



**Chapter II**  
**Compliance Audit**  
**Paragraphs**



## CHAPTER - II COMPLIANCE AUDIT PARAGRAPHS

### Transport Department

#### 2.1 Short/ Non-transfer of amount to Road Safety Fund

The Kerala Road Safety Authority Act (KRSA Act), 2007, was enacted (April 2007) by the Government of Kerala (GoK) to prioritise and ensure safer transportation for all road users in the State in compliance with Section 215 of the Central Motor Vehicles Act (MV Act), 1988. GoK has established the Road Safety Fund under Section 11(1) of the KRSA Act, 2007. As per Section 4 of the KRSA Act, one of the functions of KRSA is to manage the Road Safety Fund. This Fund is to be utilised for road safety programmes, awareness programmes, purchase of equipment connected with road safety, funding of approved studies on projects and research regarding road safety, trauma care programmes, administrative expenses of Kerala Road Safety Authority and any other purpose as may be prescribed.

Section 10 of the KRSA Act enables collection of a one-time cess from vehicle owners, which is to be credited to Road Safety Fund as mandated under Section 11(2) of the Act. As per Section 10(6) of the Act, the proceeds of the cess collected shall initially be credited to the Consolidated Fund. After deducting the collection charges, which are defined as one *per cent* of the one-time cess according to Rule 3(4) of the KRSA Rules, 2007, the remaining amount is then transferred to Road Safety Fund. Furthermore, as per Section 11(3) of the Act, the Government is obligated to contribute to the fund annually, an amount equivalent to 50 *per cent* of the compounding fee collected in the previous year under Section 200 of the MV Act, 1988. Section 200 of MV Act, 1988, defines compounding of certain offences in lieu of prosecution and compounding fee as specified is collected by Government. The enforcement wing of both the Motor Vehicle Department and the Police are assigned to collect the compounding fee for motor vehicle offenses.

As on 31 March 2023, the utilisation of Road Safety Fund is as below:

**Table 2.1: Details of Receipt and Expenditure under Road Safety Fund**

(₹ in lakh)									
Year	Opening Balance	Road Safety Fund received from Government	Interest	Refund <sup>78</sup>	Total	Amount allotted to stake holders	Administrative Expenditure	Total Expenditure	Closing Balance
	1	2	3	4	5 (sum of 1 to 4)	6	7	8 (6 + 7)	9 (5 - 8)
2018-19	205.16	2,239.13	11.27	293.55	2,749.11	729.32	163.43	892.75	1,856.36
2019-20	1,856.36	2,200.00	6.52	186.54	4,249.42	1,349.21	140.59	1,489.80	2,759.62

<sup>78</sup> Amount refunded by various implementing agencies to KRSA.

Year	Opening Balance	Road Safety Fund received from Government	Interest	Refund <sup>78</sup>	Total	Amount allotted to stake holders	Administrative Expenditure	Total Expenditure	Closing Balance
	1	2	3	4	5 (sum of 1 to 4)	6	7	8 (6 + 7)	9 (5 - 8)
2020-21	2,759.62	0.00	665.79	14.91	3,440.32	945.82	185.48	1,131.30	2,309.02
2021-22	2,309.02	11,305.00	99.93	78.21	13,792.16	1,164.34	155.51	1,319.85	12,472.31
2022-23	12,472.31	0.00	333.73	32.51	12,838.55	1,786.33	235.87	2,022.20	10,816.35

Source: Data from KRSA.

Audit observed that more than ₹100 crore was parked in the bank account of KRS Fund, instead of allocating funds for projects approved by KRSA. During exit meeting (October 2024), KRSA officials clarified that release of funds was done only after completion of the project (and not as advance) and that this was the reason for ₹108.16 crore remaining parked in the bank account of Road Safety Fund. It was also noticed that no amount was transferred in 2020-21 and 2022-23. Though the issue was brought to notice by Audit, no reply has been received (February 2025) from Finance Department.

The following deficiencies were noticed in management of Road Safety Fund:

### 2.1.1 Short transfer of Cess and Compounding fee accrued to Road Safety Fund

The amount retained in Consolidated Fund and to be transferred to Road Safety Fund for the five years from 2018-19 to 2022-23 is as indicated in **Table 2.2**, which was determined by Audit using data on cess (Head of Account: 0041-00-800-99) collected for a period of five years from 2018-19 to 2022-23 and the compounding fee (Head of Account: 0041-00-102-97) collected for a period of five years from 2017-18 to 2021-22. Details of short transfer to Road Safety Fund are given in **Table 2.3**.

**Table 2.2: Details of Cess and Compounding fee collected**

Year	Cess Collected	Cess after deducting one per cent	Compounding fee collected	50 per cent of previous year (4)	Total (3+5)
1	2	3	4	5	6
2017-18	-	-	18,658.89		
2018-19	765.23	757.58	17,144.87	9,329.45	10,087.03
2019-20	653.24	646.71	21,318.12	8,572.44	9,219.15
2020-21	509.07	503.98	12,559.64	10,659.06	11,163.04
2021-22	644.34	637.90	11,111.23	6,279.82	6,917.72
2022-23	739.85	732.45	-	5,555.62	6,288.07
<b>Total</b>					<b>43,675.01</b>

Source: Data in column 2 and 4 from VLC.

**Table 2.3: Short transfer towards Road Safety Fund**

						(₹ in lakh)
Year	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Amount to be transferred	10,087.03	9,219.15	11,163.04	6,917.72	6,288.07	43,675.01
Amount transferred	2,239.13	2,200.00	0.00	11,305.00	0.00	15,744.13
Short transfer	7,847.90	7,019.15	11,163.04	-4,387.28	6,288.07	27,930.88

An amount of ₹43,675.01 lakh collected as cess and compounding fee was to be transferred to Road Safety Fund. Against this, only an amount of ₹15,744.13 lakh was transferred. Thus, short transfer for the period 2018-19 to 2022-23 amounted to ₹27,930.88 lakh. This short transfer is not in compliance with the provisions of the Act and is detrimental to the achievement of overall objectives of Road Safety Fund.

Though this has been pointed out in June 2024, no reply has been received from the Government (February 2025).

### **2.1.2 Non-transfer of funds to KRSA in respect of compounding fees collected by Police Department**

As per Section 11(3) of KRSA Act, Government is obligated to transfer 50 per cent of compounding fee collected in accordance with Section 200 of MV Act, 1988 (by MVD) and vide G.O (P) No.37/2019/Trans dated 26 October 2019 (by Police). When the MVD officials collect the compounding fee or when a chalan is generated through VAHAN, the sum is credited under the Head of Account: 0041-00-102-97. With respect to Police, the amount collected on the spot by Police officials was being credited under the Head of Account: 0041-00-102-97 till September 2020 and since October 2020 it is being credited under the Head of Account: 0055-00-103-95.

