



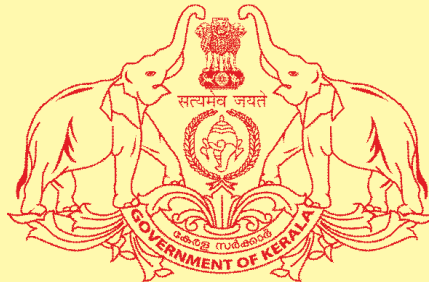
# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

on

## GENERAL AND SOCIAL SECTOR for the year ended March 2019



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Kerala**  
**Report No. 1 of the year 2021**



Presented to the Legislature on 01 June 2021

**REPORT OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA**

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**for the year ended March 2019**

**GOVERNMENT OF KERALA  
Report No. 1 of the year 2021**



# CONTENTS

<i>Description</i>	<i>Reference</i>	
	<i>Paragraph</i>	<i>Page</i>
<b>PREFACE</b>		v
<b>OVERVIEW</b>		vii
<b>CHAPTER I - INTRODUCTION</b>		
About this Report	1.1	1
Profile of units under audit jurisdiction	1.2	1
Authority for Audit	1.3	2
Organisational structure of the Office of the Principal Accountant General (Audit - I)	1.4	3
Planning and conduct of audit	1.5	3
Organisation, devolution, finances and accountability framework of Local Self-Government Institutions	1.6	3
Lack of responsiveness of Government to Audit	1.7	8
<b>CHAPTER II - COMPLIANCE AUDIT</b>		
<b>AUDIT OF SELECTED TOPICS</b>		
<b>LOCAL SELF-GOVERNMENT DEPARTMENT</b>		
Implementation of Pradhan Mantri Awaas Yojana - Gramin	2.1	11
<b>FAILURE OF OVERSIGHT/ADMINISTRATIVE CONTROLS</b>		
<b>HEALTH AND FAMILY WELFARE DEPARTMENT</b>		
Misappropriation of Government money in General Hospital, Neyyattinkara, District Hospital, Mavelikkara and suspected misappropriation in Taluk Hospital, Fort, Thiruvananthapuram	2.2	24
Fraudulent drawal of salary of an employee on Leave Without Allowances at Primary Health Centre, Parambikulam, Palakkad	2.3	28
<b>HIGHER EDUCATION DEPARTMENT</b>		
Commencement of Master of Physical Education course by Sree Sankaracharya University of Sanskrit, Kalady without obtaining the approval of the National Council for Teacher Education (NCTE) and continuation of the course even after denial of recognition by the NCTE	2.4	30

<i>Description</i>	<i>Reference</i>	
	<i>Paragraph</i>	<i>Page</i>
<b>LOCAL SELF-GOVERNMENT DEPARTMENT</b>		
Under-utilisation of a Mobile Incinerator	2.5	33
Loss of revenue due to non-adherence to the Kerala Panchayat Raj (Property Tax, Service Cess and Surcharge) Rules, 2011	2.6	35
Loss of excavated material in Thiruvananthapuram Municipal Corporation	2.7	36
Non-adherence to Service Tax Rules, 1994, by Kothamangalam Municipality	2.8	37
Unfruitful expenditure on construction of a modern fish market	2.9	38
<b>PLANNING AND ECONOMIC AFFAIRS DEPARTMENT</b>		
Non-adherence to Government of India directions on deposit of MPLADS funds in Banks and resultant loss of at least ₹4.76 crore	2.10	40

## APPENDICES

<i>Appendix No.</i>	<i>Description</i>	<i>Page</i>
1.1	Eleventh Schedule (Article 243G)	43
1.2	Twelfth Schedule (Article 243W)	44
1.3	Year-wise break up of outstanding Inspection Reports (IRs) as on 30 June 2019	45
1.4	Details of Action Taken Notes pending as of August 2020	46
1.5	Statement showing the details of paragraphs pending discussion by the Public Accounts Committee as of August 2020	47
2.1	Selected Districts and Block Panchayats	48
2.2	Details of houses with plinth area exceeding permissible limits	49
2.3	Houses shown as completed in MIS seen lacking in facilities during field verification	50
2.4	Breakup of unit cost and sharing pattern	51
2.5	Shortfall in transfer of funds by Grama Panchayats	52
2.6	Excess funds transferred by Grama Panchayats	53
2.7	Details of short levy of Property Tax	54
2.8	Excess payment to the Contractor	55
2.9	Bank Account wise loss of interest for the period April 2015 to March 2018 due to failure to convert Savings Bank Accounts into Savifix/Saviplus Accounts	56





## PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2019 is prepared for submission to the Governor of Kerala under Article 151 of the Constitution for being laid before the State Legislature.

The Report contains significant results of Compliance Audit of the Departments and Autonomous Bodies of the Government of Kerala under the General and Social Services including Departments of Health and Family Welfare, Higher Education, Local Self-Government and Planning and Economic Affairs.

The instances mentioned in this report are those, which came to notice in the course of test audit for the period 2018-19 as well as those, which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to period subsequent to 2018-19 are also included, wherever found necessary.

The audit was conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.





# OVERVIEW



## OVERVIEW

This Report of the Comptroller and Auditor General of India includes 10 Compliance Audit paragraphs including instances of misappropriation/fraud, lapses in internal control, loss of Government of India assistance, under-utilisation of assets, shortcoming in implementation of rules and programmes, etc., involving ₹203.97 crore. The major audit findings are mentioned below.

### Compliance Audit paragraphs

Audit identified certain key compliance issues based on risk factors and topical importance for conduct of regularity audit in addition to conduct of regular propriety audit. Significant deficiencies observed during such audits are detailed in the following paragraphs.

#### *Implementation of Pradhan Mantri Awaas Yojana – Gramin*

Government of India (GoI) launched (April 2016), the Pradhan Mantri Awaas Yojana – Gramin (PMAY-G) in view of its commitment to provide “Housing for All” by 2022 and to address the deficiencies in implementation of the erstwhile Indira Awaas Yojana (IAY). The focus of the scheme was on enabling beneficiaries to construct quality houses with local materials, appropriate house designs and trained masons. In Kerala, the scheme intended to provide houses to 42,431 identified beneficiaries in rural areas during the period. The houses were targeted for completion within 12 months from the date of sanction.

The Compliance Audit revealed that deficiencies in implementation of the erstwhile IAY, viz., non-assessment of housing shortage, lack of convergence, lack of technical and quality supervision, etc., persisted in the implementation of the PMAY-G scheme also. The Grama Panchayats (GP) had failed to ensure the selection of eligible beneficiaries in the Permanent Wait List, assist the old and infirm in construction of houses, identify land to landless and converge the schemes for access to basic amenities. Irregular sanctioning of houses in the name of male members of the family and failure to facilitate loans to beneficiaries by Block Panchayats were also noticed. Instances of construction of houses without obtaining building permit from GPs and clearance from Kerala Coastal Zone Management Authority were seen. The State lost GoI assistance of ₹195.82 crore during 2016-18 due to its failure to attain physical and financial progress prescribed by GoI. Monitoring was also deficient at various levels of Programme Management Units.

*(Paragraph 2.1)*

#### *Failure of Oversight/Administrative Controls*

The Government has an obligation to improve the quality of life of the people as it works towards fulfilment of certain goals in the area of health, education, development and upgradation of infrastructure and public services, etc. Audit noticed instances where funds released by the Government of Kerala (GoK) for

creating public assets for the benefit of the community remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. The details are given below.

- Failure to adhere to codal provisions and lax supervisory controls resulted in misappropriation of ₹1.84 lakh in the General Hospital, Neyyattinkara, ₹6.46 lakh in the District Hospital, Mavelikkara and suspected misappropriation of ₹0.83 lakh in Taluk Hospital, Fort, Thiruvananthapuram.

*(Paragraph 2.2)*

- Failure of Medical Officer to adhere to the provisions of KTC and to ensure prompt updation of leave details in SPARK led to fraudulent drawal of salary of an employee on Leave Without Allowances at Primary Health Centre, Parambikulam, Palakkad.

*(Paragraph 2.3)*

- Sree Sankaracharya University of Sanskrit, Kalady offered Master of Physical Education (M.P.Ed) course without obtaining the approval of the National Council for Teacher Education (NCTE) in 2013-14. During 2013-18, 115 students were awarded an M.P.Ed Degree by the University and despite denial of recognition by the NCTE in 2017, 80 students were further admitted to the academic year 2018-20.

*(Paragraph 2.4)*

- The purchase of a Mobile Incinerator for ₹2.14 crore by the Local Self-Government Department without assessing its economic viability resulted in its under-utilisation and consequent decommissioning without realising the intended objective.

*(Paragraph 2.5)*

- Failure of Kolazhy Grama Panchayat to adhere to the Kerala Panchayat Raj (Property Tax, Service Cess and Surcharge) Rules, 2011 led to revenue loss of ₹37.71 lakh.

*(Paragraph 2.6)*

- Failure on the part of Thiruvananthapuram Municipal Corporation to safeguard blasted rubble obtained from the Vilappilsala Solid Waste Management Project resulted in loss of ₹31.02 lakh.

*(Paragraph 2.7)*

- Failure of Kothamangalam Municipality to collect and remit Service Tax in time led to a loss of ₹23.64 lakh.

*(Paragraph 2.8)*

- Construction of a modern fish market by Thiruvananthapuram Municipal Corporation without proper investigation and correlating its design with the requirements of the vendors resulted in non-utilisation of the modern fish market constructed for ₹23.25 lakh, rendering the expenditure unfruitful.

*(Paragraph 2.9)*

- Failure of District Collectors and the Central Plan Monitoring Unit in complying with the directions of the GoI to convert Members of Parliament Local Area Development Scheme Savings Bank accounts into Savifix/Saviplus accounts resulted in loss of interest of at least ₹4.76 crore to the Scheme.

*(Paragraph 2.10)*





# INTRODUCTION



## CHAPTER I INTRODUCTION

### 1.1. About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from Compliance Audit of Government Departments and Autonomous Bodies.

Compliance Audit refers to examination of transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of the Report is to bring to the notice of the State Legislature important results of audit. The audit findings are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during Compliance Audit and follow-up on previous Audit Reports.

### 1.2. Profile of units under audit jurisdiction

There were 43 Departments in the State at Secretariat level during 2018-19. The Principal Accountant General (Audit - I), Kerala (PAG (Audit - I)), conducts audit of 27 Secretariat Departments, all Public Sector Undertakings/Autonomous Bodies thereunder and Local Self-Government Institutions in the State. The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers under them. The Principal Accountant General (Audit - II), Kerala (PAG (Audit - II)), conducts audit of 16 Departments.

