

CHAPTER III

CIVIL DEPARTMENTS

SECTION – A
AUDIT REVIEWS

3.1 Development schemes for Scheduled Castes and Scheduled Tribes population in Dharmapuri district (Adi Dravidar and Tribal Welfare Department)

Summary Highlights

Various schemes for the welfare of Scheduled Castes/Scheduled Tribes are being implemented in Dharmapuri district with an approach to overcome social, educational and economic backwardness. Some of the schemes were implemented by the District Adi-dravidar Welfare Officer, some by the District Manager, Tamil Nadu Adi-dravidar Housing and Development Corporation and the rest by the line departments like Animal Husbandry and Horticulture. Review of some schemes in Dharmapuri District revealed that there was no system to assess the benefits derived by the SC/ST population. Data of income generated by the schemes and the number of beneficiaries who crossed the poverty line or utilisation of subsidy/loan for the intended purpose were not available. Cent per cent verification of assets created out of loan/subsidy given to beneficiaries was not conducted. There was no effective monitoring or evaluation of the impact of the schemes.

- Rs.4.36 crore released by GOI during 1995-2001 under Article 275 (1) of the Constitution of India for welfare of ST in the State was not utilised, as of 31.3.2001.

(Paragraph 3.1.4.3)

- Recovery of term loan and margin money was poor (12 per cent of the total demand of Rs.34.87 lakh) under National Scheduled Castes and Scheduled Tribes Finance and Development Corporation's schemes.

(Paragraph 3.1.5.1)

- Twenty Seven beneficiaries assisted with Rs.13.50 lakh under schemes of National Safai Karamcharis Finance and Development Corporation did not create assets.

(Paragraph 3.1.5.2)

- Of the 202 cases involving assistance of Rs.90.60 lakh under Individual Entrepreneurship Scheme, only 23 cases were verified by the implementing agency.

(Paragraph 3.1.5.3)

- Out of 25,984 beneficiaries issued pattas, 25,204 beneficiaries (97 per cent) did not construct houses, vitiating the main objective of the house-site patta scheme of the State Government.

(Paragraph 3.1.6.1)

3.1.1 Introduction

The Government of India (GOI) and the Government of Tamil Nadu (GTN) are implementing various schemes for the welfare of the Adi-dravidars (SC) and Tribals (ST) with a multi-pronged approach to overcome social, educational and economic backwardness. The Adi-dravidar and Tribal Welfare Department which is the nodal department, as well as other sectoral departments of the GTN are implementing the schemes. The major schemes fall under the following categories.

1. Education
2. Economic development
3. Housing and provision of other infrastructural facilities
4. Special measures
5. Special programmes like Special Component Plan (SCP), Special Central Assistance and income generating schemes.

In all, GOI and GTN are implementing more than 50 schemes for the welfare of SC/ST in the State. The present review is confined to 11 major schemes implemented in Dharmapuri district.

According to the 1991 census, the total population and SC/ST population of the State and Dharmapuri district were as follows.

	Total Population	SC		ST	
	(in lakh)	In lakh	Percentage	In lakh	Percentage
State	558.59	107.12	19.2	5.74	1.0
Dharmapuri district	24.28	3.47	14.3	0.48	2.0

3.1.2 Organisational set-up

The Secretary to the Government of Tamil Nadu, Adi-Dravidar and Tribal Welfare Department is the co-ordinating authority for the development of the SC/ST at the State level. At the district level, the Collector is in-charge of overall supervision of the implementation of various schemes. The schemes are implemented by (1) various line departments like Adi-dravidar Welfare, Agriculture, Animal Husbandry, Public Health and Preventive Medicine, Dairy Development and (2) Tamil Nadu Adi-dravidar Housing and Development Corporation (TAHDCO). TAHDCO is functioning since February 1974 with the aim of upliftment of SCs in Tamil Nadu economically, educationally and socially. The schemes implemented by TAHDCO are:

- (a) Individual Entrepreneurship Scheme (IES), Scavengers Liberation and Rehabilitation Scheme (SLRS), Girl Child Education Incentive Scheme (GCEIS) etc.

(b) Schemes implemented as channelising agency for National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) and National Safai Karamchari Finance and Development Corporation (NSKFDC).

(c) Schemes implemented through line departments are (i) job oriented training programmes. (ii) distribution of agricultural implements, coconut seedlings (iii) calf/goat rearing (d) distribution of milch animals etc.

3.1.3 Audit coverage

A review of some of the major schemes¹ implemented in Dharmapuri district was conducted during June – August 2001 covering the years 1995-96 to 2000-2001. Important points noticed are discussed in the succeeding paragraphs.

3.1.4 Financial outlay and expenditure

3.1.4.1 Special mechanism for earmarking funds for SC and ST

During 1970s, GOI instituted three special mechanisms, viz. Special Component Plan (SCP) for SC, Tribal Sub-Plan (TSP) for ST and Special Central Assistance (SCA) to SCP and TSP. While the major objective of SCP and TSP is to ensure the much needed flow of funds and benefits for the welfare and development of SC and ST in proportion to their population, SCA extends financial assistance to States as an additive to their SCP and TSP to fill up critical gaps in the family oriented employment-cum-income generation programmes.

3.1.4.2 Year-wise details of SCP outlay, expenditure and SCA received from GOI during 1995-2000 are tabulated below.

(Rupees in crore)

Year	Number of departments	State Plan	Flow to SCP	Flow to SCP as percentage of State Plan	SCP Expenditure	Expenditure as per - centage of flow	SCA received from GOI
1995-96	21	3200.00	618.25	19.3	483.30	78.2	28.04
1996-97	20	3700.72	652.39	17.6	416.90	63.9	22.72
1997-98	20	4052.60	752.23	18.6	720.04	95.7	17.57
1998-99	21	4500.09	825.53	18.3	815.63	98.8	32.37
1999-2000	21	5251.12	1110.25	21.1	1010.51	91.0	40.37

Flow to SCP was less than requirements.

Thus, during the three years 1996-1999, flow to SCP was less than 19.2 per cent of the State Plan; that is, less than the proportion of SC in the population.

¹ By TAHDCO : Industry, Service and Business, IES, GCEIS, Schemes of NSFDC and NSKFDC. By DADWO : Issues of pattas, Distribution of text books, Kalvi Kudumba Thittam, Book Bank Scheme, release of bonded labourers. By Animal Husbandry Department : Sheep units.

Releases under the programme were treated as expenditure and utilisation certificates given.

According to GTN's orders SCA received from GOI was transferred to the Personal Deposit Account of TAHDCO for implementing economic development schemes for SC. TAHDCO treated the amounts released to its District Managers (DM) and other line departments as expenditure and gave Utilisation Certificate (UC) for the entire amount received from GTN. The amounts lying unutilised at the end of March each year with DMs and other departments were not ascertained before giving UC. For example, the unutilised SCA funds available with Commissioner of Agriculture was Rs.5.48 crore, Rs.71.87 lakh and Rs.18.95 lakh as of March 1999, 2000 and 2001 respectively. Amount of Rs.60.38 lakh was lying unutilised with DM, TAHDCO Dharmapuri and Rs.2.92 lakh with Dharmapuri Milk Producers Union Limited, Krishnagiri, as on 31.03.2001.

3.1.4.3 Tribal Sub-Plan

Details of Tribal Sub-Plan outlay and the expenditure for the State as a whole are given below:

(Rupees in crore)

Year	Flow from State Plan	SCA from GOI	TSP outlay	Budget Allotment	Expenditure	Expenditure as percentage of outlay
1995-96	33.65	2.74	36.39	23.25	27.23	74.8
1996-97	37.03	2.39	39.42	30.14	30.21	76.6
1997-98	40.01	2.44	42.45	23.60	22.28	52.5
1998-99	43.28	2.96	46.24	22.18	21.17	45.7
1999-2000	55.90	2.58	58.49	17.08	17.57	30.0
2000-01	56.02	2.58	58.60	17.86	17.55	29.9

Budget allotment fell short of Plan outlay.

According to Director of Tribal Welfare (DTW), though the TSP outlay is fixed at one percent of entire State Plan outlay in consultation with the State Planning Commission, the budget allotment was subject to availability of funds. Thus the budget allotment fell short of TSP outlay in all the 6 years.

3.1.4.4 Article 275 (1) of the Constitution of India provides for payment out of the Consolidated Fund of India as grants-in-aid to the revenues of the State, such capital and recurring sums as may be necessary to enable that State to meet the cost of such schemes of development as may be undertaken by that State with GOI approval for promoting the welfare of ST in the State or raising the level of administration of the scheduled areas therein to that of the administration of rest of the State's areas. As per the Finance Accounts of GTN, the State received Rs.435.93 lakh during 1995-96 to 2000-01 under this Article, as noted below:

Year	Amount Rs. in lakh
1995-96	63.00
1996-97	63.00
1997-98	121.00
1998-99	42.00
1999-2000	83.93
2000-01	63.00
Total	435.93

Entire amount of Grants-in-aid of Rs 435.93 lakh released by GOI for promoting the welfare of STs during 1995-2001 was lying unutilised.

However, no expenditure was incurred from this grant during 1995-2001. DTW sent proposals only in October 2000 to GTN for implementing schemes amounting to Rs.309.77 lakh; against this the GTN sanctioned (January 2001) incurring an expenditure of Rs.239.77 lakh, inclusive of Rs.101.60 lakh for Dharmapuri district. But sanction could not be acted upon by the DTW due to non-provision of funds in the Budget for 2000-01. Thus, Rs.435.93 lakh received from GOI for welfare schemes for ST remained unutilized as on 31st March 2001.

3.1.5 Schemes implemented by TAHDCO

The main objectives as envisaged in the Memorandum of Association of TAHDCO were

1. To implement economic development schemes for the welfare and benefit of Adi-draavidars and Tribes
2. To construct hostels, schools, buildings, community centres etc for the benefit of ADs and backward classes
3. To undertake any specific item of work entrusted by the GTN from time to time.

In Dharmapuri District, TAHDCO implemented 15 schemes during 1995-2001 at an outlay of Rs.601.31 lakh. The establishment cost of the organisation in the district during the above period was Rs 61.49 lakh.

3.1.5.1 Schemes of National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC)

NSFDC functioning under GOI, Ministry of Social Justice and Empowerment, is the apex institution for financing, facilitating and mobilising funds from other sources and promoting economic development activities of SCs and STs. In Tamil Nadu, TAHDCO is its channelising agency from 1996 onwards. NSFDC gave TAHDCO term loans which carry an interest at 6 per cent per annum, tagged with a prompt repayment rebate at 0.5 per cent per annum. The loans sanctioned are repayable by TAHDCO in quarterly instalments over a ten-year period. The funds lying unutilised with TAHDCO would attract levy of penal interest at 10 per cent per annum.

NSFDC's guidelines envisaged assistance to projects costing upto Rs 30 lakh through its term loan (TL) upto 90 *per cent* of the project cost. Promoter's contribution was to be upto 5 *per cent* of the project cost and the balance was to be met by TAHDCO.

In Dharmapuri district, TAHDCO assisted 37 beneficiaries, all in the transport sector, for purchase of tractor, car, mini-lorry etc. during 1997-2001 at an expenditure of Rs.122.15 lakh, as detailed below :

Year	Number of beneficiaries	Assistance (Rupees in lakh)			
		Term Loan	Margin Money	Subsidy	Total
1997-98	9	19.42	5.61	2.02	27.05
1998-99	7	15.80	5.19	1.75	22.23
1999-2000		Nil			
2000-01	21	52.02	15.09	5.25	72.36
Total	37	87.24	25.89	9.02	122.15

Assets were not verified in 18 out of 37 cases. Data on income generated out of the assistance not available in all cases and the recovery of loan was very poor.

According to DM's records, on verification, in 16 cases the assets were available; in 3 cases tractors were available but not the trailers. There was no record to show verification in respect of the remaining 18 cases. DM did not have any data on income generated from the assistance provided. As of 31 March 2001 the recovery of term loan was only 15 per cent of Rs 27.05 lakh due and of margin money, 1 per cent of Rs 7.82 lakh due.

Recovery of margin money was nil in 35 cases. Recovery of term loan was nil in 11 cases, 1-19 per cent in 15 cases and 20-49 per cent in 5 cases and 50 per cent and above in 6 cases. Interest due as on 31 March 2001 was Rs 5.59 lakh on term loan and Rs 0.88 lakh on margin money. Poor levels of recovery indicate that the assistance was not productive.

3.1.5.2 Schemes for upliftment of scavengers

Effective from 2000-01, a scheme for scavengers and their dependents with the assistance of National Safai Karmacharis Finance and Development Corporation (NSKFDC) was implemented in the district by TAHDCO. The scheme envisaged assistance for establishing trades like fancy goods/plastic shops, provision stores, purchase of auto rickshaws, taxis etc. The unit cost included subsidy, margin money, promoter's contribution and term loan from NSKFDC. The margin money and term loan have to be recovered in 10 years with interest at 4 per cent and 6 per cent per annum respectively.

Of the 28 beneficiaries assisted with loan from NSKFDC, 17 beneficiaries had not created assets.

According to TAHDCO's guidelines (July 2000), the beneficiaries were to be relatives of scavengers, which had to be certified by Corporation/Municipality/Town Panchayat officials. Scavenger who is related to the beneficiary has to stand surety as "Guarantor" for repayment and produce written undertaking from his employer for recovering the dues from his salary in the event of default by the beneficiary.

In Dharmapuri, TAHDCO disbursed Rs 14.16 lakh to 28 beneficiaries during August 2000 under this scheme. The assistance was given at the uniform rate of Rs.50,000 (subsidy Rs.15,000, margin money Rs.10,000 and term loan Rs.25,000) per beneficiary. The assistance was provided to all the 28 beneficiaries on the basis of surety given by their relatives employed in two town panchayats of Kadathur and Denkanikottai (although there were 17 Town Panchayats and 3 Municipalities in the district). DM informed (January 2001) MD, that out of 28 beneficiaries 8 had created assets on 13.8.2000, 9 on 15.8.2000 and 11 on 1.9.2000.

However, on 14.9.2000 the DM had issued notices to 17 beneficiaries in Kadathur TP area, directing them to create the assets since the assets were not in existence during spot inspection on 5.9.2000. Also physical verification by Audit along with DM during August 2001 confirmed the non-existence of assets in respect of these 17 beneficiaries.

In all the 28 cases, the beneficiaries defaulted in repayment and the dues were recovered from the salary of the sureties. In other words, DM could not establish that the assistance was utilised for the purpose for which given.

3.1.5.3 Individual Entrepreneurship Scheme (IES)

IES was implemented to improve the economic status of enterprising ADs and encourage their entrepreneurship and self-reliance. Under IES, assets like lorries, tractor, power tiller, tourist cars, mini vans and auto rickshaw were to be provided. The funding pattern was – (i) subsidy of 30 per cent of project cost limited to Rs 25,000 (ii) margin money loan at 20 per cent of the project cost limited to Rs 1.25 lakh, at 4 per cent interest and (iii) a bank loan for the remaining cost, besides promoter's contribution.

DM informed (June 2001) that 467 persons were assisted under IES during 1995-2001, as detailed below:-

Year	Number of cases			Subsidy/Margin Money (Rupees in lakh)		
	SC	ST	Total	SC	ST	Total
1995-96	25	0	25	8.47	0	8.47
1996-97	73	0	73	38.48	0	38.48
1997-98	68	6	74	28.31	3.19	31.50
1998-99	77	4	81	39.08	2.06	41.14
1999-2000	117	9	126	41.74	18.55	60.29
2000-01	86	2	88	31.03	0.70	31.73
Total	446	21	467	187.11	24.50	211.61

Of 202 cases assisted under IES during 1997-98 and 1999-2000, assets in 23 cases alone were verified.

During 1997-98 and 1999-2000, 202 beneficiaries were given assistance of Rs 90.60 lakh towards subsidy and margin money. However, the assets were verified only in respect of 23 beneficiaries (11 per cent).

Important deficiencies noticed in almost all the 202 cases mentioned above were as follows:

(a) Subsidy/margin money were released after obtaining a Demand Promissory Note on a Stamp Paper. There was no document containing the conditions governing the assistance or loanee's obligations till repayment of margin money/bank loan.

Non-hypothication of assets created out of loan.

(b) The assets (verified or not) have not been hypothecated in favour of TAHDCO. Even in respect of transport sector assets (autorickshaw, tractor, truck) the DM has not obtained copy of Registration Certificate of vehicle.

No guarantee obtained to secure repayment of loan.

(c) No guarantee was obtained to secure repayment of margin money to TAHDCO, in case the loanee defaulted.

(d) DM released subsidy/margin money to the bank concerned, but did not pursue the release, in turn, to the beneficiaries by the banks.

Data of income generation out of assets not available.

(e) Details of income earned by the beneficiaries from the assets were not available with the DM.

Poor collection of margin money.

Recovery of margin money covering all IES assistance during 1990-2000 was also poor. Against a demand of Rs 105.66 lakh up to 31.3.2001, collection was only Rs 44.52 lakh (42 *per cent*).

Beneficiary wise details of assistance and recovery not available.

DM did not have beneficiary-wise individual account for assistance and recovery in respect of assistance given upto 1998-99; individual accounts were maintained from 1999-2000 only.

Thus, there was no record with the DM to watch utilisation of the loan by the beneficiaries for the intended purpose.

3.1.5.4 Girl Child Education Incentive Scheme for SC/ST

GTN introduced (August 1994) a special incentive scheme to promote literacy among SC girl children and to avoid girl drop-outs from school at the end of Standard II. Under this scheme, girl children studying in Standards III to V will be given Rs.500 and in Standard VI Rs.1,000 as special incentive on successful completion of each class. The scheme was extended from year to year upto March 2001.

The scheme was implemented through TAHDCO during 1995-2000 and by the DADW from 2000-01. Until September 1997 the eligibility was restricted to girls in rural areas from families below poverty line, whose residence was more than two kilometres from the school. These restrictions were removed by GTN in September 1997, when the incentive scheme was extended to ST girls.

During 1995-2001, Rs 140.15 lakh was spent on this scheme. The target for girl children of SC during 1995-2001 was 25,490, against which 22,313 girls received the incentive. The target for girl children of ST during 1997-2001 was 4,114 against which only 519 girls got the benefit (12.6 *per cent*). The poor coverage of girls of ST was stated to be due to receipt of less number of applications. However, no data on the number of eligible girl children in the district was collected and the incentive was paid to the extent of available funds. Adequate funds were not provided to cover all eligible girl children. The following deficiencies were noticed.

Belated disbursement of Girl Child Education Incentive during 1997-98.

(i) As per the Cheque Memo Register, the incentive of Rs 23.56 lakh for 1997-98 was belatedly disbursed between March to May 1999, though the objective of the scheme was to disburse the incentive during the academic year itself to avoid drop-outs.

Absence of verification of continuity of study.

(ii) The scheme envisaged that the continuance of the girl child from Standard III to Standard VI should be ensured by the implementing agency by verifying the list of children in the school. DM had no record to show that such verification was done.

Non-collection of data of drop out ratio.

(iii) As per the scheme guidelines, the allotment within the district should be made based on the drop-out ratio of SC/ST girl children. However, no data on the girls drop-out ratio was collected.

(iv) Efforts were not made to achieve the targets both in respect of SC and ST girls.

3.1.6 Schemes implemented by the Adi-dravidar Welfare Department

3.1.6.1 Issue of house site pattas

Fixation of targets for issue of house-site pattas without the proposal from District Officers.

This scheme is in operation in the State with the objective to issue house site pattas to the homeless Adi-dravidars by acquiring the needed land through the Special Tahsildars (Adi-dravidar Welfare). The Government fixed the targets without any proposal from District Adi-dravidar Welfare Officer (DADWO), on the basis of household census taken during 1994. The physical and financial targets fixed for Dharmapuri district vis-à-vis achievements during 1995-2001, as ascertained from DADWO are as follows.

Year	Physical (No. of pattas)		Financial (Rs. in lakh)	
	Target	Achievement	Funds Allotted	Expenditure
1995-96	8,000	8,330	43.00	41.36
1996-97	5,300	5,486	50.00	43.40
1997-98	3,000	4,810	90.00	89.36
1998-99	3,000	3,621	93.20	92.92
1999-2000	2,000	2,163	50.00	49.03
2000-01	1,500	1,574	45.00	39.13
Total	22,800	25,984	371.20	355.20

25,204 beneficiaries (97 per cent) who received pattas during 1995-2001, did not construct houses, resulting in non-achievement of the envisaged objective.

According to the scheme, the beneficiaries were required to construct houses on the sites within 6 months, failing which the pattas have to be cancelled. It was, however, noticed from the information furnished by four Special Tahsildars (ADW) that out of 25,984 pattas issued during 1995-2001, 25,204 beneficiaries (97 per cent) did not construct the houses. According to DADWO's reply (August 2001), no action was initiated so far to cancel pattas wherever houses were not constructed as the beneficiaries belonged to 'Below Poverty Line' and the possibility of creation of law and order problem in the villages. Apparently the houses were not built by the beneficiaries due to lack of funds. The scheme merely provided for distribution of house sites and did not address the question of financing the construction by the beneficiary. There were also no instructions to the district officers to verify if the house site was still in the possession of the beneficiary, although there was a condition that the site should not be disposed of for a period of 30 years.

3.1.6.2 Supply of textbooks to SC/ST students

Text books for all subjects are supplied free of cost to students of SC/ST/SC converts to Christianity studying in Standard IX and X in the schools run by the Education Department. Similarly, text books for all subjects are supplied free of cost to all the students studying in schools run by ADW Department irrespective of community and income.

**Inaccurate
assessment of
requirement of text
books.**

DADWO did not have any data regarding the number of students eligible to receive text books vis-à-vis number supplied with text books, relating to any of the years 1995-2001. Information obtained by Audit from the three Special Tahsildars (ADW), Dharmapuri, Harur II and Krishnagiri, disclosed that as schools did not submit indents to them in time, they prepared indents based on previous year's receipt from the Regional Office of Tamil Nadu Text Book Society, Bargur, after adding 5 to 10 *per cent*. As the assessment of the requirement of text books was not made accurately, 4,626 text books valuing Rs 0.39 lakh were kept undistributed from 1990 onwards, due to change of syllabus, by the three Special Tahsildars (ADW).

3.1.6.3 Scheme for supply of uniforms to Plus One and Plus Two girl students

GTN introduced (September 1996) a new scheme from the year 1996-97 according to which two sets of uniforms would be supplied to plus one and plus two girl students studying in AD Welfare schools and the students staying in the hostels run by the department. After obtaining the indents from the Special Tashildars (ADW) in the district, cloth was procured from Co-optex under the control of the Director of Handlooms and Textiles by DADWO, Dharmapuri, between March and July 1997. More than 50 per cent of the cloth was received by the District Social Welfare Officer for stitching in July 1997 after the end of the academic year 1996-97. As a result, uniforms were supplied to plus one students in the next class in September 1997 and plus two students were denied the uniform. Because of the delayed action at every level, the objective of the scheme could not be fulfilled even in the first year of its introduction.

Though the uniforms were required to be distributed by Special Tahsildhars (ADW) in June every year, the actual distribution during 1997-2001 was in October 1997, August 1998, September 1999 and August 2000, with a delay of one to 3 months.

3.1.6.4 Book Bank Scheme

A Book Bank Scheme is in operation in the State since 1993-94 with the objective of helping the SC/ST students pursuing Medical, Engineering, Agriculture and other professional courses. The programme envisages purchase of one set of books by Principals of the institutions concerned for every two SC/ST students receiving GOI post-matric scholarship for pursuing studies in professional courses. From 1998-99, the scheme was extended to post-graduate courses also. The expenditure on the scheme is shared equally between GOI and GTN.

The funds for the implementation of the scheme were drawn by DADWO and given to TAHDCO, Chennai, who in turn provided funds to the District Adi-dravidar Welfare Officers. DADWO, Dharmapuri spent Rs 14.99 lakh during 1998-2001. He received no funds during 1995-97 and in 2000-01.

A sum of Rs 4.99 lakh was lying unutilised as of August 2001 in savings bank account. According to DADWO, 499 SC/ST students had so far benefited from the scheme, but he had no data of the number of eligible students in the district.

3.1.6.5 Kalvi Kudumba Thittam (Scheme for family with educated youth)

To create employment opportunities among educated SC/ST youth, a new scheme 'Kalvi Kudumba Thittam' was introduced in the year 1998-99. Under this scheme, subsidy ranging from Rs 15000 to Rs 50000 for self-employment would be provided to one of the degree/diploma holders in a family, which is below poverty line.

DADW allocated funds to various districts based on GTN sanction. The position in Dharmapuri district was as follows:

Year	Allocation (Rupees in lakh)	Month of allocation	Number of beneficiaries	Month of release
1998-99	6.65	February 1999	36	April 1999
1999-2000	1.95	March 2000	13	June 2000

There was no sanction for any of the districts for 2000-2001.

Absence of record to show utilisation of subsidy of Rs 8.60 lakh.

There was no record with DADWO to show how the subsidy amount was actually utilised by the beneficiary, which indicates lack of monitoring.

3.1.6.6 Release of bonded labourers

No information available with DADWO on the extent of rehabilitation of 135 bonded labourers.

Article 23 of the Constitution of India prohibits traffic in human beings and forced labour and provides that any contravention of this provision shall be an offence punishable in accordance with law. Since majority of bonded labourers belong to SC/ST, this Article has a special significance for them. In Dharmapuri district 135 bonded labourers were released by Revenue Divisional Officers (Dharmapuri, Hosur and Krishnagiri) during 1997-98 (2) 1998-99 (51) 1999-2000(63) and 2000-2001 (19). They were provided with rehabilitation assistance of Rs 13.70 lakh (at Rs.10000/- each for 133 labourers and at Rs 20,000 each for 2 labourers) for carrying out trades like rearing milch animals and sheep, pottery, brick-kiln, etc. The DADWO, Dharmapuri had no information about the extent of rehabilitation of the released labourers.

3.1.7 *Purchase of milch animals, sheep units etc. implemented by Animal Husbandry Department*

Regional Joint Director of Animal Husbandry (RJD), Dharmapuri received Rs.42.98 lakh from DADWO (Rs.34.06 lakh) and Managing Director (MD), TAHDCO (Rs.8.92 lakh) during 1995-2001 and gave subsidy of Rs.37.58 lakh to 1473 beneficiaries for purchase of heifer calves, sheep units² etc.

No data on income generated by the assistance given to beneficiaries.

The balance of Rs 5.40 lakh, meant for sheep units to 60 beneficiaries, was lying unutilised since March 2000 due to delay in selection of beneficiaries by DADWO. Excepting for one year (1998-99), assistance provided was not utilised in the year of sanction but in the subsequent year due to belated issue of Government orders and belated receipt of funds. Though the RJD, Dharmapuri, informed (July 2001) Audit that

² One sheep unit: 9 ewes and 1 ram.

the animals were being visited by the field staff frequently for ascertaining the benefits to the people, no recorded evidence was made available. He also stated that many beneficiaries improved their economic condition and have crossed the poverty-line, but he did not produce any data on income generated to Audit.

3.1.8 Results of physical verification of assets created under various schemes

Physical verification of assets by Audit.

To verify the existence of various assets for the creation of which assistance (in the form of margin money, term loan, subsidy and bank loan) was provided by various agencies in Dharmapuri District, Audit conducted a test-check by way of physical verification in August 2001. 52 assets for which assistance was given by DADWO and TAHDCO were taken up for verification, and it was found that 35 assets (including 17 assets referred to in para 3.1.5.2) for which assistance of Rs 13.58 lakh was provided during 1999-2001, were not available. These assets were either not created or were disposed of after creation.

Verification also revealed that out of 20 houses constructed during 1998-2000 in Bargur block under Indira Awaas Yojana, one house constructed at a cost of Rs 32,000 in 1998-99 in Mallapadi village was sold by the beneficiary in 2000-01 in violation of guidelines.

The above points were referred to Government in September 2001; reply had not been received ().

3.2 Soil Conservation Schemes (Agriculture Department)

Summary Highlights

Soil Conservation schemes are implemented with the objective of protecting soil from erosion, preventing run off and ensuring soil stabilisation. Various measures like contour bunding, farm forestry, afforestation, land shaping and construction of retaining walls, silt detention tanks, check dams and staggered trenches were implemented with the consent of the farmers and for this purpose the State has been delineated into 34 river basins and further into sub/micro watersheds.