Audit noticed that though a compounding fee of ₹248.16 crore was collected and credited under the Head of Account: 0055-00-103-95 for the period from 01 October 2020 to 31 March 2023, the Government did not transfer 50 per cent of this amount to Road Safety Fund. This had resulted in non-transfer of ₹124.08 crore being 50 per cent of compounding fee collected by Police Department. Audit observes that non-transfer of money will affect achievement of overall objectives of Road Safety Fund.

This has been brought to the notice of Finance Department in June 2024, reply has not been received so far (February 2025).

### **2.1.3 Non/ short collection of Compounding fee by Motor Vehicle Department**

Section 200 of MV Act, 1988 defines compounding of certain offences in lieu of prosecution. Section 194 of the MV Act, 1988 imposes a fine of minimum two thousand rupees, with an additional one thousand rupees per tonne of excess load, on individuals who drive a motor vehicle exceeding the permissible load limit. The amendment to the above Act, effective from 09 August 2019, increased the fine to twenty thousand rupees, with an additional two thousand

rupees per tonne of excess load. As per GO dated 26 October 2019, the GoK reduced the fine to ten thousand rupees, with an additional one thousand five hundred rupees per tonne of excess load.

Audit scrutinised the particulars of the check report pertaining to the violation of vehicles plying with loads exceeding the allowable limit during the audit period. The scrutiny focused on the check report status as 'Active'<sup>79</sup> in the 'Smart Move'<sup>80</sup> system during the data transfer to 'VAHAN' system. It was revealed that of the 420 cases examined, in 99 instances (pertaining to the period 2018-2021), chalans were closed and vehicles were removed from the blacklist without the corresponding compounding fee being collected. This action resulted in non-collection of compounding fee (in 70 cases) amounting to ₹13.57 lakh and short collection (in 29 cases) of compounding fee amounting to ₹3.20 lakh in the selected districts<sup>81</sup> as given in **Table 2.4**.

Moreover, 50 cases remain active in the VAHAN software as detailed in **Appendix XXXI** (pertaining to the period 2018-2020), and as such a compounding fee of ₹8.08 lakh as indicated in **Table 2.5** has not been collected for these active cases.

**Table 2.4: District-wise details of chalan closed but compounding fee non/short collected**

District	Number of cases of non-collection	Non-collection of Compounding fee (₹ in lakh)	Number of cases of short collection	Short collection of Compounding fee (₹ in lakh)	Number of cases	Compounding fee to be collected (₹ in lakh)
Ernakulam	36	7.50	14	1.46	50	8.96
Kozhikode	12	1.41	5	0.62	17	2.03
Palakkad	9	1.92	5	0.61	14	2.53
Pathanamthitta	10	2.29	3	0.29	13	2.58
Thiruvananthapuram	3	0.45	2	0.22	5	0.67
<b>Total</b>	<b>70</b>	<b>13.57</b>	<b>29</b>	<b>3.20</b>	<b>99</b>	<b>16.77</b>

Source: Data from VAHAN.

**Table 2.5: District-wise details of non-collection of compounding fee**

District	Number of cases	Compounding fee to be collected (₹ in lakh)
Ernakulam	32	5.11
Kozhikode	8	1.33
Palakkad	4	1.01
Pathanamthitta	4	0.58

<sup>79</sup> 'Active' is the status of chalan report which is not closed in VAHAN software.

<sup>80</sup> 'Smart Move' was the software used by MVD Kerala before the introduction of VAHAN.

<sup>81</sup> Out of the 14 districts in the State, five districts, viz., Thiruvananthapuram, Pathanamthitta, Ernakulam, Palakkad and Kozhikode were selected based on stratified random sampling method using the data analytical tool IDEA.

District	Number of cases	Compounding fee to be collected (₹ in lakh)
Thiruvananthapuram	2	0.05
<b>Total</b>	<b>50</b>	<b>8.08</b>

Source: Data from VAHAN.

Further, according to the statute, Government shall contribute fifty *per cent* of the compounding fee to the Road Safety Fund. Since an amount of ₹24.85 lakh (8.08 + 16.77) remains uncollected, 50 *per cent* of compounding fee, *i.e.*, ₹12.425 lakh, was not transferred to Road Safety Fund.

On this being pointed out, the Department stated (February 2024) that action would be taken to realise the compounding fee. However, as per Section 200 of Motor Vehicle Act, 1988, no action can be taken in offences once compounded leading to non-realisation of compounding fee.

#### 2.1.4 Failure to compound traffic offences leads to non-transfer of share amount to Road Safety Fund

The MV Act, 1988 and Central Motor Vehicle Rules, 1989 require a transport vehicle to have a valid certificate of fitness for registration. The certificate, issued under Section 56, has a two-year validity for new vehicles and one year for those over eight years old and shall be renewed thereafter under Rule 105 of Kerala Motor Vehicle Rules. Section 41(7) of the MV Act stipulates a 15-year validity for the certificate of registration for non-transport vehicles, extendable for five years upon application. Section 192 of the MV Act (2019 Amendment) imposes fines and possible imprisonment for driving without valid fitness or registration. Government Orders extended the validity of documents expiring between 01 February 2020 and 31 December 2021, until 31 December 2021. The revised rate for violation of Section 192(1) of MV Act, 1988 is as follows:

Vehicle Type	Compounding fee for vehicles without valid registration / Certificate of Fitness
(a) Non-transport vehicle	3,000
(b) Transport vehicle	
(i) Two and Three-wheeler vehicles	2,000
(ii) Light Motor Vehicles	3,000
(iii) Medium Motor Vehicles	4,000
(iv) Heavy Motor Vehicles	5,000

Source: Data from VAHAN.

Audit scrutinised 6,39,846 chalan reports generated by the 'e-Chalan' software in the five selected districts during the audit period, and the following observations are made.

- **Non-compounding of offence for driving transport vehicles without valid Certificate of Fitness**

Audit noticed that 10,049 chalans were generated for transport vehicles whose validity of fitness certificates had expired on the date of inspection. However, compounding of the offence of driving without a valid fitness certificate was done only for 9,230 chalans. In the case of 819 chalans, compounding was done for other offences<sup>82</sup> indicating that the offence of driving without a valid fitness certificate was overlooked in these cases. This led to non-imposition of compounding fee amounting to ₹26.99 lakh. The details of the 819 e-chalans<sup>83</sup> in test-checked districts are shown in **Table 2.6**.

