 3.11.**

Table 3.11: Non-raising of demands for metered connections

Category	No. of Connections	Sum of months due	Rate per month (in ₹)	Quantum of demand not raised (in ₹)
Commercial Others-MS	582	13,554	650	88,10,100
Domestic-MS	4,879	1,00,596	50	50,29,800
Partly Commercial-MS	1,156	29,748	150	44,62,200
Total	**6,617**			**1,83,02,100**

Source: Analysis of data furnished by the Board

(ii) In 249 cases, WC demands were raised belatedly resulting in loss of revenue of ₹ 4.18 lakh exclusive of surcharges.

(iii) In 131 cases, though WC demands were raised, the demands were not generated periodically (monthly) and hence, there were missing demands for intervening months resulting in loss of revenue of ₹ 2.38 crore exclusive of surcharges.

(iv) In 2,174 cases (with regular CMC numbers), WC demands were not generated from certain periods till March 2015. The omission resulted in loss of revenue of ₹ 14.92 crore exclusive of surcharges.

These types of discrepancies could have been avoided by the Board by incorporating suitable controls in the system.

Government replied (November 2015) that in respect of 6,617 cases pointed out by audit relating to non-raising of demands for metered connections, though it was marked as "metered" at the time of giving water connections, meters were not fixed. Hence, action has been taken to raise demand for WC at 'flat rate'. In respect of 131 cases relating to missing demands for metered connections, Government stated that one demand for ₹ 1.62 crore relating to Tamil Nadu Slum Clearance Board tenements was compensated by

Government by way of 100 *per cent* grant and the remaining 130 cases were under verification. Further, it was stated that out of 2,174 cases relating to demands not generated for certain periods, demands were raised for 1,515 consumers for an amount of ₹ 53 lakh and in respect of remaining 659 cases action was being taken.

3.4.9 Non-raising of demands for WC for unmetered connections

On scrutiny of new water connections data pertaining to the period 2010-15 with Demand table in Billing and Collection Module, audit found that details of rates and demands for WC were not available in the Demand table in respect of 3,275 unmetered connections. Category-wise connections are summarised **in Table 3.12.**

Table 3.12: Details not available in the demand table

Category	Number of Connections	Sum of months	Rate (in ₹)	Aggregate demands not raised (in ₹)
Commercial Others-F-UM	13	372	650	2,41,800
Domestic-F-UM	3,201	93,102	50	46,55,100
Government Hospital-F-UM	1	24	200	4,800
Non Water Intensive - F-UM	8	168	400	67,200
Partly Commercial-F-UM	52	1,314	150	1,97,100
Total	**3,275**			**51,66,000**

Source: Analysis of data furnished by the Board

Thus, the application software did not have the validation control to ensure that demands were raised for the all the new water connections from the date of connection though New Water Connection system was integrated with the ERP.

Government replied (November 2015) that action would be taken to verify and raise demands for 3,275 unmetered connections. Further, it was stated that the water and sewer connection module was integrated with the billing and collection module with validation controls and hence the water and sewer charges demand would be automatically raised on entering the date of connection.

3.4.10 Acceptance of multiple applications for New Water Connection from same applicant

Any misrepresentation in the information regarding the "category" and the "area" of the building furnished by applicant, found during field inspection by the Board officials, attracts additional charges and penalty (equal to twice the difference amount). In the application software, provision is available to collect such amount as additional charges and penalty.

Examination of all the new water connections for the period 2014-15 disclosed that out of 11,912 applications for new connection, in 16 instances more than one application was entertained from the same applicant with changes in information under category/area. For instance, an applicant applied for a new water connection declaring it as "economically weaker section"[21], for which he needs to pay ₹ 100 only. On inspection, if it was found by the Board that the declared plinth area was more and hence the applicant had to pay the regular charge of ₹ 5,000 for new connection as additional amount plus penalty amount of ₹ 5,000 (Total due ₹ 10,000) for wrong declaration.

Further, on scrutiny of the new water connections[22] for the period pertaining to 2011-15, out of 60,507 applications for new connection, in 26 combined applications (sewer and water) and 6 applications for water connection, the connection to the premises was established without levying penalty for the properties in which deviations were done.

Audit observed that absence of validation control in the application software entertains multiple applications for new connections from the same applicant having the same CMC number.

Government replied (November 2015) that a control mechanism was being introduced in the software to block duplicate registration and display warning message. Further, new item "levy of additional amount and penalty" for additional dwelling units was being added in the ERP system to avoid the random usage of the terminology "building under deviation".

3.4.11 Conclusion

Audit examination of data for the period 2010-15 pertaining to Billing and Collection Module of the ERP system of the Board revealed short assessments of WT/WC due to incorrect adoption of AV, incomplete data transfer of "Live" properties, incorrect classification of property, category mismatch between New Water Connection system and Billing and Collection module and discrepancies in raising of demands in respect of metered connections. Based on the observations of audit, the Board has taken remedial action by raising demands amounting to ₹ 30.26 crore.

[21] Economically Weaker Section – The building should be exclusively used for domestic purpose and built-up area should not exceed 500 Sq.ft.

[22] Separate application software was developed for handling New Water/Sewer Connections and integrated with Billing and Collection module of the ERP system.

3.5 Unfruitful expenditure

HIGHER EDUCATION DEPARTMENT

3.5.1 Unfruitful expenditure under Tele-education project

Failure of the University of Madras to identify suitable personnel to operate and maintain the Virtual University Programme and the Tele-education project created at a cost of ₹ 4.91 crore resulted in idling of the equipment besides non-achievement of objective of tele-education.

