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.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Compliance Audit on 'Implementation of Chief Minister's Comprehensive Health Insurance Scheme'

3.1.1 Introduction

The Government of Tamil Nadu (GoTN) launched the Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS) in the State from 11 January 2012. The objective of CMCHIS was to provide quality health care to eligible persons through empanelled Government and private hospitals. GoTN appointed Tamil Nadu Health Systems Project (TNHSP) as the implementing agency and through tender process, selected United India Insurance Company Limited (UIIC) as the Insurance Company for both Term I[1] and II[2] of CMCHIS. The Project Director (PD), TNHSP, heads the implementation of the scheme. The scheme covers all resident families of Tamil Nadu with annual family income of ₹ 72,000 or less. CMCHIS was integrated with Pradhan Mantri Jan Arogya Yojana (PMJAY), which was introduced in the State from September 2018 and operationalised from December 2018. Audit of implementation of CMCHIS, covering the period from 5th to 7th policy years[3], was conducted between April and August 2019 at TNHSP and nine Government hospitals selected through statistical sampling method.

Audit Findings

3.1.2 Enrolment of beneficiaries

All families having a family card and an annual income of less than ₹ 72,000 are enrolled as beneficiaries under CMCHIS based on income

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1 Term I of five years commenced from 11 January 2012 and ended on 10 January 2017 - Year I or 1H - 2012-13, 2H -2013-14, 3H-2014-15, 4H-2015-16 and 5H-2016-17.

2 Term II of four years commenced from 11 January 2017 (6H) and continues up to 10 January 2021 - 6H-2017-18, 7H-2018-19, 8H-2019-20 and 9H-2020-21.

3 11 January 2016 to 10 January 2019.

certificate issued by Revenue Authorities[4] and self-declaration of the head of the family. Orphans, families having differently-abled persons, migrant workers and Sri Lankan refugees are eligible for enrolment without income limit.

3.1.2.1 Non-coverage of eligible beneficiaries

The scheme guidelines provide for enrolment of orphans, migrant workers and Sri Lankan refugees without any income limit. Audit noticed that

- 1,235 government and private orphanages in the State housed 55,384 orphans. Of these, only 664 out of 2,687 children staying in Government run orphanages were enrolled, which was only about one *per cent* of the total orphan children in the State.
- Against 32,555 Sri Lankan refugee families living in the State, only 4,815 families were enrolled (15 *per cent*).
- None of the 21,538 identified migrant workers were enrolled.

Audit found that no system was put in place to enroll all the eligible beneficiaries from these sections of the society by liaising with the line departments concerned. On being pointed out by Audit, GoTN replied (January 2020) that enrolment of orphans, Sri Lankan refugees and migrant workers was under progress with the assistance of District Administration and departments concerned. Thus, the Government's objective of bringing the marginalised sections of the society under CMCHIS to reduce their financial hardship was not achieved, rendering these vulnerable sections bereft of a medical cover.

3.1.2.2 Ineligible beneficiaries

(a) GoTN issued Priority House Hold (PHH) family cards under the Public Distribution System (PDS) to families having an annual income of not more than ₹ 1 lakh. As of May 2019, there were 96.46 lakh PHH families under the State PDS. However, CMCHIS with an annual income criteria of less than ₹ 72,000 had 1.57 crore (5H) and 1.47 crore (6H and 7H) beneficiaries. Audit observed that as the number of families with income less than ₹ 1 lakh, based on income criteria of PHH cards, was only 96.46 lakh, the number of families with income less than ₹ 72,000 could not be more than 96.46 lakh. However, enrollment of families under CMCHIS, in excess of 96.46 lakh indicated the lack of proper system to enforce the income eligibility criterion in enrolment of beneficiaries under CMCHIS. On being pointed out by Audit, GoTN replied (January 2020) that action would be taken for weeding out/updating CMCHIS health insurance cards as per updated PDS.

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4 Village Administrative Officers (VAOs) in rural areas and Revenue Inspectors in urban areas.

Audit worked out that the notional financial loss, during 2016-19, on account of excess payment of insurance premium in respect of the ineligible beneficiaries yet to be weeded out was ₹ 1,014.66 crore as given in **Table 3.1**.

Table 3.1: Excess payment of insurance premium

Policy Year	Enrolled beneficiaries	Enrollment in excess of 96.46 lakh PHH card families	Insurance Premium paid per beneficiary (₹)	Avoidable premium payment (₹ in crore)
5H	157.16 lakh	60.70 lakh	497	301.68
6H	147.46 lakh	51.00 lakh	699	356.49
7H	147.46 lakh	51.00 lakh	699	356.49
Total				**1,014.66**

(Source: Details furnished by TNHSP)

(b) Audit compared the beneficiary data with the data of State Government pensioners and found that 1.08 lakh pensioners, whose annual pension exceeded ₹ 72,000, were enrolled under CMCHIS. On account of this, GoTN incurred an avoidable premium payment of ₹ 20.19 crore during 2016-19. GoTN replied (January 2020) that CMCHIS data would be checked with pensioners', Government employees, ESI and CGHS data.

(c) Analysis of the electronic database of beneficiary details furnished by TNHSP disclosed that during 2009 to 2015, 0.83 lakh duplicate CMCHIS cards were issued to families with one ration card. As only one card was allowed per family and insurance premium is paid based on number of cards, issue of more than one card per family resulted in avoidable insurance premium of ₹ 15.64 crore during 2016-19 on these ineligible cards.

GoTN replied (January 2020) that in order to improve access to health care, more than one insurance card were issued with a single ration card number as newly formed families did not possess ration cards. GoTN, further, stated that action would be taken to check misuse of this facility. As the system of allowing more than one card per family is prone to a higher risk of misuse, the Government must relook at its policy. Such a leniency, though good intended, would lead to proliferation of insurance cards, and consequently higher premium outgo as the premium amount is calculated based on the number of insurance cards.

3.1.3 Empanelment of hospitals

Government and private hospitals get empanelled as network hospitals under CMCHIS through an online application and inspection process.

As of March 2019, a total of 1,008 hospitals were empanelled under CMCHIS comprising of 265 government hospitals and 743 private hospitals**.** The related issues are discussed below.

3.1.3.1 NABH accreditation not obtained by empanelled hospitals

With a view to provide quality health care, the CMCHIS guidelines stipulate that (i) all empanelled private hospitals are required to obtain entry level accreditation from the National Accreditation Board for Hospitals and Healthcare Providers (NABH) within one year of empanelment, and (ii) Government hospitals should also be accredited under the National Quality Assurance Standards (NQAS) framework of the Health and Family Welfare Ministry.

Audit found that as of March 2019, only 13 out of the 265 Government hospitals obtained the required accreditation under NQAS. Out of 651 private hospitals empanelled under Term II as of March 2018[5], 307 hospitals did not have the prescribed entry level NABH accreditation as per details furnished by TNHSP. As no supporting documents/records were produced to Audit to vouch for the correctness of the status of NABH accreditation, Audit independently compiled data relating to NABH accredited hospitals in Tamil Nadu from NABH website. Analysis of NABH data (updated up to March 2019) relating to 651 empanelled private hospitals revealed the following.

(i) 251 hospitals did not obtain NABH accreditation even after the lapse of one year.

(ii) NABH accreditation of 64 hospitals had expired. The period of expiry ranged from 1 to 28 months.

(iii) 154 hospitals were accredited belatedly (delay of 1 month to 12 months) after the expiry of the grace period of one year.

During March 2018 to March 2019, 1.10 lakh out of the 1.80 lakh private hospital patients under CMCHIS had availed treatment in non-NABH private hospitals. On being pointed by Audit, GoTN replied (January 2020) that only 14 *per cent* of the hospitals had not got into the NABH process and the remaining 86 *per cent* were at various levels of accreditation. Audit observed that the objective of the scheme was to provide quality health care and the quality of health care is assured by NABH accreditation by ensuring availability of infrastructure and manpower with reference to the benchmarked standards for accreditation. Therefore, continuing with non-NABH hospitals defeated the objective of ensuring quality medical care.

3.1.3.2 Issues in empanelment

Based on formal application by hospitals and inspection by the Insurance Company, hospitals get empanelled under CMCHIS. Empanelled hospitals which do not adhere to the terms of empanelment get de-empanelled. Deficiencies in the empanelment of hospitals are discussed below:

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[5] In order to verify the NABH accreditation status as on March 2019 by allowing the 12 months grace period, only hospitals empanelled up to March 2018 were considered.

- During 2016-19, 57 hospitals which treated less than 10 patients were not de-empanelled as per agreement conditions, whereas 36 hospitals which treated more than 10 patients were de-empanelled. On being pointed out by Audit, GoTN stated that de-empanelment was a policy/administrative decision of the implementers to decide on the low level of performance by comparing with rest of the hospitals. The reply was not tenable as proper reasons were not attributed for de-empanelment.
- Empanelled private hospitals are awarded grading from A1 to A6 for medical and diagnostic procedures and S1 and S2 for surgical procedures based on facilities available in the hospitals. Package rates for different procedures are fixed based on the grade of the hospital, with A1 and S1 getting the highest rate and A6 and S2 getting the lowest rate. Grades were to be awarded based on the score obtained by the hospitals in the empanelment inspection. Multispecialty hospitals scoring 31 to 40 out of the maximum score of 100 are awarded the lowest grade of A6 and those scoring above 80 out of 100 are awarded the highest grade of A1. Similarly, for surgical package, the highest grade of S1 is awarded to hospitals with scores above 40 out of the maximum score of 50 and other hospitals are awarded S2 for package rate purpose. Audit found that 10 hospitals were awarded higher grades than what was eligible as per their score, and 11 hospitals were awarded lower than the eligible grades. This resulted in wrong guidance to patients on the quality of the hospitals. On being pointed out by Audit, GoTN replied (January 2020) that the error would be rectified.

3.1.4 Financial management

Budgetary allocations from Government are the main source of funds for the scheme. In addition, 28 *per cent* of the claim amount received by Government hospitals is ploughed back into the scheme towards meeting expenditure on notified high-end medical procedures, which is partially covered under the insurance policy, and for IEC activities. Penalties collected and interest earned are other sources of funds.

Premium payment, cost of printing health insurance cards, salaries of contract staff[6], capital and maintenance expenditure, reimbursement for high-end procedures, IEC activities, etc., constitute the categories of expenditure.

The insurance premium was worked out based on the number of beneficiaries enrolled under the scheme and Government bears the entire premium amount

[6] The pay and allowances of regular employees who are deputationists are met from the budgetary allocation.

payable to UIIC. Details of the premium paid and claims settled for fifth, sixth and seventh policy years are shown in **Table 3.2**.

Table 3.2: Details of premium paid and claims settled

Year	Policy period	Premium paid (₹ in crore)	Claim settled (₹ in crore)		
			Govt. Hospitals	Pvt. Hospitals	Total
2016-17	5H	781.04	252.61	535.72	788.33
2017-18	6H	1,030.96	302.57	574.81	877.38
2018-19	7H	1,031.14	323.53	522.35	845.88
	Total	**2,843.14**	**878.71**	**1,632.88**	**2,511.59**

(Source: Details furnished by TNHSP)

3.1.4.1 Corpus Fund

In order to enable the needy and poor to undergo expensive surgical treatment like cochlear implant, liver transplantation, renal transplantation, bone marrow transplantation, etc., the Government in November 2012 created a Corpus Fund with an initial amount of ₹ 10 crore. The Corpus Fund maintained by TNHSP had accretions by way of assignment of 27 *per cent* of the claim amount released by the Insurance Company to Government hospitals. In addition, penalties collected from errant network hospitals and the interest accrued in the Savings Bank account of Government network hospitals were also credited to the fund. During 2016-19, ₹ 263.31 crore[7] accrued to the Corpus Fund. The Fund was mainly meant to meet the package cost of high-end procedures over and above the maximum of ₹ 2 lakh[8] fixed for specialised procedures.

As of March 2019, expenditure of ₹ 233.07 crore was met from the corpus fund. Of this, expenditure incurred towards reimbursement for high-end procedures was ₹ 194.96 crore (84 *per cent*).

3.1.4.2 Information, Education and Communication (IEC) Fund

As per extant Government orders, one *per cent* (part of 28 *per cent*) of receipts of Government network hospitals under CMCHIS, was to be utilised for IEC activities. Government in January 2016 created an IEC Fund and instructed the Insurance Company to remit the money directly into a separate bank account maintained by TNHSP for that purpose. During 2016-19, ₹ 9.04 crore accrued to the fund and ₹ 5.37 crore was incurred as IEC expenditure by TNHSP, mainly on sending IEC pamphlets by post to all beneficiaries. As no guidelines for utilising IEC funds were issued by the Government (August 2019), the proposals received from various hospitals for IEC activities were pending approval. On being pointed out, PD, TNHSP

[7] ₹ 227.16 crore by way of 27 *per cent* of insurance claims by Govt. Hospitals, ₹ 13.41 crore by way of interest receipts, ₹ 1.13 crore through penalties levied on empanelled hospitals and ₹ 21.61 crore from other sources.

[8] ₹ 1.5 lakh till 5H and ₹ 2 lakh in 6H & 7H.

replied (October 2019) that after receipt of guidelines from the Government, necessary actions would be taken for approval of pending proposals.

Audit observed that non-framing of guidelines for IEC activities, even after seven years of launching the scheme had resulted in inability of hospitals to familiarise the scheme through IEC activities. Audit found that while the percentage of enrolled beneficiaries who availed benefit under the scheme in the predominantly urban districts of Chennai, Madurai and Tiruvallur was 4.61 *per cent*, 3.89 *per cent* and 3.67 *per cent* respectively, the percentage in the rural districts of Krishnagiri, The Nilgiris and Thiruvarur were much lower at 1.90 *per cent*, 1.94 *per cent* and 2.08 *per cent* respectively. The low penetration of scheme in rural districts pointed to the need for more IEC activities for the scheme.

GoTN accepted the audit point and stated (January 2020) that action would be taken for framing guidelines and to ratify the expenditure incurred.

3.1.5 Implementation of CMCHIS in network hospitals

The empanelled hospitals extend cashless treatment to the beneficiaries for the identified 1,027 medical/surgical procedures. To avail treatment under the scheme, the beneficiary has to approach any network hospital for admission. On verification of eligibility under CMCHIS, the hospitals decide the course of treatment and approach the Third Party Administrator (TPA[9]) of the Insurance Company for pre-authorisation to provide the treatment. The TPA verifies the medical and non-medical records of the patients, as submitted by the hospitals, and after satisfying the eligibility of the patient and the need for the treatment proposed, issues pre-authorisation. After the pre-authorisation by the TPA, the hospital provides treatment to the patients. In respect of emergency cases, the hospitals can admit the patient after verifying eligibility with the TPA and start treatment, pending receipt of pre-authorisation. Audit reviewed the data maintained by the Insurance Company in digital format, as furnished by TNHSP. Audit observations are as follows:

3.1.5.1 Pre-authorisation and claims

A comparison of pre-authorisation 'cancelled' by the hospitals themselves and 'not approved' by the TPA in Government and private hospitals are shown in **Chart 3.1** and **Chart 3.2**. It revealed that the Government hospitals had higher incidence of cancellation and non-approvals. Pre-authorisation can be cancelled for valid reasons. Higher percentage of cancellation of pre-authorisation by Government hospitals pointed to higher withdrawal of patients from treatment after initially approaching the hospitals for treatment, which could possibly be on account of patients being dissatisfied with the course of treatment.

[9] Third Party Administrator - The agency which liaise between hospitals and the insurer.

Chart 3.1: Pre-authorisation cancelled (*per cent* and numbers (in bracket))

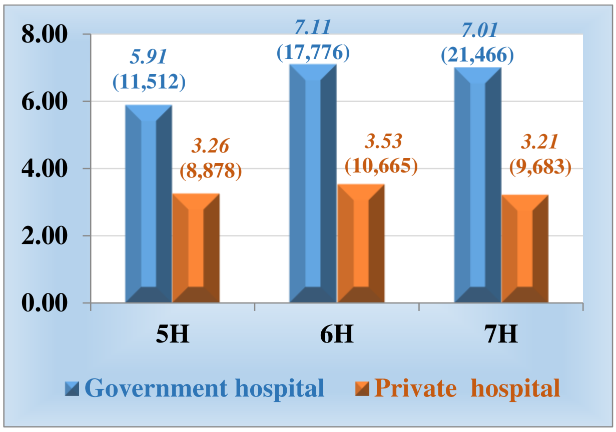
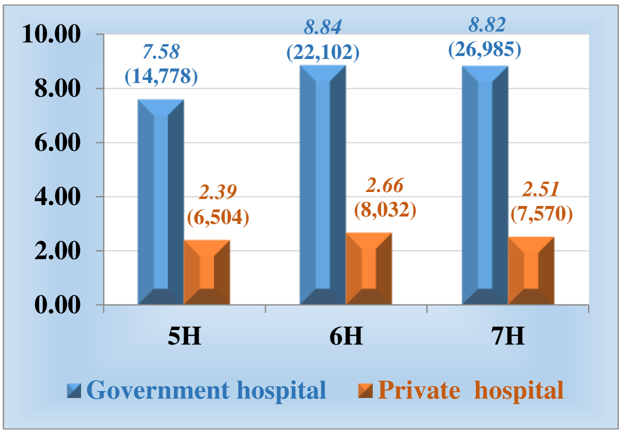


Chart 3.2: Pre-authorisation not approved (*per cent* and in numbers (in bracket))



(Source: Compiled from TNHSP/UIIC Data)

- It was found that pre-authorisation was not received from the Insurer within the stipulated two days in 18 *per cent* of cases during 5H, 6H and 7H. Delay in pre-authorisation with consequent delay in starting treatment would adversely impact the patients availing benefits under the scheme. From the database maintained, Audit found that it was not possible to conclude whether TPA or the hospital was responsible for the delay. In the exit conference, Director, TNHSP agreed to make suitable modification in the software.

Claim: The treating hospitals prefer their claims with the Insurance Company based on the pre-authorisation and treatment given to the patient. Details of pre-authorisation approved, claims submitted by the hospitals, that were not submitted, not approved (both denied and need more information) and approved by the Insurance Company during 5H to 7H are given in **Table 3.3**.

Table 3.3: Details of claims submitted and approved

Policy year	Pre-authorisation approved by the Insurance company	Claims submitted by hospitals	Claims not submitted by hospitals	Claims not approved	Claims approved
5H	4,25,701	4,22,033	3,668	4,901	4,17,132
6H	4,93,350	4,88,897	4,453	8,431	4,80,466
7H	5,41,526	5,33,869	7,657	9,204	5,24,665
Total	**14,60,577**	**14,44,799**	**15,778**	**22,536**	**14,22,263**

(Source: Compiled from TNHSP/UIIC Data)

- A comparison of claims not submitted and not approved revealed that Government hospitals had higher incidence of non-submission and non-approvals as depicted in **Charts 3.3 and 3.4**.