The comparative position of expenditure incurred by the Government during the year 2018-19 and in the preceding two years is given in **Table 1.1**:

**Table 1.1: Comparative position of expenditure**

(₹ in crore)

Disbursements	2016-17			2017-18			2018-19		
	Plan	Non-plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
<b>Revenue Expenditure</b>									
General Services	181.39	41013.94	41195.33	418.30	45105.47	45523.77	943.59	49883.54	50827.13
Social Services	9773.34	23991.38	33764.72	12425.84	23450.43	35876.27	9050.60	29160.17	38210.77
Economic Services	3537.62	7117.73	10655.35	3337.60	8013.48	11351.08	3896.37	8483.40	12379.77
Grants-in-aid and Contributions		5480.91	5480.91		7197.23	7197.23		8898.72	8898.72
<b>Total</b>	<b>13492.35</b>	<b>77603.96</b>	<b>91096.31</b>	<b>16181.74</b>	<b>83766.61</b>	<b>99948.35</b>	<b>13890.56</b>	<b>96425.83</b>	<b>110316.39</b>
<b>Capital Expenditure</b>									
Capital outlay	8945.65	1180.30	10125.95	7993.68	755.19	8748.87	6778.54	652.00	7430.54
Loans and advances disbursed	375.25	785.04	1160.29	1380.82	159.77	1540.59	1328.85	994.04	2322.89
Repayment of public debt			7706.01			13132.10			18195.99
Contingency Fund			0.00			0.00			0.00
Public Account disbursements			179910.43			207174.17			242890.37
<b>Total</b>			<b>198902.68</b>			<b>230595.73</b>			<b>270839.79</b>
<b>GRAND TOTAL</b>			<b>289998.99</b>			<b>330544.08</b>			<b>381156.18</b>

### 1.3. Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's (DPC) Act). C&AG conducts audit of expenditure of the Departments of the Government of Kerala (GoK) under Section 13 of the C&AG's (DPC) Act. C&AG is the sole auditor in respect of 24 Autonomous Bodies in the General and Social Sector, which are audited under Sections 19 and 20(1) of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of 244 Autonomous Bodies, which are substantially funded by the Government under Section 14 and 15 of the C&AG's (DPC) Act. There are also 1,158 educational institutions<sup>1</sup>, 30 Public Sector Undertakings, Buildings Divisions of the Public Works Department and 1,200 Local Self-Government Institutions<sup>2</sup> under the audit jurisdiction in the General and Social Sector. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, issued by the C&AG.

<sup>1</sup> Government-aided Colleges: 184; Government-aided Higher Secondary Schools: 846; and Government-aided Vocational Higher Secondary Schools: 128.

<sup>2</sup> Grama Panchayats: 941, Block Panchayats: 152, District Panchayats: 14, Municipal Corporations: 6 and Municipalities: 87.

#### **1.4. Organisational structure of the Office of the Principal Accountant General (Audit - I)**

Under the directions of the C&AG, the Office of the PAG (Audit - I) conducts audit of Government Departments, Offices, Autonomous Bodies and Institutions under the General and Social Sector, which are spread all over the State. The PAG (Audit - I) is assisted by four Senior Deputy Accountants General/Deputy Accountants General.

#### **1.5. Planning and conduct of audit**

The audit process starts with the assessment of risks faced by various Departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit, Inspection Reports (IR) containing audit observations are issued to the heads of the Offices and Departments. The Departments are requested to furnish replies to the audit observations within four weeks from the date of receipt of the IRs. Whenever replies are received, audit observations are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Reports of the C&AG of India, which are submitted to the Governor of the State under Article 151 of the Constitution of India for placing in the State Legislature.

During 2018-19, the Office of the PAG (Audit – I) utilised 11,678 party days to carry out audit of 2,025 units (compliance, performance and financial audits) of various departments/organisations under its jurisdiction. The audit plan covered those units/entities, which were vulnerable to significant risks as per risk assessment.

#### **1.6. Organisation, devolution, finances and accountability framework of Local Self-Government Institutions**

##### **1.6.1. Introduction**

The Seventy-third and Seventy-fourth amendments of the Constitution of India gave constitutional status to Local Self-Government Institutions (LSGIs) and established a system of uniform structure, regular elections and flow of funds. Consequent to these amendments, the State Legislature passed the Kerala Panchayat Raj Act, 1994 (KPR Act) and the Kerala Municipality Act, 1994 (KM Act) to enable LSGIs to work as third tier of the Government. As a follow-up, the Government entrusted LSGIs with such powers, functions and responsibilities so as to enable them to function as Institutions of Local Self-Government.

### 1.6.2. Status of transfer of functions and functionaries

The KPR Act and KM Act envisaged transfer of functions of various Departments of the Government to LSGIs together with the staff to carry out the functions transferred. The Eleventh Schedule of the Constitution contains 29 functions (**Appendix 1.1**) pertaining to the Panchayat Raj Institutions (PRIs). As mandated by KPR Act, GoK transferred (September 1995) 26 of these functions to PRIs. The functions relating to minor forest produce, distribution of electricity and implementation of land reforms are yet to be transferred to PRIs as rules are required to be formed at the Government level. Likewise, the Twelfth Schedule of the Constitution contains 18 functions (**Appendix 1.2**) pertaining to Urban Local Bodies (ULBs). The Government transferred (October 1995) 17 functions mandated under KM Act to ULBs and the function relating to fire services is yet to be transferred. In addition to the functions mandated under the Constitution and the State Local Bodies Acts, the LSGIs also undertake projects with the funds provided by World Bank, Asian Development Bank and Central and State Governments.

### 1.6.3. Profile and organisational set up of LSGIs

As of December 2019, there were 1,200 LSGIs in the State (14 District Panchayats, 152 Block Panchayats, 941 Grama Panchayats, six Municipal Corporations and 87 Municipalities). In the three-tier<sup>3</sup> Panchayat Raj system in the State, each tier functions independently of the other. While the Constitution and the Acts confer autonomy and independent status to the LSGIs within the functional domain, the Local Self-Government Department (LSGD) is empowered to issue general guidelines to LSGIs in accordance with the National and State policies.

The President/Chairperson/Mayor is the Chief Executive Head of PRIs/Municipality/Corporation respectively. Each LSGI has a Secretary who is the Chief Executive Officer. The members of each tier of PRIs elect the President, Vice-President and Chairpersons of the Standing Committees. Similarly, Councillors of the Municipality/Municipal Corporation elect the Chairperson/Mayor, Vice-Chairperson/Deputy Mayor and Chairpersons of the Standing Committees.

### 1.6.4. Financial Profile of LSGIs

#### 1.6.4.1. Funds flow to LSGIs

The resources of LSGIs consist of own revenue such as tax and non-tax revenue, funds devolved by State Government, Government of India (GoI) grants, and loans from financial institutions. During 2018-19, out of the total funds available with LSGIs, State grants constituted 66 per cent, GoI grants 25 per cent and own funds including loans constituted nine per cent.

<sup>3</sup> Grama Panchayat, Block Panchayat and District Panchayat

### 1.6.4.2. Resources: Trends and Composition

The composition of resources of LSGIs for the period 2016-17 to 2018-19 is given in **Table 1.2**:

**Table 1.2: Time series data on resources of LSGIs**

Resources	2016-17	2017-18	2018-19	Total
(₹ in crore)				
<b>Own Revenue</b>				
(i) Tax Revenue	1046.53	1356.47	1382.87	3785.87
(ii) Non –Tax revenue	306.02	300.44	288.90	895.36
<b>Total Own Revenue</b>	<b>1352.55</b>	<b>1656.91</b>	<b>1671.77</b>	<b>4681.23</b>
<b>State Fund</b>				
(i) Traditional Functions	1241.65	1364.67	2674.67	5280.99
(ii) Maintenance Expenditure (Road Assets and Non-Road Assets)	1937.79	2265.33	2347.07	6550.19
(iii) Development Fund	4017.58	4870.18	5324.01	14211.77
(iv) Funds for State Sponsored Schemes and State share of Centrally Sponsored Schemes	5767.44	6227.55	4059.26	16054.25
<b>Total State Fund</b>	<b>12964.46</b>	<b>14727.73</b>	<b>14405.01</b>	<b>42097.20</b>
<b>GoI Grants</b>				
(i) Centrally Sponsored Schemes	2235.46	2632.10	3612.01	8479.57
(ii) Development and expansion	1717.13	1793.92	1739.56	5250.61
<b>Total GoI grant</b>	<b>3952.59</b>	<b>4426.02</b>	<b>5351.57</b>	<b>13730.18</b>
Receipts from loans and other sources	24.58	24.78	249.85	299.21
<b>Total Receipts</b>	<b>18294.18</b>	<b>20835.44</b>	<b>21678.20</b>	<b>60807.82</b>

(Source: Details of Own Revenue furnished by Information Kerala Mission (IKM), Finance Accounts of the State for the respective years, information from Commissioner of Rural Development, Kerala Urban and Rural Development Finance Corporation (KURDFC), and Kerala State Poverty Eradication Mission (Kudumbashree))

- During the three-year period 2016-17 to 2018-19, the increase in total receipts of the LSGIs was 19 *per cent*. Of the total receipts during the three-year period, the percentage share of State, Central and own revenue was 69, 23 and eight respectively.
- The share of GoI grant to total receipts increased from 22 *per cent* in 2016-17 to 25 *per cent* in 2018-19.
- The share of State grant to total receipts decreased from 71 *per cent* in 2016-17 to 66 *per cent* in 2018-19.
- Collection of tax revenue by the LSGIs during 2018-19 increased by two *per cent* from the previous year, while the collection of non-tax revenue decreased by four *per cent* from the previous year.

### 1.6.4.3. Transfer of funds from Government to LSGIs

The State Government provides three types of funds to LSGIs from the Consolidated Fund *viz.*, grants, funds for State Sponsored Schemes and State share of Centrally Sponsored Schemes (CSSs). The Heads of Account in the Detailed Budget Estimates for drawal of funds from the Consolidated Fund, along with the releases made during 2018-19, are given in **Table 1.3**.

**Table 1.3: Categories of funds and their allotment to LSGIs**

Sl. No.	Category	Major Head of Account from which Budget provision is allotted	Amount allotted during 2018-19 (₹ in crore)	Allotment mechanism
1	Grants <sup>4</sup> , Fourteenth Finance Commission grant	3604-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions	10441.40	All the grants were drawn directly from Consolidated fund based on allotment.
		3054-Roads and Bridges	1643.90	
<b>Total</b>			<b>12085.30</b>	
2	State Sponsored Schemes	12 Major Heads	3430.41 <sup>5</sup>	Routed through State Level Nodal Agencies <sup>6</sup>
3	State share of CSSs	3 Major Heads <sup>7</sup>	628.85	
<b>Grand total</b>			<b>16144.56</b>	

(Source: Government Orders, Voucher Level Compilation figures, details furnished by Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Kudumbashree, Commissionerate of Rural Development)

The total fund allotted by the State Government for 2018-19 was ₹16,144.56 crore as against ₹16,521.66 crore allotted during 2017-18, with a decrease of two per cent.

#### 1.6.4.4. Funds for implementation of Centrally Sponsored Schemes

During 2018-19, GoI provided grants amounting to ₹3,612.01 crore<sup>8</sup> to LSGIs for implementation of 12 Centrally Sponsored Schemes (CSSs). The grants were provided to LSGIs through State Budget/State Level Nodal Agencies (SLNAs)/Poverty Alleviation Units (PAUs)/online transfer.

In addition to the GoI grants of ₹3,612.01 crore, the State Government provided ₹628.85 crore as its share for implementation of CSSs. Thus, the total fund received for implementation of CSSs during 2018-19 was ₹4,240.86 crore as against ₹3,117.67 crore during 2017-18.

