CHAPTER III

COMPLIANCE AUDIT

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COMPLIANCE AUDIT

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.

3.1 Avoidable/Unfruitful expenditure

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1.1 Unfruitful expenditure on revival of Anti Snake Venom Serum manufacturing unit

Launching a project to revive Anti Snake Venom Serum manufacturing, without comprehensive technical and financial feasibility study and ensuring source of funding, resulted in unfruitful expenditure of ` 16.77 crore.

Snakebite is an acute life threatening medical emergency. It is a preventable public health hazard often faced by the rural population. Tamil Nadu reported 63,236 snake bite cases and 241 deaths during the period 2014-18. Timely treatment with Anti snake venom serum[1] (ASVS) is the medical option for preventing casualty.

King Institute of Preventive Medicine and Research, Chennai (KIPMR), established in the year 1899, is a medicine research institute functioning under the Directorate of Medical Education (DME). It is the only Tamil Nadu government institution for manufacturing ASVS. The Department of Anti Toxin (DAT) of KIPMR had been manufacturing ASVS since 1982 and supplying them to various government hospitals and private firms. KIPMR was having the licence to manufacture the vaccines till December 2000. Thereafter, the license was not renewed due to amendment of Good Manufacturing Practices (GMP) norms. The Central Drugs Standard Control Organisation (CDSCO), after inspecting DAT of KIPMR in 2001, 2004 and

[1] ASVS is the only antidote and life-saving treatment for venomous snakebite. DAT was manufacturing ASVS to treat bites by the four common poisonous snakes found in India - Cobra, Russell's viper, Common Krait and Saw-scaled viper. ASVS is produced by hyper immunising the horses and extracting the serum from the blood of hyper immunised horses.

2006, found that the manufacturing unit was not compliant with the GMP norms, as specified under Part I and Part I-A of Schedule M of the Drugs and Cosmetic Act, 1940. CDSCO recommended (December 2006) construction of a new facility if KIPMR intended to renew its license and continue vaccine manufacture. Following this, KIPMR submitted proposals to DME in March 2007, June 2008 and June 2009 for modification to the existing facility, to become GMP compliant.

In February 2010, DME submitted the final proposal of KIPMR to the Government of Tamil Nadu (GoTN) for modification/upgradation of DAT building, as proposed by a cGMP (current GMP) consultant, at a cost of ` 4.71 crore. The Public Works Department (PWD) authorities, however, after inspecting the site, suggested (June 2011) construction of a new building instead of modification of the existing DAT building, as it was of a load bearing type, wherein alterations were difficult. Accordingly, PWD prepared (March 2012/February 2014) rough cost estimates and plan for construction of a new building to house the ASVS production facility, complying with cGMP norms, and modification of old DAT building which was proposed to be used as a Quality control and Quality assurance block. Further, DME proposed (June 2012) the revival of ASVS production in two phases - Phase I for construction of buildings and Phase II, called ‘production phase’, for other requirements such as purchase of equipment, horses, medicines and chemicals, etc., which was also accepted (November 2013) by GoTN. On completion of this project, KIPMR was envisaged to become a centre of excellence with state of the art facility in compliance with cGMP and WHO guidelines, with an initial target to manufacture two lakh vials of ASVS per year, to meet the annual requirement of ASVS in Tamil Nadu.

Exhibit 3.1: Newly constructed DAT building

Exhibit 3.2: Interior of the building

(Source: Joint physical verification)

Phase I (Construction of buildings)

GoTN sanctioned an aggregate sum of ` 17.35 crore[2] in December 2012 and December 2014 for construction of a new cGMP compliant building and improvement/renovation of the old DAT building so as to revive ASVS production. The work commenced in August 2013 and the civil part of the buildings, completed at a cost of ` 16.77 crore[3], were handed over to KIPMR in June 2017 and inaugurated by the Chief Minister on 05 August 2016.

Phase II (Production phase)

Audit found that while proposing to revive ASVS manufacturing in 2010, DME and KIPMR did not have a clear project report incorporating technical and financial feasibility study. Therefore, the project proposal was getting revised repeatedly as given in **Table 3.1**.

Table 3.1: Proposals of KIPMR for Phase II (Production stage)

Sl. No.	Date of proposal	Components	Cost (` in crore)		
			Recurring	Non-recurring	Total
1	June 2012	(a) Equipment, (b) Horses, (c) Venoms and Chemicals, (d) Computer and accessories and (e) Glass wares.	1.81	5.63	**7.44**
2	June 2013	(a) Equipment, (b) Horses, (c) Venoms and chemicals, (d) Civil and electrical works, (e) Manpower, (f) Computers and accessories, (g) cGMP consultation fees and training and (h) Laboratory glassware.	24.65	12.25	**36.90**
3	February 2014	(a) cGMP compliant equipment, (b) Additional amenities in new DAT building, (c) Modification of existing DAT building for Quality control, Quality assurance and R & D lab, (d) Manpower, (e) Purchase of increased number of horses-300, (f) Horse feed and medicines, (g) Consumables, (h) Computers and accessories and (i) cGMP consultation fees.	42.77*	19.60	**62.37**

* Covering a three year period

(Source: Records of KIPMR)

After prolonged deliberations and back and forth communication between GoTN, DME and KIPMR, in May 2014, it was decided that the Phase II proposal be forwarded to Government of India (GoI) for sanction of funds under National Health Mission (NHM). Accordingly, KIPMR engaged (October 2015) a consultant to prepare a Detailed Project Report (DPR) for

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2 (i) Construction of a new DAT building (AS - ` 7.36 crore/December 2012; RAS - ` 7.99 crore/April 2015), (ii) Provision of additional infrastructure facilities in the new DAT building (AS - ` 7.06 crore/December 2014) and (iii) Improvement and renovation of the old DAT building (AS - ` 2.30 crore/December 2014).

3 (i) ASVS new building - ` 7.36 crore; (ii) Additional infrastructure facilities for the new building - ` 7.06 crore; (iii) Improvement and renovation of old DAT building - ` 2.30 crore and (iv) Consultancy charges - ` 0.05 crore.

Phase II. The Mission Director, State Health Society - Tamil Nadu (MD SHS-TN) forwarded (December 2015) the DPR and the revised Phase II proposals to GoI for sanction of ` 56.28 crore[4]. GoI, however, returned (January 2016) the proposal stating that financial support was not available for manufacturing units under NHM. The Health Secretary, GoTN, however, directed (May 2018) that the project should be resubmitted to GoI as a special scheme with funding from GoI and GoTN in the ratio of 60:40. DME and KIPMR did not follow up this suggestion.

Simultaneously, KIPMR also attempted funding by Tamil Nadu Medical Services Corporation Limited (TNMSC), Tamil Nadu Health Systems Reforms Project and Tamil Nadu Innovation Initiatives. None of these agencies came forward for funding this project. The Health Secretary, during a review meeting in April 2019, instructed KIPMR to redo the project to minimise the cost in consultation with MD, TNMSC and submit revised proposal. The MD, TNMSC, while observing that the project was financially unviable, stated (October 2019) that the recurring cost projected in Phase II was equal to the amount spent by TNMSC on purchase of ASVS every year from private manufacturers and suggested considering Public Private Partnership mode for implementing the project. DME and KIPMR did not follow up on this suggestion.

Audit observed that DME and KIPMR, while submitting the proposal for reviving ASVS manufacturing, failed to comprehensively assess the feasibility of the project. Audit also found that the requirement of ASVS by government medical institutions were met by TNMSC through private suppliers. During 2016-19, TNMSC procured an annual average of 1.70 lakh vials of ASVS at an average price of ` 308.59 per 10 ml vial. Other than the Central Research Institute, Kasauli, which is under GoI, there were five private manufacturers in India for manufacturing ASVS. As could be seen from the remarks of MD, TNMSC, there was no shortage or impending scarcity for ASVS. DME, while justifying the need for this project, incorrectly calculated (December 2010) that the cost of production would be only ` 23.90 per vial. Audit, however, found that the cost of production worked out by DME was inaccurate as it did not include the salaries, overheads, depreciation cost of plant and machinery, interest on capital investment etc.