Chart 3.3: Claims not submitted (in *per cent*)

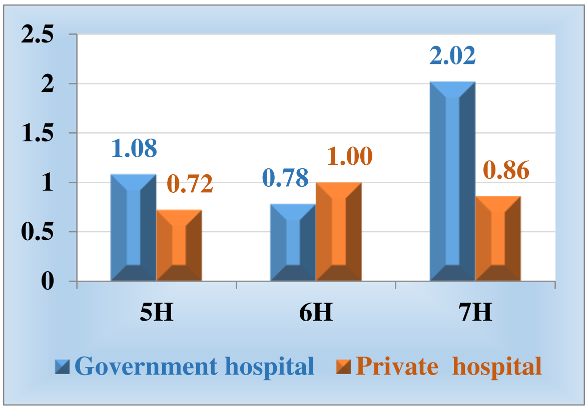
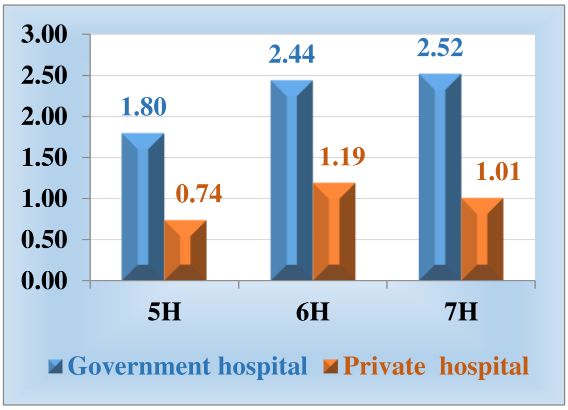


Chart 3.4: Claims not approved (in *per cent*)



(Source: Compiled from TNHSP/UIIC Data)

- The increasing trend in the number of not submitted claims (**Table 3.3**), which represents patients/hospitals withdrawing from treatment for various reasons, was a matter of concern. Audit observed that delay of more than two days in pre-authorisation was one of the possible reasons in respect of 5,100 out of 15,778 cases patients withdrawing from treatment after approaching the hospital for treatment.
- The Insurance Company was prompt in settlement of claims preferred by network hospitals. Over 99 *per cent* of claims were settled within seven days of filing the claim. It was, however, found that the claim amount settled, after the stipulated seven days, was on an increasing trend from ₹ 0.28 crore in 2016-17 to ₹ 10.07 crore in 2018-19. During 7H, claim settlements in respect of 4,187 cases were delayed by 7 to 30 days; and in 1,432 cases the delay exceeded 30 days. Delays in settlement of claims will impact the scheme's receptiveness among network hospitals.

On being pointed by Audit, GoTN replied (January 2020) that there are challenges in building capacity in the Government system on insurance claims in view of transfers, retirements, etc. The reply was untenable as the "challenges in capacity building", even after eight years of launching the scheme, pointed to deficiency in administering the scheme requiring concerted action at the Government level.

3.1.5.2 Government reserved procedures performed in private hospitals

Under CMCHIS, 84 procedures were reserved for being carried out only in Government hospitals based on facilities available and to avoid misuse by private hospitals. Any violation of the condition would result in levy of penalty on the Insurance Company at a minimum of five times the amount of expenditure incurred for each instance of violation.

Audit analysis of 6H and 7H data disclosed that 1,614 cases of medical/surgical procedures, reserved for Government hospitals involving ₹ 2.53 crore, were performed in private network hospitals during 2017-19.

This violated the agreement conditions and points to the Insurance Company's inadequate control over its operations which resulted in revenue foregone to Government hospitals to the tune of ₹ 2.53 crore. Audit also noticed that TNHSP failed to levy penalty on the Insurance Company for violating the agreement conditions. GoTN replied (January 2020) that the instances pointed out by Audit would be examined for taking necessary action.

3.1.5.3 Pre-authorisation permitted during suspension period

During January 2016 to March 2019, 18 private network hospitals were suspended as a punitive measure for negligent treatment, poor medical assessment, manipulation of medical reports, poor documentation, etc. The suspension was applicable either to all departments or any particular department of the hospital concerned except for dialysis and it ranged from one to three months. Audit found that notwithstanding the suspension, five suspended hospitals/departments continued to treat patients during its suspension period. The Insurance Company honoured 305 claims for a total value of ₹ 1.61 crore, raised by the suspended hospitals/departments for services rendered during their suspension period. This indicated lack of controls and defeated the deterrent nature of suspension. GoTN replied (January 2020) that irregularities pointed out by Audit would be examined and necessary action would be taken.

3.1.5.4 Non-utilisation of smart card features of CMCHIS health insurance cards

Under CMCHIS, a smart card, embedded with microprocessor chip, with facility to store the bio-metrics of all members of the beneficiary family is issued to beneficiaries. The objective of the smart card is to simplify beneficiary identification at hospitals using card readers to provide hassle free service to beneficiaries. At the end of Term I, 1.57 crore smart cards costing ₹ 78.62 crore (cost per card ₹ 50 x 1.57 crore beneficiaries) were issued. In Term II, similar provisions were included in tender conditions by which, the Insurance Company had to ensure that the biometric devices for the online Aadhaar validation were maintained by the network hospitals.

Audit undertook joint physical verification in the nine test-checked hospitals. It was found that none of the hospitals carried out the envisaged beneficiary identification through smart cards due to non-availability/non-functioning of bio-metric card reading devices. Instead, the facility to generate Unique Reference Number (URN) using family card and Aadhaar cards was used for identifying the beneficiaries. In reply to the audit enquiry, seven of the nine test-checked hospitals stated that they were either not issued the card reader devices or the devices supplied were not functioning due to software issues.

Thus, the envisaged system to simplify beneficiary identification did not function despite incurring huge expenditure. GoTN replied (January 2020) that there were challenges in linking the smart card with Aadhaar data and necessary action would be taken in this regard to replace the smart card.

3.1.6 High-end procedures

As the ceiling prescribed for benefits under the insurance cover was only ₹ 2 lakh, in respect of high-end procedures (HEP) such as kidney transplant, heart transplant, lungs transplant, cochlear implant, etc., the beneficiaries are helped using the Corpus Fund maintained by the TNHSP. Details of HEPs carried out in the network hospitals during 2016-19 are exhibited in **Chart 3.5 and 3.6**.

Chart 3.5: Number of High-end procedures performed

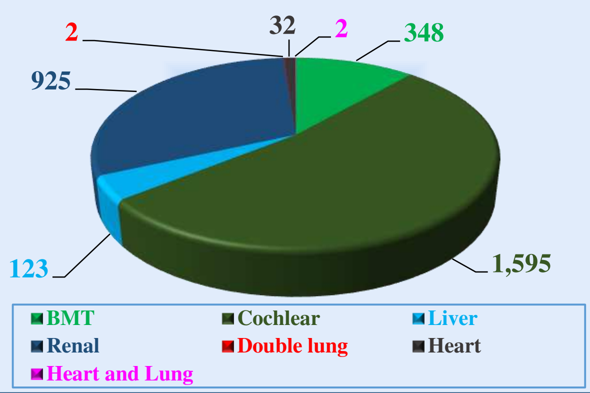
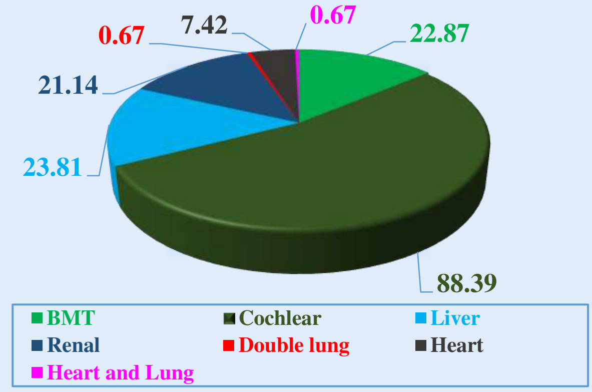


Chart 3.6: Value of High-end procedures performed (₹ in crore)



(Source: TNHSP/UIIC data)

The status of NABH accreditation and grading of 41 private network hospitals performing HEPs during Term II disclosed that only 23 private network hospitals had NABH accreditation. Thus, the quality of these HEPs were not ensured.

3.1.6.1 Procurement of cochlear implant at higher rates under HEP

Cochlear implant[10] is a high-end procedure performed in 3,425 cases under CMCHIS since its inception in 2013 to May 2019 in Government and private network hospitals. The package cost for this procedure was initially fixed (2013) between ₹ 7.01 lakh to ₹ 7.90 lakh, depending on rates offered by hospitals (₹ 7.01 lakh for Government hospitals) per patient. The major component of the package was the cochlear device, the cost of which was fixed as ₹ 5.35 lakh.

In May 2017, TNHSP came to know of the decrease in the price of the cochlear device based on a tender awarded to a firm by Kerala Social Security Mission (KSSM) for supply of cochlear implant at a lower cost of ₹ 3.84 lakh

[10] A surgically implanted device to restore hearing in cases with diseases of inner ear or the auditory nerve.

per implant. Accordingly, the package cost of cochlear implant surgery under CMCHIS was also reduced by ₹ 0.71 lakh to ₹ 1.51 lakh, depending on hospital, to match the price offered to KSSM. The revision was communicated (June 2017) to all network hospitals to procure the implants at a cost of ₹ 3.84 lakh or less. Audit found that TNHSP did not call for any tender even after coming to know of the tender awarded by KSSM.

Audit observed that the failure to periodically review the package rate had resulted in continued payment of ₹ 5.35 lakh for cochlear devices which had come down substantially as seen from KSSM's tender of October 2016. During the period between the month following the reduction of package rate by KSSM and the date of reduction of package rates by TNHSP, 416 cochlear implants were done and the excess expenditure on this count was ₹ 6.10 crore.

It was further observed that subsequent to the downward revision of price in July 2017, the GST on cochlear implant device was reduced in November 2017 from 5 *per cent* to 2.5 *per cent* and the custom duty of components of cochlear implant was reduced from 2.5 to 0 *per cent* in February 2018. The effects of these tax cuts should have been taken into account for further revision of package rate.

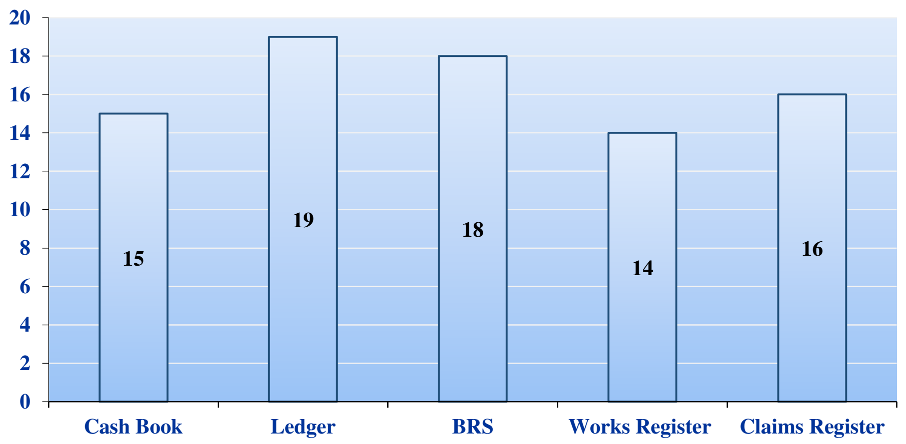
GoTN stated (January 2020) that the package cost was fixed based on actual cost/market condition. The reply was not tenable as no attempt was made to revise the package rate for more than four years.

3.1.7 Maintenance of accounts and registers

All Government hospitals empanelled under CMCHIS were required to maintain uniform accounts of transactions relating to the scheme with appropriate records such as Cash book, Ledger, Cheque Register, Bank Reconciliation Statement (BRS), Claim Register, Register of Works, etc.

During physical verification (June and July 2019) carried out by Audit in the 46 test-checked hospitals/departments, it was seen that many of them did not maintain the envisaged records as given in **Chart 3.7**.

Chart 3.7: Number of hospitals/departments not maintaining the prescribed records



Non-maintenance of stipulated records heightens the risk of diversion, misappropriation of funds, etc., and falsification of records. On being pointed by Audit, GoTN replied (January 2020) that orders had been issued for maintenance of accounts and was being monitored by Director of Medical Education (DME) and Director of Medical and Rural Health Services (DMRHS).

3.1.8 Monitoring

3.1.8.1 Complaint redressal mechanism

(i) At the district level, a District Monitoring and Grievance Committee (DM&GC) headed by the District Collector monitors the complaints relating to difficulty in availing treatments, lack of facilities, etc. In the test-checked Tirunelveli district, 11 complaints received against private hospitals during 2017-19 were disposed off without holding DM&GCs meetings. Seven complaints received at TNHSP were referred to the respective DM&GCs and five were pending as of March 2019. Thus, there was lack of effective grievances redressal mechanism at district level. PD, TNHSP, replied that TNHSP would ensure better monitoring in the coming days.

(ii) Any grievances and appeals against the decision of the DM&GCs should be preferred with the State Monitoring and Grievance Committee (SM&GC). Any dispute arising out of the implementation of the scheme which remained unresolved at SM&GC will be referred within 15 days to a High-Level Committee. However, SM&GC and High-Level Committee were formed only in October 2019.

3.1.8.2 Complaints against private network hospitals

CMCHIS guidelines provide for levy of penalty on network hospitals for deficiencies in services. The penal action on the negligent hospital is enforceable through the Insurance Company.

Details of complaints against network hospitals received through online portal/call centre during 2016-19 are shown in **Table 3.4**.

Table 3.4: Online portal/Call centre complaints against network hospitals

Sl. No.	Nature of complaint against private network hospitals	Number of complaints received			
		5H	6H	7H	Total
1	Money demanded/received etc.,	56	83	113	252
2	Treatment denied/Pre-authorisations cancelled	3	4	2	9
3	Unsatisfactory treatment	3	6	5	14
	Total	**62**	**93**	**120**	**275**

(Source: Details furnished by TNHSP)

Audit sampled 112 out of the 275 complaints received against 28 panel hospitals.

- Multiple complaints received against 14 network hospitals (ranging from 2 to 28) were treated as a single complaint. Clubbing of multiple complaints raised on different occasions allowed the delinquent hospitals to get off lightly.
- Though the minimum stipulated penalty was five times the money collected by the hospitals, it was not levied in 91 cases.
- Even though the Insurance Company was also liable, no punitive action was taken on the Insurance Company.

GoTN replied that a few concessions were provided to ensure continuity of service and treatment to the beneficiaries. It also stated that repeated offenders would be levied higher penalty and suspension.

3.1.8.3 Non-monitoring of network hospitals

As per scheme guidelines, the functioning of network hospitals were to be monitored by TNHSP, through the Insurance Company. Analysis of different medical procedures carried out by hospitals in various districts disclosed that 12 hospitals in Namakkal district performed 3,847 Total Knee Replacement (TKR) surgeries during 2016-19, of which 3,322 surgeries (86 *per cent*) were done by three private hospitals. The number of TKR surgeries conducted in Namakkal district was 23.1 *per cent* of the total number of TKRs done at State level. Considering that the total enrolled beneficiaries in the district was only 2.6 *per cent*, the number of TKRs in Namakkal was abnormal. TNHSP had not monitored the large number of surgeries as to whether they were need based or not. GoTN replied (January 2020) that to avoid misuse, instructions had been issued to UIIC to insist for second medical opinion from nearby Government Medical College Hospitals.

3.1.8.4 Deficiencies in CMCHIS database

Data analysis of cases processed and settled during 5H to 7H years (2016-19) disclosed the following inconsistencies.

(i) Family Card number is identified by a unique standardised 10 character (alphanumeric) length. Audit found that in 1,12,502 records non-standardised details of varying length were captured and stored in the field meant for storing Family Card number, indicating deficiencies in data capturing and need for validation checks to be inbuilt.

(ii) Discrepancies between date of admission and date of discharge were noticed in 613 cases wherein the beneficiary patient was shown as discharged prior to the date of admission into the hospital.

(iii) In 1,984 instances, pre-authorisations were raised even before the beneficiary patient was admitted to the hospital.

As the above inconsistencies arose due to the absence of validation controls, to prevent the recurrence of inconsistent data creeping into the database there was a need to address these lacunae in the system. GoTN stated (January 2020) that necessary action would be ensured for suitable validation control.

3.1.9 Conclusion

- There was no mechanism for verification/periodic updation of family income and exclusion of ineligible families.
- Marginalised categories like orphans, migrant workers and Sri Lankan refugees were not adequately enrolled as a suitable system was not put in place.
- Quality of medical care could not be fully ensured due to non-insisting of the mandatory NABH accreditation.
- Instances of delayed pre-authorisation showed an increasing trend leading to delay and possible denial of treatment to needy patients.

3.1.10 Recommendations

- Government may give wide publicity and launch a special drive to enroll orphans, migrant workers and Sri Lankan refugees.
- Time bound action should be initiated to obtain NQAS accreditation for all empanelled government hospitals; and fulfillment of conditions regarding NABH accreditation of empanelled private hospitals should be ensured.
- Government reserved procedures should not be allowed to be performed by private hospitals; and the Insurance company should be made accountable for issuing pre-authorisation to private hospitals during suspension periods.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

3.2 Compliance audit on solid waste management in Coimbatore City Municipal Corporation

3.2.1 Introduction

Solid Waste Management (SWM) is a crosscutting issue that affects and impacts various areas of sustainable development *viz*., living conditions, sanitation, public health and the sustainable use of natural resources. Sustainable Development Goals (SDGs) envisages environmentally sound management of all wastes in order to minimise their adverse impacts on human health and the environment. Government of India notified (April/ June 2016) the Solid Waste Management Rules, 2016 (SWM Rules) under Environment (Protection) Act, 1986 to regulate the management and handling of the solid waste. Further, it published the Municipal SWM Manual 2016 (SWM Manual) to assist the States to understand and implement the SWM system effectively. Accordingly, Coimbatore City Municipal Corporation (CCMC) notified the SWM Bye-laws in July 2017.

CCMC, which is spread over an extent of 257.36 square kilometers (sq.km.), has five zones comprising 100 wards with a population of 16 lakh as per 2011 census. The city generates an average of 1,000 tonnes per day (TPD) of solid wastes. CCMC carries out the SWM activities through its Public Health wing[11] headed by the City Health Officer and Engineering wing[12] headed by the City Engineer. Land measuring 654.54 acres at Vellalore (dump yard) was identified to carry out the SWM activities pertaining to processing, recycling, treatment and disposal of solid wastes. These activities are being carried out by CCMC through (i) Processing Plant[13] of 600 TPD capacity engaged under Public Private Partnership (PPP) mode, (ii) Vermicomposting[14] facility of 100 TPD capacity and (iii) two Bio-methanation[15] plants of 1.5 TPD capacity each at Vellalore and a Bio-methanation plant of one TPD capacity at Nanjundapuram Gasifier Crematorium.

The objectives of the Compliance Audit was to ascertain whether (i) planning, financial management and compliance of SWM Rules were complete and effective, and (ii) SWM was efficient, effective and carried out economically and scientifically. An entry conference was held on 10 April 2019 with the Principal Secretary, Municipal Administration and Water Supply (MAWS) Department, in which the audit methodology, objectives and criteria were explained. Audit conducted test check of records at the offices of the Principal Secretary, MAWS Department, Commissioner of Municipal Administration (CMA), Tamil Nadu Pollution Control Board (TNPCB), CCMC and its Zones from April to July 2019 covering the period 2016-19. Twenty five wards[16] were selected for Joint Field Visit (JFV) through random sampling covering five wards under each Zone.

[11] Sanitary workers (regular-2,748, outsourced-2,308 and other staff 113).

[12] One Assistant Executive Engineer and one Assistant Engineer.

[13] Mechanised plant for segregation of solid waste for recycling, further processing, landfilling etc.

[14] Process of decomposing biodegradable wastes using earth worms. The waste is converted into organic manure.

[15] Decomposing wet biodegradable waste under anaerobic condition for producing electricity using methane gas generated during the decomposition process.

[16] Central Zone: Wards - 80, 83, 68, 70 and 71; East Zone: Wards - 35, 57, 58, 60 and 69; North Zone: Wards - 39, 46, 41, 02 and 03; South Zone: Wards - 96, 95, 85, 89 and 90; West Zone: Wards - 23, 6, 7, 16 and 8.

