OVERVIEW

This Audit Report contains 33 Audit Paragraphs and eight Audit Reviews including one long paragraph apart from comments on the Finance and Appropriation Accounts. As per existing arrangement, copies of the draft Audit Paragraphs and draft Audit Reviews are sent to the concerned Secretaries to the State Government by the Principal Accountant General demi-officially with a request to furnish replies within six weeks. The Secretaries are also reminded demi-officially. Despite such efforts, in respect of 14 Audit Paragraphs and two Reviews, no response was received from the Secretaries concerned. The matter was also brought to the notice of the Chief Secretary to the Government.

1 Review of the State's Finances

Revenue receipts of the state increased from Rs 14261 crore in 1998-99 to Rs 20837 crore in 2002-03 at an average trend rate of 9.2 *per cent.* During the current year the revenue receipts grew by 10.7 *per cent* due to 10.2 *per cent* increase in tax revenue and 19.5 *per cent* increase in non-tax revenue. Arrears of revenue were high at Rs 9424 crore and represented 58.2 *per cent* of tax and non-tax revenue receipts of the current year. Both Central tax transfers and grants-in-aid from Government of India increased by 6.2 and 14.9 *per cent* respectively over the last year.

Total expenditure of the state increased from Rs 19361 crore in 1998-99 to Rs 28012 crore in 2002-03 at an average trend rate of 9.7 *per cent*. The rate of growth of expenditure in 2002-03 was 17.3 *per cent* which was much higher than the average trend rate for five years. While the revenue expenditure grew by 19.2 *per cent* in the current year, the revenue receipts grew only by 10.7 *per cent*. This had resulted in huge increase in revenue deficit during 2002-03, and consequent increase in fiscal and primary deficits. The ratio of revenue deficit to fiscal deficit was 72 *per cent*, indicating that 72 *per cent* of the borrowings were applied to revenue expenditure. The fiscal liabilities including the contingent liabilities were more than 2.5 times the revenue receipts. While capital expenditure declined by 8.4 *per cent*, non-development expenditure had increased by 11 *per cent* compared to the last year. The direct fiscal liabilities have grown much faster than the Gross State Domestic Product. The average interest rate on fiscal liabilities (10.10 *per cent*) over the last five years had also exceeded the average rate of growth of the Gross State Domestic Product (8.05 *per cent*) over the same period, violating the cardinal rule of debt sustainability. The net availability of funds after payment of principal on account of the earlier liabilities and interest was only 20.1 *per cent* during 2002-03.

Fifty three Government companies with an aggregate investment of Rs 1216.48 crore were incurring loss and their accumulated losses worked out to Rs 3826.29 crore as of March 2003. Even in companies which were making profit, Government's return on the investments ranged between 0.9 *per cent* and 1.6 *per cent* only during 1998-2003. Thus, while Government was borrowing at high cost (6.75 to 7.80 *per cent* interest) during 2002-03, its investments in Government companies fetched insignificant returns.

Revenue realised from 5 major and 47 medium irrigation projects with a total capital outlay of Rs 2056.74 crore was only 0.36 *per cent* (Rs 7.38 crore) and was not sufficient to cover even the direct working expenses of Rs 48.29 crore. These projects suffered a net loss of Rs 149.31 crore; five major irrigation projects contributed to a substantial portion of this loss (Rs 107.54 crore).

The amount of outstanding guarantees given by Government to various corporations and others as on 31 March 2003 was Rs 8677 crore and the same was on increasing trend since 1998-99. Rupees 32.96 crore were pending recovery towards guarantee commission.

State Government continued to depend on ways and means advance/overdraft from Reserve Bank of India for managing day to day expenditure.

State Government passed the "Tamil Nadu Fiscal Responsibility Act, 2003" in May 2003 and entered into Memorandum of Understanding with Government of India in September 2003.