Perusal of records relating to various soil conservation measures undertaken in hills and plains and under the Integrated Tribal Development Programme, Western Ghat Development Programme, Hill Area Development Programme and River Valley Project revealed that there were delays in preparation of project reports and improper selection of watersheds; lack of integrated planning was noticed under River Valley Project; farmers and tribals were not involved in works thus denying them job opportunities for improving their economic status; contour bunding was executed in ineligible watersheds; guidelines of Government of India were violated under River Valley Project and Western Ghat Development Programme resulting in unnecessary extra expenditure; Registers of Rights and Liabilities were prepared belatedly and there was no mechanism to watch the recovery of loan from beneficiary farmers.

- Central assistance of Rs 38.14 lakh released to the Forest Department under River Valley Project during 1999-2000 was lying unutilised.

(Paragraph 3.2.4.3)

- Project reports were prepared belatedly and ineligible watersheds having less than 50 per cent dry land were selected and works executed during 1996-2001.

(Paragraph 3.2.5.1)

- Watersheds were selected annually instead of selecting the same watershed continuously for five years as envisaged in the guidelines of Government of India; as a result 68 watersheds were not covered for five years at a stretch.

(Paragraph 3.2.5.2)

- Ryots/tribals were not involved in works thus denying them job opportunities for improving their economic status.

(Paragraph 3.2.7.1)

- Non-adoption of appropriate rate for earth work based on the type of soil resulted in over payment of Rs 75.51 lakh in 13 sub-divisions during 1996-2000.

(Paragraph 3.2.7.2)

- Contour bunding works were executed in ineligible watersheds having a slope of less than 2 *per cent* during 1996-2001 in 7 sample units at a cost of Rs 4 crore.

(Paragraph 3.2.7.3)

- Prioritised vegetative measures were not executed at the percentage specified by Government of India under River Valley Project; instead more engineering structures were executed in violation of guidelines.

(Paragraph 3.2.7.5 (a) (i))

- Sowing and plantation works were executed at a cost of Rs 2.02 crore in waste lands under River Valley Project in violation of guidelines of Government of India, with no arrangement for the maintenance of plants in such lands.

(Paragraph 3.2.7.5 (a) (iii))

- Due to non-utilisation of half-buried boulders at site in the execution of minor check dams in the Nilgiris District and payment made at a higher rate adopting the rate of rough stone as purchased from outside without any recorded evidence for purchase, there was an over payment of Rs 1.35 crore during 1996-99.

(Paragraph 3.2.7.5 (a) (iv))

- Registers of Rights and Liabilities were prepared belatedly by Agricultural Engineering Department and given to Revenue officials; there was no mechanism to watch the recovery from the beneficiary farmers and the recovery continued to be poor.

(Paragraph 3.2.8)

- Despite the formation of a corpus fund, interest on such fund was not utilised for the maintenance of the assets formed under River Valley Project and Western Ghat Development Project.

(Paragraph 3.2.9)

3.2.1 Introduction

Soil Conservation schemes are implemented with the objective of protecting soil from erosion; preventing run off and achieving soil stabilisation and for sustainable land management to attain increased productivity. Various measures undertaken under soil conservation are contour bunding, contour ploughing, farm forestry, afforestation, land shaping and pipe laying works in plains, construction of retaining walls, silt detention tanks, staggered trenches, check dams and silvipasture development in hilly areas. Though the schemes are implemented mostly on agricultural lands with the consent of the farmers, certain soil conservation measures like gully control and water harvesting structures are constructed in *Poromboke*¹ land. For implementation of soil conservation measures, the State has been delineated into 34 river basins and further into sub/micro watersheds.

Soil conservation measures are undertaken under the State-funded Soil conservation schemes in hills and plains and under the centrally sponsored Integrated Tribal Development Programme (ITDP), Western Ghat Development Programme (WGDP), Hill Area Development Programme (HADP) and River Valley Project (RVP).

3.2.2 Organisational set up

The soil conservation schemes in hills and plains, ITDP and RVP are implemented under the administrative control of Secretary, Agriculture Department whereas the programmes WGDP and HADP are implemented under Secretary, Planning and Development Department. The responsibility for the implementation of these schemes/programmes lies with the Chief Engineer (CE), Agricultural Engineering Department (AED) and Chief Engineer (RVP), Superintending Engineers and their subordinate officers. A technical and monitoring cell, established in the office of CE (AED) monitors the implementation of schemes/programmes.

3.2.3 Audit coverage

Implementation of soil conservation schemes/programmes from 1996-97 to 2000-2001 was reviewed during September 2000 to March 2001 by test-check of records in Agriculture and Planning and Development departments of the State Secretariat, offices of CE (AED) and CE (RVP) and the offices of Superintending Engineers (SEs)/Executive Engineers (EEs)/Assistant Executive Engineers (AEEs) in 9 districts².

¹ *Poromboke* land: Land used or reserved for public or Government purposes and which does not yield revenue (Land Revenue/Tax) to Government.

² For schemes in hills and plains: Cuddalore, Erode, Salem, Theni, Vellore and Villupuram (cent *per cent* state funded scheme)
For ITDP: Salem, Vellore and Villupuram
For RVP: Theni
For WGDP: Coimbatore, Dindigul and Theni
For HADP: The Nilgiris

3.2.4 Financial Arrangements

3.2.4.1 Funding pattern and proposal for Ninth Five Year Plan in respect of Soil Conservation Schemes are detailed in Appendix XV.

3.2.4.2 Financial Performance

The details of budget allocation (including supplementary) and the expenditure incurred under soil conservation schemes during the period 1996-97 to 2000-2001 are as given below:

(Rupees in crore)

Soil conservation schemes in	1996-97		1997-98		1998-99		1999-2000		2000-2001	
	Budget Provision	Expenditure	Budget Provision	Expenditure	Budget Provision	Expenditure	Budget Provision	Expenditure	Budget Provision	Expenditure
State Scheme										
Hills and plains	16.20	11.90	17.70	13.28	21.66	16.48	26.32	19.67	14.41	14.62
Centrally Sponsored Scheme										
(1) Tribal areas under ITDP	0.78	0.81	0.70	0.68	0.80	0.76	0.92	0.92	0.92	0.92
(2) WGDP	4.79	3.60	3.60	3.61	3.31	3.82	5.55	3.26	3.21	3.00
(3) HADP	2.68	2.79	4.14	4.15	5.21	5.31	5.56	4.72	3.58	3.45
(4) RVP	7.45	5.46	8.42	6.20	8.36	6.40	8.32	5.79	6.55	5.31
Total	15.7	12.66	16.86	14.64	17.68	16.29	20.35	14.69	14.26	12.68

The savings under State scheme was due to inter-account transfer of cost of works to loan head and due to less expenditure towards soil conservation works under special component plan for Scheduled Castes. The savings under the centrally sponsored schemes viz., RVP (during 1996-97 to 2000-2001) and WGDP and HADP (during 1999-2000) was mainly due to inter-account transfer of cost of works to loan head.

3.2.4.3 Non-utilisation of funds under centrally sponsored River Valley Project

Non-utilisation of Central assistance during 1992-2001 under River Valley Project by Forest Department.

The centrally sponsored scheme of RVP in Kundah and Lower Bhavani catchments is being implemented in the State. Government of India (GOI) allocated funds for AED and Forest departments and released the central assistance every year. During 1992-2001, GOI allocated Rs 44.71 crore for AED and Rs 3.09 crore for Forest Department and released Rs 40.04 crore during this period. The AED utilised Rs 50.26 crore³ on the project, while the Forest Department had not utilised any amount. Principal Chief Conservator of Forests stated that the soil conservation works are being implemented under various state plan schemes during the last few years which were adequate.

³ As per Government accounts which included Rs 13.43 crore transferred to loan account.

3.2.5 Inadequate planning

3.2.5.1 Soil conservation schemes in hills and plains (State scheme)

(i) Delay in preparation of project reports

Belated preparation of Project reports resulting in further delay of the scheduling of works during agricultural peak seasons.

As per prescribed procedure, the project reports indicating the soil conservation schemes proposed to be undertaken during the ensuing year should be prepared by the AEE/AE and got approved by the EE before 31 March of each year. As per the calendar of operations, prescribed in the guidelines, the contour bunding works are to be executed in May and June and farm forestry and other afforestation works from June to October. However, the project reports were found to have been belatedly prepared upto the month of September in 7 divisions⁴ covered by test-check. The remedial measures to be taken to avoid such delays in future were not furnished to Audit by AED/Government (August 2001).

As the Soil conservation works were taken up in agricultural peak seasons, the land owners raised objections and consequently the department had to identify alternate watershed area and prepare project reports once again. This resulted in further delay and in non-adoption of the prescribed calendar of operations besides exclusion of the areas earmarked originally. Such alternate watershed selection noticed during test-check are given below:

Name of the Division	Year	Original watershed selected	Alternate watershed selected
Villupuram	1996-97	Kattunemili Annakulathur	Kanambur Mattarmangalam and Esanthai
Tiruppathur	1998-99	Kizhachur , Ganganallur and Pudur (Out of 413 ha proposed to be covered, only 250 ha were covered)	Kotalam
-do-	2000-2001	Madanancheri (out of 411 ha, works executed only in 167 ha)	Karaiyanpatti

(ii) Improper selection of watersheds

Selection of watersheds which had less than 50 per cent of dry land, violating the guidelines of Government of India.

As per the Manual criteria, the selected watershed should have less than 30 per cent of the cultivated area under irrigation with no perennial irrigation facilities. Besides, dry land cultivation should be practiced in more than 50 per cent of the total area and the selected watershed should be adjacent to the previous watershed in which soil conservation measures were already executed.

However, in five sample sub-divisions 43 watersheds were selected and works executed during the period 1996-97 to 2000-2001 although these watersheds had less than 50 per cent of dry land, thus violating the guidelines.

The reply given by 2 sub divisions was that the watersheds were selected on need-based approach and demand by farmers. The fact remains, however, that GOI had not allowed any flexibility in this regard in its guidelines.

⁴ Cuddalore, Gobichettyalayam, Kancheepuram, Salem, Theni, Vellore and Villupuram.

3.2.5.2 Lack of integrated planning under centrally sponsored River Valley Project

Project reports for watershed were not planned for five years and watersheds were not covered continuously as envisaged.

As per the guidelines on RVP, the treatment of watershed must be planned on a project basis for a total period of 5 years so as to saturate the entire watershed during that period. However, it was noticed that the watershed project reports under RVP were prepared selecting watersheds on annual basis and not planned for five years. Test-check of concerned records revealed that though 68 watersheds were covered during the period 1996-97 to 2000-2001, they were not covered continuously as envisaged. AED has not furnished any specific reasons for this violation.

3.2.6 Physical performance

The details of area proposed to be covered and actually covered during the period 1996-97 to 2000-2001 under various soil conservation schemes/programmes are as follows:

Sl. No	Soil conservation schemes in	Coverage of Area (ha) During									
		1996-97		1997-98		1998-99		1999-2000		2000-2001	
		Propo- sed	Covered	Propo- sed	Covered	Propo- sed	Covered	Propo- sed	Covered	Propo- sed	Covered
(1)	Hills and plains	75,000	84,809	80,000	85,336	83,425	89,660	60,000	69,718	80,000	92,290
(2)	Tribal areas under ITDP	468	630	580	639	611	684	635	703	602	664
(3)	WGDP	6990	7299	7645	7973	7595	7877	6865	7255	7277	7402
(4)	HADP	4900	5217	2120	2201	2283	2267	1157	1025	1200	1081
(5)	RVP	8240	8240	8518	8518	7425	7425	6084	6084	3347	3347
	Total	95,598	1,06,195	98,863	1,04,667	1,01,339	1,07,913	74,741	84,785	92,426	1,04,784

3.2.7 Execution of works

3.2.7.1 Non-involvement of ryots in works

Ryots were not involved in works, denying job opportunities to them.

As per Government instructions, all soil conservation works should be executed as far as possible by the local ryots themselves with a view to improve their economic status. However, it was found that in all test-checked districts, the works were straightaway entrusted to contractors nominated by AEEs under piece work contract method without involving ryots, thus defeating the main purpose of giving job opportunities to ryots for improving their economic status. Though GOI stressed that maximum efforts should be made to execute the works through land owners, no such efforts were made.

Local tribals were not engaged as workers or piece-work contractors in ITDP works.

Even under ITDP areas⁵, the works were executed without engaging local tribals as workers or piece-work contractors, thus depriving the poor tribals from wage employment. Piece work contracts were given to outside skilled labourers like masons, cart puller, stone cutter, and as seen from the records produced to Audit no efforts were made to identify skilled ryots/tribals for executing the works.

⁵ Salem, Thiruvannamalai, Vellore and Villupuram.

3.2.7.2 Incorrect adoption of rate for earthwork

Rate for earth work was not adopted as per the type of soil, resulting in an overpayment of Rs 75.51 lakh.

Payment is regulated for earthwork excavation, according to the type of soil prevailing at the site and the rates prescribed in the Public Works Department (PWD) schedule of rates. Though the type of soil prevailing at the sites of districts covered by test-check was sandy loam red soil, yet payment for earth excavation was made at the rate applicable to hard red earth in many cases. As the rate for hard red earth was higher than for the sandy loam red soil, there was an overpayment of Rs 75.51 lakh for a total quantity of 50,09,186 m³ of earth excavated during 1996-97 to 1999-2000 in 13 sub-divisions out of 15 sample sub-divisions checked in audit.

3.2.7.3 Execution of contour bunding in ineligible watersheds

Contour bunding works were executed at a cost of Rs 4 crore during 1996-2001 in ineligible water sheds.

(a) The main objective of contour bunding across the slope of the land is to prevent soil erosion and to arrest run off rain water. Because of the reduction in the cross section of the contour bunds from 0.70 Sq. m to 0.4625 Sq. m from 1990 onwards, CE (AED) instructed (March 1990) that the contour bunding works be executed normally at sites where the slope was more than 2 *per cent*. Even as per the classification of land capability detailed in Soil Conservation Manual, lands where the slope was less than 2 *per cent* is fit for cultivation and therefore only agronomical measures like contour cultivation/cropping, strip cropping and crop rotation were to be adopted. In lands where the slope was between 2 to 10 *per cent*, measures such as contour bunding and vettiver planting were recommended.

However, in 7 implementing units test-checked, project reports for watersheds were prepared and approved by the concerned SE for contour bunding works where the slope was less than 2 *per cent*. Such works costing Rs 4 crore were executed by AEEs during 1996-97 to 2000-2001 in violation of specific instruction of the CE.

3.2.7.4 Adoption of incorrect norms/specifications/guidelines

Adoption of incorrect rate for shrinkage resulted in over payment of Rs 7.67lakh.

(a) The payment for earthwork excavation for contour bunding should be based on pit measurement as per the Tamil Nadu Building Practice. However in 3 sub-divisions⁶, out of 17 sample sub-divisions, the payment was made based on bund measurement in violation of the established building practice. According to the specification followed in the State, 17 *per cent* allowance should be deducted towards shrinkage for ordinary loose soil. However, a uniform deduction of 10 *per cent* only was made towards shrinkage as per the instructions of CE (AED). In one of the watersheds in Kancheepuram division, no deduction was made towards shrinkage. Such lower deduction had resulted in an overpayment of Rs 7.67 lakh in 4 sub-divisions, for which no reasons were adduced.

Execution of pipe laying works in Villupuram District without getting the lands of farmers registered in favour of Government.

(b) The beneficiaries have to get their lands registered in favour of Government enabling the department to enforce recovery in cases of default. However in Villupuram district, pipelaying works involving huge cost were executed by AEEs without getting the lands of farmers mortgaged in favour of Government. This would become an impediment in enforcing loan recovery. AED stated that the farmers were not willing to get their lands registered in favour of Government.

⁶ Kancheepuram, Tindivanam and Tiruppathur.

3.2.7.5 Violation of guidelines issued by GOI

(a) River Valley Project

Neglect of Vegetative measures and preference to Engineering measures.

(i)(a) Under RVP, GOI guidelines insist that high priority should be given to vegetative measures such as afforestation, growing grasses and shrubs, agro forestry horticulture and planting of fuel, fodder, timber and fruit trees. Agro forestry, composite nursery, pasture development and fodder development are some of the important works to be taken up on high priority. However such vegetative measures were completely neglected during 1996-2000 by RVP I and RVP III sub-divisions and only Civil Engineering measures like construction of check dams, water harvesting structures and silt detention tanks were adopted. AEE, RVP I Theni and AEE, RVP III, Andipatti replied that this was done to preserve moisture so as to provide required water for the vegetation to be planted. In fact the Project Reports giving priority to engineering structures have been approved by State Government/GOI, violating the guidelines.

In respect of RVP II sub division, required details were not furnished to Audit.

(b) GOI had also emphasised that the engineering structures should not be constructed in the first year of the project but only in the second or third year so as to ensure that the vegetative measures undertaken during the first year acquire some definite shape before supplemental engineering structures are put up in the second or third year. However under Vaigai Periyar RVP project, engineering structures alone to the extent of Rs 59.93 lakh (84 per cent) were constructed by Periyar-Vaigai sub- division during the first year whereas the vegetative measures were initiated only for Rs 11.18 lakh (16 per cent) thus ignoring the guidelines. No justification has been given for giving priority to engineering structures.

(c) Also, in the report submitted to GOI (March 2000) for the year 1999-2000, the works were stated to have been executed as per plan giving emphasis to vegetative measures, whereas actually priority was given to engineering structures only as given below.

(Rupees in lakh)

Item of work	RVP I		RVP III	
	As per CR	As per report to GOI	As per CR	As per report to GOI
Demarcation and Survey	..	1.95	..	1.61
Contour bunding	14.12	17.99	4.82	7.56
Horticultural plantation	11.08	21.02	9.67	15.12
Sowing and plantation	Nil	Nil	Nil	16.16
Agro Forestry	0.10	1.20	0.60	0.60
Drainage Line Treatment and Water Harvesting structures	40.76	23.82	44.37	17.89
Silt detention tanks	4.66	4.67	2.33	2.50
Farm ponds	0.39	0.38	0.57	0.38
Total	71.11	71.03	62.36	61.82

CR: Completion Report

The department had not furnished the reasons for discrepancies, though called for by Audit (August 2001).

- Payments were made bunching all items of works.**
- (ii) For raising plantations, estimates should be prepared for the proposed area and payment should be regulated based on distinct item of work actually executed after recording in Measurement Books (M-Books). "Sowing and plantation" consists of number of activities/works. However in RVP I and III sub-divisions estimates were prepared by bunching all the items of work and payments were made based on the number of seedlings planted. Measurement for distinct items of works were not recorded in the M-Books. In the absence of such itemwise measurements, there was no recorded evidence for digging of pits, application of pesticides and manuring, forming semicircular bunds etc and the genuineness of the works executed could not be ensured.
- Absence of measurements and check measurements for distinct items of works.**
- (iii) As per GOI guidelines, sowing and plantation were to be done in forest land only. However the details furnished by CE (RVP) revealed that in RVP I, II and III sub-divisions the said works were executed in wastelands at a cost of Rs 2.02 crore in violation of the guidelines. There was no arrangement for maintenance of plants in wasteland. No details regarding the survival of plants planted in wastelands were available in the records produced to Audit.
- Execution of sowing and plantation works in waste lands at a cost of Rs 2.02 crore in violation of guidelines.**
- (iv) As per the estimate, half-buried boulders available at the site were to be utilised for construction. Minor check dams were constructed in the Nilgiris District using Dry Stone Masonry under RVP. A perusal of estimates in three sub- divisions of RVP during 1996-97 to 1998-99 revealed that a rate of Rs 300 per cubic metre for Dry Stone masonry was adopted which included the cost of rough stones as per the PWD Schedule of rates. As these sub-divisions were required to utilise the half-buried boulders available at the site of construction, inclusion of cost of rough stone was incorrect. This had resulted in excess payment of Rs 1.35 crore in respect of RVP I, II and III sub-divisions. The AEE stated that the half- buried boulders at site were of poor quality and hence dressed stones were purchased locally and used. However, neither any recorded evidence like vouchers for the purchase of rough stones nor any documentary evidence to show the poor quality of buried boulders were produced and hence the reply of the department could not be accepted.
- Excess payment of Rs 1.35 crore under River Valley Project during 1996-99 due to non-utilisation of half buried boulders at site.**
- (b) Western Ghat Development Programme
- (i) As per guidelines, Silt Detention Tanks (SDT), which directly help to improve the fertility of the field through the silt deposited and also serve as a livestock pond and increase the level of water table of the nearby wells in the zone of influence should be constructed under WGDP only in *Poromboke* lands⁷ and if constructed in 'Patta' lands, a deed of relinquishment should be obtained from the Pattadhar. However 5 SDTs were constructed at a cost of Rs 6.94 lakh in the lands of 4 Pattadhars, without obtaining the deeds of relinquishment, giving undue benefit to them.
- Execution of silt detention tanks at a cost of Rs 6.94 lakh in the lands of five pattadhars without obtaining the deeds of relinquishment.**
- (ii) Government fixed a unit cost of Rs 1.50 lakh per SDT in October 1996. However in 2 sub divisions, 21 SDTs were constructed at a cost ranging between Rs 1.54 lakh and Rs 2.40 lakh during 1996-97 to 1999-2000. Expenditure incurred in excess of the unit cost on these tanks was Rs 7.85 lakh. Audit noticed that the CE (AED) had not proposed revision of the unit cost from Rs 1.50 lakh, whereas he informed Government in April 2000 that the cost overrun on SDTs was due to non-revision of unit cost annually.
- Excess expenditure of Rs 8.31 lakh on 22 silt detention tanks constructed above the unit cost fixed.**

⁷ *Poromboke* land: Land used or reserved for public or Government purposes and which does not yield revenue (Land Revenue/Tax) to Government.

3.2.7.6 Irregularities in award of contracts

Work of desilting Kodappamund Channel was executed by obtaining quotation.

Government sanctioned (August 1998) Rs 94.32 lakh for desilting of Kodappamund channel by Landslide sub-division at Coonoor and Integrated Watershed Survey sub-division at Udthagamandalam. The estimate for earthwork excavation was prepared for Rs 44.69 lakh, indicating that the works would be executed manually. The original tender called for (January 1999) was not approved by PD (HADP) as the lowest offer (Rs 775) was felt to be high. However, as funds received (January 1999) were to be utilised before March 1999, the department obtained quotations and deployed Joint Catah Buller (JCB) machines at the rate of Rs 750 per hour.

Absence of open tenders resulted in loss of Rs 8.28 lakh to Government.

However for similar work of desilting of M. Palada river using machines, rate of Rs 593.75 per hour was accepted in January 1999 by PD (HADP). Comparing this rate in the same district, there was a loss to Government of Rs 8.28 lakh, in hiring machines for desilting Kodappamund Channel. Further, the same rate of Rs 593.75 per hour was adopted for the desilting work at K. Palada river and Kappachiadda river and the contract awarded by EE (RVP) to the same contractor at the same rate without calling for open tenders.

3.2.7.7 Payment made without measurements

Payment made for silt clearance without measuring the pre and post level.

(a) As per procedure, payment for silt clearance should be made only on the quantity of silt cleared by measuring the pre and post level. However, payments were made for desilting works executed at a cost of Rs 175.23 lakh in one channel and 3 rivers (Kodappamund Channel, K-Palada, M-Palada and Kappachiadda rivers) during 1998-99 based on the number of hours for which the JCB machines were used, without recording pre and post levels in the M-Books, which was irregular.

Against the agreement for dumping of excavated silt on the bank of the channel, silt was transferred to 2 Km away.

(b) In all the estimates of desilting of Kodappamund channel, the excavated silt was proposed to be dumped on the bank of the channel with 10 meters initial lead as per the Tamil Nadu Building Practice. Though transportation was not contemplated in the estimate, quotations were obtained for hourly rates for transportation of silt for the leads 0-1 km and 0-2 km. Payment was made based on the number of trips made by lorries deployed and not on the silt actually transported which was not measured. Thus payment of Rs 18.66 lakh on transportation of silt was unjustified.

3.2.7.8 Cost of works executed in Patta lands

Government issued (December 1996) directions that the cost of works executed in Patta lands of farmers under Soil conservation schemes should be recovered from the beneficiaries along with 25 *per cent* overheads⁸ on the cost of works with interest in 10 equal annual instalments after allowing a moratorium period of 2 years and allowing a subsidy of 25 *per cent* for the works executed. Though the percentage of overheads to be charged is to be approved by Government once in 5 years, the same rate of 25 *per cent* was adopted as overhead charges since 1975.

Adoption of overhead charges at 25 *per cent* resulted in increased liability to farmers.

While scrutinising the proposal for continuance of the soil conservation schemes in November 1996 the Secretary (Planning and Development) observed that for 1996-97, the actual staff cost came to 18 *per cent* of the total project cost. Thus, the liability of the farmers gets increased due to the Government direction for adding overheads at a higher level of 25 *per cent* of

⁸ As per the Special Committee on the Land Improvement Scheme Act 1959, the percentage of overhead charges, at a flat rate of 25 *per cent* on the cost of works was fixed by Government (August 1975) and continued till date.

the cost of works. As the working of overhead expenses for the period subsequent to 1996-97 was not made available by AED, the extent of such loss to the farmers since 1996-97 could not be worked out by Audit.

3.2.8 Register of Rights and Liabilities

Belated preparation and handing over of Register of Rights and Liabilities.

A Register of Rights and Liabilities (RRL) was to be prepared by the sub-divisions implementing the soil conservation schemes, duly apportioning the amount of loan to all the beneficiaries under each watershed on *prorata* basis and sent to Tahsildars for effecting recovery under "Revenue Recovery Act" after the completion of the moratorium period of 2 years. Perusal of records in the sample districts revealed that there was considerable delay in preparation of RRL for the soil conservation schemes executed under all projects. The RRL were prepared and given to Tahsildars upto 1997-98 only. No specific reasons were furnished for the belated preparation and handing over of RRL.

Absence of proper mechanism to watch the recovery of loan from beneficiary farmers.

Though the demands were raised annually by the AEEs, there was no mechanism to watch the recovery from the beneficiary farmers. As per the report of Revenue Department, Rs 8.53 crore due upto March 1996 in 15 districts remained to be recovered from the farmers as of March 2001. The details for the remaining districts were not made available (July 2001). Audit observed that the recovery made as of March 2001 ranged only between Nil and 28 *per cent* of the demands raised for loans due for repayment as of March 1996 in these districts.

After discussion of a paragraph on the "delay in recovery of cost for soil conservation work under WGDP" which appeared in the Report of Comptroller and Auditor General of India for the year ended 31 March 1988 – Government of Tamil Nadu (Civil), the Public Accounts Committee in their fifty ninth Report of Tenth Assembly (April 1992) and in their subsequent follow up report in April 2000 (Two hundred and Forty Seventh Report of Eleventh Assembly) observed that the progress of recovery was poor and the AED should attach utmost importance for the pendency and arrange for the early recovery within a specific time frame by suitably interacting with the Revenue Department at the highest level. However poor recovery of loan under WGDP continued till date and no concrete action was taken by both departments in this regard.

3.2.9 Non-maintenance of assets

Assets at a cost of Rs 4.09 crore under ITDP not handed over to Panchayat Unions.

(a) Government in Adi Dravidar and Tribal Welfare Department issued (August 1989) orders that the assets created under ITDP should be handed over to Panchayat Unions for further maintenance. However assets formed under ITDP at a cost of Rs 4.09 crore during 1996-2000 were not handed over, nor maintained by 7 sub-divisions⁹. Non-maintenance of such assets would result in deterioration in quality and defeat the very purpose for which they were created. The sub- divisions reported that action would be taken for handing over the created assets to the Panchayat Unions.

Corpus fund interest not utilised for maintenance of assets.

(b) As per the guidelines issued by GOI for RVP, a corpus fund should be created in respect of each watershed for the maintenance of community assets created. An amount, upto 2 *per cent* of total outlay in a watershed, should be set apart to create this corpus fund. While one *per cent* of this fund would be contributed by GOI, the remaining contribution of one *per cent* would be

⁹ Dharmapuri, Namakkal, Salem, Tiruchirappalli, Tiruvannamalai, Vellore and Villupuram

equally met by State Government and farmers association. The interest accrued in the corpus fund should be utilised for the maintenance of the community assets created.

