

CHAPTER III

CIVIL DEPARTMENTS

SECTION A – REVIEWS

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Implementation of Environmental Acts and Rules in regard to Air Pollution and Waste Management

Highlights

Clean environment is of prime importance for the health of the people. A review of enforcement of the Air Act and Waste Management Rules in Kerala revealed serious deficiency in identifying polluting industries, monitoring emissions from factories, invoking penal provisions against polluting units and controlling pollution from vehicular emissions. Enforcement of Hazardous Waste Management, Bio-Medical Waste and Municipal Solid Waste Rules were ineffective.

- **Policy on abatement of pollution and the environment policy drafted by the State Government in 1993 and 1994 respectively were not adopted even as of March 2001.**

[Paragraph 3.1.6]

- **Out of 2.18 lakh units registered in the State, only 5250 units were identified by the PCB under the Air Act as of March 2001. Of these, only 1798 units were brought under consent regime.**

[Paragraph 3.1.7]

- **There was heavy shortfall in monitoring the emission of even consented units. Stack monitoring was done only in a few industries. Surprise inspections in 19 industrial units disclosed major shortcoming in pollution control measures in these units.**

[Paragraph 3.1.8(i)]

- **The deficiencies in the implementation of National Ambient Air Quality Monitoring project pointed out by the CPCB in 1996 and 1998 remained unrectified even in 1999.**

[Paragraph 3.1.8(ii) a]

- **Concentration of Suspended Particulate Matter in respect of samples of air in Kochi City far exceeded the prescribed standard.**

[Paragraph 3.1.8(ii) (c)]

- Only 32 authorisations were issued out of 89 units applied under the amended rules. Penal provisions were not invoked against industries which did not comply with Hazardous Waste Management Rules.

[Paragraph 3.1.9(i)]

- Only 106 out of 1668 identified hospitals applied for authorisation under Bio-Medical Waste Rules. No authorisation was issued to any of these hospitals so far. Other sources of bio-medical waste were not identified by the PCB.

[Paragraph 3.1.9(ii) (a)]

- PCB did not monitor compliance of provisions of Municipal Solid Waste Rules around land fill sites by urban local bodies.

[Paragraph 3.1.9(iii)]

- Waste Treatment Plant at Vilappilsala in Thiruvananthapuram District failed to comply with pollution control measures as per the terms of the consent issued by PCB. No action was taken by the PCB against five urban local bodies responsible for polluting the air.

[Paragraph 3.1.9(iii) (a) & (b)]

- Thirty slaughter houses in 28 urban local bodies were functioning without consent/authorisation of the PCB under the Water/Air Acts or the Municipal Solid Waste Rules. These units generate unhygienic animal wastes.

[Paragraph 3.1.9(iii) (c)]

- Though the Noise Pollution (Regulation & Control) Rules 2000 came into force in February 2000, classification of areas in the State and prescribing the enforcement agency was not decided by the State Government as of October 2001.

[Paragraph 3.1.9 (iv)]

- Eight vehicles acquired by Motor Vehicle Department for mounting pollution testing equipment were not used. Fourteen Gas Analysers and Smoke Meters acquired during October 1993 to November 1998 had not been used for road checks. The RTOs were not regularly monitoring the smoke testing stations.

[Paragraph 3.1.10 (a) & (b)]

- PCB has not prepared its Annual Reports since 1996-97 as required and submitted to the State Government.

[Paragraph 3.1.12]

- **The Standing Advisory Committee constituted in May 2000 to ensure better co-ordination and effectiveness in the working of the PCB had not met even once as of April 2001.**

[Paragraph 3.1.14(i)]

3.1.1 Introduction

The preservation of the quality of air and control of air pollution is governed by the provisions of the Environment (Protection) Act 1986 (EP Act), the Air (Prevention and Control of Pollution) Act 1981, the Noise Pollution (Regulation and Control) Rules 2000 and the Central Motor Vehicles Rules 1989. The management and handling of different categories of wastes are governed by the Hazardous Wastes (Management and Handling) Rules 1989, the Bio-Medical Wastes (Management and Handling) Rules 1998 and the Municipal Solid Wastes (Management and Handling) Rules 2000 notified by the Government of India under the provisions of the EP Act. The main sources of air and noise pollution were industries especially Chemical industries, Motor vehicles, Stone crushers and Generators. Industries handling hazardous chemicals/substances and hospitals were generating hazardous, bio-medical and solid waste.

3.1.2 Organisational set up

Government departments viz. the Science, Technology and Environment (STED), Health and Family Welfare, Forest & Wild Life, Irrigation, Local Self Government, Motor Vehicles and Police and the State Committee on Science, Technology & Environment (STEC) in addition to the Statutory agency of the Kerala State Pollution Control Board (PCB) are involved in the activities for protection of environment. The PCB is responsible for the implementation of the Water/Air Acts and various Waste Management Rules. The Motor Vehicles Department headed by Transport Commissioner is responsible for the control of smoke emission from motor vehicles. The Police Department is responsible for the enforcement of the provisions of Noise Regulation Rules 2000.

3.1.3 Audit coverage

The performance of the PCB for the period upto 1994-95 was commented in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1995. The Public Accounts Committee made (December 2000) several recommendations regarding improvement in coverage of consented industries under Air Act and Hazardous Wastes Rules and monitoring. The implementation of the Environmental Acts/Rules in relation to water pollution for the period 1995-2000 was reviewed and results of the review included in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 2000. Implementation of the provisions of the Air Act, various Waste Management Rules and the regulations in the Central Motor Vehicles Rules for the period 1996-97 to 2000-2001 was reviewed during September 2000 to March 2001 with

reference to the records of the implementing agencies and various departments. The audit findings are discussed below.

3.1.4 Financial Outlay

The details of funds received and spent by the PCB during 1996- 2001 were as under:

Year	Receipt				Expenditure met from			
	State Grant		Central Grant	Total	State funds		Central funds	Total
	Plan	Non-plan			Plan	Non-plan		
<i>(Rupees in crore)</i>								
1996-97	1.75	0.46	0.04	2.25	1.05	1.16	0.17	2.38*
1997-98	0.50	0.99	0.43	1.92	1.79	0.88	0.25	2.92*
1998-99	1.75	1.44	0.27	3.46	1.83	0.88	0.14	2.85
1999-00	1.75	2.39	0.20	4.34	2.76	1.57	0.28	4.61*
2000-01	1.31	2.18	0.20	3.69	2.59	1.67	0.29	4.55*
Total	7.06	7.46	1.14	15.66	10.02	6.16	1.13	17.31

* The excess expenditure over the receipt was met from the opening cash balance of Rs 4.66 crore available as on 1.4.1996.

3.1.5 Declaration of air pollution control area

Under Section 19 of the Air Act, the State Government is empowered in consultation with the PCB to declare any area within the State as Air Pollution Control Area. Under Section 21 of the Act it is a pre-condition for enforcement of the provisions of the Act regarding obtaining of consent of the PCB before establishing/operating industrial units. Government declared the entire State as Air Pollution Control Area in November 1993.

3.1.6 Policy declarations and co-ordination

The national conservation strategy and policy on environment and development was enunciated in June 1992. State Government prepared a similar draft policy statement in 1994. The Environment Protection Programme Planning Committee constituted (October 1997) by the State Government considered the draft only in July 1999. A sub committee constituted to submit the final draft by September 1999 suggested (March 2000) certain additions/modifications to the draft. The final draft was pending with Science, Technology and Environment Department as of March 2001. Thus, the policy conceived by the State Government in 1992/1994 could not be formally adopted even after more than seven years.

Policy statements on environment and abatement of pollution issued by GOI in 1992 not yet adopted by the State

Government of India made a policy statement on abatement of pollution as early as March 1992. A similar draft was prepared (1993) by the PCB and forwarded (July 1994) to the State Government. The final draft document was pending with the State Government for seven years (October 2001).

Out of 2.18 lakh industrial units only 5250 units identified as pollution significant and 1798 units brought under consent

3.1.7 *Inadequate coverage of polluting agencies under Air Act*

Though there were 2.18 lakh industrial units (18,493 major and medium and 1,99,827 small scale units) registered with the Directorate of Factories and Boilers/Industries Department as of March 2001, the PCB identified only 5250 industrial units (3 per cent) (250 large and medium and 5000 small-scale units) as pollution significant under Air Act as on 31 March 2001. Of these 1798 units (190 large and medium and 1608 small-scale units) were brought under consent as of March 2001. Thus, only 34 per cent of the identified industries are presently covered under the surveillance of the PCB. Test-check of records in 9 field offices[@] revealed that of the 293 consented units, 13 units were functioning without renewal of consent.

In Thiruvananthapuram district, five private hospitals (Suchitra Hospital at Kilimanoor, Valsala Nursing Home, G.G.Hospital, Nirmala Hospital, SUT Hospital at Thiruvananthapuram) and two Government hospitals (Government Hospitals at Neyyattinkara and Attingal) did not apply for consent under Water and Air Acts despite public complaints against those units and specific directions issued by the PCB during January 1994 to June 1999. No follow up action was taken by the PCB (May 2001).

3.1.8 *Ineffective enforcement of emission standard*

The PCB was required to enforce the emission standards prescribed under the Air Act in respect of the consented units through monitoring by collection and analysis of stack* samples or ambient* air samples at prescribed regular intervals. The PCB did not collect and analyse stack samples or ambient air samples at periodical intervals. However, the Environmental Engineers of the District Offices were instructed by the PCB (January – February 2001) to monitor industrial emission and ambient air quality and sound levels at the rate of only one monitoring a year in respect of large and medium industries including all stone crushers.

i) *Inadequate monitoring*

The details of stack and ambient air monitoring carried out during 1996-2001 were as under:-

Details	
No. of units for which stack monitoring was required to be done	898
No. of industries monitored	116 (13 per cent)
No. of stone crushers to be monitored	900
No. of stone crushers monitored	16 (2 per cent)

The Regional Office, Ernakulam has under it the largest concentration of air polluting industries (639) like FACT, HIL, TCC, of which 59 were chemical industries (11 large, 10 medium and 38 small units). However, there was no

[@] Alappuzha, Ernakulam, Kannur, Kollam, Kottayam, Kozhikode, Palakkad, Thiruvananthapuram and Thrissur.

* Stack or chimney is an oval/square shaped structure of different heights attached to the plant with an outlet at the top for pushing out emissions from the plant. Ambient air is air surrounding the industrial plant or commercial or residential areas.

Heavy shortfall in emission monitoring of even consented units. Stack monitoring done only in respect of a few industries

stack monitoring since June 1999 as the Monitoring kit and Gas Analyser which went out of order in June 1999 were not repaired as of March 2001. No stack monitoring was done in Alappuzha as no Stack Monitoring kit was supplied to the District Office. During the period, in Kannur, Kollam and Thrissur districts one each out of 125, 246 and 106 industries respectively was monitored. Even the limited stack monitoring done during November 1996 to March 2000 in respect of 7 major polluting industries in three districts (Ernakulam: 5, Kollam: 1 and Thrissur: 1) disclosed excess concentration of pollutants like Mercury (0.27 – 6.14mg/NM³ as against the standard of 0.2mg/NM³) Sulphur dioxide (862-1126mg/NM³ as against the standard 400mg/NM³) and Carbon monoxide (200 mg/NM³ as against the standard of 175 mg/NM³).

PCB stated (May 2000) that they were concentrating on major industries, which had 4 to 20 stacks each with height ranging from 6 to 90 metres. The shortfall in monitoring was attributed by the PCB to the difficulties in carrying the monitoring kit to the top of the stack and shortage of manpower.

a) Surprise checks

Surprise inspection of 19 industrial units revealed serious violations in 5 units

Surprise inspections conducted by the PCB at the instance of Central Pollution Control Board (CPCB) (November 1999) during December 1999 - January 2001 in respect of 19 industrial units revealed the following:

- (i) Ponmudy Paper Mills, Trivandrum was operating with stack height kept at 11 metres and 6 metres as against the stipulation of 20 metres and 11 metres respectively as per consent condition.
- (ii) In McDowell and Co. Ltd., (Brewerie) 2 out of 3 boilers had no stack monitoring facility and concentration of Sulphur Dioxide was in excess of standards.
- (iii) Kavanar Latex Ltd., Pala (Rubber Industry) was working without Board's consent.
- (iv) In Kerala Minerals and Metals Limited (KMML), Chavara stack height of generator was only 6 metres as against 10.5 metres required. There was leakage of chlorine and emission quantity exceeded the limit prescribed in 2 out of 16 stacks during May 1999 to March 2000.
- (v) In Merchem Ltd., Edayar emission was not scrubbed before being let out into the atmosphere.

These findings indicated that the Regional/District Offices were not effectively monitoring emission levels and pollution control system in the industries.

b) Stack monitoring reports of industries

In the absence of regular, periodical stack monitoring, collection of air samples and analysis thereof by the PCB themselves, the PCB depended on

Stack Monitoring Reports by the consented units who were required to submit the reports at prescribed intervals. Test-check of records in respect of 25 units in two districts (Kollam and Thrissur) revealed that the number of monthly, quarterly and half yearly monitoring reports received (January 2000 – March 2001) were only 6, 11 and nil as against 15, 130 and 17 respectively due as of March 2001. As such, monitoring of emissions of industries was inadequate. In the absence of proper monitoring, cases exceeding emission standards were not detected and legal provisions against the defaulting units not invoked.

ii) *Ambient Air Quality Monitoring*

a) *National Ambient Air Quality Monitoring Projects*

Two monitoring stations sanctioned by CPCB not set up for want of location

The National Ambient Air Quality Monitoring (NAAQM) Project was initiated in 1984 by CPCB as a 100 per cent Centrally assisted scheme in order to develop a reliable database for the whole country. Each year 104 samples (2 per week) were to be collected from each monitoring station to be set up and maintained by the PCB. The parameters included were suspended particulate matter (SPM – 8 hourly), Sulphur dioxide (SO₂ – 4 hourly) and Oxides of nitrogen (NO_x- 4 hourly). Supporting meteorological data were to be collected from Indian Meteorological Department. As of March 2001 the PCB set up 11 stations in 5 districts as against 13 sanctioned by the CPCB. The shortfall was attributed to difficulty in finding out suitable locations.

Shortfall in Ambient air quality monitoring

i) In four districts*, 5200 monitoring were to be done during the 5 years. But the number of monitoring actually done was not intimated as of October 2001. There was no periodical inspection of the NAAQM stations in the districts from the head office as required under the guidelines of the project. The PCB stated (May 2001) that a surprise inspection of the monitoring station at Thiruvananthapuram was conducted in January 2001. As the report was not made available to Audit, the statement was not susceptible to verification.

ii) Though the monitoring reports were to be sent to CPCB monthly, these were not sent regularly and shortfall was to the extent of 6 to 40 per cent as indicated below:

Year	Number of monthly reports due from 4 districts	No. of reports sent	Shortfall	per cent of shortfall
1996-97	48	29	19	40
1997-98	48	45	3	6
1998-99	48	31	17	35
1999-2000	48	43	5	11
2000-2001	48	41	7	16

Maximum shortfall was noticed in Kozhikode district (19 reports) followed by Kottayam district (15 reports).

* Ernakulam, Kottayam, Kozhikode and Thiruvananthapuram.

Deficiency in the functioning of monitoring stations in 1996 and 1998 persisted in 1999

iii) CPCB in their inspection reports for the years 1996 and 1998 adversely commented on the poor maintenance of the stations, the non-representative location of one station in Thiruvananthapuram city, lack of training for the field staff in collecting the samples, non-observance of norms in monitoring, non-inclusion of meteorological data, non-maintenance of field data sheet and record of monitoring by the field staff, etc. Inspection report of the CPCB in 1999 reported the defects pointed out in earlier reports as they remained unrectified.

iv) A study conducted by the Indian Institute of Science, Bangalore revealed that NAAQM stations set up at a height of 3.5 metre from the ground level was more than 1.5 metre beyond the normal breathing level of human beings. According to their findings, the data collected by such stations at longer intervals would not indicate the correct level of pollutants in the ambient air samples.

b) Ambient Air Quality Monitoring Project

The PCB set up 3 ambient air quality monitoring (AAQM) stations in 3 districts* between May 1998 and November 1999.

Concentration of oxides of Sulphur and Nitrogen in ambient air samples of KMML was in excess of standards

Analysis of ambient air samples in Kerala Minerals and Metals Ltd., station in Kollam district during September 1999 to July 2000 revealed that the concentration of Sulphur dioxide and Oxides of Nitrogen was in the range of 141 to 460Mg/NM3 as against the standard of 120 Mg/NM3. Such excess concentration has adverse effect on the respiratory system of human beings. No monitoring was done since August 2000 by the district office, Kollam as the equipment was defective and lying without repair as of March 2001. District Office, Alappuzha did not review data of ambient air quality in Kerala State Drugs and Pharmaceuticals Ltd. station from June 2000. Thus, this was not monitored. No reason was furnished for the same.

c) High concentration of SPM in Kochi Area

Samples of Suspended Particulate Matter (SPM) indicated high concentration at different stations in Kochi city as shown in the following table:

Sl. No.	Name of Station	Period	No. of samples out of	Actual concentration (In Mg/Nm3)	Classification	Standard (In Mg/Nm3)
1	Irumpanam	May 1998- Nov.2000	19/372	531-2326	Industrial	500
2	Eloor	„	8/372	503-1238	Industrial	500
3	Vyttila	„	18/372	530-891	Residential	200
4	Wellington Island	„	36/372	530-1590	Residential	200

In two stations in Kochi, (Travancore Chemicals & Metals and FACT Cochin Division) maintained by the respective industries, the concentration of SPM during February – March 2000 was found to be in the range of 62-1058, Mg/NM3 and 272-4423 Mg/NM3 as against the permissible

* Alappuzha, Ernakulam, Kollam.

level of 500 Mg/NM³. Concentration of SPM in excess of prescribed standards revealed inadequacy of pollution control measures in these industries.

3.1.9 Enforcement of Waste Management Rules

i) Hazardous Waste Management Rules

Government of India notified (July 1989) the Hazardous Waste (Management & Handling) Rules 1989 under the EP Act 1986 with a view to ensuring the disposal of hazardous wastes generated by the industries belonging to 18 scheduled categories. The Rules were amended in January 2000, replacing 18 categories and specified quantities with 44 scheduled processes regardless of quantities, such as industries using cadmium, mercury, zinc, lead, arsenic etc. The PCB was required among other things to issue authorisation to the waste generating units having the prescribed facilities. During 1989-2000, out of 151 units identified, authorisation for functioning was issued to 89 units only. Remaining 62 units did not introduce the approved disposal facilities.

Only 32 authorisations issued out of 89 units applied under the amended rules

It was noticed that as of March 2001, only the 89 units authorised prior to amendment of rules applied under the amended rules and authorisation were issued to 32 of them. It was further noticed that of the 29 known large units generating waste oil, 16 units like Cochin Port Trust, TELK, Indian Rare Earths Ltd., Southern Air Command, etc. did not apply for authorisation as of March 2001. PCB did not decide (March 2001) on the time schedule for implementation of the amended Rules as called for by CPCB in September 2000.

Penal provisions not invoked on industries which did not comply with rules

EP Act and Rules provide imprisonment for terms upto 5 years or fine upto Rs 1 lakh or both for violation of Rules. But the penal provisions were not invoked by the PCB against any of the defaulting units.