For setting up of a Virtual University (a) by connecting Universities of Madras, Calcutta and Bombay to offer joint degree programmes, PG programmes, Ph.D. programmes through knowledge sharing among the faculties and students, (b) to enhance the present Distance Education system using the state-of-the-art Tele-education facilities to its affiliated colleges and learning centres through Tele-Education Network, the University of Madras (University) allotted ₹ 6.50 crore[23] for the project from the grant received from GoI. Telecommunications Consultants India Limited, New Delhi (TCIL), a Government of India enterprise, was appointed by the GoI as the implementing agency for the above project. Accordingly, the University entered into an agreement with TCIL in January 2008 for establishment of Virtual University-Tele-education Project for completion within a period of nine months from the date of receipt of first instalment i.e. January 2009.

The project could not be completed in time due to various constraints and was finally completed on 09 February 2011. As a result, only 15 Tele-education sessions were delivered to students upto 6 February 2012 at 10 remote colleges/campuses. Thereafter, no programmes were conducted.

Audit scrutiny (May 2014) revealed that the Syndicate in its meeting held on 12 June 2009 approved creation of various posts[24], which were not filled so far. Due to this, TCIL provided operational support services for the project from February 2011 to December 2012. The Expert Committee of the University, in its meeting held on 16 August 2012, discussed the issue and considering the high cost charged by TCIL for providing operational personnel, resolved to train the University staff to run the programme. Though three University staff were trained by TCIL for three months for operational support services, these officials left the University without any notice thereby rendering the project non-functional.

Audit scrutiny further revealed that as against the claim of ₹ 5.70 crore an amount of ₹ 4.91 crore was paid to TCIL including service charges. It was noticed from the report of the Co-ordinator of the Tele-education project that in five out of the ten remote locations/colleges where the equipment were

23 June 2005 : ₹ 2 crore, November 2005 : ₹ 3 crore and September 2006 : ₹ 1.50 crore

24 Director, Systems Manager, Data Processing Manager, Technical Officer, Assistant Technical Officer, Technical Assistant and Technician

installed (Cost: ₹ 66.03 lakh) most of the equipment was either not in working condition or treated as e-waste. In one college, most of the equipment was reported stolen. Though an interim report on status of the Virtual University was submitted (April 2014) by the Co-ordinator stating lack of staff, technological obsolescence and poor maintenance of equipment and systems as primary reasons for inactivity of the Virtual University, no action was taken by the University (May 2015).

Thus, lack of planning and failure of the University to address various issues resulted in idling of the equipment worth ₹ 4.91 crore, besides non achievement of the objective of tele-education.

The Registrar, in reply (August 2015) stated that interference due to weather conditions and rain had a big impact on the services. Obstructions in the line of sight like tall buildings and structure developments also came between the source and destination. The performance degraded slowly and finally there was a complete loss of wireless signal. As connectivity between the remote locations degraded slowly due to technical malfunction of WiMax[25] equipment, the programme was not conducted further. It was further stated that to restore the activities, the University was taking necessary steps for implementation of 16 Mbps leased line circuit from BSNL. Fresh recruitment was also being considered for the posts of Web and Content Administrator, Assistant System Administrator and Programme and Data Integrator to continue the session from this year onwards.

The reply is not tenable, as the above factors should have been taken into account at the initial stage itself. Effective action was not taken by the University for appointment of suitable technical staff for day to day operation and maintenance of equipment which resulted in unfruitful expenditure of ₹ 4.91 crore incurred under the project.

The matter was referred to Government in June 2015; reply has not been received (December 2015).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.5.2 Unfruitful expenditure on strengthening of pharmacies

Buildings for pharmacies attached to two Hospitals of Indian Medicine, constructed at a cost of ₹ 1.65 crore could not be put to use for four and five years respectively, due to non-procurement of equipment despite availability of funds.

Based on the Detailed Project Report (DPR) submitted (February 2008) by the Principal Secretary & Director, Indian Medicine & Homoeopathy, GoTN, GoI sanctioned (February 2008) ₹ 1.50 crore (₹ 85 lakh towards construction of building and ₹ 65 lakh towards purchase of machinery and equipment) for strengthening of Pharmacy at Arignar Anna Government Hospital of Indian

[25] WiMax: Worldwide Interoperability for Microwave access

Medicine, Arumbakkam, Chennai (AAGHIM) under the Centrally Sponsored Scheme for Quality Control of Ayurvedic, Siddha, Unani and Homoeopathy drugs during 2007-08.

Scrutiny of records (September 2014) in the AAGHIM and the Commissionerate of Indian Medicine and Homeopathy (CIMH) revealed the following:

Initially, the Superintendent, AAGHIM intimated (May 2008) the requirement of a building along with site location details to PWD with a request to furnish a plan and estimate for construction of building for pharmacy. The site was, however, changed (July 2008) in view of the non-feasibility of constructing additional buildings over and above the existing building. Accordingly, the Superintendent, AAGHIM submitted (March 2009) a revised proposal on requirement of buildings to PWD with request to provide plan and estimate for the construction of building for pharmacy attached to AAGHIM, which was furnished by PWD in May 2009.

CIMH approved the Plan and estimate of the building and sanctioned (October 2009) ₹ 85 lakh towards construction to the Executive Engineer (EE), PWD, Buildings Construction Division III, Chennai and the amount was released in December 2009. The building was constructed at a cost of ₹ 85 lakh and handed over to the AAGHIM in September 2011, after three and a half years from the date of sanction of funds by GoI, mainly due to lack of planning in selection of the site and the consequent delay in preparation of plan and estimate. Even after completion, the building could not be put to use (June 2015), due to non-procurement of machinery and equipment despite availability of funds.