As of October 2000, the corpus funds had accumulated to Rs 68.89 lakh with contributions made during 1993-2000. However, details of interest earned in this corpus fund and its utilisation were not made available to Audit.

Details of assets created under WGDP not maintained and interest from corpus fund not utilised for maintenance of assets.

(c) A corpus fund was also created under WGDP as per Government orders, by providing one *per cent* of the total outlay of the project for the maintenance of assets created. An equal amount has to be deposited by Watershed farmers committee formed in each watershed and the amount of the fund has to be deposited in a Nationalised Bank. The interest earned on these deposits should be utilised for maintenance of assets created.

However, 3 out of 7 sub-divisions¹⁰ had not maintained the details of assets created under WGDP. Also interest earned on the corpus fund, which had a balance of Rs 71.42 lakh as of March 2000, was not utilised for maintenance. The department stated that the interest earned was not appreciable, and therefore not utilised for maintenance works. Only from 2000-2001, separate funds for maintenance were provided.

3.2.10 Training

No training programme conducted.

As per the guidelines issued by GOI for RVP, one *per cent* of the total outlay has to be provided for organising training and workshops. The guidelines also envisaged an annual State level workshop and a Regional/District training programme with 25 farmers per watershed as participants and circulation of leaflets, pamphlets, video films etc., for the upgradation of skills in planning and execution of the programme. However no training programmes were conducted. The CE (RVP) stated that Rs 20.28 lakh was provided for organising demonstration, workshop and training in 2000-2001.

3.2.11 Conclusion

The run off and soil loss data provide vital clues to the efficacy of the treatments undertaken in the watersheds. The department could not furnish these vital data and hence Audit could not assess how far the objectives of protection of soil from erosion, prevention of run off and soil stabilisation were achieved. Only in November 2000 State Planning Commission addressed the Evaluation and Applied Research Department for evaluating the implementation of Soil Conservation Schemes.

While the soil conservation works executed under State scheme were to be monitored by CE (AED), the same executed under centrally sponsored schemes were to be monitored by State level committees constituted for this purpose. However the inadequate planning, improper selection of watersheds, incorrect adoption of rates and adoption of incorrect norms/specification under State scheme and the violation of guidelines issued by GOI under centrally sponsored schemes, clearly revealed that the monitoring of these schemes was very poor.

The above points were referred to Government in August 2001; reply had not been received (September 2001).

¹⁰ Kodaikanal, Pollachi and Uthamapalayam.

3.3 Implementation of Environmental Acts and Rules relating to Air-pollution and Waste Management (Environment and Forests and Home Departments)

Summary Highlights

Government of India enacted the Air (Prevention and control of Pollution) Act, 1981 with the objective of prevention, control and abatement of air pollution and the Environment (Protection) Act, 1986 for protection and improvement of environment. Government of India also made rules under Environment (Protection) Act. The entire area within the State of Tamil Nadu was declared as air pollution control area by State Government in October 1983.

Review revealed, inter alia, cases of industries operating without consent, shortfall in inspection of industries, inadequacy in Ambient Air Quality and Stack Monitoring surveys, gross under-utilisation of pollution testing equipment, issue of fitness certificate to vehicles without “Pollution under control” certificate, failure to identify common sites for disposal of hazardous wastes and failure to set up facilities for disposal of bio-medical waste.

- There was an overall shortfall in obligatory inspection of industries by the Tamil Nadu Pollution Control Board.

(Paragraph 3.3.4.1.1)

- Ambient Air Quality Survey was significantly low during 1996-2001 even in the case of highly polluting industries.

(Paragraph 3.3.4.1.2)

- Contemplated stack monitoring survey was not conducted along with Ambient Air Quality survey.

(Paragraph 3.3.4.1.3)

- There was gross under-utilisation of pollution testing equipment valued at Rs 99.66 lakh.

(Paragraph 3.3.4.3.2)

- Fitness certificate to 1,57,834 transport vehicles was issued by Regional Transport Offices without conducting pollution tests.

(Paragraph 3.3.4.3.3)

- Rupees 80.15 lakh were collected towards fee for pollution check without conducting tests.

(Paragraph 3.3.4.3.4)

- Common facilities for disposal of hazardous wastes were not yet set up although expenditure of Rs 32 lakh was incurred on Environmental Impact Assessment studies conducted at two sites.

(Paragraph 3.3.4.4.1)

- Facilities for treatment of bio-medical waste were not set up by the identified hospitals/ nursing homes etc.

(Paragraph 3.3.4.5)

3.3.1 Introduction

The increased industrial activity and increase in vehicular population lead to increase in discharge of pollutants thereby affecting the ambient air quality which in turn has an adverse effect on vegetation and human health.

Government of Tamil Nadu made the Tamil Nadu Air (Prevention and Control of Pollution) Rules, 1983 on the basis of the Air (Prevention and Control of Pollution) Act, 1981 of Government of India (GOI). The GOI also made the following Rules in order to implement the provisions of the Environment (Protection) (EP) Act, 1986.

Sl. No.	Rules	Purpose
1	The Environment (Protection) Rules, 1986	Prescribe standards for emission or discharge of environmental pollutants.
2	The Hazardous Wastes (Management and Handling) Rules, 1989	Prescribe procedure for environmentally sound management and disposal of hazardous wastes.
3	The Bio-Medical Waste (Management and Handling) Rules, 1998	Prescribe procedure for segregation, packaging, transportation, storage and disposal of bio-medical waste.
4	The Recycled Plastics Manufacture and Usage Rules, 1999	Regulate the manufacture and use of recycled plastics, carry bags and containers.
5	Municipal Solid Wastes (Management and Handling) Rules, 2000	Prescribe procedure for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes.

3.3.2 Organisational set up

Secretary to Government, Environment and Forests Department was in overall charge of prevention, control and abatement of Industrial Pollution. Tamil Nadu Pollution Control Board (TNPCCB) through its District offices and laboratories oversees and monitors the implementation of relevant rules and regulations.

Secretary to Government, Home (Transport) Department was in overall charge of control of vehicular pollution. Transport Commissioner through his zonal offices and Regional Transport Officers (RTOs) oversees and monitors the implementation of relevant rules and regulations. TNPCB had set up nine Vehicle Emission Monitoring (VEM) stations.

3.3.3 *Audit coverage*

The review was conducted during November 2000 to April 2001 covering the period 1996-97 to 2000-2001 through test-check of records in the offices of Environment and Forest Department and Home (Transport) Department of Government of Tamil Nadu, office of the Transport Commissioner and four¹ out of seven zonal offices; data was also collected from TNPCB.

3.3.4 *Monitoring of Air Pollution*

3.3.4.1 Industrial emission

3.3.4.1.1 *Shortfall in Inspection*

Shortfall in conducting inspections.

In September 1988, GOI issued guidelines categorising industries into red, orange and green based on their potentiality for causing pollution. TNPCB further classified these industries into large, medium and small with reference to their gross fixed assets. GOI categorised the industries engaged in the manufacture of 17 specified products as "17 Category" highly polluting industries.

'17 category' industries are to be inspected twice a month and red-large industries once a month, by the engineers of TNPCB.

Audit covered 26 industries under '17 Category' and found that in respect of 24 industries shortfall in inspection was over 54 *per cent* during 1996-97 to 2000-2001. This indicated poor monitoring even in the case of highly polluting industries. Further, heavy shortfall in inspection ranging between 83 and 98 *per cent* was observed in respect of 39 industries covered in audit, falling under red-large category.

3.3.4.1.2 *Shortfall in survey of Ambient Air Quality*

Shortfall in conducting AAQ Survey.

Sub-rule 3-B of Rule 3 of Environment (Protection) (EP) Rules, 1986 prescribes that the combined effect of emission of pollutants from industries, processes, automobiles and domestic sources shall not be permitted to exceed the specified concentration in ambient air. TNPCB was required to monitor the position through its laboratories (Mobile/ District / Advanced Environmental Laboratories) by conducting Ambient Air Quality (AAQ) surveys and Stack Monitoring (SM) surveys.

In respect of 25 out of 26 industries falling under '17 category', covered in audit, shortfall in AAQ survey ranged between 20 and 100 *per cent* as compared to the norm of twice a year.

¹ Offices of the Joint Transport Commissioner, Chennai, Deputy Transport Commissioner, Madurai, Salem and Coimbatore.

It was further noticed that neither the laboratories, responsible for conducting the surveys, maintained a list of industries to be covered each year nor was any such list furnished regularly to the laboratories by the District Offices.

3.3.4.1.3 *Non-conduct of Stack Monitoring Survey*

To ensure that stack emission is within the standards, the SM survey was required to be done along with AAQ survey. However, out of 1040 AAQ surveys conducted by five laboratories covered in audit, SM Survey was not conducted in 338 cases, due to non-provision of port holes, inaccessibility of port holes, non-provision of platform in the stacks and chimneys being small.

3.3.4.1.4 *Consents not issued/renewed*

Functioning of industries without consent of the Board.

In terms of Section 21 of the Air Act, 1981, to establish or operate an industrial plant in an air pollution control area, previous consent of the State Board was necessary. Out of 21752 industries identified by TNPCB, 18632 industries applied for consent and consents were issued to 16494 industries by the Board (upto March 2001). In respect of 19 industries of "17 Category" covered in audit, 5 were functioning without renewal of consent for five years, 2 for four years, 3 for three years, 7 for two years and 2 for one year during the five year period 1996-2001.

3.3.4.1.5 *Other points of interest*

(a) Laboratory vehicles off the road

The vehicle attached to District Environmental Laboratory(DEL), Ambattur was off the road from September 2000, because of which AAQ survey was not conducted in respect of 22 out of 46 industries during 2000-01. Similarly the vehicle attached to Mobile Environmental Laboratory(MEL), Manali was off the road for a period of 12 months between March 1999 and March 2001 and this curtailed the survey to 16 and 13 in 1999-2000 and 2000-2001 respectively as against 21 surveys conducted in 1998-99. On the other hand, due to upgradation of MEL, Coimbatore into DEL, one bus which was used as MEL upto November 1996 has remained idle for over four years.

(b) Chettinad MBF Hi Silica (P) Ltd.

TNPCB did not conduct annual AAQ survey for this red-large industry for the years 1995-96 to 2000-01 as required, yet renewed the consent for 1996-1997, 1999-2000 and 2000-01.

(c) MRF Ltd.

In respect of boilers the tolerance limits for Suspended Particulate Matter (SPM) and Sulphur Dioxide (SO₂) were 150 mg/Nm³ and 400 mg/Nm³ respectively. The results of SM surveys conducted on appointed days, were as shown below :

Name of the Boiler	Date of Stack Monitoring (values in mg/Nm ³)							
	26 and 28 August 1997		28 and 29 December 1998		22 and 23 December 1999		25 and 27 July 2000	
	SPM	SO ₂	SPM	SO ₂	SPM	SO ₂	SPM	SO ₂
JT Boiler	647	181	494	11	182	643	135	448
SF Boiler	288	312	353	08	406	608	138	467
TS Boiler	312	085	323	05	221	554	146	501

Evidently most of the test results were in excess of the limits. However, TNPCB did not take any punitive action against the industry. Further the TNPCB did not analyse the reasons for the abnormally low level of SO₂ in December 1998.

d) Shardlow India Ltd., Chennai

As seen from AAQ survey reports covering different stations (spots) within the premises of the industry, the levels of SPM and SO₂ exceeded the norms as shown below:

Date of Survey	Number of stations exceeding norms	Standards in µg/m ³	Actual in µg/m ³
19 March 1997	SPM in 4 out of 5 stations	200	207 to 481
	SO ₂ in 2 out of 5 stations	080	228 and 405
25 July 1997	SPM in 2 out of 5 stations	..do..	488 and 550
	SO ₂ in 2 out of 5 stations	..do..	424 and 940
27 June 2000	SO ₂ in one out of 5 stations	..do..	204

In spite of high levels of emission of SPM and SO₂, the TNPCB did not undertake SM survey at all, although it is required to be done at least once a year along with AAQ survey, for a red-large industry.

3.3.4.2 Ambient Air Quality Monitoring

3.3.4.2.1 Ambient Air Quality Monitoring in Chennai and Tiruchirapalli

For monitoring the level of air pollutants, TNPCB had set up stations during the year 1997 in five locations including three traffic intersections at Thiagaraya Nagar, Kilpauk, and Vallalar Nagar in Chennai city.

In all the three traffic intersection stations the level of pollutants exceeded the AAQ norms prescribed by Central Pollution Control Board, as shown below:

Year	Percentage of samples exceeding norms	
	SPM	RPM
1998-1999	71 to 92	41 to 80
1999-2000	65 to 76	45 to 78
2000-2001	75 to 95	57 to 81

As against the norms of 200 µg/m³ for SPM and 100 µg/m³ for Respirable Particulate Matter (RPM), the maximum values of SPM and RPM recorded were as high as 1900 µg/m³ and 913 µg/m³ respectively during 2000-2001.

SPM and RPM exceeded the standards in three locations in Chennai.

In all samples taken in certain months the SPM exceeded the norms as indicated below:

Station Location	(number of months)		
	1998-1999	1999-2000	2000-2001
Kilpauk	-	1	6
Thiyagaraya Nagar	7	2	7
Vallalar Nagar	2	1	3

Though TNPCB stated (July 2001) that seminars were organised to create awareness among public, free emission clinics and surprise emission checks were conducted with the help of Transport Department, the pollution levels were on the increase year after year which indicated that the action taken by the Board was inadequate.

Five AAQ stations were setup in Tiruchirapalli between November 1999-March 2000. An analysis of data for 1443 samples revealed that the SPM and RPM value exceeded the norms in respect of 541 (38 per cent) and 244 (17 per cent) samples respectively between November 1999 and March 2001.

3.3.4.2.2 *Non setting up of AAQ Station at Udthagamandalam*

In December 1998, Government, under Hill Area Development Programme, sanctioned Rs 7.69 lakh for installation of AAQ station at Udthagamandalam for continuous monitoring of AAQ and collection of other meteorological data. The amount was released to the TNPCB in March 1999. All the requisite equipment purchased at a cost of Rs.7.19 lakh between July 1999 and March 2000 remained idle (March 2001) for want of manpower. The Noise Level Meter valued at Rs.2.45 lakh purchased in October 1999 was, however, diverted to DEL, Coimbatore.

3.3.4.3 *Vehicle Emission*

3.3.4.3.1 *Non incorporation of provisions relating to emission checking*

According to sub-rule (7) of Rule 115 of Central Motor Vehicles Rules, introduced in 1993, every vehicle, after the expiry of one year from the date of first registration, should carry a valid "Pollution Under Control" (PUC) certificate from an agency authorised for this purpose by the State Government. Similar provisions were, however, not incorporated in the Tamil Nadu Motor Vehicles (TNMV) Rules so far (May 2001), though the entire State was declared as "Air Pollution Control Area" from October 1983.

3.3.4.3.2 *Gross under utilisation of equipment*

Government purchased in March 1995 and March-April 1996, 28 sets of pollution testing equipment at a total cost of Rs.99.66 lakh (each set consisting of one Gas Analyser (GA) and one Smoke Meter (SM)) and the same were issued to RTOs for conducting checks. The amount was reimbursed by GOI in November 1995 (Rs.49.94 lakh) and March 2000 (Rs.49.72 lakh).

Pollution testing equipment kept idle for 15 to 68 months.

(i) Nine sets of equipment supplied during 1995 and 1996 to RTOs based in Chennai Urban Agglomeration were not in use since February 1997 due to

entrusting the work of conducting the pollution tests and issue of PUC certificates to private agencies in Chennai.

Four sets were transferred (March and September 1997) to RTOs of Enforcement Wings in Coimbatore, Salem, Chennai and Madurai for carrying out surprise check of vehicles. However, only 1548 vehicles were tested during 1997-98 and 1998-99 by all the above Enforcement Wings. Based on the highest number of 912 vehicles tested by Enforcement Wing, Coimbatore, in 1997-99, average number of vehicles tested per day worked out to 1.25 vehicles only which cannot be considered optimum.

(ii) Out of the twenty eight sets supplied to RTOs, performance of twenty sets in Chennai Urban Agglomeration and other districts was reviewed in audit and it was revealed that 26 equipments had failed:

Period from the date of supply	Chennai Urban Agglomeration		Other Districts	
	GAs	SMs	GAs	SMs
Within 12 months	Nil	Nil	4	2
Between 12 and 24 months	3	3	6	8

Thirty two equipments were kept idle for periods ranging from 15 to 68 months due to repairs; of which 11 equipments were still under repair as of March 2001. Information regarding the date from which the equipments were out of order was not available in respect of 8 equipments.

No annual maintenance contract was entered into, although it was necessary to ensure that the equipment was in order to conduct emission checks. There was gross under- utilisation of these costly equipments.

3.3.4.3.3 *Issue of Fitness Certificate without PUC Certificate*

Because of failure of pollution testing equipment as discussed above, 14 RTOs issued fitness certificates in respect of 1,57,834 vehicles during 1997-1998 to 2000-2001 without conducting the test, in violation of Government orders issued in September 1997.

3.3.4.3.4 *Irregular collection of testing fee*

Irregular collection of Rs 95.38 lakh towards testing fee for vehicles.

As stated earlier, pollution testing equipment were supplied to 28 RTOs from April 1995 onwards. Orders were issued only in January 1997 authorising the RTOs to conduct test and issue PUC Certificate. However, even prior to this date, 8 RTOs collected the fees amounting to Rs.15.23 lakh after conducting the tests. Further, though certain RTOs were not supplied with equipment and the equipment supplied to others were not in working condition, yet 12 RTOs collected testing fees amounting to Rs.80.15 lakh during the period 1997-98 to 2000-01, without testing.

3.3.4.3.5 *Anomalies in monitoring and testing of vehicles for emission*

Though private emission testing stations were authorised to conduct emission testing as early as February 1997, yet it was only in March 2001, after being pointed out in Audit that the designated officers were instructed by Transport

Commissioner to undertake the monthly inspection of such stations to check compliance of conditions of authorisation.

Sub-rule (4) of Rule 116-B of TNMV Rules, dealing with grant and renewal of authorisation to private testing stations was amended in October 1998 revising the validity period of authorisation and its subsequent renewal from one year to five years. This was contrary to the clarifications sent (February 1998) by the Transport Commissioner to Government according to which the validity of the original authorisation should be for five years and subsequent renewal be on yearly basis. As a result of this ill-conceived amendment the yearly checks got postponed to five long years, leading to inadequate monitoring and control.

As per the extant rules, effective from 1 July 1998, all vehicles other than goods vehicles in Chennai Urban Agglomeration should be subjected to emission checking. In Chennai city 141 private testing stations were authorised to conduct the checks from February 1997. Despite this, as against the city's vehicle population of 11,07,601 as on 31 March 1999 only 7,28,319 vehicles were tested by these stations up to April 2000, constituting a shortfall of 34 *per cent*. Evidently, six-monthly emission checks as contemplated were not also conducted.

3.3.4.3.6 *Consequences due to non setting up of VEM stations by TNPCB*

Non-setting up of VEM stations resulted in issue of FCs without PUC certificates.

TNPCB was the authorised agency for issuing PUC certificate in respect of goods vehicles in Chennai from February 1992 and in respect of fitness certificate bound vehicles (transport vehicles) in Dindigul, Nilgiris, Kancheepuram and Tiruvallur districts, from July 1998. However, while TNPCB did not set up a VEM station in Tiruvallur so far (May 2001), a VEM station was set up at Kancheepuram only in April 1999. As a result, the RTO, Kancheepuram issued fitness certificates to 1586 vehicles without PUC certificates between July 1998 and April 1999.

Further, a VEM Station was set up at Gudalur in Nilgiris district by TNPCB on 6 October 1999 at a cost of Rs.2.70 lakh. This station functioned up to 29 October 1999 only with temporary staff, and was closed thereafter, for want of staff. However, RTO, Gudalur issued 1,064 fitness certificates to transport vehicles between November 1999 and December 2000, even though PUC certificates were not produced.

3.3.4.4 Hazardous Wastes - Management and Handling

3.3.4.4.1 *Non setting up of common disposal facilities for Hazardous Wastes*

Common facilities for disposal of hazardous wastes not set up.

Rule 8 of Hazardous Wastes (Management and Handling) Rules, 1989, (before it was amended in January 2000) fixed the responsibility to identify sites for disposal of hazardous wastes on the State Government or a person authorized by it. By an amendment in January 2000, the responsibility was extended also to operator of a facility or any association of occupiers. TNPCB identified eight hazardous waste disposal sites in eight districts.

National Environmental Engineering Research Institute, conducted Environmental Impact Assessment studies in 1994-97, at a cost of Rs.32 lakh at Mannalure and Siruseri. However, the Revenue Department expressed

(September 1998) its inability to hand over the site at Mannalure due to strong public objection, while the site at Siruseri was proposed to be taken over by Small Industries Promotion Corporation of Tamil Nadu for setting up the Information Technology Park. Therefore these two sites were dropped. As regards other six sites, permission to enter upon the site has been given by the collectors concerned in respect of three sites only as of July 2001.

The fact, however, remained that even after eleven years no common facility for disposal of Hazardous Wastes was set up in the State; progress was very slow.

3.3.4.4.2 *Lack of monitoring/ control of hazardous wastes generating industries*

Non-issue/renewal of authorisations.

Occupier (i.e. Units) who generated and occupier or operator, who has facilities for collection, reception, storage, transportation etc. of hazardous wastes were required to get authorisation from TNPCB for any of the above activities. Out of 218 units covered in audit located in Coimbatore, Kancheepuram, Madurai and Salem districts, TNPCB had not issued authorisations for 29 Units. 130 Units had not got the authorisations renewed as of May 2001.

Units so authorised were required to submit to TNPCB an annual return, incorporating therein certain essential information such as total volume of the waste, mode of transportation, description of method of disposal etc. However as of 1999-2000 none of the 58 Units in Coimbatore and 39 Units in Madurai, filed the prescribed return which was also not insisted upon by the TNPCB. As a result TNPCB was deprived of vital data for monitoring/enforcing necessary controls.

3.3.4.4.3 *Disposal of effluent samples in an unscientific manner by the laboratories*

The Assistant Engineers and Assistant Environmental Engineers were required to collect, in a month, a minimum of ten treated and untreated hazardous effluent samples, for purpose of laboratory analysis. After conducting laboratory analysis, the effluent was let out into the sewers without any treatment (except for those containing cyanide and bacteriological samples), as none of the five laboratories had the facilities to dispose of these effluents scientifically. Ostensibly, TNPCB itself did not follow the rules which required that all such effluents must be treated before disposal.

3.3.4.5 Bio-medical Waste (Management and Handling) Rules, 1998

Inadequate waste treatment facilities for disposal of bio-medical waste.

Under the provisions of EP Act, 1986, GOI notified (July 1998), Bio-medical Waste (Management and Handling) Rules, 1998. These rules which laid down norms for treatment and disposal of bio-medical waste were applicable to all persons who generate, collect, receive, store, transport, treat, dispose or handle bio-medical waste in any form.

As per Schedule VI of the Rules *ibid*, the waste treatment facilities like incinerator, autoclave/microwave system were to be installed by 30 June 2000 in respect of (i) hospitals and nursing homes in towns with population of 30 lakh and above and (ii) hospitals and nursing homes with 500 beds and above in towns with population below 30 lakh.

TNPCB identified 202 hospitals in Chennai city and 15 hospitals in other towns which were required to have facilities for waste treatment by 30 June 2000. The data collected from TNPCB indicated that these hospitals generated 809 MT of solid bio-medical waste per month. Seventy seven *per cent* of the said quantity generated by 178 hospitals/Nursing Homes was not being disposed of as per the norms provided under Schedule I of the Rules *ibid* and 115 hospitals did not have incinerator facilities, as of August 2000.

The quantity of solid bio-medical waste generated by the 202 hospitals and nursing homes in Chennai city was 572 MT per month. TNPCB advocated the establishment of a large common incineration facility to prevent the localised air pollution likely to be caused by the individual incinerators set up by the major hospitals in the city, as they are located in thickly populated areas. TNPCB further stated that the Chennai based hospitals and nursing homes proposed to utilise the common treatment facilities to be set up by Chennai Corporation.

The Chennai Corporation stated (August 2001) that the tenders for setting up of common treatment facility called for were subsequently cancelled as the first tenderer could not procure the requisite land within the time frame of 3 months. TNPCB was not inclined to grant permission in respect of the land identified by the second tenderer and suggested the tenderer to set up the facility at the land proposed to be acquired by the Board. As this did not materialise, the Chennai Corporation was taking steps to call for tenders again (August 2001).

The fact thus remained that major quantity of solid bio-medical waste generated was not being disposed of by the hospitals in a scientific manner. No headway has been made to set up common treatment facility for the waste generated by hospitals in Chennai.

3.3.4.6 Municipal Solid Wastes (Management and Handling) Rules, 2000

In exercise of the powers conferred under Section 3, 6 and 25 of EP Act, 1986, GOI made, in September 2000, Municipal Solid Wastes (Management and Handling) Rules, 2000. According to these rules, the municipal authority concerned was responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid waste. The rules provided for staggered implementation of the activities so as to set up waste processing and disposal facilities by 31 December 2003. In Tamil Nadu, 102 municipalities and 6 Corporations were covered by these rules.

The solid waste generated in Chennai Corporation area alone ranged from 22,036 MT to 34,648 MT during the years 1996-2000. The above waste was dumped in open landfill without any treatment in two sites at Perungudi and Kodungaiyur.

TNPCB replied to Audit that these rules were of recent origin and steps were being taken at field level to implement them.

3.3.5 *Conclusion*

The shortcomings and deficiencies such as

- allowing establishment and operation of industrial plants in an air pollution control area without proper consent of TNPCB
- shortfall in inspection of industries by TNPCB
- shortfall in conduct of AAQ/ SM surveys by TNPCB
- inadequate attention towards controlling emission from motor vehicles

would point to lack of overall sincerity in implementing the provisions of the Act and Rules in regard to air pollution. Common disposal facilities for hazardous wastes were not setup so far. Monitoring and control of hazardous wastes generating industries was inadequate. The rules relating to management of bio-medical waste and municipal solid waste were not yet given effect to.

The above points were referred to Government in July 2001; reply had not been received (September 2001).

3.4 Prevention and Control of Diseases (Health and Family Welfare department)

Summary Highlights

Tuberculosis and Blindness are two major diseases which are widely prevalent in the State.

National Tuberculosis Control Programme was implemented in the State since 1962 to control Tuberculosis. A revised strategy called Revised National Tuberculosis Control Programme was implemented from 1993 with the objective of achieving cure rate of over 85 per cent through Directly Observed Treatment Short Course Chemotherapy (DOTS). The envisaged cure rate was not achieved in Chennai city and Cuddalore even during 1999-2000. The DOTS was not introduced in 7 districts and implemented late in 23 districts. There were shortfalls in sputum examination, anti-TB drugs were not available at times, follow-up of treatment was poor and treatment was discontinued mid-way in several cases. Inadequate sputum culture facilities and shortage of staff also contributed to poor performance.

National Blindness Control Programme from 1976 and a World Bank Assisted Cataract Blindness Control Project from 1994 were being implemented in the State with the goal of reducing prevalence of blindness to 0.3 per cent by 2000 AD. As the physical targets for performing cataract surgeries were fixed by Government of India arbitrarily without taking into account all the parameters, the backlog of cataract surgeries in the State was 0.9 per cent as of March 2001 as against the envisaged rate of 0.3 per cent. The main reasons for the high prevalence rate were poor performance under Government Sector mainly due to less number of cataract operations performed by the surgeons and poor performance of Ophthalmic Assistants in mobilising and enrolling patients for surgeries, poor utilisation of funds under consumables, IEC activities and poor follow-up.

- Targets ranging between 0.99 lakh in 1996-97 to 0.84 lakh in 2000-2001 fixed by Government of India for new case detection were found to be very much on the lower side as 2.50 lakh new patients were estimated to be added to the existing pool of Tuberculosis patients every year. Shortfalls upto 100 per cent were noticed in sputum examination in 68 Primary Health Institutions mainly due to vacancies in the post of Laboratory Assistants.