(Paragraphs 1.1 to 1.13)

2 Appropriation Audit and control over expenditure

During 2002-03, expenditure of Rs 40165.57 crore was incurred against the total grants and appropriations of Rs 40838.99 crore, resulting in a saving of Rs 673.42 crore. The overall saving was the result of saving of Rs 3110.13 crore in 41 grants and 38 appropriations under Revenue section, 29 grants and one appropriation under Capital section and 10 grants under Loans section, offset by excess of Rs 2436.71 crore in 8 grants and 2 appropriations under Revenue section, 2 grants and one appropriation under Capital section and 3 grants and one appropriation under Loans section. The excess expenditure of Rs 2436.71 crore during 2002-03 requires regularisation under Article 205 of the Constitution of India.

Supplementary provision of Rs 3229.38 crore constituted 9 *per cent* of original budget provision of Rs 37609.61 crore. Supplementary provision of Rs 44.57 crore obtained in March 2003 in 33 grants in Revenue section; 7 grants in Capital section; 5 grants under Loan section; and 5 appropriations proved unnecessary in view of the final saving in each grant/appropriation being more than the supplementary provision. On the other hand, in 7 grants and one charged appropriation, supplementary provision proved insufficient, resulting in uncovered excess expenditure of Rs 366.24 crore and Rs 2069.51 crore respectively.

Substantial surrenders of Rs 5337.67 crore were made in respect of 119 schemes on account of either non-implementation or slow implementation of schemes; cent *per cent* surrender was made in 46 schemes (Rs 3508.82 crore).

Under 32 schemes, the expenditure during March exceeded Rs 10 crore and also was more than 50 *per cent* of the total expenditure, which revealed rush of expenditure of Rs 1383.66 crore. In 15 schemes, expenditure of Rs 12.26 crore was incurred, which attracted the limitations of New service/New Instrument of Service for which approval of Legislature or advance from Contingency Fund should have been obtained.

(Paragraphs 2.1 to 2.9)

3 Working of the Agriculture Department

Agriculture plays a predominant role in the economic growth of the country and provides employment opportunities to sizeable population in rural areas besides fulfilling the food requirement of ever-increasing population. A review of the working of the Agriculture Department revealed that inspite of implementation of various programmes, the total cropped area as well as sown area showed a declining trend over the period 2000-03. The production of major crops also showed a declining trend during 2000-03 despite normal rainfall. Only 10 per cent of the total seed requirement of the State was met with certified seeds. While the production of Oilseeds declined over the period 2000-03, the production of pulses was far less than the target fixed during Ninth plan.

- Persistent surrender of funds under the Agriculture Grant (Revenue) during 2000-03 ranging between Rs 18.27 crore and Rs 319.14 crore showed inaccurate budgeting. Provision made for vacant posts resulted in surrender of Rs 2.68 crore in 2000-01 and Rs 15.83 crore in 2001-02.

- Shortfall in production of oil seeds during 2000-03 ranged from 33 to 40 *per cent* compared to the targets fixed and the quantum of production also declined from 14.71 lakh tonnes in 2000-01 to 10.67 lakh tonnes in 2002-03.

- Against the Ninth plan target of 8 lakh tonnes per annum, the production of pulses fell short by 61 to 70 *per cent* during 1997-2003.

- Training centre built at Salem at a cost of Rs 1.04 crore was not put to use from February 2002 since the pattern of training has not been approved by Government. Procurement of Gypsum through Tamil Nadu Cooperative Oil Seeds Growers' Federation Limited resulted in unnecessary payment of overhead charges of Rs 70.15 lakh during 2000-02. Rupees 9.50 crore received from Government of India in February 2001 for control of Eriophyid mite in coconut trees remained unutilised as the treatment procedure had not been decided.

(Paragraph 3.1)

4 Tamil Nadu Afforestation Project

In order to bring about balanced ecological upgradation and preserving the forest, the Forest Department implemented the Tamil Nadu Afforestation Project with financial assistance from Japan Bank for International Co-operation. The Project aimed at massive tree planting in degraded Reserve Forests and improving the living conditions of forest dependents.