The PCB did not monitor compliance of conditions attached to the earlier authorisations in any of the 89 industries by inspecting the premises or the records of waste required to be maintained by them. Of 89 industries authorised prior to January 2000, 81 did not furnish any annual returns and the details of monitoring ground water and soil samples around the disposal sites. The PCB, however, neither insisted for the returns and reports nor initiated any action against them. Thus the monitoring of these units were virtually non operational.

ii) Bio-Medical Waste Rules

a) Ineffective monitoring of waste generating sources

The Bio-Medical Waste Rules 1998 came into effect from July 1998 covering the whole State, for ensuring that Bio-medical waste was handled without any adverse effect on human health and environment. According to the Rules the State Government was to appoint a prescribed authority within one month (August 1998) for granting authorisation and to constitute an Advisory Committee which should advise the Government and the prescribed authority.

Out of 1668 hospitals identified, only 106 applied for authorisation and none was issued authorisation

Government specified (October 1999) PCB as the prescribed authority under the Rules. According to the schedule prescribed in the Rules, hospitals with bed strength of 200 and above should have introduced facilities such as incineration, autoclaving etc. for disposal of bio-medical wastes by December 1999. PCB collected a list of 1668 hospitals including 81 having a bed strength of 200 and above and issued notices to them in June 2000. However, 106 applications including 36 hospitals with a bed strength of 200 were received for authorisation as of March 2001. None of the 106 hospitals has been issued authorisation so far (May 2001) for want of prescribed facilities for waste disposal. In the absence of adequate waste disposal facilities, the bio-medical and solid waste in the above hospitals were partly burned in the open and the rest was dumped in the open causing hazards to the public and environment till the local bodies removed it to their trenching or dumping yards. However, identification of bio-medical waste generating sources had been confined to hospitals and nursing homes only and other sources like clinical laboratories, veterinary institutions, animal houses etc. were left out. Non-identification of these sources came to the notice of the PCB only at the instance of audit. Further action taken in this regard had not been intimated by the PCB as of October 2001.

b) Deficient waste disposal in Government hospitals

Waste disposal systems in Government hospitals suffered due to lack of capacity of incinerators and under utilisation

Government hospitals and Medical College hospitals had not adopted scientific methods of disposal of the waste generated by them.

Test-check of waste disposal system in 7 Government hospitals in 5 districts (Alappuzha, Kollam, Kottayam, Kozhikode, Thiruvananthapuram) revealed that though the average daily generation of waste in these hospitals was approximately 11254 Kgs, disposal facilities were either non-existent or inadequate as discussed below:

i) In General Hospital, Thiruvananthapuram incinerator was installed only in May 2000. It worked only for 10 hours in 9 months (up to January 2001) with the help of a generator and stopped operation due to lack of funds. The power connection for the incinerator has not been obtained so far (May 2001). In the absence of incinerators, the bio-medical waste was being burned/disposed of in the open yard.

ii) In Medical College Hospital, Kozhikode and General Hospital Ernakulam the incinerators purchased at a cost of Rs 11.23 lakh were used for 6 to 12 months and went out of order since September 1998 and April 1998 respectively which was within the period of warranty. As the suppliers did not rectify the defects, cases were filed against them with the Consumer Court/Redressal Forum which are still pending (September 2001).

iii) Against the generation of 2500 Kgs and 3000 Kgs of waste daily in Medical College Hospitals at Alappuzha and Kottayam, the capacity of incinerators was only 200 Kgs and 350 Kgs respectively. Inspection of the hospitals by PCB in July 2000 revealed gross deficiency in disposal of waste causing adverse effect on health and environment. No corrective action has been initiated by the hospitals though ordered by PCB.

iv) There was no facility to segregate the solid wastes into bio-degradable and non-biodegradable in one hospital and all kinds of wastes were being mixed up.

PCB had not initiated any action under the Air Act as well as Bio-Medical Waste Rules against the defaulting hospitals.

iii) *Municipal Solid Waste Rules.*

Prior to the introduction of the Municipal Solid Waste (M&H) Rules, 2000 (MSW (M&H)), it was the statutory obligation of the Urban Local Bodies (ULBs) under the Kerala Municipalities Act 1994 to collect and dispose of the solid waste generated in their areas giving due care for environmental aspects. About 3000 MT of waste was generated per day in all the 5 city Corporations and 53 Municipalities. The Director of Municipalities had information about 49 ULBs of which 36 had dumping yards and 4 (2 Corporations and 2 Municipalities) had set up Treatment Plant. Several complaints lodged by Public, NGOs and one PSU during 1998-2000 with the courts and PCB about waste management in 9 local bodies were in process.

PCB did not monitor compliance of MSW Rules by Urban local bodies around land fill sites

According to the MSW (M & H) Rules 2000 the ULBs were to keep baseline data on ground water quality before establishing any land fill sites, to ensure by periodical monitoring that there was no degradation of ground water quality within 50 meters of the periphery of land fill sites. Gas control system was to be installed at the site in order to minimise odour generation, prevent off-site migration of gases etc. and monitor ambient air quality at the land fill sites. The PCB was to monitor performance in this regard once in six months. But no monitoring was done by the PCB. The PCB stated (May 2001) that the ULBs were allowed time upto December 2003 for setting up Waste Treatment/Disposal facilities under the Rules.

a) *Waste Treatment Plant at Vilappilsala (Thiruvananthapuram)*

Poabs Enviro Tech (P) Ltd., Thiruvalla set up (August 2000) the Waste Treatment Plant at Vilappilsala near Thiruvananthapuram, for the City Corporation on Build-Own-Operate-Maintain basis. The agreement executed by the Corporation with the Company provided for guaranteed delivery of 300 metric tonnes of solid waste daily. The Company was entitled to levy a penalty of Rs 49000 per day for failure to supply the guaranteed quantity for more than 10 days at a stretch. As against 370 MT/day of solid waste generated (1994 estimate) in the city the quantity lifted was only 150-180 MT/day (41 to 49 per cent) and the plant capacity operated was only 100MT/day. The unit was given consent to establish in March 2000 subject to certain conditions. Though the plant started operating from August 2000 the consent conditions, such as, collection of leachate* in tanks for recycling through regular pumping, regular application of larvicide, avoiding spillage of garbage etc. were not complied with. Based on public complaints the PCB

Waste Treatment plant at Vilappilsala did not comply with pollution control measures

* Leachate is the liquid that seeps through solid waste or other medium and has extracts of dissolved or suspended materials from it.

officials inspected the unit in September 2000 and directed it to comply with pollution control measures stipulated in the consent to establish.

Following a High Court directive (November 2000) on a public interest litigation, PCB officials inspected the unit in November 2000 and again directed (November 2000) the unit to arrange for receipt of garbage on a day-to-day basis, apply larvicide regularly, replace the syntex tank for collection and pumping of leachate from the yard with RCC tank etc. The PCB stated (May 2001) that the status of implementation of their directions by the unit was being watched. Despite establishment of the treatment plant substantial part of the solid waste generated in the Corporation area was not being transmitted to the plant making the Corporation liable to pay the penalty provided in the agreement for short supply. The company did not apply for authorisation under MSW (M&H) rules and failed to observe consent condition and implement directions of the PCB as of August 2001.

b) Pollution created by urban local bodies

Though local bodies were responsible for polluting the air by several means no effective action was taken by the PCB against them. A few instances are given below:

Sl. No.	Name of local body	Details of violation	Remarks
1	Punalur Municipality	Dumping and burning of waste in the open in the dumping yard at Vettipuzha and discharging solid waste and effluent to Kallada river.	PCB directed to shift the dumping yard (May 2000). Latest status not ascertained by PCB (June 2001)
2.	Kollam Corporation	Study conducted by PCB at the instance of the committee on environment of the state legislature revealed that the dumping yard at Kureepuzha was causing pollution of ground water leading to various health hazard to the population	PCB directed the local body to shift the dumping yard (September 2000). Suggestion had not been followed up (June 2001).
3	Cherthala Municipality	Dumping of solid waste in a cemetery at Thanneermukkom from where foul smell was emanating. The fact was confirmed by PCB by inspecting the cemetery in January 2000	PCB directed the local body to adopt scientific methods of disposal, which were reported to be under implementation by the local body (April 2000). But no inspection had been conducted by PCB even as of June 2001 to ensure the safe disposal of waste
4.	Palakkad Municipality	Dumping of garbage, cow dung and other wastes in the open and septic tanks around the shopping complex yard at Sultanpet blocking the drains and causing nuisance to the public	PCB inspected (June 2000) the shopping complex yard at the instance of the Kerala High Court. But it had not initiated any penal action. (June 2001).
5.	Alappuzha Municipality	In the dumping yard at Sarvodayapuram it was found that the waste was dumped in an unscientific manner causing flow of leachate towards residential area contaminating nearby wells, generating foul smell, etc.	PCB suggested (October 1999) measures like levelling the dumping yard, collection of leachate in concrete or syntex tank and introducing aerobic microbial composting. But compliance not monitored as of May 2001.

c) Pollution from slaughter houses

Thirty slaughter houses were functioning without consent of PCB

The CPCB directed the PCB to prepare an inventory of the slaughter houses in the State and to regulate the waste disposal therefrom. The directions were not complied with by PCB as of March 2001. Audit scrutiny revealed that 23 Municipalities and 5 Corporations were maintaining 30 slaughter houses and none had obtained either the consent of the PCB under Water/Air acts or authorisation under the Municipal Solid Waste Rules as of September 2001.

Despite public complaints and court cases against unhygienic handling of animal waste in four local bodies* no effective action was taken for ensuring regulation of waste disposal.

iv) Noise Pollution (Regulation and Control) Rules

Noise Pollution Rules not implemented

Government of India notified (February 2000) the Noise Pollution (Regulation and Control) Rules 2000 with a view to maintaining the ambient air quality standards in respect of noise by regulating and controlling noise producing/generating sources, such as generator sets, loud speakers, fire-crackers, vehicular movement, etc. State Government was required to categorise different areas in the State as industrial, commercial, residential or silence areas/zones, notify the authority/authorities responsible for enforcement of the provisions of the Rules. Though the PCB referred the matter in September 2000 to the State Government, no orders were issued in this regard as of October 2001.

3.1.10. Vehicular Pollution

a) Ineffective enforcement

Gas analysers and smoke meters costing Rs 48.55 lakh not used. Eight vehicles procured for mounting the equipment diverted for other uses

Regulation of vehicular emissions under the Central Motor Vehicles (CMV) Rules came into being in 1989. Enforcement of the provisions was, however, not taken up until the Kerala High Court directive in January 1993. The Motor Vehicles Department acquired 14 gas analysers and 14 smoke meters at a cost of Rs 48.55 lakh and 5 Tempo trucks and 14 Tata Sumo vehicles at a cost of Rs 62.94 lakh during October 1993 to November 1998. These equipments were to be mounted on vehicles for use as mobile units for conducting road checks. Of the 14 Regional Transport Officers (RTO) only 6 RTOs were provided with smoke meters and 8 with gas analysers by November 1998.

Test-check of records in 9 RTOs and information received from the Transport Commissionerate at Thiruvananthapuram revealed that 8 out of 9 vehicles were diverted without mounting the equipment for purposes other than road checks. During June 1998 to December 2000 no road checks were conducted in 5 districts and in the remaining 9 districts checking was irregular. Even the cases detected were based on either non-availability of Pollution Under Control Certificate (PUC) or using air horn or emitting excessive smoke etc. and not on the basis of testing emissions with the equipment. Thus, the testing

* Alappuzha Municipality, Aloor Panchayat, Punalur Municipality and Uzhavur Panchayat.

equipment were not used at all in any of the districts though Rs 51.02 lakh inclusive of a sum of Rs 2.47 lakh was spent on them.

Under CMV Rules every motor vehicle was required to conform to prescribed emission standards and obtain a valid PUC issued by licenced smoke testing station (Rule 115).

The State Government assured the Hon'ble High Court that the provisions of CMV Rules would be implemented throughout the State by the end of 1996-97 and all RTOs were instructed (May 1996) accordingly. But in June 1999 the Transport Commissioner noted that despite providing all infrastructural facilities no substantial progress was achieved and instructed (December 1999) that all Government vehicles should conform to the emission standards and requirements of PUC. But, compliance of these instructions were not monitored (May 2001).

b) Licensing of Smoke Testing Stations

The State Government issued the guidelines for setting up smoke testing stations in August 1993 and in February 1996. As of December 2000, the Department issued licenses to 117 testing stations in the private sector in the State. It was noticed that there was no prescribed system for regular monitoring of the testing stations by the RTOs.

c) Pollution by KSRTC vehicles

Kerala State Road Transport Corporation (KSRTC) had a fleet strength of 4473 buses as of December 2000 of which 102 vehicles were more than 12 years old. In November 1999, the Transport Commissioner observed that KSRTC was the main offender on both counts i.e., levels of emission and sound. But the RTO Thiruvananthapuram with whom all the KSRTC vehicles were registered was not supplied with any testing equipment and no monitoring was carried out in respect of the KSRTC vehicles by the Motor Vehicles Department (June 2001).

Thus despite provision of rules for various measures such as PUC Certificate, compounding of offences by levying fine etc., the problem of controlling or preventing vehicular smoke pollution in towns and cities were not addressed.

3.1.11 Ineffective Internal Control

Internal control of the department was weak due to shortfall in receipt of returns from field offices and meetings of officers

The PCB did not have adequate internal controls to monitor its functioning till September 1997. It prescribed submission of various reports and returns by the field offices between October 1997 and July 1999. A system of surprise inspection was introduced from December 1999. Implementation of these measures were ineffective.

Test-check of the records of the PCB revealed that there was heavy shortfall in the receipt of the returns as indicated below:

Sl. No.	Details of Returns/Meetings	Period of Test check	Report/ Meetings		Shortfall (per cent)
			Due	Received	
1	Monthly Reports of activities due from 9 field offices	9/98 to 3/2001	270	Nil	100
2	Industry-wise Half Yearly progress reports due from 9 field offices	4/98 to 3/2001	54	22	59
3	Quarterly Meetings of officers	10/97 to 3/2001	14	2	86
4	Monthly meetings @ 7 per month in the Head Office	1/1999 to 3/2001	189	27	86
5	Surprise checks	12/1999 to 1/ 2001	26	19	27

Inspection notes issued by the Surprise Inspection Team were not replied to by 8 inspected units. No further inspections by the local field offices were conducted to ascertain the extent of compliance required by the inspection squad.

3.1.12 Annual Report

Annual Reports from 1996-97 to 1999-2000 not prepared by the PCB for presentation to the Legislature

Under the Air Act the PCB was required to prepare an annual report of the activities of the previous financial year and present it to the State Government by 31 July of the succeeding financial year for being presented to the Legislature by 31 December. But the reports for the year 1996-97 to 1999-2000 were not finalised by the PCB as of March 2001. Thus the legislature was not informed of the activities of the PCB. Reports published up to 1995-96 did not include environment status of the relevant years.

3.1.13 Court cases

Only 3 prosecutions launched in 12 years for violation of provisions of Air Act

The PCB is empowered to file restraint application and prosecution cases against any agency responsible for generating emissions in violation of the provisions of the Air Act. Even though there were instances of operating industries without consent, non-compliance of consent conditions etc., the PCB did not invoke the penal provisions under the Act. Only 3 prosecutions launched during 1989-2001 of which one was withdrawn and the two disposed of in favour of the PCB. PCB stated (May 2001) that launching of prosecution involves a great deal of man-power inputs and long wait for final orders. Therefore, it was issuing orders of closure/disconnection of electricity and water supply services.

Out of 130 court cases filed under the Air Act by aggrieved individuals and Non-Governmental organisations against industries, stone crushers, slaughter houses, hospitals, etc. during 1995-2001 impleading PCB as one of the respondents, 106 cases were pending disposal as of March 2001.

3.1.14. Evaluation and Co-ordination

(i) Standing Advisory Committee

Based on a directive (November 1999) of the Kerala High Court, the PCB constituted (May 2000) a Standing Advisory Committee consisting of the representatives of the PCB, CPCB and the State Government to ensure better co-ordination and effectiveness in the functioning of the PCB. Though the

committee was to meet quarterly in order to take stock of the pollution problems and control measures, it did not meet even once, as of April 2001.

(ii) Evaluation

Though the PCB has been functioning for 26 years, its performance has not been evaluated either by the State Government or by the PCB so as to gauge the impact of pollution control measures undertaken by the PCB on the status of environment. The proposal of the PCB to entrust the evaluation work to the Institute of Management in Government submitted to the State Government in February 2001 was pending clearance as of May 2001.

3.1.15 Conclusion

The review brought out inadequacy in identification of polluting industries and other units. Monitoring and preventing air pollution by smoke emissions from factories, motor vehicles and the stone crushers was ineffective. The PCB, Motor Vehicles Department, Health department and Industries department of the State Government need to co-ordinate effectively for achieving effective implementation of the Air Act/Waste Management Rules in the State.

The matter was referred to Government and the Member Secretary, PCB in July 2001. Reply has not been received (October 2001).

3.2 Prevention and Control of Diseases

As part of Health Care Services, the State Department of Health Services is implementing four National Programmes, viz. National Tuberculosis Control Programme, National Programme for Control of Blindness, National AIDS Control Programme and National Leprosy Eradication Programme. A review of the implementation of these programmes except National AIDS Control Programme was featured in the Report of the Comptroller and Auditor General of India for the year ended March 1987 (Civil), Government of Kerala. The report had not been discussed as of June 2001. The four programmes were reviewed in Audit during January - May 2001.

3.2A National Tuberculosis Control Programme

Highlights

The Revised National Tuberculosis Control Programme (RNTCP), a 100 per cent Centrally Sponsored Scheme, was implemented in the State covering all the 14 districts in three phases. A review of the scheme revealed low detection of TB cases due to low percentage of outpatients detailed for undergoing sputum tests, lack of infrastructure facilities for X-ray examination of sputum smear negative and extra pulmonary TB cases, shortage of microscopy centres and non-involvement of Medical College/ESI/Private hospitals and NGOs.

- **Out of Rs 5.90 crore received from GOI by State/District Tuberculosis Control Societies during 1996-2001, Rs 3.14 crore (53 per cent) remained unspent as of March 2001.**

[Paragraph 3.2A.4]

- **Shortage of Microscopy Centres and non-functioning of existing centres denied the benefit of laboratory testing facilities to TB patients in four districts. In seven out of 12 District TB Centres there were no facilities for X-ray examination for diagnosis of TB cases.**

[Paragraph 3.2A.8 and 9]

- **During 2000-01 shortfall in detection of TB cases ranged from 39 to 64 per cent in five test-checked districts. Similarly, detection of new sputum positive cases was only 48 to 70 per cent of the estimated national average during 1999-2001. The shortfall was mainly due to non-participation of Medical College/ESI/ private hospitals and NGOs.**

[Paragraph 3.2A.10]

- **Children suffering from TB had no access to Directly Observed Treatment (DOT) under RNTCP. Failure of the DOT providers in furnishing the progress of treatment to the treatment centres would lead to non-follow-up of TB cases and could result in patients becoming Multi Drug Resistant.**

[Paragraph 3.2A.11]

- **There was no facility in the State for diagnosis of Multi Drug Resistant (MDR) TB and RNTCP had no provision for management of such patients.**

[Paragraph 3.2A.12]

3.2A.1 Introduction

The National Tuberculosis Control Programme (NTCP) launched by Government of India (GOI) in 1962 was revised in 1992 to achieve a higher cure rate of 85 per cent in a phased manner with the World Bank assistance. The Revised National Tuberculosis Control Programme (RNTCP), a 100 per cent Centrally sponsored scheme, was implemented in the State covering all the 14 districts in 3 phases between March 1997 and December 2000.