(Paragraph 3.4.5.2.1 and 3.4.5.2.2)

- Although Government of India stressed the DOTS strategy as mandatory for World Bank assistance and State Government issued orders in April 1998 to follow it scrupulously, the strategy was

implemented in 23 districts belatedly and was yet to be implemented in 7 districts as of April 2001, thus denying effective treatment to patients.

- Drug reaction and drug intolerance were not systematically recorded but treatment continued.

(Paragraph 3.4.5.2.3 (i))

- Expected rate of sputum conversion after 2 to 3 months of treatment were not achieved in 4 out of 6 districts.

(Paragraph 3.4.5.2.6)

- Although 4.61 lakh TB patients were detected during 1996-2000, 2.33 lakh patients (51 *per cent*) alone had completed treatment. The shortfall was mainly due to the failure of patients to turn up for treatment after diagnosis (initial defaulter) and after commencement of treatment.

(Paragraph 3.4.5.2.8)

- The facilities for sputum culture and sensitivity testing provided to 9 District Tuberculosis Centres at a cost of Rs 22.07 lakh were not utilised for want of manpower and other infrastructure.

(Paragraph 3.4.5.2.9)

- Twelve District Tuberculosis Centres did not have the full strength of staff essential for the proper implementation of the programme. District Tuberculosis Centres were not established in four districts.

(Paragraph 3.4.5.3)

- Time expired drugs worth Rs 24.51 lakh were noticed during test check.

(Paragraph 3.4.5.4)

- Of the funds released to District Blindness Control Societies, Rs 1.68 crore was lying unutilised as of March 2001; there was a vast backlog of payments due to Non-governmental Organisations to the tune of Rs 9.08 crore.

(Paragraph 3.4.6.1.2)

- While Government of India released Rs 155.40 lakh towards furnishing of eye wards and operation theatres during 1999-2001, Rs 77.40 lakh alone was sanctioned and released by State Government as of April 2001.

(Paragraph 3.4.6.2 (i))

- Against Rs 1.18 crore earmarked for IEC activities according to the approved Project Report, Government of India released only Rs 0.52 crore (44 *per cent*) upto March 2001, the end of the project period. The State Society spent only Rs 0.17 crore (32 *per cent*) and the remaining amount of Rs 35.23 lakh was lying unutilised.

(Paragraph 3.4.6.2 (ii))

- The performance of District Mobile Ophthalmic units in Ramanathapuram and Pudukottai was very poor.

(Paragraph 3.4.6.3)

- Unutilised Central assistance of Rs 43.67 lakh was remitted into State Government account as receipts, but not intimated to Government of India for adjustment in subsequent year's grants.

(Paragraph 3.4.6.4)

- Physical targets for cataract surgeries were fixed by Government of India arbitrarily without considering all the required parameters. Because of this, the backlog of Cataract operations in the State worked out to 5.61 lakh as of March 2001, which is 0.9 *per cent* of the projected population against the targeted prevalence of 0.3 *per cent*.

(Paragraph 3.4.7.2)

- Number of Cataract surgeries performed under Government Sector was very poor. Para Medical Ophthalmic Assistants failed to mobilise adequate number of patients for surgery. Each surgeon performed on an average of 208 surgeries per annum while the target was 700.

(Paragraph 3.4.7.4)

- Spectacles were provided by the District Societies only to 21.6 *per cent* of 0.70 lakh persons who had cataract surgeries performed during the period 1996-2001.

(Paragraph 3.4.7.5)

3.4.1 Introduction

Tuberculosis and Blindness are two major diseases prevalent in the State.

Tuberculosis (TB) is an infectious disease caused by a bacterium and spreads through the air from a person suffering from TB. It is estimated that in India about 14 million population was suffering from active TB of whom 3 to 3.5 million were in highly infectious stage. According to a National survey conducted by the Indian Council of Medical Research during 1955-58 about 10 lakh people suffered from TB in Tamil Nadu of whom one fourth (2.5 lakh) were infectious. This position remained the same even as of April 2000.

According to a survey conducted during 1986-1989 by World Health Organisation with a view to find out the magnitude and causes of blindness in the country in respect of blind people with visual acuity less than 6/60, the prevalence of blindness in the country was 1.49 *per cent* and in the State it was 1.65 *per cent*. According to this survey 82.8 *per cent* of the blindness in Tamil Nadu was due to cataract.

3.4.2 Programmes implemented

The programmes implemented for the prevention and control of Tuberculosis and Blindness in the State, sources of finance and funding pattern, the objectives and the envisaged goal were as follows:

	Programmes implemented	Source of finance and funding pattern	Objectives and envisaged goal
(i)	<p>Tuberculosis (a) National Tuberculosis Control Programme was implemented in the State since 1962 to control the disease. Based on the findings of a review committee a revised strategy called Revised National Tuberculosis Control Programme (RNTCP) was evolved in 1993 with emphasis on cure of infectious cases through Directly Observed Treatment Short-course Chemotherapy (DOTS).</p> <p>(b) In addition, World Bank had agreed to provide assistance of US\$142 million (equivalent to Rs 604 crore) to cover a population of 130 million in the country during 1999-2000 out of the total population of 400 million likely to be covered under RNTCP. Tamil Nadu was one of the States selected and project was implemented in the entire Chennai city and Cuddalore District during 1999-2000.</p>	<p>Central assistance is provided in cash and kind meeting 50 <i>per cent</i> of the requirement of anti TB drugs and equipment. State Government meets the entire expenditure on running the TB institutions (towards staff, maintenance of buildings, vehicles etc.)</p> <p>For 2000-01 the entire allocation by the centre was External Assistance in kind.</p>	<p>DOTS under RNTCP with World Bank aid aimed to achieve a cure rate of over 85 <i>per cent</i> with emphasis on the augmentation of case finding activities to detect 75 <i>per cent</i> of the estimated cases after having the desired cure rate. Besides, the standard regimen would be strengthened in non-RNTCP Districts, the Central institutions, State TB cell and State TB training Institutions.</p>

	Programmes implemented	Source of finance and funding pattern	Objectives and envisaged goal	
(ii)	Blindness	National Programme for Control of Blindness (NPCB) is being implemented in the State from 1976. A World Bank Assisted Cataract Blindness Control Project (WBCBCP) is also implemented in the State since April 1994. The project period was seven years and the outlay of the project was Rs 64.19 crore. The project was extended for one more year, upto 2001-2002.	NPCB was a cent <i>per cent</i> centrally sponsored scheme. Under the World Bank project also, GOI is releasing assistance as per the Action plan approved every year by the Ministry of Health and Family Welfare. Based on the claims made by the State Government, GOI would get back the amount from the World Bank.	The envisaged goal of NPCB and the World Bank project was to reduce prevalence of blindness in the State from 1.65 <i>per cent</i> to 0.3 <i>per cent</i> by 2000 AD by providing comprehensive primary, secondary and tertiary levels of eye health care and substantial reduction in eye disease in general and blindness in particular.

3.4.3 Organisational set up

Secretary, Health and Family Welfare Department was in overall charge of all the schemes. The other officers who were in charge of the schemes were as given below.

National Tuberculosis Control Programme	National Blindness Control Programme
<p>At the State level, a full time State TB Officer in the post of Additional Director under the control of Director of Medical and Rural Health Services (DMRHS) coordinates and supervises the programme activities.</p> <p>At the District level, the Joint Director of Health Services (JDHS) is responsible for the implementation of the programme with the help of District Tuberculosis Centre (DTC) and Tuberculosis Unit (TU) at sub-district level and other health institutions in the district such as Taluk hospitals, Primary Health Centres (PHCs) being the microscopy centres.</p> <p>In addition, a State TB society in the office of DMRHS and District Tuberculosis Control Society (DTCS) in each district were established to ensure smooth implementation of the scheme.</p>	<p>At State level, the programme was implemented by State Ophthalmic Cell headed by Project Director (PD) in the post of Additional Director of Medical Education till March 1996. Tamil Nadu State Blindness Control Society (TNSBCS) was constituted as a registered society with headquarters at Chennai (June 1995). Since then it is functioning as an independent autonomous society vested with full executive and financial powers. Secretary, Health and Family Welfare Department is the ex-officio president of the society and the PD, NPCB is its Member Secretary. The society is vested with the responsibility of active implementation of the programme.</p> <p>The programme is also being implemented by Director of Medical Education (DME) in Medical College Hospitals, by DMRHS in District Headquarters hospitals and taluk hospitals and by Director of Public Health and Preventive Medicine (DPHPM) in PHCs in the State.</p> <p>District Blindness Control Societies (DBCS) were formed in all districts (except Ariyalur) of the State with the District Collector as the Chairman and the District Programme Manager, appointed by the District Collector on contract basis, to coordinate all NPCB activities in the district</p>

3.4.4 Audit coverage

The implementation of the programmes for the period 1996-2001 was generally reviewed through test-check of records during November 2000-April 2001 in the Health and Family Welfare Department of the State Secretariat, offices of DMRHS, DPHPM, DME and in the following offices.

Control of Tuberculosis	Control of Blindness
(i) Five DTCs ¹	(i) TNSBCS
(ii) 36 Tuberculosis Units and 15 Government Hospitals in 6 districts ²	(ii) Six District Blindness Control Societies ³ .
(iii) Corporation of Chennai.	(iii) Regional Institute of Ophthalmology and Eye Hospital at Chennai.
(iv) Institute of Thoracic Medicine (ITM) at Chennai.	(iv) Medical College Hospitals at Madurai and Coimbatore
(v) Tuberculosis Research Centre (TRC), a unit of ICMR.	(v) Five District Headquarters Hospitals ⁴
	(vi) Offices of six Deputy Director of Health Services (DDHS) ⁵
	(vii) 18 NGOs

Significant points noticed are given in the succeeding paragraphs.

3.4.5 National Tuberculosis Control Programme

3.4.5.1 Financial performance

Details of Central assistance received, State share released, expenditure incurred under the programme for anti-TB drugs and equipment, during 1996-97 to 2000-2001 are as given below.

(Rupees in crore)

Year	Central assistance received	Assistance released and expenditure incurred towards purchase of drugs and equipment		
		Central share	State share	Total
1996-97	0.19*	NIL	NIL	0.19*
1997-98	1.38	1.38	1.49	2.87
1998-99	1.60	1.49	1.49	2.98
1999-2000	1.70	1.81	1.70	3.51
2000-2001	11.34 ^a	NIL	NIL	NIL

* Central assistance in kind.

a External aid received in kind. The medicines were supplied to DTCs directly by GOI. The value of medicines received has not been booked in the Accounts.

Entire Central and State assistance was released to Tamil Nadu Medical Services Corporation (TNMSC) for the purchase of drugs and equipment.

¹ Cuddalore, Dindigul, Kancheepuram, Salem and Thanjavur.

² Chennai, Cuddalore, Dindigul, Kancheepuram, Salem and Thanjavur.

³ Chennai, Coimbatore, Cuddalore, Madurai, Tiruvannamalai and Villupuram.

⁴ Cuddalore, Coimbatore (at Tiruppur), Madurai (at Usilampatti), Tiruvannamalai and Villupuram

⁵ Cuddalore, Coimbatore, Madurai, Thiruvannamalai, Tiruppur and Villupuram

3.4.5.2 Physical performance

3.4.5.2.1 Targets and achievements

Targets fixed for the State by GOI and achievements reported by DMRHS under the three main components viz., sputum examination, new case detection and sputum positive cases during 1996-97 to 2000-2001 are as given below:

(In lakh number)

Year	Sputum examination		New case ⁶ detection		Sputum positive cases	
	Target	Achievement	Target	Achievement	Target	Achievement
1996-97	2.97	5.05	0.99	1.38	0.30	0.24
1997-98	2.42	5.37	0.81	1.13	0.22	0.28
1998-99	9.10	5.40	0.82	1.16	0.30	0.30
1999-2000	3.06	4.65	0.83	0.94	0.31	0.28
2000-2001	3.09	3.85	0.84	0.74	0.31	0.25

Targets fixed for new case detection on the lower side.

The targets fixed by GOI for new case detection⁷ were found to be very low, since 2.50 lakh new patients were estimated to be added to the existing pool of TB patients every year. Also, the achievement reported did not include cases detected/treated in private clinics, Government Medical College Hospitals, Government Hospital of Thoracic Medicine, ESI hospitals/dispensaries, hospitals in Railway, Port-Trust and Police Departments.

The continued incidence of the disease despite the implementation of the programme was mainly due to poor performance in case finding and treatment as discussed in the succeeding paragraphs.

3.4.5.2.2 Case finding

Short falls in sputum examination

Shortfalls in sputum examination upto 100 per cent in 68 PHIs.

According to technical guidelines of Central TB Division, efforts are required to be made under the programme to improve diagnosis of TB among patients attending health facilities, as it is expected that atleast 2 per cent of adult out-patients will be chest symptomatics. Every patient attending out-patient department (OPD) in a health unit for any reason should be specifically asked about the presence of cough and sputum samples obtained. Though the targets fixed for sputum examination were achieved at State level, as mentioned in para 5.2.1, yet shortfalls in sputum examination upto 100 per cent were noticed in 68 Public Health Institutions (PHIs) covered by test-check. The main reasons attributed for the shortfall were vacancies in the posts of Laboratory Assistants (LAs)/Laboratory Technicians (LTs) and non-cooperation of patients to give sputum for examination. The study committee constituted (June 1999) by State Government to assess the performance of the programme also pointed out that sputum examination was not done for most of

⁶ Includes sputum positive, sputum negative (X-ray positive) and extra pulmonary tuberculosis cases.

⁷ Uniform target fixed by GOI at 135 per lakh population of the State.

Vacancy in the posts of Laboratory Assistants.

the chest symptomatics who reported at OPD as required and consequently many sputum positive cases were let off without any diagnosis and treatment.

Audit observed that the posts of Laboratory Assistants (LAs) remained vacant in 83 designated microscopy centres, specially established under RNTCP for carrying out sputum examination. Also for 1409 PHCs in the State, 1050 posts of LAs were sanctioned and the men in position were only 701. In the ITM, Chennai which examines sputum collected from Government Medical College Hospitals in Chennai and peripheral hospitals, 3 posts of LAs vacant from February 1998 and October 1998 had not been filled up.

To carry out sputum test exclusively, Government ordered (September 2000) to fill up 25 posts of Laboratory Technicians Grade I in 23 institutions/hospitals attached to Medical Colleges on contract basis for the time being and then by redeployment from DMRHS. However, the posts are yet to be filled up (April 2001).

Though the Public Accounts Committee (PAC) in its 60th Report (April 1992) had recommended that the shortfall in sputum examination should be made good at all costs as it adversely affected the implementation of the programme, such shortfall still persisted and no effective action was taken by the department to overcome it. DMRHS requested (March 2001) DPHPM to atleast depute LAs from the adjoining PHCs to work in the 83 designated microscopy centres for sputum examination till these vacancies are filled by regular incumbents.

3.4.5.2.3 Treatment

(i) Administration of drugs

Under RNTCP, as recommended by Director General of Health Services (DGHS), New Delhi, State Government ordered (October 1995) to adopt a uniform drug regimen for all new sputum positive or seriously ill sputum-negative cases. The drugs were to be taken under direct supervision of health staff for the whole period of 6 months. However as the dropout rates were higher, Government modified (April 1996) the orders based on the suggestion of DMRHS that the drugs be supplied to the patients once in a fortnight for self administration at home. This did not have the concurrence of GOI.

Belated implementation of DOTS in 23 districts and non-implementation in 7 districts resulted in denial of effective treatment to patients.

When World Bank stipulated DOTS strategy for assistance under RNTCP, State Government once again revised the stand (April 1998) providing for DOTS strategy to be adopted scrupulously in all institutions. Under this strategy, drugs should be administered thrice a week under direct supervision of health staff during the intensive phase of first two months; in the continuation phase of next four months, the first dose of drugs are to be administered every week under supervision and the drugs for the next 2 doses for the week are to be given to the patients for self administration at home. However, Audit observed that DOTS commenced between February 1999 and August 2001, only in 23 districts⁸ of the State including Chennai Corporation (from April 1999). In respect of Chennai and Cuddalore, the first two districts to implement RNTCP, the cure rate achieved was poor. In the remaining 7 districts, the effective treatment contemplated under DOTS is yet to be given

⁸ February 1999:1, April 1999 : 1, March 2000:3, July 2000:1, September 2000:1, December 2000:5, March 2001:2, April 2001:3, May 2001:4, June 2001 : 1 and August 2001 : 1.

to the patients (August 2001). The main reasons for the delay in implementation were non-formation of DTCs which were essential for introduction of the programme, delay in carrying out civil works like upgrading of laboratories and drug stores and delay in conducting training programmes.

The following observations are made:

Prescribed drug regimen not followed due to insufficient number of health workers.

Anti-TB drugs were given in advance to the patients instead of administration under direct supervision.

(a) A number of hospitals in the State did not implement DOTS scheme for various reasons like inadequate number of Health Workers/Treatment Supervisors.

(b) In Kancheepuram and Salem Districts⁹, anti-TB drugs were given in advance to the patients during the intensive phase instead of administering under direct supervision on alternate days. As a result, proper intake of drugs was not ensured. Such irregular treatment could develop multi-drug resistance hampering scientific cure of the disease. Treatment was continued without systematically recording drug reaction and drug intolerance.

3.4.5.2.4 *Non-availability of anti-TB drugs*

Non-availability of anti-TB drugs in 11 institutions of 3 districts.

Due to non-receipt of supply from DTC/TNMSC, anti-TB drugs such as Streptomycin Injection (0.75 gms) Rifampicin capsules, Ethambutol, Pyrazinamide and Isoniazid tablets were not administered to 346 patients in 11 institutions in Dindigul, Kancheepuram and Salem districts during February 1997 to February 2001 out of 56 institutions covered by test-check. By not following the drug regimen recommended the treatment would be ineffective.

3.4.5.2.5 *Contacts of sputum positive cases*

No evidence regarding sputum examination of persons in contact with sputum positive cases was on record in 6 sample districts.

Any person who has productive cough and is in contact with a sputum positive index case should have 3 sputum examinations as soon as possible. If the results are negative and symptoms persist after treatment with broad-spectrum antibiotics, the patient should have a chest X-ray and undergo examination by a Medical Officer (MO). Children who cannot produce sputum should undergo tests like X-ray.

A scrutiny of treatment cards in 6 districts disclosed no evidence of sputum examination of persons in contact with sputum positive cases. According to Central-TB Division, such non-examination would result in spreading of the disease. This explains the high prevalence rate of TB in the State.

3.4.5.2.6 *Follow-up of patients*

For monitoring patients' progress towards cure, follow-up sputum examinations are required to be conducted at prescribed intervals during the course of treatment.

⁹ Kancheepuram District : Government Hospital (G.H), Madurantagam
Salem District : G.Hs at Attur, Mettur Dam
Government Public Health Centre (GPHC) Nangavalli and Malliakkara.

Expected rate of conversion was not achieved in four sample districts regarding the number of sputum conversions made after 2 to 3 months of treatment in respect of new, relapse and failure cases during 1997-2001.

The data compiled in Appendix XVI clearly reveal that the expected rates of conversion¹⁰ were not achieved in 4 districts viz., Kancheepuram, Dindigul, Salem and Thanjavur. While in Chennai, the expected rate of conversion was achieved only during 1999-2000 in respect of failure cases and during 2000-2001 in respect of new and relapse cases, in Cuddalore it was achieved during 1999-2000. The non-achievement was attributed to patients not turning up and migration/death of patients.

In Government Hospital of Thoracic Medicine, Tambaram, Chennai, no evidence was available in the treatment cards regarding the conduct of follow-up sputum examinations.

Though the PAC recommended in their report in April 1992 that effective follow-up action be taken in cases of large-scale dropouts, yet these deficiencies continued to persist as mentioned above.

It is evident that because of lack of follow up action, there was no reduction in the annual incidence of new TB patients (2.50 lakh) added every year.

3.4.5.2.7 *Death rate*

Despite there being 1981 cases of death due to TB in the State during 1996-2001, the exact reasons were not examined and recorded.

Additional Director of Medical and Rural Health Services stated that there were 1981 cases of death due to TB in the State during 1996-97 to 2000-2001. As per the reports of DTOs in the six sample districts, 460 TB patients died during the period 1996-97 to 1999-2000. However, the reasons for the death of patients were not examined with a view to arrest the death rate.

3.4.5.2.8 *Discontinuance of treatment*

The fact that 49 per cent discontinued the treatment reveal that impact of IEC activities was poor.

Against 4.61 lakh TB patients detected for treatment during 1996-2000, only 2.33 lakh patients¹¹ (51 per cent) had completed treatment as reported (February 2001) by the DMRHS. The shortfall was mainly due to failure of TB patients to turn up for treatment after diagnosis and after commencement of treatment. Although huge amounts¹² have been spent on Information, Education and Communication (IEC) activities under the programme, impact is lacking on account of frequent changes in treatment policies/procedure.

Facts of home visits and reasons for default were not recorded in the treatment cards by health service providers.

Test-check of records in the 6 sample districts revealed that 9 to 80 per cent of the patients who commenced treatment during 1996-2000 discontinued it¹³. Under the programme, the patients who defaulted had to be motivated through home visits and brought back to treatment. A scrutiny of treatment cards, however, disclosed that the fact of home visits made by health service providers viz., Lady Health Visitors, Multipurpose Health workers etc., and the reasons for the default were not recorded therein in most of the cases. As the responsibility for curing TB patients is placed on the health workers under the programme, high rate of default would indicate poor follow-up of patients

¹⁰ From new sputum positive cases to sputum negative: 80 per cent after 2 months and 90 per cent after 3 months of treatment.

¹¹ Retreatment (relapse and failure cases): 75 per cent after 3 months of chemotherapy 0.50 lakh in 1996-97, 0.72 lakh in 1997-98, 0.55 lakh in 1998-99 and 0.56 lakh in 1999-2000.

¹² Rs 23.73 lakh in six test-checked districts during 1998-99 to 2000-01.

¹³ As against a limit of 5% desired by GOI guidelines.

by health workers. This had eventually led to low cure rate and transmission of TB. Though no specific reasons were given for less number of home visits, two DTCs (Salem and Kancheepuram) stated that the home visits would be recorded in future and reasons for default analysed.

Envisaged cure rate not achieved in Chennai City and Cuddalore District.

Against the cure rate of 85 per cent to be achieved under RNTCP, the cure rate actually achieved during 1999-2000 was only 75 per cent and 74 per cent in Chennai city and Cuddalore district which were selected under the World Bank Project.

3.4.5.2.9 Sputum culture

Facilities provided at a cost of Rs 22.07 lakh to nine DTCs for sputum culture and sensitivity testing were not utilised for want of manpower and infrastructure facilities.

Sputum culture and sensitivity testing is valuable for surveillance, planning and management of resistant/failure cases. As these facilities are not available in DTCs, the sputum samples of patients were sent for culture to TRCs at Chennai and Madurai, ITM at Chennai and TB Sanatorium, Tambaram (Chennai). For providing sputum culture facilities, Government sanctioned (August 1997) Rs 36 lakh at the rate of Rs 4 lakh per DTC. Equipment needed for this facility were purchased (March 1998-June 1999) at a cost of Rs 22.07 lakh and supplied to 9 DTCs.¹⁴ However, the equipment were not installed and the facility is not yet established for want of manpower like microbiologist and other infrastructure like rooms with air-conditioning, resulting in the equipment lying idle. DTCs continued to send patients/samples for culture and sensitivity test to the two TRCs, ITM and TB Sanatorium.

Results of tests were not intimated to the referring DTC in all cases. Audit found the position in DTC, Dindigul and DTC, Salem as under.

	Referred cases	Period	Results received	From
DTC Dindigul	15	December 1997- Mach 2001	5	TRC, Madurai
DTC Salem	40	March 2000- March 2001	14	TRC, Chennai

Incidentally TRC, Madurai had requested (October 2000) the DTC Dindigul to refer fewer cases for testing as their work load and commitment had risen to a great extent owing to referral from different centres.

3.4.5.3 Establishment of District Tuberculosis Centres

One District Tuberculosis Centre (DTC) has to be established for an average population of 19 lakh under RNTCP with the key staff comprising District TB officer (DTO), Treatment Organiser, Laboratory Technician, X-ray Technician and Statistical Assistant. DTC functions as a specialised referral centre and is specifically responsible for the organisation of TB control activities in the district. As of March 2001, only 25 DTCs were functioning, against 30 as per norm.

Non-establishment of DTCs in four Districts.

(i) DTCs were not established in the four districts viz., Ariyalur, Karur, Madurai (at Usilampatti) and Thiruvarur though the establishment of the DTC was a pre-requisite for the implementation of the World Bank assisted RNTCP. Proposals (April 1999 and April 2001) of the DMRHS towards establishment of these DTCs were pending with State Government (May

¹⁴ Cuddalore, Dharmapuri, Dindigul, Kancheepuram, Pudukottai, Salem, Thanjavur, Thiruvannamalai and Tuticorin.

2001). Audit observed that the buildings for DTCs at Karur, Usilampatti and Thiruvarur were completed between December 1999 and September 2000 at a cost of Rs 88.16 lakh . However, the DTCs with required key staff were not yet established. The buildings were reported (September 2001) to be utilised for TB programme work with a M.O. posted locally.

(ii) Though Coimbatore District had a population of 38.87 lakh, only one DTC was functioning in the district against the requirement of two.

Posts vacant in DTCs.

(iii) Twelve DTCs already established did not have full strength of staff essential for proper implementation of RNTCP. DMRHS replied (May 2001) that his proposal (September 2000) for creation of 27 posts including 2 posts of DTOs (Nilgiris and Theni), 4 posts of second medical officers, 11 posts of Statistical Assistants and 3 posts of Pharmacists was pending with the State Government. The Central TB Division recommended (July 1997) that the headquarters of TB unit in Chennai Corporation be strengthened with additional manpower of one Data Entry Operator, Driver, IEC Officer, Medical Officer and Secretarial Assistant each. However except the post of driver, all the remaining posts were not filled up (August 2001).

The PAC in their report (April 1992) had observed that considering the importance of the scheme, the financial constraints should not stand in the way of establishing DTCs with required staff. However, the deficiencies in this regard still persist and affect the implementation of the programme. Correspondence between DMRHS and Government in this regard disclosed that there were financial constraints in establishing DTCs with required staff.

This has to be viewed in the background of substantial amounts of expenditure met by State Government on running the TB institutions towards staff, maintenance of buildings, vehicles etc. The *per capita* expenditure on this account worked out to Rs 543.69¹⁵ per patient during 1996-2000.

3.4.5.4 Time expired and sub-standard drugs

(a) Time-expired drugs

Availability of time expired anti-TB drugs worth Rs 24.51 lakh in 5 sample districts.

Drugs worth Rs 24.51 lakh became time-expired in 5 sample districts viz., Chennai, Coimbatore, Cuddalore, Dindigul and Thanjavur. A detailed scrutiny of records revealed that the Injection Streptomycin and tablet Isoniazid became time expired in Coimbatore (June 1997) and Government Medical Stores Depot (GMSD), Chennai (September 1999) respectively, while these drugs were not administered to the patients during March 1997 and July-September 1999 in Kancheepuram district due to non- availability. The DTOs at Coimbatore and Cuddalore stated that the drugs became time-expired, as they had been supplied to them by DGHS/TNMSC without any indent/ in excess of indented quantity.

(b) Sub-standard drugs

3.37 lakh tablets of Pyrazinamide (500 mg) (cost: Rs.5.19 lakh) (3 lakh supplied by M/s C.T. Laboratories, Calcutta received from GMSD, Chennai during April 1996 by DTC, Thanjavur and 0.37 lakh supplied by firm Unicare (India) Private Limited between June 1999 and September 1999 to DTC, Dindigul) were declared as sub-standard in June 1997 and December

¹⁵ Based on expenditure and number of new patients detected plus patients who completed treatment during 1996-97 to 1999-2000.