Though the Superintendent, AAGHIM submitted (July 2008) proposal for procurement of machinery and equipment for ₹ 65 lakh to CIMH, funds were released to Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited (TAMPCOL)[26] only in January 2014. However, all the required machinery and equipment were not procured. The Finance Advisor and Chief Accounts Officer, CIMH attributed (July 2015) the delay to vacancy in the post of Superintendent from 2008.

Similarly, GoI sanctioned (February 2008) ₹ 1.20 crore for strengthening of Pharmacy (₹ 80 lakh for construction of building and ₹ 40 lakh for machinery and equipment) at Government Siddha Medical College (GSMC), Palayamkottai, Tirunelveli District under the same Centrally Sponsored Scheme. The CIMH accorded administrative sanction and disbursed (June 2008) ₹ 80 lakh to EE, PWD, Buildings Construction Division, Tirunelveli towards construction of building for pharmacy. Though the building was completed in March 2010, funds (₹ 40 lakh) were released to TAMPCOL towards procurement of equipment only in October 2014, after delay of four

[26] A GoTN Undertaking nominated as an exclusive Nodal Agency for procurement and supply of all kinds of instruments, machineries and equipment etc., for Indian System of Medicine Institutions functioning under the control of CIMH

years. As of September 2015, only tenders had been called for and procurement was yet to be made. The building could not be put to use (June 2015), due to non-procurement of machinery and equipment.

Thus, buildings for pharmacies attached to the two Hospitals of Indian Medicine, constructed at a cost of ₹ 1.65 crore, could not be put to use for four and five years respectively, due to non-procurement of equipment despite availability of funds.

In reply, the Principal Secretary & CIMH stated (July 2015) that the building constructed for pharmacy attached to AAGHIM was being used for storing and packing of drugs, production of drugs with existing equipment and also for taking classes for students. He further added that 75 *per cent* of the machinery required for pharmacy attached to AAGHIM was supplied and installed. It was also stated that the building constructed for GSMC, Palayamkottai was being used by the pharmacy for drying medicines and also for preservation with existing equipment.

The reply is not tenable, in view of the fact that the buildings were not utilised for the envisaged purposes.

3.6 Avoidable expenditure

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6.1 Unintended benefit to insurance company

Failure on the part of Tamil Nadu Health Systems Society to include a saving clause in the agreement for adjusting the excess premium paid under CMCHIS resulted in unintended benefit of ₹ 7.11 crore to the insurance company.

GoTN launched (July 2011) "Chief Minister's Comprehensive Health Insurance Scheme" (CMCHIS), by terminating the then existing health insurance scheme implemented during February 2009 to May 2011, for providing affordable and quality health services to the people.

The Tamil Nadu Health Systems Society (TNHSS), a society registered under the Tamil Nadu Societies Registration Act, 1975, was designated as the implementing agency for the scheme. The entire cost of the premium would be borne by the State Government on behalf of the beneficiaries. The Project Director, TNHSS was to float the tender as per the Tamil Nadu Transparency in Tenders Act 1998 and the Rules framed thereunder.

TNHSS invited tenders in November 2011 and United India Insurance Company (Company) was selected as the successful bidder. An agreement was entered into with the Company (December 2011) to implement the scheme for a period of four years from 11 January 2012. The annual premium payable to the company by TNHSS was approved by State Empowered Committee constituted (July 2011) under the chairpersonship of Chief

Secretary to GoTN as ₹ 497 plus applicable Service Tax per family for medical benefits.

As per clause 4 (d) of the agreement, GoTN provided basic details of eligible person and his or her family members to be covered under the scheme *viz*., numbering about 1.34 crore[27] families (approximately) to the insurance company immediately after the award of tender. The names of eligible persons and his or her families not included in the list should be enrolled and health insurance identity cards issued to them. The premium was to be paid every year in four quarterly instalments.

Scrutiny of records revealed that GoTN provided basic details of 1.34 crore families to the insurance company for coverage under the new scheme based on the database of earlier scheme. Accordingly, TNHSS paid ₹ 183.64 crore[28] as first quarter insurance premium to the company on 9 January 2012 for 1.34 crore families.

However, the insurance company finally issued 1.29 crore health cards to families which were found eligible under the scheme. Since the GoTN had made payment for first quarter based on 1.34 crore families, it requested for refund of excess premium paid from the insurance company, which was not agreed to by the company in the absence of enabling clause in the agreement regarding refund and as the first premium payment was based on data furnished by the Department as per tender/agreement condition.

Thus, failure of GoTN to provide the correct basic details of eligible families and non-incorporation of suitable clause for adjustment of excess payment of premium resulted in avoidable excess payment of ₹ 7.11 crore[29] besides undue benefit to the insurance company.