Thus, Audit observed that GoTN launched the project without a detailed technical and financial feasibility study, and without ascertaining the eligibility of GoI assistance for this project. Further, GoTN did not provide the required funds for the project which resulted in non-revival of manufacture of ASVS at KIPMR and an unfruitful expenditure of ` 16.77 crore on construction of new buildings and modification of existing building.

[4] (a) Building & civil works (Veterinary Section) - ` 14.25 crore, (b) Equipment for production - ` 26.43 crore, (c) Quality control and lab instruments - ` 3.55 crore, (d) Veterinary Section equipment - ` 1.07 crore, (e) 300 horses – ` 3 crore, (f) Pre-operative expenses - ` 4.77 crore, (g) Preliminary expenses - ` 0.05 crore, (h) Contingencies - ` 1.82 crore and (i) Margin for working capital - ` 1.33 crore.

Audit recommends that Government may take an early decision on the project, and initiate action for utilisation of the new facilities.

The matter was referred to Government in November 2020; reply has not been received (June 2021).

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

PANCHAYAT UNIONS IN SALEM DISTRICT

3.1.2 Unfruitful expenditure on purchase of bio-digester tanks

Poor planning and implementation of installation of bio-digester/bio-tank toilets resulted in non-achievement of objective of improved sanitation in rural areas and also led to unfruitful expenditure of ` 4.44 crore.

The scheme for provision of Individual House Hold Latrine (IHHL) with bio-digester/bio-tank was under implementation under the erstwhile Nirmal Bharat Abhiyan programme. The scheme was subsumed as a component under Swachh Bharat Mission (Gramin) (SBM (G)) with effect from 2 October 2014. The IHHLs envisaged under SBM (G) consisted of a super structure with water facility and a sub structure for decomposition of human wastes. Bio-digester based toilets employs a technology developed by the Defence Research Development Organisation which includes a Fibre Reinforced Plastic tank and microbial seed digester. The technology uses anaerobic bacteria for bio-digestion of human waste, resulting in conversion of the waste into treated effluent water and release of methane gas in an eco-friendly manner.

The cost of construction of latrines was funded through an incentive (subsidy) of ` 12,000 to the Below Poverty Line families, which was to be shared in the ratio of 60:40 by GoI and GoTN. The Panchayat Unions (PU) implementing the scheme were to procure and supply the bio-digester tanks with digester[5], and release subsidy to the beneficiary after reducing the cost of bio-digester tank. Government of India (GoI) also provided the approved list of firms for Transfer of Technology (TOT) for establishment of bio-digester toilets under IHHL.

Audit scrutiny (March/May 2019) of records of the District Rural Development Agency (DRDA), Salem and test check in six[6] out of 20 PUs

[5] Seed material of microorganisms to facilitate anaerobic decomposition of organic waste.

[6] Attur, Gangavalli, Magudanchavady, Salem, Tharamangalam and Yercaud.

revealed that the Project Director, DRDA, Salem directed (January 2015) the PUs in the District to procure 500 numbers of bio-digester tanks each for distribution to the beneficiaries under SBM (G). Accordingly, 17 out of 20 PUs in Salem district invited (February-July 2015) quotations from three firms and the lowest quote of a Chennai based firm was selected for supply of a total of 7,950 bio-digester tanks.

The contracted firm supplied (February-August 2015) 7,950 tanks of 500 litre capacity valued ` 4.53 crore at ` 5,700 per tank and the PUs paid a total sum of ` 4.44 crore to the supplier as of December 2020. Of this, 2,722 were issued (December 2020) to beneficiaries for installation and the remaining 5,228 valued ` 2.98 crore were lying undistributed in the custody of the respective PUs (December 2020) for more than four years **(Exhibit 3.3)**. Records scrutinised, did not indicate installation of these tanks by the beneficiaries. Further, a joint physical verification (March and May 2019) by Audit and PU officers in the sampled PUs, disclosed that 65 out of 100 tanks supplied to beneficiaries in test-checked eight Village Panchayats (VPs) were being used for water storage **(Exhibit 3.4)** and the balance tanks were kept unutilised.

Exhibit 3.3: Tanks lying undistributed in the custody of Tharamangalam PU

Exhibit 3.4: Tanks supplied for Bio-digester toilets used for water storage in Attur PU

(Source: Joint physical verification)

Audit observed the following:

- Commissioner of Rural Development and Panchayat Raj, Chennai (CRDPR) had not issued any guideline for implementing the IHHL scheme under the newly launched SBM (G). Thus, the decision (January 2015) by DRDA, Salem to set a target of 500 bio-digesters in each PU in the District did not have the concurrence of the Head of the Department *viz*., CRDPR. The PD, DRDA, Salem, however, replied (May 2019) to Audit that State level authorities gave oral instructions to implement the bio-digester based toilet scheme in Salem district. Audit could not verify the "oral" instruction, but observed that implementing a scheme on a large outlay, based on an "oral" instruction, was against the tenets of propriety and good governance.

- DRDA, Salem's directions to purchase 500 bio-digesters by each PU in the District issued in January 2015 was followed up by placing work orders from February 2015 and supplies being received from March 2015. As per the records produced to Audit, need based analysis was neither carried out by DRDA, Salem, nor any beneficiary list prepared after making beneficiaries understand the concept of bio-digester latrines. Procurement of bio-tanks without finalising beneficiary list was one of the reasons for 5,228 bio-tanks lying undistributed with the PUs.

- The cost incurred by each PU for the bio-digesters amounted to ` 28.50 lakh at the accepted rate of ` 5,700 per tank. Though the Tamil Nadu Transparency in Tenders Rules, 2000 requires calling of tenders for procurements exceeding ` 25 lakh, the PUs neither floated tenders nor called for quotations from the GoI's approved list of TOT holders. Though the supplier selected from the quotations called for was stated to be a dealer[7] of one of the approved TOT holders, there were no records to substantiate that the supplier had the technical know-how with regard to installation and functioning of the bio-digester.

- The supplier was responsible for the installation and functioning of the tanks. Only three PUs had included a condition to retain 10 *per cent* of the cost of supply till completion of the work in the payment terms. As a result, 14 of the 17 PUs had paid the full amount to the supplier without ensuring installation of bio-digester tanks and the remaining three PUs paid 90 *per cent* of the order value of ` 28.50 lakh per PU.

- A joint physical inspection of sites (May 2019) by Audit along with the staff of six PUs revealed that though the invoices indicate supply of 'Anti bacterial bio-tank with digesters', the tanks were supplied without the 'digesters'. The PUs sampled by Audit attributed (May 2019) non-supply of digesters for non-utilisation of the tanks for the intended use. Audit noticed that despite the 'digesters' not being supplied, 14 of the 17 PUs made 100 *per cent* payment and three others made 90 *per cent* payment without inspecting and ensuring the supply of goods and services as per the

7 M/s. Asterisk Technologies, Chennai.

purchase order. No action was contemplated against the supplier for not supplying goods as per specifications.

- The work orders did not have any condition on warranty period and Bank Guarantee for default. Hence, the PUs had no hold on the supplier to help installation of the bio-digesters. Further, the bio-tank capacity and technical details of the digester were not given in the work order. The deficiencies in the work orders also contributed to settlement of supplier's bills without ensuring functioning of the bio-digester toilets.
- SBM (G) guidelines emphasised effective information, education and communication strategies to nudge communities into adopting safe and sustainable sanitation practices. Audit, however observed that no action was taken by the DRDA, Salem to educate the beneficiaries about the uses of the new technology. One among the sampled PUs had attributed (May 2019) reluctance of the beneficiaries to switch over to the innovative technology for the non-utilisation of tanks for intended use.