3.2A.2 Organisational set up

The Kerala State Tuberculosis Control Society (KSTCS) with the Secretary to Government, Health and Family Welfare Department as the Chairman was to

supervise and monitor the implementation of the programme in the State. The State Tuberculosis Officer (STO) and the District Medical Officer (Health) under the Director of Health Services were responsible for implementation of the scheme at State level and District level respectively. The State TB Training and Demonstration Centre (STDC) provided training, guidance, supervision, co-ordination, monitoring and technical assistance.

The District Tuberculosis Control Society (DTCS) was to formulate Annual Action Plan and the District Tuberculosis Officer (DTO) in charge of the District Tuberculosis Centre (DTC) was the nodal officer for implementation of the programme. The DTC functioned as a specialised referral centre. At the Sub District level, implementation was through TB unit (TU).

3.2A.3 Audit coverage

A review of the implementation of the programme was conducted in five* out of 14 districts with reference to the records of DTCSs, DTCs, TUs, Microscopy Centres and peripheral health institutions.

3.2A.4 Financial outlay

Fund released by GOI to the State during 1996-2001 and its utilisation are indicated below:

(Rupees in lakh)

Year	Opening Balance	Funds Released	Funds Utilised	Closing Balance
1996-97	..	Nil	Nil	..
1997-98	..	124.64	14.81	109.83
1998-99	109.83	103.07	44.49	168.41
1999-2000	168.41	295.10	94.99	368.52
2000-01	368.52	67.53	122.39	313.66
Total		590.34	276.68	

53 per cent of GOI funds remained unutilised

During 1996-2001, the DTCSs/KSTCS spent only 47 per cent of total funds released by GOI. In five* DTCSs test-checked Rs 75.26 lakh (out of total release of Rs 1.75 crore) allotted for purchase of computers, photocopiers, consumables, Information Education & Communication and printing, etc., remained unspent.

3.2A.5 Delay in implementation of RNTCP

Starting of the programme in six® districts, approved by Government of India in November 1996, was delayed by more than a year due to non-availability of supervisory staff and delay in imparting training to staff.

3.2A.6 Annual Action Plan not prepared

In none of the test-checked districts the DTCSs prepared (May 2001) the Annual Action Plan ever since the implementation of RNTCP in the State. The

* Ernakulam, Kannur, Malappuram, Palakkad & Pathanamthitta.

® Ernakulam, Kannur, Kasaragod, Kozhikode, Malappuram and Palakkad.

Annual Action Plan for 2001-02 prepared by the State TB Cell contained merely the requirement of funds under various activities and was thus hardly an Action Plan.

3.2A.7 Identification of patients and treatment outcome

Prior to October 1998, the programme was implemented only in Pathanamthitta District. The year-wise details of identification, treatment and discharge of patients in the State during 1998-99 to 2000-01 are indicated below:

Year of identification	Number of patients identified	Treatment outcome after 12-15 months						Total
		Cured	Treatment completion	Death cases	Failure cases	Defaulters	Transfer to other district	
1998-99	6377	2699	2674	253	163	453	135	6377
1999-2000	9442	4332	3971	395	192	479	73	9442
2000-01	19422	Treatment outcome is assessable only by April 2002.						

The achievements of the programme were as shown below:

Indicators	Expected level	Achievement on implementation (cases registered in previous year)		Achievement in test-checked districts (cases registered in previous year)	
		1999-2000	2000-01	1999-2000	2000-01
	(Percentage)				
Conversion rate	> 90	88	88	88	89
Cure rate	>85	84	87	89	90
Defaulter rate	<5	6.2	4.5	5	3
Death rate	<4	3.17	4	4	4
Treatment completion rate					
i) Retreatment	90	70	77	74	79
ii) Sputum negative cases	90	86	90	89	93

The above table showed that the conversion rate and the treatment completion rate of retreatment cases were below the expected level. Inappropriate treatment and irregularity in the administration of medicines could result in drug resistant TB. Absence of testing facilities for drug resistant TB in the State coupled with high cost involved in treatment could result in non-detection and non-treatment of such cases leading to increase in the number of drug resistant TB patients. Thus, low treatment completion rate carried the risk of increase in the rate of incidence of MDR TB cases.

3.2A.8 Shortage of TB units and microscopy centres

Shortfall in number of TB units and microscopy centres

One TB unit was to be established for every 5 lakh population and one microscopy centre was to cover a population of one lakh. However, as of May 2001 only five TB units were set up in Palakkad district against the requirement of six. Against the requirement of 122 numbers, shortfall in number of microscopy centres in four districts test-checked as at the end of May 2001 were 20 (7 in Palakkad, 5 in Kannur and 4 each in Ernakulam and Malappuram). The reasons for shortfall were attributed to non-receipt of sanction from Central TB Division, non-completion of civil works and want of

Laboratory Technicians. In Palakkad, three centres at Agali, Anakkatty and Nelliampathy were not functioning as of April 2001 for want of Laboratory Technicians. The tribal patients of these hilly areas were, therefore, deprived of the free laboratory service under the Programme. Further, non-functioning of the microscopy centres also resulted in the lack of following up of the patients suffering from pulmonary TB through periodical sputum tests.

3.2A.9 Lack of infrastructure facilities

X-ray facility was lacking in 7 out of 12 DTCs

X-ray examination was essential for the diagnosis of smear negative TB and some forms of extra pulmonary TB. Information collected by audit (May 2001) from 12 districts showed that X-ray facility was available only in five DTCs. In the absence of X-ray facility in seven other districts, the patients were referred to nearby Government hospitals or private institutions.

3.2A.10 Shortfall in case finding

i) Low detection of cases

Shortfall in detection of TB cases ranged between 39 and 64 per cent

Magnitude of incidence of TB was not adequately assessed in any of the districts test-checked. As per the guidelines of the programme for active case finding at least 2 per cent of adult outpatients were to be persuaded to undergo sputum smear examination for diagnosis of tuberculosis against which State level percentage during 2000-01 was only 1.3. Failure in conducting the minimum percentage of smear examination would result in non-detection of TB patients. The shortfall in detection against the national average of 135 per one lakh population during 2000-01 was between 39 per cent and 64 per cent in 5 test checked districts as indicated below:

District	Population in lakh	Percentage of adult out-patients who underwent sputum test to total no. of adult out-patients	Target no. of cases to be detected @ 135 per 1 lakh population	No. of cases detected	Shortfall and its percentage in brackets
Palakkad	29	1.79	3915	1506	2409 (62)
Ernakulam	32.6	1.62	3532	2168	1364 (39)
Kannur	25	1.50	3375	1753	1622 (48)
Malappuram	35	1.28	4725	1720	3005 (64)
Pathanamthitta	11.8	2.04	1600	726	874 (55)

Shortfall in detection of sputum positive cases ranged between 30 and 52 per cent during 1999-2001

Out of 135 TB cases per one lakh population, it was estimated that 50 cases would be new sputum positive[#]. It was, however, noticed that during 1999-2001 actual detection of sputum positive cases was 24 to 35 per one lakh population in the test-checked districts. Shortfall ranged between 30 and 52 per cent in test-checked districts.

Apart from the low percentage of patients detailed for sputum smear examination, the Central TB Division, New Delhi attributed the shortfall in detection of TB patients to non-functioning of Microscopy centres, non-participation of Medical College/ESI/Private hospitals and NGOs in the

* Kannur, Kollam, Palakkad, Pathanamthitta and Thiruvananthapuram.

Pulmonary TB patients undergoing treatment for the first time.

implementation of the programme. The STO stated (May 2001) that Medical College Hospitals and ESI Hospitals could not be covered due to lack of funds for imparting training to their staff. This was not tenable as huge balances remained unspent with the DTCSs every year.

3.2A.11 Treatment

a) *Inadequate treatment under RNTCP*

i) RNTCP was introduced in view of the poor cure rate under NTCP. As per the guidelines, the self-administered regimen under NTCP was to be restricted to the exceptional cases of TB patients who refused or were unable to take DOT or who could not comply with short course of chemotherapy due to drug toxicity.

Children suffering from TB had no access to DOT under RNTCP

In none of the districts test-checked, paediatric TB cases were treated under RNTCP on the plea of non-supply of medicines in kits for children. However, guidelines provided for the packing of medicines into kits for children according to the prescribed dosage with reference to their body weight. This showed that children suffering from tuberculosis had no access to DOT under RNTCP, which could have ensured higher cure rate.

In Malappuram District a large number of patients continued to be treated under NTCP even after introduction of RNTCP (October 1998). As a result, the number of cases treated under NTCP instead of going down, increased from 544 during 1999-2000 to 1312 during 2000-01 unlike in other test-checked districts where the number decreased significantly after introduction of RNTCP. Since higher percentage of cure rate was ensured under RNTCP, the continuance of treatment of large number of patients under NTCP after the introduction of RNTCP was not justified.

ii) Under RNTCP, the medicines were to be administered by the DOT** provider. Peripheral health worker acting as DOT provider was to transfer information recorded in treatment cards to the original Master card kept at the PHC/CHC at least once a month to facilitate monitoring the progress of treatment with regard to regular medication and timely conduct of bacteriological examination. This was not done by the DOT providers of Microscopy centres at Pattambi (Palakkad), Koppam (Palakkad), Angamali (Ernakulam) and TB unit, Aluva (Ernakulam) during the period from April to September 2000. In TB unit, Ottappalam (Palakkad) and TB unit, Aluva (Ernakulam) in 29 out of 90 TB cases and 40 out of 77 cases respectively registered between April 2000 and September 2000, follow-up details of timely administration of medicines and sputum tests were wanting. This could have adverse effects on the programme as defaults in administration of the medicines could result in the patient becoming a Multi Drug Resistant TB (MDRTB) patient.

** Directly Observed Treatment.

b) Wrong classification of patients

i) As per the guidelines, number of smear negative/extra pulmonary cases coming under Category[#] I regimen would not exceed 20 per cent. During April to June 2000, such cases were found 45 per cent in Palakkad district due to treating Category III patients under Category I. By such incorrect classification, the patients were administered additional medicine (Ethambutol) not required for Category III patients. The District TB Officer stated (May 2001) that direction had been issued to improve the position.

ii) As per the guidelines, retreatment of smear positive cases would be about 50 per cent of new sputum positive cases in the initial years of implementation. During April to December 2000, retreatment sputum positive cases were found to be 12 per cent (63 cases) and 14 per cent (73 cases) in Palakkad and Ernakulam districts respectively. The lower percentage was indicative of recording of inaccurate case history regarding earlier treatment under NTCP which might have led to wrong classification of patients.

c) Lack of monitoring

As per guidelines, extra pulmonary cases should account normally for about 10 per cent of the total pulmonary cases. Higher percentage of extra pulmonary cases indicate under-diagnosis of pulmonary cases and/or over-diagnosis of extra pulmonary cases. Both the situations needed technical monitoring. During various periods in 2000-01 the percentage of extra-pulmonary cases in five test-checked districts was between 20 to 37.

However, no technical monitoring was done by District TB Officer/State TB Officer to ensure adequacy of testing facilities, competency of Laboratory technicians and correctness of classification of patients so as to find out the reasons for higher percentage of extra pulmonary cases.

3.2A.12 Multi Drug Resistant (MDR) cases

Patients who remained smear positive even after completing the retreatment regimen were suspected of having drug resistant TB and were to be referred to a referral centre for Multi Drug Resistant (MDR) TB. There was neither any such facility in the State nor any provision for the management of MDR TB patients under RNTCP. During 1996-2000, there were 93 suspected cases in four districts* of which 12 cases in Thiruvananthapuram were sent for testing and 5 cases were confirmed. Though such cases were referred to Medical College Hospitals, no follow-up action appeared to have been taken. The reasons for development of MDRTB in the above cases had not been analysed.

No facility for management of MDR TB patients in the State

[#] Category I: New patients with sputum positive result, New patients with sputum negative result (if seriously ill), Extra pulmonary TB patients (if seriously ill)
Category II: Sputum positive
-Relapse cases (very rarely sputum negative/Extra pulmonary cases also)
-Failure cases
-Treatment after default
Category III: New patients with sputum negative result (not seriously ill)
Extra-pulmonary TB patients (not seriously ill)

* Ernakulam: 2, Palakkad: 2, Pathanamthitta: 77, Thiruvananthapuram: 12.

3.2.B National Programme for Control of Blindness

Highlights

The National Programme for Control of Blindness, a 100 per cent Centrally Sponsored Scheme was revised during Ninth Plan with the objective of reducing avoidable blindness due to cataract and other diseases to 50 per cent by 2002 AD. Possibility of achieving the above target was remote due to lack of infrastructure facilities for eye surgery, non-achievement of cataract surgery rate of 400 per 1 lakh population, non- functioning of eye banks and non-availability of trained eye surgeons in IOL.

- **Results of survey conducted to identify blind persons were not reliable due to inadequate coverage. As a result, action plan formulated in 8 districts did not serve the intended purpose.**

[Paragraph 3.2B.5]

- **Against the target of 400 cataract surgery per 1 lakh population, achievement during 1998-2001 in the State did not go beyond 273 in any year. Possibility of achieving the objective of reducing avoidable blindness to 50 per cent by 2002 is remote.**

[Paragraph 3.2B.6(a)]

- **Due to lack of separate operation theatres and separate beds for eye treatment the services of even the available trained ophthalmic surgeons were not utilised. Shortfall in achievement of target for performance of cataract operations in Government sector ranged between 56 and 96 per cent during 1999-2001.**

[Paragraph 3.2B.6(b)]

- **Out of 14 eye banks (Government sector:12, Private sector:2) approved in the State, 10 (Government sector:9, Private sector:1) were not functioning as of May 2001 due to absence of various facilities.**

[Paragraph 3.2B.7]

3.2B.1 Introduction

National Programme for Control of Blindness (NPCB) was launched in 1976 as a 100 per cent Centrally sponsored programme with the aim of reducing prevalence of blindness from 1.4 per cent to 0.3 per cent through various activities like establishment of Regional Institutes of Ophthalmology, upgradation of Medical Colleges and District Hospitals, development of mobile eye units, recruitment of various ophthalmic manpower and provision of various ophthalmic services. The implementation of the programme was decentralised (1994-95) by establishing District Blindness Control Society (DBCS) in all districts. Survey conducted by Government of India during

1997-98 revealed that the prevalence rate (1.49 per cent) remained more or less the same since 1986. The revised programme aimed at reducing avoidable blindness due to cataract and other diseases to 50 per cent by 2002 AD.

3.2B.2 Organisational set up

The State Programme Officer was responsible for implementation of the programme in the State under the supervision of the Director of Health Services. The State Blindness Control Society, the apex society of district societies, was not constituted even as of June 2001 despite Government of India orders (April 2000). At district level, DBCS headed by District Collector and assisted by District Medical Officer (Health) implemented the programme. The District Programme Manager (Co-ordinator) was responsible for the day-to-day management of the programme.

3.2 B.3 Audit coverage

A review of the implementation of the programme for the period 1996-97 to 2000-01 was conducted by Audit during March to June 2001 covering five* out of 14 districts and State Ophthalmic Cell in the Directorate of Health Services. The following points emerged.

3.2 B.4 Utilisation of GOI funds

Government of India (GOI) released Rs 3.84 crore to all the 14 DBCSs during 1996-2001, of which Rs 71.04 lakh (19 per cent) remained unutilised as of March 2001. The year-wise details are indicated below:

Short utilisation of GOI funds

(Rupees in lakh)

Year	Opening balance	Funds released	Funds utilised	Closing balance
1996-97	28.46	18.00	35.80	10.66
1997-98	10.66	58.00	44.63	24.03
1998-99	24.03	73.00	70.11	26.92
1999-2000	26.92	103.18	111.29	18.81
2000-01	18.81	131.80	79.57	71.04
Total		383.98	341.40	

3.2 B.5 Unreliable survey results to identify blind persons

As per the Mid Term Review report, active case finding was recommended to assess the magnitude and spread of blindness in the district by listing of blind persons after conducting a door to door screening of population at risk (people above 50 years of age) and preparing village-wise blind registry. The purpose of preparation of blind registry was to formulate District Action Plan for cataract performance. GOI provided (March 1999) Rs 16 lakh to the State for preparation of blind registry in 8 districts reckoning the prevalence of blindness as 1.5 per cent (national average). However, blind persons identified (2000-01) were around 0.1 per cent of total population. The details of the survey conducted in the 4 districts test-checked are given below:

* Ernakulam, Kannur, Malappuram, Palakkad and Thiruvananthapuram.

District	Population (in lakh)	Blind persons identified and its percentage to population in brackets	Expected number as per prevalence rate of 1.5 per cent	Shortfall and its percentage in brackets
Thiruvananthapuram	29.5	2460 (0.08)	44250	41790 (94)
Ernakulam	32.6	1809 (0.05)	48900	47091 (96)
Palakkad	29.0	3187 (0.11)	43500	40313 (93)
Malappuram	35.0	3577 (0.10)	52500	48923 (93)

The survey results were not reliable due to inadequate coverage and also due to the fact that the number of blind persons actually identified was less than 7 per cent of the number to be identified based on national average. This defeated the very purpose of preparation of blind registry. The District Action Plan prepared based on the unreliable survey results did not serve the intended purpose of reducing the prevalence rate of blindness to the desired level within a time frame.

3.2B.6 Targets and achievement of cataract operation

(a) Shortfall in achievement of cataract operations

As per Mid Term Review conducted by Government of India during 1997-98, a District Action Plan was to be prepared to achieve at least 400 cataract operations per one lakh population with an annual increase of 10 per cent. However, the annual targets fixed in the State were 232 in 1998-99 and 275 each in 1999-2000 and 2000-01 whereas achievements were 226, 273 and 248 respectively. Thus the achievements in the State were far below the targets of the revised programme and possibility of achieving the objective of reducing curable blindness to 50 per cent by 2002 is remote.

(b) Shortfall in achievement of cataract operations in Government sector

As per the review report of the GOI, a surgeon could conduct 700 operations in a year under optimal conditions. The above level of performance was not achieved in any of the districts test-checked and the shortfall in achievement was in the range of 56 to 96 per cent as shown below:

Shortfall in achievement of cataract operations ranged from 56 to 96 per cent

Year	District	Number of surgeons posted	Number of cataract surgeries performed	Average operations per surgeon	Shortfall with reference to target of 700 operations per surgeon and its percentage in brackets
1999-2000	Malappuram	6	952	159	541 (77)
	Kannur	5	1229	246	454 (65)
	Palakkad	3	99	33	667 (95)
	Ernakulam	14	1705	123	577 (82)
	Thiruvananthapuram	31	4427	143	557 (80)

Year	District	Number of surgeons posted	Number of cataract surgeries performed	Average operations per surgeon	Shortfall with reference to target of 700 operations per surgeon and its percentage in brackets
2000-01	Malappuram	6	942	157	543 (78)
	Kannur (upto December 2000)	5	1166	311	389 (56)
	Palakkad	3	73	27	673 (96)
	Ernakulam (upto February 2001)	14	1968	141	559 (80)
	Thiruvananthapuram (upto September 2000)	31	2102	136	564 (81)

Lack of infrastructure in Government sector affected performance of cataract surgeries

For reducing the prevalence rate of blindness, eye care facilities were to be improved by setting up operation theatres for ophthalmology, training of surgeons in Intra Ocular Lens (IOL), supply of ophthalmic equipments/sutures/IOL, etc. In the districts test-checked cataract performance in Government sector was as shown below:

Name of District	Year	Total number of cataract surgeries in the district (in Government and private sectors)	Total number of cataract surgeries done in Government Sector and its percentage in brackets
Palakkad	1998-2001	19180	267 (1.4)
Ernakulam	1998-2001	31023	5490 (18)
Malappuram	1998-2001	13500	3044 (23)
Kannur	1998-2001	16182	4558 (28)*
Thiruvananthapuram	1998-2001	17685	10140 (57)*

The District Programme Managers attributed the low performance to lack of separate operation theatres and trained ophthalmic surgeons in Government hospitals. During 1999-2000, only 19 per cent of the cataract surgeries were done in Government sector. According to the Report (2000-01) of State Ophthalmic Cell, out of 78 ophthalmic surgeons in Government hospitals, 51 were trained in IOL and only 22 Government hospitals (out of 75) had separate operation theatres for conducting ophthalmic operations. For utilising the services of 51 trained surgeons as against 714 eye beds required, only 396 beds were available. Due to absence of separate operation theatres and sufficient eye beds, the services of even the available trained ophthalmic surgeons could not be utilised to the optimum level.