Government, in reply, stated (December 2015) that the families in the database were treated under the scheme even without the smart card and the treatment was given based on the ration card and income certificate issued by Village Administrative Officer. The reply is not tenable as the TNHSS, while implementing the previous insurance scheme during February 2009 to May 2011 included a saving clause wherein it was stated that if the list of eligible persons given by the Government in the first quarter was less than 100 lakh families, the excess premium paid would be adjusted in the next quarter. Further, reply on treatment given to families based on ration card etc., cannot be accepted in the absence of data in support of treatment given to such

27 Based on the available database pertaining to an earlier Insurance scheme implemented during 2009-11

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Premium @ ₹ 497 for 1.34 crore families per annum	:	₹ 665.98	crore
First quarterly premium (25 *per cent*)	:	₹ 166.49	crore
Service Tax @ 10.3 *per cent*	:	₹ 17.15	crore
Total	**:**	**₹ 183.64**	**crore**

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1,34,00,000 – 1,28,81,404 = 5,18,596 families x ₹ 497÷4	=	₹ 6,44,35,553
Service tax @ 10.3 *per cent*	=	₹ 66,36,862
Total		**₹ 7,10,72,415**
		or ₹ 7.11 crore

families. Thus, non-provision of similar saving clause in the conditions of current agreement resulted in an unintended benefit to the insurance company to the tune of ₹ 7.11 crore including service tax for the first quarter of first policy year.

CO-OPERATION, FOOD AND CONSUMER PROTECTION DEPARTMENT

3.6.2 Avoidable liability due to retention of high cost borrowings in District Central Co-operative Banks

Failure of the Department to restrict release and retention of higher cost borrowings in current account of District Central Co-operative Banks of the concerned districts resulted in avoidable liability of ₹ 1.82 crore to Government.

According to Article 210 A of the Tamil Nadu Financial Code Volume 1, only so much of the grant should be paid during any financial year as is likely to be expended during the year. Release of grant should be regulated based on the utilisation of grant for that purpose. GoTN implements the Integrated Co-operative Development Project (ICDP), a Central Sector Scheme, through the National Co-operative Development Corporation (NCDC). The project is implemented in the selected districts[30] over a period of five years as per the terms and conditions specified by NCDC. NCDC extends assistance to implement ICDP in a selected district based on detailed project report (DPR)[31], keeping in view the local resources and requirements. The Project is implemented by a Project Implementation Agency (PIA) generally the District Central Co-operative Bank (DCCB). To assist the DCCB in project Implementation, a Project Implementation Team (PIT) is constituted by PIA at the District level to implement the scheme of various sub-projects for the societies, assess the society-wise infrastructural and other requirements and provide assistance accordingly.

NCDC funds the ICD Projects through State Government under two heads *viz.*, loan for creation of infrastructure facilities such as godowns, banking counter, transport vehicles, small processing units, etc., strengthening of share capital/ providing margin money for augmenting the business of the societies and subsidy for project implementation, manpower development and training, monitoring and incentives. The loan component was to be repaid with interest at the NCDC rate ranging from 7.5 to 12.5 *per cent* with a moratorium of upto three years. Initially funds for the ICDP were provided by the GoTN every year from the budget, splitting the loan component and share capital assistance extended by NCDC, requiring Registrar of Co-operative Societies (RCS) to

[30] Project period: 2010-15 – Dindigul, Sivagangai and Tirunelveli districts; 2011-16 – Nagapattinam and Vellore districts

[31] The project report is prepared by a multi-disciplinary group of the State Government or by an outside consultancy organisation identified for the purpose

draw the bill and transfer the funds to the Tamil Nadu State Co-operative Bank (Apex Bank), which in turn, will transfer the funds to DCCB of the concerned district. Subsequently the released amount of ICDP is reimbursed by NCDC.

Audit scrutiny of records (July 2014) in the Office of Registrar of Co-operative Societies, Chennai revealed that GoTN sanctioned (2010-15) and released an amount of ₹ 100.51 crore[32] upto January 2015 to Dindigul, Sivagangai and Tirunelveli districts. Further, GoTN sanctioned (2011-16) and released ₹ 70.06 crore[33] upto January 2015 to Nagapattinam and Vellore districts. Assistance was to be released to co-operative societies for various sub-projects as proposed in the macro plan based on their request. Though DCCBs utilised ₹ 159.27 crore on implementation of sub-projects, they failed to refund ₹ 11.30 crore[34] to GoTN, resulting in retention of borrowed funds outside Government Account and avoidable payment of interest as Government is financing the societies under ICDP at higher interest compared to rate of market borrowings.

Audit scrutiny further revealed that data for the requirement of sub-projects by Co-operative Societies were collected and their requirement was ascertained during 2006-07. The project report was submitted to State Level Co-ordination Committee by the project consultant in May 2008. After obtaining the financial approval from NCDC, the scheme was started for implementation from 2011 onwards based on the requirement assessed in the year 2008 (i.e.) after considerable delay in preparation and submission of project Reports. The reasons attributed for not taking up the sub-projects by the societies was (a) the requirement of the co-operative societies were fulfilled by their Directorates through some other schemes during the time gap (proposals and release of funds under ICDP), (b) non-availability of site for construction of buildings, etc., (c) unwillingness of the societies and lack of infrastructure and other facilities to implement the sub-projects and their conditions were not sound enough to repay the loans and (d) in some of the societies the assistance was not required.

Thus, failure of the department to assess the actual requirement of the societies while preparing the DPR, to execute the sub-projects as per the macro plan and to restrict release and retention of higher cost borrowings in current account of DCCBs of the concerned districts resulted in avoidable liability of ₹ 1.82 crore[35] to Government.

While accepting the Audit observation, the Principal Secretary to Government, Co-operation, Food and Consumer Protection Department stated (September

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32 Dindigul: ₹ 30.86 crore, Sivagangai: ₹ 27.44 crore and Tirunelveli: ₹ 42.21 crore

33 Nagapattinam: ₹ 40.24 crore and Vellore: ₹ 29.82 crore

34 Dindigul: ₹ 0.95 crore, Nagapattinam: ₹ 5.41 crore, Sivagangai: ₹ 0.67 crore, Tirunelveli: ₹ 2.28 crore and Vellore: ₹ 1.99 crore.