DRDA, Salem replied (May 2019) that the decision to construct bio-digester/ bio-tank models at all PUs in the District was taken up on an experimental basis and based on field requirements. Audit, however, observed that the decision to procure 7,950 bio-digester tanks simultaneously in all the PUs of the District could not be considered as an experimental project. It was indeed a large scale implementation of the project. Further, the field requirement quoted in the reply was not substantiated.

Thus, failure of DRDA, Salem (i) in carrying out the decision to purchase the bio-digesters without proper guidance from CRDPR, (ii) to follow tender procedures for selection of technically qualified supplier, (iii) to ensure installation of bio-digester tanks prior to making payments, and (iv) to create awareness of the innovative technology, had resulted in non-achievement of the objective of improving sanitation levels in rural areas in an eco-friendly manner and also resulted in the idling of 7,950 tanks purchased at a cost of ₹ 4.44 crore and ineffective usage of the bio-digester tanks supplied to the beneficiaries. Hence, Audit concluded that the entire expenditure of ₹ 4.44 crore was unfruitful.

Audit recommends that Government may order an enquiry into the procurement process, and investigate the circumstances under which full payment was made by PUs before completing installation. Responsibility may be fixed for these lapses. Action may also be taken to utilise the tanks in construction of latrines sanctioned under SBM (G).

The matter was referred to Government in January 2021, reply has not been received (June 2021).

AGRICULTURE DEPARTMENT

3.1.3 Non-recovery of misused subsidy

Failure of the department to frame a comprehensive guideline and to enforce the existing guidelines resulted in misuse of subsidy of ` 3.01 crore, besides non-achievement of the intended objectives of SMAM.

The Sub Mission on Agricultural Mechanisation (SMAM), a scheme sponsored by the Government of India (GoI), is being implemented by the Government of Tamil Nadu (GoTN) since 2014-15. The scheme has eight components, of which four[8] components are being implemented in Tamil Nadu with GoI and GoTN meeting 60 *per cent* and 40 *per cent* of the expenditure respectively. The scheme is implemented as per GoI's Operational Guidelines and State level implementation guidelines issued by GoTN and the Chief Engineer (CE), Agricultural Engineering (AE) Department, monitors the implementation of the scheme at the state level. The objective of SMAM is to increase the reach of farm mechanisation to small and marginal farmers and to the regions where availability of farm power is low.

Under the component 'Financial Assistance for Procurement of Agriculture Machinery and Equipment', a subsidy of 40 to 50 *per cent*[9] of the cost of the machinery/equipment is available to individual farmers for procuring tractor, tiller, rotavator, paddy transplanter, etc. Under the component 'Farm Machinery Banks for Custom Hiring', financial assistance[10] upto ` 10 lakh is available for establishing Custom Hiring Centres (CHC). As per the modalities issued by CE (AE), subsidy is released electronically to the beneficiary. As per the guidelines (June 2017), the beneficiary farmers and CHCs are not allowed to sell the machineries/equipment purchased by them within four years of purchase.

Test check of records relating to implementation of SMAM in 11 divisions of Agricultural Engineering Department (AED) disclosed that in five[11] divisions audited between November 2020 and February 2021, 105 beneficiaries, to whom a total subsidy of ₹ 3.01 crore had been released for purchase of a total of 109 tractors (**Appendix 3.1**), had sold the tractors purchased by them using Government subsidies. As per the data on vehicle ownership available in the

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8 (i) **Component 3**: Financial assistance for procurement of agriculture machinery and equipment; (ii) **Component 4**: Establish farm machinery banks for custom hiring; (iii) **Component 5**: Establish hi-tech, high productive equipment hub for custom hiring and (iv) **Component 6**: Promotion of farm mechanisation in selected villages.

9 50 *per cent* to small, marginal, SC, ST and women farmers and 40 *per cent* to other farmers or the maximum permissible subsidy amount fixed by GoI, whichever is less.

10 The unit cost for establishing a CHC is ₹ 25 lakh. Forty *per cent* of the total cost or a maximum amount of ₹10 lakh per CHC and the balance 60 *per cent* is the beneficiary contribution.

11 Cuddalore, Kancheepuram, Ramanathapuram, Tiruvallur and Tiruvannamalai.

website[12] of the Ministry of Road Transport and Highways of GoI, these 109 tractors were not in the name of the original beneficiaries but registered in the name of new owners to whom they were eventually sold within 1 to 35 months of purchase.

Audit observed that purchasing tractors using 40 to 50 *per cent* Government subsidy and selling it to others amounted to misuse of subsidy for personal gain and would consequently adversely impact achievement of objectives of the scheme.

In this connection, the following observations are made:

- Although the scheme modalities and the agreement signed with the beneficiary made it mandatory for the beneficiaries to retain the tractors for a minimum of four years, no attempt was made to prevent the beneficiary from selling the tractors by making suitable endorsement in the vehicle registration certificate (RC). Such an endorsement in RC was made mandatory only in October 2020.
- CE (AE) made the Divisional Executive Engineers (EE) responsible for furnishing a monthly report on the availability of machineries/equipment in the CHCs in their jurisdiction. But this system was not followed. CE (AE) stated (March 2021) that EEs were unable to furnish the monthly reports due to heavy work load. Audit found that the reply was acceptable in view of the large number of beneficiaries. But, the reply proved that the system of monthly report envisaged by CE (AE) was impractical to check misuse of subsidy, and in effect the Department did not have a system to check misuse of subsidy by beneficiaries.
- Even though GoTN has taken necessary steps to prevent recurrence of malpractice by making it mandatory to make endorsement in RC, no action was taken to recover the subsidy from those beneficiaries who misused government scheme for personal gain.

Thus, the failure of GoTN to frame a comprehensive guideline with enough provision to prevent misuse of subsidy and failure of AED to strictly enforce the existing guidelines/modalities resulted in misuse of subsidy to the tune of ₹ 3.01 crore, besides non-achievement of the intended objectives of SMAM.

In their response to the above findings and the recommendation to recover the misused subsidy, GoTN replied (March 2021) that proactive action was taken by the Government to prevent any misuse by getting an agreement signed with the beneficiary on stamp paper and endorsing the RC book of tractors. GoTN, further, stated that GoI sponsored schemes are implemented based on guidelines issued by them, and GoI guidelines was not clear on recovery of misused subsidy. In this connection Audit found that the guidelines issued by GoI had made GoTN responsible for "effective implementation and

[12] https://vahan.parivahan.gov.in

supervision of Scheme". Further, the guidelines had also envisaged engaging of Village Panchayats in implementing the scheme; which was also not done by GoTN. Thus, the primary responsibility of preventing misuse by building in safeguards rested with the implementing State Government department.

While appreciating the action taken by GoTN and CE (AE) in making RC book endorsement mandatory, Audit observed that the action taken could, in future, check the misuse of subsidy for tractors alone. It is, however, observed that there was still no system to prevent misuse of subsidy in respect of other machinery/implements which do not require RTO registration. Further, action has not been initiated for recovery of the misused amount, despite breach of the agreement executed by the beneficiaries, on stamp paper, undertaking not to dispose of the machinery within four years.

Audit recommends that:

- The Audit findings, being based on sample Divisions, CE (AE) may undertake a comprehensive survey of ownership of all subsidised tractors and other machinery.
- Action may be initiated to recover the misused subsidy and lapses on the part of field level functionaries may be investigated to fix responsibility.
- GoTN should consider instituting a robust system to monitor retention of all machineries/equipment by all beneficiaries for the stipulated four year period.

3.2 Loss/Short collection of revenue

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

3.2.1 Encroachment of Government land and short collection of revenue

Failure of the Government and Revenue authorities to take timely action had resulted in unauthorised occupation of Government land worth ₹ 14.16 crore and short collection of revenue of ₹ 7.38 crore.