**Table 2.6: District-wise details of non-imposition of compounding fee for the offence of driving without a valid certificate of fitness**

District	No. of chalans relating to non- imposition of compounding fee	Compounding fee to be imposed (₹ in lakh)
Ernakulam	186	6.23
Kozhikode	64	2.01
Palakkad	133	3.98
Pathanamthitta	138	5.07
Thiruvananthapuram	298	9.70
<b>Total</b>	<b>819</b>	<b>26.99</b>

Source: Data from VAHAN.

- **Non-compounding of offence for driving vehicles without valid registration**

Audit observed that 2,607 chalans were generated for vehicles whose registration validity had expired at the time of inspection. However, compounding for the offence of driving vehicles without valid registration was done only in the case of 1,964 vehicles and in the case of 643 vehicles that were operating on the road (during 2020 to 2022) without a valid certificate of registration, compounding was done for other offenses, overlooking the offence of driving without a valid certificate of registration. This led to non-imposition of compounding fees amounting to ₹19.29 lakh for these 643 cases. The details of 643 e-chalans in test-checked districts are shown in **Table 2.7**.

**Table 2.7: District-wise details of non-imposition of compounding fee for the offence of driving without a valid certificate of registration**

District	No. of chalans relating to non-imposition of compounding fee	Compounding fee to be imposed (₹ in lakh)
Ernakulam	115	3.45
Kozhikode	100	3.00
Palakkad	120	3.60
Pathanamthitta	72	2.16

<sup>82</sup> Such as driving without wearing safety belt, using defective fare meter etc.

<sup>83</sup> Pertaining to the period 2020-2022.

District	No. of chalans relating to non-imposition of compounding fee	Compounding fee to be imposed (₹ in lakh)
Thiruvananthapuram	236	7.08
<b>Total</b>	<b>643</b>	<b>19.29</b>

Source: Data from VAHAN.

It is evident from the above that the non-compounding of offenses led to a cumulative amount of ₹46.28 lakh (26.99 + 19.29) remaining uncollected. Consequently, the required transfer of funds totaling ₹23.14 lakh to the Road Safety Fund, as stipulated by Section 10(7) of KRSA Act, did not materialise. On this being pointed out, the Department stated (February 2024) that action would be taken to realise the compounding fee. However, as per Section 200 of Motor Vehicle Act, 1988, no action can be taken in offences once compounded leading to non-realisation of compounding fee.

Due to failure of the Government in collection and transfer of funds to Road Safety Fund, an amount of ₹403.74 crore, which could have been utilized for various road safety programmes, remains outside the purview of the Fund.

Though the above paragraphs were forwarded to Government in June 2024, no reply has been received so far (February 2025) in spite of repeated reminders<sup>84</sup>.

*Recommendations: Government should ensure the prompt collection of compounding fee and timely transfer of amount earmarked for Road Safety Fund.*

## Forest and Wildlife Department

### 2.2 Lapses in Management of Teak Plantations by Kerala Forest and Wildlife Department

Functions of Kerala Forest and Wildlife Department (Department) include increasing the productivity of forest plantations through appropriate management interventions and use of modern technology to upsurge the tree cover, both in forest and non-forest areas. Plantation area under the Department as of 31 March 2023 is 1,400.146 sq km, which comes to 12.14 per cent of the total forest area of 11,531.908 sq km of the State. The teak plantations occupy about 50 per cent<sup>85</sup> of the plantation area and forms the major component of plantation resources.

Audit was conducted by reviewing the records at the offices of (i) the Additional Chief Secretary (ACS) to Government, Forest and Wildlife Department, (ii) Principal Chief Conservator of Forests and Head of Forest Forces (PCCF), (iii)

<sup>84</sup> August 2024, December 2024.

<sup>85</sup> 58,837.184 ha is pure teak plantation which constitute 42.02 per cent and 11,155.287 ha is teak cum softwood plantation which constitute 7.97 per cent of total plantation area totalling 50 per cent.

four<sup>86</sup> out of five Circle offices of territorial wing, (iv) seven<sup>87</sup> out of 25 territorial divisions including Marayoor sandal division.

### **2.2.1 Absence of Working Plan affected timely silviculture operations and final felling of teak plantations**

Teak timber is the major source of timber revenue. Ministry of Environment and Forest (MoEF) prescribes preparation of working plan for managing forest land and plantations. Accordingly, a ten-year working plan is to be prepared and approval obtained from MoEF. The working plan of a division prescribes the year in which silviculture thinning or final felling of a teak plantation is to be carried out. To achieve optimum growth of teak tree, periodical silviculture operations and final felling prescribed in the working plan are to be carried out.

Audit noticed that two<sup>88</sup> out of eight Divisions did not have a working plan for six years during the last 10 years. The absence of a working plan leading to non-conduct of silviculture thinning and final felling of teak in the aforesaid Divisions adversely affected proper growth of teak trees and forest revenue.

On this being pointed out, Department replied that the Management Plan<sup>89</sup> for the period 2016-17 to 2017-18 was approved by GoI and due to late receipt of the approved Management Plan and shortage of plan period, the prescription proposed under the above plan were pending for execution. The reply itself reveals that a Management Plan is an interim arrangement for short period, unlike a Working Plan period of 10 years. Hence, timely plantation activities like silviculture thinning and harvesting are affected due to absence of working plan. Deficiencies in this regard are discussed in the paragraphs given below.

### **2.2.2 Lapses in implementation of Working Plan**

National Working Plan Code- 2014 states that Working Plan is the main instrument of forest planning (more exactly for forest working) in the country for scientific management of forests. Generally, the Working Plan is to be revised every 10 years. Para 3 of the National Working Plan Code- 2014 prescribes that all forests are to be sustainably managed under the prescription of a working plan/scheme. Working Plan facilitates systematic observations on a continuous basis with improved coverage for scientific analysis of forest ecosystem functioning. National Working plan also stipulates that there shall be an exclusive plantation chapter under the heading 'Plantation Working Circle' in the Working Plan. Accordingly, a ten-year Working Plan is to be prepared and approval obtained from MoEF.

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<sup>86</sup> Circle offices at Kollam, Thrissur, Palakkad and Kannur.

<sup>87</sup> Konni, Vazhachal, Chalakudy, Mannarkkad, Nilambur North, Nilambur South and North Wayanad divisions.