35 Worked out based on average rate of Market borrowings at the rates 2010-11: 7.53 *per cent*, 2011-12 and 2012-13: 7.43 *per cent* and 2013-14: 7.90 *per cent*

2015) that since ICDP aims at equipping the co-operatives with need based requirement, identification of any infrastructure project and its execution has always been entangled with issues like land acquisition and the reasons for ICDP funds lying in each district is district specific, project specific, interdependent and correlated with all the sectors of the co-operatives with unique reasons of their own. However, "Investment Plan" has been proposed for new ICDP for approval of the Government. The reply is not tenable, since the project was implemented in the year 2011 based on the requirement assessed in the year 2008 which led to not taking up the sub-projects as proposed and the Department failed to assess the exact requirement of the co-operative societies and restrict release of funds.

3.7 Idle investment

HEALTH AND FAMILY WELFARE DEPARTMENT

3.7.1 Funds kept outside Government Account

Funds amounting to ₹ 7.36 crore provided for construction of masonry choolas in schools, for safe disposal of used sanitary napkins and installation of vending machines were kept idle outside Government Account for more than two years due to indecisiveness in finalising the implementing agency and the technology.

GoTN in Health and Family Welfare (H&FW) Department sanctioned (November 2011) ₹ 44.21 crore[36] for implementation of Menstrual Hygiene Programme (MHP), under which adolescent girls in rural areas, postnatal mothers who delivered in Government institutions and women prisoners were supplied with sanitary napkins free of cost. During 2011-15, an expenditure of ₹ 113.29 crore was incurred to procure and supply 11.99 crore sanitary napkins by Tamil Nadu Medical Services Corporation (TNMSC) to the Deputy Directors of Health Services for supply to the beneficiaries.

The total sanctioned amount included ₹ 8.45 crore for construction of masonry choolas (at ₹ 5,000 per unit) for safe disposal of used sanitary napkins and installation of vending machines (at ₹ 20,000 per unit) in 3,200 schools. GoTN also ordered that the District Collectors concerned would be provided with funds and they were the implementing agencies for construction of choolas and installation of vending machines through the Rural Development and Panchayat Raj (RD&PR) Department.

The Directorate of Public Health and Preventive Medicine (DPH&PM), with the permission of GoTN transferred (March 2012) ₹ 8.45 crore to the Personal Deposit (PD) Account of TNMSC. The Managing Director, TNMSC informed

[36] ₹ 30.72 crore for procurement of sanitary napkins; ₹ 0.78 crore towards transportation charges; ₹ 0.11 crore towards training; ₹ 4.10 crore for printing of Adolescent Health Cards; ₹ 8.45 crore for construction of masonry choolas and installation of vending machines; and ₹ 0.05 crore for IEC activities

DPH&PM (April 2012) that TNMSC did not have requisite manpower and facilities for taking up the construction of masonry choolas and requested entrustment of both the works to some other agency.

Based on a request (June 2012) from the Tamil Nadu Corporation for Development of Women (TNCDW), GoTN amended (February 2013) its earlier order issued in November 2011, nominating TNCDW as the implementing agency for construction of 3,200 masonry choolas at a cost of ₹ 6,000 per choola and providing that the excess cost would be adjusted with the available fund for the procurement of vending machines. Accordingly, TNMSC transferred (March 2013) ₹ 8.45 crore to TNCDW, which in turn, released (July 2013) ₹ 1.92 crore[37] to its 32 District Project Officers (DPOs) for construction of choolas.

Meanwhile, the Managing Director, TNCDW, based on representations made by the DPOs that the environment would be affected by use of choolas and that the adolescent girls were afraid of using choolas, sought permission (November 2013) from the Principal Secretary, H&FW Department for construction of incinerators instead of choolas. Subsequent to this, schools in Chennai Corporation, where incinerators were installed, were inspected (January 2015) by an expert team which concluded that choolas would be constructed, as the incinerators involved high cost, increase in electricity charges and requirement of separate manpower etc.

TNCDW reported (September 2015) to audit that out of ₹ 1.92 crore released to 32 districts for construction of 3,200 choolas for which Administrative Sanction was given, 954 choolas were constructed at a cost of ₹ 57.24 lakh in 19 districts. TNCDW also released (April 2015 and August 2015) ₹ 70 lakh[38] to the 32 DPOs for installation of 315 vending machines, out of which 260 vending machines had been installed at a cost of ₹ 52 lakh. Thus, ₹ 1.09 crore only had been utilised under the scheme leaving the balance amount of ₹ 5.83 crore in the savings bank account of TNCDW and ₹ 1.53 crore available with the DPOs concerned (August 2015).

Thus, indecisiveness in finalising the implementing agency and the technology to be adopted led to keeping of funds amounting to ₹ 8.45 crore in PD Account for one year and subsequently fund amounting to ₹ 7.36 crore remaining outside Government Account for more than two years besides non-achievement of the envisaged objective of safe disposal of used sanitary napkins in schools in 13 districts and partial achievement in 15 districts out of the total 32 districts[39] in the State.