Revenue Standing Order 24-A (RSO 24-A) stipulates that, Government may grant temporary occupation of State's land for non-agricultural purpose, to a company, association or society for a maximum period of 20 years. The lease rent is fixed as per orders of Government and should be revised at the time of renewal of lease or once in three years, whichever is earlier. RSO 24-A further stipulates that the lease rent shall be paid within 90 days from date of order of lease, failing which the lease is liable for cancellation. Further, Section 6 of Tamil Nadu Land Encroachment Act, 1905 empowers the authorised officers to evict unauthorised occupants after issuing notice under Section 7 of the Act.

Scrutiny of records of Tiruparankundram Taluk Office during March 2019 and Revenue Department of GoTN in September 2020 revealed that way back in 1980s a private school[13] (School) had encroached Government land[14] of eight acres adjoining its campus at Pasumalai in Madurai. Based on the request (1987) of the School for leasing out the already encroached eight acres of land for expanding the school, GoTN accorded sanction (June 1993) for leasing three acres (1,30,680 sq. ft.) of land for the purpose of establishing playground facilities for the School subject to the condition that the remaining five acres of land which was under occupation of the School should be returned to Government. The lease deed was for a period of 20 years, from 9 June 1993. The lease rent was fixed at seven *per cent* of market value of land, to be revised once in three years. The lease rent was initially fixed as ` 0.93 lakh per annum, payable in advance.

Audit found that the School continued to unauthorisedly hold the five acres of adjoining land ordered to be handed over to Government and had provided fencing around the entire eight acres of land. Further, the School also held the three acres of leased land by paying lease rent at 1993 rates, and without extension of lease agreement beyond June 2013.

The chronology of events that contributed to unauthorised occupation of Government land and short collection of lease rent are discussed below:

Despite clear instructions (June 1993) by GoTN to take back the five acres of land adjoining the leased land, the Revenue Officers entertained a request (January 1994) from the School to lease out this parcel of five acres as well. Based on recommendations from District Revenue authorities, the Commissioner of Land Administration (CLA) recommended (October 1998) to Government for leasing of an additional two acres, out of the additional five acres requested by the School. Even as this proposal was under examination by GoTN, the School management requested (June 1999) GoTN to sell the entire land to them on a concessional rate. Acting on this request, GoTN directed (August 1999) CLA to furnish a report on the request made by the School. The proposal for sale of the entire eight acres of land was recommended by Tahsildar (April 2000), Revenue Divisional Officer (June 2000) and District Revenue Officer (DRO) (November 2001) along with

13 Devasagayam Matriculation School, Pasumalai, Madurai.

14 Unassessed wasteland forming part of a total extant of 180.10 acres in Madakulam Village, Madurai District.

the 'no objection' provided (March 2001) by the Madurai City Municipal Corporation. CLA, however, did not agree to the valuation done by the Revenue officers and directed (November 2001) the DRO to submit revised proposals based on market value of the land. Further, Government had also required (February 2002/September 2002) speedy action on the above proposal.

The School management, GoTN, CLA and District authorities had protracted communication, on leasing additional land/outright sale of the land to the School, since October 1997. As GoTN had not conveyed any decision on these proposals till November 2020, the School continued to unauthorisedly occupy the entire eight acres by paying lease rent for three acres at the old rates. Meanwhile, the Tahsildar, Tiruparankundram Taluk, who is responsible for ensuring timely collection of lease rent, did not initiate any action to revise and collect lease rent in respect of the three acres which was leased out to the School, till May 2005. Action to renew the lease agreement was taken in June 2015, though the agreement validity was over in June 2013.

In March 2015, CLA cited a Government letter of 2002 and directed the District Authorities to revise the lease rent periodically based on market rates decided by them. Following this, the Tahsildar, Tiruparankundram raised (April 2017) a demand for ` 4.45 crore from the School by revising the lease rent retrospectively from June 1996.

The School did not pay the revised lease rent and also refused (2018) to apply for renewal of the lease on the pretext that their request for outright sale of the land was still under consideration by GoTN.

Exhibit 3.5: Land being unauthorisedly used as playground

(Source: School website)

As per the provisions of RSO-24-A and the lease agreement, non-renewal of lease and failure to pay lease rent would amount to cancellation of lease after issue of show cause notice. It was, however, noticed that the Revenue authorities failed to initiate action to vacate the land occupied by the lessee on completion of the lease period of 20 years and on the refusal to pay lease rent at the revised rates. Also, except for raising a consolidated demand for the pending lease rent dues, no further action was taken for its recovery.

As seen from the records produced to Audit, the Tahsildar, Tiruparankundram, issued eviction notice under Section 7 of Tamil Nadu Land Encroachment Act, 1905, only in March 2019 despite five acres of land being under encroachment since June 1993 and the lease period of another three acres ending in June 2013.

On being pointed out, the Tahsildar, Tiruparankundram replied (September 2020) that the revised proposal for renewal of lease agreement could not be sent to Government, as the application for renewal of lease was not forthcoming from the School. No reply was given for the failure to evict the School from the five acres of land encroached upon.

Audit observed that the Revenue authorities turned a blind eye to the encroachment and failed to evict the School from the five acres of unauthorisedly held land. Further, the inordinate delay on the part of Revenue Department to process the decision on the School's request for lease of additional land/outright sale of land under its occupation and thereby indirectly contributed to unauthorised occupation of Government land valued[15] at ` 14.16 crore for more than 30 years. Further, failure of Tahsildar to propose for revision of lease rent for the three acres officially leased out to the School and its non-renewal since June 2013 had resulted in short collection of revenue of ` 7.38 crore **(Appendix 3.2)** and its unauthorised utilisation by the School for more than seven years.

Audit recommends that Government may establish suitable monitoring mechanism within their web-based system "*TAMIL NILAM*"[16] for monitoring timely renewal of lease rent and collection of revised lease rent by District/Taluk authorities.

The matter was referred to Government in January 2021; reply has not been received (June 2021).

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15 Five acres or 2,17,800 Square feet (5 acres x 43,560) at ` 650 per sq.ft. = ` 14.16 crore.

16 Web based information system of GoTN on land administration and management.

3.3 Blocking of funds/Idle investments

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

GANDARVAKOTTAI PANCHAYAT UNION

3.3.1 Unfruitful expenditure on construction of a new bus stand

Failure to consult the local body and to acquire land for approach road before commencement of the project resulted in idling of a new bus stand constructed at a cost of ` 3.91 crore at Gandarvakottai in Pudukottai district.

Article 156 of the Tamil Nadu Financial Code (TNFC) stipulates that the Local Authority concerned should always be consulted about the suitability of the site for any new building. Para 2.9 of Technical Handbook (Buildings) of Rural Development and Panchayat Raj Department provides that before according the Administrative Sanction (AS), the ownership of the land in which the work has to be carried out is to be verified.

In a Collectors' conference chaired by the Honourable Chief Minister, it was decided (December 2012) to expand the bus stand at Gandarvakottai, a town in Pudukottai. As there was no space to expand the existing bus stand, the District Collector (DC) *cum* Chairman, District Rural Development Agency (DRDA), Pudukottai proposed (May 2013) for construction of a new bus stand at Akkachipatti, a Village Panchayat adjoining Gandarvakottai. The new bus stand was proposed on a donated land measuring four acres located at about one kilometer away from the existing bus stand.

The new bus stand complex comprised a building with 10 bus bays, approach road, 11 shops and other utilities[17]. The Regional Transport Authority, Pudukottai approved (November 2013) the proposal for construction of the new bus stand at Akkachipatti, after ensuring that the existing bus stand had limited area for expansion.

Administrative sanctions for the new bus stand were accorded as shown in **Table 3.2**.

[17] Drivers/conductors rest room, gents and ladies toilets, arches at the entrance and exit, solar lighting, chairs for passengers, sanitary arrangements and electrification works.