<sup>88</sup> In Chalakudy division previous 10 year working plan expired in 2014-15 and current working plan commenced in 2018-19 which was approved in December 2021 only. In Vazhachal division latest 10 year working plan commenced in 2018-19 and previous working plan ended in 2011-12. There are 101 TPs each in both the divisions with an area of 3,863.79 ha in Chalakudy and 5,457.20 ha in Vazhachal.

<sup>89</sup> In territorial divisions, a management plan is prepared in between two working plan periods, and it is generally prepared on an annual basis.

The chapter on Plantation Working Circle in the Working Plan of each territorial division provides the list of plantations and year of planting. It also mentions the timelines for mechanical thinning<sup>90</sup>, silviculture operations<sup>91</sup>, rotation age (60 years in the case of teak<sup>92</sup>), final felling<sup>93</sup> and regeneration. The Working Plan lists out the plantations which are to be harvested and replanted in each year.

Audit noticed the following lapses in complying with the Working Plan:

**(i) Absence of platform**

The Package of Practices of the Department (May 2009) prescribes formation of platforms during the raising of the plantation and its maintenance for the next two years. This would ensure sufficient moisture retention. During the audit period, teak plants in two TPs<sup>94</sup> in Nilambur South division showed poor growth, due to the absence of platform work in first year.

Government stated (December 2024) that platform construction is location-dependent, and that the specified TP was in a plain area, so a platform was unnecessary. The reply is not in conformity with the Package of Practices of the Department. Further, Audit observed that the Divisional Forest Officer had inspected the site and attributed the failure of the plantation to lack of platform, as recorded in the plantation journal.

**(ii) Absence of timely maintenance**

As per Package of Practices of the Department, maintenance of TPs are to be carried out initially for three years and also specifies that one man-mazdoor can be engaged for each 25 ha plantation. The plantation maintenance worker should be entrusted with the works such as cutting of double shoots, cutting and removal of climbers, casualty replacement, cattle scaring, fire protection, etc., during the first three years of planting. Of the 59 TPs visited, Audit observed double shoots in two new TPs planted during 2020-23, cattle grazing in one new<sup>95</sup> TP and weeds/ climbers in five TPs. Government replied that all the plantations are well stocked. Reply is not tenable, as the provision of plantation worker was provided to ensure the good growth of plants in the initial year.

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<sup>90</sup> Mechanical thinning is carried out in fifth year of planting by cutting diagonally alternate trees to ensure optimum growth of remaining teak trees in teak plantations.

<sup>91</sup> Silviculture operations is the periodical maintenance of teak plantations like silviculture thinning, weed removal, pruning etc., which are necessary to obtain optimum growth of teak trees. The Working Plans of the divisions prescribe five silviculture thinning (10<sup>th</sup>, 15<sup>th</sup>, 20<sup>th</sup>, 30<sup>th</sup> and 40<sup>th</sup> year of planting) for obtaining maximum yield from TPs. During thinning, stressed, unhealthy and slow-growing trees are removed which will support better growth and formation of good stem form in the remaining trees.

<sup>92</sup> In the case of two divisions at Nilambur the rotation age of teak is 50 years.

<sup>93</sup> All teak trees in a teak plantation are finally felled after its rotation age. In Nilambur divisions rotation age of teak is 50 years and in other areas the rotation age is 60 years.

<sup>94</sup> 2020 Ezhuthukal TP Bit I and II.

<sup>95</sup> 2023 Pottikkal TP.

In Mannarkkad Division<sup>96</sup>, during JPV, Audit noticed absence of commencement of second year periodical maintenance even after three months (26 September 2023) from the date of award (23 June 2023) of the work. Hence, weeding, removal of double shoots and platform maintenance works were not carried out.

In the case of absence of commencement of second year periodical maintenance, Government replied (December 2024) that the first weeding was carried out in June and completed in July 2023. The reply is not acceptable as during the JPV, the result of said activities were not visible.

**(iii) Non-conduct of weed removal/ climber cutting in teak plantations**

Indian Council of Forestry Research and Education (ICFRE)<sup>97</sup> stipulates that weed management is an important operation in TP development. Weeds in TPs will compete with trees for water, light and soil nutrients and act as host for pests and diseases, seriously damaging growth and development of TPs. Weeds, especially invasive weeds like Mikania, Lantana, Loranthus, etc., hinder the growth of planted trees. Climbers deform the plants by entangling the stem of the trees leading to loss of cylindrical shape and growth of plants.

During JPV (11 October 2023) in Begur range in North Wayanad Division, it was noticed that the invasive species *Senna spectabilis*<sup>98</sup> adversely affected three TPs<sup>99</sup>, of which one TP failed completely and dead standing teak trees could be seen, another plantation was 50 *per cent* affected and in the third plantation, many areas were affected with senna species.

Audit noticed<sup>100</sup> climbers in 11 TPs spanning six divisions<sup>101</sup> which affected tree growth by deforming the shape or growth of stem of teak trees. In Chalakudy division, a part of 2011 Kuttanchira TP failed due to *thottapayar* invasion from nearby rubber plantation where eco-restoration was carried out. During JPV (09 November 2023), it was observed that the weed had further spread to the TP area beyond the eco-restoration plot.

As per Working Plan/ teak committee reports, in five divisions 79 TPs were affected with weed infestation. Eg:- In Konni division, climbers, twiners, lantana/eupatorium are common in all plantations which retard the growth of teak trees (**Figure 1**) and in Chalakudy division, TPs are of either poor or very

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<sup>96</sup> Second and third year maintenance of 2022 Pottikkal TP in Mukkali Forest station (Agreement no.13/2023-24 dt. 23 June 2023).

<sup>97</sup> A handbook on productivity enhancement in forestry plantations issued by Indian Council of Forestry Research and Education.

<sup>98</sup> *Senna spectabilis* is a rapidly growing tree and re-sprouts readily when cut. This is considered as an invasive alien species with high risk to the native flora with high negative impact on the environment due to its ability to spread rapidly and often create monocultures.

<sup>99</sup> One TP (1977 Alathur Bit I) has completely failed, in another one (1977 Alathur Bit II) 50 *per cent* stock affected and in third TP (1981 Alathur Bit II) many areas were affected with Senna.

<sup>100</sup> JPVs in Konni (16.10.2023), Chalakudy (09.11.2023), Vazhachal (19.09.2023), Mannarkkad (26.09.2023), Nilambur South (13.10.2023), Nilambur North (10.08.2023).

<sup>101</sup> Konni, Chalakudy, Mannarkkad, Vazhachal, Nilambur North and Nilambur South.

poor quality and are affected with invasive species like mikania/ lantana/ eupatorium etc.