When the matter was referred to Government, the Secretary, H&FW Department replied (August 2015) that delay in transferring the work from the

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[37] For 32 districts, 100 choolas per district and one choola at the rate of ₹ 6,000

[38] For 30 districts, five vending machines per district and for two districts, 100 vending machines per district, one vending machine costing ₹ 20,000

[39] Fully achieved in four districts *viz.* Coimbatore, Tiruppur, Villupuram and Virudhunagar

RD&PR Department to TNCDW was purely due to time taken for assessment of feasibility by the RD&PR Department.

The reply is not acceptable as feasibility and modalities of implementation of the programme were studied after sanction of funds by the Government which resulted in locking up of funds amounting to ₹ 7.36 crore, outside Government Account, for more than two years.

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

3.7.2 Non-construction of group houses for transgenders

Funds amounting to ₹ 1 crore provided for construction of group houses for transgenders were kept idle outside Government Account for more than five years, due to indecisiveness in fixing the unit cost of houses and poor monitoring.

GoTN approved a scheme of "Construction of Group Houses for transgenders" (Scheme) and sanctioned (March 2010) a sum of ₹ 1 crore[40] fixing the unit cost as ₹ 55,000 in line with that of the cost fixed for group houses under Indira Awaas Yojana (IAY) in 2009-10. GoTN instructed (March 2010) the Commissioner of Social Welfare (CSW) to construct the group houses through District Rural Development Agencies (DRDAs) initially for 182 transgenders who were issued free house site pattas in 10 districts. The funds sanctioned were disbursed (30 March 2010) to the respective District Collectors (who are also the Chairmen of DRDAs) who deposited the funds in Savings Bank Account operated separately for the scheme.

Scrutiny of records of Secretariat, Social Welfare and Nutritious Meal Programme Department and CSW revealed (July 2014) that District Collectors in two test-checked districts (Krishnagiri and Erode) sought (September and October 2010) enhancement of unit cost from ₹ 55,000 to ₹ 75,000[41] as the houses could not be constructed within the unit cost sanctioned for 2009-10. GoTN accordingly revised (February 2011) the unit cost to ₹ 75,000 and restricted the number of group houses to 133 in seven districts by reallocating (August 2011) ₹ 1 crore sanctioned earlier. Subsequently, after a lapse of nearly one year, District Social Welfare Officers (DSWOs) of Erode, Sivaganga and Thanjavur districts stated (June 2012) that due to higher unit cost[42] worked out by DRDAs concerned, the scheme could not be implemented. Thereafter, the Tamil Nadu Transgenders Welfare Board considering the plea of the District Administrations concerned, decided (August 2012) to seek ₹ 25,000 in addition to unit cost of ₹ 75,000 sanctioned by GoTN.

40 Unit Cost: ₹ 55,000 x Number of houses: 182 = ₹ 1,00,10,000

41 Revised cost fixed under IAY for 2010-11

42 Ranged between ₹ 1.58 lakh and ₹ 1.80 lakh

Based on this, CSW requested (May 2013) GoTN for additional funds of ₹ 33.25 lakh. Pending approval of this, CSW submitted (November 2014) revised proposal to GoTN for construction of houses for transgenders under the Chief Minister's Solar Powered Green House Scheme (CMSPGHS) and requested funds for incurring additional expenditure of ₹ 1.79 crore[43]. In the meantime, the Director of Rural Development and Panchayat Raj stated (March 2015) that construction of houses under CMSPGHS would be possible only if transgender beneficiaries contributed their share. GoTN is now exploring the possibility of constructing group houses for transgenders under IAY (March 2015).

Thus indecisiveness and poor monitoring on the part of the Department resulted in non-achievement of the objective of providing group houses to transgenders besides parking of ₹ 1 crore outside Government account for more than five years.

The matter was referred to Government in June 2015; reply has not been received (December 2015).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.7.3 Non-establishment of Trauma centre

The building constructed for Trauma centre at a cost of ₹ 77.20 lakh at Kanyakumari Medical College Hospital could not be put to use for more than three years.

GoI, under a Centrally Sponsored Scheme (Scheme) *viz.*, 'Assistance for capacity building' for developing a network of "Trauma centres" along the golden quadrilateral[44], sanctioned ₹ 9.63 crore (October 2008) to GoTN. GoI released (December 2008) ₹ 80 lakh for building/construction activities towards up-gradation and strengthening of emergency facilities i.e. Trauma centre – level II[45] at Kanyakumari Government Medical College Hospital (KGMCH) for different approved components[46]. The grant-in-aid was to be deposited in a separate bank account and utilised expeditiously along with interest earned, if any, only for the intended purpose. The sanction *inter alia* prescribed for submission of Utilisation Certificate (UC), expenditure statement and audited accounts to GoI within 12 months of release of the grant. GoI further directed (November 2012) that, henceforth, grants-in-aid would be released for ongoing schemes only to grantee institutions who had

43 Cost adopting CMSPGHS unit rate: ₹ 2.79 crore *minus* Funds already sanctioned: ₹ 1 crore

44 In the North-South and East-West corridors of National Highways

45 As per World Health Organisation prescription, there are three levels of trauma centres differentiated on the basis of resources available *viz.*, Level I, Level II and Level III

46 Building: ₹ 80 lakh, Equipment: ₹ 5 crore, Manpower: ₹ 3.80 crore and Others: ₹ 3 lakh

submitted all UCs in respect of all schemes/programmes of the Ministry of Health and Family Welfare.

Scrutiny of records of Secretariat, Health and Family Welfare Department pertaining to the period May 2013 to June 2014 revealed the following:

GoTN accorded sanction (February 2010) for ₹ 80 lakh and after Public Works Department completed (May 2012) the construction of Trauma centre at a cost of ₹ 77.20 lakh, submitted the UC (July 2013) to GoI. Subsequently GoI sanctioned (January 2013) ₹ 4.97 crore for procurement of equipment for the Trauma centre and advised (May 2013) GoTN to submit pending UCs.