Table 3.2: Administrative Sanction for the New Bus Stand

Component of the project	Source of fund	Estimated cost (` in lakh)	Sanctioning authority
Bus stand building	Scheme Component of Pooled Assigned Revenue	163	District Collector
Approach road with retaining wall	Infrastructure Gap Filling Fund	198	Commissioner of Rural Development and Panchayat Raj
Water and electricity supply	Panchayat Union General Fund	46	Panchayat Union Council

(Source: Panchayat Union, Gandarvakottai)

Exhibit 3.6: New bus stand at Gandarvakottai

(Source: Joint physical verification)

Audit scrutiny (October 2018/ March 2019) of records of the Gandarvakottai PU for the period 2014-18 revealed that all the works were awarded (January 2014 to February 2016) through tenders for the sanctioned sum of ` 4.07 crore. Of this, the construction of bus stand was completed at a cost of ` 1.61 crore in November 2015 (**Exhibit 3.6**), allied works (except black topping of the approach roads) were completed at ` 1.86 crore during August 2015 to September 2016 and the other works at ` 0.44 crore during May 2015 to January 2017.

Despite the project being completed, except for blacktopping of the approach road, the new bus stand was not commissioned for more than four years. The Block Development Officer (BDO), Gandarvakottai, did not furnish any specific reason for non-commissioning of the bus stand, but stated (November 2020) that the bus stand would be commissioned after due instructions from the Government.

Audit found the following issues in the implementation of the project:

- The decision to shift the Gandarvakottai bus stand to the adjoining Akkachipatti village was taken by the DC without the consent of the Gandarvakottai Village Panchayat. Audit found that the members of the Village Panchayat unanimously passed a resolution on December 2013, requesting the DC to drop this plan and requested to develop the existing bus stand. Several individuals from the village made representations to the DC and multiple court cases were also filed[18]. The DC, however, stood firm on his decision.

[18] One case was disposed of as the DC agreed to shift the site, albeit in the same location. One case, filed by the President of Gandarvakottai Village Panchayat was withdrawn by her and another case was disposed of by directing the authorities to consider the remedy sought by the plaintiff.

Thus Audit observed that the DC took unilateral decision despite strong objection by the local body and the public.

- The site selected for the new bus stand was situated two kilometers away from Gandarvakottai village, and the last mile connectivity was an issue for the residents of Gandarvakottai. Further, it was located in a desolate, low lying area near a water course and a burial ground. Hence, the selected site had inherent disadvantages which resulted in public protests and public interest litigations (PIL) against construction of the new bus stand. Although the PILs have been withdrawn/rejected, GoTN did not direct the PU to commission the Bus Stand.

- The approach road measuring 252 metres, comprised a portion of a temple land, private patta land and a portion of land classified as water course. Though DC addressed (August 2013) the District Revenue Officer to transfer the title of these portions of land in favour of the village panchayat, no follow up action was taken to acquire the private lands and to obtain the permissions of revenue/temple authorities. Even as of March 2021, the village panchayat has not secured the ownership of the land on which the approach road has been laid. Although, a kutcha road had been laid on the above land, the PU had no legal title over this land and the road work was incomplete. Thus, the DC violated the extant guidelines on ensuring availability of land before commencement of the project.

A site inspection (August 2017/February 2018) of the new bus stand by the Assistant Executive Engineer, Gandarvakottai PU and Project Director, DRDA revealed that miscreants trespassed into the unutilised building and caused extensive damages to various assets and utilities[19]. The PU estimated the cost of restoration as ` 0.11 crore. In order to avoid further damages, the DC directed (April 2018) the BDO to arrange for security at the site. But, no action was taken by the BDO, and security arrangements were not provided (March 2021) to prevent trespassing and further damages.

A joint physical verification of the new bus stand (March 2021) by the Audit Team with the officials of the PU revealed that the new bus stand continued to be in a state of disuse. The damaged utilities were not restored (**Exhibit 3.7**). It was found that extensive repairs to street light poles, solar lamps, chairs, glass window panes, bore well motor, RO plants, doors shutters, electric switches and switch boxes, water pipelines in shops and toilets, etc., are required to be carried out before commissioning the bus stand.

19 Roofing sheets of the bus stand's awning were removed, shutters and grills of shops, chairs meant for waiting passengers, fans, light fittings, switch board, washroom fittings, etc., were damaged/removed.

Exhibit 3.7: Damages caused to the asset

(Source: Joint physical verification)

The BDO, Gandarvakottai PU, informed (March 2021) Audit that action was being taken to prepare an estimate to restore the bus stand facilities in damaged condition. Further, the BDO attributed paucity of funds with Akkachipatti Panchayat for non-provision of security arrangements.

Thus, the failure of the DC to consider the views of the local body and local community and the failure to acquire ownership of the approach road had resulted in the new bus stand not being put to use. The public asset constructed at a cost of ` 3.91 crore has remained idle for over four years and has been vandalised due to lack of security.

Audit recommends that DC, Pudukottai should take action to acquire ownership of the approach road, secure the government property and put the new bus stand to public use at the earliest.

The matter was referred to Government in January 2021; reply has not been received (June 2021).

SINGAMPUNARI PANCHAYAT UNION

3.3.2 Idling of houses and related infrastructure

Failure to select beneficiaries for *Samathuvapuram* housing scheme before commencement of construction resulted in the idling of infrastructure created at a cost of ₹ 2.42 crore for over six years and consequent damage to the properties thus rendering them unfit for occupation.

The Government of Tamil Nadu (GoTN) launched (October 1997) a housing scheme '*Samathuvapuram*'[20], wherein model habitations were established in rural areas in which all communities live with unity and brotherhood and share

[20] 'Equality village'. The scheme was renamed as '*Periyar Ninaivu Samathuvapuram Thittam*' (Periyar Memorial Equality Village) in April 1999.

all basic civic infrastructure and amenities[21] without any discrimination. The entire cost of establishing these *Samathuvapurams* was met by GoTN and each habitation comprised 100 houses. The houses were allotted to beneficiaries, belonging to different communities, selected by a selection committee. In 2008, GoTN issued orders and detailed guidelines for establishment of 95 *Samathuvapurams* during 2008-11 and an amount of ₹ 225 crore was sanctioned for implementing the scheme.

At the state level, the Director of Rural Development and Panchayat Raj (DRD) administers implementation of the scheme. At the district level, the Project Director, District Rural Development Agency (PD, DRDA) and the Block Development Officer (BDO) implements the scheme at the PU level. The *Samathuvapuram* scheme was discontinued after 2010-11.

Scrutiny of the records of BDO, Singampunari PU in Sivagangai District and the Office of the PD, DRDA, Sivagangai in May/June 2018 and July 2018 respectively disclosed that 100 houses constructed (2015) in a *Samathuvapuram*, at Kottaivengaipatti village in Singampunari PU, were not allotted to beneficiaries for more than five years. The reasons for non-allotment of houses to beneficiaries are discussed below:

(a) Delay in completion of construction activities: As per the scheme guidelines, the construction of *Samathuvapurams* is to be completed within 12 months from the date of work order. Audit, however, found that the construction, which commenced in August 2010, took almost five years to complete. The total expenditure incurred was ₹ 2.42 crore, as given in **Appendix 3.3** and an unspent balance of ₹ 10.94 lakh was lying in the bank account of BDO.

- The BDO, Singampunari, in reply to an Audit enquiry stated (August 2019) that the delay in construction activities was due to paucity of construction materials and monsoon. The reply, however, was not substantiated on verification of scheme implementation records. Audit observed that the delay was attributable to the contractor and DRD directed (March 2013) PD, DRDA to take appropriate action against the contractor for the delay in completion by forfeiting the Security Deposit (SD). The BDO settled contractor's bills and forfeited SD. Audit observed that the delay of four years in completion of civil works had a cascading effects on commissioning of the project.

(b) Selection of beneficiaries: As per the scheme guidelines, a Selection Committee, headed by the PD, DRDA[22], is to select the beneficiaries from amongst the applicants who are very poor and are willing to stay at

21 Like borewells, road, street lights, Public distribution shop etc.

22 The other members of the Selection Committee are BDO, Tahsildar of the Taluk, President of the Village Panchayat where the *Samathuvapuram* is located, concerned Village Administrative Officer(s) and one Panchayat Level Federation member from the *Samathuvapuram* village.