(c) Functioning of District Mobile Units (DMUs)

Functioning of DMUs was poor

The DMU consisted of one post each of Ophthalmic Surgeon, Ophthalmic Assistant, Camp Co-ordinator, Staff Nurse, Driver and Peon. Against the target of 7500 cataract operations (1500 per unit) per year to be performed by the Mobile units in the 5 test-checked districts, achievement of the units was in the range of 1395 (19 per cent) to 1745 (23 per cent) for the period 1998-2001 indicating the poor performance of these units. Shortfall was mainly due to lack of separate operation theatre in Government hospitals.

* Medical College existed in these districts.

10 out of 14 Eye Banks in the State were not functioning

3.2B.7 Very few Eye Banks in the State

In Government sector, only 3 out of 12 Eye Banks and in private sector, one out of 2 Eye Banks were functioning as of May 2001. The fact that during 1998-2000 the three Eye Banks under Government sector collected only 194 eyes (utilised 151 eyes) and the private Eye Bank collected 448 eyes (utilised 287 eyes) showed that the performance of Eye Banks in the State could improve much if the remaining eye banks also became operational.

The State Programme Officer stated (June 2001) that sophisticated facilities and trained surgeons required for eye banking were not available in Government hospitals which resulted in non-functioning/poor performance of Eye Banks.

3.2B.8 Rehabilitation of the incurably blind

‘Rehabilitation of the incurably blind’ is one of the components of the programme. Out of 302 cases of incurably blind identified in the State, 105 cases were proposed for rehabilitation and only 10 persons in Kollam District were rehabilitated. No specific funds were allotted to DBCSs for this programme.

3.2B.9 Regional Institute of Ophthalmology, Thiruvananthapuram

Government of India sanctioned (September 2000) Rs 20 lakh to Regional Institute of Ophthalmology (RIO), Thiruvananthapuram for strengthening of the Institute as an Eye Care Training Centre. The amount was credited to savings bank account of DBCS and was not utilised as of May 2001. The District Programme Officer, Thiruvananthapuram stated (May 2001) that the Director, RIO, Thiruvananthapuram entrusted the work to the Public Works Department and funds would be released based on progress of work.

3.2B.10 Quality control

The standard cataract surgery records containing information regarding pre-operation check up, surgical details, post-operative assessment and follow-up services were to be kept for each operation performed.

In five test-checked districts no reports regarding the outcome of treatment and follow up actions were obtained from Government/Non-Government eye care facilities. Information about the restoration of visions were also not available with District Blindness Control Societies. The outcome of treatment and follow-up measures taken were not being monitored.

3.2B.11 Monitoring and evaluation

The District Blindness Control Societies had been sending regularly Annual Action Plan and Progress reports to the State Cell. However no evaluation or analysis of the reports were done at State level. The reason attributed by the State Level Officer was lack of manpower.

3.2C National AIDS Control Programme

Highlights

The National AIDS* Control Programme launched by GOI in 1992 was intended to achieve maintenance of HIV[@] prevalence rate below 1 per cent, reduction in blood borne transmission of HIV, creating awareness among youth, etc. The review revealed lack of infrastructure for starting new blood banks even in hospitals where equipment were supplied by National AIDS Control Organisation (NACO), delay in renewal of licence to blood banks leading to illegal functioning of blood banks, non-functioning of blood component separation units leading to lack of optimum utilisation of blood.

- **The shortfall in release of funds by NACO with reference to the approved outlay on the programme for the period 1996-2001 was Rs 12.65 crore.**

[Paragraph 3.2C.4]

- **Delay in arranging joint inspection for renewal of licence led to the illegal functioning of blood banks. This defeated the objective of supply of safe and quality blood.**

[Paragraph 3.2C.7 (a)]

- **Three out of 29 blood banks for which assistance was given by NACO had not started functioning even as of May 2001.**

[Paragraph 3.2C. 7(b)(i)]

- **Though equipment costing Rs 26.96 lakh had been purchased and supplied by State AIDS Cell for 12 blood banks at various Government hospitals, these were not put to use even as of May 2001 due to non-availability of qualified doctors and infrastructure.**

[Paragraph 3.2C. 7(b)(ii)]

- **Though blood component separation facilities were provided by NACO in 4 blood banks, the facility was not put in place in 2 blood banks at Medical Colleges, Kottayam and Kozhikode.**

[Paragraph 3.2C. 7(c)]

3.2C.1 Introduction

Government of India launched (September 1992) the National AIDS Control Programme, a 100 per cent Centrally Sponsored Scheme, with the ultimate

* Acquired Immune Deficiency Syndrome.

@ Human Immuno deficiency Virus.

objective of slowing down the spread of HIV and to reduce the future morbidity, mortality and impact of AIDS. The first phase of the project was in existence up to 31 March 1999 and the second phase which started from April 1999 was intended to achieve the maintenance of HIV prevalence rate below 1 per cent of adult population in Kerala, reduction in blood born transmission of HIV to less than 1 per cent, attainment of awareness level of not less than 90 *per cent* among the youth and condom use of not less than 90 *per cent* among high risk categories like commercial sex workers.

3.2C.2 Organisational set up

In the first phase the State AIDS Cell headed by a State AIDS Programme Officer (SAPO) in the Directorate of Health Services (DHS) was responsible for the implementation of the programme. State AIDS Committee with the Chief Secretary as the Chairperson and a Technical Advisory Committee headed by DHS was to co-ordinate and monitor the implementation of the programme.

During the second phase, the Kerala State AIDS Control Society (KSACS) headed by a Principal Director having a governing body with Chief Secretary as Chairperson and an executive committee headed by the Secretary to Government, Health & Family Welfare Department was responsible for the implementation and monitoring of the programme. KSACS was assisted by a State AIDS Programme Officer (SAPO). The District Medical Officers (DMOs) were also involved in implementation of the programme at the District level.

3.2C.3 Audit coverage

A review of the implementation of the Scheme covering the period 1996-97 to 2000-01 was conducted by scrutiny of the records in the offices of the State AIDS Cell, State AIDS Control Society, Health and Family Welfare Department in the Secretariat, State Drugs Controller, Thiruvananthapuram, four¹ out of 14 District Medical Offices, 10 (out of 31) modernised blood banks attached to Medical Colleges and hospitals, five (out of 20) STD clinics attached to hospitals, two (out of 3) blood component separation units and the Surveillance Centre attached to Microbiology Department of Medical College, Thiruvananthapuram. The audit findings are discussed below:

3.2C.4 Fund allocation and flow of expenditure

Shortfall in release of funds by NACO during 1996-2001 was Rs 12.65 crore

The year-wise details of allocation and release of funds by NACO and expenditure incurred by the KSACS during 1996-2001 were as shown below:

¹ Ernakulam, Kollam, Kozhikode and Thiruvananthapuram.

(Rupees in crore)

Year	Opening balance	Fund approved by NACO	Fund released by NACO	Expenditure Incurred by State AIDS Cell/ KSACS	Closing balance
1996-97	1.71	5.48	2.25	1.38	2.58
1997-98	2.58	3.48	1.00	2.29	1.29
1998-99	1.29	5.24	Nil	3.46	@
1999-2000	*	4.58	3.45	2.87	0.58
2000-01	0.58	3.50	2.93	2.87	0.64
Total		22.28	9.63	12.87	

The release of each instalment of grant was subject to utilisation of earlier grants. The shortfall in release of funds by NACO during 1996-2001 amounted to Rs 12.65 crore.

3.2C.5 Component-wise targets and achievements

Details of component-wise allocation of funds for the years 1996-97 to 1998-99 were not made available to Audit. During 1999-2000 and 2000-01, component-wise financial achievements were as under:

(Rupees in crore)

Name of component	Total fund allocated for 1999-2001	Total expenditure during 1999-2001	Percentage of expenditure to allocation
Targeted intervention against HIV/AIDS	1.82	1.22	67
Preventive intervention for general community	3.33	3.19	96
Institutional strengthening	2.12	1.22	58
Low Cost AIDS Care	0.74	0.10	14
Intersectoral collaboration	0.08	Nil	Nil

3.2C.6 STI/HIV/AIDS surveillance

The objective of the programme was to develop an effective surveillance system generating a set of reliable data. The HIV statistics on surveillance done by the surveillance centre at Medical College, Thiruvananthapuram, revealed that the prevalence of HIV positive persons increased from 4.4 per cent (in 1996) to 9.6 per cent (in 2000) of the numbers screened which indicated ineffective programme implementation.

3.2C.7 Functioning of Blood Banks in the State

One of the components of National AIDS Control Programme was “Improved blood safety to reduce transmission of HIV through blood”. Under the programme, 29 Government blood banks and 6 private blood banks were modernised during the first phase of the programme. There were 76 more licensed blood banks under private sector as on 31 March 2001.

@ The excess in expenditure was met from State funds.

* From 1 April 1999 the programme was implemented by KSACS.

(a) Licensing of blood banks

All the blood banks were to obtain licence for their operation from the Central Drugs Controller, New Delhi. The licence was to be issued only after conducting a joint inspection of the blood banks, by a team consisting of representatives of State Licensing Authority, Central Licence Approving Authority and blood bank experts. A licence was to be renewed by 31 December of the year following the year in which it was issued. However, as of April 2001, 88 applications for renewal were pending with the State Licensing Authority due to delay in joint inspection to be arranged by the Central Drugs Controller. In 21 cases test-checked in the office of the State Drugs Controller, it was noticed that in 16 cases (3 in Government sector and 13 in Private sector) licence were not renewed, as joint inspection was pending.

Licences of eight blood banks (6 under Government sector and 2 under Private sector) expired between December 1996 and December 2000 were refused renewal after the joint inspections conducted between February 1999 and March 2001, on the ground of non-availability of trained doctors/technicians, lack of equipment and infrastructure, etc. However, these blood banks were functioning without licence as of April 2001.

The delay in arranging joint inspection for renewal of licence led to the illegal functioning of the blood banks and this defeated the objective of supply of safe and quality blood.

(b) Non-functioning of blood banks

Three blood banks had not started functioning despite supply of equipments by NACO

(i) Out of 29 Government blood banks for which assistance for modernisation was given by NACO, 3 blood banks attached to General Hospital, Adimali, Taluk Head Quarters Hospital, Mannarghat and District Hospital, Kanjangad did not start functioning as of May 2001. A test-check of records of General Hospital, Adimali revealed that equipment like Voltage Stabilizer, Refrigerators, Temperature recorders, Clinical Centrifuge, Air Conditioners, etc., worth Rs 2.14 lakh received from NACO during May - July 1996 were not yet installed as of April 2001. Other equipment like chest refrigerators, blood transport containers and voltage stabilizers received during July 1999 - July 2000 (value not available) were also idling from the date of their receipt. The building for the blood bank was completed only by December 1998 and the air conditioning work remained to be completed by the local body as of April 2001.

12 blood banks had not become operational due to lack of infrastructure and qualified doctors

(ii) For 12 blood banks proposed to be started by the State AIDS Cell at various Government Hospitals², 36 air conditioners worth Rs 9.17 lakh and other equipment costing Rs 17.79 lakh (viz. blood bank refrigerators, centrifuge, water bath, incubator, weighing balance) were purchased by the State AIDS Cell and supplied during April-May 1998. But none of these 12 blood banks had become operational as of May 2001. A test check in two

² Adoor, Changanassery, Haripad, Karunagappally, Koothuparambu, Kottarakkara, Moovattupuzha, Neyyattinkara, Ottappalam, Ponnani, Quilandy, Thodupuzha.

(Neyyattinkara and Kottarakkara) out of 12 institutions revealed that the blood banks were not started due to non-completion of infrastructure facilities and non-availability of qualified doctors. There was total lack of monitoring by the DHS/State Government and lack of co-ordination between the KSACS and the Health Department. As a result the blood banks were not started.

(c) *Lack of blood component separation facilities*

According to NACO, the optimum utilisation of blood could be ensured only by establishing blood component separation units. Though such facilities were provided to blood banks attached to Medical College Hospitals in Thiruvananthapuram, Kozhikode and Kottayam and IMA blood bank, Kochi during phase I of the programme, the units at Kozhikode and Kottayam did not start functioning as of August 2001. According to the KSACS (August 2001) action was under way to grant licence to them to make blood component separation units. Due to non-functioning of the units the object of optimum utilisation of the blood collected was not achieved.

(d) *Non-functional State Blood Transfusion Council*

Government of Kerala accorded sanction in June 1996 for formation of a State Blood Transfusion Council with a view to motivating people for voluntary donation of blood, training of blood bank personnel, implementation of schemes for modernisation of blood banks, etc. Out of Rs 12 lakh received from State Government/NACO during 1996-2001 for the activities of the Council, only Rs 2.17 lakh was utilised as of May 2001 and the unspent balance remained in a Public Sector Bank account. Though the governing body of the Council was constituted in February 1997, only two meetings (in March 1997 and December 1997) were held till date and no executive committee had yet been formed. In March 1997 the Council resolved to start a Post Graduate course in Blood Banking Transfusion Medicine in Medical Colleges, but no such course was started as of May 2001.

3.2C.8 *Voluntary blood testing centres not started*

During 1998-99, NACO sanctioned five voluntary blood testing centres at five Medical College hospitals. Four more hospitals/public health laboratories were identified during second phase (from April 1999) by KSACS for starting voluntary blood testing centres. None of the centres started functioning as of April 2001. The SAPO stated (August 2001) that the centres could not be made operational for want of necessary equipment. One voluntary blood testing centre was to be established in each district during the second phase of the programme. Out of Rs 32.88 lakh allocated by NACO during 1999-2001 for voluntary testing and counselling, only Rs 0.6 lakh was spent by KSACS during 2000-01.

3.2C.9 *Lack of counselling service*

As decided (August 1997) in the programme review meeting of State AIDS Programme Officers (SAPO) at least 4-5 counselling centres at STD clinics were to start functioning by the end of 1997-98. The counselling service could

be started only from February 1999 due to delay in appointment of counsellors. The counsellors were appointed by the KSACS on contract for a period of one year and later on, the appointment was to be made by the concerned institutions. However, due to non-appointment of counsellors after expiry of the contract period 17 STD clinics were functioning without counselling service for periods ranging from 2 to 19 months as of May 2001.

3.2C.10 Idling of equipment

Medical College Hospital, Thiruvananthapuram purchased and installed one incinerator costing Rs 11.76 lakh in March 2000, but the same could not be commissioned as of October 2001.

3.2C.11 Non-submission of accounts and utilisation certificates by NGOs

Though Rs 23.29 lakh was provided to 22 NGOs during 1998-99, the utilisation certificates and accounts were not furnished by them till May 2001. This indicated lack of proper monitoring of the programmes by the State AIDS Cell. Appointment of NGO advisor to monitor the programmes implemented through NGOs was made only in March 1999.

3.2C.12 Monitoring and evaluation

According to the programme (Phase II), each AIDS Control Society should have a Monitoring and Evaluation (M&E) Officer and monitoring and evaluation would be conducted by outside agencies at baseline, interim and final years. However, no M&E Officer was appointed and no baseline survey conducted as of May 2001. The SAPO attributed this to paucity of funds. Thus there was little monitoring of the programme.

The KSACS was registered in November 1998 for the speedy and effective implementation of the programme. According to the Draft Memorandum of Association of the Society, the governing body shall meet at least twice in a year. However, the governing body met only two times till March 2001 since its formation. The State AIDS Programme Officer stated that Chief Secretary who was the Chairperson of the Governing body could not spare much time due to his pressing official commitments.

3.2D National Leprosy Eradication Programme

Highlights

The National Leprosy Eradication Programme (NLEP) introduced in 1982 envisaged a specialised form of treatment for leprosy known as Multi Drug Therapy (MDT). The review revealed that the NLEP activities introduced with a view to wiping out leprosy could not achieve the expected results despite the fact that the programme has been under implementation for more than 15 years mainly due to non-creation of required infrastructure facilities, lack of man power in critical cadres and lack of supervision and monitoring at all levels (Central, State, District and Unit level). The classification of district was wrongly made based on unrealistic Prevalence Rate (PR) calculated with

reference to inadequate coverage of population and defective method of calculation of PR.

- **Excess expenditure of Rs 1.29 crore against funds released by Government of India during 1996-99 has not been reimbursed.**

[Paragraph 3.2D.4]

- **Target fixed by GOI was low due to defective classification of districts based on wrong PR. As a result, achievement shown in 3 out of 5 years from 1996 to 2001 appeared to be high.**

[Paragraph 3.2D.5]

- **The prevalence rate reported by DHS was not reliable due to over-reporting of coverage of population, low percentage of coverage of population and defective method adopted for calculation of PR. Hence classification of districts based on this defective PR was not reliable.**

[Paragraph 3.2D.6]

- **Only 3 to 17 schools were surveyed annually in Thrissur urban area. Leprosy units were not properly located for optimum coverage. Four Reconstructive Surgery Units sanctioned by Government of India were yet to be started due to lack of manpower. Survey unit to assess extent of shortfall in detection of new cases was not sanctioned by the State.**

[Paragraph 3.2D.7]

- **Infrastructure created was not adequate to cover the whole State under MDT.**

[Paragraph 3.2D.8]

3.2D.1 Introduction

The National Leprosy Control Programme (NLCP) was redesignated as National Leprosy Eradication Programme (NLEP) in 1982, by introducing a specialised form of treatment for leprosy known as Multi Drug Therapy (MDT) in a phased manner with 100 per cent Central assistance. The MDT aimed at early detection and treatment to prevent deformities, preventing the spread of leprosy by rendering all infectious cases as non-infectious and disseminating correct information about the disease to remove social stigma through systematic health education. The MDT was first introduced in Alappuzha district in Kerala in 1987. The introduction of MDT in five hyper

endemic districts^{*}, five endemic districts[@] and remaining four low endemic districts[§] in Kerala was completed by 1995.

3.2D.2 Organisational set up

The Director of Health Services (DHS) was the nodal officer for implementation of the Scheme in the State. The Deputy Director of Health (Leprosy) was the State Leprosy Officer (SLO). The NLEP was being implemented through 14 District Leprosy Societies (DLS) with the District Leprosy Officer (DLO) as Member Secretary and District Collector as Chairman. Under the 14 DLSs, there were 11 District Leprosy units (DLU), 26 Leprosy Control Units (LCU) / Modified Leprosy Control Units (MLCU), 50 Urban Leprosy Centres (ULC), 162 Survey Education Treatment centres (SET), 1 Reconstructive Surgery Unit, 3 Hospitals and 17 voluntary agencies. The programme was carried out through Leprosy Inspectors (LI)/Non-Medical Supervisors (NMS) / Medical Officers (MO).