Test-check revealed that there was shortfall in planting and soil and moisture conservation activities and survival of plants was poor. Village Forest Development Fund created to assist forest dependents in order to wean them away from forest was poorly managed. Required staff were not provided for Extension and Interpretation Centres to educate the villagers in the maintenance of forests. These deficiencies affected the achievement of the objective of the Project.

- Funds were not provided based on site specific Micro Plan.

- Excess allotment of funds for planting operations resulted in execution of activities not contemplated in the Project for Rs 12.19 crore.

- There was avoidable expenditure of Rs 8.70 crore due to execution of activities meant for degraded forests in non-forest areas.

- Cost effective method of raising seedlings was not followed, resulting in extra cost of Rs 12 crore.

- Survival rate of plants was poor due to non-execution of water harvesting and soil conservation works to the prescribed level and non-replacement of casualities during maintenance.

- The sustainability of Village Forest Development Fund was doubtful due to poor rate of recovery of loans.

- Delay in the procurement of Remote Sensing and Geographic Information System equipment led to delay in reaping the benefit of advanced technology in forest management.

(Paragraph 3.3)

5 National AIDS Control Programme

National AIDS control programme for prevention and control of Acquired Immuno Deficiency Syndrome is a cent per cent Centrally sponsored scheme *implemented in the State since 1992-93. The programme is implemented in the State by Tamil Nadu State AIDS Control Society except in Chennai Corporation area wherein it is implemented by the Chennai Corporation AIDS Prevention and Control Society. Subsequent to the first phase of the programme implemented during September 1992 to March 1999, the second phase is being implemented since November 1999. The main focus was on priority targeted intervention for groups at high risk, preventive intervention for the general community and low cost AIDS care. Test-check revealed that the incidence of HIV infection was very high in the State and the number of AIDS cases is on increasing trend. Though the sentinel surveillances revealed that the high risk groups of those attending Sexually Transmitted Diseases clinics and intravenous drug users continued to be vulnerable with higher percentage of prevalence of HIV ranging between 7.7 and 13.7 per cent and 24.6 and 33.8 per cent respectively, funds available for targeted interventions among high risk groups were only partially utilised. Due to low coverage of 3.5 to 3.9 per cent of population under Family Health Awareness Campaigns, the strategy of sensitising the target population towards the problems and efforts of early detection and treatment of STD/RTI/HIV cases failed. Poor attendance in Voluntary Testing and Counselling Centres revealed that the message had not reached the public.*

- Out of 31,336 AIDS cases reported in the country upto 2001, 16,677 cases (53 *per cent*) were from the State, which showed that the spread of infection was substantial.

- The attendance in Voluntary Counselling and Testing Centres was below 50 patients per day in 86 to 87 *per cent* of centres; equipment had not been supplied to 25 centres, resulting in their poor functioning. No counselling was done in STD clinics, although a large number of health care workers trained in counselling were available.

- Training of nurses and field health workers in Primary Health Centres and doctors, nurses and field health workers in Medical college hospitals was not adequate. In Chennai Corporation area, entire paramedical staff and 72 *per cent* of existing doctors were not trained.

- Programme funds of Rs 3.74 crore and Rs 1.44 crore were lying with the Tamil Nadu State AIDS Control Society and Chennai Corporation AIDS Prevention and Control Society respectively as of March 2003.

(Paragraph 3.5)

6 Implementation of the Drugs and Cosmetics Act, 1940

Government of India promulgated the Drugs and Cosmetics Act, 1940 and framed Drugs and Cosmetics Rules, 1945 to ensure manufacture, sale and distribution of drugs and cosmetics of prescribed standard and quality. The Act also applies to patent or proprietary medicines relating to Ayurveda and other systems of medicines and to cosmetics. Government of India also issued Drugs (Prices control) Orders from time to time under the Essential

Commodities Act, 1955, for laying down the criteria for identifying the drugs to be kept / brought under price control, fixing of ceiling prices, etc. A review of the implementation of the Acts and Rules revealed that the important legislation has failed due to deficiencies in administrative arrangements, inadequacies in subordinate legislations, lack of deterrent punishments for offenders, lack of control in the grant and renewal of licences of manufacturing/selling units, huge shortfalls in collection of samples for testing and delay in testing such samples, non-withdrawal of drugs not of standard quality in time from the market and shortfall in inspection of manufacturing/selling premises. There was no standardisation of medicines of Indian System.