Audit findings

3.2.2 Planning and Financial Management

3.2.2.1 Incorrect estimation of generation of solid waste in the action plan

SWM Rule 11(a) read with Rule 15(a) stipulates preparation of State Policy by the State Government within a year from the date of notification of the Rules and SWM Plan by the local authority within six months thereafter, for implementation. Government of Tamil Nadu formulated the State Policy in August 2018 which highlighted the issue relating to inadequate planning in SWM and emphasised on the need for implementation strategies to ensure uninterrupted delivery of service. Audit scrutiny revealed that CCMC had prepared a SWM Policy and Action Plan (Plan) in August 2019, but the same was not notified as of February 2020.

A perusal of the SWM Plan revealed that the population of the city was taken as 18.31 lakh (City population of 16.66 lakh *plus* floating population of 1.65 lakh), as of 2019, for the purpose of SWM Plan. However, scrutiny of records revealed that the population of the city after its expansion by merging three municipalities, seven town panchayats and one village panchayat was 16.66 lakh in 2011. It was also found that as per Census 2011, the city had registered a decadal growth rate of 27 *per cent.* The SWM Plan, however, did not consider the projected population as per the decadal growth, as of 2019 for estimation of the solid waste generated. Further, CCMC did not conduct any survey to estimate the generation of solid waste, as provided in the SWM Manual, by averaging data from collections for a period of seven days, at multiple representative locations, in summer, winter and rainy seasons. Due to non-adoption of accurate population and failure to conduct survey, the quantity of solid waste projected in the SWM Plan was only 860 TPD during 2019, as against the figure of 1,000 TPD as reported to Audit and 1,100 TPD as reported to TNPCB.

Audit observed that in the absence of accurate estimation of the quantity of solid waste generated in the city, based on population and survey, the planning for SWM was unrealistic.

GoTN stated (November 2019) that necessary action to comply with SWM Manual in respect of assessment of waste generation was being taken.

3.2.2.2 Financial Management

The Central/State Sponsored Finance Commission Grants, grants released under Swachh Bharat Mission (SBM), Integrated Urban Development Mission (IUDM) and Smart City Mission (SCM) besides the ULBs General Fund are the sources of funds for CCMC to carry out capital and revenue expenditure for SWM activities. State Policy on SWM also emphasised a sound mechanism for collection of user fee to make SWM services financially sustainable.

Non-levy of SWM user charges on all waste generators

SWM Rule 4(3) read with Rule 15 (f) stipulates that user fee for SWM shall be levied and collected from all waste generators. The SWM bye-laws notified by CCMC in July 2017 specified SWM user charges (SUC) for different classes of waste generators with instruction that SUC should be remitted along with Property Tax (PT).

CCMC collected SUC of ₹ 95.62 lakh and ₹ 0.12 lakh as against ₹ 17.32 crore and ₹ 17.95 crore receivable for the year 2017-18 and 2018-19 respectively resulting in short-collection of ₹ 34.31 crore.

Audit scrutinised the system for collection of SUC and found several lacunae in the existing system which was impacting the collection.

As per data furnished (May 2019) by CCMC, the SUC collectable was based on the number of PT assessments. The SUC, as per CCMC's SWM Bye-laws, was to be collected from all waste generators based on waste generation. The PT assessment calculation takes into account only the usage[17] and area of the building, whereas SUC demand was to be raised and collected based on waste generation. For instance, Audit observed that CCMC did not levy SUC on 2,990 shops leased out by it. Considering the minimum notified rate of ₹ 150 per month per shop, the non-levy worked out to ₹ 89.70 lakh[18] from these properties for the period 2017-19. Further, though the bye-laws required remittance of SUC along with PT, the online facility of CCMC for payment of taxes did not have provision for remitting of SUC, resultantly the SUC was collected physically at collection centres. Thus there was no mechanism to monitor the progress of collection of SUC either from the property owners or waste generators.

GoTN accepted (November 2019) that non-collection of user fee had led to decline in revenue and stated that arrears in user fees would be collected in 10 installments from November 2019. It was further stated that suitable modifications would be made in the software to enable collection of SUC along with PT from the next financial year. Audit observed that non-levy of SUC on waste generators had resulted in non-collection of revenue of ₹ 89.70 lakh in respect of the shops leased out by CCMC.

3.2.3 Economy and efficiency of operations

3.2.3.1 Injudicious hiring of vehicles for transportation of solid waste

Availability of vehicles exclusively for SWM activities in CCMC during 2016-19, was as shown in **Table 3.5**.

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17 Residential, Industrial/Government building, Residential/Shops, Commercial/Shops, Residential & Hostel, Office, Lodge house/Cinema Theatre/Restaurant, Guest house, Office commercial and Star hotel.

18 2,990 shops x 20 months* x ₹ 150 = ₹ 89,70,000.
* From August 2017 (subsequent month to notification of Bye-law) to March 2019.

Table 3.5: Availability of vehicles in CCMC for SWM

Sl.No.	Type of vehicle and capacity	Number of vehicles
1	Dumper Placer (single and twin bins with total carrying capacity of 2 tonnes)	47
2	Compactor and Refuse Collector Compactor (carrying capacity varying from 2 to 3.5 tonnes)	62
3	Tipper Lorry (capacity ranging between 2 to 3 tonnes)	27
4	Smaller Tipper of 0.75 tonnes each	50
5	Tractor with Trailer (2 tonnes capacity each)	14
Total		**200**

(Source: Details furnished by CCMC)

Dumper placers transport solid waste from the waste storage bins/containers to the transfer stations[19] or the dump yard in six trips per day and the remaining vehicles two trips per day. These vehicles were off the road for 20 to 45 days per year, during 2016-19, on account of repair, maintenance and renewal of fitness certificate, etc. The total carrying capacity of the above vehicles was worked out by Audit as 1,044 TPD by taking into account (i) a maximum 'off the road' period of 45 days per year per vehicle, (ii) their minimum carrying capacity and (iii) the trips done per day. The average collection of solid waste by CCMC during 2016-19 ranged between 850 to 950 TPD. As such, the fleet of vehicles available with CCMC was adequate to transport the entire quantity of solid waste collected during this period. CCMC, however, hired 64 to 68 tipper lorries per day during this period, resulting in an expenditure of ₹ 43.24 crore, which was avoidable.

GoTN stated (November 2019) that CCMC's vehicles had a capacity to carry only 533 TPD and hiring of vehicles was necessitated on account of increase in the collection of solid waste. The reply was not acceptable as the actual average quantity of 533 TPD carried by the vehicles of CCMC was much lesser than the carrying capacity of CCMC's vehicles, which was adequate to carry the 850 to 950 TPD collected during 2016-19.

3.2.3.2 Collection and Segregation of solid waste

SWM Rule 4 (1)(a) read with Rule 15 (zg)(iv) stipulates that every waste generator is to segregate the waste generated by them in three separate streams *viz.*, bio-degradable, non-bio degradable and domestic hazardous wastes, prior to handing over to the authorised waste collectors. The local authorities shall create public awareness through information, education and communication campaign and educate waste generators on practicing segregation of waste at source. SWM Rule 22 also stipulates creation of necessary infrastructure for

[19] Facility created to receive solid waste from collection areas and transport in bulk in covered vehicles or containers to the Processing Plant.

enforcing waste generators to practice segregation of waste at source within a time frame of two years from the date of notification of SWM Rules.

3.2.3.3 Prevalence of manual handling of waste

SWM Rule 15 (zd) requires local bodies to ensure provision and usage of personal protective equipment (PPE) including uniform, fluorescent jacket, hand gloves, raincoats, appropriate foot wear and masks by the workers handling solid wastes. SWM Manual, prohibits manual handling of wastes. However, if unavoidable due to constraints, manual handling should be carried out with proper precaution with due care for health and safety of workers. It was, however, found during the JPV (June 2019) that the workers in 10 wards out of 25 wards were not wearing the fluorescent jackets, hand gloves and masks despite its supply to the workers (**Exhibit 3.1**). The usage of protective equipment by the regular as well as the outsourced sanitary workers was not ensured by CCMC. CCMC did not enforce the penalty clause on the contractors engaging outsourced workers for not using protective equipment. Failure in adhering to the safety guidelines put the workers at health risk.

Exhibit 3.1: Sanitary worker engaged in primary collection without protective gear

(Source: Joint physical verification)

GoTN stated that the sanitary workers were being imparted trainings by CCMC under Swatch Bharat Mission. However, apart from imparting trainings, CCMC should have ensured compulsory usage of PPEs by strict monitoring and enforcement of penalty clause.

3.2.3.4 Poor segregation of waste at source

Door-to-door collection of solid waste was carried out by the sanitary workers of CCMC and also through outsourcing. The sanitary workers were provided with a push cart with separate bins and dry waste collection bags for collecting bio-degradable and non-bio-degradable wastes (**Exhibit 3.2**). During JFV (June 2019), it was noticed that in all the 25 wards, only partial segregation was done by the households indicating that the community participation is substantially lacking even after the time frame of two years from notification of SWM Rules. Also, the sanitary workers segregated only the

Exhibit 3.2: Separate bins for primary collection

(Source: Joint physical verification)

dry wastes which were either handed over to the recyclers or taken to the ward office for final disposal.

3.2.3.5 Non-availability of separate bins at secondary collection points

Section 2.3.2 of SWM Manual, 2016 stipulates that at the secondary collection points, segregated waste must be stored on-site in separate covered bins or containers for further collection and be kept separate during all steps of waste collection, transportation, and processing. The JFV (May/June 2019) in 25 wards revealed that though separate containers were provided for primary collection, the secondary collection points had only single containers (**Exhibit 3.3**) resulting in mixed waste being transported to the dump yard. It was further noticed that segregation existed only in the case of waste supplied by the bulk refuse producers (i.e., hotels and market places) as their wastes were bio-degradable in nature and contributed to 10 *per cent* of the total solid waste generated. These were transported directly to the vermicomposting and bio-methanation facilities. Even after lapse of three years since notification of SWM Rules, 90 *per cent* of waste collected were being transferred to the transfer stations and dump yard as mixed waste.

Exhibit 3.3: Single bin at secondary collection point

(Source: Joint physical verification)

GoTN stated (November 2019) that cent *per cent* door to door collection and segregation of waste at source was since achieved to the maximum extent and transportation of mixed wastes was totally avoided by the usage of light commercial vehicles instead of push carts and organic waste storage bins. The reply was not tenable as the facts mentioned in the reply were not supported by any documentary evidence. Further, during JFV (June 2019), Audit found only partial segregation of wastes in all the 25 wards, which was contrary to the Government's reply.

3.2.3.6 Shortfall in processing of solid waste

SWM Rule 15 (v) envisages that bio-degradable waste be processed, treated and disposed of through suitable technologies *viz.,* composting, bio-methanation, waste to energy *etc*. Further, SWM Rule 15 (zj) read with (zk) stipulates that the local bodies shall take necessary actions to bio-mine or bio-remediate the dumpsites, wherever feasible, and in the absence of potential for bio-mining and bio-remediation of dumpsite, it shall be scientifically capped as per landfill capping norms to prevent further damage to the environment within a period of five years from the date of notification of the SWM Rules.

The average collection of solid waste by CCMC was 850, 900 and 950 TPD during the years 2016-17, 2017-18 and 2018-19 respectively. The processing facilities available in CCMC and their utilisation are given in **Table 3.6**.

Table 3.6: Capacity of processing plants and its utilisation

(In TPD)

Description of Plant	Capacity	Average solid waste supplied and processed		
		2016-17	2017-18	2018-19
Processing Plant under PPP mode[20]	525	217	288	414
Vermicompost Plant	100	67	44	48
Bio-methanation Plants (3 Nos.)	4	1	1	1
Total	**629**	**285**	**333**	**463**

(Source: Details furnished by CCMC)

It may be observed from the **Table 3.6** that as against the infrastructure created for processing of 629 TPD of solid waste, the quantity of waste supplied by CCMC ranged from 285 TPD to 463 TPD during 2016-19. Audit observed that this was a persistent issue and CCMC did not attempt a solution, but continued to hire lorries for transporting wastes directly to the dumping yard. GoTN replied (November 2019) that the capacity of the transfer stations was low, due to which the collected waste was taken directly to the dump yard rather than to the processing plant through the transfer stations. GoTN further stated that action was being taken to expand the capacity of transfer stations.

Further, Audit observed that the waste collected during 2016-19 included 7.52 TPD of chicken waste which was bio-degradable by nature. This should have been sent to the bio-methanation plants for processing, instead CCMC resorted to dumping the chicken waste in the dump yard (**Exhibit 3.4**).

Exhibit 3.4:Chicken waste dumped in the open at the dump yard

(Source: Joint physical verification)

(i) As per the Service Level Benchmarks notified by the Ministry of Urban Development (MoUD), GoI, 75 *per cent*, 77 *per cent* and 79 *per cent* of the collected waste are to be processed during the years 2016-17, 2017-18 and 2018-19 respectively. Against this target, the actual quantity of collected waste processed ranged from 34 to 49 *per cent* during 2016-19. In order to fill up the wide gap in processing, CCMC established (July 2019) infrastructure facilities for processing an additional 600 TPD of solid waste at a cost of ₹ 9.82 crore under SCM. However, as the contract for operation and maintenance of this facility was not finalised, the infrastructure created at a

[20] Though the installed capacity of the processing plant was 600 TPD, the handling capacity of transfer stations was only 525 TPD as only three transfer stations were established against the design for four, due to public protest against its creation at the identified site.

cost of ₹ 9.82 crore was yet to be put into use (November 2019). Thus, the CCMC, even after establishing an additional processing plant of 600 TPD at a cost of ₹ 9.82 crore, could not achieve service level benchmark notified by the MoUD, GoI. Poor achievement in processing of collected waste contributed to environmental degrading in the area surrounding the dumping yard, as commented in **Box-3.1** below.

(ii) Further, the accumulated legacy waste at the dump yard was estimated (2017) as 15.50 lakh cubic meter (cu.m.). The National Green Tribunal[21] (NGT), considering the adverse impact on the environment and the health of the people, directed (October 2018) CCMC to take appropriate measures to deal with the legacy waste. The NGT directed (October 2018) CCMC to take up bio-mining of the legacy waste in terms of SWM Rules, 2016, in lieu of cap up of legacy waste, by fixing a time frame of 12 months to complete the entire process. Audit observed that even though CCMC estimated the project of bio-mining the legacy waste at ₹ 99.11 crore under SCM, the project is yet to be approved (September 2019).

The short fall in processing has resulted in 5.91 lakh MT[22] of unprocessed mixed waste being accumulated in the dump yard during 2016-19 over and above the 15.50 lakh cu.m. of legacy waste. Thus, CCMC did not have a system in place to clear the legacy waste or contain the accumulation of waste due to shortfall in processing.

Box-3.1: Outcome of poor performance in processing of solid waste

As per a survey conducted (September 2018) by TNPCB, the quality of ground water in and around the dumping yard deteriorated. The total dissolved solids, chlorides, phenolic compounds, total hardness, lead, nickel and cadmium in the ground water were found to be higher than the prescribed standards. Further, the Ambient Air Quality was also poor in all the four places surveyed in Vellalore.

GoTN stated (November 2019) that action would be taken to find a permanent solution to the problem.

3.2.3.7 Non-compliance with SWM Rules for processing facilities

SWM Rule 15 (y) requires the local authorities to make an application for grant of authorisation for setting up waste processing, treatment or disposal facility, if the volume of waste exceeds five TPD including sanitary landfills from TNPCB. Such an application was required to be accompanied by proof of environmental clearance and consent for establishment.

21 A special tribunal created under the National Green Tribunal Act, 2010 to handle expeditious disposal of cases pertaining to environmental issues.

22 2016-17: (850 - 285) MT x 365 days = 2.06 lakh MT; 2017-18: (900 - 333) MT x 365 days = 2.07 lakh MT; 2018-19: (950 - 463) MT x 365 days = 1.78 lakh MT; Total: (2.06 + 2.07 + 1.78) lakh MT = **5.91 lakh MT**.

(i) Audit observed that CCMC had not taken any action to apply for Consent to Operate under the Water (Prevention and Control of Pollution) Act, 1974, and the Air (Prevention and Control of Pollution) Act, 1981 for the existing processing facility engaged under PPP.

GoTN replied (November 2019) that concessionaire has submitted the application as per their obligation under concession agreement and orders from TNPCB was awaited. The reply is not tenable as SWM Rules places the responsibility with the local authorities and also the concession agreement too requires CCMC to provide necessary support to the concessionaire in securing applicable permits. This has not been ensured by CCMC.

(ii) The processing capacity of the Vermicomposting facility established by CCMC at Vellalore was 100 TPD. Audit observed that, even though the Vermicomposting plant exceeded five TPD, no action had been taken by CCMC to obtain the authorisation from TNPCB for operating the Vermicomposting plant.

GoTN stated (November 2019) that the plant was operated and maintained through an O&M contractor, who has taken necessary steps to apply for consent and authorisation from TNPCB. The reply is not tenable as only the O&M of the plant has been handed over to the contractor, the responsibility to ensure obtaining the necessary permits lies with CCMC.

3.2.4 Non-production of records to ensure compliance

Audit scrutiny of 23 files relating to purchase of bins for compactors and dumper placers during the period 2015-19 disclosed that General Stores of CCMC purchased 2,738 compactor and dumper placer bins of various capacities. Of this, 1,687 bins were received (July 2015 - January 2019) at zonal offices based on the indents of the respective Zonal Sanitary Inspectors as indicated in **Table 3.7**.

Table 3.7: Details of receipt and issue of bins

(In numbers)

Number of bins received and issued	Bins of sizes			
	0.30 MT	0.50 MT	1 MT	2 MT
Total receipt	*467*	*1,517*	*635*	*119*
Issued to:				
Central Zone	73	234	126	66
East Zone	18	312	8	2
North Zone	34	254	52	10
South Zone	42	128	74	8
West Zone	52	111	80	3
Total issued	*219*	*1,039*	*340*	*89*
Balance	**248**	**478**	**295**	**30**

(Source: Details furnished by CCMC)

Audit could not ascertain the status of the remaining 1,051 bins valued ₹ 5.29 crore[23] as the stock register maintained by the general store keeper was not produced to Audit despite repeated reminders.

GoTN stated (November 2019) that the stock registers could not be made available during Audit as the same were in the custody of zonal staff and it has since been kept ready for being produced to audit as and when required. It was further stated that all the bins purchased were duly entered in the stock register concerned and distributed to wards. In view of the reply, Audit re-visited (November 2019) CCMC and called for the records. In reply, CCMC stated (November 2019) that stock register pertaining to 18 files were misplaced and efforts were being taken to trace them.

3.2.5 Conclusion

CCMC underestimated the quantity of solid waste generated in the city due to incorrect adoption of population base. Further, failure to conduct proper survey added to the erroneous estimate of solid waste generation. The persistent issue of insufficient processing capacity, and the failure to achieve optimum utilisation of the available capacity, resulted in processing of only 49 *per cent* of the collected waste, against the targeted 79 *per cent.* Other issues that impacted the solid waste management activities of CCMC were (i) poor achievement in at-source segregation of solid waste, (ii) manual handling of garbage, (iii) non-adherence to safety protocols, (iv) violation of statutory provisions relating to control of water and air pollution, (v) failure to collect solid waste user charges, etc.

The matter was referred to Government in January 2020; reply has not been received (August 2020).