2000 by the Government Analyst, Drug Testing Laboratory, Chennai, as the sample tablets did not conform to the Indian Pharmacopoeia (IP) specification in respect of disintegration test. By the time the fact was intimated (June 1997 and January 2001) to DTCs, Thanjavur and Dindigul, 3.24 lakh tablets were distributed to various institutions and in turn would have been distributed to TB patients. In PHC, Eriyodu (Dindigul District) to which 5700 such tablets were supplied (June 1999 to January 2000) Audit found that they had been distributed to the patients. Information regarding action taken against the defaulting firms was not on record.

3.4.6 National Programme for Control of Blindness

The implementation of the programme in the State is vested with Tamil Nadu State Blindness Control Society (TNSBCS), a registered society. Under the programme, infrastructure facilities, equipment for quality eye care in Government hospitals and grants-in-aid to NGOs for performing cataract surgeries are provided; IEC activities are undertaken for creating awareness. GOI approved an outlay of Rs 64.20 crore¹⁶ for implementation of the World Bank Project in Tamil Nadu during 1994-2001, which was later extended for one more year, 2001-2002.

3.4.6.1 Financial Performance

3.4.6.1.1 Allocation and expenditure

a) Details of amounts released by GOI, expenditure incurred under NPCB and WBCBCP during 1994-95 to 2000-2001 are as given below.

(Rupees in lakh)

Year	NPCB			WBCBCP		
	Allocation	Released by GOI	Expenditure	Allocation	Released by GOI	Expenditure
1994-95	28.41	28.41	10.09	149.48	77.48	87.59
1995-96	31.77	31.77	22.44	306.30	306.30	96.15
1996-97	21.50	-	24.22	344.98	106.54	79.60
1997-98	3.50	-	2.65	471.88	444.47	692.79
1998-99	20.00	-	3.83	560.00	551.00	704.39
1999-2000	-	-	3.52	405.00	462.18	328.03
2000-2001	5.00	5.00	-	190.00	190.00	487.44

The expenditure under the project is initially met from budget provision made by the State Government. At the year end, based on the expenditure statement furnished by TNSBCS, Chennai, claim is preferred with GOI. There is a backlog of assistance due to be received from GOI as of March 2001.

3.4.6.1.2 Grants to District societies

Central assistance to the tune of Rs 1.68 crore was lying unutilised with 20 DBCSs as of March 2001.

GOI released funds directly to District Societies upto December 1999 and through TNSBCS thereafter. The details of funds received by District Societies and expenditure incurred by them were not available with the Project Director TNSBCS. However, according to details furnished by TNSBCS,

¹⁶ Includes direct funding to DBCS

Dues to the tune of Rs 9.08 crore to NGOs piled up because of inadequate release of funds by GOI.

Rs 1.68 crore were lying unutilised with 20 DBCSs on 31 March 2001. Of these, 7 DBCSs had closing balance exceeding Rs 10 lakh¹⁷. The DBCSs are required to give grants-in-aid to NGOs at specified rates for cataract surgeries performed. However as of March 2001, dues to the tune of Rs 9.08 crore were payable to NGOs by 24 DBCSs. The pendency was attributed to inadequate release of funds by GOI to District Societies.

3.4.6.2 Non-utilisation of funds

(i) *Non-utilisation of funds allocated for furnishing eye wards and operation theatres*

Non-release of central assistance of Rs 18 lakh by State Government.

GOI released a sum of Rs 95.40 lakh¹⁸ towards furnishing of newly constructed eye wards and operation theatres. However, State Government accorded sanction for Rs 77.40 lakh¹⁹.

Out of Rs 77.40 lakh sanctioned, only Rs 16.86 lakh utilised.

Out of the amount sanctioned by Government, Rs 10 lakh were credited to the Personal Deposit (PD) account of TNSBCS only in March 2000 and is lying unutilised (April 2001), as the Society had not received any proposals from the institutions. The original sanction for Rs 67.40 lakh issued (March 2000) to DMRHS (Rs 46.80 lakh) and DME (Rs 20.60 lakh) for furnishing 25 completed eye wards and operation theatres was revalidated in September 2000. As of April 2001, an expenditure of only Rs 16.86 lakh was incurred by DMRHS; details regarding the expenditure incurred by DME have not been made available to Audit.

Central assistance of Rs 60 lakh not released by State Government.

Similarly, a sum of Rs 60 lakh released (Rs 30 lakh each in April and May 2000) by GOI towards furnishing of newly constructed eye wards has not been released by State Government to TNSBCS (March 2001).

(ii) *Non-utilisation of assistance earmarked for IEC activities*

Non-receipt of earmarked funds for IEC activities from GOI and non-utilisation of Rs 35.23 lakh provided for IEC activities by TNSBCS.

Against the amount of Rs 1.18 crore earmarked for IEC activities, GOI released only Rs 0.52 crore (44 *per cent*) upto 2000-2001, the end of the project period, of which TNSBCS spent only Rs 0.17 crore (32 *per cent*). Remaining amount of Rs 35.23 lakh was lying unutilised with the Society. This would lead to non-availing of World Bank credit to the full extent.

TNSBCS stated (May 2001) that instruction for broadcasting through mass media are sent directly by GOI and only the bills are settled by TNSBCS and hence due to non-receipt of instructions/bills the funds could not be utilised. The contention of TNSBCS is not tenable as State Society is responsible for implementing IEC activities under the programme. Further, there are various other IEC activities on which the amount could have been utilised.

¹⁷ Coimbatore : Rs 40.55 lakh, Karur : Rs 11.19 lakh, Dindigul : Rs 13.87 lakh, Tiruvallur : Rs 16.01 lakh, Madurai : Rs 11.96 lakh, Nagapattinam : Rs 13.20 lakh, Tiruchirappalli : Rs 12.05 lakh.

¹⁸ July 1998: Rs 10 lakh; June 1999: 85.40 lakh.

¹⁹ June 1999: Rs 10 lakh; March 2000: Rs 67.40 lakh.

(iii) *Non-utilisation of assistance given under the component “consumables”*

Funds to the tune of Rs 26.44 lakh given for consumables were not utilised.

GOI release in 1995-96 to State Government included Rs 29 lakh towards the component “consumables” under the World Bank Project. However, TNSBCS incurred an expenditure of only Rs 2.56 lakh under consumables during 1996-2000 and the balance amount of Rs 26.44 lakh was lying unutilised.

(iv) *Non-utilisation of funds allocated to Eye-banks*

Non-establishment of eye bank in Coimbatore Medical College Hospital.

GOI allocated Rs 12.50 lakh during 1994-2001 for establishment of 4 eye-banks under NPCB. Two eye-banks in Chennai have been established during 1994-95 to 1999-2000. The model eye-bank in Coimbatore Medical College Hospital has not been established as of April 2001 although it was ordered in July 1998. State Government had not issued orders till March 2001 for the establishment of fourth eye-bank sanctioned by GOI during 1998-99. During the period 1996-2000, an expenditure of only Rs 2.84 lakh was incurred in the two eye-banks, indicating poor performance.

Such non-utilisation of funds under the above components of the programme would hamper dissemination of information about the programme to the public and the quality of service.

3.4.6.3 *Inadmissible expenditure on employment of excess staff for District Mobile Ophthalmic Unit*

Mobile Ophthalmic Units were established to provide out reach services to the beneficiaries. As there are hardly any eye care facilities below the district level, these units were supposed to provide eye care services including cataract surgery in rural areas.

The approved staffing pattern for District Mobile Ophthalmic Unit (DMOU) was for 6 persons *viz.* Ophthalmic Surgeon, Ophthalmic Assistant, Operation theatre Technician, Staff Nurse, Group ‘D’ and Driver under World Bank Project. However the State Government while re-organising the Mobile Ophthalmic Units in the State, sanctioned (March 1997) 10 posts to each DMOU under the project. This had resulted in sanctioning of four additional posts *viz.*, Civil Surgeon, Staff nurse, Junior Assistant and Nursing Assistant Gr II for each DMOU.

Expenditure of Rs 9.79 lakh incurred on excess posts operated in 2 sample districts.

GOI in their directions in December 1998 stated that the funds for salary component are allocated under the existing pattern and the additional requirement of funds over and above the existing pattern for the salary component may be met by the State Government from State Budget. Scrutiny of records in two sample districts (Coimbatore and Thiruvannamalai) disclosed that 3 posts were operated in excess of GOI norms and expenditure of Rs 9.79 lakh was debited to the project, though the expenditure has to be borne by State Government.

Number of surgeries performed by the DMOUs at Ramanathapuram and Pudukottai were between 122 and 589 and 120 and NIL during 1997-2000 against the norm of 1500 surgeries fixed per annum.

It was expected that each mobile unit would perform a minimum of 1500 cataract surgeries per annum. Two mobile units at Ramanathapuram and Pudukottai were functioning from 1997-98. Scrutiny of records in TNSBCS revealed that against the norm of 1500 per annum, the performance was between 122 and 589 in Ramanathapuram district and between 120 and NIL in Pudukkottai during 1997-98 to 1999-2000.

DBCS, Ramanathapuram attributed (August 2001) the shortfall to lack of awareness among the public and stated that action would be taken to achieve target. Specific reasons for the huge shortfall in Pudukkottai District have not been furnished.

3.4.6.4 Crediting unutilised Central assistance to the accounts of State Government

Perusal of records revealed that Rs 43.67 lakh, the unutilised amount of assistance received from GOI, was remitted to State Government account by TNSBCS as given below. This amount should have been retained by the Society for use in the programme.

Serial Number	Month of release	Purpose of release	Amount released (Rupees in lakh)	Expenditure incurred (Rupees in lakh)	Balance amount (Rupees in lakh)	Month of remittance
(i)	March 1995	Provision of dark room facilities	20.00	12.95	6.52*	June 1999
(ii)	February 1996	Programme activities	338.07	79.67 209.00	27.80	October 1998
(iii)	October 1994	Purchase of Ophthalmic equipment for PHCs	18.04	13.66	4.38	November 1998
(iv)	March 1995 and March 1996	Programme activities	--	--	4.97	November 1998 and January 1999
					43.67	

* after transferring Rs 0.53 lakh to TNSBCS.

The amounts were credited to State Government account as receipts which is improper. This was also not intimated to GOI for adjustment in subsequent year's grants.

3.4.7 Physical performance

3.4.7.1 Physical Achievement

As the incidence of Trachoma in the State was nil, GOI fixed targets only for performing cataract operations every year in the State. The number of operations performed against the target fixed during the period 1994-95 to 2000-2001 are as given below.

Year	Target fixed by GOI	Number of cataract operations performed			Percentage of achievement
		Government Sector	NGO/ Private	Total	
1994-95	2,20,000	47,364	2,04,427	2,51,791	114
1995-96	2,00,000	45,381	2,22,110	2,67,491	134
1996-97	2,75,000	43,588	2,53,259	2,96,847	108
1997-98	3,08,000	54,344	2,75,429	3,29,773	107
1998-99	3,38,800	64,790	3,08,900	3,73,690	110
1999-2000	3,50,000	62,758	2,94,195	3,56,953	102
2000-2001	3,75,000	62,132	3,02,465	3,64,597	97

On an analysis of the performance, Audit observed the following.

3.4.7.2 Fixation of unrealistic target

(a) According to the survey conducted by WHO-NPCB during 1986-87, the prevalence of blindness in the State was 1.65 *per cent*. Rapid prevalence survey, facility survey and beneficiary assessment survey conducted by GOI during 1997-98 also revealed that the prevalence rate had remained more or less the same as in 1986. The blindness due to cataract alone accounted for 80 *per cent*. The programme aims to reduce the prevalence of blindness to 0.3 *per cent* by 2000 A.D.

Fixation of targets by GOI, for performance of cataract surgeries in the State was done arbitrarily and the back log of cataract operations worked out to 5.61 lakh in the State as of March 2001 which was 0.9 *per cent* of the project population.

To achieve this goal, the targets need to be fixed taking into account the prevalence of blindness, incidence of cataract, rate of increase in incidence, correct net growth rate of population, the number of cataract surgeries already performed and the backlog of cases in the State. However, as seen from the references of GOI prescribing targets for the years 1994-95 to 2000-2001, the prevalence/incidence of blindness in the State were not considered while fixing the targets. The findings of the mid-term survey conducted by GOI itself during 1997-98 also confirmed that targets were set arbitrarily without taking into account the prevalence of blindness / incidence of cataract in the State.

Adopting the prevalence of blindness for estimated population of 606.7 lakh for the year 1997-98 and adding the annual incidence of blindness at 2.85 lakh, the cataract operations to be performed upto March 2001 would be 16.56 lakh. As against this, number of cataract operations actually performed was only 10.95 lakh leaving a balance of 5.61 lakh as of March 2001. This backlog works out to 0.9 *per cent* of the projected population for 2001 as against the targeted prevalence of blindness of 0.3 *per cent* by the year 2000 .

3.4.7.3 Inclusion of non-targeted group under achievement

Persons having visual acuity greater than 6/60, though they were not targeted, covered under the programme during 1999-2000.

According to the definition for blindness adopted by GOI, persons having a visual acuity of 6/60 or less are considered as blind and they were the targeted group both under NPCB and the World Bank Project. However a scrutiny of the new progress reports (C.Ex form) of 22 districts for the year 1999-2000, revealed that 74976 cataract surgeries had been performed for persons having visual acuity greater than 6/60, who belong to non-targeted group. If performance on this non-targeted group is excluded, the actual performance would work out to only 81 *per cent* of the target for the year as against 102 *per cent* shown as achieved during the year.

As these progress reports (C.Ex) in new format indicating pre-operative visual acuity were prescribed by GOI only from 1999-2000, the inclusion of non-targeted group under achievement during earlier years could not be ascertained by Audit.

3.4.7.4 Poor performance under Government sector

Poor performance of cataract surgeries under Government sector and the decline in achievement from 22 *per cent* in 1994-95 to 17 *per cent* in 2000-2001, against the targeted percentage of 55 and 23 respectively.

(a) Cataract surgeries have been assigned to three sectors *viz* Government, Non-Government Organisations and private sector. The break-up details of the performance under the programme during 1994-95 to 2000-2001 revealed that the Government sector contributed to only 22 *per cent* of the surgeries in 1994-95 and 17 *per cent* in 2000-2001 against the targeted 55 and 23 *per cent* respectively. The other two sectors contributed 93 *per cent* and 80 *per cent* of the achievement. In spite of the provision of additional infrastructure to the tune of Rs 18.22 crore during 1994-95 to 1999-2000 mainly by upgrading

facilities in medical institutions and by creating 106 posts of Para Medical Ophthalmic Assistants (PMOAs) in as many PHCs, the target for Government Sector was scaled down from 1,20,000 (1994-95) to 85,000 (2000-01). TNSBCS in reply to Audit stated that since private sector has more number of beds than Government sector, target fixed for NGOs was increased. Even so, the achievement in Government sector was only 73 *per cent* of the target in 2000-01. Test-check of records in Directorates and in the sample districts revealed that the average number of cataract surgeries performed by one surgeon in Government sector was only 208, while the expected norm was 700 per annum, as given in World Bank (WB) Aid Memoire. Poor performance of PMOAs in mobilising and enrolling patients for surgery in Government institutions was another reason for the shortfall in achievement. PD, TNSBCS himself had admitted (July 1999) that the performance of ophthalmic surgeons in the State was far below the target and the output per bed was also found to be low.

The PD attributed (November 2000) the poor performance in Government sector to vacancies in posts of ophthalmologists in certain districts and less number of surgeries performed in Regional Institute of Ophthalmology at Government Ophthalmic Hospital.

Further, better facilities available with NGOs, pre-occupation of Medical College Ophthalmologists with other activities like teaching etc., cumbersome procedure in Government hospitals were also cited as reasons by field level officers.

3.4.7.5 Non-supply of spectacles after surgery

Spectacles were not provided to 78 *per cent* of patients after surgery in 4 sample districts during 1996-2001

Cataract can be treated by removing the entire lens including its surrounding capsule by conventional method of Intra Capsular Cataract Extraction (ICCE). This method requires the use of spectacles after surgery. The DBCS were to provide free spectacles to the poor patients who had undergone cataract surgery.

However, in four sample districts spectacles were provided by DBCS only to 15,152 (22 *per cent*) persons after surgery out of 70,148 surgeries performed during the period 1996-97 to 2000-2001. DBCS Coimbatore and Tiruvannamalai attributed the non-supply to cost of spectacles being higher than the rate allowed by GOI and non-receipt of prescriptions from PMOAs of PHCs. Where spectacles were not provided, complete restoration of eye sight after the surgery could not be ensured.

3.4.7.6 Non-restoration of vision even after cataract surgery

Percentage of failure in restoration of vision after surgery was between 1.2 and 0.5 during 1996-2001 in 25 DBCSs.

Compilation of details from the progress reports of 25 DBCSs during the period 1996-97 to 2000-2001 revealed that in 9,969 cases vision was not restored after surgery out of 12,44,823 cases and the percentage of failure ranged between 1.2 and 0.5 *per cent* during the above period. No strategy has been devised to reduce the number of failures by updating the quality of surgery.

3.4.8 Monitoring and Evaluation

3.4.8.1 Quality control

According to the Staff Appraisal Report of the World Bank, quality control should be monitored through (i) close supervision of service delivery, (ii) spot checks of records and surprise visits to camps, patients and hospitals by the Programme Coordinator or District Ophthalmic Surgeons, (iii) beneficiary assessment to be conducted by independent organisation to measure patients satisfaction and (iv) periodical evaluation by expert ophthalmologists to assess quality outcomes.

However, the annual beneficiary assessment envisaged under the programme was not carried out. Further, no independent beneficiary assessment by any external/ independent agency was done.

Findings of rapid assessment survey conducted in Nilgiris and Dindigul districts during December 1997 and January 1998.

Moreover, the findings of a rapid assessment survey, conducted by DGHS in Nilgiris and Dindigul Districts during December 1997 and January 1998, as a part of mid-term review of the project, revealed that the programme activities had covered only 73 and 86 *per cent* of affected persons in Nilgiris and Dindigul Districts respectively. Follow-up of cataract operated cases was not encouraging as most of the patients were not given correct glasses after performing refraction resulting in poor vision after surgery. Less than 12 *per cent* of surgeries conducted in Dindigul were in Government Hospitals and their contribution in Nilgiris was 23 *per cent*. Despite all inputs and funds for providing free eye care, only 57 *per cent* (Nilgiris) to 67 *per cent* (Dindigul) operations were done free of cost. Also the DBCSs did not perform the expected role in the implementation of the programme except as a channel of funding the NGOs as a result the coverage of population was grossly inadequate in the peripheral areas of the districts. The performance of the units under Government sector, which received maximum assistance was sub-optimal. There was no coordination between private and public sector hospitals resulting in avoidable duplication and waste of resources, poor selection and poor planning in holding eye camps and poor/negligible follow-up, poor focus on results/outcomes and non-provision of Intra-ocular lens (IOLs)/glasses to the poor.

3.4.8.2 Evaluation

Conclusions of All India Survey which included 3 districts viz., Cuddalore, Madurai and Coimbatore of the State

An evaluatory study was conducted by DGHS for the year 1998-99 to assess whether cataract surgery performed in the project States had the desired level of effect on visual outcome. The conclusion of the All-India study which included 3 districts in the State *viz* Cuddalore, Madurai and Coimbatore revealed that (i) about half of the operated cases had vision less than 1/60 before surgery indicating that they waited for maturity of cataract either on their own or on Medical advice (ii) one fourth were only implanted with IOLs, (iii) one out of eight cases did not come for follow-up for refraction and prescription/provision of glasses and (iv) only about 70 *per cent* of persons affected with cataract were covered.

The above points were referred to Government in August 2001; reply had not been received (September 2001).

3.5 Non-Formal Education Scheme (School Education Department)

Summary Highlights

The National Policy on Education, 1986 envisaged the programme of Non-formal Education as integral component of the strategy to achieve the universalisation of Elementary Education. The Centrally Sponsored Scheme of Non-formal Education was introduced in 1995 in Tamil Nadu in 4 districts. There were 7 projects each with 100 non-formal education centres, to cater to children in the age group of 6 to 14 years, who were school drop-outs, working children and girls who could not attend whole-day schools. The main objective was to facilitate lateral entry of children passing out of non-formal education centres into the formal system. While some centres were run by the State Government, many centres were run by voluntary agencies. In Tamil Nadu, the implementation of the scheme was not satisfactory and the desired objective of entry into formal education system of children passing out of non-formal system was not achieved. Some significant findings are given below:-

- The expenditure on the scheme was restricted to the Central Government grant received.

(Paragraph 3.5.5.2 (i))

- Central grant of Rs 291.53 lakh was sanctioned in March 2000 for establishing 9000 Non-formal Education centres in 90 areas in 18 districts. They started functioning only from December 2000 with a delay of over nine months.

(Paragraph 3.5.5.2 (ii))

- Government unilaterally approved creation of the posts in running time scales of pay as against the fixed pay envisaged by Government of India.

(Paragraph 3.5.5.4.1)

- The actual number of drop-outs and non-starters to be enrolled under Non-formal Education was not assessed through a scientific survey.

(Paragraph 3.5.6)

- In State sector, no certificates were issued to the learners and no learners entered the formal stream, which defeated the very purpose and utility of the scheme.

(Paragraph 3.5.6.2)

3.5.1 Introduction

The Centrally sponsored scheme of Non Formal Education (NFE) was introduced in 1979-80 as a pilot project to support the formal system in providing education to all children in the age group of 6-14 years. National Policy on Education (NPE), 1986, recognised that formal schools could not reach all children and hence stressed the need for strengthening and enlarging the NFE scheme, meant for school drop-outs, for children from habitations without schools, working children and girls who could not attend whole-day schools. The State Government is responsible for planning, monitoring, overseeing and evaluating the programme. The scheme was introduced in Tamil Nadu in 1995 and is implemented through the State Government as well as Voluntary Agencies.

Central government assistance for co-educational centres, administrative and resource support is 60 *per cent*, while it is 90 *per cent* for girls centres. The ratio of girls centres to co-educational centres is 40:60.

The scheme was implemented in 7 project areas¹ in 4 districts during the period 1995-99, with an outlay of Rs 283.20 lakh. Each project had 100 centres with 20-25 learners. In February 2000 Government of India (GOI) sanctioned grant-in-aid of Rs 291.53 lakh to run 9000 centres in 90 areas in 18 districts.

In October 2000, the GOI replaced the existing NFE Scheme with an Education Guarantee Scheme and Alternative and Innovative Education (EGS&AIE) and notified the cessation of the existing NFE scheme by March 2001.

3.5.2 Objectives

- (i) to identify young persons in the local community and to train them as organisers of NFE centres.
- (ii) to give special attention to training of women as non-formal education organisers for furtherance of objective of women's development.
- (iii) to facilitate lateral entry into the formal system, of children passing out of non-formal education.

3.5.3 Organisational setup

The programme is being implemented through State Government as well as Non-Governmental Organisations (NGOs). The Department of Education, Ministry of Human Resources Development, GOI is responsible for overall budgetary control and formulates long term and annual plans in consultation with National resource institutions like National Council of Education Research and Training and National Institute of Educational Planning and Administration as well as institutions in the concerned State Government. The programme is monitored at the State level by the Secretary, Education Department and Director of Non-formal and Adult Education (DNFAE); at district level by District Adult Education Officers (DAEOs); at project level by Project Officer/Field Officer with the help of Supervisors.

¹ Chennai, Gudiyatham, Sivakasi, Sattur, Kovilpatti, Tiruppattur and Vembakottai.

3.5.4 Audit coverage

The implementation of the scheme was reviewed from November 2000 to May 2001 in eleven districts of the State, covering the period from 1995-96 to 1999-2000.

3.5.5 Financial performance

3.5.5.1 Funding pattern

The cost of the scheme is shared between Central Government and State Government in the ratio of 60:40 for co-educational centres and administrative resource support and 90:10 for exclusively girls centres. 100 per cent central assistance is being provided to NGOs for running NFE centres and for experimental and innovative projects.

3.5.5.2 State Sector

The details of grant received from Government of India and expenditure incurred on the Scheme during the period from 1995-96 to 1999-2000 as compiled by Audit, are as follows:

(Rupees in lakh)

Year	Opening balance	Grant received from GOI	Total of GOI funds	Expenditure incurred	Closing balance
1995-96	24.91	13.03	37.94	36.12	1.82
1996-97	1.82	43.30	45.12	60.55	(-) 15.43
1997-98	...	47.33	47.33	45.69	1.64
1998-99	1.64	25.63	27.27	23.92	3.35
1999-2000	3.35	22.66	317.54	12.74	304.80
	...	291.53		...	
		(**)			
2000-2001	304.80	62.83	367.63	113.83	253.80

(*) represents the grant received for 7 projects

(**) represents the grant received for 90 projects

State Government restricted the expenditure to be within the central grant received.

9000 centres were established with a delay of over nine months.

(i) Except in the year 1996-97, the expenditure was restricted to be within the Central grant received. Although the cost was to be shared by the State Government, it did not incur any expenditure from State funds.

(ii) The grant in aid of Rs 291.53 lakh received from GOI in March 2000 was intended for establishing 9000 NFE centers in 90 areas in 18 Districts. The centres were however established between December 2000 and March 2001 in twelve districts only. The NFE scheme itself was closed in March 2001 and the unutilised balance of Rs 253.80 lakh remained with the State Government.

3.5.5.3 Shortfall in expenditure

The following table shows the actual expenditure vis-à-vis the outlay approved by GOI for the five year period 1995-2000 in respect of 7 projects on hand.

(Rupees in lakh)

Year	Outlay approved by GOI	Actual expenditure	Percentage of shortfall
1995-96	70.80	36.12	49.0
1996-97	70.80	60.55	15.0
1997-98	70.80	45.69	35.5
1998-99	70.80	23.92	66.2
1999-2000	62.23	12.74	79.5

Overall shortfall in expenditure ranged between 15 per cent and 79.5 per cent.

The shortfall in expenditure ranged between 15.0 per cent and 79.5 per cent and this was mainly attributable to:

(i) Reduction in the number of teaching and learning items proposed for purchase, which led to shortfall in the expenditure, ranging between 17 per cent and 71 per cent during the project period 1995-96 to 1997-98 (Appendix XVII).

(ii) Inadequate training imparted to instructors and supervisors which led to shortfall in expenditure by 35 to 94 per cent compared to the outlay on training (Appendix XVIII). In 1995-96, instructors were given training for 5 days only instead of 30 days as prescribed. Supervisors were given training for 5 days only instead of 20 days. In 1996-97, training was given to instructors for 10 days only as against 20 days required.

3.5.5.4 Diversion of funds to salaries of project staff

3.5.5.4.1 *Sanctioning posts with running time scale of pay instead of fixed pay*

Government of Tamil Nadu unilaterally approved creation of post in running time scale of pay with allowances.

According to norms fixed by GOI (January 1995) fixed salary was envisaged for Project Officer and other project staff. However, based on the strong plea (February 1995) of the DNFAE that experienced staff were required for proper implementation of the project, that the excess expenditure would be adjusted within the overall provision sanctioned for the project and that GOI would not object to these internal adjustments, State Government unilaterally approved creation of the posts in running time-scales of pay with allowances in March 1995, and did not seek the approval of GOI.

3.5.5.4.2 *Staffing pattern*

Though Project Officers were posted in all the projects, it was observed that in Tirupathur, the post of Junior Assistant and Office Assistant were operated only from 1997 (second year of project) and in Guidyatham, the post of Junior Assistant was vacant from 12 September 1997 upto completion of the project i.e 30 May 1998.

Expenditure towards salary over and above the norm fixed by GOI – excess payment Rs 21.16 lakh.

Based on actual men in position in six projects covered in Audit, the proportionate requirement of funds towards their fixed pay as contemplated by GOI for the three year project period ended May/ December 1998, worked out to Rs 10.34 lakh. As against this, Government incurred an expenditure of Rs 31.50 lakh due to adopting running time scales of pay. Hence there was diversion of funds to 'salaries' to the extent of Rs 21.16 lakh.