3.2D.3 Audit coverage

A review was conducted (January – May 2001) by test-check of the records in the Directorate, 6 DLO^{**} offices and 53 field units, 5 voluntary organisations and one hospital. The results of audit are discussed below:

3.2D.4 Budget provision and expenditure

The budget provision, amount released by Government of India (GOI) in cash and kind and expenditure during 1996-2001[§] are given below:

(Rupees in lakh)

Year	Central grant received			Budget Provision	Expenditure incurred and certified by AG(Audit)	Excess (+) Savings (-) with reference to release & certified expenditure
	Cash	Kind	Total			
1996-97	95.00	-	95.00	153.71	160.52	(+) 65.52
1997-98	77.50	10.00	87.50	155.48	174.92	(+) 87.42
1998-99	115.65		115.65	90.92	91.90	(-) 23.75
1999-2000	12.50	-	12.50	10.00	67.03 [@]	[@]
Total	300.65	10.00	310.65	410.11	494.37	(+) 129.19

Reimbursement of Rs 1.29 crore for 1996-99 not claimed from GOI

During 1996-99, there was excess expenditure over the Central release to the tune of Rs 1.29 crore. No step was taken by DHS or Government to get the amount reimbursed as of March 2001. Reason for not claiming the amount was not furnished by DHS/Government.

^{*} Alappuzha, Kollam, Palakkad, Thiruvananthapuram & Thrissur.

[@] Ernakulam, Kannur, Kasargod, Kozhikode & Malappuram.

[§] Idukki, Kottayam, Pathanamthitta and Wayanad.

^{**} Ernakulam, Kannur, Kottayam, Pathanamthitta, Thiruvananthapuram and Thrissur.

[§] As no Central grant was received during 2000-01, there was no provision and expenditure.

[@] Expenditure not certified by Accountant General (Audit).

3.2D.5 Fixation of low target

The target fixed by GOI vis-a-vis achievement of the State for the last five years are shown below:

Year	Case detection			Treatment			Case deletion		
	Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage
1996-97	4000	5795	145	4000	5720	143	5500	7903	144
1997-98	5000	4699	94	5000	4695	94	7500	6606	88
1998-99	6650	5692	86	6650	5689	86	8000	6038	76
1999-2000	3000	4809	160	3000	4809	160	6000	5094	85
2000-01	2500	3209	128	2500	3209	128	4000	4225	106

The reason for fixing low target by Government of India was due to the defective classification of the districts based on wrong PR as a result of which achievement exceeded the target set for three out of 5 years from 1996-2001.

3.2D.6 Unreliable figure of Prevalence Rate

The strategy of NLEP was early case detection, prompt treatment with MDT and prevention of disability among patients thereby reducing the PR of leprosy to less than 1 per ten thousand population. For detecting all the leprosy cases, the entire population was to be covered by intensive survey. But it was noticed that the actual coverage of population during 1995-2000 ranged between 92.40 lakh and 1.25 crore against the total population* of 3.07 crore to 3.28 crore during 1995-2000. The PR per ten thousand population reported to GOI by the DHS in October 2000 was between 0.34 and 1.39 for 14 districts. Thus PR calculated on such inflated report was not reliable due to the following reasons:

(a) Inflated figure/low percentage of coverage of population

The jurisdiction prescribed for a LI was 20-25 thousand population in plain areas and 5 thousand population in hilly areas and he has to cover at least 5 thousand population in a year. In urban area, for every 50 thousand population there should be an Urban Leprosy Centre (ULC) under the control of an NMS. However, with the available manpower (LIs at Government level: 396, PMW at Contract level: 204, NMS in 50 ULCs-50), the department could not have covered more than 55 lakh** population per annum. Similarly, in 7 test-checked districts the possible coverage of population for the period 1996-97 to 2000-01 was in the range of 4.45 lakh to 8.95 lakh while the population reported as covered ranged between 7.36 lakh and 19 lakh. The population covered in Kottayam, Wayanad and Pathanamthitta districts during 1996-2001 was in the range of 2.27 to 8.2 per cent, 11.74 to 23.69 per cent and 5 to 11 per cent respectively. The annual reports on coverage of population prepared by DHS was thus highly inflated and the assessment of PR of leprosy based on inflated/nominal coverage of population could not provide the realistic instance of leprosy in the State.

* Projected population as per 1991 Census.

** 600 LIs/PMWs (600 x 5000) + 50 NMS (50 x 50,000) = 55,00,000.

(b) Defective calculation of prevalence rate**Method of calculation of PR was defective**

The PR was to be worked out, based on the incidence of disease per 10 thousand population with reference to the population actually covered and new cases detected in a year. It was, however, noticed that the PR was calculated by the department by adopting the incidence as at the close of the year (number of new cases detected less the number of cases in which treatment was completed) for the whole population of the district and projecting this incidence to 10 thousand population resulting in unrealistic projection of PR. The classification[#] of districts as hyper endemic (5 districts), endemic (5 districts) and low endemic (4 districts) based on this unrealistic data was also incorrect. The PR worked out as per incorrect procedure and that calculated by department in respect of six districts test-checked indicated unrealistic projection of PR by the Department as shown below:

Classification of districts was defective

Sl. No.	District	Period	Range of PR as per department	Range of PR as per correct calculation
			PR per ten thousand	
1	Kottayam	1996-97 to 2000-01	0.40 to 2.59	10.90 to 57.78
2	Pathanamthitta	..	0.51 to 2	4.58 to 22.43
3	Kannur	..	0.5 to 2.4	2 to 4
4	Ernakulam	..	1.1 to 1.6	2.16 to 4.86
5	Trivandrum	..	2.42 to 3.77	6.52 to 10.70
6	Thrissur	..	0.51 to 2	1.55 to 2.99

The SLO stated that the PR worked out by the department was realistic. The reply is not tenable as the PR was worked out based on inflated coverage of population and incorrect method of calculation.

3.2D.7 Functioning of Centres/Units**Improper functioning of ULCs/Centres**

(a) On a test check of Schools and Centres under 6 districts, it was noticed that 4 ULCs and 2 SET centres were not functioning properly. The Non-Medical Supervisors were idling and did not produce any records relating to their activities (ULC Vaikom, Aluva, Muvattupuzha and ULC MCH*, Thrissur). This indicated lack of supervision by DLO. The consultant appointed by Government of India who visited the ULC, Muvattupuzha had also criticised its functioning. Admitting the fact, DLO, Ernakulam stated that as the ULC was far away, frequent supervision was quite difficult and oral warning was given to the NMS for dereliction of duty. In ULC Vaikom, no clinic day[@] was observed. As the ULC, MCH Thrissur was functioning in rural area, only 3, 8, 11 and 17 schools were surveyed during 1997-2001 out of the 25 schools allotted in urban area. Health education was not at all carried out in SET Parassala and Venpakal as only one day per month was utilised for health education in these centres.

Only 3 to 17 schools were surveyed annually in Thrissur urban area**Leprosy units not properly located for optimum coverage**

(b) Even the available units were not properly located to have the maximum coverage. For the implementation of the programme, Kottayam district was divided into Kottayam zone and Kanjirappally zone. All the

[#] Hyper endemic if PR is greater than 5 per 1000 population, Endemic if PR is 3 to 5 per 1000 population and Low endemic if PR is less than 2 per 1000 population.

* Medical College Hospital.

[@] 2 days a week.

5 units (2 ULCs and 3 SET centres) were established in Kottayam zone only and no centre was functioning in Kanjirappally zone. Both the MLT units established in the district were functioning in the District Hospital, Kottayam in violation of GOI directions that each MLT unit should have separate headquarters so as to cover maximum Drug Distribution (DD) points. In Pathanamthitta district, one MLTU, which started functioning at Thumpamon was shifted to District Hospital, Kozhenchery where one ULC was already functioning, resulting in overlapping of coverage areas. No reason was furnished for such shifting of MLTU. In Kannur district, ULC Thalassery and LCU Thalassery were attached to Government Hospital, Thalassery and LCU Payyannur and ULC Payyannur were attached to Government Hospital, Payyannur resulting in overlapping of coverage areas. LCUs should have been located in rural areas only.

Four Reconstructive Surgery Units not established due to lack of manpower

(c) Four Reconstructive Surgery Units sanctioned by GOI were yet to be established (March 2001), as the required manpower has not yet been provided by the State Government. GOI accorded sanction to set up one Reconstructive Surgery Unit each in the NGO Sector. Though two voluntary organisations[#] came forward to set up the units, no proposal was sent to Government by the department for sanction of the units till date (March 2001). Non-establishment of the units has affected the treatment of deformity cases in the State.

Survey units to assess under-detection of new leprosy cases not sanctioned by the State

(d) GOI accorded sanction for the establishment of a Sample Survey Assessment unit in March 1997 for evaluating the work at various districts and to assess the extent of under-detection of new Leprosy cases. The matter was awaiting sanction of the State Government as of March 2001. The reason for not sanctioning the unit was not furnished by Government.

3.2D.8 Lack of infrastructure facilities

As per the norm fixed by GOI guidelines and considering the districts as endemic, the various units required and sanctioned by GOI and established by the State were the following:

Sl. No.	Name of unit/centre	Requirement	Target upto 2000-01 fixed by GOI	Achievement by the State
1.	DLU	14	12	11
2.	LCU/MLCU	64	26	26
3.	Supervisory Medical Urban Control Leprosy Units (SMUCL)	2	2	2
4.	ULC	67	51	50
5.	SET centres	1330	164	162
6.	Maintenance of voluntary beds	1500	1500	Nil [@]
7.	Sample Survey cum Assessment unit	1	1	Nil
8.	Reconstruction Surgery Units at Govt. level	4	4	Nil
	NGO level	2	2	Nil ^{&}
9.	Training Centres	1	1	1

[#] St.Johns Leprosy Eradication Centre & Rehabilitation Centre, Pirappancode, Thiruvananthapuram and German Leprosy Relief Society, Ranni.

[@] Not implemented.

[&] Commented in para 3.2.D7 (c).

Infrastructure created to cover the whole State under MDT was inadequate

Though the DHS/Government claimed that the whole State was brought under MDT* by the year 1995 the infrastructure sanctioned by GOI and created by the State Government was quite inadequate to cater to the needs of the whole State. The available number of LIs could cover only 31 *per cent* of population. The reasons for not sanctioning the required infrastructure by GOI was not furnished to Audit.

In Pathanamthitta, Kottayam and Wayanad districts, posts of Laboratory Technician were not sanctioned and this had resulted in non-conduct of bacteriological examination of skin smear. Such examination was also not carried out during 1998-99 to 2000-01 in SMUCL unit, General Hospital, Thiruvananthapuram due to non-availability of microscope. The duty of the Laboratory Technician attached to DL unit was to cross check 10 *per cent* of the skin smears examined by the other LC units on a random basis. Even though one Laboratory technician each was posted in Kannur and Ernakulam DLUs, no laboratory facilities were available in both the units and also there were no Laboratory technicians posted in control units in both the districts. The laboratory technicians in Kannur and Ernakulam DLUs were attending to other duties in PH laboratory, DMO, Kannur and PH laboratory, General Hospital, Ernakulam respectively.

3.2D.9 Lack of supervision and monitoring

For effective implementation of the programme, State level supervision, monitoring and evaluation were essential. However, no records were available in the office of the SLO about the field visits and other activities of SLO like conduct of half yearly review meetings to study the problems in the field, etc. Hence, the effectiveness of the functioning of the SLO could not be assessed by Audit.

The number of Relief From Treatment (RFT) cases deleted for reasons other than 'cured' were 3363 during 1996-2000. The department did not keep track of such cases though they might become a source of infection to others. This aspect was not considered by the Government and necessary instructions issued to carry out vigorous follow up in all such cases.

At the district level and unit level, the supervision was not effective. Three (Vaikom, Aluva, Moovattupuzha) out of 18 ULCs test-checked did not produce the necessary records for the assessment of their activities.

At Central level also, monitoring was ineffective as no explanation was called for, for non-furnishing of utilisation certificates by the DLS, Kannur to Government of India for the period 1996-97 to 1999-2000.

3.2D.10 Other points of interest

(a) A committee headed by SLO was to administer the Rehabilitation Fund for assisting the cured patients through self-employment venture. As of March 2001, applications for assistance from 232 cured patients were

* Multi Drug Therapy.

pending. Since 1995 no money was remitted to the Rehabilitation Fund. Thus, the rehabilitation of the cured patients had been adversely affected.

(b) As a measure of welfare activity GOI provided Rs 18000 per annum for endemic districts and Rs 42000 per annum for non-endemic districts to be utilised for the welfare of needy patients. Test-check revealed that six[&] DLOs did not take any action to utilise the amount and as a result Rs 8.42 lakh out of Rs 9.36 lakh received during 1995-96 to 2000-01, had remained in the bank account, resulting in non-accrual of benefits to the patients.

(c) Annual/periodical indents for medicines were not obtained by SLO from DLOs and no annual indents were placed by SLO to Director General of Health Services (DGHS) of Government of India and hence, medicines were supplied by DGHS without reference to the actual requirement resulting in excess supply of medicines. Test-check of the records of 10 offices revealed that medicines were supplied by DGHS to the State in excess of requirement resulting in retention of time expired medicines costing Rs 4.63 lakh in district offices and control units during the period January 1998 to February 2001. SLO stated that the medicines (ROM) were received without placing indent and only on opening the parcel, the short shelf life of the medicine came to notice.

(d) Though an amount of Rs 1.05 lakh was received by SLO in March 1995 from the DGHS for training on disability care to develop a team of officials at the district level, no training was conducted as of March 2001. The amount remained in Treasury Public account with District Treasury, Thiruvananthapuram in the name of SLO. The SLO stated that the matter was referred to DGHS for clarification.

(e) As per the report of Health Transport Officer (HTO), seven vehicles were allotted to DLO, Thiruvananthapuram. But DLO, Thiruvananthapuram stated that only one vehicle was under his charge and HTO could not produce the details of deployment of other 6 vehicles and due to non-production of relevant records, Audit could not verify whether they were used for the programme itself.

A vehicle procured for SLO in November 1984 had not been allotted to SLO as of March 2001. SLO stated that supervision and monitoring could not be made due to non-availability of vehicle.

The matter was referred to the State Tuberculosis Officer/Deputy Director of Health Services/Project Director (in-charge), Kerala State AIDS Control Society/State Leprosy Officer in July 2001. The matter was also demi-officially forwarded to the Secretary to Government. Replies have not been received (October 2001).

[&] Ernakulam, Kannur, Kottayam, Pathanamthitta, Thiruvananthapuram, Thrissur.

SECTION B - PARAGRAPHS

AGRICULTURE DEPARTMENT

3.3 Misutilisation of land development funds

Funds sanctioned for development works to increase paddy cultivation were misutilised for paying cash incentive to harvest labourers.

Government constituted (December 1996) the Pokkali Land Development Agency (Agency) at North Paravur in Ernakulam district with the District Collector (DC) Ernakulam as Chairman and Principal Agricultural Officer (PAO), Ernakulam as Secretary to take up developmental works in Pokkali land[#], spread over in three districts of Ernakulam (20000 ha.), Alappuzha (3000 ha) and Thrissur (1400 ha). The main objective of the Agency was to increase paddy cultivation in Pokkali land by providing infrastructural facilities, modern agricultural implements, high yielding seeds etc.

Government released Rs 1.37 crore during 1997-2000 (Rs 25 lakh in 1997-98, Rs 51.65 lakh in 1998-99 and Rs 60 lakh in 1999-2000) to the Agency.

A test check of the accounts of the Agency at PAO, Ernakulam in February 2001 and the records of the Agency at North Paravur in May 2001 revealed that Secretary of the Agency irregularly spent Rs 60.09* lakh through Agriculture Officers of Krishi Bhavans during 1998-99 to 2000-01 for payment of special cash incentive at the rate of Rs 20 per day to harvest labourers engaged by land owners though the scheme did not include such a provision. The payment of special cash incentive was based on a decision taken in October 1998 by the Executive Committee of the Agency, headed by the DC, in violation of the scheme. No reason was recorded by the Executive Committee for such violation.

It was noticed that nearly 44 per cent of the funds were spent in payment of cash incentive that too only in one part of Ernakulam district while the scheme was meant for 3 districts. The Secretary did not furnish any reason for such misutilisation of development funds.

Thus, misutilisation of funds defeated the purpose of the scheme as no infrastructural support was created.

No action was taken by Government to prevent such unauthorised misutilisation of funds year after year.

The matter was reported to the Government in June 2001; no reply was received (October 2001).

[#] Water logged land rich in minerals.

* 1998-99: Rs 18.98 lakh, 1999-2000: Rs 25.75 lakh, 2000-01: Rs 15.36 lakh.

3.4 Unnecessary drawal of Government funds

Out of Rs 77 lakh drawn during 1998-2000 for development of paddy cultivation in Wayanad District Rs 57.05 lakh remained unutilised as of July 2001.

Government constituted (December 1996) the Wayanad Nelkrishi Vikasana Agency* (Agency) with the District Collector (DC) Wayanad as Chairman and Principal Agricultural Officer (PAO) as Secretary for the development of paddy cultivation in the district. The Agency was to be funded by Government for its activities.

Between February 1998 and March 2000, Government released Rs 77 lakh to the Agency in 4 instalments without assessing actual requirements for such activities. The amounts were deposited in a joint Treasury Public Account of PAO and DC and only Rs 19.95 lakh were spent as of July 2001.

Information collected (July 2001) from the PAO revealed that 11 items of work, such as distribution of seeds, energisation of completed irrigation works etc., valued Rs 23 lakh were taken up during 1997-2001. Of these, 9 were completed but energisation of completed irrigation works in 2 cases (cost: Rs 5 lakh) were not done as of July 2001. Further, out of 4 works costing Rs 26.84 lakh sanctioned by the Chairman of the agency between August – December 2000, three works (cost: Rs 20.65 lakh) have not even been started as of July 2001.

Despite availability of funds, DC and PAO failed to implement the stipulated activities as per the approved scheme. Release of large amounts to the Agency without ensuring utilisation of already released funds was unjustified. Evidently, Director of Agriculture did not monitor the scheme to ensure speedy implementation of projects and released funds to the Agency which failed to utilise the allotted funds.

The matter was reported to Government in June 2001; no reply was received (October 2001).

3.5 Blocking up of public funds in a Market Authority

PAO, Ernakulam released Rs 89 lakh to a newly constituted Market Authority, though they needed only Rs 14 lakh initially. The money was lying idle in a Co-operative Bank for 13 months.

Under the European Economic Community aided 'Kerala Agricultural Market Project', Government of Kerala set up (April 1999) a Rural Agricultural Wholesale Market (Market) at Moovattupuzha in Ernakulam District, under the Department of Agriculture. A Market Authority having an executive

* A body constituted with representatives of Government Departments, MLAs, President of District Co-operative Bank, District Panchayat President etc.

committee consisting of District Collector as Chairman and a Deputy Director of Agriculture as Market Secretary (MS) was responsible for efficient handling of agricultural produce to facilitate its proper marketing. Government decided (April 1999) to provide funds for meeting running cost of the market for the initial three years. The yearly running expenditure for the Market estimated by Government was Rs 14 lakh.