3.2.6 Recommendations

- CCMC should carryout proper estimation of solid waste generation in the city, in order to set accurate targets and assess performance
- Effective action should be taken for source segregation of municipal solid waste by creating public awareness and providing adequate number of garbage bins therefor.
- Action should be taken to meet MoUD's benchmark on the percentage of solid waste processed before disposal by enhancing processing capacity and improving capacity utilisation of existing plants.

[23] Value of 1,051 bins: ₹ 0.72 crore (248 bins x 0.29 lakh); ₹ 2.29 crore (478 bins x 0.48 lakh); ₹ 2 crore (295 bins x 0.68 lakh); ₹ 0.28 crore (30 bins x 0.95 lakh); **Total - ₹ 5.29 crore** (₹ 0.72 crore + ₹ 2.29 crore + ₹ 2.00 crore + 0.28 crore).

3.3 Fraudulent claims/payments

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

NATHAM TOWN PANCHAYAT

3.3.1 Failure to disallow fraudulent claims made by contractor for construction of OHT

Failure of Natham Town Panchayat of Dindigul district to disallow fraudulent claims made by contractor resulted in payment of ₹ 4.12 lakh for non-existent borewell and RCC staircase.

With the aim of augmenting water supply for drinking and domestic purpose to the people of Kovilpatti Rajakulam Colony in Natham Town Panchayat (TP), the Director of Town Panchayat (DTP) accorded (March 2015) administrative sanction for ₹ 20 lakh for the work 'Drilling of 6" dia borewell and construction of one lakh litre capacity Over Head Tank (OHT) at Kovilpatti Rajakulam Colony in Natham TP' (Work). The source of funds for the work included ₹ 19 lakh from Infrastructure Gap Filling Fund 2014-15 and the balance from General Funds of the TP. The estimate for the Work which included drilling two bore wells with submersible motors (₹ 9.29 lakh), construction of OHT (₹ 7.96 lakh) and lump sum provision for pump room and contingencies (₹ 2.75 lakh) was technically sanctioned in March 2015. The Work, excluding the lump sum provisions, was awarded (May 2015) through tender for ₹ 16.82 lakh with six months period to complete. The Work was recorded (November 2015) as completed in the measurement books at a cost of ₹ 19.31 lakh (i.e., ₹ 16.42 lakh towards construction of OHT and ₹ 2.89 lakh towards drilling of borewell). The payment (November 2015) was, however, restricted to ₹ 19 lakh.

Scrutiny (February/April 2019) of records at Natham TP in Dindigul district covering the period 2014-18 revealed the following:

(a) Provision was made for drilling two bore wells along with allied works like submersible motors, PVC casing pipe and pipe connection arrangements and a pump room. The measurement book, however exhibited drilling of one borewell along with proportionate execution of allied works with no pump room at a cost of ₹ 2.89 lakh. A joint physical verification (March/April 2019) of the Work site by Audit and officials of Natham TP revealed that (i) borewell was not sunk at the site as arrangement was made to provide water under a combined water supply scheme implemented by Tamil Nadu Water Supply and Drainage Board. Despite that one borewell was included in the measurement book as a completed component. (ii) the OHT was defective with seepage of water and remained unutilised for more than three years (April 2019). The Executive Officer (EO), Natham TP accepted the audit finding that the borewell was not sunk and recovered (April 2019) a sum of ₹ 2.36 lakh[24] from the contractor at the instance of Audit.

[24] Payment of ₹ 0.53 lakh for the accessories of borewell pipe was not included in the amount recovered from the contractor.

Government, in its reply (November 2019) stated that the defects in the OHT was rectified and water supply commenced.

(b) The estimate included a RCC staircase at a cost of ₹ 1.75 lakh to reach the top of the OHT. The provision of RCC staircase was found mentioned in the measurement book as a completed component and payment was made therefore. Audit, however, found that only a MS ladder was actually provided and a bill was fraudulently prepared as if a RCC staircase was provided and paid for. The EO, Natham TP accepted (March 2020) the audit findings and agreed to recover ₹ 1.23 lakh, being the difference in the cost between the RCC staircase and MS ladder from the deposits of the contractor, who in the meantime has passed away.

Thus, Audit observed that the points discussed above established that the fraudulent claims preferred by the contractor were overlooked by the Assistant Engineer and Assistant Executive Engineer, Dindigul and the same were attested as genuine in the M-Book and EO, Natham TP paid the contractor's bill without even a rudimentary check.

Audit recommends a thorough investigation of the fraudulent claim and to institute disciplinary action on the officials involved.

3.4 Avoidable/Unfruitful expenditure

HEALTH AND FAMILY WELFARE AND SCHOOL EDUCATION DEPARTMENTS

3.4.1 Avoidable payment of electricity charges

Non-review of the contracted maximum demand requirement by six hospitals and Anna Centenary Library had resulted in an avoidable payment of electricity charges of ₹ 7.07 crore during 2016-19.

According to Tamil Nadu Electricity Supply Code, 2004, in addition to current consumption charges, High Tension (HT) power consumers are required to pay Demand Charges at the rates prescribed from time to time, on the maximum KVA demand[25] recorded in a month or 90 *per cent* of the contracted maximum demand (CMD), whichever was higher. Regulation 17(6) (ii) of the Tamil Nadu Electricity Supply Code permits the consumer to reduce the CMD after expiry of initial agreement period of one year[26]. The Code also permits increasing the connected load on payment of prescribed charges.

[25] Highest KVA demand recorded at any point of time during the billing period.

[26] One reduction of up to 50 *per cent* of the existing load is allowed free of charge in a year. Further reduction is allowed on payment of charges.

(i) Avoidable payment by hospitals

(a) During 2017-19, six Medical College Hospitals (MCHs) and 15 District Headquarters Hospitals (DHH) were audited. In three MCHs, the maximum demand reached was much lesser than the CMD, but Demand Charges were levied and paid at 90 *per cent* of CMD leading to avoidable payment of electricity charges as given in **Table 3.8**.

Table 3.8: Hospitals where maximum demand reached was much lesser than the CMD

Name of the Institution	Period	CMD	Highest maximum demand reached	Demand charges paid* (₹ in crore)	Estimated CMD requirement	Demand charges for reduced CMD** (₹ in crore)	Avoidable payment (₹ in crore)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (5-7)
Government Medical College Hospital, Omandurar Estate, Chennai	April 2016 to March 2019 (36 months)	3,500	981.00	3.97	1,100	1.25	2.72
Stanley Medical College Hospital, Chennai (consumer no. 1971)		882	341.20	1.00	400	0.45	0.55
Govt. Dental College Hospital, Chennai		375	202.40	0.43	240	0.27	0.16
Total							**3.43**

* at ₹ 350 per KVA for 90 *per cent* of CMD; ** 90 *per cent* of reduced CMD at ₹ 350/KVA

(Source: Departmental records)

Audit observed that

- Government Medical College Hospital, Omandurar Government Estate, Chennai, started functioning from 2015-16. The Medical College Hospital obtained (2015) a HT service connection with 3,500 KVA, combined for the college and hospital. As the buildings for the hospital block were not ready, the hospital was functioning from the nearby Government Kasturba Gandhi Hospital. Audit found that the maximum demand reached did not exceed 981 KVA against the CMD of 3,500 KVA. If the usage pattern was analysed, the CMD could have been reduced suitably. The Government Medical College, Omandurar Government Estate, however, did not initiate any action leading to continued payment of maximum demand charges at 90 *per cent* of the CMD of 3,500 KVA during 2016-19.
- The Stanley Medical College (SMC) Hospital, Chennai, acquired a new HT connection (consumer no. 1971) with a CMD of 882 KVA in September 2012 for commencement of Stem Cell Research unit. The Unit did not start full-fledged functioning due to issues with the establishment of clean room facility[27] for the Stem Cell Research unit. The highest maximum demand reached was only

[27] Clean room is a controlled environment room (essential for sensitive processes for certain medical or scientific research) where air and surface contamination is constantly monitored and strictly controlled.

341.20 KVA. The Stanley Medical College, however, failed to reduce the CMD and continued to pay maximum demand charges at 90 *per cent* of CMD during 2016-19.

- The Government Dental College Hospital (GDCH), Chennai, had a CMD of 375 KVA. Scrutiny of electricity charges paid during the period April 2016 to March 2019 revealed that the maximum demand ranged only between 119.20 KVA to 202.40 KVA. The GDCH, however, failed to reduce the CMD and continued to pay the maximum demand charges at 90 *per cent* of CMD during 2016-19.

(b) In three hospitals, the consumption exceeded the CMD and hence the hospitals paid penalty of ₹ 1.29 crore as given in **Table 3.9**.

Table 3.9: Cases where penalty was paid due to failure to increase CMD

Name of the Institution	Period	Permitted maximum demand	Maximum demand reached	Penalty paid* (₹ in crore)
Stanley Hospital (Consumer No.2298)	April 2016 to March 2019 (36 months)	130	273.60	0.24
Stanley Hospital (Consumer No.1068)		1,200	1,657.80	0.51
Govt. Royapettah Hospital		425	599.00	0.20
Tirunelveli Medical College Hospital	April 2017 to January 2019 (22 months)	500	841.60	0.34
Total				**1.29**

* Levied on the excess over CMD at double the applicable MD charges

(Source: Departmental records)

- Audit found that the maximum demand exceeded the CMD on all the months during 2016-19 in Stanley Hospital (consumer no. 2298), Tirunelveli Medical College Hospital and Government Royapettah Hospital. Similarly, in Stanley hospital (consumer no. 1068), the maximum demand exceeded the CMD in 32 out of 36 months during 2016-19. Failure to increase the CMD as per operational requirement had resulted in continued payment of penalty.

(c) In May 2014, GoTN upgraded Government headquarters hospital, Tiruvallur, from 232 beds to 370 beds and several new equipment were added. The hospital, however, continued with a Low Tension (LT) service connection. Due to increased load, the maximum demand overshot the sanctioned demand of 64 KW[28] and consequently, TANGEDCO levied penalty. The Joint Director of Health Service (JDHS), addressed DMRHS in July 2016 for converting the LT service connection to a HT service connection at an estimated cost of ₹ 99.50 lakh. The proposal was not followed up by JDHS. As a result, the hospital paid a penalty of ₹ 1.27 crore during April 2016 to March 2019.

[28] Increased to 112 KW in May 2017.

(ii) Avoidable payment by Anna Centenary Library

Similarly, Anna Centenary Library (ACL), functioning under the control of Director of Public Libraries (DPL), obtained a CMD of 2,600 KVA in September 2010 for its HT service connection. But, the maximum demand reached during September 2010 to March 2019 was only 1,476 KVA due to non-functioning/limited functioning of facilities such as lifts, chiller plant, auditorium etc. The Library, however, failed to reduce the CMD resulting in avoidable payment of maximum demand charges of ₹ 1.08 crore[29] during 2016-19.

Thus, failure to review the contracted maximum demand requirement by six hospitals and Anna Centenary Library had resulted in an avoidable payment of electricity charges and penalty of ₹ 7.07 crore during 2016-19.

In respect of the avoidable payment by ACL, Government stated (December 2019) that action was being taken to rectify the faulty air conditioners, chillers, lifts etc., and contended that once the repair works were completed, the CMD of 2,600 KVA would be fully utilised. The reply was not tenable as reduction and enhancement of CMD was allowed and ACL failed to initiate timely action to reduce the CMD.

Health and Family Welfare department did not furnish any reply (August 2020).

Audit recommends that Government may engage the Electrical Wing of PWD to conduct a comprehensive study of contracted maximum demand and actual maximum demand of all HT power connections of Government hospitals and other institutions so as to increase or decrease the CMD to the appropriate level.

HOME, PROHIBITION AND EXCISE DEPARTMENT

3.4.2 Unfruitful expenditure in installation of CCTV system

Lapses in contract management in the procurement of CCTV based traffic monitoring system resulted in unfruitful expenditure of ₹ 2.70 crore.

Chennai Traffic Police (CTP) proposed installation of CCTV based systems in 40 road junctions in Chennai city with facility to monitor and regulate the traffic from a central control room. GoTN earmarked ₹ 4.96 crore under World Bank (WB) funded Tamil Nadu Urban Development Programme-III (TNUDP III), for this project. The Additional Commissioner of police (Addl. CP), CTP awarded (January 2010) the contract to a firm for

[29] MD charges paid ₹ 2.95 crore; on possible reduction of CMD to 1,650 KVA - ₹ 1.87 crore (90 *per cent* of 1,650 x ₹ 350 x 36 months).

supply, installation, commissioning and maintenance of CCTV based computerised system, at a total cost of ₹ 3 crore. The WB refused (March 2010) funding for this project based on procedural irregularities. The GoTN in December 2010 sanctioned ₹ 3 crore to implement the project with State Government funds. The contractor started his work in January 2011, after a delay of one year. The project, however, was not commissioned till March 2019 due to various lapses in contract management as discussed below:

(a) According to Tamil Nadu Transparency in Tenders Rules, 2000, payments for supplies and services should ordinarily be effected only on completion of delivery, and if advance payment is to be made, sufficient reasons should be recorded by the procuring entity. It also provides that in the case of mobilisation advances for construction or supply and installation contracts, irrevocable bank guarantee should be obtained. As per the agreement signed (January 2010) with the successful bidder, the value of contract was ₹ 3 crore which included supply of equipment / components such as fixed day/night colour camera, video server, LCD monitor, etc., costing ₹ 1.87 crore and installation, connecting charges, Annual Maintenance Contract (AMC) etc., at a cost of ₹ 1.13 crore. The contractor supplied the store/components worth ₹ 1.87 crore in March 2011, which were kept in stock in the custody of CTP. Audit found that CTP paid 90 *per cent* of the contract value (₹ 2.70 crore) in April and December 2011, even as there was no provision in the tender document/agreement for making advance payment. CTP did not obtain any bank guarantee for making the advance payment, thereby exposing the Government money to the risk of loss and enabled the contractor to evade responsibility.

(b) Even as the project was in progress, in a complete deviation from the original proposal to install the CCTVs in 40 road junctions, the Addl. CP directed (December 2012) the Contractor to install all the CCTVs for enforcement of law and order at four locations in the city *viz.*, at Marina Beach, Koyambedu Bus Stand, Elliot's Beach and Flower Bazaar. This direction, however, was withdrawn in March 2013 and the Contractor was asked to go ahead with the original proposal.

(c) In January 2010, the supplier provided a bank guarantee for ₹ 14.99 lakh, being five *per cent* of the contract value, towards securing with the performance obligations of the contractor under the agreement. This guarantee, originally valid up to 30 July 2013, was extended up to 30 April 2014 only. Thereafter CTP did not take any action for renewal of the bank guarantee and thereby lost an opportunity to make good at least a part of the loss sustained.

(d) After CTP's instructions (March 2013) to restart the work, the contractor did not start the work immediately, but demanded CTP to bear the cost of road cutting charges payable to Greater Chennai Corporation and the connectivity charges payable to internet service providers for networking the CCTVs. The Addl. CP considered it a frivolous demand to delay the work and sought (July 2013) for legal opinion on exercising the option to terminate the contract. The legal advisor, after perusing the agreement, opined that it was the responsibility of the supplier to meet the cost of road cutting and connectivity charges and suggested that the contract can be terminated in view of the abnormal delay and the contractor can be prosecuted for criminal breach of trust. However, no action was taken against the contractor at this stage. The Addl. CP neither proceeded against the contractor for non-completion of the work within the stipulated time nor allowed reasonable written extension of time, the validity or otherwise of the contract therefore stood in question.

(e) The contractor eventually restarted the work and submitted a work completion report in June 2015 in respect of 38 road junctions and claimed to have demonstrated working of cameras in 36 of the 40 road junctions in August 2015. The work completion report was not accepted by CTP and the system was not commissioned. The contractor, however blamed (April 2017) CTP for the repeated hold ups, damages caused to cameras and cabling due to road works, and natural calamities such as the floods in December 2015 and the cyclone in November 2016, and expressed inability to revive the project. Further correspondence by CTP with the contractor did not evoke any positive response.

(f) The supplier was required to maintain a logbook to record the service visits made to various junctions. This should be in duplicate and one copy was to be shown to the purchaser on monthly basis (Clause 17 of the Agreement). However, neither the contractor maintained the logbook nor the CTP monitored the progress of works. Further, a proceedings on the review of progress of works was held between CTP and contractor on 3 June 2014, in compliance contractor had submitted completion report of 27 junctions on 12 June 2014 (after demo on 09 June 2014) but reason for non-taking over of 27 junctions was not on record. Similarly, the contractor submitted a work completion report in June 2015 in respect of 38 road junctions and claimed to have demonstrated working of cameras in 36 of the 40 road junctions in August 2015. The CTP instructed to form a technical team to inspect the cameras and other installation in June 2017 i.e. after two years. The CTP served a show cause notice after four years of contractor's claims for completion of works (38 junctions out of 40 junctions) and also filed a FIR for criminal breach of trust against the contractor in February 2019, which was quashed by the Honourable Madras High Court. Lack of proper documentation and system of monitoring exposed the CTP to the risk of being unable to pin the responsibility on the contractor.

Thus, lapses on the part of the CTP in contract management and monitoring, including, indecisiveness at critical junctures of project implementation had resulted in failure of the project. The CTP, while proceeding against the contractor for lapses on his part, did not enquire into or fix responsibility on his staff for releasing unsecured advance, and making 90 *per cent* payment, without bank guarantee, even before commencement of installation work. As a result, the entire expenditure of ₹ 2.70 crore became unfruitful.

The matter was referred to Government in July 2019; reply has not been received (August 2020).

Audit recommends that Government should ensure compliance with the provisions of The Tamil Nadu Transparency in Tenders Act 1998 in all procurements. Early action may be taken to retrieve and put to use the stores supplied under this contract.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

CHIDAMBARAM, JAYANKONDAM AND KODAIKANAL MUNICIPALITIES

3.4.3 Unfruitful expenditure due to non-utilisation of machinery

Non-utilisation of machinery procured for processing solid wastes in three municipalities resulted in unfruitful expenditure of ₹ 3.94 crore.

Municipal solid wastes, transported to the compost yard, are processed mechanically in Solid Waste Processing Plants (Plants) to segregate them into compostable, reusable and recyclable wastes. Audit conducted during 2018-20 disclosed unfruitful expenditure of ₹ 3.94 crore due to non-commissioning of machinery procured by three municipalities for the plants as discussed below.

During 2014-16, Chidambaram, Jayankondam and Kodaikanal Municipalities proposed to upgrade their Solid Waste Management facilities and administrative sanctions were accorded as in **Table 3.10**.

Table 3.10: Administrative sanction for Solid Waste Processing Plants

Municipality	Project components		Administrative sanction	Funding source
	Item	Estimated cost (₹ in crore)		
Chidambaram	Compost pad with Leachate collection system	0.67	January 2016 (CMA) December 2015 (RDMA Chengalpet)	SWM and SBM Fund
	Machinery of 50 TPD capacity	1.50		
	Compactor and tipper lorries for Solid Waste Management works	0.58		
	Compound wall, Control room etc.,	2.40		
Jayankondam	Pre-processing shed	3.21	January 2015 (CMA) December 2014 (RDMA Thanjavur)	Fourth State Finance Commission Grant and Municipal Fund
	Machinery of 20 TPD capacity	0.78		
	Compost yard	1.29		
	Compound wall, yard building, etc.,	3.88		
Kodaikanal	Machinery of 30 TPD capacity	1.10	January 2016 (CMA)	SWM, SBM and Municipal Fund
	Machinery shed	0.67		

TPD-Tonnes per Day; SWM-Solid Waste Management; SBM-Swachh Bharat Mission; CMA - Commissioner/ Director of Municipal Administration; RDMA-Regional Director of Municipal Administration

(Source: Records of Municipalities)

Audit found that the projects were not completed even as of March 2020.