Samathuvapuram on a permanent basis. The beneficiary selection and allotment of house sites is to be done upfront before the construction of houses so that each beneficiary is aware of the house site allotted to him/her and to get involved in the construction process from the beginning itself.

- The Selection Committee was formed only in January 2013, more than two years after commencement of construction.
- The BDO, in reply to an Audit enquiry stated (August 2019) that the beneficiaries' list, though finalised by the Selection Committee in 2013, was delayed due to administrative reasons and list was sent to PD, DRDA only in July 2017.
- The PD, DRDA, in reply to an Audit enquiry, stated (November 2020) that the houses are yet to be allotted to the beneficiaries since the approved list of allotment has not been received from DRD, Chennai.
- DRD informed (March 2021) Audit that the beneficiaries list of 2017 was not final as it was not approved by the District Collector, and fresh requests for allotment were received from public, as well as through the District Differently Abled Welfare Officer. DRD also informed that Selection Committee has been tasked to scrutinise all the applications and select beneficiaries afresh.

Thus, Audit observed that the beneficiary list was not finalised even six years after completion of construction.

Exhibit 3.8: Street view of houses lying unoccupied

(Source: Joint inspection)

A joint inspection (**Exhibit 3.8**) of the *Samathuvapuram* was conducted in March 2021 by Audit along with BDO and Assistant Engineer of Singampunari PU and found the following:

- Electricity connection had not been provided to the houses. All the electrical wiring in 90 houses were removed/damaged and switch boards were broken with no switches available.
- The entire door fittings and doors of bathrooms/latrines constructed outside the houses were removed/stolen in 81 out of 100 houses.
- There was no water supply from Over Head Tank (OHT) due to poor yield of ground water. Hence the power motor was dismantled and kept in the VP office.
- Street fountains provided for public water supply were damaged.
- All the street light wiring and fittings were damaged and no bulbs/ tubes were available.
- Compliant was not lodged in the local police station regarding the theft of Government property. Subsequent to the inspection report issued by Audit, the BDO lodged a complaint with the Inspector of Police in Singampunari Police station reporting a loss of more than ₹ 6 lakh to the Government and to identify the anti-social elements and initiate criminal action against them.
- The BDO, Singampunari, to whom the completed houses and civic infrastructure were handed over, had not taken adequate measures to protect the assets.

Thus, the failure of PD, DRDA, to select beneficiaries before commencement of construction, inordinate delay in construction, and further delay in finalisation of the list of beneficiaries, had resulted in the infrastructure created at a cost of ₹ 2.42 crore**,** lying idle and damaged due to lack of protection rendering them unfit for occupation.

Audit recommends that GoTN/DRD may initiate early action to complete the beneficiary selection process, and simultaneously action may be taken to make the houses ready for occupation.

The matter was referred to Government in January 2021; reply is awaited (June 2021).

NATHAM PANCHAYAT UNION

3.3.3 Idling of a newly constructed Community hall

Lack of comprehensive plan leading to piecemeal construction of community hall, delay in obtaining electrical connection, non-provision of water supply and toilet facilities, etc., had resulted in idle investment of ₹ 84.46 lakh.

The Committee on Public Accounts (PAC) of the Tamil Nadu Legislative Assembly, which discussed an Audit para on idling of newly constructed Community halls, included in C&AG's Audit report, 2005-06 (Local Bodies), recommended (February 2013) that the demand for community hall (in the villages) should be ensured and all basic amenities should be created so as to enable proper utilisation of the community halls constructed with Government/Local Bodies (LB) funds.

An audit of the office of Block Development Officer (BDO), Natham PU in Dindigul District was taken up during November 2019. It was noticed that a Multipurpose Centre (Community Hall) was constructed in 2016 by the PU at Uluppagudi hamlet of Punnapatti Panchayat at a cost of ₹ 84.46 lakh without assessing the need for the same and it was not put to use for more than four years. The building was designed to serve as a public hall for conducting marriages and other functions in the village. It has a dining hall, a kitchen and a store room at the ground floor and a large hall and two rooms at the first floor.

The reasons for non-commissioning of this public asset are discussed below:

(a) Lack of comprehensive planning and piecemeal execution: Article 158 (b) of the Tamil Nadu Financial Code cautions against evading the necessity of obtaining sanction from the appropriate authority by splitting the work and sanctioning it in instalments. According to extant orders[23], the District Collector (DC) has the powers to accord Administrative Sanction (AS) for civil works costing up to ₹ 50 lakh in PUs and the Director of Rural Development and Panchayat Raj (DRD) has the powers to accord AS for works costing over ₹ 50 lakh.

Similarly, the Executive Engineer, Rural Development and Panchayat Raj (EE, RD&PR) has the powers to accord Technical Sanction (TS) for civil works costing up to ₹ 30 lakh and the Superintending Engineer (SE), RD&PR has the powers to accord TS for works costing over ₹ 30 lakh.

It was, however found that the single work of construction of a Community Hall was split into four different works as given in **Table 3.3**. The fact that three separate AS and TS were taken in a short span of three months established that the motive was to avoid AS and TS by appropriate higher authorities. Both the DC and the EE, RD&PR routinely accorded AS and TS

23 Tamil Nadu Panchayats (Preparation of plans and estimates for works and mode and conditions of contracts) Rules, 2007.

respectively without pointing out the splitting of a single work for avoiding AS/TS by higher authorities**.** Audit observed that splitting of the work into four different components resulted in lack of a comprehensive plan and the consequent delayed provision of electricity and non-ensuring of water supply, compound wall and toilet facilities for guests. The deliberate avoidance of obtaining AS from DRD, facilitated the BDO in obtaining approval for the project from DC and EE (RD&PR) without detailed justification and avoided examination by higher authorities.

Table 3.3: Details of Works carried out

Sl. No.	Component of Work	Source of Fund	Date of AS	Esti-mate (₹ in lakh)	Approval of tender and issue of work order	Scheduled date of completion	Amount paid to the Contrac-tor (₹ in lakh)
1	Ground floor	MPLADS[24]	16-11-2015	30 .00	08-12-2015/ 09-12-2015	08-03-2016	29.98
2	Water supply			5.00			5.00
3	First floor	PU General Fund	06-01-2016	30.00	19-01-2016/ 20-01-2016	17-03-2016	29.99
4	Addition to first floor		29-01-2016	19.50	23-02-2016/ 24-02-2016	15-04-2016	19.49
	Total			**84.50**			**84.46**

(Source: Details furnished by Natham PU)

In the estimate for 'water supply' component, provision was made for bringing water from a bore well near a water body across the road. Although the work was reportedly completed, joint physical inspection by the audit team along with the BDO disclosed no supply of water. The BDO replied (November 2020) that the water pipelines were damaged during road widening and action would be taken to restore water supply.

Execution of the work in a piecemeal manner had resulted in non-provision of funds in any of the four estimates for obtaining electricity connection, despite earmarking ₹ 3.17 lakh in the estimates for electrification in the ground floor (₹ 2 lakh) and first floor (₹ 1.17 lakh). As a result, the building was not electrified for more than four years, and power connection was obtained only in August 2020 through a separate sanction.

Similarly, lack of comprehensive planning had resulted in non-provision of compound wall and toilet block for proper utilisation of the building. The BDO replied (November 2019) that funds had been sought under MPLADS for execution of these works. It is pertinent to point out that operation of the MPLADS itself is under suspension for two years from March 2020, and therefore the PU Council (PUC) didn't seem to have any viable plan to commission the building.

[24] Members of Parliament Local Area Development Scheme.