#### 1.6.4.5. Application of Resources: Trends and Composition

In terms of activities, total expenditure constitutes expenditure on Productive Sector, Infrastructure Sector, Service Sector and other expenditure<sup>9</sup>. The total expenditure incurred by LSGIs during 2018-19 amounted to ₹11,370.52 crore.

**Table 1.4** shows the composition of application of resources of LSGIs from all sources of funds on these components during 2018-19.

<sup>4</sup> General Purpose Fund, Maintenance Fund (Non-Road), Development Fund (including additional authorisation for spill-over works under KLGSDP)

<sup>5</sup> Net Budget figure

<sup>6</sup> Kudumbashree, Commissioner of Rural Development (CRD)

<sup>7</sup> Urban Development, Special Programmes for Rural Development, Other Rural Development programmes.

<sup>8</sup> State Budget (₹509.40 crore)/State Level Nodal Agencies (₹617.52 crore)/Poverty Alleviation Units (₹141.76 crore)/online transfer (₹2,343.33 crore)

<sup>9</sup> Salaries and honorarium, contingency expenditure, other administrative expenditure, terminal benefits, etc.



**Table 1.4: Application of resources**

Sector	Expenditure (₹ in crore)
Productive Sector	1029.78
Infrastructure Sector	3141.18
Service Sector	5843.66
<b>Total Development Expenditure</b>	<b>10014.62</b>
Other Expenditure	1355.90
<b>Total Expenditure</b>	<b>11370.52</b>
Percentage of development expenditure to total expenditure	88

(Source: Details furnished by IKM)

- During 2018-19, of the total development expenditure of ₹10,014.62 crore from all sources of fund, ₹5,843.66 crore i.e., 58 per cent was utilised for projects under service sector.
- The amount spent for productive sector was only ₹1,029.78 crore (10 per cent) out of the total development expenditure of ₹10,014.62 crore, indicating that the LSGIs assigned low priority to productive sector like Agriculture, Animal Husbandry, Fishing, Industries, etc.

#### 1.6.4.6. Implementation of projects by LSGIs

Under decentralised planning, LSGIs in the State formulated 2,63,007 projects with a total outlay of ₹19,614.74 crore during 2018-19. Of these, the LSGIs had taken up 1,81,423 projects (69 per cent) for implementation and spent ₹10,014.62 crore on the projects. Of the projects taken up for implementation, only 1,53,874 projects (85 per cent) were completed during 2018-19, at a cost of ₹6,770.08 crore. The details are given in **Table 1.5**.

**Table 1.5: Details of projects taken up and expenditure incurred**

Type of LSGI	Number of projects			Amount (₹ in crore)			Percentage of expenditure on projects taken up to total outlay on projects formulated
	Formulated	Taken up	Completed	Outlay on projects formulated	Expenditure on projects taken up	Expenditure on projects completed	
Grama Panchayat	194142	137526	118586	11959.58	6261.91	3924.11	52.36
Block Panchayat	16496	12794	10345	1448.24	892.96	726.33	61.66
District Panchayat	13670	7309	5539	2322.72	1167.04	878.81	50.24
Municipality	30802	19382	16147	2448.17	1036.54	808.96	42.34
Corporation	7897	4412	3257	1436.03	656.17	431.87	45.69
<b>Total</b>	<b>263007</b>	<b>181423</b>	<b>153874</b>	<b>19614.74</b>	<b>10014.62</b>	<b>6770.08</b>	<b>51.06</b>

(Source: Details furnished by IKM)

With reference to the outlay on projects formulated, the percentage of utilisation of fund was only 51. The shortfall in implementation of projects was noticed mainly in Municipalities followed by Corporations.

## **1.7. Lack of responsiveness of Government to Audit**

### **1.7.1. Outstanding Inspection Reports**

The Handbook of Instructions for Speedy Settlement of Audit Objections/ Inspection Reports/timely disposal of draft audit paragraphs and matters pertaining to the Public Accounts Committee, issued by the State Government in 2010 and 2017 provides for prompt response by the Executive to the IRs issued by the Accountant General for rectification, in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses etc., noticed during audit inspection. The Heads of Offices and next higher authorities are required to comply with the audit observations contained in the IRs, rectify the defects and omissions and promptly report their compliance to the Accountant General within four weeks of receipt of IRs. Half-yearly reports of pending IRs are being sent to the Secretaries of the Departments to facilitate monitoring of audit observations.

It was noticed that as on 30 June 2019, 542 IRs (2,985 paragraphs) were outstanding in respect of Election, Home, Information and Public Relations and Water Resources (excluding Kerala Water Authority) Departments. Even initial replies in respect of 19 IRs containing 129 paragraphs issued upto 2018-19 were pending from these Departments. Year-wise details of IRs and paragraphs outstanding are given in **Appendix 1.3**.

### **1.7.2. Response of Departments to the paragraphs included in this Report**

Compliance Audit paragraphs were forwarded to the Additional Chief Secretaries/Principal Secretaries/Secretaries of Departments concerned during August 2018 to June 2020 for furnishing replies within six weeks. Response of Government was received for eight out of the 10 Compliance Audit paragraphs featured in this Report. These replies were suitably incorporated in the Report.

### **1.7.3. Follow-up on Audit Reports**

According to the Handbook of Instructions for Speedy Settlement of Audit Objections/Inspection Reports/timely disposal of draft audit paragraphs and matters pertaining to the Public Accounts Committee, issued by the State Government in 2010 and 2017, the Administrative Departments should submit Statements of Action Taken Notes on audit paragraphs included in the Reports of the C&AG directly to the Legislature Secretariat, with copies to the Accountant General within two months of their being laid on the Table of the Legislature. As of August 2020, 12 Administrative Departments failed to comply with the instructions and did not submit Statements of Action Taken Notes of 16 paragraphs for the period 2014-15 to 2017-18, as detailed in **Appendix 1.4**.

#### **1.7.4. Paragraphs pending discussion by the Public Accounts Committee**

Thirty-eight paragraphs pertaining to 19 Departments for the period 2013-14 to 2017-18 were pending discussion by the Public Accounts Committee as of August 2020 (**Appendix 1.5**).



# COMPLIANCE AUDIT



## CHAPTER II COMPLIANCE AUDIT

### AUDIT OF SELECTED TOPICS

#### LOCAL SELF-GOVERNMENT DEPARTMENT

##### 2.1. Implementation of Pradhan Mantri Awaas Yojana - Gramin

###### 2.1.1. Introduction

Government of India (GoI) launched (April 2016), the Pradhan Mantri Awaas Yojana – Gramin (PMAY-G) in view of its commitment to provide “Housing for All” by 2022 and to address the deficiencies<sup>10</sup> in implementation of the erstwhile Indira Awaas Yojana (IAY) identified during concurrent evaluations and in an earlier Performance Audit by the Comptroller and Auditor General of India in 2014. The focus of the scheme was on enabling beneficiaries to construct quality houses with local materials, appropriate house designs and trained masons. Phase I of PMAY-G, envisaged covering one crore households living in kutcha/dilapidated houses in three years from 2016-17 to 2018-19. In Kerala, the scheme intended to provide houses to 42,431 identified beneficiaries in rural areas during the period.

The houses were targeted for completion within 12 months from the date of sanction.

###### 2.1.2. Organisational set up

The Ministry of Rural Development (MoRD) is the Nodal Ministry for the implementation of PMAY-G at the National level. At the State level, the Commissioner of Rural Development (CRD) under the Local Self-Government Department (LSGD) is tasked with implementing the scheme. GoK issued orders (February 2017) constituting Project Management Units (PMUs) at State, District and Block levels for proper implementation of the scheme. The State Programme Management Unit (SPMU) under the CRD, headed by a State Nodal Officer (Additional Development Commissioner in the Commissionerate of Rural Development reporting to CRD), is responsible for allocation of targets, implementation, monitoring and supervising the quality of construction of houses in the State. The District Programme Management Unit (DPMU) in District Panchayats (DPs) finalises block wise Permanent Wait List<sup>11</sup> (PWL), monitors the implementation at block level, arranges mason training, etc. The Block Programme Management Unit (BPMU) in the Block Panchayat (BP) is

<sup>10</sup> Non-assessment of housing shortage, lack of transparency in identification of beneficiaries, lack of convergence, lack of technical and quality supervision, etc.

<sup>11</sup> List of beneficiaries finally approved by Grama Panchayats under the Scheme

responsible for registration of beneficiaries included in the PWL, issuing sanction orders for house construction, reporting progress of construction through the Management Information System AwaasSoft<sup>12</sup>, etc.

### 2.1.3. Objectives, Scope and Methodology of Audit

The Compliance Audit was conducted from May 2019 to September 2019 covering the period 2016-19 to examine whether the scheme was implemented as per the Framework for Implementation of PMAY-G (Guidelines) issued by the Ministry of Rural Development, Government of India and relevant Government orders and circulars. The audit methodology included verification of records in SPMU/Commissionerate of Rural Development, DPMU/Poverty Alleviation Units of DPs and BPMU/BPs, joint physical verification and issue of audit enquiries.

The Entry Conference was held on 27 June 2019 with the Additional Chief Secretary, Local Self-Government Department (LSGD) wherein the audit objectives, scope and methodology were discussed and agreed upon. The Exit Conference was held on 22 October 2020, in which the audit findings were discussed with the Principal Secretary, LSGD. Four districts, viz., Thiruvananthapuram, Alappuzha, Thrissur and Kozhikode were statistically selected using Simple Random Sampling Without Replacement (SRSWOR) technique. Seventeen BPs (30 per cent of BPs from each district, subject to a minimum of four) were selected for detailed scrutiny on the basis of expenditure incurred (**Appendix 2.1**). Entire records of beneficiaries from all Grama Panchayats (GPs) in the selected BPs were verified. Joint field verification of 275 houses belonging to 10 per cent of the beneficiaries subject to a minimum of 10<sup>13</sup> beneficiaries, selected randomly, within each BP was also carried out during the course of audit.

### 2.1.4. Funding

PMAY-G is funded on cost-sharing basis between GoI and GoK in the ratio 60:40. Annual allocation to the State was based on the Annual Action Plan (AAP) approved by GoI. It was envisaged that the State would, after due verification at the GP level, finalise the number of houses to be constructed in three years from 2016-17 to 2018-19. The State was to propose the annual target with respect to the overall number of houses that were to be completed in three years.

GoK was mandated to deposit the GoI allocation of scheme funds and the state share into a Savings Bank account maintained with a scheduled commercial bank like State Bank of India, which was designated as the State Nodal Account (SNA) under the Scheme. The unit cost, fixed at ₹1.20 lakh per house was envisaged to be paid from the SNA to the approved bank account of

<sup>12</sup> AwaasSoft is an e-Governance solution for PMAY-G, developed by Ministry of Rural Development in collaboration with National Informatics Centre (NIC).