Scrutiny revealed (February 2001) that the Principal Agricultural Officer (PAO) Ernakulam disbursed (March 2000) Rs 89 lakh to the Market Authority as grant for meeting running cost of the market, based on the orders issued by the Director of Marketing (DM). The orders issued by DM (Additional Director of Agriculture) did not indicate specific reasons for release of such huge amount.

The MS deposited (between March 2000 and May 2000) Rs 85 lakh of Government funds in term deposits with Ernakulam District Co-operative Bank. During May 2000 to May 2001 the MS spent Rs 14.91 lakh while Rs 79.01 lakh including interest of Rs 8.92 lakh was lying as term deposits and current account with the Bank (June 2001).

Release of grant of Rs 89 lakh by the DM for one year to the Market Secretary, against the requirement of Rs 14 lakh was unjustified, with the result that huge amounts were idling in term deposits in a Co-operative Bank, even while Government was facing severe financial crunch.

Government stated (August 2001) that the unutilised budget provision was released to the Market as it was the only market which was inaugurated and the amount could be transferred subsequently to other markets. Government also stated that the fund was fully under the control of Government and it could intervene at any time. This is not tenable as, under the Budgetary Rules, unutilised provision was to lapse and there is no provision to park such funds outside Government account for meeting future commitment. Expeditious action is necessary to recover the excess grant.

FINANCE DEPARTMENT

3.6 Treasury Public Accounts

3.6.1 Introduction

Treasury Public (TP) Accounts are in the nature of Savings Deposits under the Major Head 8001. Under Kerala Treasury Code, TP accounts can be operated by Local Bodies, Government Companies and Corporations, Autonomous Bodies, Government Offices and other institutions on the basis of Government sanction. Balance in TP accounts are required to be periodically reconciled by the Departmental Officers with treasury figures and TP cheques are checked

* He is in overall control of all the Government owned markets operated by the Department of Agriculture in the State.

by Treasury Officer before payment to ensure compliance of Rules and prevent overdrawal. As of March 2001, there were 2957 TP Accounts in 8 Treasuries, having a balance of Rs 337.30 crore.

Test-check (May and June 2001) of the 133 TP accounts maintained in the offices of District Collectors, District Rural Development Agencies, Principal Agriculture Officers and 14 subordinate offices in the districts of Ernakulam, Kannur, Kasaragode, Palakkad and Waynad and seven Directorates* revealed serious financial irregularities as discussed below:

3.6.2 Drawal of funds in advance of requirement

Large amounts drawn and deposited in TP accounts in March 2001

Kerala Financial Code prohibits Government servants from transferring unutilised budgeted funds to any deposit account to prevent it from lapsing and use it for expenditure after the close of the year.

Finance Department reiterated (December 1993) that the funds would be withdrawn from the Treasuries only when it is actually required and Government money should not be deposited into TP account without specific Government sanction. However, in disregard of these provisions Government in various departments authorised, in March 2001, 35 DDOs of 9 departments to draw Rs 103.74 crore from the Consolidated Fund of the State and deposit these into the TP accounts. Details are as below:

Sl. No.	Name of Department	No. of TP accounts	Amount drawn and deposited in March 2001 (Rupees in crore)
1.	Collectorates (3 Districts)	6	4.80
2.	District Rural Development Agencies (D.R.D.A) (5 Districts and 7 BDOs)	22	4.25
3.	Agriculture Department (13 Offices)	13	12.01
4.	Director of Animal Husbandry	1	0.59
5.	Director of Fisheries	1	17.50
6.	Director of Scheduled Caste Development	1	53.06
7.	Director of Handloom and Textiles	1	3.98
8.	Director of Agriculture	1	7.44
9.	Director of Scheduled Tribe Development	1	0.11
Total		47	103.74

Rs 182.03 crore outstanding in TP accounts as on 31 March 2001 in 20 offices

This practice is routinely followed by the Government as seen from various sanctions issued by Government violating codal provisions. Further, such deposits of budgeted funds prevent legislative scrutiny of the expenditure as expenditure figures are overstated through such process.

3.6.3 Major items of outstanding balances

A test-check of the balances in the TP Account as of March 2001 (as per Treasury records) revealed that a large number of officers are holding huge balances in their TP Accounts as shown below:

* Directorates of (i) Agriculture (ii) Civil Supplies (iii) Fisheries (iv) Scheduled Caste Development (v) Scheduled Tribe Development (vi) Handloom and Textiles and (vii) Animal Husbandry.

Sl. No.	Designation of officers holding the account	Amount (Rupees in crore)	Outstanding from
1	Director of Agriculture	32.72	1994-95
2	Director of Fisheries	24.54	1993-94
3	Director of Scheduled Caste Development	44.40	1992-93
4	Director of Handloom and Textiles	13.45	*
5	District Collector, Kasargode	5.04	1994-95
6	District Collector, Kannur	6.44	*
7	District Collector, Wayanad	5.01	*
8	District Collector, Palakkad	6.36	1997-98
9	District Collector, Ernakulam	9.82	*
10	Principal Agricultural Officer(PAO), Palakkad	4.22	*
11	PAO Ernakulam	2.39	1994-95
12	PAO Kasargode	2.11	1994-95
13	PAO Kannur	3.23	1994-95
14	PAO Wayanad	4.33	*
15	DRDA, Ernakulam	1.26	*
16	DRDA, Palakkad	9.45	*
17	DRDA Kasargode	2.84	*
18	DRDA Kannur	2.31	*
19	DRDA Wayanad	1.02	*
20	BDO Taliparamba	1.09	*
Total		182.03	
* Details awaited			

Retention of such large amounts in deposit accounts by these officers for long periods was fraught with the risk of diversion and misappropriation of funds provided for specific purpose as also non-implementation of the schemes.

Rs 12.88 crore drawn for specific purposes remained unutilised in TP accounts

Unutilised funds provided for specific schemes in the Budget should, unless reappropriated, be surrendered to the Government at the end of the year. However, in disregard of this provision 15 officers drew Rs 12.88 crore during 1986-1998 for specific schemes and deposited into TP accounts. These funds remained unutilised as of March 2001, as per details in Appendix XV.

3.6.4. Diversion of funds

Rs 66.92 lakh meant for specific schemes was diverted for other purposes

Due to absence of proper control over the expenditure out of TP accounts, Rs 66.92 lakh deposited in TP Accounts for specific schemes were misutilised for various sundry items of expenditure in the following cases.

Sl. No.	Designation of the Officer holding the account	Scheme for which the amount was deposited and period in bracket	Purpose for which diverted	Period	Amount (Rupees in lakh)
1	Principal Agricultural Officer, Kasargode	(i) Implementation of various plan schemes (1996-97)	Meeting office expenses such as charges on fuel, transportation etc.	August 2000	1.18
		(ii) Construction of office building (1999-2000)	Onam vegetable fair 2000	August 2000	0.40
2	ADA Payyannur	Comprehensive Coconut Development Programme (1998-99)	Onam vegetable market 2000	August 2000	0.06
			Mite control	August 2000	0.65
3	District Collector, Kannur	(i) Construction of village record rooms and purchase of	(i) Special repairs of existing village office buildings	1999-2000	15.48

Sl. No.	Designation of the Officer holding the account	Scheme for which the amount was deposited and period in bracket	Purpose for which diverted	Period	Amount (Rupees in lakh)
		furniture for model village offices (1996-97)	(ii) Purchase of furniture for use in collectorate and sub offices.	1999-2000	1.70
			(iii) For binding old books in Revenue Divisional Office, Thalassery.	1999-2000	0.35
			(iv) Construction of new Village Offices.	1999-2000	3.21
		(ii) Development of Muzhupilangad as a Tourist Centre (1998-99)	Land Acquisition purpose of Dharmadam island	2000-01	17.05
4.	District Collector, Wayanad	Construction of record room and purchase of furniture for model village offices (1996-97)	Purchase of furniture for use in the collectorate and sub offices	2000-01	2.41
5.	Project Officer D.R.D.A., Palakkad	Integrated waste land development programme (1993-94)	Purchase/installations of computer, EPABX, UPS etc for use in the collectorate, Palakkad and Collector's camp office.	1999-2000	1.58
6.	PAO Palakkad	BPH attack in Paddy (1997-98)	(i) Coconut spraying	1999-2000	3.34
			(ii) Settling the cost of 15,000 cashew grafts under cashew development scheme	January 2001	2.55
			(iii) Construction of modern rice mill at Alathur	August 2000	16.96
Total					66.92

As Government kept no track of proper accounting and expenditure of the funds out of TP accounts no action could be taken against the officers responsible for those unauthorised diversion of funds. This had evidently encouraged uncontrolled misuse of funds given for specific purposes.

3.6.5 Unadjusted advances made from TP accounts

(i) Large advances amounting to Rs 7.25 crore were paid by 6 DDOs during 1993-2001 from TP accounts for implementation of various schemes to departmental officers, contractors, convenors and other agencies. These advances were pending adjustment as on 31 March 2001, as given in Appendix XVI. Misuse of TP account balances for payment of such advances which were not contemplated under the scheme, indicated that the Government failed to enforce compliance of its own rules.

(ii) Utilisation certificates/statements of expenditure for Rs 8.57 crore released from TP accounts upto 31 March 2001 for implementation of various development programmes had not been received by 5 DDOs from the executing agencies (Appendix XVII).

In the absence of detailed bills for advances and non-receipt of utilisation certificates towards funds released to implementing agencies, it could not be verified whether the funds were utilised for the intended purpose within the

prescribed time limit. Such lack of control is fraught with risk of gross abuse of scheme funds.

3.6.6 Irregular withdrawal from TP Account

Rs 7.57 crore kept in TP account for subsidy to industrial units diverted for payment to KSEB

In August 1998, Government issued orders for reimbursement of admissible subsidy on power tariff to the extent of Rs 11 crore to individual industrial units. Of this, Rs 2.13 crore was spent during 1998-99 and the unspent balance of Rs 8.87 crore was transferred on 31 March 1999 to the TP account of the Director of Industries and Commerce (DIC) and expenditure continued to be incurred from the TP account even after the close of the financial year. As per Government orders, Rs 7.57 crore was drawn by DIC from the TP account and paid to the Kerala State Electricity Board (KSEB) towards loss sustained by the Board instead of using the same for payment to individual units within the same financial year. Thus, payment of Rs 7.57 crore to KSEB instead of to individual industrial units as ordained in the Budget for 1998-99 was irregular.

3.6.7 Non reconciliation of balances

Reconciliation of departmental balances of TP accounts with the treasury balances as required was not done in 13 cases out of 31 cases test-checked. Few instances of unreconciled differences (above Rs 5 lakh) as on 31 March 2001 are given in Appendix XVIII. Plus and minus memoranda required to be furnished to the AG (A&E) by the Treasury Officers by the end of each month were in arrears in six out of eight district treasuries.

Non reconciliation of TP account balances may lead to serious irregularities including misuse and misappropriation of Government funds. Expedient action need be taken to reconcile the differences. Further, overdrawal of funds from Treasuries cannot be ruled out, in the absence of reconciliation.

3.6.8 Conclusion

Large amounts of budgeted funds retained in deposit accounts were shown as expenditure in Government accounts and the expenditure of the State were thus over-stated. The unspent funds were thus used for ways and means support at the cost of the schemes. Further, the amount held in deposit accounts enabled the departments to bypass budgetary restrictions on expenditure and also commit irregularities. Finance Department should take prompt action to arrest such irregular and illegal drawals of funds and ensure that DDOs do not misuse the facility to avoid treasury and budgetary regulations and audit checks. Necessary controls should also be developed to ensure that DDOs spend the amounts in due compliance of Government rules and regulations.

The matter was forwarded to the Principal Secretary to Government, Finance Department in July 2001. No reply was received (October 2001).

FOREST AND WILD LIFE DEPARTMENT

3.7 Unfruitful expenditure on migratory corridor for elephants

Full extent of land necessary for establishing a migratory corridor for elephants in Wayanad district was not acquired even in 9 years. As a result expenditure of Rs 1.08 crore on partial acquisition of land remained unfruitful.

Based on a request (March 1992) from Chief Conservator of Forests (Wild Life) (CCF), District Collector, Wayanad (DC) initiated (July 1994) proceedings for acquisition of 408 hectares of land in Thariode Village. The land was necessary for establishing migratory corridor for elephants under the cent per cent Centrally sponsored 'Project Elephant Scheme'. The scheme was aimed to facilitate free movement of elephants in the habitats lying within the Nilgiri Biosphere Reserve and the Western Ghats and to reduce elephant-human conflict and potential loss of human lives and crops.

Divisional Forest Officer, Mananthavady in Wayanad District released Rs 1.08 crore to DC between September 1994 and December 1998, for acquisition of land in three blocks*.

In the first block 86.9 ha of land was acquired by the Revenue Department at a cost of Rs 1.08 crore and was handed over to the Forest Department in November 1995. The land acquisition proceedings for the second block for 107.3 ha. of land valued Rs 96.57 lakh was completed by May 1996. However, the land could not be taken over by the Forest department due to paucity of funds.

Survey work for the third block comprising 212.2 ha. of land was not completed by DC and the requirement of funds assessed so far (April 2001).

Scrutiny revealed that though the Principal Secretary, Forest Department suggested (October 1998) to complete the project by providing funds from State sector, CCF did not make any effort for provision of funds in the State budget. Thus, only 21 per cent of the land required for the project could be taken possession in all these years. As a result of this failure of the Forest Department, the project intended to enable unhindered movement of elephants in their habitats and thus reducing elephant-human conflict and potential loss of crops and human deaths has not taken off and Rs 1.08 crore spent on acquisition of part of the land had remained unfruitful.

The above matter was referred to the Government in April 2001; reply has not been received (October 2001).

* Block No.I 88.5 ha, Block No.II 107.3 ha, Block No.III 212.2 ha, Total 408 ha.

GENERAL EDUCATION DEPARTMENT

3.8 Idle deposit with Kerala Water Authority

Kerala Water Authority (KWA) refused to undertake construction work of Rajiv Gandhi Kayika Sadanam after agreeing to it and advance payments of Rs 35 lakh remained unutilised with the KWA.

Government accorded (August 1994) administrative sanction for construction of a sports complex viz: 'Rajiv Gandhi Kayika Sadanam' at an estimated cost of Rs 81.62 lakh. As the site for the proposed building belonged to Kerala Water Authority (KWA), Government stipulated that the construction work was to be done by KWA.

Government also ordered (August 1994) that the Director of Sports and Youth Affairs (Director) would work out suitable proposals for the provision of land by way of outright transfer, lease, etc. before starting the project and the building was to be completed in utilisable stages within a reasonable period. KWA agreed (November 1994) to undertake the work on condition that the amount required for the construction would be given in advance. The foundation stone for the proposed building was laid in February 1995 and Rs 35 lakh was paid as advance* to KWA between March 1995 and March 1999. However, KWA in October 1996 retracted from their earlier stand and reported to Government that the land allotted for the sports complex should be allowed to be utilised for the construction of its Headquarters and the sports complex building be shifted to some other area.

Though KWA refused to undertake the work in 1996, advance payments of Rs 35 lakh were made by the Director up to March 1999. As a result, Government funds of Rs 35 lakh remained unutilised with KWA. The delay would also lead to substantial escalation of cost of construction of the sports complex.

Government stated (May 2001) that KWA had agreed to start the construction work and it was expected to be started soon. However, the reply did not mention whether any specific time frame was given by the KWA/Government for completion of the work or any definite commitment obtained from the KWA for the work in the same site. This indicates the Government failure to solve the inter-departmental disputes, thus denying intended benefits to the sports persons of the State.

* Rs 10 lakh in March 1995 by Chief Engineer, Buildings and Local Works
Rs 10 lakh in March 1996 by the Director
Rs 10 lakh in February 1997 by Chief Engineer, Buildings and Local Works
Rs 5 lakh in March 1999 by the Director

HEALTH AND FAMILY WELFARE DEPARTMENT

3.9 Payment of idle wages

Thirty-nine staff working in a PHC attended on 4 inpatients per day on an average for 16 years.

An upgraded Community Health Centre (CHC) at Kalady, in Ernakulam district, was to function (with 60 beds in place of 30 existing beds) as a referral institution for the peripheral Primary Health Centres and provide comprehensive health care facilities in rural areas. Based on Government sanction (January 1984) 23 additional posts (including 4 Asst. surgeons and 7 staff nurses) for the upgraded CHC were operated from 1984-85. However, the CHC was upgraded only for name sake.

Proposals for acquisition of 1.50 acres of land adjacent to the centre for providing additional 30 bedded ward with X-ray rooms, outpatient – inpatient facilities, chemical investigation facilities etc. were stayed by Government in 1986 and later abandoned due to objections from the public. Government also did not agree to the proposal of District Medical Officer, Ernakulam (July 1989) to shift the CHC, to any other PHC where land was available. As the bed strength and facilities provided in the CHC before and after the upgradation remained the same, there was no additional workload for the staff consequent on upgradation. Even for the existing PHC average number of inpatients per day during 1987-2000 was far below its capacity of 30. Thus for 4 inpatients, there were 39 staff in the PHC which works out to 10 staff per inpatient on average, per day. As such there was no justification for appointment of 23 additional staff* and their continuation in the PHC without any work. The expenditure of Rs 1.79 crore on these staff from April 1989 to March 2000 was therefore a waste.

On this being pointed out Government stated in February 2001 that bed strength has been raised to 50 in July 2000, six posts[#] were redeployed to other institutions and staff were posted on working arrangement to other institutions for short periods. Government also stated that the services of the staff were utilised for various health programmes organised by State and Central Governments. This contention was not tenable as such duties were to be performed by the staff of concerned PHCs. However, Government unnecessarily continued the excess staff for 16 years and initiated action only at the instance of audit.

* Assistant/Civil Surgeon: 4, Staff Nurse: 7, Nursing Assistant: 1, Pharamacist: 1,
Lab Technician: 1, Hospital Attendant Gr.II: 7, Aya/Hospital Attendant Gr.I: 1, Peon: 1
[#] Staff Nurse: 2, Hospital Attendant Gr.II: 3, Nursing Assistant: 1

3.10 Purchase of a defective X-ray machine

An X-ray machine purchased for Rs 27.90 lakh from Siemens for Medical College, Thiruvananthapuram was defective but the firm did not repair the machine and it is lying idle since April 1997.

For providing adequate diagnostic support to various departments and to train post graduate students in Medical College, Thiruvananthapuram, Government sanctioned (November 1996) purchase of one 800 MA X-ray machine at a cost of Rs 35 lakh. The Principal, Medical College placed (March 1997) orders on SIEMENS Ltd., for supply of the machine at a cost of Rs 31 lakh. As per the terms of supply order and agreement, the supplier was to provide guarantee against manufacturing defects for a period of two years. The firm supplied the machine in April 1997 and the Principal paid Rs 27.90 lakh being 90 per cent of the cost of the machine in August 1997.

Six months after the supply, in October 1997, Head of the Department of Radiodiagnosis (HoD) lodged a complaint with the supplier about various defects in the machine and reported (December 1997) the same to the Principal. He also reported that many accessories were not supplied and many others were not according to the specifications. However, the Principal did not take up the matter either with the supplier firm or the Director of Medical Education (DME)/Government till January 2000. In March 2000, DME addressed the supplier to get the defects of the machine rectified, but the supplier neither rectified the defects/replaced the machine nor refunded the cost of the machines as provided in the agreement. No legal action against the supplier was taken by the Principal so far (March 2001). The Principal failed to invoke the bank guarantee i.e., 5 per cent of the total cost given by the suppliers. The X-ray machine was not installed and handed over to the department of Radiodiagnosis as of August 2001.