(a) Chidambaram Municipality

The Municipality awarded the work through open tender for supply and erection of machinery (March 2016) at a contracted value of ₹ 1.50 crore. The contractor supplied the machinery in May 2017 and the Municipality paid ₹ 1.20 crore being 80 *per cent* of the value of the machinery supplied. The machinery was kept unutilised at the compost yard **(Exhibit 3.5)** for 28 months (October 2019). The civil works for erecting the machinery did not commence as the Municipality decided (October 2018) to carryout Bio-mining[30] at the identified site, which was a compost yard. Further, the Municipality decided to establish Micro Composting Centres at different places in the town for onsite composting. The work of Bio-mining was in progress as of May 2019 and on introduction of Micro Composting, there would be no need for the machinery already purchased. When the matter was referred in September 2019, Government replied (January 2020) that the machinery had been shifted to Erode City Municipal Corporation in December 2019 and the machinery would be utilised there. The Commissioner, Erode City Municipal Corporation, however, informed (March 2020) Audit that the machinery was kept in the dumping ground and installation would be done only after completion of the ongoing bio-mining work in the dumping ground. Thus, the machinery was dumped in open area at Chidambaram and Erode for nearly three years, without utilisation, and the objective of mechanised segregation of garbage was not achieved.

Exhibit 3.5: Machinery lying idle in open area

(Source: Joint physical verification)

(b) Jayankondam Municipality

The Municipality, through open tender, issued work orders for a 20 Tonnes per Day (TPD) plant to the contractors in June 2015 and September 2015 for a contracted value of ₹ 0.80 crore (machinery) and ₹ 2.62 crore (civil works) respectively. After awarding tender, the site was found to be an abandoned quarry. Therefore, to suit the field conditions, the Director of Municipal Administration revised (December 2015) the administrative sanction of the civil works to ₹ 3.21 crore. The machinery was supplied in October 2017. In the meantime, the public protested against establishment of the Plant in the

30 Bio-mining is a technique to clean up the site that has been dumped with wastes.

selected site and based on a public interest litigation, the Green Tribunal ordered (May 2016) to make changes to the project design. The civil works were stopped after incurring an expenditure of ₹ 0.55 crore and in December 2018, the Municipality decided to scrap the project and go for micro composting of garbage. As of March 2020, the machinery was lying unutilised in the pump house premises of the Municipality for over two years.

Thus, poor planning and preparing estimates for the civil works without visiting the site necessitated revising the administrative sanction. The resultant delay and complete change of the scope of the project mid-way had resulted in the non utilisation of the machinery and the partially completed civil structures for installing the machinery (March 2020).

When the matter was referred in September 2019, Government replied (October 2019) that the construction of pre-processing shed, storage rooms could not be taken up due to public agitation and orders of the Green Tribunal. Government further stated that due to change in policy to establish Micro Compost Centres at various places in the Municipality and to establish Faecal Sludge Treatment Plant at the work site, it was decided to shift the machinery (January 2020) to Tirunelveli City Municipal Corporation. Audit found that the machinery was not shifted from Jayankondam Municipality as of March 2020. Thus the expenditure of ₹ 1.35 crore towards construction/ procurement of plant and machinery became unfruitful, and the objective of mechanised segregation of garbage was not achieved.

(c) Kodaikanal Municipality

Based on open tender, the Commissioner of the Municipality issued work orders for the plant to contractors in February 2016 and March 2016 for a contracted value of ₹ 1.15 crore (machinery) and ₹ 0.70 crore (shed). The civil works were completed in November 2017 at a total cost of ₹ 0.67 crore and the machinery was supplied between November 2016 and November 2017. The Municipality released a part payment of ₹ 0.72 crore towards the machinery (November 2017).

As of August 2019, the Municipality had not obtained electricity connection for the plant and hence the machinery was kept in the compost yard premises. Audit observed that the Municipality did not effectively pursue with Tamil Nadu Electricity Generation and Distribution Corporation (TANGEDCO) and the Forest Department for laying power lines through forested area for energising the plant. As a result, TANGEDCO provided three phase power connection to the plant only in December 2019, after a delay of over two years after completion of civil works and supply of machinery.

Government replied (January 2020) that the plant would be put into operation within two months. The fact however remains that non-synchronising the works for availing power connection with the civil and mechanical works due to poor planning, had resulted in the plant and machinery constructed/procured at a cost of ₹ 1.39 crore lying unutilised for more than two years.

Thus, improper planning leading to scrapping the project in two municipalities (Chidambaram and Jayankondam) and non-synchronising the work on obtaining power connection with machinery and civil work procurement (Kodaikanal municipality) resulted in machinery procured at a cost of ₹ 2.72 crore[31] in the three municipalities and civil works partially completed at a cost of ₹ 1.22 crore[32] in two municipalities (Kodaikanal and Jayankondam) not being put to use for over two years. Consequently, about 62 MT of solid waste generated per day by the three municipalities were dumped in the compost yards without processing, adding to environmental degradation.

Audit recommends concerted efforts for early and proper utilisation of the machinery.

SCHOOL EDUCATION DEPARTMENT

3.4.4 Avoidable expenditure in printing and re-printing of free textbooks

Failure of the Directorates of School Education and Elementary Education in verifying the correctness of claims preferred by Textbook Corporation and the failure of Director of School Education in detecting errors in the textbooks had resulted in an avoidable expenditure of ₹ 23.27 crore.

Government of Tamil Nadu, through the Department of School Education, implements the scheme of 'Free supply of textbooks' to all students studying in first to twelfth standard in Government and Government aided schools. The Director of Elementary Education[33] (DEE) and the Director of School Education[34] (DSE) are responsible for implementing this scheme in respect of students studying in schools under their jurisdiction. These textbooks are based on the curricula developed and books designed by the State Council of Educational Research and Training (SCERT) and DSE[35]. The Tamil Nadu Textbook and Educational Services Corporation (TNTBESC), an autonomous body under GoTN, is responsible for printing and distribution of textbooks, the cost of which is reimbursed by GoTN as per the modalities approved in 2010.

31 Municipalities procured machinery: Chidambaram ₹ 1.20 crore, Jayankondam ₹ 0.80 crore and Kodaikanal ₹ 0.72 crore (total ₹ 2.72 crore).
32 Civil works: ₹ 0.55 crore + ₹ 0.67 crore = ₹ 1.22 crore.
33 For Elementary schools (1 to 5 Standards) and Middle schools (6 to 8 Standards).
34 For High schools (6 to 10 Standards) and Higher Secondary schools (6 to 12 Standards).
35 Curricula for class 11 and 12 were developed by DSE till 2017-18.

Scrutiny (2018-19) of records at DSE, DEE and TNTBESC revealed avoidable expenditure in printing of textbooks, as detailed in the following paragraphs.

(a) Arbitrary collection of handling charges on cost of paper by TNTBESC

The cost incurred by TNTBESC, together with an administrative charge at prescribed rates[36], towards printing and supplying textbooks is reimbursed by GoTN, through the DSE and the DEE.

- GoTN issued (December 2010) orders laying down the modalities for reimbursement of production cost[37] incurred by TNTBESC in printing the free textbooks, which *inter alia* includes the actual cost of paper. TNTBESC, however, while preferring claims for reimbursement of production cost, had been including an additional amount of five *per cent* on the cost of paper as handling charges, which was not a component of the production cost, as approved by GoTN. In its response to an audit query, TNTBESC could not justify the levy of handling charges but, on being pointed out by Audit, discontinued this levy in its subsequent claim (May 2019) in respect of the academic year 2019-20.

- DEE/DSE failed to verify the correctness of the claim submitted by TNTBESC. The claims were vetted and forwarded to GoTN for sanction without questioning the admissibility of the claim of handling charges. Based on financial sanction by GoTN, the claims were settled by DSE/DEE. The failure of DSE/DEE to verify the genuineness of the charges claimed for reimbursement resulted in an excess payment of ₹ 21.85 crore to TNTBESC during the period from 2016-17 to 2018-19, as tabulated in **Table 3.11**.

Table 3.11: Details of excess payment made to TNTBESC

Sl. No.	Year	Quantity of paper procured (in MT)	Actual cost of paper procured	Cost of paper claimed from GoTN	Excess amount claimed from GoTN as handling charges @ 5 *per cent* on paper cost
			(₹ in crore)		
1	2016-17	21,048.39	123.58	129.76	6.18
2	2017-18	22,251.43	137.94	144.84	6.90
3	2018-19	27,100.43	175.48	184.25	8.77
Total		**70,400.25**	**437.00**	**458.85**	**21.85**

(Source: Details furnished by DSE / DEE)

[36] As per GoTN's orders (December 2010), administrative charges was to be paid at five *per cent* of cost of free books. GoTN, however, did not pay any charges during 2016-19 as TNTBESC was financially sound through its commercial activities of selling textbooks to private run school students.

[37] Production cost is a consolidation of the following components (i) Actual cost of paper/board/kraft, (ii) Printing charges, (iii) Godown rent, (iv) Transport charges and (v) five *per cent* of cost of free books towards administrative expenses.

In the exit meeting held on 18 November 2019 and in the subsequent reply (November 2019), the Principal Secretary to Government, School Education Department stated that TNTBESC had inadvertently included handling charges in the cost of paper and assured that TNTBESC will remit the same into Government's account. Results of action taken are awaited (March 2020).

(b) Avoidable expenditure due to re-printing of free textbooks

In October 2014, DSE issued orders to TNTBESC for printing 1.36 crore copies of various textbooks for 11th and 12th standards. Based on the indent of DSE, TNTBESC printed the textbooks for all subjects.

Subsequently, in June 2015, DSE requested TNTBESC to urgently reprint and supply 6,36,900 copies[38] of textbooks in respect of two subjects for 11th and 12th standards. According to DSE, these reprints were necessitated due to certain 'conceptual errors' pointed out by the subject teachers in these books. Audit found that the 'conceptual errors' referred to by DSE were in the foreword and preface of all these books and in one to seven inner pages of these eight books. As requested by DSE, TNTBESC reprinted the corrected versions and claimed ₹ 1.42 crore as cost, which was paid in March 2016.

In the exit meeting held on 18 November 2019 and in the subsequent reply (November 2019), the Principal Secretary to Government, School Education Department stated that deleting the 'Foreword' and 'Preface' was a policy decision and hence reprinting of the textbooks was unavoidable. Further, it was pointed out that a system was put in place from 2017-18 for scrutiny of textbooks prior to printing to avoid errors.

The fact, however remained that DSE had not checked/reviewed the textbooks before ordering print/reprint.

Thus, the failure of DSE and DEE in verifying the correctness of claims preferred by TNTBESC and failure of DSE to detect 'errors' in the textbooks had resulted in an avoidable expenditure of ₹ 23.27 crore[39] to the state exchequer.

Audit recommends to institutionalise a fail-safe rigorous checking of text books before mass printing.

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38 **Class 11:** (1) History (Tamil-94,700 copies), (2) History (English-5,500 copies); (3) Indian Economy (Tamil-2,09,200 copies), and (4) Indian Economy (English-26,000 copies). **Class 12:** (5) History (Tamil-88,800 copies), (6) History (English-5,300 copies), (7) Economic Theory (Tamil-1,82,000 copies) and (8) Economic Theory (English-25,400 copies).

39 ₹ 21.85 crore + ₹ 1.42 crore.

3.4.5 Unfruitful expenditure on high tech systems of Anna Centenary Library

Lack of commitment on the part of Government and casual handling of expensive high tech systems of Anna Centenary Library by the Director of Public Libraries resulted in ₹ 7.98 crore spent on creating the assets, largely unfruitful.

The Anna Centenary Library (ACL), Chennai is a public library functioning under the control of the Director of Public Libraries (DPL). The library building was completed (September 2010) at a cost of ₹ 197.43 crore. An amount of ₹ 5.25 crore[40] was spent for the provision of electrical installation works, HVAC[41] works, Fire alarm system, Access control system, Integrated Building Management System (IBMS), etc., to adopt Green Building Concept[42] (GBC) and obtained Green Building certification (May 2010).

Scrutiny of records at DPL/ACL during September 2017, April 2018 and July 2019 revealed the following:

(i) Integrated building management system

IBMS (**Exhibit 3.6**), a part of GBC, helps in effective and efficient usage of various electro-mechanical systems through optimised energy usage by integration with chillers, lighting, UPS, DG sets, fire alarm system, lifts, electrical energy meters etc. The system was installed in ACL (October 2011), at a cost of ₹ 0.72 crore with a warranty period of one year. The Annual Maintenance Contract (AMC) was neither renewed after October 2012 due to scarcity of funds with Local Library Authority (replied in November 2019) nor were any recruitment made against sanctioned posts[43] for maintenance of high tech systems and building. Due to lack of maintenance, IBMS stopped functioning since February 2014.

Exhibit 3.6: Illustrative diagram of IBMS

The Honourable Madras High Court, in a public interest litigation directed DPL to maintain the library (August 2015). GoTN/DPL as a compliance to court direction, approached (January 2016) a contractor for revamping the

40 GoTN had sanctioned (October 2009) an amount of ₹ 6.03 crore for GBC.

41 Heating, Ventilation and Air-conditioning.

42 Green buildings are constructed and maintained as environment friendly buildings, through architectural design for water and energy efficiency.

43 14 posts including two Assistant Engineers (one each for Electrical and Civil) sanctioned for maintenance of the building (March 2010).

IBMS, who quoted ₹ 2.09 crore for the work. GoTN, however, did not proceed with same (April 2017) citing heavy expenditure.

Audit observed that GoTN incurred ₹ 5.25 crore on GBC, which included ₹ 0.72 crore on IBMS, on the premise that this expenditure could easily be recovered from the considerable savings from building maintenance expenditure during the next four to five years. Non-functioning of IBMS, however, had rendered the envisaged automatic control of HVAC, lighting, Fire alarm system etc., ineffective, defeating the very idea of GBC. Thus, the expenditure of ₹ 5.25 crore incurred on GBC became largely unfruitful.

(ii) Facade access system

An external Facade Access System (FAS) was installed and commissioned (September 2011) at a cost of ₹ 1.47 crore for cleaning of the glass facade of the building.

Audit found that the ACL could not put into use the FAS since its commissioning, in absence of dedicated trained staff for periodical facade cleaning. ACL neither entered into AMC for FAS with the supplier nor outsourced the maintenance of the facade cleaning services to any agency. Thus, the FAS installed at a cost of ₹ 1.47 crore, was rendered unusable (**Exhibit 3.7**) and the objective of the system remained unachieved.

GoTN replied (November 2019) that the FAS was functional till 2015 and stopped functioning in 2015 due to unprecedented heavy rains. The reply was untenable as the electrical connections, conduit pipes and cradle system installed on the terrace for movement of the trolley system were removed by some unauthorised persons in November 2011. ACL made an attempt for the first time in 2016 to utilise the FAS but could not use the system.

Exhibit 3.7:
Carriage of Facade Access System

Exhibit 3.8:
Fire fighting pumps and Control Board

(Source: Photographs by the Audit team)

(iii) Fire Fighting System (FFS)

The fire fighting panel and the fire fighting motors of the system are housed in the basement of the ACL building **(Exhibit 3.8)**. Overflowing of the sump inundated the basement of the building on 09 March 2012 and damaged the FFS. No action was taken to rectify the unserviceable system. In January 2016, DPL obtained a quotation for ₹ 1.92 crore to rectify FFS of ACL. No further action was taken as GoTN had not sanctioned the required funds.

Thus, the dysfunctional IBMS coupled with casual handling of its systems resulted in a liability of ₹ 1.92 crore, besides exposing the library users and assets to fire hazards. GoTN stated (November 2019) that the FFS was being operated manually since the IBMS had become non-functional. The reply was untenable as critical features of FFS like sensor-based sprinkler system were not designed for manual operation.

(iv) Lifts

A total of 10 lifts and two escalators were provided in ACL campus at a total cost of ₹ 2.60 crore with warranty period of one year from the date of completion.

Audit found that out of 10 lifts, the supplier handed over six lifts between August 2010 and August 2011. Two lifts were handed over in July 2016 after delay of six years from the date of installation, due to issues regarding payment, and two other lifts were not taken over as they were not in a working condition. The supplier declined to rectify the defects due to expiry of warranty period[44]. As of July 2019, only 4 out of 10 lifts were functioning. Other six lifts were unserviceable due to various factors like non-handover of lifts, prolonged idling and non-usage, seepage of water due to flood waters etc. The supplier quoted (June/July 2019) a total of ₹ 0.24 crore for repairing and reconditioning the six lifts. No decision was taken (as of December 2019) in the proposal to rectify the lifts.

Thus, delayed payment to supplier and non-maintenance of lifts had resulted in the six lifts installed at a cost of ₹ 1.26 crore (**Appendix 3.1**), becoming unusable; and repairing the lifts would lead to an avoidable additional expenditure of ₹ 0.24 crore. As a result, the amphitheater, located on the open terrace above the Auditorium Block of ACL became inaccessible due to non-functioning of both the lifts serving that facility. GoTN replied (November 2019) that action was being taken to bring the lifts to usage.

Thus, GoTN's lack of commitment to adequately address the maintenance issues of the expensive high tech facilities of ACL by signing AMC and providing adequate funds and manpower, coupled with the casual handling of systems by DPL/ACL had resulted in non-achievement of the objectives of GBC. Idling of library facilities such as lifts, amphitheatre, firefighting systems etc., and consequent unfruitful expenditure of ₹ 7.98 crore[45] on provision of the above infrastructure facilities, besides an additional liability of ₹ 2.16 crore[46] for repairing the FFS and lifts.

Audit recommends posting of adequate maintenance staff or outsourcing the maintenance works of all high tech systems of ACL after bringing them back to working condition.

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[44] As per terms, the warranty was only for one year from the date of handing over or 18 months from the date of delivery of material.

[45] GBC: ₹ 5.25 crore (+) FAS: ₹ 1.47 crore (+) Lifts: ₹ 1.26 crore.

[46] Fire fighting system: ₹ 1.92 crore (+) Lifts: ₹ 0.24 crore.

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

3.4.6 Implementation of the scheme for Working Women Hostels

Deficient planning, hasty implementation, delays in land alienation and construction and non-provision of staff had resulted in non-functioning and partial functioning of Working Women Hostels and consequent avoidable expenditure of ₹ 0.98 crore and blocking of ₹ 2.09 crore in idle assets.

Social Welfare Department (SWD) of GoTN runs Government Working Women Hostels (WWHs) to provide safe shelter and food to the working women of lower and middle income groups. The GoTN, in October and December 2013, sanctioned 20 WWHs in addition to the existing eight WWHs, each with an intake capacity of 50, in 13 districts to benefit 1,000 working women. GoTN sanctioned ₹ 23.85 crore towards construction of hostel buildings (₹ 20.20 crore), other non-recurring expenditure (₹ 3.42 crore) and for hiring temporary rental accommodation (₹ 0.23 crore).