<sup>13</sup> The beneficiaries would include a minimum of two from SC/ST/Minority



beneficiaries in three instalments. During the period 2016-19, against ₹151.89 crore received from GoI and GoK in the State Nodal Account, ₹194.82 crore<sup>14</sup> was booked as expenditure on the scheme. GoK was to further supplement the unit cost of construction by providing additional financial assistance to General/Scheduled Caste (SC)/Scheduled Tribe (ST) categories<sup>15</sup> in five instalments, through Local Self-Government Institutions (LSGIs) and Scheduled Castes/Scheduled Tribes Development Department.

### *Audit Findings*

Audit examination of the implementation of the scheme in Kerala revealed the following.

#### **2.1.5. Planning**

##### *2.1.5.1. Defective selection of beneficiaries*

The Framework for Implementation of PMAY-G recognised the need for fairness and transparency in identification and selection of beneficiaries for realising the goal of ‘Housing for All’. The Socio-Economic Caste Census 2011 (SECC) of Ministry of Rural Development identified all households without a house and households living in zero, one or two room houses with kutcha wall and kutcha roof. As envisaged in the PMAY-G guidelines, a system generated list of 1,68,747 potential beneficiary households was generated from the SECC after applying stipulated housing deprivation and exclusion/inclusion parameters. The beneficiaries in each category viz., SC, ST, Minorities and others were further prioritised<sup>16</sup> and a category-wise priority list was circulated (June 2016) by each BP to the GPs under its jurisdiction, for verification by Grama Sabhas. The GPs, after excluding households with pucca houses, migrated/expired beneficiaries, beneficiaries with no legal successor, etc., from the system generated list, furnished (July 2016) the category-wise prioritised beneficiary list of 75,709 households to the BPs, assigning distinct rank to each household. Thus, a Permanent Wait List (PWL) of 75,709 PMAY-G beneficiaries for the State was finalised and uploaded in AwaasSoft by BPMU in August 2016.

Meanwhile, GoI fixed (June 2016) an initial target of 24,341 houses for construction in 2016-17, which was later (January 2017) enhanced to 32,559. A target of 9,872 houses was also set by GoI (May 2017) for the financial year 2017-18. Against the total physical target of 42,431, GoI released ₹121.90 crore as first instalment of funds for the year 2016-17.

The details of target and achievement as on March 2019 are given in **Table 2.1**.

<sup>14</sup> Additional expenditure of ₹42.93 crore was met from the balance available in the IAY account.

<sup>15</sup> 2016-17 – General - ₹0.80 lakh; SC - ₹1.80 lakh; ST - ₹2.30 lakh  
2017-18 – General and SC - ₹2.80 lakh; ST - ₹4.80 lakh

<sup>16</sup> Prioritised on the basis of housing deprivation parameters, compulsory inclusion parameters and cumulative deprivation scores from SECC data.

**Table 2.1: Details of target and achievement of number of houses under PMAY-G**

Year	Target	Sanctioned			Completed			Incomplete houses
		SC/ST	Others	Total	SC/ST	Others	Total	
2016-17	32559	4912	8414	13326	4613	8029	12642	684
2017-18	9872	1443	2518	3961	1183	2276	3459	502
2018-19 <sup>17</sup>	0	0	0	0	0	0	0	0
<b>Total</b>	<b>42431</b>	<b>6355</b>	<b>10932</b>	<b>17287</b>	<b>5796</b>	<b>10305</b>	<b>16101</b>	<b>1186</b>

(Source: State Programme Management Unit)

Audit examined the reasons for GoK sanctioning only 17,287 houses (40.74 per cent) during 2016-18 against the target of 42,431 set by GoI. It was noticed that the Block Panchayats reckoned (April 2017) only 30,300 out of the 75,709 beneficiaries identified in the PWL as eligible for houses under the scheme. Audit was informed that the remaining 45,409 beneficiaries in the PWL were subsequently found ineligible due to various reasons like possession of pucca house, non-possession of valid document for land, migration to other GPs, etc. Scrutiny of records by Audit in the test checked 17 BPs revealed that only 2,208 (19.06 per cent) of 11,587 beneficiaries in the PWL were eligible for houses under the Scheme, as the remaining beneficiaries turned ineligible due to the reasons mentioned above.

Audit observed that it was the responsibility of GPs to verify the facts based on which the households were identified as eligible. The failure of GPs to ensure the eligibility of beneficiaries resulted in inclusion of ineligible beneficiaries in the PWL. This deprived the genuine beneficiaries of the benefits of the scheme and also led to loss of financial assistance from GoI due to non-fulfilment of target.

While all the 17 test checked BPs admitted that the beneficiary list was defective, Kilimanoor and Aryad BPs stated that the time allowed to the GPs for verification of SECC list was also inadequate, which led to the inability of GPs to properly identify the households, since SECC data did not provide ward number, address, details of family, etc. Audit is of the view that, had the GPs exercised due diligence in preparing and updating the PWL by timely identification/inclusion of genuine beneficiaries, the annual targets for 2016-17 and 2017-18 could have been realised in time, which would have enabled fixing of target for 2018-19.

#### 2.1.5.2. Shortfall in achievement of category-wise targets

Paragraph 3.4.1 of the guidelines stipulated GoI to fix physical targets for achievement during a year. Further, it was stipulated that 60 per cent of target allocated to each State should be earmarked for SC/ST, subject to availability of eligible PMAY-G beneficiaries as per SECC 2011 as verified by the Grama Sabha. The proportion of SC/ST within the earmarked targets was to be decided by the State Government. Besides, allocation of targets for Minorities was to be on the basis of the proportionate rural population of Minorities in the State as per Census 2011 data. It was further stated that States, to the extent possible,

<sup>17</sup> No target was fixed for 2018-19 due to non-achievement of targets for previous years

may ensure that three *per cent* of beneficiaries were Persons with Disabilities (PwD). Audit observed that besides not being able to meet the SC/ST target for want of beneficiaries in the PWL, the requirement of other social categories like ‘Minorities’ was also not met, as shown in **Table 2.2**.

**Table 2.2: Analysis of sanction of houses against target among different categories**

Year	Target	SC		ST		Minorities		PwD		Others	
		Target	Sanction	Target	Sanction	Target	Sanction	Target	Sanction	Target	Sanction
2016-17	32559	12932 (39.72%)	3863 (11.86%)	6604 (20.28%)	1049 (3.22%)	8987 (27.60%)	4297 (13.20%)	0	167	4036 (12.40%)	3950 (12.13%)
2017-18	9872	3921 (39.72%)	1237 (12.53%)	2002 (20.28%)	206 (2.09%)	2725 (27.60%)	1082 (10.96%)	0	35	1224 (12.40%)	1401 (14.19%)
<b>TOTAL</b>	<b>42431</b>	<b>16853</b> <b>(39.72%)</b>	<b>5100</b> <b>(12.02%)</b>	<b>8606</b> <b>(20.28%)</b>	<b>1255</b> <b>(2.96%)</b>	<b>11712</b> <b>(27.60%)</b>	<b>5379</b> <b>(12.68%)</b>	<b>0</b>	<b>202</b>	<b>5260</b> <b>(12.40%)</b>	<b>5351</b> <b>(12.61%)</b>

(Source: Data obtained from SPMU)

### 2.1.6. Implementation

Audit noticed significant deficiencies in the implementation of the Scheme as detailed in the following paragraphs:

#### 2.1.6.1. Sanctioning of houses in deviation of guidelines

As stated under paragraph 2.1.5.1 of this report, GoK sanctioned 17,287 houses against the targeted 42,431 houses in the State. Audit noticed deficiencies in implementation of the Scheme, as shown below.

##### *Failure to provide land to landless beneficiaries*

Paragraph 5.2.2 of the Guidelines stipulated that, upon finalisation of the Permanent Wait List, the Government should ensure provision of land to the landless beneficiaries. Audit noticed that 5,712 landless beneficiaries were deprived of houses since GoK did not make land available for house construction. The State Project Management Unit (SPMU) stated that there were no schemes for providing land to landless beneficiaries included in the PWL in the State and also in three-tier Panchayats. The Principal Secretary (LSGD) stated in the Exit Conference (October 2020) that though decision was taken at the cabinet level to identify land belonging to various departments that could be made available to these beneficiaries, the Departments were reluctant to handover these lands. The reply is not tenable as it was the responsibility of the State/GPs to ensure availability of Government land or any other land including Panchayat common land, community land or land belonging to other local authorities for building houses for these landless beneficiaries as stipulated in the Guidelines of the scheme.

##### *Sanctioning of houses to beneficiaries not in possession of land*

PMAY-G envisaged that the State Government would ensure that the landless beneficiary was provided land from Government land/any other land including public land. Scrutiny of records revealed that houses were sanctioned to the beneficiary households who did not own any land for house construction as shown in **Table 2.3**.

**Table 2.3: Details of houses sanctioned to beneficiaries without land in their possession**

Names of Block Panchayats	Number of houses sanctioned to beneficiaries without land in their possession	Remarks
Kilimanoor, Pothencode, Chirayinkeezh, Chalakudy, Balussery	43 houses	Houses were sanctioned on the basis of Village Officer's certificate that the beneficiary had been residing in the land for eight years.
Pothencode, Nedumangad	18 houses	Houses were constructed in Government <i>puramboke</i> land on the basis of possession certificate issued by Tahsildar certifying that they were occupying the land before 1992. Audit observed that the possession certificate clearly stated that it was not to be reckoned as Ownership Certificate.
Kilimanoor, Nedumangad, Chirayinkeezh	15 houses	Houses sanctioned to beneficiaries in land owned by married daughters and grand-daughters. It was not ensured that married daughters did not possess pucca houses elsewhere.
Pothencode, Kilimanoor, Bharanikkavu, Nedumangad	12 houses	Houses sanctioned without any documentary evidence establishing ownership of land.

(Source: Data obtained from test checked BPs)

The allotment of houses to beneficiary households who did not possess land was irregular. Audit observed that stipulations contained in agreements reached between the beneficiaries and BPs to recover the financial assistance paid with penal interest, in the event of alienation of house before 12 years cannot be executed in such instances where the land is not in the name of the beneficiary.

#### *Sanctioning of houses in the name of male members*

The guidelines stipulate that houses are to be allotted in the joint name of husband and wife except in the case of a widow/unmarried/separated person or solely in the name of woman. Audit scrutiny of records in 15 out of 17 test checked BPs revealed that 133 houses were allotted in the name of male members though their households included female members also. Audit also confirmed through field verification that 26 out of 275 houses were allotted to male members though eligible female members were part of the family.

The BPs stated that allotments were made in the names of male members of the family as only male members were included in the SECC list 2011. The reply is not tenable since houses were to be allotted to households in SECC in the joint name of husband and wife or solely in the name of the wife.

### **2.1.6.2. Construction of houses without obtaining building permit from GPs and clearance from Kerala Coastal Zone Management Authority**

Rule 4(2) of the Kerala Panchayat Building Rules, 2011 (KPBR) makes it mandatory for persons to obtain permits<sup>18</sup> from the Secretary of the GP prior to construction of houses. It was observed that 543 houses in 28 Category I GPs in nine test checked BPs<sup>19</sup> were constructed without obtaining permits. Also, Rule 6(6) and Rule 26(4) of KPBR 2011 required the GPs to ensure mandatory Coastal Regulation Zone (CRZ) clearance from Kerala Coastal Zone Management Authority (KCZMA) before issuing the building permits in CRZ.