**Figure 1:** 2019-2020 - Umayamkuppa TP - weeds and climbers deform the shape of trees - Konni division (16 October 2023).

On this being pointed out, the Government replied (December 2024) that action is being taken to eradicate invasive species.

**(iv) Planting of teak trees in deviation to the approved Working Plan**

The Working Plan of Konni division, approved (September 2015) by MoEF, prescribes planting of teaks at 2mx2m espacement<sup>102</sup>. During JPV (16 October 2023) in 2018 Kanjirappara TP in Konni division, Audit noticed planting of teak at 3mx3m espacement. Plants in this TP have many branches compared to other TPs, which the departmental officials attributed to larger espacement between the plants. Audit observed that the larger espacement is not only a violation of Working Plan but also affected straight growing characteristics of a healthy teak tree.

Government stated (December 2024) that the effort was experimental and was limited to 10 hectares only, which turned out to be a failure. They also indicated that pruning would be implemented in the TPs to promote straight growth. However, the fact remains that the TPs were planted violating the approved Working Plan and permission has not been obtained from MoEF for the deviation from the Working Plan, as envisaged.

**(v) Delay in mechanical/ silviculture thinning leading to poor growth of trees and non-realisation of revenue**

The Working plan<sup>103</sup> of divisions, approved by MoEF, prescribes five silviculture thinning (10<sup>th</sup>, 15<sup>th</sup>, 20<sup>th</sup>, 30<sup>th</sup> and 40<sup>th</sup> year) for obtaining maximum

<sup>102</sup> Espacement is the spacing between two new teak seedlings when planted in a teak plantation.

<sup>103</sup> Working Plan period of Konni Division is 2015-25, Chalakudy Division is 2018-30, Vazhachal Division is 2018-28, Mannarkkad Division is 2012-23, North Wayanad Division is 2015-25, Nilambur South Division is 2014-24 and Nilambur North Division is 2015-25.

yield from TPs. The Working Plans also prescribe mechanical thinning which is to be carried out in fifth year of planting in which diagonally alternate trees are cut and removed to ensure optimum growth of remaining trees. Also, as per Indian Council of Forestry Research and Education (ICFRE)<sup>104</sup>, early thinning is needed for reducing competition for light, water and nutrients. The complete removal of stressed, unhealthy and slow-growing trees will support better growth and formation of good stem form in the remaining trees.



**Figure 2:** 2013 Parunthupara TP-Chalakudy division- where mechanical thinning not done – teak plants at close intervals causing most of the trees to not acquire required growth (03 October 2023)

Audit noticed that the current Working Plan of seven selected divisions prescribed periodical thinning<sup>105</sup> of 282 TPs having an area of 5,520.558 ha. However thinning was carried out only in 47 TPs (16.67 per cent) having an area of 888.75 ha (16.10 per cent) in five divisions. In two<sup>106</sup> divisions thinning was not carried out at all. Silviculture thinning was not done in nine<sup>107</sup> TPs having an area of 579.435 ha in two selected divisions citing difficult terrain and accessibility constraints.

Mechanical thinning was not done in 81.49 per cent<sup>108</sup> TPs, which affected the growth of plantations (**Figure 2**). Details of periodical thinning in TPs against the Working Plan prescriptions are given in **Table 2.8** below:

<sup>104</sup> A handbook on productivity enhancement in forestry plantations issued by Indian Council of Forestry Research and Education.

<sup>105</sup> Periodical thinning refers to mechanical thinning, 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> silviculture thinning.

<sup>106</sup> Chalakudy and North Wayanad divisions.

<sup>107</sup> 1978 Poolakkapara (49.3 ha) and 1979 Poolakkapara (39.375 ha) TPs in Nilambur South division; 1971 Athirappilly (108.46 ha), 1973 Ollassery (9.75 ha), 1974 Athirappilly (129.55 ha), 1977 Athirappilly two Bits (76.56 ha and 79.64 ha), 1972 Karamthodu (14.28 ha) and 1973 Irumbupalam (72.52 ha) in Vazhachal division.

<sup>108</sup> Out of 281 TPs, mechanical thinning was carried out only in 52 TPs.

**Table 2.8: Details of Periodical thinning (other than final thinning) in Teak Plantations against the Working Plan prescriptions**

Name of Division	Periodical thinning proposed as per Working Plan		Periodical thinning carried out		Periodical thinning not carried out	
	No. of TPs where periodical thinning proposed	Area (ha)	No. of TPs	Area (ha)	No. of TPs	Area (ha)
Konni	75	1,457.16	10	154.21	65	1,302.95
Chalakydy	6	87.54	0	0	6	87.54
Vazhachal	23	551.76	7	301.19	16	250.57
Mannarkkad	8	79.13	6	54.7627	2	24.3673
North Wayanad	1	10.13	0	0	1	10.13
Nilambur South	94	2,379.238	4	62.19	90	2,317.048
Nilambur North	75	955.6	20	316.4	55	639.2
<b>Total</b>	<b>282</b>	<b>5,520.558</b>	<b>47</b>	<b>888.7527</b>	<b>235</b>	<b>4,631.8053</b>

Source: Data from Forest Department.

Out of the total area of 5,520 ha, area under Konni and Nilambur South divisions constituted 3,836.398 ha (69.49 *per cent*) but periodical thinning was carried out only in 216.40 ha (5.64 *per cent*). Absence of thinning may affect the production of high valued quality Konni and Nilambur teak. Chalakydy division stated that the current working plan commenced in 2018-19, but was approved only in December 2021 and hence periodical thinning was not carried out. In North Wayanad division no reason was stated for non-conduct of periodical thinning.

Government attributed (December 2024) lack of mechanical thinning and periodical thinning to shortage of funds. It was stated that deviations from the schedule of operations prescribed for the silvicultural management of teak plantations have been necessitated due to factors which include changing site quality, and edaphic factors, but agreed that the primary reason was lack of funds for the work.

The intermediate revenue from these plantations could not be realised due to absence of periodical thinning. Also, the thinning activities were not planned based on Working Plan prescriptions, which would affect the quality and health of the trees, thereby impacting future revenue when the trees are harvested.

**(vi) Absence of final thinning in teak plantations**

According to Working Plan<sup>109</sup> of the Divisions approved by MoEF, final silviculture thinning of TPs is to be carried out in 40<sup>th</sup> year of planting before final felling. Timber extracted during final silviculture thinning is one of the sources of revenue before final felling. Further, it also ensures healthy growth of remaining trees. Audit noticed that 213 TPs having an area of 8,662.1 ha in seven selected divisions were proposed for final thinning as per current Working Plan, but final thinning was done only in 10 TPs (4.69 per cent) having an area of 409.30 ha (4.73 per cent) in four divisions as detailed in **Table 2.9**. In three<sup>110</sup> out of seven selected divisions the final thinning was not done.