3.5.6 Physical performance

According to an assessment made by the DNFAE in May 1994, the dropout rate in Tamil Nadu for the primary stage was estimated at 20.32 *per cent*. At this rate it was estimated that the number of drop-outs and non-starters in the age group of 6-14 would work out to 35.57 lakh, who would form the target beneficiaries under the Non-formal Education Programme in phased manner. The Ninth Five Year Plan envisaged that 29 lakh would be covered during 1997-2002 at six lakh drop-outs and non-starters every year for the first four years and 5 lakh in the fifth year, by equitable distribution between State sector and Voluntary Agencies (VAs). The actual number of drop-outs and non-starters was not assessed based on a scientific survey but only based on the dropout rate in 1994. The actual number of learners enrolled each year ranged from 84518 to 102637 during 1997-2000, as against the six lakh envisaged.

3.5.6.1 Voluntary agencies

NFE centres were run by VAs which received 100 *per cent* grant from GOI. Number of VAs in the State ranged from 24 to 62 during 1995-2000. Out of 35 VAs test-checked, records of 8 VAs revealed the following:

Serial Number	Name of the Voluntary Agency	Project period	Number of learners enrolled	Number of learners joined mainstream			Percentage of learners joined mainstream
				VI standard	I to V standard	Total	
1.	Arnad Vellalar Sangam, Trichy (Musiri and Thathaingarpet Project)	1996-97 to 1998-99	2502	263	0	263	10.5
2.	Arnad Vellalar Sangam, Trichy (Thuraiyur and Uppiliapuram Project)	1996-97 to 1998-99	2509	234	0	234	9.3
3.	SEVAI, Trichy	1996-97 to 1998-99	1300	50	37	87	6.7
4.	Khajamalai Ladies Association, Trichy	1995-96 to 1997-98	625	0	31	31	5.0
5.	AAMPS, Madurai	1996-97	3125	211	387	598	19.1
6.	Kalvi Ulagam Trust, Vellore	1996-97 to 1998-99	1367	0	10	10	1.0

Serial Number	Name of the Voluntary Agency	Project period	Number of learners enrolled	Number of learners joined mainstream			Percentage of learners joined mainstream
				VI standard	I to V standard	Total	
7.	Meenakshi Illam Podhu Nala Sangam, Melur	1996-97 to 1998-99	3125	30	0	30	1.0
8.	League for Action and Development, Trichy (Karur and Panjampatti Projects)	1996-97 to 1998-99	2500	219	12	231	9.2
Total			17053	1007	477	1484	8.7

The remaining 27 VAs covered by Audit did not ascertain the number of successful learners who joined regular schools.

3.5.6.2 Defeat of the purpose of the scheme

The very purpose of the NFE scheme was that the successful completion of three year course should facilitate lateral entry into the formal system.

When the NFE scheme was introduced in 7 projects in March 1995, Government permitted the Project Officers (PO's) to issue certificates to the successful learners after conducting evaluation of their attainment. The children who pass out after 3rd year of NFE were to be admitted in VI standard of regular schools after qualifying in the entrance tests. It was, however, seen that while the project officer conducted evaluation on completion of the full course, no certificates were issued to successful learners. The DNFAE or PO did not maintain any data of the number of successful learners who entered regular schools. There was, therefore, no follow up to ascertain whether the objective of lateral entry into the formal school system was achieved. However, the DNFAE had indicated in the status report for the year 1998-99 submitted to GOI in July 1998 that no certificates were issued to learners and no learner entered the formal stream.

3.5.7 Monitoring of Voluntary Agencies

The NFE scheme was entrusted to State sector and VAs for implementation to achieve the laid down objectives. A sound monitoring system was needed to oversee the functioning/ working of the institutions under State sector and VAs in the State, with a view to get timely and reliable information to monitor enrolment, retention, completion and achievement.

The following deficiencies were observed in monitoring the implementation of the scheme.

- (i) Instructions were issued (1998 and 1999) by the DNFAE to DAEOs to monitor the performance of the VAs by visiting not less than 30 centres in a month. DAEO, Madurai visited only 268 centres in six years (1995-2000) while the DAEO, Coimbatore visited only 41 centres between 1995-1998.

No learners entered the Formal Stream defeating the purpose of the scheme.

Further, visits were not made in such a way as to cover all the centres of all the VAs.

(ii) The terms and conditions for release of financial assistance to VAs by GOI, *inter alia* stipulated that the agency shall maintain the accounts of the project properly and shall submit the same as and when required. The accounts shall be open to check by an officer deputed by GOI or the State Government. However out of 35 VAs test-checked by Audit the accounts of 34 VAs had not been checked by any officer of the Central/State Government.

(iii) VAs are to apply for grants to GOI through the State Education Department; who should give its views within three months regarding the agency's eligibility and capacity. During 1998-2001, State Government received 95 applications, and recommended 35 VAs to GOI. However, according to data collected by Audit from GOI there were 73 VAs in the State that received grants from GOI. The DNFAE had no information about the grants given by GOI to the VAs in the State. Therefore, he was not in a position to exercise control or check the accounts of VAs. DNFAE informed GOI (March 2000) that copies of sanctions for grants given to VAs in the State were not being received by him and so his officials had difficulty in visiting the agencies to give reports on their performance and genuineness when called for by GOI. He sought upto date list of VAs in the State who were given grants by GOI. However, no such particulars were supplied to him upto March 2001. There was, therefore, poor coordination between GOI and State Government in regard to VAs.

The above points were referred to Government in August 2001; reply had not yet been received (September 2001).

SECTION – B
AUDIT PARAGRAPHS

**ADI DRAVIDAR AND TRIBAL WELFARE
DEPARTMENT**

**3.6 Non-achievement of objective of scheme for Adi
Dravidars**

The Special Central Assistance of Rs 50 lakh received in March 1991 remained unutilised and the objective of providing financial help to Adi Dravidars engaged in specified trades was not realised.

In response to the proposal (February 1991) of the Government of Tamil Nadu (GTN) for implementation of the schemes during the centenary year of Dr. B.R. Ambedkar, Government of India (GOI) sanctioned Rs 50 lakh in March 1991 as Special Central Assistance (SCA) to the State Component plan for financial help to Cooperative Societies of Adi Dravidars for purchase of stone crushers, pumpsets, lorries etc for stone crushing, leather procurement centres and training centres for Adi Dravidars. As the amount could not be utilised during 1990-91, GOI revalidated the sanction during 1991-92, subject to the condition that any unspent balance at the close of 1991-92 be surrendered to them.

GTN ordered (February 1992) release of Rs 50 lakh to Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDSCO) with specific instructions to formulate suitable schemes for approval which would perpetuate the memory of Dr. B.R. Ambedkar. The funds were credited (March 1992) to Personal Deposit (PD) account of TAHDSCO.

In September 1993, the Government conveyed its decision to construct Dr B.R. Ambedkar centenary memorial auditorium at Chennai at a cost of Rs 1 crore and asked the MD, TAHDSCO to utilise the amount of Rs 50 lakh for supply and filling up sea sand at the site of the Memorial Auditorium. However, the memorial was constructed (June 2000) at a cost of Rs 53.01 lakh utilising the State funds sanctioned separately for this purpose in February 1994 and the SCA funds of Rs 50 lakh remained unutilised in PD account of TAHDSCO as of May 2001.

As a result, Rs 50 lakh released by GOI for specific purpose of financial assistance for leather procurement centres etc., in 1991-92, remained unutilised for over ten years. The unutilised funds were also not surrendered to GOI as required.

The matter was referred to Government in June 2001; reply had not been received (September 2001).

AGRICULTURE DEPARTMENT

3.7 Infertuous expenditure due to poor survival of oil palm seedlings

Poor survival of oil palm seedlings planted during 1996-97 to 2000-2001 resulted in infertuous expenditure of Rs 2.51 crore towards cultivation assistance for maintenance.

Oil Palm Development Programme (OPDP) was being implemented in the State in three districts* as a Centrally sponsored scheme from 1992-93 and the expenditure on the scheme (except the Drip irrigation component) was shared between Government of India (GOI) and the State Government in the ratio of 75:25. These districts were selected based on the basic requirement of well drained fertile soil and good source of water supply. The implementation of the scheme was extended to three more districts** from 1997-98.

The subsidy for pre-project activities towards purchase of seedlings# and for area expansion and maintenance## were fixed from time to time by GOI during 1996-97 to 1999-2000.

A perusal of connected records in the Agriculture Department and the Directorate of Agriculture revealed the following.

(i) The achievements under the two main components viz., Area expansion and maintenance during II to IV year were poor during the period 1996-97 to 2000-2001 (except during 1997-98) as given below.

(Area in hectares)

	1996-97			1997-98			1998-99			1999-2000			2000-2001		
	T	A	P	T	A	P	T	A	P	T	A	P	T	A	P
Area under expansion	3000	1227.94	41	2300	2076	90	1230	667.07	54	1700	738.75	43	1400	939	67
Area under maintenance	6634	2597	39	3166	2249	71	3433	1935.86	56	2212	1594.57	72	1952	1186.44	61

T: Target; A: Achievement; P: Percentage

(ii) As per the department's report on the programme, the area under expansion during the I year and the areas under maintenance of survived plants in the II, III and IV years are given below.

(In hectares)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Area under expansion	1227.94	2076.00	667.07	738.75	939.00
II year maintenance	*	679.02	1173.16	533.16	434.37
III year maintenance	*	494.26	426.27	739.99	317.82
IV year maintenance	*	1075.82	336.43	321.42	434.25

* Total area maintained 2597 Ha; but the break-up details are not available.

* Thanjavur, Tiruchirappalli (Composite) and Nagapattinam (Composite).

** Madurai, Tirunelveli and Tuticorin.

1996-97: Rs 25 per seedling, 1997-98 to 1999-2000: Rs 40 per seedling (in 2 instalments @ Rs 20 each)

1996-97: Rs 12500 per hectare for 4 years (I year: Rs 4015, II year: Rs 2450, III year: Rs 2800, IV year: Rs 3235)
1997-98 to 1999-2000: Rs 10355 per hectare (I year: Rs 3014, II year: Rs 2450, III year: Rs 2800, IV year: Rs 2091)

The above details revealed that out of 1227.94 hectares and 2076 hectares of planted area of oil palm seedlings during 1996-97 and 1997-98, the seedlings that survived and came for maintenance in the fourth year viz., 1999-2000 and 2000-2001 were only in 321.42 Ha and 434.25 Ha respectively, the survival rate being 26 and 21 *per cent*. Because of the poor survival of oil palm seedlings, Rs 2.51 crore paid towards maintenance to the companies and farmers on the unsurvived seedlings became unfruitful (Appendix XIX).

(iii) Though the Oil Palm Commissioner in the Directorate of Agriculture had admitted in the review meetings held on 19 November 1999 and 28 January 2000 that the survival rate during 1993-94 to 1996-97 was very poor, no reasons were identified to take remedial steps.

The Oil palm Commissioner attributed (September 2001) the failure to non-maintenance of the oil palm garden by the growers effectively, depletion of ground water due to failure of monsoon resulting in the withering of crops, non-availability of separate staff for effective project implementation and non-establishment of crushing mills. The reply regarding the non-availability of water is not tenable as the selected districts had good monsoon during the period 1996-97 to 1999-2000 and only the farmers who had good irrigation facility could be selected under the programme. No concrete action was taken by the department to overcome the other problems despite poor survival and area expansion.

The matter was referred to Government in June 2001; reply had not been received (September 2001).

ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

3.8 Central assistance remaining unutilised for over two years

Non-purchase of pigs under Integrated Piggery Development Scheme resulted in Central assistance of Rs 88.14 lakh remaining unutilised for over two years.

The Integrated Piggery Development Scheme implemented with 100 *per cent* Central assistance envisaged import/purchase of exotic pigs, as one of the components and rearing them with local pigs for eventual distribution of crossbred piglets to the farmers. Government of India (GOI) (October 1997) permitted the State Government to purchase the pigs either by import through GOI or by making their own arrangements. The States were required to assess and intimate GOI the breed and sex-wise requirement of pigs in the event of opting for centralised import and deposit advance funds before October 1998 at the rate of Rs 25000 per piglet.

Director of Animal Husbandry (DAH) submitted a proposal for setting up three piggery farms and strengthening three existing units in November 1997 which was sanctioned by GOI (October 1998) for Rs 108 lakh. The amount was credited to State Government account on 31 October 1998. The DAH explored the possibility of purchasing the pigs within India in November 1998. Though responses were received from Governments of Andhra Pradesh and West Bengal, no final action was taken to evaluate and finalise the purchases as of February 2001 for which specific reasons were not on record.

The State Government sanctioned implementation of the scheme only in October 1999, one year after the receipt of Central assistance and directed the DAH to draw Rs 60 lakh towards advance payment for import of pigs and remit the same to GOI. However DAH did not ascertain from GOI if any import was being made centrally during 1999-2000.

Of the Rs 108 lakh received in October 1998, Rs 19.86 lakh had been utilised during 1999-2000 for creation of infrastructure, (provisions for housing pigs, fencing, equipment, feeding utensils, etc.) which however remained unused till July 2001.

Although GOI revalidated the sanction for 1999-2000, and again for 2000-2001, the balance amount of Rs 88.14 lakh was lying unutilised, as of February 2001.

Further, having failed to utilise the centralised import facility, no concrete action was taken by DAH to purchase pigs either by import or locally, as of February 2001.

Government stated (September 2001) that the Central assistance of Rs 88.14 lakh was remaining unutilised due to the delay in completion of Civil Works by Public Works Department and that Government of India has permitted (September 2001) utilisation of the amount during 2001-2002.

Thus, due to delay in completion off civil works and due to lack of diligence in taking decision on the purchase of pigs the scheme could not be implemented and the Central assistance of Rs 88.14 lakh remained unutilised even after two years, thus postponing the objective of making available improved varieties of pigs for distribution to farmers.

3.9 Avoidable expenditure on electricity consumption charges

The Department paid electricity charges at High Tension tariff rates and recovered charges at Lower Tension tariff rates from residents of milk colony, Madhavaram, which resulted in avoidable expenditure of Rs 48.02 lakh over a period.

The Milk Colony, Madhavaram was receiving power supply from Tamil Nadu Electricity Board (TNEB) through High Tension (HT) service connection. The power supply obtained also included supply for about 450 residential quarters, street lights, pump sets for water supply/sewerage/collection wells located within the residential/office

complex. During Local Audit (January 1994), it was found that the Commissioner for Milk production and Dairy Development (Commissioner) paid electricity consumption charges at HT tariff rates, to the TNEB, but was effecting recovery from the occupants of the quarters at the lower rates as applicable to residential service connection.

The question of paying for the domestic consumption at Low Tension (LT) tariff was considered in consultation with TNEB between September 1997 and July 1998. Commissioner decided (September 1998) to go in for individual LT service connection to all the quarters and submitted a proposal for Rs 55 lakh for this purpose only in October 2000. However, Government decision was still awaited (July 2001).

Audit observed that though there was a provision (introduced in April 1990) to instal a meter exclusively for recording domestic consumption of electricity and charging the domestic consumption under LT tariff and the rest of the consumption under HT tariff, the Commissioner took no action to avail of this facility.

Thus by not availing the facility to pay for the domestic consumption at LT tariff, the Commissioner incurred avoidable extra expenditure of Rs 48.02 lakh towards electricity consumed in the residential quarters during the period from June 1992 to June 2001.

The matter was referred to Government in May 2001; reply had not been received (September 2001).

CO-OPERATION, FOOD AND CONSUMER PROTECTION DEPARTMENT

3.10 Irregular release and retention of Risk Fund subsidy

Release of funds by Government under Risk Fund subsidy every year without ascertaining the utilisation of amounts already released, resulted in blocking of Rs 83.10 lakh along with interest of Rs 2.03 crore, which was kept outside Government account for 10 to 25 years.

Government released funds towards "Risk Fund subsidy" to large sized multi-purpose co-operative (LAMP) societies, to off-set the loss sustained by the societies in the event of non-recovery of loans from the tribal members. The subsidy was to be utilised only when the loans became irrecoverable and declared as bad debts, after taking statutory action to recover the loans and after ascertaining that there was no possibility of recovery of the loans from tribal members.

It was observed that "Risk Fund subsidy" amounting to Rs 83.10 lakh had been released to 16 LAMP societies between 1975-76 and 1990-91. As of March 2001, no amount was utilised by the societies. Based on the instructions of Registrar of Co-operative Societies (RCS) the amount was kept in the bank account in Central Co-operative Bank or invested in fixed deposits and the societies were earning interest on the amount so deposited.

The Deputy Registrars of Co-operative Societies (DRCS) stated (May 2000) that no proposal for writing off the loans were sent to Government. Five LAMP societies* had stated that execution petitions were filed for the recovery of overdue amounts and in certain cases they were got decreed.

In this connection, the following observations are made.

(i) Risk Fund subsidy was to be released in case of default of loan. However, it was released in a routine manner by Government year after year based on the proposals of RCS without assessing the requirement although the subsidy given in earlier years had not been utilised.

(ii) No action was taken by the RCS/ Government to identify the bad debts of the societies periodically after following all the specified procedures and to adjust the Risk Fund subsidy against the bad debts.

Since subsidy amounting to Rs 83.10 lakh along with accumulated interest of Rs 2.03 crore was kept outside Government account in Central Co-operative Banks without any immediate use, for period ranging from 10 to 25 years, it will be appropriate for RCS to refund it to Government and requisition it as and when bad debts are declared.

The matter was referred to Government in June 2001; reply had not been received (September 2001).

3.11 Non-recovery of remuneration paid to Special Officers from Societies

An amount of Rs 1.68 crore remained to be recovered from Societies towards remuneration paid to Special Officers

In order to manage the affairs of Agricultural Service Co-operative Societies and for conducting free and fair elections to the committees or Boards, Government promulgated the Tamil Nadu Agricultural Service Co-operative Societies (Appointment of Special Officers) Ordinance, 1985 in September 1985. This Ordinance was subsequently replaced by an Act of the State Legislature in February 1986. Under the Ordinance/Act, Special Officers were to be appointed for about 4648 Societies/Primary Agricultural Co-operative Banks (PACBs); one Special Officer would be appointed for about three societies.

Six hundred and fifty personnel of Co-operative Department were entrusted with additional charge as Special Officers. There was no additional financial commitment to the Government as services of these staff were utilised for this purpose in addition to their own duties. In addition, 900 posts of Junior Inspectors of Co-operative Societies (JICS) were created (October 1985) in the remaining societies. The period of employment of 900 JICS was extended from time to time and they continued to work as Special Officers till the elected bodies of these Societies assumed charge in October 1990. As the cost of 900 posts of JICS was an additional commitment and the posts were exclusively

* Sitheri, Elagiri Hills, Pudur Nadu Hills, Masinagudi Hill tribes and Chinnakalrayan.

created to enable appointment as Special Officers to societies from 1985 to 1990, Government decided (March 1993) to recover the remuneration made to them on pro-rata basis*. The Registrar of Co-operative Societies (RCS) estimated (May 1993) the amount to be recovered as Rs 6.65 crore which amounted to Rs 14309 for each Society. Taking into consideration the financial condition of the societies, the amount was to be recovered in 4 annual instalments during 1993-94 to 1996-97. The Circle Deputy Registrars were responsible for the collection of the amount from the respective societies.

An amount of Rs 4.97 crore was recovered as of April 2001 as against a sum of Rs 6.65 crore, leaving a balance of Rs 1.68 crore to be collected from 1235 societies.

Government replied (August 2001) that due to poor and difficult financial position of the PACBs, most of which were working at loss, the collection process slowed down and the Regional Joint Registrars of Co-operative Societies have been instructed (April 2001) to recover the dues. The reply was not tenable since the amount due from each society was merely Rs 14309 and it was to be recovered in four instalments.

ENVIRONMENT AND FORESTS DEPARTMENT

3.12 Green Belt for Abatement of Pollution and Environment Improvement

Estimate forwarded to Government of India with the Project proposal was overpitched to an extent of Rs.1.51 crore; expenditure incurred on certain items was more than the rate prescribed in the guidelines of PCCF; there was avoidable extra expenditure of Rs.41.38 lakh on digging larger size pits.

3.12.1 Introduction

With the object of controlling the adverse effects of air and water pollution and improve the aesthetic beauty, the Project "Green Belt for abatement of pollution and environment improvement" was implemented in Tamil Nadu. Based on the proposals sent by the Government of Tamil Nadu (GTN) (Environment and Forests Department), Government of India (GOI), Ministry of Environment and Forests sanctioned (December 1999) Rs.4.56 crore and released Rs. 4 crore for raising 2.94 lakh saplings in five cities[@] at a cost of Rs. 155 per plant. The balance cost of Rs. 55.70 lakh was to be borne by State Government.

* Pro-rata charges were worked out by dividing the actual cost of 900 JICS/Special Officers from 1985 to 1990 by the number of societies which were manned by 650 departmental personnel as well as by 900 temporary JICS.

[@] Coimbatore, Greater Chennai, Madurai, Salem and Tirunelveli.

3.12.2 Financial Performance

GOI released in December 1999 Rs. 4 crore to the Central Pollution Control Board (CPCB) which was subsequently transferred (January 2000) to the Tamil Nadu Pollution Control Board (TNPCB). TNPCB in turn released Rs. 3.19 crore to the Forest Department. The funds were credited to the Government account (Forest Deposit) and released to the five implementing Forest Divisions through Letters of Credit (LOCs) issued by the Finance Department.

The amount released to the implementing divisions and actual expenditure incurred are detailed below:

(Rupees in lakh)

S.No	Place	Amount released during 1999-2001	Expenditure
1.	Greater Chennai	135.38	153.16
2.	Madurai	47.10	47.10
3.	Coimbatore	67.66	61.45
4.	Salem	41.82	41.39
5.	Tirunelveli	26.46	26.25
Total		318.42	329.35

Out of the total expenditure, Rs.3.11 crore was from Central funds and Rs.18.81 lakh was from State funds. In all 5.13 lakh saplings were raised, exceeding the original target.

The balance amount of Rs.80.75 lakh was lying with TNPCB and Rs.8.71 lakh was available with Forest Department. This was permitted (June 2001) by GOI to be used for raising/ planting additional 1.74 lakh saplings during 2001-2002.

3.12.3 Physical Performance

The target and achievement in respect of saplings raised/ planted are as follows:

Sl. No	Place	Target		Achievement	
		Raising	Planting	Raising	Planting
1	Greater Chennai	2,30,000	1,30,000	2,50,000	95,000
2	Madurai	70,000	50,000	80,000	40,000
3	Coimbatore	1,00,000	50,000	93,200	50,000
4	Salem	40,000	32,000	43,200	35,300
5	Tirunelveli	40,000	*32,000	46,400	22,000
Total		4,80,000	2,94,000	5,12,800	2,42,300

* includes 10,000 saplings allotted to Tirunelveli Corporation. Details of number of saplings planted not available.

There was shortfall in planting to the extent of 35,000 plants in Chennai and 10,000 in Madurai.

3.12.4 Boosting of estimate

3.12.4.1 The proposals sent to GOI were prepared by PCCF based on a model estimate prepared by District Forest Officer (DFO), Chengalpattu. As per the proposals, the cost per sapling was Rs 155 (for

raising the sapling – Rs 55, for planting the sapling –Rs 80, for supervisory charges and awareness programme – Rs 20).

State Government incurred expenditure of Rs 3.11 crore for raising 5.13 lakh and planting 2.42 lakh saplings. As against the unit cost of Rs 155 per plant estimated in the proposals sent to GOI, the average unit cost worked out to Rs 97.26 in respect of 4 divisions and Rs 103.07 in one division.

Thus the estimate forwarded to GOI was inaccurate, unrealistic and overpitched to an extent of Rs. 1.51 crore for 2.94 lakh plants.

The reasons for the lower unit cost are:-

(a) PCCF did not obtain estimates from the 5 implementing Forest divisions, but only from DFO, Chengalpattu before sending the proposals to GOI. When he called for estimates from the 5 Divisional officers in March 2000, much after the commencement of the scheme, it was seen that the estimated cost of certain components was much less than the rates projected to GOI.

(b) No supervisory charges were incurred by 4 divisions and only a meagre sum of Rs.14.52 lakh was incurred by one division (Chennai). Thus, the estimate sent to GOI was boosted to the extent of Rs. 39.99 lakh on this component.

(c) PCCF issued guidelines in March 2000 to the implementing divisions which contained norms for preparing the estimates by the divisions. As per the guidelines one protective watcher was to be engaged for 500 saplings whereas in the proposals sent to GOI provision was made for engagement of one protective watcher for 250 saplings.

(d) As per the proposal, provision was made for watering the seedlings twice a day for first 90 days at the rate of Rs.113.60 for 1000 saplings per day and once a day for next 120 days at the rate of Rs.56.80 for 1000 saplings per day. However the DFOs adopted much lower rate in the range of Rs.33.60 to Rs.57.96 for watering twice a day and in the range of Rs.16.80 to Rs.28.98 for watering once a day.

3.12.4.2 Some of the implementing divisions incurred expenditure on certain items at higher rates than included in the guidelines issued by PCCF to the implementing divisions/ the proposal sent to GOI or not included in the guidelines/ proposal, resulting in avoidable expenditure of Rs.29.55 lakh as detailed below:-

(a) As against the rate of Rs 6 fixed by PCCF for fencing per plant which included cost of cutting, transportation, fixing etc., of locally available thorny materials, two implementing divisions (Greater Chennai and Coimbatore) incurred expenditure at the rate of Rs 15 for fencing. This had resulted in an extra expenditure of Rs 7.90 lakh.

(b) As against the rate of Rs 6 per supporting pole for sapling, one implementing agency (Salem) incurred expenditure at the rate of Rs 15 per pole resulting in extra expenditure of Rs 3.18 lakh.

(c) Expenditure on certain items of work like digging of borewells, purchase of motor, pumpsets, drip irrigation system and providing infrastructure to existing nurseries which were not contemplated in the scheme was incurred by four divisions leading to avoidable expenditure of Rs 3.87 lakh (Greater Chennai, Madurai, Coimbatore and Tirunelveli).

(d) Four out of the five implementing divisions engaged nursery watchers and incurred an expenditure of Rs 9.61 lakh (March 2001) on wages though there is no provision in the proposals for engagement of nursery watchers.

(e) Although the proposal submitted to GOI stated that the saplings would be raised in forest land, two divisions (Madurai and Salem) raised the saplings in five private nurseries and paid land rent of Rs.2.23 lakh in 2000-2001. The DFOs had not obtained the approval of the PCCF for paying rent.

(f) One division (Coimbatore) incurred Rs 3.98 lakh for transporting saplings by hired lorry on load basis. The rate per sapling worked out to Rs 7.17 as against the rate of Rs 2.20 indicated in the proposal sent to GOI. The extra expenditure incurred was Rs 2.76 lakh.

3.12.4.3 Avoidable expenditure on digging of larger size pits

According to the model estimate submitted to GOI taller seedlings are to be planted in pits of size 60cm x 60cm x 60cm. PCCF instructed all implementing Divisions (March 2000) to adopt pits of size 75cm x 75cm x 75cm and follow PWD Schedule of Rates. However PWD rates were available for digging pits of size 1m³/ 10m³ only and the rates were derived proportionately by the implementing divisions for 75cm x 75cm x 75cm. The rates so adopted were much higher than the Forest Schedule of Rates for digging pits of size 60cm x 60cm x 60cm in all the five divisions.

Similarly, the rates adopted for planting were higher than the Forest Schedule of Rates in 4 divisions. By specifying larger size pits than the size proposed in the model estimate there was an avoidable expenditure of Rs 41.38 lakh.

The matter was referred to Government in August 2001; reply had not been received (September 2001).

FINANCE DEPARTMENT

3.13 Irregularities in the maintenance of Personal Deposit accounts

Huge funds were transferred to Personal Deposit account during the year, resulting in an unspent balance of Rs 1894.34 crore as of March 2001; Rs 977.99 crore remained as closing balance as of March 2001 in respect of 24 corporations/undertakings under Other Deposits.

3.13.1 8443.Civil Deposits – 106 Personal Deposit account

Personal Deposit (PD) accounts are created by debit to the Consolidated Fund and should be closed at the end of the financial year by minus debit of the balance to relevant service heads. This provision of Tamil Nadu Financial Code was reiterated by Government in August 1998.