- Against 368 eligible posts, only 84 posts of drug inspectors were in operation. This led to gross inadequacy in discharge of the statutory functions like inspection, sampling, searching premises.

- There was no proper system for the grant and renewal of licences to the manufacturing/selling units, which led to many irregularities.

- The failure to discharge statutory obligations as evidenced by the huge shortfall in lifting samples and in inspections led to the non-achievement of the social objective of ensuring availability of standard quality drugs to the public.

- Delay in testing and reporting of samples led to consumption of drugs which are not of standard quality. The department has no mechanism to verify the withdrawal of sub-standard drugs from market in time.

- Non-notification/delayed notification of Drug Inspectors resulted in an infructuous expenditure of Rs 52.95 lakh on their salaries.

(Paragraph 3.4)

7 Welfare of the Handicapped

National policy for comprehensive rehabilitation of the disabled sought to enforce Persons with Disabilities (Equal opportunities, Protection of Rights and Full Participation) Act, 1995, and the National Trust for Welfare of Persons with Autism Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999. These Acts contain specific directives to Government (Central and State) to provide facilities such as education, employment, and social security to the disabled, besides affirmative action and non-discrimination.

A review of the schemes implemented for the Welfare of the Handicapped revealed that there were huge shortfalls in providing these services, in conducting block level camps to identify the disabled as well as in supply of aids and appliances, due to inadequate provision of funds in the budget. Out *of Rs 3.79 crore released by Government of India for implementation of the National Programme for Rehabilitation of persons with Disabilities, Rs 2.57 crore remained unutilised as of March 2003, mainly due to non-establishment of State Resource Centre. Ramps to create barrier-free environment to the disabled were not provided in public buildings.*

- Block level camps to identify persons with disabilities were not conducted during 2002-03 due to non-release of funds by Government; there was short supply or non-supply of aids and appliances during 1998-2003.

- Expenditure of Rs 40.65 lakh during 2001-03 on staff and contingencies of Modern Training-cum-Production Workshop meant for production of assistive devices was unproductive, as the production was far below the capacity.

- The Artificial Limb sub-centre at Madurai was not utilised to its optimum level; calipers worth Rs 0.22 lakh only were fabricated during 1998-2003 as against Rs 35.36 lakh spent on salaries of staff during the above period.

- Maintenance allowance to severely disabled persons was disbursed belatedly for 3 to 12 months together due to delay in issue of sanctions by Government; Rs 21.24 lakh was lying undisbursed outside Government account as of April 2003.

- Honorarium of Rs 37.28 lakh was paid from Government of India funds to 844 Community Based Rehabilitation Workers and 22 Multipurpose Rehabilitation Workers, positioned in excess of the ceiling prescribed, instead of from State resources.

- Available data indicated that Orthopaedically Handicapped constituted 54 *per cent* of the total disabled. During the period 1991-2002 only 33 *per cent* of the Orthopaedically handicapped were assisted by the State Government with aids and appliances.

(Paragraph 3.8)

8 Prevention and control of fire

The main objective of the Fire and Rescue Services Department is to rescue life and property from damage/destruction by fire. A review of the activities of the department revealed that the number of fire stations was inadequate as compared to the Government of India's Standing Fire Advisory Committee norms, maximum response time to attend fire calls was not prescribed, purchase of fire fighting equipments was not completed despite drawal of the entire loan amount of Rs 3 crore; the available manpower at the level of firemen was inadequate to combat fire, data on high rise buildings was not available and no action plan was formulated to prevent occurrence of major fire accidents.

No follow up action was taken at department/Government level to minimise the recurrence of serious fires, although the State witnessed 3 major fire accidents in March 1997, June 1997 and August 2001.