**Table 2.9: Final thinning carried out against the Working Plan proposal**

Name of Division	Final thinning proposed as per Working Plan		Final thinning carried out		Final thinning not carried out	
	No. of TPs	Area (in ha)	No. of TPs	Area (in ha)	No. of TPs	Area (in ha)
Konni	63	2,152.89	5	144.54	58	2,008.35
Chalakydy	2	67.56	0	0	2	67.56
Vazhachal	40	2,819.35	2	89.15	38	2,730.20
Mannarkkad	13	152.49	0	0	13	152.49
North Wayanad	8	299.86	1	24.51	7	275.35
Nilambur South	43	1,470.68	0	0	43	1,470.68
Nilambur North	44	1,699.27	2	151.10	42	1,548.17
<b>Total</b>	<b>213</b>	<b>8,662.10</b>	<b>10</b>	<b>409.30</b>	<b>203</b>	<b>8,252.80</b>

Source: Data from Forest Department.

Out of the total area of 8,662.10 ha, Konni and Vazhachal divisions constituted 4,972.24 ha (57.40 per cent) but final thinning was carried out only in 233.69 ha (4.70 per cent). Chalakydy division attributed delay in approval of working plan for final thinning not done. No reason was furnished by Mannarkkad and Nilambur South divisions for not carrying out final thinning.

The Government stated (December 2024) that there is no loss of revenue due to absence of final thinning and that it is an activity which is decided by fund constraints, timber stock in depots and overall health and hygiene of forests. The reply is not acceptable as it is against the proposals in the Working Plan which has been prepared scientifically after taking into account all factors affecting a teak plantation.

<sup>109</sup> Working Plan period of Konni Division is 2015-25, Chalakydy Division is 2018-30, Vazhachal Division is 2018-28, Mannarkkad Division is 2012-23, North Wayanad Division is 2015-25, Nilambur South Division is 2014-24 and Nilambur North Division is 2015-25.

<sup>110</sup> Chalakydy, Nilambur South and Mannarkkad divisions.

**(vii) Non-conduct of selected felling**

As per paragraph 3.2 of the Eco-restoration policy 2021, to improve and restore the health of existing forests, failed TPs with poor growth will be converted to natural forests in a phased manner after collection of usable teak. The following deficiencies were noticed in this regard:

The Working Plan<sup>111</sup> of Mannarkkad division prescribed final felling of the 1962 Pottickal TP. Audit noticed that in the Division, planting of miscellaneous species<sup>112</sup> was carried out in the TP without felling the teak trees. Audit observed (JPV dated 26 September 2023) that the canopy cover of the existing teak trees resulted in poor growth of the new miscellaneous species. Hence, the Department failed to tap significant revenue by disposing of selected high valued teak trees.

On this being pointed out, the Government stated (December 2024) that Pottickal TP in Mannarkkad division was a poorly stocked area and extraction of teak will increase working cost and is not economical. Reply is not acceptable, as the TP has 612.89 cum of teak, of which 88.88 *per cent*<sup>113</sup> of area has teak stock including Class I and II as per the Working Plan of the Division. Further, non-felling is affecting the growth of new miscellaneous species as well due to the canopy cover of existing trees.

Teak Evaluation Committee (based on the orders of PCCF in 2019) recommended eco-restoration of the TP and the Government, while issuing eco-restoration policy in 2021, prescribed eco-restoration after collection of usable teak. However, this has not been complied with.

**(viii) Non-extraction of matured teak plantation**

As per current Working Plan<sup>114</sup> of the Divisions approved by MoEF, 154 TPs having an area of 4,770.471 ha in seven selected divisions were to be finally felled on completion of rotation age. Audit noticed that final felling was carried out only in 51 TPs (33.12 *per cent*) having an area of 1,092.37 ha (22.90 *per cent*). In two<sup>115</sup> out of the seven divisions, final felling was not carried out at all. Details are given below in **Table 2.10**.

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<sup>111</sup> Working Plan period of Mannarkkad Division is 2012-23.

<sup>112</sup> Such as *Seethapazham, Vaaka, Venga* etc.

<sup>113</sup> Class I - 2.21 ha, Class II - 5.99 ha, Class III - 1.79 ha, Class IV – 3.27 ha and Miscellaneous species – 1.66 ha out of 14.92 ha.

<sup>114</sup> Working Plan period of Konni Division is 2015-25, Chalakudy Division is 2018-30, Vazhachal Division is 2018-28, Mannarkkad Division is 2012-23, North Wayanad Division is 2015-25, Nilambur South Division is 2014-24 and Nilambur North Division is 2015-25.

<sup>115</sup> Chalakudy and North Wayanad.

**Table 2.10: Details of final felling in Teak Plantations**

Name of Division	Final felling proposal as per Working Plan		Final felling carried out		Final felling not done	
	No. of TPs where final felling proposed	Area (in ha)	No. of TPs	Area (in ha)	No. of TPs (percentage in parentheses)	Area (in ha)
Konni	52	1,647.85	12	426.67	40 (76.92)	1,221.18
Chalakydy	13	564.19	0	0	13 (100.00)	564.19
Vazhachal	10	473.93	1	26.25	9 (90.00)	447.68
Mannarkkad	22	166.23	18	99.50	4 (18.18)	66.73
North Wayanad	10	488.56	0	0	10 (100.00)	488.56
Nilambur South	22	838.011	11	381.05	11 (50.00)	456.961
Nilambur North	25	591.70	9	158.90	16 (64.00)	432.80
<b>Total</b>	<b>154</b>	<b>4,770.471</b>	<b>51</b>	<b>1,092.37</b>	<b>103 (66.88)</b>	<b>3,678.101</b>

Source: Data from Forest Department.

Chalakydy division stated that the current working plan commenced in 2018-19, but was approved only in December 2021 and hence final felling was not carried out. In North Wayanad division it was stated that less stock and public protest resulted in non-conduct of final felling.

When this was pointed out, Government stated (December 2024) that there were other factors to be considered before final felling of plantations and that in Kerala, there is ample scope for the trees to continue growing and increase in girth. It is to be noted that during exit meeting (August 2024), Government attributed absence of final felling to shortage of funds. However, Government reply is not acceptable, as felling of these TPs were specifically mentioned in the Working Plan, which was prepared after detailed study by a Special Wing exclusively for the preparation of Working Plan and any deviation from approved Working Plan requires approval from MoEF. This would result ultimately in loss of revenue on account of non-availability of timber for sale as observed in the following cases.