As per the particulars available with the Accountant General (Accounts and Entitlements) there were 3335 PD accounts in 28 District Treasuries and 7 Pay and Accounts Offices (PAOs) in the State as of March 2001. Rs 763.71 crore was available in the PD account as on 1 April 2000. During 2000-01, huge amount of Rs 1454.14 crore was transferred to the PD account by debit to service head and Rs 1894.34 crore remained unspent as of 31 March 2001. As a result, the Appropriation Accounts would show that the money has been spent for the purpose for which it was voted by the Legislature whereas it was lying unutilised in the PD account.

Out of 356 PD accounts maintained by 4 PAOs and two District Treasuries test- checked by Audit, 24 accounts were closed at the end of the year and 159 accounts were inoperative for more than 3 years as of March 2001. Only 51 accounts were reconciled by the respective Administrators with the PAO/Treasury.

Irregularities noticed by Audit in the maintenance of PD accounts by two Administrators are given below.

Name of the Administrator maintaining PD account	Remarks
(i) District Adi Dravidar Welfare Officer (DADWO), Tuticorin	Cash book was not maintained in proper format and reconciliation not done with treasury figures (May 2001). Further, with a view to close the PD account on 31 March 2000, the DADWO remitted a sum of Rs 15.42 lakh by giving an erroneous credit to 106-PD account instead of minus debit to service head concerned.
(ii) Commissioner of Town and Country Planning (CTCP), Chennai	As against the departmental figure of Rs 41.70 crore, the balance at the end of March 2001 in the books of PAO (East) was Rs 39.60 crore. This was mainly due to failure of PAO to afford credit to the extent of Rs 1.83 crore in respect of 50 remittances for the period October 1994 to March 1996 for which the CTCP took up the matter with PAO only in November 2000. Further, schemewise balances in respect of 6 schemes implemented by CTCP were also not maintained (July 2001).

3.13.2 8443 – Civil Deposits 800 – Other Deposits

As per the particulars obtained from 4 PAOs, during 2000-2001, Rs 3161.43 crore were transferred to Deposit accounts of 24 Corporations/Undertakings and Rs 977.99 crore remained as closing balance (Appendix XX) in the accounts as on 31 March 2001. A review of transactions relating to 800-Other Deposits revealed the following.

(a) In respect of the following organisations, substantial amounts were released by Government in March 2001, evidently to avoid lapse of budget grant.

(Rupees in lakh)

Name of Organisation	Closing balance as on 31 March 2001	Amount released in March 2001
Tamil Nadu Slum Clearance Board	872.67	1144.02
Tamil Nadu State Illness Assistance Society	1178.45	500.00
Tamil Nadu Manual Workers Social Security Welfare Board	100.00	100.00
Tamil Nadu Water Supply and Drainage Board	19,505.96	27,558.05
Tamil Nadu Medical Services Corporation	1550.91	1060.25
Tamil Nadu Text Book Corporation	3297.50	1274.38
Tamil Nadu Small Industries Promotion Corporation	998.48	1030.98

(b) Test-check of records in respect of 3 organisations disclosed the following:

	Name of the Organisation	Remarks
(i)	Sports Development Authority of Tamil Nadu (SDAT)	Out of Rs 5.51 crore remained as closing balance in the Deposit Account as of March 2001, SDAT could not furnish to Audit the schemewise particulars for Rs 3.78 crore being the unutilised funds pertaining to schemes undertaken prior to 1998-99 and these funds were not yet refunded to Government.
(ii)	Tamil Nadu Institute of Information Technology (TANITEC)	Government sanctioned Rs 5 crore on 31 March 1999 towards share capital assistance to TANITEC for the purpose of acquiring land, land development charges and construction of building, of which Rs 1 crore was transferred to Tamil Virtual University during August and November 2000 based on the instructions of Government. TANITEC stated (September 2001) that the Collector, Chennai accorded (September 1999) enter upon permission to TANITEC to the extent of 9.43 acres in Thiruvannamipur, for which possession of land was yet to be given by Anna University. This had resulted in a sum of Rs 4 crore remaining unspent for more than 2 years.
(iii)	Tamil Nadu Slum Clearance Board (TNSCB)	Government grants were received by TNSCB towards environmental improvement in urban slums, improvement to water supply and sewage infrastructure in slum tenemental colonies, etc. Rs 8.73 crore remained unspent as of March 2001 in the Deposit Account of TNSCB. Out of Rs 45 crore released by Government to the Board, being the assistance provided by Tenth Finance Commission, Rs 2.52 crore was diverted for payment of Pay Commission arrears. As of August 2001, Rs 1.31 crore was yet to be recouped to Deposit Account of the Board.

The matter was referred to Government in August 2001; reply had not been received (September 2001).

HANDLOOMS, HANDICRAFTS, TEXTILES AND KHADI DEPARTMENT

3.14 Implementation of Weavers Workshed *cum* House Scheme

Belated issue of guarantee by Government for availing loan and non-identification of alternative beneficiaries led to blocking of funds of Rs 3.43 crore under the Centrally sponsored “Workshed *cum* Housing Scheme” for handloom weavers.

The Centrally sponsored Workshed *cum* Housing scheme for handloom weavers was being implemented in the State, with a view to providing better work environment to the weavers. Funding for the scheme comprised Government of India (GOI) subsidy Rs 18,000 (Rs 20,000 in case of urban areas), State subsidy Rs 5000, loan from Housing and Urban Development Corporation Limited (HUDCO) (Rs: 25,000) and

* Rs 7000 from 1998-99.

beneficiary's contribution (Rs 3000). The loan was to be arranged by Tamil Nadu Handloom Weavers' Cooperative Society Limited (Cooptex). The repayment of loan was to be guaranteed by Government of Tamil Nadu (GTN). The scheme was to be implemented by Commissioner of Handlooms and Textiles (CHT) through the selected beneficiary Weavers' Cooperative Societies (WCS) for their weaver members. As per GOI instruction, (August 1998), the works were to be completed within 2 years from the date of sanction of proposal by GOI.

GOI released (November 1997 and December 1998) subsidy of Rs 2.19 crore for construction of 1200 worksheds *cum* houses for the year 1997-98. GTN released (March 1998 and March 1999) Rs 2.79 crore (including State share of Rs 60 lakh) to 89 Societies. Government guaranteed the loan of Rs 3 crore availed by Cooptex from HUDCO for the scheme year 1997-98 in February 2000.

For 1998-99, the GOI subsidy of Rs 1.68 crore was received in March and October 1999 for construction of 920 worksheds *cum* houses. This amount, along with State subsidy of Rs 64.40 lakh, was released by GTN in March 1999 and March 2000 to 83 Societies. Managing Director, Cooptex requested (September 2000) for Government guarantee for the loan of Rs 379.20 lakh to be availed from HUDCO but Government had not given the guarantee as of August 2001.

The construction work for 1997-98 and 1998-99 was to be completed by November 1999 and March 2001 respectively as per GOI guidelines. As of May 2001, out of 1200 worksheds *cum* houses to be constructed for 1997-98, construction of 92 worksheds *cum* houses had not commenced (7.7 *per cent*), while 613 works (51.1 *per cent*) were still in progress. Out of the 920 worksheds *cum* houses sanctioned for 1998-99, 109 (11.8 *per cent*) were not taken up and 617 (67.1 *per cent*) were in progress.

The following observations are made in this regard:

(i) Government did not monitor the receipt of guarantee commission from Cooptex, instead it called for the details from Cooptex. The amount due for the period from July 1995 to March 1999 was worked out as Rs 4.77 lakh and remitted by Cooptex in October 1999. Thereafter Government gave guarantee for the loan to be availed from HUDCO for the scheme year 1997-98 in February 2000. The delay in availing the loan led to delay in completion of worksheds *cum* houses planned for 1997-98 as reported (October and November 2000) by the Deputy Director in the districts covered by test-check*. For 1998-99, no loan could be availed from HUDCO due to Government not giving guarantee so far (August 2001) although subsidy had already been released to the WCS; as a result the construction programme suffered. Director of Handlooms and Textiles also admitted (September 2001) that the construction work was not completed due to delay in arrangement of loan. Also neither the Government nor the Cooptex had collected and analysed the details of expenditure incurred under the scheme periodically; only the physical progress had been compiled and analysed.

(ii) Test check of records also revealed that the works were not taken up mainly due to members switching over to other trades and family circumstances of the members. Alternative beneficiaries have yet to be identified in 201 cases in the State as a whole (March 2001). This had resulted in Government funds amounting to Rs 48.41 lakh remaining

* Vellore, Tiruchirappalli and Erode.

unutilised with the Societies, outside Government account for a period of 1 to 2 years.

(iii) In his Utilisation Certificate (UC) issued in August 2000 for the scheme year 1998-99 to the GOI, CHT had stated that construction of all the houses were completed whereas, as of May 2001 only 194 houses were completed. As such the UC furnished was incorrect.

Thus, the implementation of the scheme of workshed *cum* houses for the years 1997-98 and 1998-99 was far below the expected level of achievement, with only 689 out of 2120 houses (32.5 *per cent*) completed and allotted. Benefits of the scheme had not thus fully accrued to the weavers, rendering an amount of Rs 2.95 crore released by Government being blocked in incomplete buildings. Besides, Rs 48.41 lakh relating to the works yet to be commenced remained unutilised with the Societies.

Government in reply (October 2001) generally accepted the facts.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.15 Non-utilisation of funds provided for purchase of equipment to hospitals

To avoid lapse of budget provision, Rs 1.25 crore were transferred to Tamil Nadu Medical Services Corporation in March 1999, out of which Rs 37.09 lakh remained unutilised as of July 2001.

Government of Tamil Nadu, in June 1998, sanctioned Rs 190.35 lakh towards purchase of equipment (operative laproscope, Blood Gas analyser, X-ray Haemodialyser etc) for various medical institutions under the control of Director of Medical Education (DME) for improvements to teaching hospitals.

DME purchased equipment worth Rs 65.48 lakh only upto March 1999. The balance of Rs 124.87 lakh was transferred to Personal Deposit (PD) account of Tamil Nadu Medical Services Corporation (TNMSC) with the permission of Government. TNMSC was to settle the bills as and when the equipment was supplied to the hospitals based on purchases made by DME. As of July 2001, a balance of Rs 37.09 lakh remained in the PD account of TNMSC.

Although Government ordered (January 2001) that Rs 32.05 lakh was to be utilised to procure operative microscope and equipment for Nephrology department for Stanley Medical College Hospital, no action was taken as of July 2001.

Though the funds were sanctioned in June 1998, the benefit has not reached the patients as intended even after a lapse of 3 years.

The matter was referred to Government in March 2001; reply had not been received (September 2001).

3.16 Unfruitful expenditure due to non-utilisation of a floor in Government Stanley Hospital

Due to non-submission of timely proposals for purchase of essential equipment and staff, the sixth floor of Paediatric Block constructed in Government Stanley Hospital was not utilised even after 7 years of construction. Expenditure of Rs 31.27 lakh remained unfruitful.

Non-commissioning of the Paediatric Block constructed in the Government Stanley Hospital, Chennai at a cost of Rs 2.35 crore even after 12 years (as of February 1994) due to poor planning, piecemeal proposals for allied works etc., was commented in the Report of the Comptroller and Auditor General of India – Civil – for the year ended 31 March 1994. The Public Accounts Committee (PAC) strongly condemned (November 2000) the long delay in providing a full-fledged Paediatric Block for the benefit of the public.

Further scrutiny by Audit in March 2001 revealed the following:

The Paediatric Block with a plinth area of 9624.87 Sq. mt was completed at a cost of Rs 2.70 crore and some of the wards started functioning from March 1994. The sixth floor of the building (878.79 Sq. mts) was earmarked as Paediatric Operation Theatre (OT) to avoid risks associated with shifting of children requiring surgery across the road to the OTs in the main campus. Pre-operative, post-operative and intermediary care room and store room were also to function on the sixth floor. Six air conditioning units were also provided (1990) at a cost of Rs 6.60 lakh in the OT. However, the sixth floor remained unutilised even as of August 2001.

Although civil works for the manifold room for ensuring supply of Oxygen, Nitrous oxide and compressed air were completed in July 1992, yet the Dean decided to provide pipelines for supply of gases to all the eight floors only in February 1997. The pipeline works were completed only in March 2000.

Since qualified Anaesthesia technicians had not been posted despite sending proposals to Director of Medical Education (DME) in December 2000, the Dean stated (August 2001) that arrangements have been made to give training to 3 hospital workers to do the work of anaesthesia technicians. Further, the Dean submitted proposal for providing shadowless lamps at a cost of Rs 16.50 lakh for commissioning the OT only in May 2000 to DME. Final action taken by Government on the above proposals is yet to be made available to Audit (August 2001).

The Dean admitted (April 2001) delay in processing proposals for sanction of staff and purchase of essential equipment. This was in violation of Government instructions (September 1985) that schemes relating to Public Health should be drawn up in a comprehensive manner and staff, equipment etc., required should be properly planned in the first instance itself.

Thus, even after seven years of completion of the construction work, the Paediatric Operation Theatre could not be made functional (August 2001), due to non-sanction of staff and essential equipment. Expenditure of Rs 31.27 lakh (proportionate cost of construction: Rs 24.67 lakh; cost of air-conditioning facility provided Rs: 6.60 lakh) remained unfruitful.

The matter was referred to Government in June 2001; reply had not been received (September 2001).

3.17 Unproductive expenditure on civil works

A Gamma Camera (Cost: Rs 45 lakh) received in 1998 by Government Arignar Anna Memorial Cancer Hospital, Kancheepuram was not commissioned and the expenditure of Rs 24.73 lakh incurred on the Civil Works and the construction of inpatient ward remained unproductive.

Department of Atomic Energy (DAE), Government of India, donated a Gamma Camera with accessories and radiopharmacy equipment costing Rs 45 lakh to Government Arignar Anna Memorial Cancer Hospital (GAAMCH) Kancheepuram (April 1998) to provide diagnostic Nuclear Medicine procedure to cancer patients and to familiarise the medical students with the application of Nuclear Medicine techniques.

Task force of DAE suggested in March 1998 some modifications to the existing building to be used as Nuclear Medicine Laboratory where the camera was to be installed and asked the Director of the Hospital to submit layout plan to Radiological Physics and Advisory Division (RPAD) of Bhabha Atomic Research Centre for approval.

The layout plan was approved (September 1998) by RPAD from radiation safety point of view with a condition, among others, to provide a separate drainage system with delay tank and stainless steel sinks for the Nuclear Medicine Laboratory. Government sanctioned Rs 15 lakh in December 1998, based on the estimate prepared by Executive Engineer, Public Works Department (PWD), Kancheepuram, which did not include provision of stainless steel sinks and delay tank.

PWD completed the civil work and electrical work at a cost of Rs 14.16 lakh in September 1999. Thereafter an estimate for Rs 5.20 lakh for providing separate drainage, water supply, compound wall etc., was forwarded to Government by Director of Medical Education only in January 2001. Administrative approval of Government was still awaited (July 2001).

Simultaneously, the construction of Nuclear Medicine inpatient ward was taken up in the second floor of the hospital building under MPLAD scheme at a cost of Rs 10.57 lakh. The Medical Officer in charge of Nuclear Medicine Department GAAMCH informed RPAD in May and July 2000 that the Nuclear Medicine inpatient ward was nearing completion. RPAD advised (August 2000) Director, GAAMCH to suspend the construction of the ward and submit the plan for approval. However the plan was submitted to RPAD only later in December 2000 after the construction was completed in November 2000.

Thus, due to non-provision of stainless steel sinks, drainage system with delay tank and compound wall, the Gama Camera costing Rs 45 lakh received in April 1998 was not commissioned and expenditure of Rs 14.16 lakh incurred on Nuclear Medicine Laboratory remained unproductive. The Nuclear Medicine Ward constructed at a cost of Rs 10.57 lakh was not being used, for want of approval of the plan by RPAD.

The matter was referred to Government in February 2001; Government generally accepted the facts (September 2001).

HOME DEPARTMENT

3.18 Avoidable payment of interest

Drawal of entire loan prematurely by Tamil Nadu Police Housing Corporation, instead of restricting to the requirement for the year, resulted in avoidable payment of interest of Rs 4.02 crore.

Government sanctioned (March 1999) construction of 2500 quarters (500 in Chennai city and 2000 in other districts) under phase VIII of the scheme for construction of rental quarters for the personnel of Police, Fire service and Prison departments during 1999-2000 at an estimated cost of Rs.89.69 crore by Tamil Nadu Police Housing Corporation (TNPHC).

To finance the construction, Finance Department approved (October 1999) drawal of loan of Rs 80.72 crore from Housing Development Finance Corporation (HDFC), repayable in 10 years in 120 monthly instalments. Interest rate was to be floating, one *per cent* above the State Bank of India (SBI) Prime Lending Rate, and was to be charged on diminishing balance of principal.

TNPHC drew Rs.80 crore in October 1999 and Rs 0.72 crore in November 1999 as loan from HDFC, even though the agreement with HDFC had a time limit upto 31 March 2000. The amount was deposited in the Personal Deposit (PD) account of TNPHC in Government account.

Scrutiny of relevant records in TNPHC disclosed that only Rs.10.32 crore was utilised upto March 2000 and Rs 56.73 crore upto March 2001 for phase VIII. During the period from October 1999 to March 2000, TNPHC paid a sum of Rs 4.61 crore towards interest to HDFC on the loan of Rs.80.72 crore. Funds are provided by the State Government to TNPHC for paying interest and instalments of loan due.

Had TNPHC planned the requirement of funds for phase VIII in advance and drawn only Rs.10.32 crore in October 1999 instead of the entire Rs 80.72 crore, interest paid for Rs.70.40 crore for the period from October 1999 to March 2000 amounting to Rs 4.02 crore could have been avoided.

The matter was referred to Government in September 2001; reply had not been received ().

INDUSTRIES DEPARTMENT

3.19 Non-establishment of growth centre at Bargur

Non-assessment of demand for plots prior to the commencement of the project of establishing a growth centre at Bargur resulted in deferring the project due to lack of demand from entrepreneurs after incurring Rs 8.42 crore.

Tamil Nadu Corporation for Industrial Infrastructure Development (TACID) submitted a feasibility report (November 1992) for an Industrial growth centre in Bargur Constituency. Government approved

the project (August 1993). The growth centre was to have an area of 1378 acres of land located in three revenue villages*. It would have large, medium and tiny industries covering major sectors like leather, fruits and vegetable processing, other agro-based industries, granite, textile and engineering industries. The estimated cost of the project was Rs 41.55 crore and it was to be financed by Government contribution of Rs 19.62 crore, term loan from financial institutions of Rs 19.33 crore and balance from credit from World Bank and subsidy for common effluent treatment plant.

TACID entrusted (August 1994) to M/s. Rail India Technical and Economics Services Limited (RITES), the work of preparation of the master plan, preliminary drawings, detailed estimates etc. RITES prepared the master plan (August 1998) for the entire area of the complex and the cost of the first phase of 674 acres was estimated as Rs 24.15 crore. Tenders were floated (December 1998) and four tenderers participated for road works and two tenderers for street lighting works.

However, due to lack of demand for developed industrial plots and merger of TACID with Small Industries Promotion Corporation of Tamil Nadu (SIPCOT), which had already a growth centre at Hosur in the same district, it was decided (April 1999) to defer further development works in the Bargur centre till 2000. Subsequently in March 2000, SIPCOT approached Industrial Technical and Consultancy Organisation of Tamil Nadu Limited (ITCOT) for a demand assessment study for the Bargur centre, which was yet to be taken up (March 2001).

Land to the extent of 1253.95 acres was taken possession since August 1993 at a cost of Rs 2.92 crore. Besides Rs 5.51 crore was incurred upto July 2000 towards infrastructure including water supply arrangements at a cost of Rs 4.12 crore through TWAD Board.

Audit observed that the fact that there was already another Growth centre at Hosur in the same district was not considered, nor was a survey conducted to assess the demand for industrial plots in Bargur area, before making the proposal. Further, although the Finance Department and Project Investment Committee doubted (February 1993) the financial viability of the project, Government approved the same.

Thus, in the absence of proper demand assessment, the project could not make any headway, even after eight years of its sanction (August 1993) except for the sale of 33.30 acres of land and the expenditure of Rs 8.42 crore incurred on the project largely remained unfruitful.

On the matter being referred (April 2001) Government accepted the facts and stated (June 2001) that while selecting a site, parameters like availability of infrastructure facilities is studied over and above raw material, demand prospects and not on the basis of demand enquiries for plots. The reply was not tenable, as a demand assessment is essential before taking up projects of this nature. Further, SIPCOT did finally entrust the demand assessment study in March 2000 to ITCOT only after an expenditure of Rs 8.42 crore had already been incurred.

* Parandapalli and Balethottam of Krishnagiri taluk and Olaihatti of Uthangarai taluk.

INFORMATION AND TOURISM DEPARTMENT

3.20 Blocking of funds released for construction of tourist complex

Due to defective formulation of project proposal by Commissioner of Tourism, Rs 18.45 lakh including Central assistance of Rs 12.30 lakh remained blocked for more than 4 years.

Based on the proposal of Commissioner of Tourism (COT) (December 1995) forwarded by Government of Tamil Nadu (GTN), Government of India (GOI) sanctioned (March 1996) a project for construction of tourist complex at Kancheepuram at an estimated cost of Rs 24.60 lakh. GTN was to provide the land and water supply, electricity, approach road, site development, compound wall and fencing. The tourist complex was to remain the property of Central Government to be leased out to GTN. The State Public Works Department (PWD) was to execute the construction work. COT had identified also the site for the tourist complex.

GOI released (March and May 1996) Rs 12.30 lakh as the first instalment of its share. GTN approved in May 1999 construction of the complex at a cost of Rs 30.75 lakh and released (May 1997) Rs 18.45 lakh including the State share of Rs 6.15 lakh. COT in July 1997 paid the amount to PWD for executing the work. While approving the construction of the complex, GTN ordered that Tamil Nadu Tourism Development Corporation (TTDC) was to run the complex on commercial basis and was to bear all the expenses exceeding the sanctioned amount. In March 1998, TTDC informed COT that the project would not be feasible, and even the existing Hotel Tamil Nadu had an average occupancy of 50 *per cent* only. On further enquiry, TTDC stated (September 1998) that the average occupancy rate in other private hotels in Kancheepuram also ranged between 30 and 45 *per cent* during April 1998 to August 1998. Therefore, COT instructed (November 1998) the PWD not to proceed with the project.

In June 1999 the COT requested the Kancheepuram Municipality to take up construction of the tourism complex in Municipality's land. The Municipality expressed its willingness (July 1999) subject to the condition that the revenue derived from the project be given to it for maintenance and services. Director General of Tourism, Government of India gave his concurrence to entrust the work to the Municipality in December 2000. However, as of July 2001, Government had not yet given approval for construction by the Municipality and the funds deposited with PWD remained unutilised.

Audit scrutiny revealed that the COT proposed the project in December 1995 in view of the anticipated increase in the number of tourists in future. He did not consult the TTDC who was to run the project, but reported to Government that the project was commercially viable, based on tentative calculations, with an anticipated annual profit of Rs 5.99 lakh. When TTDC reported that the project would not be feasible, and that the occupancy rate of hotels in Kancheepuram was poor, COT instead of dropping the project, asked the Kancheepuram Municipality to

take it up. Thus poor planning resulted in Rs 18.45 lakh remaining blocked with the PWD for more than 4 years since May 1997.

The matter was referred to Government in February 2001; reply had not been received (September 2001).

PUBLIC DEPARTMENT

3.21 Avoidable expenditure on electricity consumption charges in refugee camp at Mandapam

Non-adoption of domestic tariff rate in refugee camp at Mandapam even after Government instruction resulted in an avoidable extra expenditure of Rs 34.99 lakh.

Government of India (GOI) releases grants to Government of Tamil Nadu (GTN) to meet expenditure on Sri Lankan refugees housed in refugee camps situated all over Tamil Nadu. One such grant is for the electricity supplied to refugee camps.

The Commissioner of Rehabilitation requested (April 1997) the Chairman, Tamil Nadu Electricity Board (TNEB), to classify the High Tension electricity supply to refugee camps in the State as domestic category. However, Member (Distribution), TNEB requested the Government to categorise the Low Tension Services relating to Sri Lankan refugee camps under domestic tariff, although he was aware of the fact that refugee camp at Mandapam was given High Tension supply (22 kilovolts). GTN, based on the request of Member (Distribution), TNEB directed (October 1997) that Low Tension supply of electricity in respect of Sri Lankan Refugee camps be categorised under domestic tariff. It was seen from the records of Special Deputy Collector, Mandapam refugee camp, Ramnad District that payment for electricity charges was made at High Tension tariff instead of at domestic tariff even after October 1997.

Government replied (June 2001) that a transformer is to be erected soon in the Mandapam Camp to convert the High Tension supply (22 kv) into Low Tension supply (11 kv) and thereby the expenditure on electricity charges would be reduced considerably in future.

The reply of the Government is not tenable as the intention of the Government was to charge the refugee camp in Tamil Nadu at domestic tariff only even though it was High Tension supply. Non-adoption of domestic tariff had resulted in an avoidable extra expenditure of Rs 34.99 lakh for the period October 1997 to July 2000, besides the intention of the Government remaining unfulfilled.

RURAL DEVELOPMENT DEPARTMENT

3.22 Computerised functions of the Department of Rural Development

3.22.1 Introduction

The Department of Rural Development (DRD) works for the provision of basic amenities to about 3.5 crore of rural population of Tamil Nadu. The budget allocation for the Department was Rs. 560 crore for the year 2000-2001, which included Rs. 445 crore from the Government of India. A total of 3,10,234 new works were undertaken in the year. The allocation of funds to the 28 districts and 385 blocks and monitoring the progress of various works are done by the District Rural Development Agencies (DRDA) at the district level and by the DRD at the State level. To have an effective control on the progress of the vast number of works, the Department resorted to computerisation.

3.22.2 The Computerisation

Computerisation in the department consists of (i) Computerisation of Panchayat Unions, (ii) Computerisation of DRDAs and (iii) Computerisation of DRD. The computerisation was first started at district level and later adopted for use at the state level. The process is now being extended to the Blocks. There are separate sets of linked software for use at the Blocks, Districts and at the State level. The software was developed by Regional Engineering College (REC) Trichy with "MS Access" at the back end and "Visual Basic" at the front end on "Windows NT" as the Server (Operating System).

3.22.3 Scope of Audit

The Department depends on the computer system to monitor the progress of various works. Computerisation was done over a period of 3 years incurring an expenditure of Rs.2.02 crore on hardware and involving 28 DRDAs across the state. The criticality of the function of the computer system and its wide coverage warranted an examination by IT Audit. Data relating to four months from December 2000 to March 2001 were downloaded and examined.

A software named RAPID (Rural Action Plan Integrated Database) was approved and made mandatory for use in all the offices. The compilation/flow of information from the Block level offices to the Districts and in turn to the Directorate was through this software. An in-depth examination of the RAPID package was conducted along with an examination of the computerisation in general.

3.22.4 Audit Objectives

The overall objective of audit was to ensure the achievement of the set objectives, with special emphasis on (a) economy in the acquisition of

hardware and software, (b) effectiveness, suitability and completeness of the application software, (c) dependability and integrity of the data and (d) coverage and correctness of reports generated for managerial information.

3.22.5 Audit Observations

3.22.5.1 Lack of computer policy

Development of software was on a trial and error basis at all stages resulting in several errors/deficiencies.

Computerisation in the DRD commenced without a clearly defined Computer Policy or a definite plan of action. It evolved on a trial and error process in some Districts and was later inducted to perform a statewide function. Such induction was done without a thorough system study for suitability and completeness of the software resulting in several deficiencies as discussed below.

(i) *Inordinate delay in the process of computerisation*

Computerisation of the Department was in three stages i.e. State, District and Block levels, using three different packages under RAPID. However, due to lack of planning, computerisation at the block level was under trial run even after 3 years of computerisation. Such delay has occurred despite the fact that all the functional transactions of the department originate only in these offices.

Of the three components of the RAPID package namely financial accounting, monitoring progress of works and material management, the material management function is yet to commence and the financial accounting is still in a preliminary stage. The only function namely the Progress Monitoring activity has been computerised which had several deficiencies as discussed in paras between 3.22.5.1.(ii) and 3.22.5.4.(g).