During 2018-19, 21 District Social Welfare Offices (DSO) were audited, which included all the 13 districts wherein these 20 new WWHs were located. Audit found that, as of July 2019, only 10 of the newly sanctioned hostels were functioning with an occupancy rate ranging from 10 to 56 *per cent*, two hostels[47] were functioning with zero occupancy and eight hostels closed down due to lack of patronage **(Appendix 3.2)**. The shortcomings on the part of the Director of Social Welfare (DSW) and GoTN are discussed below:

3.4.6.1 Deficient Planning

***Lack of planning for accommodation*:** Based on the announcement (May 2013) of the Honourable Chief Minister to establish 20 WWHs in 13 districts, DSW, proposed (May 2013) to GoTN to immediately establish the hostels by hiring rented premises, pending construction of own buildings. DSW proposed an expenditure of ₹ 20,000 per month towards hostel rent and the same was approved by GoTN. Audit observed that the space norm[48] for WWH is 124 square feet (sq.ft.) per inmate, which requires renting out a 6,000 sq. ft building to accommodate 50 inmates. The rental expenditure of ₹ 20,000 per month, approved by GoTN, was grossly inadequate and unrealistic to hire a suitable accommodation as the reasonable rent for a comparative building would be in the range of ₹ 1 lakh per month[49]. This led to either hiring of much smaller buildings or those at distant locations, so as to

47 Sivaganga (since 01 November 2017) and Tiruppur (since 2016-17).

48 Norms adopted by GoI under 'Scheme for working women hostels' was 124 sq.ft. and GoTN norm notified in 2015 was also 124 sq.ft. per inmate.

49 Arrived at by Audit by adopting PWD's method of calculating 'Reasonable Rent' for issuance of 'Rent Reasonableness Certificate'.

restrict the rental expenditure within the ceiling fixed by GoTN. All WWHs were declared open in June 2014 through video conferencing without regard to its suitability and financial viability. As a result of the deficient planning on hiring accommodation and hasty opening of WWHs, Audit found that:

- Out of the six WWHs sanctioned in Chennai, two buildings in Perambur and Selaiyur housed two hostels each and two other hostels were located in an isolated locality in a suburb[50]. All these hostels were closed down in January 2016 mainly due to non-availability of suitable buildings within the approved rental amount to accommodate 50 inmates.
- Two WWHs in Kancheepuram District were also opened in a single building at Okkiam Thoraipakkam[51], far away from the locations approved by GoTN. These hostels could accommodate only 32 women against the sanctioned intake of 100, due to space constraints.
- Despite a greater demand due to its proximity to an industrial estate, WWH, Tiruvallur could accommodate only 24 women. The District Social Welfare Officer (DSWO) stated (May 2019) that the rented building had space to accommodate only 24 cots.

***Starting WWHs without assessing demand*:** Private agencies operate large number of WWHs all over the State, which function on commercial basis. In the WWHs run by Government, accommodation is provided at nominal rent for women from low income group, who would otherwise find it difficult to obtain accommodation in private hostels due to higher rent. Audit, noticed that there was no system to assess the demand for low income group women in the city/town where the WWHs were sanctioned. Absence of location specific demand survey had resulted in closure/low occupancy of WWHs.

- The WWH at Sriperumbudur, opened in June 2014, was closed in July 2015 due to lack of patronage and the DSWO surrendered the allotted land. The DSWO attributed the availability of a SIPCOT[52] run WWH with a capacity to accommodate 600 women, for the lack of demand. Audit found that the SIPCOT run hostel at Sriperumbudur had an average occupancy rate of 46 *per cent* during 2016-19 and, therefore, it is observed that the proposal to start the WWH at Sriperumbudur lacked proper assessment of demand and supply in that area. In his reply (December 2019), the CSW stated that action was being taken to identify another site in the same district.

50 Vyasarpadi in Chennai district and Pallikaranai in Kancheepuram district.

51 Okkiam Thoraipakkam is 50 kms and 5 kms from Chengalpet and Sholinganallur respectively, the two places where the hostels were sanctioned.

52 A Public Sector Undertaking of GoTN - State Industries Promotion Corporation of Tamil Nadu Limited.

- In the industrial city of Tiruppur, land for construction of WWH was identified and construction was completed in the same survey number of Nerupperichal village, in which a SIPCOT working women dormitory to accommodate 600 women was already being built. The WWH, built at a cost of ₹ 1.10 crore, is lying idle since its completion in March 2017 due to lack of demand.

3.4.6.2 Delays in land alienation and construction

GoTN instructed (October 2013) DSW to identify suitable land, in consultation with the District Collectors, for construction of hostels by Public Works Department (PWD). Nearly five years after the sanction, as of July 2019, (a) only four WWHs buildings were completed, (b) two WWHs were partially completed and awaited Revised Administrative Sanction (RAS) in respect of certain critical amenities[53] which were not provided in the initial sanction, (c) construction was under progress in two places, (d) administrative sanction was awaited in respect of six WWHs buildings, (e) land alienation/ identification process was incomplete in five places and (f) in one place the allotted land was surrendered. The status of construction of WWHs is detailed in **Appendix 3.3**.

- In Tiruppur, the hostel building completed and taken over in March 2017, was not commissioned even as of June 2019 as amenities like borewell and compound wall was not provided. A proposal for RAS for an additional sum of ₹ 15.80 lakh submitted by PWD was pending approval since February 2016.
- In Vellore, the hostel building structurally completed in March 2016, was not taken over by DSWO as electrical works, water supply arrangements, compound wall, etc., were incomplete pending approval of RAS for an additional sum of ₹ 32.36 lakh proposed in October 2018.

Availability of suitable buildings, being a critical requirement of WWH, Audit observed that the abnormal delays in land identification and construction also contributed to the closure and poor performance of WWH.

3.4.6.3 Non-provision of personnel

Government of India's scheme for WWH envisaged only a partial assistance for regular functioning of WWH, which were to be self-sustaining and run by individuals/bodies desirous of providing this service. GoTN, however, decided to run WWH as full-fledged Government institutions with four Government staff on regular time scale of pay and four others engaged on wages. The administrative model planned by GoTN involved substantial budgetary commitment in the form of salaries and wages.

Although, GoTN approved the proposal for 160 new posts for the 20 new WWHs, no recruitments were made. Pending recruitments, in September 2014, DSW directed to engage one Assistant Cook, one Watchman

[53] Compound wall, barbed wire fencing, pavement, fans, gate, water connection, etc.

and one *Thuppuravalar*[54] on consolidated pay. The regular post of Supervisor to head the hostels were not filled up. In January 2018, DSW proposed to GoTN to engage Supervisors on contractual basis. GoTN's orders on the subject was awaited (June 2019).

As of June 2019, shortage of manpower with reference to the sanctioned strength ranged from three to six in the ten functioning WWHs. The details of manpower, as of July 2019, are given in **Appendix 3.4**.

DSWOs of five[55] districts stated that non-appointment of supervisors and other regular staff in the hostels to instill orderliness and to efficiently run the hostel, was one of the reasons for the poor patronage for the hostels.

3.4.6.4 Violation of eligibility criteria

GoTN stipulated an income ceiling of ₹ 25,000 per month for women seeking admission in WWH in Chennai district and ₹ 15,000 per month for WWH in other districts. Audit in three[56] DSOs revealed that hostel accommodation was provided to women with income above the stipulated ceiling in violation of GoTN orders. DSWOs of five[57] districts attributed low income ceiling for the poor response for admission in WWHs and suggested increasing the ceiling. The DSW, while stating that most working women are in receipt of higher income than the ceiling, requested (November 2016) GoTN to issue orders to enhance the monthly income ceiling to ₹ 55,000 for Chennai District and ₹ 20,000 for other districts so that the scheme benefits will reach the needy.

Audit observed that the objective of the scheme was to provide subsidised accommodation to 'low and middle income group' working women and GoTN's policy did not allow subsidising hostel accommodation for well-to-do working women, who have plenty of private run hostels functioning on commercial basis. GoTN, however, had not yet reviewed the definition of 'low and middle income group' for the purpose of hostel admission.

Thus, the failure of GoTN and DSW to assess the actual demand in selection of districts, suitable sites for construction of hostels, complete the pending civil works, appoint staff against sanctioned posts resulted in non-functioning of 10 WWHs and poor functioning of 10 other WWHs.

As a consequence:

- GoTN incurred an avoidable expenditure of ₹ 0.98 crore on rental, salaries and wages in respect of closed / unoccupied hostels.
- ₹ 2.09 crore[58] was blocked for more than three years in two partially completed hostels awaiting RAS for additional amenities.

54 Sanitary worker.

55 Coimbatore, Perambalur, Tiruppur, Tiruvallur and Villupuram.

56 Madurai, Tiruvallur and Villupuram.

57 Kancheepuram, Sivaganga, Tiruvallur, Vellore and Villupuram.

58 Tiruppur WWH: Construction - ₹ 1.09 crore; Vellore WWH: Construction - ₹ 0.97 crore and Electrical - ₹ 0.03 crore.

The matter was referred to Government in August 2019; reply has not been received (August 2020).

Audit recommends a review of the rental ceiling fixed for hiring buildings for WWHs and work out a cost effective alternative system for managing the hostels if it is not possible to fill up the posts sanctioned for management of these hostels.

3.5 Loss/Short collection of revenue

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

THANJAVUR CITY MUNICIPAL CORPORATION

3.5.1 Loss of revenue on lease of bus entry fee collection

Failure to correctly assess the revenue potential had resulted in loss of revenue of ₹ 27.87 lakh to Thanjavur City Municipal Corporation from the lease of bus entry fee collection.

Article 243W read with Twelfth Schedule of the Constitution of India devolved 18 functions to the Urban Local Bodies (ULBs). Provision of public amenities like parking lots, bus stops and public conveniences was one among them. In Tamil Nadu, the predominant mode of motorised public transport is buses and accordingly the ULBs establish bus stands to handle large volume of passengers on a daily basis. Based on the location, level of services provided and critical infrastructure components created in the bus stands (*viz.*, number of bus bays, passenger waiting areas, public toilets, cloak rooms, rest rooms, canteen facilities, information desk, control rooms, etc.,), the Regional Transport Authority (RTA) categorises these bus stands after evaluating the infrastructure created by the ULBs. In order to meet the operational and maintenance expenditure of the bus stands, bus entry fees are paid by the buses accessing the bus stands. Government fixes the bus entry fees to be collected by each category of bus stands.

GoTN permitted ULBs to lease the right of collecting bus entry fees from the buses entering the bus stand on annual basis through competitive bidding. GoTN further allowed (May 2009) ULBs to extend the lease period up to three consecutive years with the consent of the lessees and on condition that the amount of annual lease for the ensuing year is increased by five *per cent* over the current year.

Audit scrutinised (September 2018 and May 2019) records relating to the lease of collecting bus entry fees at two bus stands *viz.,* New Bus Stand and Old Bus Stand of Thanjavur City Municipal Corporation (TCMC). The bus entry fee per bus per day was fixed at ₹ 15 uniformly for both the bus stands. The revenue through the bus entry fee collection dropped drastically in 2014 as given in the **Table 3.12** and stayed in the same range for the next four years.

Table 3.12: Bus entry fee revenue of TCMC

Period*	Mode of collection	Revenue receipts (₹ in lakh)
2012-13	Through contractor	33.34
2013-14	Direct collection by TCMC	28.44**
2014-15	Through contractor	20.10
2015-16	Through contractor	21.58
2016-17	Through contractor	22.66
2017-18	Through contractor	22.60
2018-19	Through contractor	23.73

* From 2014-15 onwards, the period of reckoning was from August to July

** Actual collection of ₹ 37.65 lakh less collection charges of ₹ 9.21 lakh

(Source: Details furnished by TCMC)

The revenue which stood at ₹ 33.34 lakh in 2012-13 fell to ₹ 28.44 lakh in 2013-14 after TCMC started collecting the bus entry fee directly from bus operators. In July 2014, TCMC decided to lease out the bus entry fee collection citing difficulties in collection and awarded the lease for three year period from 1 August 2014 to 31 July 2017 to the highest of the two bidders who participated in the auction. The annual lease amount payable was fixed at ₹ 20.10 lakh for the first year, which was to be increased by five *per cent* in the following two years. In May 2017 TCMC called for fresh tenders for leasing bus entry fee collection for a further period of three years wherein, the same two bidders participated. TCMC awarded (July 2017) the lease to the same person, who was the highest bidder, for three more years at ₹ 22.60 lakh, ₹ 23.73 lakh and ₹ 24.92 lakh for the first, second and third consecutive years respectively. In accordance with the terms of lease, the lessee remitted the annual lease amount in advance i.e., before commencement of the lease period.

Audit observed that while calling for bids for leasing out the bus entry fee collection, TCMC did not fix any minimum bid value based on assessment of revenue potential. Scrutiny of records pertaining to 2017-19 revealed that 847 buses entered the bus stands daily (i.e., 595 buses in New Bus Stand and 252 buses in the Old Bus Stand), as reported by the Tamil Nadu State Transport Corporation (TNSTC). Based on the data furnished by TNSTC, the amount of collection of bus entry fees worked out to ₹ 92.75 lakh[59] for two years from August 2017 to July 2019 against which the amount realised from the lessee was ₹ 46.33 lakh. This resulted in TCMC sustaining a loss of

[59] Bus Entry Fee for two years from August 2017 to July 2019: 847 buses x ₹ 15 per bus per day x 365 days x 2 years = ₹ 92.75 lakh.

revenue of ₹ 27.87 lakh[60], arrived at after allowing a reasonable profit margin of 20 *per cent* to the lessee. Besides, TCMC would incur a loss of revenue of ₹ 12.18 lakh[61] for the third extended annual lease period i.e., from August 2019 to July 2020. Fixation of minimum bid value based on potential revenue coupled with an agreement incorporating suitable safeguards to protect government interests, would have enabled the government to realise higher revenue.

When brought to notice, the Additional Chief Secretary to Government (ACS), Municipal Administration and Water Supply (MAWS) Department, concurred (January 2020) with the Commissioner of TCMC to consider the feasibility of cancelling the current contract. ACS, MAWS Department further directed the Commissioner of TCMC to expedite the process of retender. The reply vindicated the audit observation of loss of revenue due to award of tender without fixing a minimum bid value based on the estimated number of buses utilising the bus stands. Further, the estimated loss of ₹ 27.87 lakh would not be made good by cancelling the lease.

Audit recommends that government may make it mandatory for local bodies to assess the income potential and fix minimum bid value while auctioning leasing of rights for collection of bus entry fee.

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

3.5.2 Short collection of revenue due to non-revision of lease rent

Delay by Revenue authorities and Government in revising the lease rent as per RSO 24-A in respect of land leased to private industries had resulted in short collection of revenue of ₹ 8.56 crore.

Under the provisions of Revenue Standing Order 24-A (RSO 24-A), Government may grant temporary occupation of State's land to a company, association or society for a maximum period of 20 years. The lease rent for such lands granted to companies, associations etc., should be revised at the time of renewal of lease or once in three years, whichever was earlier. As per the orders (June 1998) of GoTN, lease rent was to be fixed at 14 *per cent* of the market value when the land is leased out for commercial purpose. As per RSO and Government Orders thereunder, the Commissioner of Land

60 Loss of revenue: 80 *per cent* of ₹ 92.75 lakh which is ₹ 74.20 lakh - (₹ 22.60 lakh + ₹ 23.73 lakh) = ₹ 27.87 lakh.

61 Loss of revenue for the current lease period (August 2019 to July 2020): 80 *per cent* of (847 buses x ₹ 15 per bus per day x 365 days) which is ₹ 37.10 lakh - ₹ 24.92 lakh = ₹ 12.18 lakh.

Administration (CLA) has powers to lease and renew leases of lands valuing up to ₹ 2 lakh, and the Government has powers to lease its land valued above ₹ 2 lakh. The process of leasing government land involves formal application to the District Collector, followed by ascertaining public objection, if any, by the Village Administrative Officer and field survey by the Tahsildar to fix market value of the land based on sale price of similarly placed lands in the vicinity. Based on the Report of the Tahsildar, the District Collector makes his recommendation to the CLA / GoTN for award of lease. For renewal of existing lease, the same process except formal application and ascertaining of public opinion, are to be carried out.

During 2018-19, 30 Taluk offices were audited and in five offices, Audit came across issues like short collection/non-collection of lease rent, non-resumption of leased land, etc., in respect of lands leased under RSO 24-A. One such case of land leased to private party with substantial money value scrutinised (December 2018 and January 2019) by Audit in the Revenue Department and Ponneri Taluk Office in Tiruvallur District revealed that lease rent for land leased to M/s. Zuari Cements Limited (ZCL) and M/s. India Cements Limited (ICL) were not revised after expiry of three years, as given in **Table 3.13**.

Table 3.13: Details of land leased out to ZCL and ICL

Sl. No.	Name of the Lessee	Purpose of lease	Extent of land (in acres)	Lease period		Due date for fixation of revised lease rent
				From	To	
1	Zuari Cement Limited	Cement Grinding unit	3.68	29-05-2007	28-05-2016	29-05-2010 29-05-2013 29-05-2016
2		Landscaping/ rest room for workers/ railway siding	3.35	14-03-2008	13-03-2017	14-03-2011 14-03-2014 14-03-2017
3		Railway siding	0.63	25-10-2011	24-10-2014	25-10-2014 25-10-2017
4	India Cements Limited	Railway siding	1.74	03-09-2010	02-09-2013	03-09-2013 03-09-2016

(Source: Details furnished by the Department)

The above leases were not renewed for five to nine years, but the lessees continued to hold the land by paying lease rent at old rates in respect of the land leased to ZCL and without paying any lease rent in respect of land leased to ICL (**Appendix 3.5**).

The lapses on the part of Revenue authorities and Government that resulted in the short collection of revenue of ₹ 8.56 crore are discussed below:

- The Tahsildar, Ponneri did not monitor the land leases leading to lapses in timely submission of proposal to Commissioner of Land Administration (CLA) for revision of lease rent. Proposals for revision of lease rent in respect of land at Sl. Nos.1 and 2 of

Table 3.13 were submitted only in September 2019 after being pointed out by Audit and the same were lying with CLA.

- In respect of land at Sl. No. 3 of **Table 3.13**, the proposal for revision of lease rent submitted by the Tahsildar, Ponneri in October 2014 was still under consideration by CLA and GoTN. GoTN in their reply (September 2019) did not explain the reasons for the delay in refixing the lease rent.
- Similarly, as of September 2019, the belated proposal (October 2017) of Tahsildar, Ponneri for renewal of lease in respect of Sl. No. 4 of **Table 3.13** was pending with GoTN for over two years. GoTN did not elaborate the reasons for long pendency of the proposals for refixing the lease rent payable by ICL.

Thus, failure of the Revenue authorities and Government to take timely action to revise the lease rent by extending lease period as per RSO 24-A resulted in short collection of revenue of ₹ 8.56 crore (**Appendix 3.5**).

The matter was referred to Government in June 2019; final reply has not been received (August 2020).

Audit recommends establishment of a suitable management information system to enable CLA to monitor periodical renewal of land leases.

3.6 Undue favour to contractor

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

GREATER CHENNAI CORPORATION

3.6.1 Injudicious award of contracts

Injudicious analysis of tenders had resulted in undue benefit of ₹ 1.41 crore to contractors.

According to Para 2.7.1 of Engineering Manual for Urban Local Bodies[62], if the contractor offers a rate which is 25 *per cent* lesser or higher than the detailed estimate rate for any item of work, such a rate would be considered as an absurdly low or high rate respectively. The Engineer, on acceptance of such tenders, should ensure that in respect of absurdly high rate items, the agreed quantities are not exceeded and the absurdly low rate items are executed in full. The aforesaid provisions of the Engineering Manual would serve as an effective check against any pre-meditated attempt by contractors to bag a contract by quoting absurdly low rates for certain items of the works

[62] The Manual is applicable to all ULBs except GCC.

being tendered, and then abandoning such items at the execution stage in full or part. Further, as per Rule 14 (9) of TN Transparency in Tender Rules (TNTTR), 2000, the tender accepting authority shall be ordinarily permitted to vary the quantity finally ordered, only to the extent of 25 *per cent*, either way, of the requirement indicated in the tender documents. While the Engineering Manual for ULBs was not made applicable to Greater Chennai Corporation (GCC), TNTTR and the spirit behind the Engineering Manual were applicable to GCC tenders. Further, as per Para 2.7.3 of the Manual, if the tendered value exceed 10 *per cent* over and above the estimated value, the tender may be accepted only by a Committee headed by the Commissioner of Municipal Administration in respect of ULBs other than GCC. In respect of tenders by GCC, the Council has the powers to accept such tenders.