However, due to non-submission of pending UC by GoTN for ₹ 13.50 lakh in respect of another GoI scheme *viz.,* "Strengthening and Up-gradation of Psychiatric wing" for which grant-in-aid of ₹ 43.50 lakh[47] was released to KGMCH in 2008-09, GoI expressed its inability (May 2013) to release the next instalment of ₹ 4.97 crore.

The Public Accounts Committee, earlier, had expressed serious concern over delays in creation of facilities in hospitals, after completion of civil works on several occasions[48]. GoTN had also assured simultaneous co-ordinated action for commissioning medical facilities without loss of time in future. Despite specific instructions of GoTN (September 2013 and October 2014) to the Director of Medical Education (DME) to expedite submission of pending UC for ₹ 13.50 lakh to GoI, this was not done (July 2015).

Thus, failure of the Department to furnish UC not only resulted in non-release of grant by GoI but also in non-achievement of the objective of establishing a Trauma centre for providing comprehensive emergency medical services to patients who suffered traumatic injuries. During 2012-15 (upto July 2015) a total of 2,443[49] persons were involved in highways accidents. Even three years after completion of civil works at a cost of ₹ 77.20 lakh, the Trauma centre was bereft of required equipment and specialised staff.

In reply, the DME stated (July 2015) that equipment for Trauma centre at KGMCH was not procured and recruitment of specialist Doctors as envisaged under the scheme had also not yet been done as GoI had not released the funds. The DME also confirmed that the Dean, KGMCH had not furnished UC for the balance amount of ₹ 13.50 lakh.

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47 Civil work completed in September 2010 at a cost of ₹ 30 lakh and UC for expenditure incurred furnished to GoI

48 Para 10.2.3, 33rd Report (VII Assembly) – 1984-85; Para 6.4, 50th Report (X Assembly) – 1991-92; Para 8.1.5, 60th Report (X Assembly) – 1991-92; Para 6.4, 322nd Report (XI Assembly) – 2000-01; Para 3.9, 324th Report (XI Assembly) – 2000-01; Para 4.9, 141st Report (XII Assembly) - 2002-03 and Sl. No. 2, Para 10.2.3, 69th Report (X Assembly) – 1991-92

49 2012: 731 persons (injured: 601 + killed: 130); 2013: 619 persons (injured: 493 + killed: 126); 2014: 656 persons (injured: 556 + killed: 100); 2015: 437 persons (injured: 367 + killed: 70)

The matter was referred to Government in July 2015; reply has not been received (December 2015).

3.8 Regularity Issues

HEALTH AND FAMILY WELFARE DEPARTMENT

3.8.1 Irregular utilisation of Government receipts

Government receipts of ₹ 625.24 crore collected as claims by various Government Hospitals under CMCHIS were kept outside Government account, out of which an expenditure of ₹ 488.24 crore was incurred, in contravention of the Constitutional provision and the Tamil Nadu Treasury Rules.

Article 266 of the Constitution of India provides that all revenues received by the Government of a State shall form part of the Consolidated Fund of the State. Further, Rule 7(1) of the Tamil Nadu Treasury Rules stipulates that all moneys as defined in Article 266 of the Constitution, received by Government servants in their official capacity shall, without undue delay, be paid in full into the Treasury or into the bank and that moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from Government Account.

In order to achieve the objective of universal health care for providing affordable and quality health services to the public, GoTN formulated (July 2011) Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS). Tamil Nadu Health Systems Society (TNHSS) has been designated as the implementing agency for the scheme. According to the scheme guidelines, the Project Director, TNHSS would pay the insurance premium to the insurance company on behalf of the eligible persons. The premium would be paid every year in four quarterly instalments.

The insurance company would ensure that the eligible person and members of his family are given cashless treatment in the accredited hospitals. The hospital would raise the bill on the insurance company. Government ordered (July 2011) that the performance of the Government hospitals would be improved under the scheme as full package cost would be given to the Government hospitals along with incentive to the operating team. The sharing pattern of funds for the cost of consumables, institutional development and incentive to operating team shall be in the ratio of 60:25:15 respectively. This was further revised[50] in November 2012, May 2014 and October 2014.

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Date of Issue of Government Order	Sharing Pattern			
	Incentive	Consumables	Infrastructure	Corpus fund
November 2012	15	50	22.5	12.5
May 2014	15	50	20	15
October 2014	15	45	20	20

Government issued (10 April 2012) guidelines for creation of insurance wards in Government hospitals under the scheme and a new separate bank account to be opened in any Nationalised Bank for all transactions of claim amounts. A Committee headed by Dean in respect of Medical College hospitals and Hospital Superintendent/Chief Medical Officer in respect of Government Headquarters hospital/other Government hospitals were to be constituted for maintenance of accounts and approval of expenditure. The Committee would be given full responsibility in respect of purchases, items to be purchased and decisions on all expenditure out of claim amounts etc.

Scrutiny of records[51] (May 2015) revealed that a total sum of ₹ 2,522.99 crore was paid as premium by Government to the Insurance Company upto the second quarter of fourth policy year. An amount of ₹ 625.24 crore was received by 150 Government Hospitals towards claim amount during January 2012 to May 2015. Out of this, ₹ 488.24 crore was spent for various purposes *viz*., incentives to medical team (₹ 82.84 crore), cost of consumables (₹ 271.98 crore) and infrastructure (₹ 133.42 crore) and the balance amount of ₹ 137 crore was retained (May 2015) outside Government account (bank account) by various hospitals.