- Against the sanctioned strength of 3869 firemen, 13 *per cent* of posts were vacant as of March 2003, thereby the department did not have adequate manpower to combat fire. Out of 5504 executive staff in position, only 777 (14 *per cent*) were provided with rent free accommodation in and around station premises in 19 out of 28 divisions as of March 2003.

- Against Rs 8 crore allotted by Government of India (GOI) on the recommendations of Eleventh Finance Commission for setting up new fire stations, State Government decided to utilise Rs 6 crore for construction of buildings for existing fire stations which are in rented buildings and Rs 2 crore for purchase of body protection equipments.

- Although the entire loan of Rs 3 crore was drawn in advance in March 2002 for purchase of fire fighting equipment, Rs 2.34 crore was lying unutilised and the purchase was not completed even as of March 2003. The drawal of entire loan in advance resulted in avoidable payment of Rs 34.97 lakh towards interest on the unutilised loan.

- Rupees 3.92 crore were pending realisation by the Director of Fire and Rescue Services from the Tamil Nadu Electricity Board in respect of fire stations set up inside the premises of four thermal power stations.

(Paragraph 3.6)

9 Computerisation of Land Records

Government of India initiated a scheme of "Computerisation of Land Records" in January 1990 for the purpose of effective land reforms. The software was developed by National Informatics Centre. Though the scheme encompassed digitization of all details relating to the lands, only details in "A" Register and ownership details (Chitta) were taken up for computerisation in the state. On account of faulty planning, poor implementation and monitoring, the scheme which commenced in 1990 is yet to reach a functional level despite incurring an expenditure of over Rs 13 crore. The data captured had a high percentage of error as there were no adequate controls for ensuring completeness and correctness, rendering it unreliable.

Capture of past data was entrusted to external agencies and therefore repeated corrections had to be made with reference to original records at the village level, leading to delay. No arrangement was made with the Registration Department for continuous flow of records for updation of data.

- The deficiencies noticed in the pilot study in one district were not supplied before extending the scheme to all districts, defeating the very purpose of the scheme.

- The data design adopted was not ideal for achieving the ultimate objectives like consolidation of land holdings, extent of land of different types held by individuals in different places etc.

- Due to incorrect capture of data on relationship, 71 *per cent* of the records captured in the Chitta files required correction; in 3.34 lakh records, the relationship column remained blank.

- Rupees 1.69 crore were diverted for other expenditure not contemplated under the scheme.

- Rupees 61 lakh spent on touch screen kiosks became unfruitful. There was an avoidable expenditure of Rs 28.32 lakh due to entrustment of purchases to a third party.

(Paragraph 3.7)

10 Loans and Investments made by Government in Cooperative Sector

- Dividend received on the investment of Rs 288.47 crore in 9388 Cooperative Societies was meagre, ranging from Rs 0.14 crore to Rs 1.92 crore during 1998-2003.

- Overdue loans from the Cooperative Societies under the control of Registrar of Cooperative Societies constituted 57 to 63 *per cent* of the total demands raised during 1998-2002. Rupees 7.41 crore, Rs 17.23 crore and Rs 114.44 crore were overdue towards loan and interest by Tamil Nadu State Apex Fisheries Cooperative Federation Limited, Tamil Nadu Cooperative Marketing Federation Limited and Tamil Nadu Cooperative Housing Federation respectively.

- Ten cooperative sugar mills had not paid the interest to the tune of Rs 6.61 crore to Government on the loans obtained from National Cooperative Development Corporation (NCDC) for various purposes; six Cooperative Sugar mills had not repaid the loan of Rs 69.29 crore obtained from Government for one time settlement of dues to NCDC.

- Ways and Means advances of Rs 434.18 crore obtained for clearing the cane price dues to cane growers was pending repayment to Government as of December 2002 by Cooperative Sugar mills.

- Out of Rs 5.44 crore due to Government on NCDC loan for establishment of a dairy under Integrated Dairy Development Project, Kamarajar District Cooperative Milk Producers Union paid only Rs 0.23 crore as of March 2002.