Exhibit 3.9: Full view of the Multipurpose hall

Exhibit 3.10: Ground floor of the hall being used as temporary stores for water pipes

(Source: Joint physical inspection by Audit Team with the BDO)

(b) Failure to take follow-up action: GoTN, in its orders (June 1999) on 'Devolution of powers' to the Local Bodies had authorised the PUs to maintain the community assets owned by them and also to determine the rates of lease/rent for these revenue yielding properties and duly realise the income so derived from these assets. However, rental charges for letting out the building were not yet fixed, even after more than four years of completion of the building.

To an audit enquiry, the BDO, Natham PU replied (November 2020) that rent rates would be fixed with due approval of the PUC and the hall would soon be released for public use on rental basis.

The fact, however, remains that the public asset could not be commissioned due to lack of required utilities. Audit observed that unplanned piecemeal execution of works in violation of codal provisions, non-provision of required amenities and continued inaction in putting the constructed building to use, had resulted in idle investment of ` 84.46 lakh besides denial of better facilities to the community at reasonable cost.

Audit recommends that:

- Early action may be taken to commission the Community Hall.
- GoTN/DRD should issue suitable guidelines to implement the PAC recommendation on assessing the need and provision of amenities for community halls and similar revenue earning assets.
- Community Halls/Buildings may be constructed in a planned and time bound manner adhering to existing codal provisions.
- The circumstances under which the officers concerned violated the codal provisions may be enquired into.

The matter was referred to Government in January 2021; reply has not been received (June 2021).

SOCIAL WELFARE AND NUTRITIOUS MEAL PROGRAMME DEPARTMENT

CHILD DEVELOPMENT PROJECT OFFICES

3.3.4 Unjustified purchase of Aadhaar enrolment kits

Failure to restrict the requirement for Aadhaar enrolment kits based on actual need has resulted in accessories of Aadhaar enrolment kits valuing ` 7.85 crore lying unutilised for more than two years.

With a view to give further impetus to Aadhaar enrolment drive, GoI decided (July 2017) to set up permanent Aadhaar enrolment facility in the offices of Child Development Project Offices (CDPOs), which are sub-district level offices managing the Anganwadis in the field. Accordingly, the Integrated Child Development Services (ICDS) Department of Government of Tamil Nadu (GoTN) and all 434 CDPOs in the State were notified (October 2017) as Registrar and Enrolment Agencies respectively for carrying out Aadhaar enrolment.

Scrutiny of records (November 2020) at the office of the Director, ICDS, Chennai and District Project Offices revealed the following:

GoI had approved (December 2017) the project at a total cost of ` 19.53 crore (Central share: ` 11.72 crore and State share: ` 7.81 crore) to procure three sets of Aadhaar enrolment kits for each of the 434 CDPOs in the State. A set of Aadhaar enrolment kit include one desktop with peripherals such as scanner, printer, slap fingerprint scanner, Iris scanner and GPS device[25], another set include one laptop together with peripherals, and the third set include one Tablet with fingerprint scanner. The desktop and laptop with peripherals are intended for use in the CDPOs for Aadhaar enrolment of adults visiting the Enrolment Centre. Whereas, the Tablet with peripherals are intended to be used as mobile Aadhaar enrolment kits for enrolling children below five years of age at Anganwadis.

The Director, ICDS procured through GeM (Government e-Market place) portal, and supplied the desktop-based enrolment kits and laptop-based enrolment kits in September/October 2018 and the tablet-based enrolment kits in December 2018 to all 434 CDPOs at a total cost of ` 13.48 crore[26]. Though all the Aadhaar enrolment kits were installed as on January 2019, Audit found that, Aadhaar enrolment was done only for children using the tablet-based enrolment kits. CDPOs did not start Aadhaar enrolment services for adult residents using desktop/laptop-based kits. Hence, the Aadhaar enrolment accessories[27] of desktop/laptop-based kits were not put to use for more than

[25] Global Positioning System device used for accessing the Aadhaar server.

[26] Desktop kit - ` 6.43 crore, Laptop kit - ` 6.26 crore and Tablets – ` 0.79 crore.

[27] Finger print reader, Iris scanner, focus lamp, Webcam and GPS receiver.

two years, resulting in idling of these accessories, valued at ` 7.85 crore (**Table 3.4).** The desktop and laptop computers were, however, used for routine office work.

Table 3.4: Details of Aadhaar enrolment accessories procured for 868 desktops and laptops

Name of the item	Cost per item (in `)	Total cost (Col. 2 x 868) (` in lakh)
(1)	(2)	(3)
Finger print reader	48,000	416.64
Iris scanner	34,000	295.12
Focus lamp	550	4.77
Webcam	4,495	39.02
GPS Receiver	3,430	29.77
Total		**785.32**

(Source: Director, ICDS)

In this connection, the following observations are made:

The Annual Reports of Unique Identification Authority of India for the year 2017-18 indicated that Tamil Nadu had an overall saturation of 93.4 *per cent* in respect of Aadhaar seeding, as compared to only 48 *per cent* in respect of age group 0 to 5 years. In this background, the Director, ICDS, in his letter dated 4 December 2017 proposed to the Government that Aadhaar enrolment services for adult are already provided by Tamil Nadu Arasu Cable TV Corporation Limited, a GoTN Public Sector Undertaking, and the pressure is only on providing this service to children below five years. He proposed procurement of only Tablets with sim cards for extending Aadhaar enrolment services to Anganwadi children. It was, however, found that in the Empowered Committee Meeting for Anganwadi Services, Chaired by the Secretary to GoI, Ministry of Women and Child Development on 6 December 2017, a decision was made to procure both desktop/laptop-based kits for adult enrolment and Tablet-based kits for child enrolment.

By failing to exercise due diligence and restrict the procurement to tablet-based kits for enroling children below five years alone, GoTN incurred an unjustified expenditure of ` 7.85 crore on the accessories which are lying idle for more than two years.

Audit recommends that GoTN may take action either to start Aadhaar enrolment services for adult residents at CDPOs or to transfer the Aadhaar enrolment accessories of desktop and laptop- based kits to Tamil Nadu Arasu Cable TV Corporation Limited on cost basis so that these accessories can be utilised.

The matter was referred to Government in February 2021; reply has not been received (June 2021).

3.4 Regularity issues

ADI DRAVIDAR AND TRIBAL WELFARE DEPARTMENT

3.4.1 Payment of scholarship to ineligible students

Non-adherence to Government's orders by the Director of Adi Dravidar Welfare and District Adi Dravidar and Tribal Welfare Officers, and lack of clarity in the order had resulted in an inadmissible expenditure of ` 1.81 crore towards sanction of Higher Education Special Scholarship to ineligible students.

In 1971-72, the Government of Tamil Nadu (GoTN) launched a loan cum scholarship scheme for Scheduled Caste/Scheduled Tribe (SC/ST) students pursuing higher studies as hostellers. The scheme underwent modifications in 1996-97, 2002-03 and 2011-12. The modified 'Higher Education Special Scholarship' (HESS) scheme envisaged a scholarship of ` 7,500 and ` 8,000 per annum to eligible students[28] studying in undergraduate and post graduate/professional courses respectively. At the state level, HESS is implemented by the Director of Adi Dravidar Welfare (DADW) and at the district level, the District Adi Dravidar and Tribal Welfare Officers (DADWO) implement the scheme.

Consequent on launching (2013-14) of the centrally sponsored 'Post Matric Scholarship scheme' (PMSS) in the current form, GoTN decided (March 2017) to review the need for continuation of HESS as both the schemes offered similar benefits resulting in duplication and increased expenditure. Based on the review, while issuing orders (March 2018) for continuation of HESS for the academic year 2017-18, GoTN restricted the grant of new HESS only to students of Government and Government aided institutions, staying in hostels of the institution or in hostels approved by the institution. The DADW, while allocating scheme funds to DADWOs during 2017-20, also reiterated the above condition for grant of HESS.

Audit scrutiny of the records relating to the implementation of the scheme for the period 2017-20 at the offices of the DADW and sampled DADWOs in 12 districts[29] revealed that:

DADWOs of four[30] districts continued to sanction HESS to students studying in self-financing institutions. During this period, new scholarships under

[28] The applicants should belong to SC/ST communities including SC converted to Christianity students, be staying in paid hostels and their parental/guardian annual income not to exceed ` 2.50 lakh.