- The depots under the Timber Sales Division, Kozhikode faced shortage of good quality timber for sale due to delay or absence of felling operations.
- Chaliyam depot located near Kozhikode city has good sales and fetched maximum revenue, however the depot faced shortage of good teak timber during 2020-22; especially high value Nilambur teak.
- The Tuet depot under Timber Sales Division, Punalur was lying vacant due to shortage of timber and Audit observed that the land was encroached, against which no specific action has been taken by the Department.

**(ix) Lack of timely action to prevent borer attack in teak trees**

Teak borer is an insect which destroys the teak trees at any age by making bores in the trees. To prevent this, the practice is to cull the affected trees and prevent its spread to younger trees. Audit noticed (9 November 2023) failure of three

TPs<sup>116</sup> in Palappilly range in Chalakudy division (**Figure 3**) where 50 per cent of teak trees were affected by borer attack. It is also pertinent to note that all three TPs have attained rotation age of 60 years, but final felling has not been done so far. Among these three TPs, the previous Working Plan of Chalakudy division for the period 2005-15 had prescribed felling of two TPs<sup>117</sup> in 2011-12 itself. Working plan<sup>118</sup> of Nilambur South division approved by MoEF prescribed final felling of four TPs<sup>119</sup> due to rampant borer attack. But it was carried out only in one<sup>120</sup> case; no reasons were given for not carrying out final felling in the remaining TPs.



**Figure 3:** 1946 Karikulam TP - Various stages of borer attack in teak trees – Chalakudy division (09 November 2023)

Government replied (December 2024) that Teak Evaluation Committee<sup>121</sup> suggested eco-restoration of the above TPs. However, Audit observed that the Teak Evaluation Committee cited poor plantation management for failure of the three TPs in Chalakudy division. Current Working Plan<sup>122</sup>, after considering the suggestions of the Committee, prescribed raising new TPs in these sites after felling. Audit observes that if the Department had adhered to the previous Working Plan<sup>123</sup> prescriptions, the spread of disease could have been controlled. Further, in respect of the Nilambur South Division the Committee recommended retaining the remaining three TPs as plantations and did not suggest eco-restoration of the three TPs as stated in the Government reply.

<sup>116</sup> 1946,1947 and 1961 Karikulam TPs.

<sup>117</sup> 1946 and 1947 Karikulam TPs.

<sup>118</sup> Working Plan period of Nilambur South Division is 2014-24.

<sup>119</sup> 1966 Kalleinthodu (30.834 ha) and 1967 Kalleinthodu (27.65 ha), 1951 Kanjirakkadavu, 1976 Nedungayam.

<sup>120</sup> 1951 Kanjirakkadavu.

<sup>121</sup> Constituted in November 2019.

<sup>122</sup> Current Working Plan period of Chalakudy Division is 2018-30.

<sup>123</sup> Previous Working Plan period of Chalakudy Division is 2005-15.

### **2.2.3 Monitoring mechanism**

The plantation activities of the Department mainly concentrate on teak plantation. Rotation age of teak is 60 years. Hence, recording various information and activities related to TP during the long period will help in better management of the plantation. Seven<sup>124</sup> out of eight selected divisions have TPs. Audit noticed lapses in maintenance of permanent records as detailed below:

#### **(i) Lapses in maintenance of Plantation journals**

As per para 9.3.5 Forest Code Volume I, whenever plantations are raised, a record of the various operations from survey and demarcation of the area to the final felling shall be recorded in a permanent register styled as Plantation Journal in the Range Office and the Divisional Forest Office. Audit noticed following lapses in maintaining plantation journals:

- **Absence of plantation journals** - Out of 352 plantation journals called for from seven selected divisions, only 158 journals were produced for verification.
- **Absence of plantation journals at Division Office** - Mandatory retention of copies of plantation journals with Division Offices were not done.
- **Absence of entries in plantation journals** - Audit verified 158 number of plantation journals, of which 133 relating to six<sup>125</sup> selected divisions did not have all the information as prescribed in Forest Code Volume I para 9.3.5. For example, in Charpa Range of Vazhachal division (1988TP), major details such as planting operations, abstract of revenue and expenditure, further silviculture thinning done etc., were kept blank in the journal.

Due to the absence/ improper maintenance of basic documents like plantation journals, continuity of operations cannot be ensured. Absence of journals at both Range and the Divisional Offices adversely affects the monitoring of plantation activities, highlighting the critical need for maintaining copies of these journals at both levels. Absence of these documents affected the plantations as can be observed from the paragraphs mentioned above.

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<sup>124</sup> Except Marayoor division.

<sup>125</sup> Except Nilambur North division where plantation journals relating to new plantations alone were produced to audit.

**(ii) Absence of required data in range journals**

As per para 9.3.3 of Forest Code Volume I, Forest Range Journal shall be maintained by each officer in charge of a Range. It should contain information on the headings more or less of the same nature as the divisional forest journals but should be confined mainly to a record of observations and facts likely to prove useful in the preparation of working plans. A price list exhibiting the current market rates at which various kinds of timber and other forest produces are sold at different places in or near the range, as well as results of auctions and other sales should be recorded in this book. All entries should be signed and dated by the officer recording them. In the selected divisions there were 22 ranges out of which nine ranges furnished journals. Audit noticed that none of the range journals had the price list as required by the Forest code. Hence, the instances of selling softwood at lesser price compared to the extraction cost could not be identified by the Department.

The observed lapses and deviations from the Working Plan highlight that the lack of periodic inspections by the Department for effective monitoring of plantation activities hampers the proper maintenance of teak plantations and results in revenue loss for the State exchequer.

*Recommendations: The Government needs to take corrective measures for proper maintenance of teak plantations and prevention of revenue loss by adhering to the approved Working Plan.*

## Public Works Department

### 2.3 Short recovery of cost of departmental rubble - ₹56.98 lakh

**Failure to apply cost index while recovering the cost of departmentally issued rubble resulted in undue gains to the contractor amounting to ₹56.98 lakh.**

As per Clause 26 of Special Conditions of Contract (SCC), if materials other than those specified in the tender documents are issued by the Department, recovery will be effected at data rate<sup>126</sup> plus storage plus sales tax or at current market rates at the time of issue, whichever is higher. Government of Kerala renewed (November 2015) Administrative Sanction (AS) for the work “Improvements to Konni Medical College Road at Konni Constituency”. Technical Sanction (TS) was issued (February 2016) for ₹18.10 crore and the work was awarded to M/s Theruvath Builders, Kottayam (contractor) for an amount of ₹14.64 crore which was 19.80 *per cent* below the estimate amount. Agreement for the work was executed on 13 February 2017 with time of completion (ToC) as 19 August 2018. However, the ToC was extended thrice due to various reasons and the work was completed on 19 October 2019.