The receipts from the claim amount should have been credited to Government account and funds, for incurring expenditure, should have been obtained through budgetary provision, with the approval of the State Legislature. Further, the Finance Department, in response to an earlier Draft Paragraph (Paragraph 4.5.2 of CAG's Audit Report (Civil) – 2005-06 – Government of Tamil Nadu) relating to retention of inspection fees by the Director of Collegiate Education directed (May 2005) all the Secretaries to Government to remit all revenue receipts collected into Treasury then and there. Collections should, on no account, be utilised for meeting any expenditure and the practice of retaining Government revenue outside Government Account be discontinued.

The Project Director (PD), TNHSS in reply (July 2015) stated that the decisions in this regard were taken by the core committee constituted by all the Government Medical College Hospitals/Government Hospitals. Further, since the accounts are maintained as per the guidelines/instructions issued in Government Order dated 10 April 2012, the question of contravention of the provisions of Tamil Nadu Treasury rules does not arise. Government endorsed (November 2015) the reply given by PD, TNHSS.

Reply of the Government is not tenable as the Government order instructing Government Hospitals to keep the amount collected as claim in the bank

[51] DME, DMRHS, and TNHSS, Government Tiruvarur Medical College Hospital (Period of Audit: July 2011 to June 2012), Government Arignar Anna Memorial Cancer Hospital, Kancheepuram (Period of Audit: September 2011 to October 2012) and Office of Deputy Director of Health Services, Tiruvarur (Period of Audit: December 2011 to October 2013)

account and incurring expenditure therefrom was in contravention of the provisions of the Constitution and Rule 7(1) of Tamil Nadu Treasury Rules.

HEALTH AND FAMILY WELFARE AND LABOUR AND EMPLOYMENT DEPARTMENTS

3.8.2 Avoidable financial burden due to non-adherence to Revolving Fund guidelines

Failure to adhere to provisions of guidelines relating to State's share of expenditure incurred from Revolving Fund operated under Employees' State Insurance Scheme resulted in incorrect adjustment by Employees' State Insurance Corporation (ESIC), besides blocking up of ₹ 43.83 crore with ESIC.

The Employees' State Insurance Scheme (Scheme) is administered by the Employees' State Insurance Corporation (ESIC), New Delhi as per the provisions of Employees' State Insurance (ESI) Act, 1948 enacted by the Parliament. The Scheme provides medical facilities through a network of ESI dispensaries and ESI hospitals to insured employees and their families (Insured-Persons) registered under the scheme[52]. While the Regional Director (RD) and the State Medical Commissioner (SMC) administer the scheme in the State on behalf of ESIC, the GoTN is represented by Labour and Employment Department and the Director of Medical and Rural Health Services, ESI (DMRHS (ESI)) in this regard. The expenditure under the Scheme is initially met by GoTN against budget allocation. As per Agreement between ESIC and GoTN, the expenditure is shared in the ratio of 7:1 by annual reimbursement from ESIC towards its 7/8th share.

To avoid delays and hardship to Insured-Persons while claiming advance or reimbursement of medical expenses for speciality/super speciality treatment, ESIC decided (October 1999) to create a Revolving Fund (Fund). Accordingly, GoTN gave concurrence for setting up (August 2002) the Fund with a corpus of ₹ 5.79 crore from ESIC and issued guidelines for the maintenance of the Fund. The Fund was placed under the control of RD (ESIC) and was operated by him. The total expenditure incurred from the Fund was to be shared between ESIC and GoTN in the ratio of 7:1. As per the Fund guidelines, all expenditure relating to speciality/super speciality treatment was to be met initially from the Fund. While 7/8th share of the total expenditure was to be recouped quarterly by ESIC, the remaining 1/8th of total cost was to be borne by GoTN.

Scrutiny of records of DMRHS (ESI), Chennai during March to April 2015 revealed that during 2009-10 to 2012-13, ESIC, while arriving at the amount payable to GoTN during each financial year in respect of its share (7/8th) pertaining to expenditure on the ESI scheme i.e. other than from the Fund, incorrectly adjusted total expenditure (instead of 1/8th share of GoTN)

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52 Financed by contributions as a fixed percentage of wages from employees (1.75 *per cent*) and employers (4.75 *per cent*) respectively

incurred under the Fund as GoTN's share and deposited a lesser amount into GoTN account. As this erroneous adjustment was done by ESIC in each year during the above period, the resultant arrears of ESIC share due to GoTN had mounted over the years and stood at ₹ 31.33 crore (June 2015) as detailed in **Appendix 3.4**. It was further noticed that similar errors in adjustment had also occurred during 2004-05 to 2008-09, which involved an arrear amount of ₹ 12.50 crore.

It was noticed in Audit that despite clear stipulation in the Fund guidelines on the manner of annual remittance of GoTN share ($1/8^{th}$) of Fund expenditure to ESIC, this was not followed. Instead, both Labour and Employment Department and DMRHS (ESI) corresponded with ESIC requesting settlement of arrears. Though ESIC agreed (June 2014) to settle the past dues, the same was not settled (June 2015). Thus, non-adherence to Fund guidelines resulted in blocking of ₹ 43.83 crore with ESIC.

The matter was referred to Government in July 2015; reply has not been received (December 2015).

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The 21 March 2016

Countersigned

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

New Delhi
The 22 March 2016