Thus the intended benefits from the purchase of the X-ray machine were denied to the patients and students of the medical college. The same supplier during the same period also supplied another defective X-ray machine costing Rs 32.82 lakh to the Medical College, Kozhikode as was commented in para 3.13 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000. Government need to investigate the matter and take necessary action.

The matter was reported to Government in June 2001; reply has not been received (October 2001).

HIGHER EDUCATION DEPARTMENT

3.11 Failure in computerisation of Provident Fund Accounts in the Directorate of Collegiate Education

PF wing of the Directorate of Collegiate Education did not maintain the PF Accounts of Private College staff and the work was got done through LBS, an autonomous body. Due to non-cooperation of staff computerisation of PF Accounts is not taking off.

With a view to computerise Provident Fund Accounts of teaching and non-teaching staff of private colleges in the State, maintained by the Directorate of Collegiate Education, Government accorded administrative approval in November 1998 for purchase of computers and accessories. Director spent Rs 25.38 lakh during March 1999 on purchase of computer hardware and accessories (Rs 17.85 lakh) infrastructure (Rs 5.80 lakh) and on imparting training to the staff (Rs 1.73 lakh). The computers were installed in the office of the Director of Collegiate Education in April 1999. Lal Bahadur Shastri Centre for Science and Technology (LBS), an autonomous body was entrusted with the development of software at a total cost of Rs 3 lakh. LBS completed the data entry module in March 2000 and installed it in July 2000. However, the officer/staff in the Directorate (total 30 staff and one officer) did not carry out the data entry, and therefore LBS could not finalise the report designs. LBS reported (October 2000) that the work had been dragging on due to lack of support and co-operation from the Directorate. As the software have not been put to any use as of June 2001, the total investment of Rs 25.38 lakh remained unfruitful for over two years.

As the current effort at computerisation was ineffective, the Directorate engaged the LBS for finalising the PF Accounts and issue of PF slips for the period 1980-81 to 1992-93 at a total cost of Rs 10 lakh. Expenditure on the pay etc. of the concerned 31 staff/officer was approximately Rs 20.86 lakh per year which was largely unproductive.

The non-co-operation of the PF wing in ledger posting through a computerised software and failure of the Director and the Secretary of Higher Education Department to take effective action in setting right the matter evidently caused hardship to the subscribers.

Director stated (July 2001) that it was proposed to entrust data entry work from 1993 to 1998 to LBS Centre. This shows that the existing staff did not do their allotted work of maintaining PF ledgers and hence this essential work has to be contracted out while Government has been regularly incurring expenditure on the staff.

The matter was reported to Government in July 2001; reply has not been received (October 2001).

INDUSTRIES DEPARTMENT

3.12 State Investment Subsidy

3.12.1 Introduction

A scheme of Central Investment Subsidy (CIS) was in operation from 1971 for industrial units in the seven* industrially backward districts in the State. In the districts where CIS was not in operation, a State Investment Subsidy Scheme (SIS) was in operation. Government of India discontinued the CIS with effect from September 1988. Since December 1991 a modified SIS came into effect with the announcement of New Industrial Policy (September 1991) covering new industrial units set up in the State and starting commercial production on or after 23 September 1991. Units undertaking expansion/diversification/modernisation from 23 September 1991 were also covered under this scheme. This scheme was aimed at promoting industrialisation by giving incentive by way of subsidy to new entrepreneurs and also for existing units for diversification, expansion etc.

Secretary to Government, Industries Department is in overall charge and the Director of Industries and Commerce is the implementing authority of the scheme in respect of Small Scale Industries (SSI). Managers of District Industries Centre were responsible for the implementation at district level. In respect of SSIs financed by Kerala Financial Corporation (KFC) the scheme was implemented by the KFC and Kerala State Industrial Development Corporation (KSIDC) was implementing the scheme in respect of large and medium industries.

As decided by Government in January 1994, the subsidy was to be paid at the rate of 15 per cent of Fixed Capital Investment (FCI) subject to a ceiling of Rs 15 lakh to Rs 20 lakh per unit depending on type of industries. In respect of Information Technology (IT) units set up in the State on or after 28 May 1998 rate of subsidy was 20 per cent subject to a ceiling of Rs 25 lakh per unit. During the period 1995-2000, 6581 units were given assistance under the scheme. A test-check (January – April 2001) of records relating to the period 1995-2000 of Directorate of Industries and Commerce, 6 District Industries Offices[#] and offices of KFC at Kollam and Thiruvananthapuram and KSIDC at Thiruvananthapuram revealed the following.

3.12.2 Budget provision

The budget provision and expenditure for payment of subsidy for the period from 1995-96 to 1999-2000 were as under:

* Alappuzha, Idukki, Kannur, Malappuram, Thiruvananthapuram, Thrissur and Wayanad.

Alappuzha, Ernakulam, Kottayam, Palakkad, Thiruvananthapuram and Thrissur

Year	SSI units (DIC & KFC)			Large & Medium units(KSIDC)		
	Budget provision	Expenditure	No. of units assisted	Budget provision	Expenditure	No. of units assisted
	<i>(Rs in crore)</i>			<i>(Rs in crore)</i>		
1995-96	20.09	20.13	1625	1.00	1.00	21
1996-97	14.00	14.00	1437	5.00	5.00	37
1997-98	13.09	13.09	1381	3.00	3.00	27
1998-99	10.91	10.91	1024	4.00	4.00	37
1999-2000	12.90	12.90	936	4.35	4.35	56
Total	70.99	71.03	6403	17.35	17.35	178

Due to insufficient budget provision sanctioned subsidy of Rs 33.77 crore was not paid as of January 2001

The provision made for SSI units declined during 1995-2000 whereas provision for large and medium industrial units sharply increased during the same period. Due to inadequate provision of funds in the budget, payment of subsidy of Rs 31.73 crore for 2171 SSI units and Rs 2.04 crore for 23 large and medium units sanctioned during the period 1995-96 to 1999-2000 was in arrears as of January 2001.

3.12.3 Delay in sanction and payment of subsidy

Delays ranging from 3 to 31 months in payment of subsidy

Claims for subsidy are to be disposed of within three months. But there were delays varying from 3 to 31 months in 50 cases out of 829 test checked units due to paucity of funds. This resulted in the entrepreneurs approaching the courts to get the benefits. In Ernakulam district, subsidy of Rs 52.82 lakh was paid to 8 units based on court orders.

3.12.4 Irregular sanction of subsidy

Subsidy of Rs 62.68 lakh paid to 50 ineligible units

Industrial units were to apply for investment subsidy within 4 months of commencement of commercial production or completion of expansion/diversification/modernisation. The District Level Committee (for amounts upto Rs 7.50 lakh) and State Level Committee (for amounts above Rs 7.50 lakh) were the competent authority to condone delay in individual cases on merits. In 50 cases subsidy to the tune of Rs 62.68 lakh was paid by the General Manager of District Industries Centres without condonation of the delays ranging from 3 months to 4 years.

3.12.5 Incorrect computation of subsidy

Ineligible/excess subsidy of Rs 88.02 lakh paid on land in the name of the proprietors or in excess of requirements

i) Land: Land in the name of the unit, as proved by title deeds and possession certificates and considered essential to the running of the unit should alone be considered for investment subsidy. However, it was seen that ineligible subsidy of Rs 79.89 lakh was paid to 176 units during 1995-2000. Land in excess of the requirement of the unit was also reckoned for calculation of FCI resulting in grant of excess subsidy of Rs 8.13 lakh to eight units.

Subsidy Manual stipulates that building actually required by the unit and situated in free hold land in the name of the unit or on land on lease to the unit for atleast 10 years shall be eligible for investment subsidy. However, 12 units that did not satisfy the above condition and had executed lease deeds after the

submission of application/commencement of commercial production were paid subsidy of Rs 9.22 lakh as detailed in the Appendix XIX.

(ii) Building: Subsidy on building was subject to a cost ceiling of Rs 2000 per square metre of plinth area. Cost of compound walls, office show rooms, canteen, quarters, guest houses or any other civil structures not essentially related to production would not be eligible for investment subsidy. Test-check revealed that area in excess of the requirement for production purposes was also considered for computation of subsidy resulting in excess payment to the tune of Rs 8.13 lakh in 20 cases.

Inadmissible/ excess subsidy of Rs 25.15 lakh on plant and machinery

iii) Plant and Machinery: Investment on new identifiable plant and machinery should be eligible for subsidy and investment on plant and machinery after the commencement of commercial production should not be considered for investment subsidy. Test check revealed that subsidy of Rs 6 lakh was paid to 11 units on old plant and machinery and subsidy of Rs 11.04 lakh was paid to 51 units where plant and machinery items were installed after commencement of commercial production. Expenditure on several ineligible items (like freight charges, installation charges, loading and unloading charges, erection charges, consumables etc.) were included towards capital cost of plant and machinery and subsidy was calculated on this inflated cost. Test check revealed payment of Rs 8.11 lakh towards ineligible excess subsidy to 44 units.

3.12.6 Sanction of subsidy to ineligible units

Subsidy of Rs 16.19 lakh paid to 16 ineligible industrial units

Small Scale Service and Business establishments were not eligible for receiving investment subsidy. However, subsidy of Rs 6.58 lakh was paid to 13 such ineligible units. Non-manufacturing units were not entitled to subsidy. Government clarified in January 1999 that 'purifying of water and filling it in bottles will not amount to manufacture'. Subsidy of Rs 9.61 lakh was, however, paid to 3 mineral water units in violation of Government orders.

3.12.7 Inadmissible subsidy on expansion/diversification/modernisation of units

Units claiming subsidy for investment on expansion/ diversification/ modernisation taken up on or after 23 March 1991 should have carried out such activities as per definite project report over a pre-defined period of time and these should be different from routine replacement. According to Manual, subsidy on investment was payable only in cases where there was atleast 25 per cent increase in plant and machinery in Gross Block terms and at least 25 per cent increase in production capacity.

Inadmissible subsidy of Rs 28.10 lakh paid to 19 industrial units

Test-check revealed that in 19 cases, inadmissible subsidy amounting to Rs 28.10 lakh was paid in cases where there were prima facie violation of conditions prescribed for payment of subsidy as shown in Appendix XX.

3.12.8 Subsidy on installation of generator sets

Excess payment of Rs 10.05 lakh on installation of generator sets

All diesel generator sets installed on or after 23 September 1991 were eligible for 15 per cent subsidy subject to a ceiling of Rs 5 lakh. The rate of subsidy was enhanced from 15 per cent to 50 per cent subject to a ceiling of Rs 7.5 lakh with effect from 1 June 1997 for a period of 2 years. Government clarified (January 1998) that subsidy at the enhanced rate would be admissible only to generator sets having KEL alternator. Despite Government clarification, subsidy at the enhanced rate was paid (June 1999 to August 2000) to five SSI units* on generators with alternator other than KEL resulting in excess payment of subsidy of Rs 8.48 lakh.

Though enhanced rate of subsidy on generator was applicable on the cost of generators, the rate was wrongly applied on investment made on electrification also resulting in payment of excess subsidy of Rs 1.57 lakh during 1995-2000.

3.12.9 Lack of clarity in Manual provision

For payment of subsidy in respect of units engaged both in manufacturing and service activities the Manual does not contain any provision. Different norms had been followed in different districts in this regard. While in Palakkad and Kottayam districts, only 50 per cent of the Fixed Capital Investment was reckoned for calculation of subsidy, in the other four districts, the entire investment was reckoned as FCI without obtaining approval of the higher authority. Test-check revealed that a total sum of Rs. 62.17 lakh was paid to 83 such industrial units. The actual eligible amount of investment subsidy to such units could not be ascertained by audit in the absence of the relevant provisions in the manual.

3.12.10 Performance of the subsidised units not watched

Performance of units which were paid subsidy not monitored by the department

According to the Manual, the industrial units which received subsidy must continue working for five years from the date of receipt of the subsidy failing which subsidy paid should be recovered with an interest of 14 per cent per annum. The department was to watch the performance of such units for 5 years through visit of the units and watching the receipt of annual accounts of the units prepared and certified by the Chartered Accountants. However, no verification reports were made available to Audit in any of the offices test-checked. Scrutiny revealed that none of the General Managers of District Industries Centres and District Managers of KFC was in receipt of the annual audited accounts for five years. Failure of the department to monitor the functioning of the units resulted in non-assessment of achievements of the scheme.

3.12.11 Non - evaluation of the scheme

Though the schemes had been under implementation in the State from 1971 onwards no evaluation study was conducted to assess the impact of the scheme

* M/s Akash Frame Works, Wadakara M/s Roto print, Peringandoor, M/s Gandhigram Rubbers Kuravilangad, M/s Western India Cotton Ltd., Pappinisseri and M/s Popular Oil Mills, Thrissur.

on industrial production, growth rate, employment generation, reduction in production cost etc.

The matter was reported to Government in July 2001. No reply has been received (October 2001).

3.13 Unnecessary release of funds for a scheme

Rupees 2.05 crore released unnecessarily by Government to COIRFED for installation of diesel generator sets in Coir Co-operative Societies remained unutilised for two years.

Under the Integrated Coir Development Project, Government of Kerala approved (November 1997) a scheme for payment of financial assistance to Coir Co-operative Societies, in the form of 50 per cent loan and 50 per cent subsidy for setting up of Diesel Generator sets in the Societies where motorised spinning units/mechanised defibering mills were installed. The loans were to be repaid in 10 instalments starting from the first anniversary of the date of drawal of loans. The scheme was to be implemented through Kerala State Co-operative Coir Marketing Federation Limited (COIRFED), Alappuzha. Government made provision of Rs 2.06 crore for financial assistance, both loan and subsidy, during the year. The Director drew Rs 2.18 crore on 31 March 1998 and handed over the amount to COIRFED in April-May 1998.

A State Level Committee (SLC) under the chairmanship of Special Secretary, Industries Department was to sanction the financial assistance to the societies under the scheme. SLC accorded sanction in November 1999 for payment of financial assistance to eight Co-operative Societies for purchase and installation of 75 KV diesel generator sets through COIRFED at a cost of Rs 38.22 lakh. Out of this amount, cost of 3 generator sets (Rs 13.22 lakh) already purchased and installed in 3 societies were met by COIRFED. COIRFED has not yet procured and installed diesel generators in the remaining five societies as of March 2001.

Thus, even after two years of drawal of Rs 2.18 crore, only Rs 13 lakh was utilised while Rs 2.05 crore was lying unspent with COIRFED. A High Level Committee constituted to review the progress of the project observed that the envisaged production with diesel generator was not economically viable. The hasty release of Rs 2.18 crore to the COIRFED by the Director even before the beneficiary societies could be identified and other formalities completed for disbursement was totally unjustified. The funds actually helped the COIRFED to shore up its finances at Government cost than the intended beneficiaries. The Director failed to get the unutilised amount of the grant refunded to Government with interest as provided in the scheme.

The matter was referred to Government in April 2001. No reply has been received (October 2001).

3.14 Uneconomical functioning of a Common Facility Service Centre

Despite spending Rs 98.80 lakh on revitalisation programme, the Common Facility Service Centre, Changanacherry was running at a huge loss.

The Common Facility Service Centre (Centre), Changanacherry, a departmental undertaking under the administrative control of the Director of Industries and Commerce (DIC) has the main objective of promoting rubber and plastic industries in Kerala. For the services rendered by the Centre, service charges are levied from the customers. In view of the tremendous potential in the small scale Rubber units and with a view to meeting the technical requirements of the industry, Government accorded sanction (December 1994) for revitalisation of the Centre at an estimated cost of Rs 27.80 lakh and ordered that DIC should ensure profitability in running of the Centre. Government further sanctioned Rs 61.99 lakh between February 1996 and February 1997 towards purchase of equipment, spares, books, consumables etc., to make the Centre fully functional. Director of the Centre (Director) spent Rs 98.80 lakh for procurement and installation of equipment in the various divisions of the Centre during 1994-95 to 1997-98.

The user charges/fees realised for various services/ facilities offered by the Centre, were revised with effect from April 1999. However, despite revitalisation of the Centre at a considerable cost there was no tangible improvement in the earnings of the Centre as shown below:

Year	Establishment expenditure	Contingent expenditure	Total	Revenue collection	Revenue as % of total expenditure
<i>(Rupees in lakh)</i>					
1995-96	13.58	2.16	15.74	1.54	9.79
1996-97	14.33	2.05	16.38	1.21	7.40
1997-98	19.00	2.76	21.76	1.39	6.38
1998-99	23.95	2.98	26.93	2.29	8.52
1999-2000	26.19	3.41	29.60	2.76	9.31
2000-01	30.33	6.38	36.71	3.46	9.43

Thus, the revenue of the Centre was less than 10 per cent of its annual expenditure during 1995-2001. Low revenue collection was due to low rate of user charges/fees fixed for the services rendered by the Centre.

Government stated (September 2001) that the Centre was acting as a catalyst in the promotion of small scale units and it could not run on profit. This reply is not tenable as the revitalisation programme prepared by the Director projected it as a viable project. On the other hand this would indicate that the financial viability of the Centre was over projected while proposing the revival package. The continued excess expenditure incurred by the Centre despite the revitalisation calls for an in-depth review of its viability.

3.15 Unauthorised diversion of funds

Rupees 26 lakh released for land acquisition for setting up of an Industrial park in Wayanad District was irregularly diverted for another scheme. The amount remained unutilised for over 4 years.

Government accorded (December 1996) sanction for the acquisition of 52.365 acres of land in Purakkadi village in Wayanad district for setting up of an Industrial Park, based on the recommendations made in August 1996 by the State Level Committee (SLC) for identification of land. But the land selected was already declared as vested Forest by the Forest Tribunal in September 1985 and the High Court had confirmed this decision in July 1995. However, Director of Industries and Commerce (DI&C) released (February 1997) Rs 26 lakh to the District Collector (DC), Wayanad for acquiring the land. The DC credited the amount to the major head, Civil Deposit in April 1997.

In November 1999 DI&C dropped the acquisition proposal and directed DC, Wayanad to refund the amount. The amount refunded by the DC, Wayanad in August 2000 was transferred to DC, Thrissur in December 2000 for land acquisition for industries department in that district. The amount was credited to Civil Deposit in February 2001 pending completion of acquisition proceedings.

Evidently, SLC headed by the Managing Director, Small Industries Development Corporation failed to ensure proper verification of the land records before recommending the acquisition. Even after acquisition proposal was dropped DI&C could not get the amount back from the DC. The amount refunded by the DC should have been credited to Government account and the proposal for land acquisition in Thrissur should have been separately processed through the budget. Instead the amount was irregularly diverted for land acquisition in Thrissur district. Thus funds drawn out of the plan budget in February 1997 remained unutilised for over four years.

Government stated (August 2001) that the amount was transferred to District Collector, Thrissur with good intention for the speedy acquisition of land in Thrissur district as drawal of amounts from treasury would have taken more time. The reply does not explain why funds drawn in February 1997 was retained unspent for over 4 years.

3.16 Unfruitful outlay on defibering mills

Defibering mills set up in 8 Co-operative Societies were not put to use resulting in an unfruitful expenditure of Rs 1.49 crore.