(ii) *RAPID Software in the DRDAs – deficient requiring frequent corrections*

The RAPID software for use at the DRDAs having been developed without adopting the standard methods of Analysis and Design, had undergone 126 revisions so far to supply deficiencies and the process continues. However, the inaccurate data captured using the earlier deficient versions of the software remained uncorrected.

(iii) *Unplanned development of the State RAPID Package*

After the implementation of RAPID in Districts, a software was got developed for use in the Directorate to generate a variety of reports from the data obtained from the districts for monitoring the progress of works by the Directorate and for making other crucial decisions.

At this stage, the Department had before it, its entire requirement and the resource to generate it from. Despite this, the software was developed without adopting the standard procedure prescribed for the development of new software, resulting in several deficiencies. No design documents

of any sort like File Organization, Data Flow etc., were made available to the user.

Though conditions relating to payments to be made to the developer of the software were fixed, there were no proper agreements with him specifying his obligations to the department.

(iv) *Total dependency of the department on an external programmer*

Only an Executable version of RAPID has been made available to the Department. In the absence of Design Documents and the source code, the Department had to depend on the developer even for minor changes. In this scenario, if the developer is unable to extend software support for any reason, the computerisation of the Department will suffer a severe setback.

3.22.5.2 Inefficient data organization

Proper organization of data is vital for the successful implementation of any system. The present database in the DRD was originally designed for the functioning of the DRDAs at the district level. It was not suitable for generation of certain reports required at the DRD.

(i) *Inefficient transfer of data to DRD from Districts*

At present, the data in the DRD is only an aggregate of the data available in all the DRDAs. Each district sends to the directorate a copy of their entire data in 81 tables, including master files, every month instead of transferring only the transactions during the month. The software does not have provision for transfer of the month's transactions. The department in their reply (July 2001) stated that the software has been modified as suggested and was under testing.

(ii) *Inefficient organization of data at the Directorate*

In the DRD, the entire set of 81 tables received from each of the 28 districts were stored without consolidation of any sort. A better method would be to consolidate the data relating to all the 28 districts in a single set of 81 files, which would be updated each month after backing up the original position. Thus for watching the progress of 2.02 lakh works, the DRD had around 2268 tables. This makes querying and generation of reports not provided for in RAPID, impossible. The Department (July 2001) accepted the observation.

(iii) *Grouping different works under a single work code – consequences thereof*

As far as the department is concerned, a work once sanctioned is treated as a separate entity for all physical and financial purposes. Hence, each such work should be allotted a unique work-code in RAPID. On the contrary, several items of works, which were treated as independent units for technical sanction, execution, payments etc. were grouped

together under a single work-code in the RAPID package. As a result, the system could not distinctly identify the stage at which each work stood, defeating the very objective of the package.

3.22.5.3 Deficiencies in application software

The application software was still deficient after 3 years of use.

Though the software was developed by an external agency it was accepted without proper testing. As a result, the process of error correction is not yet complete. The software is still deficient on several counts even on date as depicted hereunder:

(i) *Unauthorized usage of error control procedure*

Normally, the stage of progress of the work can either remain the same or increase over a period of time. However, the software provides for reduction in the stage of work for correcting errors before the data for a month is finalized and forwarded to the DRD. But in practice, it is seen that the stage of work once declared and got committed at the State level was reduced at a later date. This unrestricted provision for correction enabled the district officials to report higher stages of progress to the DRD in one month and rectify the same on a later date. The department in their reply (July 2001) has offered to withdraw the provision for reversal of stages given to District level officers.

(ii) *Outdated master file resulting in incorrect data*

When new works are entered, the system automatically detects and stores the identity of the authority competent to accord a technical sanction for the work based on the financial outlay. The sanctioning powers were revised in Government Notification dated 31 December 1998. However, the correction was not carried in the RAPID database. As a result the software identified the sanctioning authority incorrectly.

The authority even if identified correctly will indicate only the official competent to sanction a particular work and not the authority who had actually accorded the sanction. Thus, it is essential that, this information should be fed manually and not generated by the system. The Department in their reply (July 2001) accepted the deficiency.

(iii) *Non-availability of provision for carry over of Closing Balance*

The RAPID package does not provide for the carryover of the Closing Balance (CB) of a year as Opening Balance (OB) for the next year in respect of each scheme. For want of provisions in the application software, the OB is entered afresh at the beginning of each year. Carry over of balances by the system will totally avoid errors in the process, apart from avoiding wastage of manpower. This will also act as an inbuilt control to prevent manipulation of the figures. The department accepted the observation and offered to modify the software accordingly.

(iv) *Incorrect accounting of receipt or issue of cheques*

As indicated in procedure 7 of the Revised Accounting Procedure for DRDAs, an amount is deemed to be received or paid, the moment a

cheque is received or issued. Contrary to such provision, the RAPID package accepted a transaction through cheque only when the adjustment date thereof is keyed in resulting in belated accounting of payment through cheques. The department offered to correct the software as required.

(v) *Deficient application software – Financial discrepancies*

The total amount of fund available at the disposal of the DRDA against each scheme is stored in a separate table. Other break up details like fund released, fund allocated, funds spent etc are also stored in separate tables. An editing screen provides for viewing a fund with its entire break-up details and also permits the deleting of any component item of break-up. However, entry of test data disclosed that, even if an item of break-up is deleted, the system did not change the total figure in the fund table nor did it provide for a manual change of the total figure. This resulted in a discrepancy between the break-up details and the total figure.

(vi) *Hard coding of financial year in the application software*

All the transactions that form part of the RAPID package are linked to a financial year and the year itself is hard-coded in the software, calling for correction in the software with each passing year. Since the Department has only an executable version of the program, it has to depend on the developer of RAPID for the modification and for the installation of the modified software in all the 28 Districts at the beginning of each year. Such annual updation of the software is against the norms of normal computing. There should be provision in the software for the incorporation of a new accounting year by the users.

3.22.5.4 Lack of controls

The system was devoid of suitable controls resulting in incorrect data in several forms creeping into the database. Hence the database lacked integrity.

Monitoring of the progress of works in the districts by the Directorate is based only on the statistical and financial information derived from RAPID Data. As such it should be correct and complete. Such perfection could be achieved only by the deployment of several general and system controls. However, the system was devoid of controls in any form rendering the data unsuitable for DRD's monitoring activity as discussed hereunder.

(i) *Lack of General Controls*

(a) *Incorrect projection of the number of works taken up for a year*

A new work is brought under the purview of RAPID the moment it is sanctioned. Thus, works can be added only for the current year. However, it was seen that works relating to earlier years were being added to the database even on date (March 2001). Thus, it is clear that data regarding all the works taken up during earlier years had not been incorporated in the database, whereby the position of outstanding works as portrayed by the RAPID package was not correct. Controls should be

incorporated to ensure that all works sanctioned are entered in the database immediately before generation of relevant reports. The department in their reply (July 2001) accepted the deficiency.

(b) *Lack of data consistency in data across months*

The balance position of outstanding works for a month did not have any correlation to the balances of the previous and subsequent months' data after providing for additions and deletions. There was, thus, no provision in the system to ensure consistency of figures month after month. In fact, each month's data was considered as a separate unit and had no correlation of any sort to the data of adjacent months and the balances were apparently incorrect. The department in their reply (July 2001) accepted the deficiency.

(ii) *Lack of system controls*

(a) *Incorrect projection of number of works at different stages*

In the case of bunched works, the aggregate of the numbers of works outstanding at different stages did not agree with the total number of works outstanding as stored in the table. Though the package did have a control to check against such discrepancies, the control had been bypassed and faulty data entered. The department replied (July 2001) that the errors were due to bugs in the application software, which have been corrected later. However, it was seen that the discrepancies in the data remained uncorrected till date (September 2001).

(b) *Adoption of non-existent codes for stages of work*

In the RAPID package, separate sets of codes have been allocated to represent the different stages of work under various types of works. For example the 'Building Works' had stages from 0 to 7 and 'Road Works' from 0 to 9 where 0 indicated that the work had not started and 7, 9 respectively indicated that the work was completed. Thus, it is apparent that the stage in a Building Work cannot exceed 7 and that in a Road Work cannot exceed 9.

However, there were numerous instances where the recorded stage of a work was outside the range of stages permitted for that particular work. The department replied (July 2001) that the errors had occurred when the type of work once booked was changed after its physical completion. The reply is not acceptable, as when a work type is changed its stage should also be changed.

(c) *Entry of incorrect data due to lack of security*

The stage of a work that had to be represented as Arabic numerals were in several instances stored as descriptive strings. For example in a building work, instead of indicating the stage as "3" the same was indicated in the table as "Roof level". RAPID software, which has been

designed to recognize stages in the form of numbers, cannot accept data in the form of strings. Evidently, the operator had bypassed the application software and entered characters instead of numerals. This indicates lack of security. The department in their reply (July 2001) accepted the observation.

(d) *Adoption of non-existent codes for Village Panchayats*

For the purpose of linking works with panchayats, all the village panchayats have been duly codified in a master file. However, several works were related to Panchayats not recognized or codified in the Master File. The auditee replied that some village panchayats to which works were assigned ceased to exist and were deleted from the master file. There was no control in the software to guard against deletion of a code allotted to a panchayat when some works were pending against it.

Similarly, the RAPID Package contemplates identification of works with a Hamlet as well through separate codes allotted to Hamlets. However, no hamlet has been codified in respect of many Panchayat Unions. As a result works could not be identified with the respective hamlets. The department in their reply (July 2001) stated that the relevant files were being updated.

(e) *Inconsistency of data – variation in details relating to a work in different months*

It was observed from the RAPID database that several items of work, which were initially attached to one Panchayat Union, were changed to the control of another Panchayat Union in a later month. Similar changes were noticed in the Administrative Sanction details, Unit Cost etc for the same items of work in different months.

The cause of these anomalies in the database was traced back to the data editing options meant for use at the districts. As the DRDA had the prerogative of adding a new work to the database, they were given unlimited editing facility with a view to correct errors while creating a work. But altering the data after a work had commenced and got committed in the records should not be permitted. The auditee in their reply (July 2001) accepted the observation and promised to withdraw the edit facility given.

(f) *Inconsistency of data in the Assets table*

As part of a statutory requirement, the “Assets” table in the RAPID database stores information on works completed and treated as assets of the department. This table is the only record containing all relevant information relating to completed works. It was seen that the data contained in the table was inconsistent/incorrect on several counts. To cite a few

1. In the table containing all the assets created prior to 31 March 2001, there were as many as 797 cases with dates of Administrative sanction after 01 April 2001.

2. A work is to be taken to the assets table only when the work is completed and final payment is made. It was seen that in 109 cases, the works were taken to the assets table even before final payments were made.

3. There were 10,416 instances, where the voucher date, marking the completion of the work, was an earlier date compared to the date of the administrative sanction.

4. There were 785 instances where the date of completion of work was after the date of the final payment.

These incorrect dates have crept into the database in spite of there being certain controls in the data entry modules to validate the dates. The incorrect data indicated failure of the controls. The department in their reply (July 2001) have accepted the findings and promised rectificatory action.

(g) *Discrepancies in the data in 'Works' table*

In the table containing the stages of works, stage '0' indicates the non-commencement of the work. There were 91 instances where payment was made before the commencement of the work. It is evident that either the stage or the expenditure detail shown is incorrect.

The above table also contained the unit cost in respect of works having multiple units. In 215 instances, the payment made on behalf of the work was more than the total value of all the units forming part of that work, indicating an inaccuracy of data. Similarly, it was noticed in the assets file for December 2000 that the total value of work in 2971 cases was more than the product of the unit cost and the number of units. The department accepted the deficiency (July 2001).

3.22.5.5 Deficiencies in the purchase of computers and peripherals in DRDAs

The Governments of India/Tamil Nadu sanctioned (March 1998) Rs.2.02 crore for the computerisation of the 28 DRDAs and the Directorate. In spite of the huge amount involved and identical nature of functions, and the need for uniformity in hardware for efficient connectivity, the Department decided to decentralise the purchase. A test-check of the purchases disclosed that the sanction of funds, the purchase procedure, items purchased and the pricing thereof left a lot to be desired as depicted hereunder.

1. Rs.2.02 crore was sanctioned without any proposal from the DRDAs. Thus, there was no scope for considering the computers and peripherals already available with them.

2. Rs.7 lakh sanctioned for each DRDA prima facie appeared to be in excess for the items suggested for purchase. As a result, many districts purchased more hardware and software, with a view to exhaust funds than to meet their requirement.

3. Considering connectivity and networking, National Informatic Centre (NIC) had suggested uniformity of hardware in all the districts.

Purchase of computers and peripherals worth Rs 2.02 crore was decentralised resulting in unnecessary purchases, extra expenditure, non-uniformity and several other discrepancies.

However, the districts purchased computers of different configurations and variety of software, ignoring uniformity.

4. The decentralization of purchases resulted in avoidable expenditure on advertisements by each district separately.

5. Though the functions/requirement of all DRDAs were identical there were abnormal disparities in the purchase of Printers. For instance, while DRDA Namakkal restricted the purchase to a Dot Matrix printer at a cost of Rs.11,250, DRDA Pudukottai went in for a Line Matrix printer at a cost of Rs.1.30 lakh.

6. The same make/model of printers were purchased by different districts with huge variation in prices. For eg. while DRDA Tuticorin purchased a HP 2100 Laser Jet printer for Rs.41,000, DRDA Tiruvellore purchased the same Printer for Rs.51,000.

7. A test-check disclosed purchase of software like Visual Studio 97, Oracle 8, SQL Server 7.0 etc., in 8 districts for a total amount of Rs.5.6 lakh which had no immediate use in DRDAs' applications.

8. Some districts had incurred expenditure on AC Units, interior decoration, polyvinyl flooring and even on payment of salary of contingent staff from the surplus amount available after purchase of computers.

All the above disparities could have been avoided had the purchase been centralised. A bulk purchase would have also been cost effective.

3.22.6 Conclusion

Thus, due to the combined effect of the lack of a clear computer policy, a software devoid of security and controls, a data organization not suited to the requirement of the Directorate and a database which lacked integrity, the computerisation in the department of Rural Development has neither reached the desired functional level nor been successful in the areas in which a functional level has been reached. The non-centralization of the purchase in spite of the involvement of over Rs Two crore and identical nature of functions in DRDAs resulted in wide disparities and excess expenditure. In short, computerisation at the Department of Rural Development has not reached the desired level of perfection in spite of an expenditure of Rs.9.58 lakh on software and Rs 2.03 crore on hardware and after having functioned for over three years.

The matter was referred to Government in July 2001; reply had not been received (September 2001).

SMALL INDUSTRIES DEPARTMENT

3.23 Non-establishment of Information Technology Incubator Centre

Premature drawal of Government contribution even before identification of location for Information Technology Incubator Centre resulted in Rs 50 lakh being kept outside Government Account.

Based on the proposals of Industries Commissioner and Director of Industries and Commerce (Commissioner), Government in May 1999 sanctioned the establishment of an Information Technology Incubator Centre at Coimbatore as an autonomous society with the objective of preventing the migration of qualified technocrats in the field of Information Technology. All the required infrastructure facilities were to be provided under one roof and paid for by the users. Space was to be provided for 20 entrepreneurs on long term lease. The Centre was estimated to cost Rs 2.50 crore and was to be funded through Members' equity (Rs 1 lakh), Government participation (Rs 50 lakh), Capital subsidy (Rs 20 lakh) and Bank loan (Rs 1.79 crore). Government sanctioned (May 1999) its contribution which was to be drawn in stages synchronising with the progress of work and release of funds by the financial institutions.

'The Coimbatore Information Technology Incubator Centre' was registered as a society in January 2000 at Coimbatore. The Commissioner drew the Government contribution of Rs 50 lakh in February 2000 and paid the same to the society in March 2000 with instructions to the General Manager, District Industries Centre (DIC), who was the Member-Secretary of the society, to deposit the amount in short-term deposit with the Tamil Nadu Industrial Co-operative (TAICO) Bank.

In April 2001, after Audit pointed out the delay in the project, the Commissioner informed Government that the Society was unable to raise loan from the financial institutions. He proposed that the project cost be reduced to Rs 52 lakh, area reduced to 6000 sq. ft. and number of entrepreneurs reduced to 12. He also suggested that if Government was unwilling to accept his proposal, Government may order return of its contribution of Rs 50 lakh with interest, as resolved by the Board of Management in April 2001. However Government directed the Commissioner (May 2001) to implement the project before June 2001, disregarding his plea that the Society was unable to raise any loan.

Thus Government's decision (May 1999) in sanctioning the project even without assessing its feasibility and economic viability and release of Government contribution of Rs 50 lakh in March 2000 by the Commissioner in lumpsum even before identifying the location of the centre resulted in blocking of funds with the Society. Further, inspite of the Society's inability to raise loan, its request for drastically reducing the project cost was not accepted by Government.

The matter was referred to Government in March 2001. Government stated (May 2001) that the instruction to draw money in stages was applicable to the Society only. The reply was not tenable as the Government order clearly stated that the release of the Government

contribution should be in stages only and synchronised with the release of funds by the financial institutions. Therefore the Commissioner should not have drawn the funds and released to the Society in one instalment.

3.24 Avoidable payment of electricity/compensation charges

Non-reduction of contracted demand for High Tension Service connections and non-improvement of average power factor resulted in an avoidable expenditure of Rs 22.28 lakh.

According to the Tamil Nadu Electricity Board (TNEB) Tariff Rules, High Tension (HT) power consumers were required to pay, besides consumption charges, demand charges at rates prescribed from time to time, on the maximum demand recorded in a month or the contracted demand, whichever was higher.

Government Service Centre for ceramics, Vridhachalam was functioning with the objective to cater to the needs of small scale ceramic entrepreneurs by providing them processed ceramic body materials and rendering firing service in the tunnel kiln to fire their green products. The centre was utilising HT power supply under two separate service connections and the contracted demand entered into with TNEB was for slip house connection (210 KVA) and for the tunnel kiln (150 KVA). Test-check of the records on utilisation of the two HT service connections revealed the following for the period from April 1997.

	HT services	Contracted demand	Maximum demand attained		Avoidable payment Amount (Rs. in lakh)
			Maximum demand	Period	
(i)	Slip house connection	210 KVA	44 KVA	April 1997 to February 1998	8.40
			68 KVA	March 1998 to May 2001	
(ii)	Tunnel kiln connection	150 KVA	45 KVA	April 1997 to May 2001	6.52
				Total	14.92

Taking into account the maximum recorded demand under the above HT services, the Centre could have reduced the demand to 100 KVA and 75 KVA. However, this was not done and resulted in an avoidable expenditure of Rs 14.92 lakh upto May 2001.

(b) If the average power factor[@] of the service connection was less than the stipulated limit of 0.90 lag, compensation charges would be levied by the TNEB. For tunnel kiln service connection (150 KVA) of the centre the power factor ranged from 0.10 to 0.88 lag (April 1998 to February 2001) and for slip house service connection (210 KVA) it ranged between 0.54 to 0.87 lag (August 1998 to February 2001). As no action was taken by the Centre to improve the power factor to 0.90 lag, the Centre paid Rs 7.36 lakh towards compensation charges to TNEB.

[@] Power factor is the ratio of kilowatt hour consumed to the kilovolt Amphere hour registered during a month.

Thus, non-reduction of contracted demand for the HT service connections and non-improvement of average power factor had resulted in an avoidable expenditure of Rs 22.28 lakh. Such avoidable expenditure will continue to be incurred until the contracted demand is reduced and the power factor improved to 0.9 lag.

The matter was referred to Government in April 2001; Government replied (September 2001) that action has been taken to reduce contracted demand to 65 KVA for each connection and further stated that action has been initiated to improve the power factor by providing power capacitor, etc.

YOUTH WELFARE AND SPORTS DEVELOPMENT DEPARTMENT

3.25 Avoidable payment of interest amounting to Rs 92 lakh

Despite specific contract provisions, Government unduly delayed the approval of unit-cost payable to a firm which executed works. The undue delay resulted in avoidable litigation at the cost of Rs 17.53 lakh and also avoidable payment of interest amounting to Rs 92 lakh.

The Sports Development Authority of Tamil Nadu (SDAT) concluded (February 1995) three contracts with a firm for the construction of Hockey and Tennis Stadium and an Aquatic Complex at the tendered cost of Rs 26.82 crore (revised to Rs 27.64 crore between August and September 1995 for additional/extension works). The works were to be of international standard and required to be completed within 10 months being the infrastructure for hosting the VII South Asian Federation Games (SAF) held during December 1995.

As per the provisions of the contract, SDAT was to nominate an Architect who would supervise the quality and accuracy of construction, check measurements and certify the contractors bills. Interim payments were to be made once in 15 days and 75 *per cent* payment within 7 days of submission of the bills. Balance payable was to be released within 21 days of certification by the architect. The works were completed in time by the firm and handed over in November 1995. Total value of the works executed was Rs 29.61 crore, exceeding the approved cost of Rs 27.64 crore. The excess expenditure occurred due to substitutions in place of items indicated in original tender and also for non-tendered new items included in the construction.

The final bill for Rs 2.48 crore, submitted by the firm in January 1996, was certified by the Architects and sent to Government for approval in March 1996. As of March 1996, Rs 2.58 crore were due to the contractors (Rs 2.48 crore for works and Rs 0.10 crore being balance of EMD retained by SDAT). SDAT sent reminders to Government till February 1998 for the payment. Government did not approve the unit-

cost on non-tendered items and requested (October 1996) clarification on whether the additional items of work were necessary and were undertaken with the permission of SDAT. After a joint inspection along with the Member Secretary of SDAT, the Architect sent (January 1997) a report justifying that the additional items carried out on grounds of functional necessity or aesthetic considerations and in certain cases, the new items were carried out due to requirement based on actual ground conditions. Government had then constituted a two-men committee in March 1998 to ascertain the reasonableness of the rates preferred by the firm. The committee submitted its report in March 1999 and June 1999. The Committee classified the works into 3 categories comparing with PWD schedule of rates, Tamil Nadu State Construction Corporation's rate and local market rate and arrived at the amount payable to the contractors as indicated below:

(Rupees in lakh)

Sl.No.	Work	Amount claimed by the firm	Amount worked out by the Committee
(i)	Hockey Stadium	79.50	64.43
(ii)	Tennis Stadium	69.71	60.83
(iii)	Aquatic complex	81.18	67.20

Due to the non-payment of dues, the firm filed a petition in Madras High Court (November 1998). The single bench which heard the case ordered (October 1999) the SDAT to pay Rs 4.38 crore (Rs 2.58 crore and interest at 18 *per cent* from January 1996 till October 1999) to the firm. The bench observed that the two men committee was not able to find any defect or any deviation on the part of the firm and as the agreements signed under the contracts provided only for getting a completion certificate from the Architect who has been nominated by SDAT, they held the findings of the two-men committee as superfluous. The SDAT appealed to the Divisional Bench against the award of the interest. The Divisional bench, though granted stay (January 2000) of the single bench orders, directed the SDAT to pay Rs 3.50 crore to the firm. However, Government ordered (March 2000) the SDAT to deposit Rs 3.50 crore in the Court Registry and file a Special Leave Petition (SLP) in the Supreme Court. The Supreme Court dismissed (April 2000) the SLP and directed SDAT to get any further clarification from the High Court. The firm again moved the High Court in April 2000 and received Rs 3.50 crore as directed by the High Court.

Audit Scrutiny revealed that despite the provisions in the contracts for certification of completion and bills by the Architect nominated by SDAT, the monitoring of construction of works by the Director SAF games and the specific provision for final payment within 21 days of certification by the architect, Government unduly delayed the approval of the final bills and failed to satisfy itself in time regarding the reasonableness of the rates claimed by the firm. This resulted in subsequent litigation at a cost of Rs 17.53 lakh and avoidable payment of interest amounting to Rs 92 lakh to the firm.

The matter was referred to Government in May 2001; reply had not been received (September 2001).

GENERAL

3.26 Misappropriations , losses, etc.

Cases of misappropriation of Government money reported to Audit upto March 2001 and on which final action was pending at the end of June 2001 were as under:

		Number of cases	Amount (Rupees in lakh)
1.	Cases reported to end of March 2000 and outstanding at the end of June 2000.	463	193.86
2.	Cases reported during April 2000 to March 2001.	7	100.39
3.	Total	470	294.25
4.	Cases cleared during July 2000 to June 2001.	37	3.68
5.	Cases outstanding at the end of June 2001.	433	290.57

Departmentwise and year-wise analyses of the pending cases are given in Appendix XXI. In all these cases, report on the departmental action taken and results of the proceedings against Government servants responsible, required to be sent to audit according to Financial Rules, were awaited (July 2001).

In addition, 350 cases of shortages, theft, damage to property, etc., involving Rs 1.74 crore were reported to Audit upto March 2001 by departments other than Public Works and Highways Department. 7,141 cases involving Rs 28.67 crore, were either reported by or noticed during audit of Public Works and Highways and Forest Departments upto March 2001. Departmentwise and year-wise analyses of these cases are contained in Appendix XXII.

3.27 Write off/waiver of losses, irrecoverable loan/interest, etc.

In 107 cases, details of which were made available to Audit, losses and irrecoverable loans/interest etc., amounting to Rs 0.54 crore, were written off/waived by Government during 2000-2001.

Department-wise details are indicated below:

Sl. No.	Department	Written off		Waived	
		Number of items	Amount	Number of items	Amount
1.	Adi Dravidar and Tribal Welfare	5	10.02	-	-
2.	Agriculture	1	1.19	1	0.01
	Backward Classes and Most Backward Classes	2	1.75	1	2.74
3.	Commercial Taxes	-	-	65	4.46
	Co-operation, Food and Consumer protection	7	2.90	1	0.13
	Forests	1	0.09	-	-
	Home (Prisons)	5	1.12	1	0.02
4.	Labour and Employment	2	0.08	-	-
5.	Prohibition and Excise	1	0.51	6	4.02
6.	Public (General)	1	0.15	1	0.02
7.	Social Welfare and Nutritious Meal Programme	6	24.95	-	-
TOTAL		31	42.76	76	11.40

FINANCE DEPARTMENT

3.28 Failure of senior officers to enforce accountability and protect the interests of Government

Important irregularities detected by Audit during periodical inspection of Government offices through test-check of records are followed up with Inspection Reports (IRs) issued to the Heads of offices with a copy to the next higher authorities. Government issued orders in April 1967 fixing a time limit of 4 weeks, for prompt response by the authorities to ensure corrective action in compliance of the prescribed rules and procedures and accountability for the deficiencies lapses etc. A half-yearly report of pending inspection reports is sent to the Secretary of the Department to facilitate monitoring of action on the audit observations by him.

As of June 2001, out of the IRs issued upto December 2000, 15,609 paragraphs relating to 5,089 IRs remained to be settled for want of satisfactory replies. Of these, 397 IRs containing 746 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the Appendix XXIII.

A review of the pendency in respect of Fisheries, Sericulture and Highways Departments revealed the following.

- (1) Even the initial replies, required to be sent to Audit within four weeks from the date of issue of IRs, were not received in respect of 18 divisions/offices for IRs issued between January 1998 and December 2000.
- (2) As a result of the long pendency, serious irregularities as detailed in Appendix XXIV commented upon in the IRs had not been settled as of June 2001.
- (3) The Heads of Departments did not reply to 737 paragraphs contained in 246 IRs indicating their failure to initiate action in regard to the defects, omission and irregularities pointed out in the IRs of the Accountant General. The Secretaries of the Departments concerned, who were informed of the position through half yearly reports, also failed to ensure prompt timely action by the concerned officers of the Department.

In view of large number of outstanding IRs and paragraphs, Government constituted at both State level and Department level, Audit and Accounts Committees for consideration and settlement of outstanding audit observations. During 2000-2001, meetings of department level committee did not yield any settlement. However, at the instance of Audit, during joint sittings with departmental officers, 2,225 paragraphs were settled during 2000-2001. Despite such efforts by Audit, pendency of large number of paragraph indicated inadequate response to audit observations even at higher level of Government.

To prevent any more erosion of public servants' accountability, it is recommended that Government should relook into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/paragraphs in time (b) action to recover loss/outstanding advances/overpayments in a time-bound manner and (c) revamping the system in the Department for proper response to the audit observations.