The maintenance and improvement of roads within the jurisdiction of GCC is carried out periodically from its capital fund and financial assistance from Metropolitan Infrastructure Development Fund and Tamil Nadu Urban Road Infrastructure Project. GCC grouped the roads (cement concrete/bituminous) to which improvements were to be carried out into packages comprising of series of roads and works were awarded to contractors through tenders for the packages.

During scrutiny of records (April-May 2017 and July-December 2018) of GCC, improvements to interior roads carried out during 2015-17 were test-checked in selected 6 out of the 21 packages. The details of packages test-checked are indicated in **Table 3.14**. The estimated cost of the test-checked packages varied from ₹ 2.59 crore to ₹ 10.04 crore. After shortlisting the contractors through e-tenders (October 2015/September 2016), GCC awarded (December 2015/December 2016) the works to contractors.

Table 3.14: Details of works under the selected packages

Sl. No.	Zone	Package No.	Number of roads		Value of work (₹ in crore)			Month and year of completion
			Agreed	Completed*	Estimated	Agreed	Completed	
1	5	03	41	41	5.00	5.51	5.50	April 2016
2	9	17	100	86	9.97	10.66	9.64	November 2016
3	12	35	24	24	2.59	2.74	2.30	March 2017
4	13	11	56	55	5.10	5.64	5.40	March 2016
5	13	20	96	84	10.04	11.07	7.41	September 2016
6	14	15	69	69	7.67	8.29	8.28	June 2016

* In package 11, 17 and 20, number of road works cancelled were 1, 14 and 15 road works respectively

(Source: GCC records)

Though all the works were completed, on record, within the agreed cost, scrutiny of completion reports of the respective works revealed the following:

(a) The contractors of five packages did not carry out 13 items of work such as raising or lowering of manhole, carting away surplus earth, providing poly-sulphide sealant in the expansion joints of concrete, etc., which were agreed to be carried out at absurdly low rates, of 65 to 99 *per cent* less than the estimate rate (**Appendix 3.6**).

(b) In the six packages sampled, the contractors only partially carried out (3 to 46 *per cent*) 13 items of work such as providing and laying quarry rubbish, providing M15 grade ready mix concrete, construction of inspection chamber, etc., which were agreed to be executed at absurdly low rates of 33 to 98 *per cent* below the estimate rate (**Appendix 3.7**).

(c) In two packages, in respect of two items of works *viz*., interlocking paver blocks and dummy joints of cement concrete slabs, agreed to be carried out at absurdly high rates (29 to 45 *per cent* more than the estimate rate), the quantity executed were in excess of the agreed quantities (**Appendix 3.8**).

Audit found that by accepting absurdly low rates, GCC facilitated award of contracts to bidders who would not have otherwise qualified for award of the contract. Instant cases are discussed below:

(i) In Package 3 for relaying of 41 interior roads in zone 5, two contractors took part in the tender. As the bid value of both the contractors was in excess of 20 *per cent* of the estimate, GCC invited the L1 bidder for negotiations. The L1 bidder reduced the bid for the component '*raising or lowering the manhole cover'* to ₹ 250 per item from his original bid of ₹ 1,500, which itself was much lower than the SoR rate of ₹ 2,495.45 per item. By this abnormal reduction, the total bid value was brought down to 8.32 *per cent* above estimate and thereafter the work was awarded to him. The contractor, however, did not execute even a single item of the component '*raising or lowering the manhole cover'*.

(ii) Similarly, Package 17 involving 86 road works comprised of 14 components. Against the estimate of ₹ 9.97 crore, the lone bidder who participated in the tender quoted ₹ 11.94 crore (19.76 *per cent* above estimate) which was reduced to ₹ 10.66 crore (6.92 *per cent* above estimate) through negotiation. The negotiated rates were abnormally lesser than the tendered rates by 50 to 99.12 *per cent* in respect of 10 items. The completion reports of the package revealed that in 62 out of the 86 completed roads, the contractor laid the roads by executing only two items of works, *viz*., laying ready mix concrete (RMC) M15/M30/M40 grade and a non-tendered item 'Dummy joints over cement concrete surface'. Seven components (**Appendix 3.6**), for which absurdly low rates were quoted, were not executed by the contractor. In the remaining 24 roads only three to five items of work were executed.

In the above instant cases the tender would not have been awarded but for the reduction of rates on certain items to absurdly lower rates during post-tender negotiation, which helped the contractor to bring down the total bid value within the permissible excess. It is pertinent to point out that Central Vigilance Commission's publication (2002) on 'Problem areas of Corruption in Construction' specifically mentions "Items for which contractor has quoted abnormally low rates are to be identified at the time of award of contract.

Execution of less quantity or substitution of such items result in undue advantage to the contractor".

The contractors of all sampled packages had followed a similar pattern of quoting absurdly low/high rates and GCC allowed short execution and/or excess execution of items of works, in excess of the allowable 25 *per cent* of the estimated quantity. This had resulted in allowing an undue advantage of ₹ 1.41 crore[63] to the contractors.

The Commissioner, GCC stated (November 2019) that short execution or excess execution of certain items of work were due to site conditions. The reply indicated that the estimates were prepared without taking into account the site conditions, which facilitated the contractors to quote abnormally low rates for items which were included in the estimates, but not required to be executed.

The foregoing observations clearly pointed to serious deficiencies in the process of making the estimates and award of contracts, making the whole process irrelevant and redundant. It resulted in undue benefit to the contractors of ₹ 1.41 crore in respect of 6 out of the 21 road work packages test-checked by Audit. Audit opined that fixing responsibility for these lapses would prevent recurrence of such deficiencies.

Audit recommends that the provisions of the Engineering Manual for Urban Local Bodies on the issue of 'absurdly low/high tendered rates' should be applied by GCC.

MAYILADUTHURAI MUNICIPALITY

3.6.2 Excess expenditure due to extension of contract

Inclusion of inadmissible component and acceptance of increased daily wage rates payable to outsourced sanitary workers, without authority, by Mayiladuthurai Municipality resulted in excess expenditure of ₹ 51.31 lakh.

Government of Tamil Nadu formulated (May 1998) guidelines for privatisation of municipal basic services[64] to the public. Based on the guidelines, the CMA directed (January 2012) all ULBs to obtain in-principle clearance before privatising such services and adopt Tamil Nadu Transparency in Tender Rules, 2000 for award of work.

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63 Undue advantage: ₹ 1.36 crore (Agreed value of non-executed items (**Appendices 3.6 and 3.7**)) + ₹ 0.05 crore (undue benefit on excess quantities executed (**Appendix 3.8**)).

64 (a) Primary Services *viz.,* solid waste management, street lights, maintenance of roads and bridges, water supply and sanitation (b) other services *viz.,* parks maintenance, shopping complexes maintenance, markets and public toilet facilities.

Audit scrutiny of records (June 2019) of Mayiladuthurai Municipality (Municipality) in Nagapattinam District for the period 2016-19 revealed that CMA accorded (December 2012) in-principle clearance to engage 81 numbers of sanitary workers for municipal solid waste management services on outsourced basis by inviting tenders. The approval also required the Municipality to determine the wages of outsourced workers on par with the daily wage rates[65] fixed by the District Collector and by including contributory payments like Employees' Provident Fund (EPF), Employees' State Insurance (ESI), life insurance, uniforms and safety equipments, administrative charges, etc., as applicable to such rates. The Municipal Council resolved (October 2014) to engage 60 sanitary workers at an estimated cost of ₹ 54 lakh per annum through an Outsourcing Agency (Agency) in seven wards for a period of one year. Accordingly, the Municipality invited tenders and awarded (November 2014) the work to an Agency for the period from December 2014 to November 2015 at ₹ 293.05 per worker per day. The agreed rate included the minimum wage of ₹ 200 per day per worker as notified by the District Collector, EPF (₹ 19.05), ESI (₹ 9.50), insurance (₹ 2.00), uniform & safety equipments (₹ 8.00), employee contribution for EPF and ESI (₹ 28.50), internal training (₹ 4.00) and administrative charges (₹ 22.00). As per agreement, extension of contract period was permissible for administrative reasons, at the same rates, for another three months[66]. The Municipality, however, extended the contract at different rates[67] for four consecutive years without inviting tenders on the plea that CMA had permitted for extension subject to increase of cost within 10 *per cent* of the estimate. The plea of the Municipality was not appropriate as the in-principle clearance of CMA did not discuss the issue of extension of contract and the Tamil Nadu Transparency in Tenders Act, 1998 does not allow such extension. The expenditure incurred during the extended period was ₹ 3.96 crore[68].

During the extended period, the Municipality allowed minimum daily wages as per the rates notified by the District Collector and EPF and ESI elements calculated thereon. Further, the Municipality allowed arbitrary increase of other components of the payment to the contractor, *viz.*, (i) insurance charges increased from ₹ 2.00 to ₹ 10.00 per day per worker, (ii) charges towards uniform & safety equipments increased from ₹ 8.00 to ₹ 16.10, (iii) cost of internal training increased from ₹ 4.00 to ₹ 21.88 and (iv) administrative

65 2014-15 - ₹ 200; 2015-16 - ₹ 220; 2016-17 - ₹ 230; 2017-18 - ₹ 270; 2018-19 - ₹ 300.

66 As per the terms of agreement, value of work during extended period should not exceed 25 *per cent* of the approved contract value.

67 Rates at which the contracts were extended: December 2015 to November 2016 - ₹ 322.02, December 2016 to November 2017 - ₹ 354.18 and December 2017 to November 2019 - ₹ 398.18.

68 Total expenditure of extended annual contracts: December 2015 to November 2016 - ₹ 0.94 crore; December 2016 to November 2017 - ₹ 1.02 crore; December 2017 to November 2018 - ₹ 1.28 crore; December 2018 to June 2019 - ₹ 0.72 crore; Total expenditure - ₹ 3.96 crore.

charges increased from ₹ 22.00 to ₹ 36.80. While the Municipality was legally bound to increase the minimum wages and the corresponding EPF and ESI subscription, Audit observed that the Municipality had no authority or rationale for accepting increased rates for insurance, uniform & safety equipments, internal training and administrative charges during the extended period. Thus, the Municipality incurred an excess expenditure of ₹ 45.42 lakh as given in **Table 3.15**.

Table 3.15: Excess expenditure incurred due to increase in rates

(₹ in lakh)

Year	No. of Total worker days	Insurance			Uniform & Safety equipment			IT			Administrative charges			Total Excess paid
		Amount paid[A]	Amount to be paid @ ₹ 2	Excess paid	Amount paid[B]	Amount to be paid @ ₹ 8	Excess paid	Amount paid[C]	Amount to be paid @ ₹ 4	Excess paid	Amount paid[D]	Amount to be paid @ ₹ 22	Excess paid	
December 2015-November 2016	29,170	2.92	0.58	2.34	5.83	2.33	3.50	2.51	1.17	1.34	10.21	6.42	3.79	10.97
December 2016-November 2017	28,820	1.33	0.58	0.75	4.64	2.31	2.33	7.03	1.15	5.88	10.61	6.34	4.27	13.23
December 2017-November 2018	32,093	1.48	0.64	0.84	5.17	2.57	2.60	7.02	1.28	5.74	11.49	7.06	4.43	13.61
December 2018-June 2019	17,958	0.83	0.36	0.47	2.89	1.44	1.45	3.93	0.72	3.21	6.43	3.95	2.48	7.61
Excess paid				**4.40**			**9.88**			**16.17**			**14.97**	**45.42**

A: At the rate of ₹ 10.00 during December 2015-November 2016 and at ₹ 4.60 during December 2016-June 2019

B: At the rate of ₹ 20.00 during December 2015-November 2016 and at ₹ 16.10 during December 2016-June 2019

C: At the rate of ₹ 8.62 during December 2015-November 2016, at ₹ 24.38 during December 2016 - November 2017 and at ₹ 21.88 during December 2017-June 2019

D: At the rate of ₹ 35.00 during December 2015-November 2016, at ₹ 36.80 during December 2016 - November 2017 and at ₹ 35.80 during December 2017-June 2019

(Source: Details furnished by Municipality)

Further scrutiny disclosed that the daily wage rate of ₹ 293.05 agreed for the initial contract period (December 2014 to November 2015) included ₹ 28.50 towards employee contribution on EPF and ESI. Acceptance and inclusion of this charge in the daily wages payable by the Municipality was not in order. The inadmissible payment made to the Agency on this account was ₹ 5.89 lakh[69]. It is pertinent to point out that while outsourcing similar services during 2016-19, three other test-checked ULBs[70] did not include 'internal training' and 'employee's contribution of ESI and EPF' in their agreements with contractors. Further, similarly placed Avadi Municipality which extended the contract beyond the agreement period did not allow increase in the rates.

Thus, the extension of contract on annual basis at different rates was in violation of the agreement conditions and the Tamil Nadu Transparency in Tenders Act, 1998. Besides, acceptance of rate consisting of inadmissible

69 Inadmissible payment - 20,676 (Total worker days during December 2014 to November 2015) x ₹ 28.50 = ₹ 5.89 lakh.

70 City Municipal Corporations of Madurai, Tirunelveli and Thoothukudi.

component and arbitrary acceptance of increased rates without any authority resulted in excess expenditure of ₹ 51.31 lakh[71].

On being pointed out, Government accepted (November 2019) that inclusion of ₹ 28.50 towards employee contribution of EPF and ESI in the daily labour rate of ₹ 293.05 for the period December 2014 to November 2015 was incorrect and that the excess payment of ₹ 5.89 lakh would be recovered from the contractor. Further, it was stated that the contract was renewed annually by limiting the increase in rate within 10 *per cent* with the approval of the Council and that the Commissioner had sought ratification of CMA for the extensions. The reply relating to extension of contract was not tenable as the Tamil Nadu Transparency in Tender Act, 1998 and the agreement signed with the contractor did not allow such extension. Further, the Council did not have any authority to overrule the provisions of the Act.

Audit recommends that CMA and Government may review the May 1998 guidelines for privatisation of municipal basic services, and frame comprehensive guidelines covering all elements of outsourcing contracts.

3.7 Blocking of funds/Idle investments

HEALTH AND FAMILY WELFARE DEPARTMENT

3.7.1 Injudicious and excessive procurement of drugs

RAMO, Madurai and DMRHS (ESI) did not follow the prescribed medicine indenting procedure, based on the number of patients, resulting in locking up of Government funds of ₹ 16.39 crore in the form of excess procured medicines.

The Employees' State Insurance Scheme[72] (ESIS) provides various benefits to Insured Persons[73] (IPs) and their families. Medical benefits under the scheme are provided through 10 ESI hospitals[74] (ESIH) and 216 ESI dispensaries (ESID) managed by the Director of Medical and Rural Health Services (DMRHS (ESIS)) (Directorate). The seven State run ESIHs are administered

[71] Total avoidable expenditure = ₹ 45.42 lakh (expenditure on increased rates) + ₹ 5.89 lakh (expenditure on inadmissible component) = ₹ 51.31 lakh.

[72] An integrated Social Security Scheme for the workers and their family members employed in factories and other establishments wherein 10 or more persons are employed.

[73] Registered under ESI Act, 1948. The employees drawing a monthly salary up to ₹ 21,000 are eligible for enrolment in the ESIS.

[74] Two hospitals (Chennai KK Nagar and Tirunelveli) are directly run by ESIC, New Delhi; Seven (Chennai Ayanavaram, Madurai, Sivakasi, Tiruchirappalli, Salem, Vellore and Hosur) are under DMRHS (ESIS) and One hospital (Coimbatore) under the Director of Medical Education.

by the Medical Superintendents (MS) and ESIDs are administered by four[75] Regional Administrative Medical Officers (RAMO). All the four regions have Central Medical Stores (CMS) to store and supply drugs to ESIDs under their jurisdiction. The expenditure in state run ESIHs and ESIDs are met by ESI Corporation (ESIC) and the GoTN in the ratio of 7:1.

Director General, ESIC, New Delhi periodically enters into Centralised Rate Contracts (CRC) for procurement and supply of medicines under ESIS. The ESIHs and ESIDs in the State source medicines from the firms with which ESIC has entered into CRC and also from Tamil Nadu Medical Services Corporation Limited (TNMSC), a PSU of GoTN. CRC procurements are made twice a year based on requirement and stock held.

During 2017-18, ESIDs and ESIHs had incurred a total expenditure of ₹ 305.25 crore on procurement of medicines through TNMSC, CRC and through local procurements. Out of which, RAMOs and ESIHs had procured medicines worth ₹ 140.64 crore under CRC 140[76]. The value of medicines supplied under CRC 140 to the RAMOs and ESIHs during 2017-18 and lying in stock as of March 2019, were as given in **Table 3.16**.

Table 3.16: Value of medicines supplied to RAMOs / ESIHs under CRC 140

Region	IPs as on 31-03-2017	Value of CRC 140 medicines (during 2017-18)				
		Consolidated indent	Supplied	Cost of medicine per IP	Stock available as on March 2019	
					Value	Percentage of drugs lying unutilised
		(₹ in crore)		(₹)		
Chennai	22,23,710	46.30	51.15	230	5.40	*10.56*
Coimbatore	7,59,280	8.70	13.74	181	2.60	*18.93*
Madurai	6,07,590	37.72	39.35	648	16.39	*41.66*
Salem	3,58,820	14.23	18.54	517	2.36	*12.74*
Total	**39,49,400**	**106.95**	**122.78**	**310**	**26.75**	***21.79***

(Source: Details furnished by the Directorate)

As seen from **Table 3.16** above, while the cost of medicines procured by ESIDs, per IP under CRC 140 during 2017-18, was ₹ 310 at the State level, it stood at ₹ 648 in Madurai Region. It was further noticed that as of March 2019, the Madurai Region held 61 *per cent* of the state wide unutilised stock out of CRC 140 procurement. These data pointed to abnormally higher procurement of medicines under CRC 140 by RAMO, Madurai during 2017-18.

75 Chennai, Coimbatore, Madurai and Salem regions.

76 Effective from 28-03-2017 to 27-03-2019. The indents were called for one year from 01-08-2017 to 31-07-2018.

Audit (July 2018) of procurements under CRC 140 at the Directorate and RAMO, Madurai revealed the following:

- Based on their assessment of past consumption, the Medical Officers (MO) of Madurai Region furnished their medicine requirement under CRC 140 to the RAMO, Madurai. The consolidated value of the medicines intended by all the 65 MOs of the Region was ₹ 14.46 crore. The RAMO, Madurai, however, increased the item-wise requirement to a total value of ₹ 37.72 crore. The 161 *per cent* increase in the medicine requirement, as worked out by the RAMO, was justified by him by projecting a possible growth of 33 *per cent* in the IP strength, i.e., from the existing 5,32,718 to 7,08,860[77]. Audit found that the projected growth in IP strength had no basis and the actual growth was much subdued at 14 *per cent*, i.e., from 5,32,718 to 6,07,590. Thus, primarily by making abnormally high projection of IP strength, the RAMO, Madurai hiked the value of medicine requirement from ₹ 14.46 crore to ₹ 37.72 crore.