As per running account bill and notings in the work file, a quantity of 12,919.77 m<sup>3</sup> of rubble was available at site, of which 2,275.03 m<sup>3</sup> was issued as departmental material for Dry Rubble (DR) masonry (item no. 1.05) in consonance with the contract terms.

The contractor requested (06 July 2018) the Chief Engineer, PWD Roads, for permission to use the balance quantity (10,644.74 m<sup>3</sup>) of departmental rubble available at site for preparation of Granular Sub Base (GSB) and Wet Mix Macadam (WMM) citing acute scarcity of quarry products and obtained permission on condition that the amount has to be realised as per rules.

Final bill for the work was cleared by PWD Roads Division, Pathanamthitta in March 2021. In this regard, Audit observed (February 2022) that though the estimate for the work was prepared based on DSoR 2014 plus applicable cost index, Department did not apply the cost index while recovering the amount on dry rubble issued, in violation of stated terms and conditions (Clause 26 of the SCC) of the work contract. This has resulted in loss of ₹56.98 lakh to the Government as detailed below in **Table 2.11**.

<sup>126</sup> The rate derived from Delhi Schedule of Rates and shall include conveyance charges and bidders’ profit, along with cost index of the district concerned.

**Table 2.11: Loss due to non-application of cost index**

Sl. No.	Details	Amount recovered by the Department	Amount to be recovered as per clause 26 of SCC
1	Rate of rubble as per DSoR 2014	₹900/m <sup>3</sup>	₹900/m <sup>3</sup>
2	Contractor's profit @10%	₹90	₹90
3	Conveyance charges	₹125.28	₹125.28
	Sub total	₹1,115.28/ m <sup>3</sup>	₹1,115.28/ m <sup>3</sup>
4	Cost index @45.71%	Nil	₹509.79
	Total including cost index	₹1,115.28/ m <sup>3</sup>	₹1,625.07/ m <sup>3</sup>
	Amount recovered/ to be recovered	₹1,18,71,040 (₹1,115.28 x 10644)	₹1,72,97,245 (₹1,625.07 x 10644)
	<b>Add GST @5%</b>	<b>₹5,93,552</b>	<b>₹8,64,862</b>
	<b>Grand total</b>	<b>₹1,24,64,592</b>	<b>₹1,81,62,107</b>
	<b>Short recovery (₹1,81,62,107- ₹1,24,64,592)</b>		<b>₹56,97,515</b>

Thus, non-application of cost index while effecting recovery on rubble issued to the contractor by the Department resulted in undue gains to the contractor amounting to ₹56.98 lakh.

On this being pointed out, Government replied (January 2025), that a letter was sent to the Superintending Engineer, PWD Roads South Circle, Thiruvananthapuram to recover an amount of ₹36,58,850 from the security deposit/ bills kept in that office and the remaining amount (₹20,38,665) is to be recovered from other securities/ bills payable in favour of the contractor.

*Recommendation: Department should strictly adhere to contract conditions before finalising payments in order to prevent loss to Government exchequer.*

## **2.4 Non-realisation of arbitral award even after four years from the date of award**

**Kerala State Transport Project failed to initiate action to realise arbitral award amounting to ₹32.27 crore (including interest of ₹12.40 crore) even after four years from the date of award.**

M/s Wilber Smith Associates (renamed as CDM Smith India Private Limited, the consultant) was selected (January 2012) for upgradation of the Detailed Project Report (DPR) prepared in the year 2002 for Phase II of the World Bank loan assisted Roads Project. Kerala State Transport Project (KSTP) tendered works based on the DPR prepared by the consultant. However, the DPR did not tally with the actual site conditions, which resulted in several variations and additional claims by the contractors to whom the works were entrusted. KSTP asked (January 2016) the consultant to show cause why action should not be taken against the consultant for realising the loss. Subsequently, KSTP filed (31 March 2017) an arbitration request with a claim of ₹255.62 crore with interest at the rate of 18 *per cent* from 25 January 2016 till realisation and future interest at the rate of 12 *per cent*.

The arbitral award was passed by the sole arbitrator on 20 February 2020 directing the consultant to pay a sum of ₹19.69 crore with interest thereon at the rate of nine *per cent* per annum from 31 March 2017 till the date of complete payment. Further, the consultant was also directed to pay KSTP ₹18.34 lakh towards the cost incurred. In June 2020, KSTP requested the Senior Government Pleader and Legal Advisor (SGP&LA), for advice on further course of action on the matter. In December 2020, after a lapse of 10 months from the date of the award, KSTP sent a remittance request to the consultant. As no reply was received from the consultant, KSTP forwarded a letter to SGP&LA in July 2021 to take necessary steps for realisation of the amount. The total amount due as on 31 March 2024 is ₹32.27 crore (including interest of ₹12.40 crore) which remain unrealised.

As per Section 36 of the Arbitration and Conciliation Act, 1996, the award shall be enforced in accordance with the provisions of the Code of Civil Procedure, 1908 (5 of 1908), (CPC) in the same manner as if it were a decree of the Court. The execution proceedings can be initiated for enforcement of the decree under Sections 36 to 74 and Order XXI of the CPC.

Despite the engagement of a Legal Advisor, responsible for overseeing legal matters, there has been a conspicuous lack of activity in pursuing the recovery of the outstanding amount. Moreover, as per the Limitation Act, 1963, the period of limitation for the execution of a decree is twelve years from the date of the decree.

Government replied (February 2024) that action is being taken to realise the Arbitration award through revenue recovery. It was further stated that the Office of the Consultant in Kerala has been permanently closed and that the Registrar of Companies, Bengaluru has been requested to give necessary instruction to the consultant to comply with the Arbitration award. Further remarks awaited (January 2025).

*Recommendation: Stringent and effective measures should be adopted by the Department for the realisation of arbitral award in works.*

**Thiruvananthapuram,  
The 17 September 2025**

  
**(VISHNUKANTH P B)  
Accountant General (Audit II), Kerala**

**Countersigned**

**New Delhi,  
The 23 September 2025**

  
**(K. SANJAY MURTHY)  
Comptroller and Auditor General of India**