- Government had paid Rs 9.75 crore from the Guarantee Fund on behalf of seven defaulting Cooperative spinning mills consequent on invocation of guarantees.

- In four circles, 4892 accounts of cooperative societies remained unaudited as of 31 March 2003; accounts of 2105 societies had not been audited for over 3 years and above. The actual financial position of the cooperative societies was not assessable in the absence of audited accounts. Negligence was also noticed on the part of the societies in compiling the annual accounts within the stipulated time frame of three months from the close of the accounting year.

(Paragraph 3.2)

11 Wasteful/Unfruitful expenditure

(i) Due to defective planning, the Computer Literacy Programme to impart education in Computer Science in Government Arts and Science Colleges was not successful. Expenditure of Rs 11.62 crore on hardware, software and faculties largely remained unfruitful as of May 2003 due to poor enrolment of students; there was also a committed liability of the order of Rs 17.84 crore for the remaining contract period due to be paid to the implementing agencies.

(Paragraph 4.1.1)

(ii) Rupees 3.88 crore spent on two road works under Central Road Fund became unproductive as the connected overbridge work was not taken up for want of funds from State Budget and as the work was abandoned due to design failure. Due to adoption of higher specifications in two other works, there was an avoidable expenditure of Rs 2.35 crore. No system was evolved to spend the funds released by Government of India under Revamped Central Road Fund as per the prescribed guidelines.

(Paragraph 4.1.2)

(iii) Commencement of a reservoir work across Sirumalaiyar in Dindigul district by the Chief Engineer, Madurai Region without investigation of the site and delay in acquiring land for the purpose resulted in unfruitful expenditure of Rs 3.87 crore.

(Paragraph 4.1.3)

(iv) Unnecessary provision of freeboard and adoption of wrong design in the rehabilitation works on the contour canal for carrying water from Sarkarpathy Power House to Thirumoorthy Dam, resulted in wasteful and avoidable expenditure of Rs 2.03 crore besides leakage of water due to defective execution.

(Paragraph 4.1.4)

(v) Failure to follow the prescribed procedures of land acquisition by Revenue Department and formulation of the scheme of developing land in

Vilankurichi village to implement Ganapathy Neighbourhood Scheme (Phase II) in a disputed area by Tamil Nadu Housing Board resulted in unfruitful expenditure of Rs 1.36 crore.

(Paragraph 4.1.5)

(vi) The Director of Medical and Rural Health Services failed to pay the charges for renewal of Integrated Services Digital Network connection required for Telemedicine Project for interlinking Government Hospital (GH), Wallajah with Madras Medical College and Research Institute. This led to suspension of benefits of modern treatment to patients in GH, Wallajah and rendered the investment of Rs 78.26 lakh made on the project unfruitful from January 2002.

(Paragraph 4.1.7)

(vii) Establishment of State Horticulture Farm in Sirumalai hills in Forest area without approach road resulted in unfruitful net expenditure of Rs 63.93 lakh.

(Paragraph 4.1.8)

12 Avoidable / Extra expenditure

(i) Government's decision to borrow in excess of the requirement projected by the Chief Engineer (Highways) for carrying out District Road Works during 1999-2002, resulted in an avoidable interest payment of Rs 92.73 crore. The surplus borrowed funds available with Tamil Nadu Industrial Development Corporation Limited was utilised for payment of interest although Government had ordered that the interest payment is to be met through budget provision.

(Paragraph 4.2.1)

(ii) A review of price adjustments made by seven divisions in executing the works under the Tamil Nadu Water Resources Consolidation Project revealed erroneous computation resulting in overpayment of Rs 1.22 crore in 14 irrigation works.

(Paragraph 4.2.3)

(iii) Due to failure of Tamil Nadu Agro Engineering and Service Cooperative Federation Limited to repay the instalments of loan obtained from National Cooperative Development Corporation (NCDC) for purchase of bulldozers, Government, as the borrower, had to pay Rs 1.11 crore towards loan repayment with interest upto February 2003 to NCDC. The bulldozers were neither used optimally nor given on hire to farmers.