In October 1994, Government approved the scheme for establishing defibering mills of combing machine type in Co-operative Societies (Societies) under Integrated Coir Development Project for extracting fibre from green coconut husk. Under the scheme, the Societies were eligible for financial assistance of 95 per cent of the project cost in the pattern of 50 per cent as

loan, 25 per cent as State Government subsidy and 20 per cent as Central Government subsidy. The loan and the State Government subsidy were met out of NCDC loans to State Government. The balance of project cost was to be borne by beneficiary Societies. The Kerala State Co-operative Coir Marketing Federation Limited (COIRFED), was the implementing agency. The Societies were required to refund the loan with interest from the second anniversary of the date of receipt of power connection or on expiry of sanctioned period of utilisation, whichever was earlier.

A test check of the accounts of Project Officer (Coir), Kozhikode revealed (September 2000) that Director, Coir Development disbursed financial assistance of Rs 1.87 crore to 10 Societies during the period April 1994 to June 1999 through COIRFED. Of the 10 Societies, 8 Societies to which Rs 1.49 crore was paid between March 1996 and March 1999, did not start mechanised defibering due to non-installation of machines, want of power connection etc., as of May 2001. None of the ten Societies made any repayment to Government towards instalments of loan or interest so far (May 2001), which were due between November 1996 and April 1999. The financial assistance of Rs 1.49 crore provided to the eight Societies was therefore rendered unfruitful due to non-commissioning of the projects. The scheme intended to benefit the Coir industry thus failed to take off.

The Project Officer failed to ensure timely utilisation of funds and regular repayment of loans by the Societies as provided in the scheme rules. He also failed to monitor the implementation of the scheme through progress reports from the Societies and Utilisation Certificate. The Director of Coir Development also failed to effectively monitor and timely intervene to ensure successful implementation of the scheme.

The matter was reported to Government in June 2001; reply has not been received (October 2001).

LOCAL SELF GOVERNMENT DEPARTMENT

3.17 Infertuous expenditure on a World Bank aided project

Kerala Urban Development Project spent Rs 5.69 crore on consultancy fees for projects which have not been implemented and incurred avoidable establishment expenditure of Rs 1.98 crore. The work done by the consultants have become obsolete due to efflux of time.

In October 1988, Government of Kerala set up a World Bank Project Cell in the Headquarters Office of Town Planning Department, Thiruvananthapuram for finalisation and implementation of the Urban Development Projects with World Bank (WB) assistance. The Kerala Urban Development Project (KUDP) was approved by Government in December 1988, for improvement in water supply, transportation, drainage, sewerage and sanitation, solid waste management etc. in three cities of Thiruvananthapuram, Kochi and Kozhikode with assistance from WB. In December 1992 WB cell was converted into an

independent office declaring the Director, KUDP as an independent head of the Department.

The preparation of the project reports, feasibility studies and detailed engineering and environmental assessment of the various components of the projects and preparation of Annual Accounts of the three Municipal Corporations were entrusted by Government to ten Consultant firms/Chartered Accountants during February 1990 to March 1994 at a total cost of Rs 6.19 crore. The assistance of Rs 3.60 crore received from WB through Kerala Water Authority during January 1990 to March 1994 was credited to Treasury Public Account maintained by the Director of KUDP.

The firms finalised the studies between June 1992 and March 1997 and Rs 5.69 crore was paid to them as of May 2000. Expenditure over and above the WB assistance of Rs 3.60 crore was met from the budgeted funds.

In March 1994, World Bank dropped KUDP from their lending programme. However, Government proposed (August 1995) the implementation of the project with external assistance from agencies like OECF (Japan), ADB etc. But Government failed to ensure the implementation of the Project. The KUDP office was continued with a reduced staff strength (from 16 to 11) and Rs 1.98 crore was spent on them during 1994-2000. The data, drawings and assessments obtained from the studies conducted by the consulting firms have become obsolete with the passage of time and have not been put to any use. The entire expenditure was thus a waste.

Government's inaction after World Bank stopped assistance, rendered the expenditure of Rs 5.69 crore on the project reports, drawings and feasibility studies infructuous. Besides, continuance of the office for six years with 11 staff without any projects in hand led to avoidable establishment expenditure of Rs 1.98 crore during 1994-2000.

The matter was reported to the Government in June 2001; reply has not been received (October 2001).

PUBLIC RELATIONS DEPARTMENT

3.18 Irregular payment of advances to the departmental officials

Advances amounting to Rs 62.91 lakh drawn and paid to departmental officers during 1994-2000 remained unadjusted for several years.

The Director of Public Relations (DPR), Thiruvananthapuram had been irregularly drawing advances in fully vouched contingent bills (Form TR 61) and disbursing them as advances to officers in the department for meeting various charges in connection with film and drama festivals, India International Trade Fair, film and drama awards, cultural events and also for meeting contingent charges of the department. These contingent bills were

not supported by sub vouchers as required, when such bills were drawn from the Treasury.

Scrutiny of contingent advance register and contingent bills revealed that advances amounting to Rs 62.91 lakh drawn and disbursed by DPR to 14 officers during June 1994 to August 2000 remained unadjusted as of July 2001, as detailed bills and vouchers were not submitted by the officers, though required to be submitted within 3 months. Details are shown below:

Year	No. of Bills	Amount (Rs in lakh)	Given to number of officers
1994-95	10	7.38	3
1995-96	8	19.90	4
1996-97	2	0.59	2
1997-98	2	7.10	1
1998-99	3	11.80	1
1999-2000	3	15.49	2
2000-01	2	0.65	1
Total	30	62.91	14

Scrutiny revealed that advances were irregularly given to the same persons several times without adjustment of the previous advances. Consequently, multiple advances amounting to Rs 37.73 lakh (21 cases) were outstanding against three officials* as of July 2001. Oldest period of unadjusted advance in these cases pertained to 1994-95.

As detailed bills were not presented, it was not verifiable whether the advances were utilised for intended purposes and unspent balances remitted to Government account within the prescribed period. Possibility of misuse, temporary misappropriation and even defalcation of Government funds in these cases cannot be ruled out.

The practice of sanctioning advances to the officers before adjustment of the earlier advances retained by them was irregular. The fact that large advances are outstanding against the officers of the department for long periods and no action was taken to adjust/recover the advance, indicates that rules are routinely flouted in the department.

Government stated (July 2001) that ardent efforts had been made to settle the accounts and all cases would be settled shortly.

* 1. B.Raveendran, Cultural Development Officer Rs 18.18 lakh
2. N.S.Anilkumar, Cultural Development Officer Rs 18.90 lakh
3. P.R.Vijayalakshmi, Information Officer Rs 0.65 lakh

REVENUE DEPARTMENT

3.19 Failure of a scheme for rehabilitation of persons engaged in illicit distillation

Failure on the part of Revenue Department in identifying and purchasing suitable land for a rehabilitation housing scheme, led to blocking of Government funds of Rs 34.08 lakh for the past seven years.

Government of Kerala accorded (December 1993) sanction for the purchase of land for house sites for rehabilitation of fishermen previously engaged in illicit distillation in Pozhiyoor area in Thiruvananthapuram District. Rupees 34.08 lakh provided for this purpose was drawn by the District Collector (DC) Thiruvananthapuram in March 1994 and credited to a TP account held by him. The housing scheme envisaged distribution of 4 cents of land to each of the 426 beneficiaries identified under the house sites scheme being operated by Revenue Department. The land for the purpose was to be purchased from private parties at a cost of Rs 2000 per cent.

A scrutiny of the records of the DC, Thiruvananthapuram revealed (July 2000) that out of 3.24 ha. of land required, the DC could purchase 1.61 ha. of land as of March 1997 at a cost of Rs 15.87 lakh. The balance of Rs 18.21 lakh (53 per cent) was lying unutilised in the TP account of the DC (February 2001). However, the land already purchased had not been distributed to the beneficiaries as of February 2001.

Government provided funds for the scheme by obtaining supplementary grant during 1993-94 for providing speedy relief. However even seven years after the funds were drawn, the full extent of land was not purchased and even the land purchased was not allotted to the beneficiaries. Thus the objective of the scheme to provide speedy relief and assistance to the poor people who had lost their occupation of illicit distillation of liquor failed completely.

The matter was referred to Government in February 2001. No reply was received (October 2001).

3.20 Unauthorised diversion of funds

Rupees 92.25 lakh was diverted from Calamity Relief Fund and deposited with Kerala State Housing Board for construction of houses in a Taluk.

With a view to providing speedy relief to those who lost their households in South West Monsoon 1997, Government decided (August 1997) to link up the housing assistance provided by the Revenue Department to the victims of natural calamities with the “Maithri Bhavana Padhathi” implemented by Kerala State Housing Board (KSHB).

Accordingly, the District Collectors were directed (October 1997) by Government (Housing Department) to remit Rs 11600 per house from

Calamity Relief Fund (CRF) to KSHB, so as to enable KSHB to release Rs 28000 per house as loan to the said victims. The one time deposit made by the Revenue Department and the interest accrued on it would take care of the repayment of loan spread over 158 monthly instalments. In November 1997, Government modified the instructions and directed all District Collectors to deposit with KSHB Rs 12600 per house from the CRF before 15 November 1997. This one time scheme was not extended beyond 1997-98.

Test check (March 2000) of records of Taluk Office, Udumbanchola in Idukki District revealed that the Tahsildar, Udumbanchola remitted Rs 92.25 lakh (Rs 53.13 lakh in 1998-99 and Rs 39.12 lakh in 1999-2000) from CRF to KSHB, Kattappana for construction of 738 houses (425 houses during 1998-99 and 313 houses during 1999-2000) under 'Maithri Bhavana Padhathi', though the scheme was applicable only for the year 1997-98. There were no orders of Government extending the scheme and permitting deposit of funds provided for Calamity Relief Fund during these years with KSHB.

Thus, the remittance of Rs 92.25 lakh from CRF to KSHB by the Tahsildar was unauthorised and amounted to irregular diversion of Calamity Relief funds without sanction of Government.

The above matter was referred to Government in June 2001; reply has not been received (October 2001).

SOCIAL WELFARE DEPARTMENT

3.21 Inordinate delay in implementation of a Centrally Sponsored Scheme

Construction of observation homes under the Centrally Sponsored Scheme of 'Prevention and control of Juvenile Social Maladjustment' in two districts was delayed by five to eight years though funds were available.

Construction of observation homes sanctioned by Government of India (GOI) under 50 per cent centrally sponsored scheme of 'Prevention and Control of Juvenile Social Maladjustment' was inordinately delayed despite availability of sufficient funds as detailed below:

Sl. No.	Observation home	GOI sanction	Work started
1.	Manjeri	February 1992	June 2000
2.	Pathanamthitta	December 1994	December 1999

i) Observation home at Manjeri (Malappuram)

GOI sanctioned (February 1992) a grant of Rs 4.60 lakh towards construction of the observation home at Manjeri in Malappuram District as Central assistance for the year 1991-92. Government of Kerala accorded (December 1994) administrative approval for the work at a total cost of

Rs 9.20 lakh and the Director of Social Welfare (Director) entrusted (March 1995) the construction to Nirmithi Kendra, Malappuram. The work however, was started only in June 2000 i.e. 5 years after the award of the work. The revised administrative approval was issued by Government of Kerala in March 1996 for a total cost of Rs 18.06 lakh, due to release of additional Central Assistance of Rs 4.43 lakh.

Rupees 17.86 lakh was paid to Nirmithi Kendra, Malappuram in April 1997 (Rs 9.74 lakh) and January 1999 (Rs 8.12 lakh). According to the agreement executed with Nirmithi Kendra in February 1997, the construction was to be completed within seven months i.e. by September 1997. However, it has not been completed as of March 2001. Delay was attributed by the Director to the change of location of the Home from Manjeri to Thavanoor owing to non-availability of land and revision of plans and estimates.

ii) Observation home at Pathanamthitta

GOI sanctioned (December 1994) a grant of Rs 9.03 lakh for construction of observation home at Pathanamthitta under the scheme. Government of Kerala issued (February 1996) administrative approval for the construction at a total cost of Rs 18.06 lakh and the work including preparation of plan and estimates was given to Nirmithi Kendra, Pathanamthitta in March 1996. Rupees 18.06 lakh was drawn in March 1996 and deposited in a PD account of the Director. In December 1998, a Demand Draft (DD) for the amount was drawn and kept in the Directorate. The DD was handed over to Nirmithi Kendra only in January 2000 after 45 months of drawal of the amount. The work started in December 1999 has not been completed as of March 2001 though it was scheduled to be completed by August 2000 according to the agreement executed by the Nirmithi Kendra in January 2000. The Director stated (June 2001) that the delay in commencement of the work was due to abnormal delay in submitting final plans and estimates by the Nirmithi Kendra.

In both the cases, the construction of observation homes for which grant was given by GOI and matching share released by the State Government remained incomplete even long after funds were released. The Director failed to initiate prompt action but irregularly drew the funds long before it was actually required and kept the amount as deposits and DD for long periods in violation of financial rules. As a result of administrative inefficiency and lack of effective monitoring by the Director/Government, the scheme remained unimplemented in the two districts for five to eight years.

The matter was reported to Government in July 2001; reply has not been received (October 2001).

GENERAL

3.22 Lack of responsiveness of Government to Audit

The Accountant General (Audit) (AG) arranges to conduct periodical inspection of the Government departments to test check the transactions and

verify the maintenance of important accounting and other records, as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected, with a copy to the next higher authorities. The provisions of Kerala Financial Code and instructions* issued by Government provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses etc., noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG within four weeks of their receipt. Serious irregularities are also brought to the notice of the Heads of Departments by the Office of the AG. A half-yearly report of pending IRs is sent to the Secretary of the concerned department, to facilitate monitoring of the audit observations in the pending IRs.

A review of the Inspection Reports pertaining to Education Department (Secondary Schools) and Health & Family Welfare Department (Food Inspectors) disclosed that 835 paragraphs contained in 426 IRs issued up to December 2000 remained unsettled as at the end of June 2001. The year-wise position of the outstanding IRs and Paragraphs are given below:

Secondary Schools

Year	No. of IRs	No. of Paragraphs	Money value (Rupees in lakh)
Up to 1996-97	103	158	13.15
1997-98	81	147	23.13
1998-99	69	122	43.85
1999-2000	46	98	33.12
2000-01	85	245	82.80
Total	384	770	196.05

Food Inspectors

Year	No. of IRs	No. of Paragraphs	Money value (Rupees in lakh)
Up to 1996-97	20	28	1.88
1997-98	2	4	0.00
1998-99	3	4	0.00
1999-2000	9	15	0.09
2000-01	8	14	0.37
Total	42	65	2.34

The irregularities commented upon in the IRs remained unsettled as at the end of June 2001 are as follows.

* 'Hand book of Instructions for the speedy settlement of audit objections/inspection reports, etc'. issued by Finance Department.

Secondary Schools

Sl. No	Nature of irregularity	Number of paras	Amount (Rupees in lakh)
1.	Idle investment on assets	45	31.21
2.	Loss to Government due to theft, defalcation, encroachment of landed property etc.	75	6.24
3.	Non-implementation/defective implementation of various schemes	32	16.24
4.	Idle/staff un-economic schools etc.	39	65.13
5.	Special Fee Account – non-utilisation of Special Fee collected, diversion of fees etc.	178	46.59
6.	Excess payment of personal claims	259	22.44
7.	Others	142	8.20
	Total	770	196.05

Food Inspectors

Sl. No.	Nature of irregularity	Number of paras	Amount (Rupees in lakh)
1.	Idle wages	1	1.84
2.	Excess payment of personal claims	16	0.50
3.	Others	48	0.00
	Total	65	2.34

A Review of the Inspection Reports which were pending for want of final replies, in respect of the two departments revealed that the Heads of offices whose records were inspected by AG and the Heads of Departments failed to discharge due responsibility, as they did not send replies to a large number of IRs/paragraphs, indicating their failure to initiate action in regard to the defects, omissions, and irregularities pointed out in the IRs. The Secretaries to Government in the concerned Departments, who were informed of the position through half yearly reports, also failed to ensure that the concerned officers of the Department took prompt action for speedy settlement of the objections. The above also indicated inaction against the defaulting officers thereby facilitating the continuation of serious financial irregularities and loss to Government.

It is recommended that Government should accord due priority to this matter and ensure that procedure exists for (a) action against officials who fail to send replies to the IRs within the prescribed time schedule (b) action to recover losses/outstanding advances/over payments in a time bound manner, and (c) revamping the system for proper response to the audit observations in the Departments.

3.23 Misappropriation, losses, etc

As reported to Audit, 162 cases of misappropriation, losses etc involving Government money (Rs 199.23 lakh) which took place till the end of March 2001 were pending finalisation at the end of June 2001. This included 8 cases where monetary value of loss/misappropriation had not been assessed.

Department wise details of cases are given in Appendix XXI. Year-wise details of the outstanding cases are given below:

Year	Number of cases	Amount (Rupees in lakh)
1995-96 and prior years	107	115.27
1996-97	7	8.84
1997-98	13	42.26
1998-99	20	9.23
1999-2000	7	1.34
2000-01	8	22.29
Total	162	199.23

A broad analysis of the reasons for pendency is furnished below:

Sl. No.	Particulars	Number of cases	Amount (Rs. in lakh)
1	Awaiting departmental and criminal investigation	70	55.29
2	Departmental action started but not completed	64	119.40
3	Awaiting orders for recovery/write off	12	8.66
4	Pending in courts of law	16	15.88
	Total	162	199.23

The amount for the year 2000-01 includes Rs 19.12 lakh drawn by presenting fraudulent bills in Sub-Treasury, Vellayambalam, Thiruvananthapuram during May - June 2000 in the name of the Accounts Officer, Narcotics Cell, Thiruvananthapuram though this office was not under the payment jurisdiction of the Treasury. The defalcation which is under investigation, occurred due to failure of the Treasury Officer to follow the prescribed procedures and internal control systems.

3.24 Writes off and waivers

According to information received by Audit, sanctions for writes off of Rs 37.39 lakh in 91 cases and waivers amounting to Rs 3.87 lakh in 24 cases were issued by various authorities during 2000-01. Department wise details are given in Appendix XXII. Information for 2000-01 sought for in July 2001 had not been received (October 2001) from 47 departments of Government and 19 Heads of Department.

3.25 Follow up action on Audit Reports

Government had to finalise remedial action on all audit paragraphs within a period of two months of the presentation of the Reports of the Comptroller and

Auditor General of India to the Legislature. The Administrative Departments concerned were required to furnish notes explaining the remedial/corrective action taken (ATNs) on the audit paragraphs to the Public Accounts Committee (PAC)/Committee of Public Undertakings (COPU)[#] as well as to the Accountant General within the prescribed time limit.

The position of pendency as of October 2001 in furnishing ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India, Government of Kerala (Civil) pertaining to the years 1986-87 to 1988-89, 1990-91 and 1992-93 to 1999-2000 was as indicated below:

Reference to Report (year and number)	Number of Paragraphs included	Number of paragraphs for which ATNs have been furnished by Government	Number of paragraphs for which ATNs were due from Government
1986-87 (No.3)	52	51	1
1987-88 (No.6 of 1989)	29	28	1
1988-89 (No.4)	57	55	2
1990-91 (No.3)	38	37	1
1992-93 (No.3)	59	48	11
1993-94 (No.2)	83	72	11
1994-95 (No.3)	65	61	4
1995-96 (No.3)	62	45	17
1996-97 (No.3)	53	35	18
1997-98 (No.3)	64	33	31
1998-99 (No.3)	62	23	39
1999-2000 (No.3)	58	--	58
Total	682	488	194

The department wise details of the ATNs pending are furnished in Appendix XXIII.

[#] Paragraphs relating to KWA and Kerala Khadi and Village Industries Board are examined by COPU