- The First Level Specialist Committee (FLSC), functioning under the DMRHS (ESI), further increased the value of medicines marginally from ₹ 37.72 crore to ₹ 40.29 crore. The FLSC's decision was approved (September 2017) by the Drug Purchase Committee (DPC) headed by the Managing Director, TNMSC.

- The supply was split into two parts[78], with first supply to commence from October 2017 and the second supply from March 2018. DPC, while approving the procurement orders, had specifically instructed the Directorate that the second supply orders should be placed only after obtaining the utilisation report for the drugs supplied in the first supply. However, the Directorate without obtaining the utilisation report placed the second procurement order in March 2018.

- The RAMOs of Coimbatore and Salem requested the Directorate to stop the second supply of several medicines under CRC 140 as the quantity received through the first supply (October 2017) was not exhausted. The RAMO, Madurai, however, accepted the second supply without assessing the need vis-à-vis the stock availability.

77 Estimated on account of upward revision of income ceiling ordered by ESIC for benefits under ESI scheme.

78 Value of first and second supply - ₹ 20.08 crore and ₹ 19.27 crore respectively.

- As a result of steep increase in the order quantity and placing second purchase order without waiting for utilisation of the stock already procured, as of March 2019, drugs worth ₹ 16.39 crore[79], i.e., 41 *per cent* of supply under CRC 140, were held in stock at CMS Madurai and 65 ESIDs under RAMO, Madurai.
- Further, test check of supply of 39 major drugs during 2017-18 in 26 of 65 ESIDs (40 *per cent*) (**Appendix 3.9**) by Audit revealed that medicines worth ₹ 2.84 crore were supplied to the test-checked ESIDs without any indent from them/in excess of their indent (**Appendix 3.10**).

Thus, violation of prescribed procedures for indenting medicines, by projecting abnormally high requirement of medicines based on an arbitrary increase in the number of patients and without ascertaining utilisation of the first supply, resulted in locking up of Government funds of ₹ 16.39 crore in the form of excess medicines procured by RAMO, Madurai and the Directorate.

In reply to the audit observations, GoTN, *inter alia,* stated (June 2020) that the Medical Stores Officer, CMS, Madurai failed to submit a consolidated indent in time and the RAMO, Madurai also did not consult the CMS before arriving at the final indent. Further, GoTN confirmed the Audit finding that RAMO, Madurai did not stop the second supply even as the first supply was not utilised and stated that for these failure Departmental action was under progress. GoTN, however, justified the decision of the First Level Specialist Committee in accepting the quantity indented by RAMO, Madurai, on the ground that this decision was based on the possible increase in IP numbers, increase in the per capita ceiling for drugs by ESI Corporation, etc. GoTN also maintained that there was no financial loss as most of the medicines were utilised as of June 2020. Audit could not accept that there was no financial loss as the excess procurement had resulted in blocking of ₹ 16.39 crore in the form of medicines for more than a year.

Audit recommends that Government should institute a detailed investigation of the lapses on the part of RAMO, Madurai.

79 ₹ 3.86 crore at CMS and ₹ 12.53 crore at ESIDs.

3.7.2 Improper planning leading to idling of three multi-storeyed buildings at Rajiv Gandhi Government General Hospital

Improper planning and failure to assess the actual requirements by RGGGH and DME led to idling of three structurally completed multi-storeyed buildings constructed at a cost of ₹ 55.33 crore thereby depriving critical care to the needy patients.

With a view to create better facilities for the increasing number of patients visiting the Rajiv Gandhi Government General Hospital (RGGGH), GoTN, during 2015-16, accorded administrative and financial sanction for construction of four new multi-storeyed buildings at an estimated cost of ₹ 124.48 crore. Although, the civil works of three buildings were completed between February 2017 and June 2018 (**Appendix 3.11**), the buildings were not commissioned (March 2020) due to non-completion of electrical works due to delay in Revised Administrative Sanction (RAS). Civil work in respect of the fourth building was in progress.

The status of the buildings as of December 2019 was as given in **Table 3.17**.

Table 3.17: Status of multi-storeyed buildings sanctioned for RGGGH

Name of the Block	Date of sanction & Estimate amount in ₹	Scheduled date for completion	Date of completion of civil works and expenditure in ₹	Date of request for RAS and additional amount sought in ₹	Date of RAS Sanction
Rheumatology	10-04-2015/ 19.65 crore	July 2017	February 2017/ 16.37 crore	February 2018/ 3.47 crore	August 2019
Nephrology and Urology	03-09-2015/ 29.48 crore	August 2017	March 2017/ 24.24 crore	July 2018/ 5.47 crore	August 2019
Hepatology	12-02-2016/ 16.70 crore	August 2017	June 2018/ 14.72 crore	June 2018/ 5.03 crore	August 2019
Out Patient	12-03-2015/ 58.65 crore	June 2019	In progress	Not applicable	

(Source: Details collected from RGGGH)

The reasons for non-commissioning of the three structurally completed buildings are discussed below:

- The Health Minister during a site visit (November 2016), instructed the Dean, RGGGH to increase the existing bed strength of Rheumatology ward from 50 to 100 and to provide additional air-conditioning (AC) facilities. The proposed expansion of the just completed Rheumatology building warranted additional construction. The Dean, RGGGH and PWD took more than one year to submit the RAS to the Government.
- The new block for Nephrology and Urology departments, originally did not have provision for centralised air-conditioning.

The Directors of Nephrology and Urology departments (March 2017) requested for AC facilities for several units of the new building. This necessitated a proposal for construction of a separate electrical sub-station to handle the electrical load and related electrical works. PWD took more than a year to seek the required additional funds through RAS.

- Similarly, the Head of the Department (HoD) of Hepatology also requested (December 2017) additional AC facilities in the under construction building. The additional features requested by the HoD warranted additional electrical works and extension of medical gas line facilities which were not provided for in the original estimates. Based on the new demand, PWD sought for RAS in June 2018.

- GoTN returned (October 2018) all the three RAS proposals with direction to bring down the estimate by obtaining a common new HT service connection for the three buildings. Director of Medical Education (DME), however, submitted (January 2019) a detailed report to GoTN stating that clubbing would be uneconomical and provision of power supply transformers to individual multi-storeyed buildings would be more advantageous to the functioning of the hospital. GoTN accepting the justification furnished by DME and accorded (August 2019) RAS to all the three proposals. The abnormal delay of 14 to 18 months in according RAS also contributed to the delay in completion of all the three blocks.

Audit observed that the plan/drawings of the three buildings were vetted by the Dean, RGGGH prior to formal sanction. The Dean, RGGGH admitted (January 2018) in his letter to PWD that air-conditioning for compulsory areas was left out in the original plans. Further, the original estimate did not provide for uninterrupted power supply for critical facilities in Nephrology and Urology block. These lapses proved that the Dean and DME did not comprehensively assess the facilities required for the buildings at the planning stage, which necessitated initiation of RAS proposals resulting in idling of newly constructed multi-storeyed buildings for periods ranging from 22 months to 37 months (as of March 2020), for want of electrical supply.

The avoidable delay in commissioning of the above buildings, besides causing idling of the infrastructure, had impacted service delivery by the prestigious hospital in the following manner.

- The Nephrology department received (2018) 15 new Haemodialysis machines for installation at the new block. The delay in the commissioning of Nephrology block had consequently resulted in delay in installation of these new dialysis machines thereby depriving the much sought after life saving procedure to needy patients with renal diseases.

- The new Hepatology block, *inter alia*, was conceived to strengthen the 'Liver Transplant Unit'. Delay in commissioning of the Hepatology building, due to non-provision of power connection, had resulted in non-delivery of liver transplantation services to the needy patients despite availability of necessary expertise.
- A Viral Research and Diagnostic Laboratory (VRDL), sanctioned in 2013 under a Centrally sponsored scheme, which was to be housed in the sixth floor of the Hepatology block, is still not operational due to non-provision of power connection, despite sanction of ₹ 1.74 crore in November 2016.

Thus, the failure to assess the actual floor space and power supply requirements by RGGGH and DME during the conceptual stage itself, led to idling of these structurally completed multi-storeyed buildings constructed at a cost of ₹ 55.33 crore[80] for more than four years, and resulted in deprivation of critical care to the needy patients. The Dean, RGGGH did not explore the possibility of using these buildings pending provision of additional facilities.

Audit recommends that the HoDs should exercise due diligence while vetting building plans prepared by PWD. Early action may be taken to complete the pending works to put the building to use.

HOME, PROHIBITION & EXCISE AND REVENUE & DISASTER MANAGEMENT DEPARTMENTS

3.7.3 Money kept outside the Government account

In violation of codal provisions and State Disaster Response Fund guidelines, Fire and Rescue Service Department withdrew the money from State Disaster Response Fund without any need forecast, leading to blocking of ₹ 24.96 crore in saving bank account and consequent loss of interest of ₹ 1.24 crore.

Based on the recommendations of the Thirteenth Finance Commission, State Disaster Response Fund (SDRF) was constituted for meeting the expenditure towards provision of immediate relief to the victims of natural disasters such as cyclone, drought, earthquake, fire, flood, tsunami, etc. Both GoI and GoTN provide funds to SDRF for meeting disaster relief expenditure. As per SDRF guidelines, accretions under SDRF should be invested in Central Government Dated Securities, Auctioned Treasury Bills, etc.

80 Rheumatology block - ₹ 16.37 crore, Nephrology and Urology block - ₹ 24.24 crore, Hepatology block - ₹ 14.72 crore.

During 2016-19, an amount of ₹ 2,247 crore[81] was credited to the Fund. The SDRF guidelines provide that 10 *per cent* of the annual allocation could be utilised towards procurement of rescue and evacuation equipment. Every year, under this provision, GoTN sanctions funds to Director of Fire and Rescue Services (DFRS) towards procurement of various rescue and evacuation equipment. Although the entire amount credited to the Fund was shown as utilised at the end of the each year, test check of records of Revenue and Disaster Management Department and DFRS during 2018-19 disclosed that unspent balances out of the amounts sanctioned for procurement of equipments were kept in savings bank account as discussed below.

Based on the proposal of DFRS and recommendation of Commissioner of Revenue Administration (CRA), during 2016-19 GoTN sanctioned ₹ 30.61 crore and authorised DFRS to draw the funds in lump sums from Government accounts towards purchase of rescue and evacuation equipment. The amount was withdrawn without any assessment of immediate need for the money and deposited in the savings bank account of DFRS as detailed in **Table 3.18**.

Table 3.18: Details of amount sanctioned, withdrawn and expenditure

Year	Amount sanctioned (₹ in crore)	Month of sanction	Month of drawal	Purpose of sanction	Expenditure till June 2019 (₹ in crore)	Unspent balance as of March 2019 (₹ in crore)
2016-17	7.12	November 2016	March 2017	Purchase of rescue boats, power saw, emergency lighting system, etc.	3.80	3.32
2017-18	17.99	October 2017	March 2018	Purchase of Aerial Ladder, water bowzer, etc.	1.26	16.73
2018-19	5.50	September 2018	November 2018	Purchase of Robotic fire fighter, troop carrier, etc.	0.59	4.91
Total	**30.61**				**5.65**	**24.96**

(Source: Details furnished by the Department)

According to Rule 178 of Tamil Nadu Budget Manual (TNBM), it is irregular to draw money from Treasury without immediate requirement. Audit observed that in all the three years, in violation of Rule 178 of the TNBM, DFRS drew money without immediate need. An analysis of the reasons for blocking up of the sum of ₹ 24.96 crore in bank account disclosed the following:

81 2016-17: ₹ 713 crore; 2017-18: ₹ 748 crore and 2018-19: ₹ 786 crore.

(i) Procurement process was not completed as of March 2019 in respect of equipment[82] worth ₹ 4.92 crore sanctioned in November 2016 (₹ 2.91 crore) and September 2018 (₹ 2.01 crore).

(ii) Dropping of procurement of items due to its technical incompatibility. ₹ 1.94 crore sanctioned in September 2018 for a robotic fire fighter was drawn in November 2018, but the procurement proposal was dropped in the same month citing unsuitability of the proposed equipment.

(iii) Non-finalisation of tenders received for procurement of gas detectors and smoke exhausters sanctioned in October 2017 at a cost of ₹ 0.90 crore.

(iv) Savings of ₹ 2.05 crore that occurred in the procurements already done, which indicated excess estimation for sanction and drawal of funds.

(v) ₹ 12.30 crore sanctioned in October 2017 for two aerial ladders was not utilised as DFRS found that the sanctioned amount was insufficient and the entire amount refunded. Further, purchase orders were placed and supply was awaited in respect of four water bowzers and five victim location units at a total cost of ₹ 2.85 crore.

The above analysis established that money was drawn without any immediate need and kept in bank account. The balance held in savings bank account of DFRS earned interest at four *per cent* per annum as against 7.82 *per cent*[83] per annum earned by Government in respect of investment in Government Securities. This resulted in estimated loss of revenue of ₹ 1.24 crore[84] (**Appendix 3.12**).

Thus, due to drawal of funds by DFRS in violation of codal provisions and the failure of CRA in ensuring financial propriety, Government funds of ₹ 24.96 crore was lying in bank account for various period ranging up to 30 months, leading to an estimated loss of revenue of ₹ 1.24 crore.

On being pointed out, DFRS surrendered a portion of the unspent amount and replied (December 2019) that out of ₹ 30.61 crore drawn from SDRF, ₹ 10.44 crore had been utilised and ₹ 14.24 crore surrendered. It was also stated that ₹ 2.07 crore would be surrendered and ₹ 3.86 crore would be retained towards procurement of certain items for which tender were under evaluation/under process. DFRS, further stated that in future, amount would be drawn in a phased manner based on needs. The reply did not address the root cause of the issue, which is a systemic failure in SDRF fund management which facilitated DFRS to draw money without any immediate need.

[82] Such as inflatable boats, onboard motors, power saw, troop carrier, submersible water pump, etc.

[83] Denotes the average interest rate of investments made during 2017-18.

[84] Calculated based on the difference in interest rate between SB account and dated securities of Government.

The matter was referred to Government in August 2019; reply has not been received (August 2020).

Audit recommends immediate stoppage of the practice of drawal of funds, far in advance of requirement, and keeping such funds idle in bank accounts.

3.8 Regularity issues and others

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

3.8.1 Encroachment of Government land

Failure of Director of Social Welfare to secure the land allotted by Government and initiate immediate legal action to evict the encroachment had resulted in continued encroachment of land worth ₹ 2.27 crore.

In order to ensure an equitable distribution of lands in various urban agglomerations in Tamil Nadu and to sub serve the common good, GoTN, under Tamil Nadu Urban Land (Ceiling & Regulation) Act, 1978 (Act)[85], acquired vacant lands which were in excess of the ceiling limit[86], from the land owners. Out of such lands in Chennai agglomeration, GoTN allotted (August 1982) two parcels of land[87] to the Social Welfare Department (SWD) in Velachery and Egmore villages for construction of two Working Women Hostels (WWHs). Due to unexplained administrative delays on the part of SWD, these lands were taken possession only in March 1994. Audit could not ascertain the reasons for the abnormal delay as the connected files were reportedly lost in a fire accident that took place in January 2012.

Perusal of records at the Commissionerate of Social Welfare (CSW) revealed that SWD did not take any action to construct WWHs or to secure the lands by providing peripheral wall. The District Social Welfare Officer, Chennai, during site inspection (June 2008) at Velachery, found that the land was encroached by a private individual. As seen from available records, DSWO addressed the territorial Tahsildar only in August 2014, seeking a report on the encroachment in Velachery land and to demarcate it with fresh boundary stones[88] for construction of WWH.

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85 The Act was repealed in 1999 by Tamil Nadu Urban Land (Ceiling and Regulation) Repeal Act, 1999.

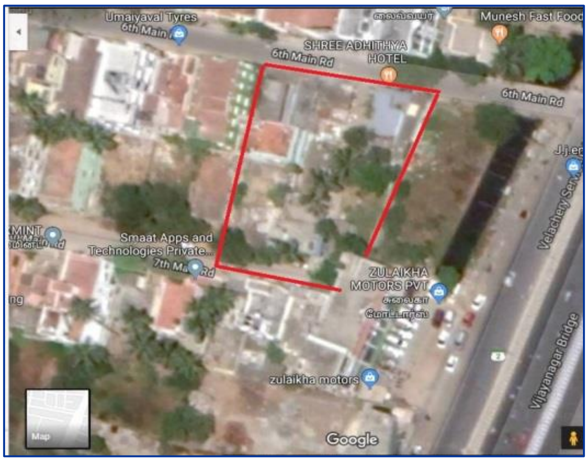
86 Under the Act, the maximum ceiling for holding vacant land within Chennai city limits was 500 sq. m. and 2,000 sq. m. for individuals and families respectively.

87 Three grounds (699 sq. m.) at Velachery and two grounds (446 sq. m.) at Egmore.

88 Reminders were sent in March and April 2015.

The Tahsildar of Velachery Taluk[89], while furnishing a field map sketch and an extract of Town survey register, stated (August 2015) that the land was encroached with few shops and a house. The Registration Department, after scrutinising the Encumbrance Certificate of Survey No. 339/1A since 1994, stated (April 2018) that three[90] sale deeds have been registered at Velachery Sub-Registrar's office. The head of the Registration Department also stated that there was no provision in the Registration law to cancel the sale deeds. SWD sought (June 2018) permission from GoTN to initiate judicial proceedings to retrieve the land. CSW also passed orders (July 2018) directing DSWO to file a First Information Report (FIR) regarding encroachment and to install a signboard at the location mentioning that the ownership of the land is with the SWD.

Exhibit 3.9: Encroached land *



* Area marked in red is encroached land.

(Source: Photograph and site map based on physical inspection by Audit team)

Audit observed the following:

- SWD did not take any action for 25 years, either to construct a WWH or peripheral walls to secure the land. This facilitated encroachment of the land in 2008.
- The CSW failed to act immediately on the June 2008 Inspection report of the DSWO. No explanation was on record for the inaction on the part of CSW.
- Tahsildar, Velachery failed to initiate action under the TNLA Act to evict the encroachment. Instead, CSW addressed GoTN seeking permission to initiate legal action even though such permission was unwarranted and the Tahsildar had the powers to proceed against the encroachers. Further, the Sub-registrar, Velachery, while registering three sale deeds, failed to adhere to the existing provisions relating to verification of genuineness of details in the sale documents presented for registration in order to prevent fraudulent registration of government lands.

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[89] Upon bifurcation of Taluks in Chennai in February 2014, the encroached site came under the jurisdiction of the newly created Velachery Taluk.

[90] 3648/2010 (July 2010), 1807/2011 (March 2011) and 4289/2017 (July 2017).

Thus, failure of the SWD in taking appropriate steps to safeguard the allotted land, non-utilisation of the land for its intended purpose and to ensure immediate initiation of proceedings under TNLA Act, as soon as the encroachment was noticed in 2008 had led to continued encroachment of the land in a prime location worth ₹ 2.27 crore (based on guideline value of ₹ 3,015 per sq.ft. as on 01 April 2018). Further, although GoTN ultimately accorded administrative sanction in October 2013 for construction of WWH, the construction could not be started as the land was under encroachment.

The matter was referred to Government in May 2019; reply has not been received (August 2020).

Audit recommends strengthening of record keeping and periodical physical inspection of departmental lands assigned by Government for specific purposes.

(DEVIKA NAYAR)
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Chennai
The 26 OCT 2020

Countersigned

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

New Delhi
The 04 NOV 2020