Audit noticed that 43 houses constructed in CRZ in three BPs<sup>20</sup> were sanctioned without obtaining mandatory clearance from the KCZMA. Audit noticed during joint field inspection in Ambalappuzha BP that a partially constructed house on the sea shore, sanctioned by the BP in a designated CRZ without obtaining clearance from the KCZMA, was washed away during high tide. The Government stated in the Exit Conference (October 2020) that building permit was not sought when construction was done for replacing existing dilapidated houses in coastal area. The reply is not tenable as the implementing agencies need to comply with stipulated statutory provisions and ensure compliance to rule of law.

### **2.1.6.3. Construction of houses with extensive plinth area**

To ensure that the assistance is targeted at those who are genuinely deprived of housing, scheme guidelines envisaged selection of beneficiaries using specific housing deprivation parameters in SECC 2011 data, which was to be verified by Grama Sabhas. Further, the beneficiary was to be assisted by a bouquet of house design typologies, to ensure that he/she does not over-construct in the initial stages of construction. Pucca houses with minimum area of 25 sq.m including toilet and kitchen were to be constructed under the scheme. No limit as regards the maximum plinth area was fixed by GoI. GoK, while providing additional assistance upto ₹2.30 lakh<sup>21</sup> to beneficiaries under the scheme, fixed the maximum area as 66 sq.m in 2016-17, which was subsequently reduced to 37 sq.m in 2017-18.

Audit observed construction of houses by beneficiaries which exceeded the stipulated specifications. Joint verification conducted by Audit revealed that in six test checked BPs, the plinth area of 17 houses (**Appendix 2.2**) was above 66 sq.m. It was noticed that Koduvally BP and Kilimanoor BP stopped payment of further financial assistance to three and one beneficiaries respectively, citing plinth area beyond permissible limits. However, no similar action was seen taken in the remaining cases of violations noticed.

<sup>18</sup> As per Rule 10 (xiii) of KPBR, only residential buildings with total built up area upto 100 sq.m in Category II Village Panchayats are exempted from obtaining building permits.

<sup>19</sup> Ambalappuzha, Balussery, Chirayinkeezh, Mullassery, Nedumangad, Panthalayani, Pothencode, Koduvally and Tuneri

<sup>20</sup> Ambalappuzha, Chirayinkeezh and Pothencode

<sup>21</sup> Category-wise additional financial assistance by GoK:  
2016-17 – General - ₹0.80 lakh; SC - ₹1.80 lakh; ST - ₹2.30 lakh

Three BPs<sup>22</sup> stated that assistance was provided to the above beneficiaries as they were included in SECC 2011 and that GPs also considered them as eligible for inclusion in the PWL furnished to BPs in 2016-17. The reply is not tenable, as the GPs were responsible for considering only the genuinely deprived, houseless and households living in kutcha and dilapidated houses, after automatic exclusion of beneficiaries fulfilling any one of the 13 listed parameters. Audit observed that GoK accorded (December 2019) retrospective sanction to release the entire financial assistance to all houses constructed with plinth area exceeding permissible limits under PMAY-G. In view of the ability to over-construct houses without adhering to stipulated design typologies and the cost of construction exceeding the maximum permissible assistance, the possibility of these beneficiaries not fulfilling the mandated criteria for inclusion in PWL could not be ruled out.

#### **2.1.6.4. Beneficiary support services**

PMAY-G guidelines envisaged beneficiary support services for ensuring timely completion of quality houses within the available resources. These services included providing the beneficiaries with a bouquet of options of house designs suitable to local conditions, training of masons and skill certification, sourcing of construction material, support to old and disabled beneficiaries and facilitating loans upto ₹70,000 from banks at Differential Rates of Interest<sup>23</sup>.

- Availability of skilled masons in rural areas was considered as an imperative for construction of good quality houses by beneficiaries. The State was required to conduct mason training programmes organised by accredited training providers. The SPMU stated (September 2019) that against the target of 3,260 masons fixed by GoI for training during 2016-19, 343 masons were trained in 2018-19. In test checked BPs, no houses were seen constructed as a part of mason training programme during the implementation period from 2016-17 to 2018-19.
- Para 6.2.5.1 of Guidelines provided for BPs to take up the construction of houses of beneficiaries who are old or infirm or persons with disability and not in a position to get the house constructed on their own. Such houses were to be taken up as part of mason training programme or with the assistance of GPs. Audit observed that the BPs did not sanction houses to 393 beneficiaries in seven test checked BPs<sup>24</sup> citing reluctance of beneficiaries to undertake construction of houses themselves as they were destitute, old and infirm, etc. The failure of these BPs to sanction houses to such beneficiaries and take up construction of their houses as part of mason training programme/with assistance of GPs as envisaged in the guidelines was not justifiable.

<sup>22</sup> Koduvally, Balussery and Tuneri

<sup>23</sup> Banks provide financing upto ₹15,000 at a concessional rate of interest @ four per cent per annum to the weaker sections of the community for engaging in productive and gainful activities.

<sup>24</sup> Bharanikkavu, Chalakudy, Chirayinkeezh, Chowannur, Kodakara, Mullassery and Pothencode



- The guidelines provided for facilitating willing beneficiaries to avail loan upto ₹70,000 at Differential Rates of Interest or otherwise by coordinating with State/District Level Bankers Committees for construction of houses. Audit noticed that none of the test checked BPs facilitated loans to beneficiaries, as envisaged in the guidelines. Field verification revealed that 51 beneficiaries in 14 BPs<sup>25</sup> had availed loans from Non-Banking Financial Institutions, at higher rates of interest. The Government stated in the Exit Conference (October 2020) that the banks were not willing to provide loans to beneficiaries at Differential Rates of Interest without collateral security. The reply is not acceptable as it was the responsibility of the Government to take up the matter with banks and facilitate loans at reduced interest rates as envisaged in scheme guidelines.

### 2.1.7. Convergence

The guidelines provided for convergence of PMAY-G with other GoI and GoK schemes so that the benefits of those schemes were available to the beneficiaries of PMAY-G. Thus, construction of toilets for houses, access to safe drinking water, electricity and gas connection, etc., were to be accessed through convergence with schemes like Swachh Bharat Mission, National Rural Drinking Water Programme (NRDWP), Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Pradhan Mantri Ujjwala Yojana (PMUY), or other schemes of State/GPs. The guidelines also required BPs to provide support of 90 person days' unskilled wage employment at the current rates to a PMAY-G beneficiary for construction of his/her house in convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

Audit observed that effective convergence was not achieved in the State. In the test checked BPs, toilets in only 734 out of 2,054 houses were constructed in convergence with other schemes. Field verification also revealed that 42 out of 275 houses inspected were without toilet facility and not covered under Swachh Bharat Mission/MGNREGS. While 49 beneficiaries who were eligible to be provided with free LPG<sup>26</sup> connection under PMUY lacked the facility, seven beneficiaries did not have access to drinking water facility and 21 beneficiaries lacked electricity connection (**Appendix 2.3**), which could be provided under NRDWP/DDUGJY/other schemes of State/GPs.

### 2.1.8. Monitoring and Evaluation

#### 2.1.8.1. Incomplete construction of Houses

As of March 2019, 1,186 houses remained incomplete across the state. The PMAY-G guidelines envisaged providing support services to beneficiaries like mapping of trained masons to individual beneficiaries, arranging construction

<sup>25</sup> Ambalappuzha, Aryad, Balussery, Bharanikkavu, Champakulam, Chavakkad, Chirayinkeezh, Chowannur, Kilimanoor, Kodakara, Koduvally, Nedumangad, Pothencode and Tuneri

<sup>26</sup> Liquefied Petroleum Gas

material, facilitating loans, etc., to ensure timely completion of houses and to avoid escalation in costs. However, no such action was taken by BPs in this regard. In the test checked BPs, 2,054 out of 2,208 sanctioned houses were completed. One hundred and forty-seven houses sanctioned in 2016-17 and 2017-18 remained incomplete, despite spending ₹2.67 crore (March 2019).

The test checked BPs stated that beneficiaries, besides their inability to raise funds for construction, diverted the housing assistance under the scheme to meet other expenses like hospitalisation, marriage of dependents, increased labour cost due to remoteness of site, etc. The reply is not acceptable in view of the fact that the houses could have been completed in time, had the BPs monitored the construction activities closely and provided constant handholding in the form of beneficiary support services, as envisaged in the guidelines.

#### 2.1.8.2. Defective reporting in MIS

- The PMAY-G guidelines envisaged a robust monitoring mechanism for performance as well as the processes under the scheme. Monitoring under PMAY-G was to be done through reports generated in AwaasSoft. The physical progress of stage-wise construction of houses was verified and monitored through geo-referenced date and time stamped photographs, captured using the mobile based application Awaas App and uploaded to AwaasSoft by BPs. Irregularities noticed in the uploading of data by three BPs are shown in **Table 2.4**.

**Table 2.4: Irregularities noticed in the uploading of data**

Name of BP	Audit observation
Balussery	Instead of constructing a new house, the beneficiary repaired an existing house. The BP irregularly uploaded the same photo of the house on AwaasSoft to denote stage prior to construction as well as with status shown as 'completed'.
Champakulam	The beneficiary, instead of constructing a new house, upgraded her asbestos cement roof into a galvanised iron sheet roof over the existing structure upto lintel level. The lintel level construction, which already existed, was geo-tagged and uploaded by the BP, on the date of sanction of house. The BP replied that the photo at foundation level could not be uploaded in the MIS due to technical difficulties in geo-tagging at the time of completion of foundation. The reply is not acceptable as the building upto lintel level already existed at the site on the date of sanction.
Nedumangad	Joint site verification revealed that a house was seen left incomplete and abandoned. However, the photograph of a completed and painted house was uploaded on AwaasSoft without geo-tagging, with the status shown as 'completed'. In two other cases also, printed photographs of incomplete houses were uploaded with status recorded as 'completed'. The Secretary of BP stated that they had uploaded the photographs given by the beneficiaries. The reply is not acceptable since completion of houses was to be ensured by the BPs prior to uploading.

(Source: Data obtained from test checked BPs)

Instances of misreporting wherein houses shown as completed in MIS seen lacking in facilities were noticed during field verification in other BPs also (**Appendix 2.3**) which clearly reveals misrepresentation of facts for availing ineligible benefits under the scheme. Connivance of officials in BPs in the above instances could not be ruled out.



- As per Guidelines, it is mandatory to provide support of 90 person days' unskilled wage employment at the current rates to a PMAY-G beneficiary for construction of the house in convergence with MGNREGS. Server-to-server integration of two MIS - AwaasSoft of PMAY-G and NREGA soft of MGNREGS was developed so that work order for construction of house was automatically generated on NREGA soft, once the sanction of house was issued on AwaasSoft. To ensure 90 person days of work to the beneficiary, convergence reports of MGNREGS are displayed in AwaasSoft. Audit observed that in respect of 845 completed houses in 13 BPs<sup>27</sup> out of the test checked BPs, person days as per convergence report generated in AwaasSoft were less than the entitled 90 days for each house. The BPs replied that the work order was not reflected in the convergence report due to lack of technical knowledge of staff engaged in data entry pertaining to MGNREGS. The reply is not tenable in view of the fact that software integration of MIS of both the schemes was already in place and the BPs had to ensure that work order for construction of house was generated on MGNREGS automatically, once the sanction of house was issued on AwaasSoft.