(Paragraph 4.2.7)

(iv) Communication of incorrect schedule of rates for 2000-01 by Public Works Department for earthwork excavation for narrow cutting in respect of works executed in Salem and Namakkal districts during April 2000 to July 2001 resulted in an extra expenditure of Rs 1.09 crore to the Tamil Nadu Water Supply and Drainage Board.

(Paragraph 4.2.4)

(v) Non-reduction of interest rate on loan availed from Housing and Urban Development Corporation during 1999-2000 for construction of Public Asset Buildings, consequent on abolition of interest tax, resulted in avoidable expenditure of Rs 92.57 lakh towards interest tax element during April 2000 to December 2002.

(Paragraph 4.2.2)

(vi) Defective preparation of estimate and tender schedule under the Gadana Reservoir Extension Scheme resulted in allowing higher rates towards supply of earth for various leads and for change in size of the stone for rough stone dry packing. The avoidable extra liability was Rs 89.39 lakh.

(Paragraph 4.2.5)

(vii) Government of Tamil Nadu incurred avoidable liability of Rs 43.11 lakh towards interest due to retention of Rs 6.50 crore released to Tamil Nadu Cooperative Milk Producers Federation, outside Government account.

(Paragraph 4.2.8)

(viii) Delay in claiming reimbursement of expenditure from World Bank under Water Resources Consolidation Project by the Engineer-in-Chief, Water Resources Organisation, Chennai led to financial crunch and resultant avoidable payment of Rs 40.88 lakh in seven works as interest to the contractors.

(Paragraph 4.2.6)

13 Blocking of funds

(i) Poor planning, lack of infrastructure and defective pricing policy of Tamil Nadu Housing Board led to blocking of Rs 96.43 crore on 18,755 plots in 17 schemes completed between March 1996 and December 2002 by nine divisions.

(Paragraph 4.3.1)

(ii) The Shelter Upgradation Programme, a cent *per cent* Centrally sponsored programme for construction and/or upgradation of houses for urban poor was not successful, mainly due to the difficulty in recovering the beneficiary contribution of 10 *per cent* either from own source or by way of loan; huge Central assistance with interest to the tune of Rs 5.95 crore was lying unutilised outside Government account for over one year.

(Paragraph 4.3.3)

(iii) Delay in construction of school buildings for Model Tribal Residential School at Vellimalai resulted in unutilised Central assistance of Rs 2.01 crore; the quality of education was poor due to lack of qualified teachers.

(Paragraph 4.3.4)

(iv) A Corpus Fund of Rs 60 lakh was created by Government for declaring the Chennai Medical College and Research Institute as Deemed University. Even after the withdrawal of Deemed University status by Government of India in March 2001, Rs 85.59 lakh, including the interest earned, remained in the Corpus Fund outside Government account.

(Paragraph 4.3.6)

(v) Failure to provide access to the land acquired at a cost of Rs 55.51 lakh by Tamil Nadu Housing Board resulted in blocking of funds for over 14 years.

(Paragraph 4.3.2)

(vi) Rupees 46.46 lakh drawn from Government account for payment to private Anaesthetists and Obstetricians under Reproductive and Child Health Project remained locked up in Savings Bank accounts, outside Government account for over two years.

(Paragraph 4.3.7)

14 Other points of interest

(i) Failure of Tamil Nadu Housing Board to fix the land cost as per rules and inordinate delay in deciding the cost of land by the Government resulted in non-realisation of Rs 18.24 crore from Sri Ramachandra Educational and Health Trust even after five years.

(Paragraph 4.4.2)

(ii) Failure of the Executive Engineers of Tamil Nadu Housing Board to get refund of Rs 1.89 crore deposited with the Revenue Department for land acquisition in respect of seven schemes in four districts resulted in an interest loss of Rs 1.60 crore.

(Paragraph 4.4.5)

The amount of outstanding guarantees given by Government to various corporations and others as on 31 March 2003 was Rs 8677 crore and the same was on increasing trend since 1998-99. Rupees 32.96 crore were pending recovery towards guarantee commission.