[29] Out of 32.

[30] Chennai, Kancheepuram, Tirunelveli and Villupuram.

HESS were sanctioned to 889 students studying in 29 self-financing institutions. This resulted in an irregular expenditure of ` 0.70 crore **(Appendix 3.4)** to ineligible students. The audit findings were sent to GoTN in December 2020, along with an abstract of district-wise irregular payments, details of which had already been given to respective DADWOs during field audits. GoTN in its reply to the draft Audit Para, sought (3 February 2021) institution-wise and year-wise student data for ascertaining the fact included in the draft Audit Para. The details requested by GoTN were sent (4 February 2021) to DADW to facilitate rechecking of the facts brought out by Audit. Further reply was not received (June 2021).

It was also found that DADWOs of seven[31] districts, during the same period, sanctioned an amount of ` 1.11 crore as HESS to 1,440 students studying self-supporting courses in 19 Government aided institutions during the same period. Audit found that DADWOs of three other sampled districts[32] did not entertain scholarship applications from students studying self-supported courses in Government aided colleges. In this connection, Audit observed that Government aided private colleges in the State conduct both aided and self-supported courses. Students of self-supported courses in Government aided private colleges are on the same footing as the students of self-financing private colleges, as they pay full tuition fee. GoTN's order restricting the scheme to students of Government and Government aided institutions was silent as to whether the students of self-supported courses in Government aided private colleges are eligible to receive HESS. The lack of clarity in the Government Order had resulted in a situation where some districts were allowing HESS to students of self-supported courses in Government aided private colleges, and others did not allow. As the scheme is meant only for students of Government and aided colleges, Audit observed that the payment of new HESS scholarships of ` 1.11 crore to 1,440 students studying in self-supporting courses in Government aided institutions was irregular **(Appendix 3.4)**. GoTN, in its reply (February 2021) claimed that all students of Government aided colleges are eligible to receive HESS. Government, however, did not clarify how the students of self-supported courses in partly aided colleges were different from similarly placed students of other private colleges who are not eligible for HESS.

Thus, the failure of DADWOs to disallow HESS claims of students of self-financing institutions and lack of clarity in GoTN's order and failure to restrict HESS only to students studying aided courses in Government aided institutions had resulted in an inadmissible expenditure of ` 1.81 crore (` 0.70 crore + ` 1.11 crore) towards grant of HESS to ineligible students.

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31 Chennai, Cuddalore, Dindigul, Erode, Madurai, Tiruchirappalli and Tirunelveli.
32 Coimbatore, Tiruvallur and Vellore.

Audit recommends that the ineligible payments to students of self-financing colleges may be recovered and the policy on eligibility of students of self-supported courses in Government aided colleges needs to be clarified to avoid confusion.

3.4.2 Inadmissible excess reimbursement of fees to private schools

Non adherence of Government's orders by the Director of Adi Dravidar Welfare and failure of Government to check repeated violations had resulted in inadmissible reimbursement of ` 1.62 crore as fees to private schools.

The Government of Tamil Nadu (GoTN) introduced (December 2008) the scheme of 'Provision of top class education to meritorious Adi Dravidar[33] (Scheduled caste) and Tribal (SC/ST) students studying in Standard V in Government and Government aided schools'. Under this scheme, 385 meritorious SC/ST students[34] are selected every year at the rate of one student from each of the 385 blocks by conducting a special examination and are admitted in Standard VI in reputed private residential schools. The Government bears the cost of education of the student till Standard XII. The District Collectors prepare the list of reputed schools located within their districts. It is left to the parents of the selected students to admit their wards to any of the schools in the list.

Audit scrutiny of the records relating to the implementation of the scheme at the offices of the Director of Adi Dravidar Welfare (DADW) and District Adi Dravidar and Tribal Welfare Officers (DADWO) in 15 districts during 2018-20 disclosed the following.

While launching the scheme in December 2008, GoTN fixed a ceiling of ` 40,000 per student per annum for reimbursement of school fees (` 17,000) and hostel fee (` 23,000). This ceiling, however, was used only for earmarking funds in the budget, and DADW did not restrict the reimbursement within the ceiling. GoTN notified the detailed revised scheme guidelines in October 2015, which were implemented from the academic year (AY) 2016-17. As per the revised guidelines, the financial assistance was allowed as per the fees fixed by the 'Private Schools Fee Determination Committee'

[33] Including Adi Dravidar converted to Christianity.

[34] One student each from the 385 Panchayat Union (Development) blocks in Tamil Nadu.

(PSFDC[35]) constituted by GoTN. In addition, hostel fees of ` 15,000 and maintenance fee of ` 5,000 per annum were also payable. Prior to the issue of revised guidelines in October 2015, there was no restriction on the amount of school fees that could be reimbursed to the schools. While proposing (May 2014) the revised guidelines, incorporating a ceiling for reimbursement, DADW requested GoTN that the reimbursement of fees for students, admitted prior to the issue of guidelines, may be continued at pre-existing rates. Accordingly, GoTN ordered (January 2016) that the ceiling on fee reimbursement, as per the revised guidelines, are applicable to students admitted from the AY 2016-17.

The authorities of private schools, where these students are admitted, were to lodge their claim through respective DADWOs. Every year, the DADWOs were to compile the list of students admitted and fees payable to the private schools and forward the same to the Directorate for obtaining GoTN's sanction to settle the claims made by the schools.

While implementing the scheme, DADWOs reported difficulties. The DADWOs stated that although the fee fixed by PSFDC for every school was different, the schools were reluctant to admit the students, as the fixed amount admissible for hostel and maintenance were not commensurate with the quality of facilities afforded in every school. Based on the DADWOs' reports, the DADW requested (November 2016) GoTN to amend the guidelines, so as to reimburse the entire amount claimed by the private schools. GoTN, however, had not amended (November 2020) the guidelines, as proposed by the DADW. Simultaneously, the schools continued to claim the fees in excess of the amount stipulated in the guidelines, which were admitted by GoTN for the AYs 2016-17 and 2017-18, as the DADW requested sanction citing difficulties in adhering to the scheme guidelines.

GoTN, however, took a firm stand in January 2019 and directed DADW to strictly adhere to the scheme guidelines and limit the release of fees to the schools to the extent provided in the guidelines for the AY 2018-19.

Despite that, Audit found that 32 private schools, in 10[36] out of the 15 sampled districts, had claimed an amount of ` 1.62 crore in excess of the fees stipulated by the revised guidelines, in respect of 258 students admitted during the AYs 2018-19 and 2019-20. The claims were admitted by DADW without limiting them to the ceiling prescribed (**Appendix 3.5**).

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35 PSFDC is constituted as per the provisions of Section 5 of the Tamil Nadu Schools (Regulation of Collection of Fee) Act, 2009 for the purpose of determination of the fee for admission to any Standard or course of study in private schools. PSFDC determines the fee based on various factors *inter alia* the location of the school and the available infrastructure.

36 Ariyalur, Kancheepuram, Karur, Perambalur, Thanjavur, Tirunelveli, Tiruppur, Tiruvallur, Vellore and Villupuram.

Audit observed that repeated failure to adhere to the scheme guidelines and failure to restrict the reimbursement to the admissible amount, even after a clear order in January 2019, amounted to violation of Government orders, leading to inadmissible excess expenditure of ₹ 1.62 crore.

Audit recommends that DADW should ensure adherence to Government orders on restricting claim of private schools' fee reimbursement to the ceiling fixed by PSFDC.

The matter was referred to Government in November 2020; reply has not been received (June 2021).

(DEVIKA NAYAR)
Principal Accountant General (Audit-I),
Tamil Nadu

Chennai
The 22 July 2021

Countersigned

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

New Delhi
The 23 July 2021