#### **2.1.8.3. Social Audit**

Social Audit of PMAY-G was envisaged as a continuous and ongoing process involving public vigilance and verification of implementation of the Scheme. Social Audit Units set up by the State under Mahatma Gandhi National Rural Employment Guarantee Act were to facilitate conduct of Social Audit of PMAY-G. However, no action was taken to facilitate Social Audit of PMAY-G scheme as envisaged in the guidelines. Absence of Social Audit deprives the Government and public of the chance to ensure that the physical and financial benefits envisaged under the scheme were actually received by the beneficiaries.

#### **2.1.8.4. Setting up of State/District level Monitoring Committees**

The Guidelines envisaged constitution of committees, both at State and district level to ensure direction and oversight in the implementation of PMAY-G as per the Annual Action Plan. The composition of the committee at the State and district level was to be decided by GoK. The State level committee was to be chaired by the Chief Secretary and the district level committee was to be chaired by the District Collector. Audit observed that no committees at State and district level were constituted for the purpose of monitoring the scheme, as envisaged.

The SPMU, while agreeing that no committees were constituted, stated (June 2020) that monitoring was effected through reports generated in MIS. Audit was informed that SPMU had conducted review meetings and video conferences with the Programme Management Units which were the

<sup>27</sup> Ambalappuzha, Aryad, Balussery, Bharanikkavu, Chalakudy, Champakulam, Chirayinkeezh, Kilimanoor, Kodakara, Koduvally, Mullassery, Pothencode and Nedumangad.

implementing agencies at district and block level, to monitor the progress of house construction.

The reply is not acceptable since the committees with public representatives, the Chief Secretary at State level and District Collector at district level, if constituted, could have provided directions to implementing units and oversight on components in the Annual Action Plan. Further, Audit had noticed lapses and irregularities in the uploading of data in MIS, which would adversely impact effective monitoring of the scheme.

### 2.1.9. Financial management

The Guidelines envisaged the annual GoI allocation to be released to States in two instalments. While 50 per cent of total annual allocation was to be released by GoI as the first instalment, the second instalment was to be reckoned on the balance of the annual allocation after making applicable deductions on account of shortfall in state share, etc.

The details of receipts and expenditure from the State Nodal Account (SNA) maintained for the scheme, are shown in **Table 2.5**.

**Table 2.5: Details of receipts and expenditure from the State Nodal Account maintained for the Scheme**

Year	Amount Allotted	Amount Released		Amount credited into SNA		Expenditure from SNA	Additional Assistance by GoK through PRIs and SC/ST Department		Total Expenditure
		GoI share	GoK share	GoI share	GoK share		Allocated	Expenditure	
		2016-17	243.80	100.49	60.75		91.14	60.75	
2017-18	73.92	21.41 <sup>28</sup>	0	0	0	102.83	104.69	52.68	155.51
2018-19	Nil	0	0	0	0	42.52	22.16	13.41	55.93
<b>Total</b>	<b>317.72</b>	<b>121.90</b>	<b>60.75</b>	<b>91.14</b>	<b>60.75</b>	<b>194.82*</b>	<b>426.88</b>	<b>178.77</b>	<b>373.59</b>

\* The excess expenditure was met from balance of IAY fund in SNA  
(Source: Data furnished by CRD and IKM)

#### 2.1.9.1. Loss of GoI assistance of ₹195.82 crore

GoI fixed 32,559 houses as the target for construction of houses in 2016-17 against which GoK sanctioned 13,326 houses. As shown in **Table 2.5**, though the first instalment of ₹121.90 crore (including administrative cost of four per cent) for 2016-17 was released by GoI, GoK failed to receive the second instalment of ₹121.90 crore for the year 2016-17. Also, against the target of 9,872 houses set by GoI for construction in 2017-18, GoK sanctioned 3,961 houses only. GoI share for 2017-18 of ₹73.92 crore was also not received by the State. The proposal submitted by GoK to GoI in March 2017 seeking second instalment for 2016-17 stated that, against the requisite 95 per cent of houses to be sanctioned against target, GoK had sanctioned only 27.42 per cent. Similarly, against the requirement of completion of 80 per cent of sanctioned houses in 2016-17, achievement was only 69.22 per cent. Audit observed that GoK had

<sup>28</sup> ₹21.41 crore, being balance amount of first instalment for 2016-17, was received from GoI in 2017-18.

to forego GoI assistance of ₹195.82 crore<sup>29</sup> due to its failure to attain physical and financial progress as prescribed by GoI.

#### **2.1.9.2. Short/Excess release of share of additional assistance by Grama Panchayats and District Panchayats to Block Panchayats**

Against the GoI assistance of ₹72,000 per unit for construction of houses under PMAY-G, GoK provided additional assistance upto ₹4,80,000 to each beneficiary besides State share of ₹48,000. The additional assistance as fixed by GoK from time to time, was to be transferred by the Grama Panchayats (GPs) and District Panchayats (DPs) to the Block Panchayats (BPs), for eventual distribution among beneficiaries (**Appendix 2.4**).

Audit scrutiny revealed short/excess payment of prescribed share of additional assistance by GPs and DPs to BPs. In test checked 14 BPs, 43 GPs (**Appendix 2.5**) paid less than the prescribed share of additional assistance to BPs. Short payment upto 100 per cent was noticed in these GPs.

Also, 38 GPs (**Appendix 2.6**) paid additional assistance to BPs in excess of the required share and the excess payment ranged from four per cent to 296 per cent. Eight<sup>30</sup> BPs received less than the required share from DPs and nine BPs<sup>31</sup> received excess share from DPs.

The short/excess payment of additional assistance to BPs could impact upon the payment of eligible financial assistance to beneficiaries. In test checked BPs, 401 beneficiaries who had completed construction of their houses were yet to receive additional assistance of ₹1.74 crore (March 2019). Also, 159 beneficiaries in 12 BPs<sup>32</sup> were paid additional assistance of ₹1.08 crore in excess of the amount due to them.

#### **2.1.10. Conclusion**

The PMAY-G scheme was launched to address deficiencies noticed in implementation of erstwhile Indira Awaas Yojana (IAY). The Compliance Audit revealed that these deficiencies, viz., non-assessment of housing shortage, lack of convergence, lack of technical and quality supervision, etc., persisted in the implementation of PMAY-G scheme also. The GPs had failed to ensure the selection of eligible beneficiaries in the Permanent Wait List, assist the old and infirm in construction of houses, identify land to landless and converge the schemes for access to basic amenities. Irregular sanctioning of houses in the name of male members of the family and failure to facilitate loans to beneficiaries by BPs were also noticed. Instances of construction of houses without obtaining building permit from GPs and clearance from Kerala Coastal

<sup>29</sup> ₹317.72 crore - ₹121.90 crore

<sup>30</sup> Ambalappuzha, Aryad, Bharanikkavu, Chalakudy, Champakulam, Chavakkad, Chirayinkeezh and Kilimanoor.

<sup>31</sup> Balussery, Chowannur, Kodakara, Koduvally, Mullassery, Nedumangad, Panthalayani, Pothencode and Tuneri

<sup>32</sup> Balussery, Bharanikkavu, Champakulam, Chavakkad, Chirayinkeezh, Chowannur, Kodakara, Koduvally, Mullassery, Nedumangad, Pothencode, and Tuneri.

Zone Management Authority were seen. The State lost GoI assistance of ₹195.82 crore during 2016-18 due to its failure to attain physical and financial progress prescribed by GoI. Monitoring was also deficient at various levels of Programme Management Units.

## **FAILURE OF OVERSIGHT/ADMINISTRATIVE CONTROLS**

### **HEALTH AND FAMILY WELFARE DEPARTMENT**

#### **2.2. Misappropriation of Government money in General Hospital, Neyyattinkara, District Hospital, Mavelikkara and suspected misappropriation in Taluk Hospital, Fort, Thiruvananthapuram**

**Failure to adhere to codal provisions and lax supervisory controls resulted in misappropriation of ₹1.84 lakh in the General Hospital, Neyyattinkara, ₹6.46 lakh in the District Hospital, Mavelikkara and suspected misappropriation of ₹0.83 lakh in Taluk Hospital, Fort, Thiruvananthapuram**

Rule 92 (a) (ii) to (iv) of the Kerala Treasury Code (KTC) requires Government officers who handle cash to enter all monetary transactions in the cash book as soon as they occur and get these attested by the Head of Office in token of check. The Head of Office should verify the totalling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial them as correct. At the end of each month, the Head of Office should verify the cash balance in the cash book and record a signed and dated certificate to that effect. The KTC further stipulates that a Government servant who receives money on behalf of the Government, shall remit it into the treasury or the Bank on the day of receipt or as soon afterwards, as is possible.

The Kerala Financial Code (KFC) also stipulates that if the Head of Office suspects defalcation or loss of public moneys which involved his office or in which a Government servant subordinate to him was involved, he should immediately send a preliminary report to the Accountant General and to the Head of the Department. After sending these preliminary reports, the Head of Office should investigate the matter fully without delay and take further action, including fixing and enforcing responsibility for losses. The KFC also requires the Head of Office to report instances of misappropriation to the Vigilance and Anti-Corruption Bureau (VACB) and simultaneously inform the District Collector, the Additional District Magistrate and the Head of the Department that the matter had been reported to the VACB.

In Government hospitals, Hospital Management Committees (HMC) are constituted to ensure development and better functioning and

improvement of hospitals. All receipts by way of charges for laboratory tests, X-ray, ambulance service, outpatient/inpatient fees, etc., are deposited into the bank account of the HMC, maintained for the purpose. All expenditure pertaining to the HMC is met by withdrawal from the bank account. While the Clerk in the HMC was responsible for recording all these transactions daily in the cash book, the Superintendent of the hospital was to ensure and attest correctness of recording of these transactions in the cash book.

Audit observed that failure to adhere to codal provisions coupled with lax supervisory controls resulted in misappropriation of Government money in the General Hospital (GH) Neyyattinkara<sup>33</sup> and District Hospital (DH) Mavelikkara<sup>34</sup>. An instance of suspected misappropriation was also noticed in the Taluk Hospital, Fort, Thiruvananthapuram<sup>35</sup> as detailed below.

- **General Hospital, Neyyattinkara**

A scrutiny of the HMC cash book in the GH Neyyattinkara revealed that daily cash collection of the HMC was not fully deposited into the bank account, contrary to provisions of the KTC requiring Government servants to make remittances, on the day of receipt or immediately afterwards. Audit noticed that the Hospital Superintendent had detected (31 July 2017) a shortfall of ₹83,519 in the closing cash balance in the HMC cash book. The shortfall in cash was recovered from the Senior Clerk responsible for maintenance of the cash book, who remitted (18 August 2017) the misappropriated amount into the HMC bank account.

In view of the single instance of misappropriation detected by the Hospital Superintendent on 31 July 2017 and the large cash balances retained by the HMC in violation of norms, Audit conducted a detailed examination of the cash book for the period 01 January 2017 to 31 August 2018, which revealed a further misappropriation of ₹ one lakh. It was observed that on 28 July 2017, the opening balance of cash was ₹3,26,970 and cash receipts on the day amounted to ₹35,321. Since ₹41,000 was deposited into the bank account the same day, the closing cash balance should have been ₹3,21,291. However, the closing balance was understated and wrongly recorded as ₹2,21,291 on 28 July 2017 which was also reckoned as the opening balance in the cash book on 29 July 2017. Subsequent daily cash balances were also seen to have been arrived at, based on the understatement of ₹ one lakh

<sup>33</sup> Audit conducted at General Hospital, Neyyattinkara in September 2018, covering the period 01 May 2017 to 31 August 2018.

<sup>34</sup> Audit conducted at District Hospital, Mavelikkara in December 2018, covering the period 01 October 2017 to 30 November 2018.

<sup>35</sup> Audit conducted at Taluk hospital, Fort, Thiruvananthapuram in November 2019 covering the period 01 December 2018 to 31 October 2019.

on 28 July 2017. Thus, the Senior Clerk in this instance, misappropriated ₹ one lakh from the HMC accounts.

- **District Hospital, Mavelikkara**

In DH, Mavelikkara, test check of the entries made in the HMC cash book revealed that the closing balance of cash on 31 March 2018 was ₹6,80,479 after reckoning the day's collection of ₹10,020. However, the HMC Clerk recorded the opening balance of cash on 01 April 2018 as ₹10,020 thereby understating the balance by ₹6,70,459. Audit observed that the Superintendent of the Hospital attested the understated opening balance in the cash book on 01 April 2018, without verifying the previous day's cash balance.

In view of the suspected embezzlement of cash, Audit undertook a detailed examination of the cash book for the period 01 January 2016 to 25 July 2018 which included the period when the said Clerk was in charge of the HMC cash book viz. 23 August 2016 to 24 July 2018. It was noticed that the cash book for the period was not properly maintained and contained many corrections, overwriting, cancellation of entries, etc. Daily cash collections were not deposited in the Bank regularly by the Clerk, resulting in retention of large cash balances. Audit examination of the daily cash collection and connected bank statements revealed that the closing balance of cash in the HMC cash book on 24 July 2018 (when the HMC Clerk was relieved of her duties and transferred to Primary Health Centre, Nooranadu) should have been ₹6,67,623. However, the HMC Clerk handed over only ₹21,799 to the new cashier resulting in short accounting of ₹6,45,824 in the cash book. Thus, the HMC Clerk committed embezzlement of ₹6,45,824 in the DH, Mavelikkara.

- **Taluk Hospital, Fort, Thiruvananthapuram**

In Taluk Hospital, Fort, Thiruvananthapuram, Audit noticed probable misappropriation of ₹83,226 from the HMC accounts. Audit examination of the HMC cash book for the month of August 2019 revealed that ₹8,377 received by way of dialysis charges, lab charges, OP charges and ECG charges on various dates were not accounted in the cash book.

Upon identification of the suspected misappropriation of ₹8,377, Audit sought to examine records for the period 01 April 2017 (the day the Section Clerk assumed charge) to 31 October 2019. However, the consolidated daily collection register and the Department wise collection registers for the period 01 April 2017 to 12 July 2017 were not made available to Audit for scrutiny, citing that these were not handed over to the present Superintendent. Audit examination was therefore confined to the period 13 July 2017 to 31 October 2019.



It was revealed during audit that entries were not made in the cash book on a daily basis and contained overwriting, cancellation of entries, etc. The cash book was changed twice (17 July 2019 and 09 September 2019) during the period under audit scrutiny. In both instances, the opening balance was shown as ‘Nil’ in the new cash book. In the first instance, against closing balance of ₹36,368 as on 16 July 2019, opening balance on 17 July 2019 was shown as ‘Nil’. A note of the earlier Superintendent in the cash books indicated that the Section Clerk proceeded on unauthorised absence during various periods from 08 July 2019 and that the cash book was not shown to Superintendent from 01 May 2019. It was further recorded that entries upto 16 July 2019 were entered subsequently in the cash book by the Section Clerk on 25 August 2019.

In the second instance, a new cash book was opened by the present Superintendent from 09 September 2019 on the grounds that while taking over charge on 09 September 2019, the Section Clerk had not submitted vouchers for payment of ₹8,303 recorded in the cash book besides not handing over balance of cash in hand of ₹11,144.

Since the entries in the cash book were suspect, in order to rule out loss to the exchequer, Audit recast the cash book on the basis of daily collection registers/subsidiary registers. Audit thus observed that as on 31 October 2019, against the cash balance of ₹1,23,725 as reckoned by Audit, the cash balance shown in the cash book was only ₹40,499, resulting in suspected misappropriation of ₹83,226.

Consequent to communicating the findings of audit, Director of Health Services constituted a team under the supervision of the Finance Officer to verify the accounts and registers of HMC for the period from December 2018 to November 2019. The team detected short accounting of ₹1,49,747 in HMC accounts and recommended disciplinary action against the HMC Clerk and recovery of misappropriated amount along with 18 per cent interest.

Audit observed systemic deficiencies leading to the misappropriations. In GH, Neyyattinkara, the Hospital Superintendent, though aware of loss of public moneys, neither informed the Head of the Department and Accountant General nor initiated any action to investigate the matter fully as required under the KFC. In DH, Mavelikkara though the discrepancies noticed in the records were brought to the notice (September-November 2018) of District Medical Officer (Health), the Hospital Superintendent failed to initiate any action to investigate and quantify the loss to exchequer and fix responsibility for losses, as required under the KFC. In the Taluk Hospital, Fort, Thiruvananthapuram, the Hospital Superintendent did not follow up on the deficiencies in maintenance of the cash book and failed to identify and quantify the loss to the exchequer.

It was also seen that the Superintendents of the two Hospitals viz., General Hospital, Neyyatinkara and District Hospital, Mavelikkara, did not comply with the stipulations in the KTC which required them to verify the daily totals in the cash book and at the end of each month, to verify the cash balances in the cash book and record a signed and dated certificate to that effect. In the case of Taluk Hospital, Fort, Thiruvananthapuram, the Superintendent affixed his signature to the daily closing in the cash book without adequate verification, resulting in the suspected misappropriation. Further, the failure of the Superintendents of all the three hospitals to investigate the issue thoroughly and take further action including fixing and enforcing responsibility for losses and instead, attempting to regularise the difference, was in gross violation of the provisions contained in the KFC in this regard. Thus, non-compliance to the stipulations contained in the KTC facilitated the suspected embezzlement of Government money.

Instances of misappropriation in GH, Neyyattinkara and DH, Mavelikkara were brought to the notice of Government (July 2019). Government of Kerala (GoK) replied (January 2020) that in GH, Neyyattinkara the misappropriated amount of ₹ one lakh detected by Audit, has since been recovered from the Death cum Retirement Gratuity (DCRG) of the Head Clerk and that, as punishment, the then Hospital Superintendent was transferred to District Hospital, Kanhangad. Further, with reference to DH, Mavelikkara, GoK replied (January 2020) that consequent to the audit observation, the Head Clerk was suspended (December 2018) from service. Besides, it was informed that a detailed special audit conducted by Directorate of Health Services revealed a total liability of ₹14.69 lakh due to non-production of vouchers and receipts, short accounting, etc. The suspected misappropriation in Taluk hospital, Fort, Thiruvananthapuram was referred to GoK in June 2020. Despite reminders issued to GoK in August and December 2020, no reply was received (December 2020).

Government may evaluate and strengthen the existing internal control mechanisms in HMCs to safeguard against misappropriation of Government money.

### **2.3. Fraudulent drawal of salary of an employee on Leave Without Allowances at Primary Health Centre, Parambikulam, Palakkad**

**Failure of Medical Officer to adhere to the provisions of KTC and to ensure prompt updation of leave details in SPARK led to fraudulent drawal of salary of an employee on Leave Without Allowances at Primary Health Centre, Parambikulam, Palakkad**

Rule 432 (a) of the Kerala Treasury Code stipulates that the Head of an Office is personally responsible for all moneys drawn as pay, leave salary, allowances, etc., on an establishment bill signed by him or on his behalf, until he has paid them to the persons who are entitled to receive them and has obtained their dated acknowledgements, duly stamped when necessary.



Further, the Acquittance Roll in Form TR 95 (Treasury Receipts) requires a certificate by the Drawing and Disbursing Officer (DDO) to the effect that acquittance has been obtained in respect of each amount paid, from the persons entitled to receive it.

The Kerala Service Rules specify that an official on leave without allowances would not be entitled to any leave salary. While conducting (June 2019) the audit of Primary Health Centre (PHC), Parambikulam for the period January 2013 to May 2019, Audit noticed an instance of fraudulent drawal of salary of an employee who had proceeded on Leave Without Allowances (LWA)<sup>36</sup>. The Director of Health Services sanctioned (December 2013) LWA for five years to the employee who was a Junior Health Inspector Grade II of PHC, Parambikulam for taking up employment abroad. Accordingly, the employee got relieved from the PHC, Parambikulam on 12 January 2014 and rejoined duty on 04 January 2019 at PHC, Akathethara in Palakkad district.

Audit observed that ₹78,575<sup>37</sup> was fraudulently drawn from the Consolidated Fund of the State during January, February and August 2014. The fraud was committed by irregularly including the name of the employee, who was on LWA, in the Detailed Pay Bill of PHC, Parambikulam generated through SPARK<sup>38</sup> for these months. A detailed scrutiny of the acquittance rolls for these months, prepared by the Senior Clerk of the PHC and duly certified by the Medical Officer revealed that after effecting deductions<sup>39</sup> of ₹10,481 from the salary of the employee, the net salary of ₹68,094 was misappropriated by forging the signature of the employee on two occasions (January and February 2014) and by recording the payment of salary for the month of August 2014 as ‘remitted as per challan no:’. However, challans/particulars of challans in support of the remittance into treasury were not made available to Audit. Interestingly, the details of LWA availed by the employee were entered in SPARK only on 19 September 2019, even though LWA was availed during the period 12 January 2014 to 03 January 2019. Audit observed that failure of the Medical Officer who is also the DDO, to ensure that the details of LWA availed by the employee were entered promptly into SPARK, facilitated misappropriation of ₹68,094 by the Senior Clerk. Since the Medical Officer attested the correctness of entries made in the Acquittance roll, he is culpable in terms of Rule 432 (a) of the KTC. Thus, the failure of DDO to

<sup>36</sup> Leave Without Allowances is a kind of leave admissible to any officer in regular employment of Government of Kerala in special circumstances such as when no other leave is by rule admissible or when other leave is admissible, but the officer concerned applies in writing for the grant of leave without allowances. An officer on leave without allowances is not entitled to any leave salary.

<sup>37</sup> Salary for the months of January 2014 (₹25,679), February 2014 (₹25,679) and August 2014 (₹27,217) drawn on 10.02.2014, 13.03.2014 and 04.09.2014 respectively.

<sup>38</sup> From 2012-13 onwards, Government of Kerala made it mandatory for all Government departments to generate, Detailed Pay Bills of Government employees through a web-based application for automatic payroll processing viz., Service and Payroll Administrative Repository of Kerala (SPARK).

<sup>39</sup> Deductions like subscription to General Provident Fund (GPF), State Life Insurance (SLI), Group Insurance Scheme (GIS) and Life Insurance Corporation (LIC).

adhere to the provisions of KTC and to ensure prompt updation of LWA details in SPARK resulted in misappropriation of Government money.

Following the audit findings, the Directorate of Health Services conducted a special audit at the PHC, Parambikulam. While confirming (September 2019) the fact of misappropriation, Audit was informed that the Senior Clerk had committed the criminal offence of misusing the Departmental User ID and Password and that recommendation has since been made to GoK for initiating disciplinary action against the Senior Clerk and the Medical Officer of the PHC.

Government of Kerala agreed to the findings of audit (April 2020) and informed that the Senior Clerk was suspended (October 2019) from service. However, the fact remains that the misappropriated amount has not been recovered.

Government may take steps to strengthen the internal control mechanism and ensure timely updation of leave details in SPARK to avoid irregular drawal of salary.

## HIGHER EDUCATION DEPARTMENT

**2.4. Commencement of Master of Physical Education course by Sree Sankaracharya University of Sanskrit, Kalady without obtaining the approval of the National Council for Teacher Education (NCTE) and continuation of the course even after denial of recognition by the NCTE**

**Sree Sankaracharya University of Sanskrit, Kalady offered Master of Physical Education (M.P.Ed) course without obtaining the approval of the National Council for Teacher Education (NCTE) in 2013-14. During 2013-18, 115 students were awarded M.P.Ed Degree by the University and despite denial of recognition by the NCTE in 2017, 80 students were further admitted to the academic year 2018-20**

The National Council for Teacher Education (NCTE) is a statutory body of the Government of India set up under the National Council for Teacher Education Act, 1993 (NCTE Act) to formally oversee standards, procedures and processes in the teacher education programmes. The NCTE Act stipulates that any recognised institution intending to start any new course may apply to seek permission of the Regional Committee<sup>40</sup> concerned in such form and in such manner as may be determined by regulations. The Regional Committee may grant permission to the institution to offer the course if it is satisfied that such recognised institution has adequate financial resources, accommodation, library, qualified staff, laboratory and that it fulfils such other conditions required for proper conduct of the new course as may be determined by

<sup>40</sup> 'Regional Committee' means a committee established under Section 20 of the NCTE Act.

regulations. Permission could also be denied by the Regional Committee if it is of the opinion that such institution does not fulfil the stipulated requirements.

The University Grants Commission (UGC) had also issued (March 2014) orders on Specification of Degrees which stipulated that all the Universities shall observe the minimum standards of instruction and prescribed norms for the grant of a degree as prescribed by the concerned statutory/regulating bodies such as UGC, All India Council for Technical Education, NCTE, etc., in their respective notifications/regulations. The order also states that a degree awarded in contravention to this notification shall be deemed to be an unspecified degree.

Sree Sankaracharya University of Sanskrit (SSUS), Kalady, Ernakulam District commenced a Master of Physical Education (M.P.Ed) course of two-year duration from the academic year 2013-14. It was seen that against 125 students who enrolled for the course during 2013-14 to 2017-18, 115 students were declared to have passed and awarded degrees by the University. Also, 80 students who had obtained admission during the academic years 2018-20 are yet to appear for the examinations. Audit noticed that the degree of M.P.Ed did not figure in the list of various degrees that could be awarded by the University under Chapter XII of SSUS Statutes, 1997. The University was therefore ineligible to issue degrees for the same.

Further, it was seen that the SSUS, Kalady commenced the M.P.Ed course from the academic year 2013-14 without obtaining the mandatory approval of the NCTE for commencement of the course. It was only for the academic session 2016-17 that it first submitted (May 2015), an application to NCTE seeking recognition of its course. The application was rejected (February 2017) by the Southern Regional Committee (SRC) of NCTE citing non-compliance to the stipulated staff pattern<sup>41</sup>. The SSUS, Kalady appealed (April 2017) against the order of the SRC to the Appeal Committee which confirmed (August 2017) the order issued by the SRC. The Appeal Committee also highlighted the glaring irregularity of a University starting a course without a formal recognition order issued by the NCTE.

Audit also observed that the SSUS, Kalady continued to admit students to the M.P.Ed course during 2018-19 and 2019-20 even though the course was refused recognition by NCTE, and 80 students were enrolled during this period. Interestingly, it was seen that even as of January 2019, the Department of Physical Education at SSUS, Kalady continued to be understaffed and had only one Associate Professor, two Assistant Professors and two Guest Lecturers as against the stipulated one Professor, two Associate Professors, three Assistant Professors and three part-time Sports trainers. Thus, neither the SSUS, Kalady nor the Government has taken any serious steps to address the

<sup>41</sup> As per NCTE Regulations, 2014 the approved staff pattern for M.P.Ed is one Professor, two Associate Professors, three Assistant Professors and three part-time Sports Trainers. The SRC stated that staff pattern at SSUS, Kalady was not as per norms as only four faculty members were full-time employees while the other three faculty members were part-time employees. Also, one Associate Professor was required to be appointed.

concerns raised by the NCTE while rejecting the application of SSUS for recognition.

Laxity on the part of SSUS, Kalady to adhere to norms resulted in refusal of recognition by NCTE for M.P.Ed course. The decision of SSUS, Kalady to commence the M.P.Ed course without obtaining mandatory approval of NCTE was irregular. Despite subsequent denial of recognition by the NCTE, SSUS, Kalady persisted with offering the course and continued to admit students in blatant violation of the regulations laid down by the NCTE. Consequently, the M.P.Ed degrees awarded by the University to 115 students during 2014-15 to 2017-18 are deemed to be unspecified degrees as per the UGC order on Specification of Degrees.

Vice Chancellor, SSUS, Kalady stated (June 2020) that, GoI has passed NCTE (Amendment) Act, 2019 as a measure to grant retrospective recognition and permission to institutions offering course or training in teacher education funded by Central or State Government. In accordance with the relaxation as envisaged in the NCTE (Amendment) Act 2019, the University has submitted (January 2020) a detailed representation to the Regional Director of NCTE seeking approval for M.P.Ed. Further, University Registrar informed (December 2020) Audit that as NCTE recognition for M.P.Ed. is mandatory for reaccreditation by National Assessment and Accreditation Council (NAAC), the University syndicate has changed the nomenclature of the M.P.Ed. programme to Master of Physical Education and Sports (MPES).

The reply validates the audit objection that NCTE recognition for M.P.Ed. is mandatory. The NCTE (Amendment) Act, 2019 grants recognition to institutions subject to fulfilling the conditions of adequate financial resources, accommodation, library, qualified staff etc. Application to NCTE for recognition was rejected citing non-compliance of stipulated staff pattern. Further, the reply is silent about the award of degrees to students without obtaining recognition of the NCTE.

The University may ensure that it fulfils all the norms and statutory requirements prescribed by statutory/regulating bodies such as UGC, AICTE and NCTE before commencing a course.

The matter was referred to Government of Kerala (March 2020), and reminders issued in September, October and November 2020. However, no reply was received from Government (December 2020).

## LOCAL SELF-GOVERNMENT DEPARTMENT

### 2.5. Under-utilisation of a Mobile Incinerator

**The purchase of a Mobile Incinerator for ₹2.14 crore by the Local Self-Government Department without assessing its economic viability resulted in its under-utilisation and consequent decommissioning without realising the intended objective**

The responsibility of Solid Waste Management in the State is vested with Urban Local Bodies and Grama Panchayats. The Local Self-Government Department (LSGD) in Government of Kerala (GoK) is responsible for formulating the State policy and strategy in the field of waste management for Local Self-Government Institutions (LSGIs). The Vilappilsala Solid Waste Management Plant, wherein the treatment of solid waste of Thiruvananthapuram city was carried out, had to be closed (December 2011) due to public agitation. In order to deal with the hazardous public health situation prevailing due to the closure of this Plant, LSGD accorded sanction (February 2012) to Kerala Small Industries Development Corporation Limited (SIDCO)<sup>42</sup> for purchasing a mobile incinerator for solid waste management in Thiruvananthapuram Municipal Corporation (TMC). The expenses were to be met from the funds sanctioned to Suchitwa Mission<sup>43</sup> for establishing Modern Solid Waste Management Plants.

Scrutiny of the records of Suchitwa Mission during June 2018 revealed the following:

The Kerala Small Industries Development Corporation Limited, placed Supply Order with M/s. Chinthan Sales, Ahmedabad (selected through global tender) for supply of an incinerator costing ₹2.19 crore, capable of treating 0.50 to one tonne of waste against fuel consumption of 130-135 litres per hour. The incinerator was delivered in October 2012. The fuel required for the functioning of the mobile incinerator unit assessed (January 2013) by Public Works Department of GoK was 77.40 litres per hour against the stipulated specification of 130-135 litres per hour. During the period from November 2012 to March 2013, fuel was supplied by Suchitwa Mission for operating the mobile incinerator for 40 days in the TMC. Subsequently, Suchitwa Mission requested TMC (May 2013) to take over the mobile incinerator. However, TMC agreed (May 2013) to take over the incinerator under the condition that the Suchitwa Mission/GoK continues to bear the entire Operation and Maintenance Cost. The Local Self-Government Department gave (May 2013) directions to Suchitwa Mission to hand over the mobile incinerator to willing local bodies if they agreed to pay 50 *per cent* of the fuel cost.

<sup>42</sup> Kerala Small Industries Development Corporation Limited is a State agency of Kerala, established for the promotion of small-scale industries in the State

<sup>43</sup> Suchitwa Mission, under LSGD is entrusted with the responsibility of providing technical and financial support to LSGIs for implementation of Solid Waste Management Projects

On the basis of directions of LSGD (March 2014), M/s. Clean Kerala Company Limited<sup>44</sup> took over the mobile incinerator and executed Operation and Maintenance agreement with the supplier. The mobile incinerator was later utilised in Kottakkal and Kalamassery Municipalities and Kochi Municipal Corporation<sup>45</sup>. Audit noticed (June 2018) that against the daily generation of 300 MT of solid waste in TMC, the incinerator could dispose of only a measly 136 MT in 40 days. The total waste disposed including that in the Municipalities of Kottakkal and Kalamassery and Kochi Municipal Corporation was only 248 MT, during the period from 15 November 2012 to 02 June 2015. The mobile incinerator was idling at Brahmapuram Solid Waste Management Plant, Kochi from June 2015 onwards. The Managing Director, M/s. Clean Kerala Company Limited requested (March 2017) LSGD to give directions to return the machine to Suchitwa Mission as no local body had approached them thereafter for the incinerator. The Executive Director, Suchitwa Mission also requested the LSGD (August 2017) to decommission/auction the mobile incinerator as it was nearly impossible to operate the machine viably by any means. Accordingly, LSGD directed (November 2017) M/s. Clean Kerala Company Limited to decommission the mobile incinerator.

The mobile incinerator purchased at a cost of ₹2.14 crore was utilised only for 69 days and could treat only 248 MT of waste in total during November 2012 to June 2015. Even though the mobile incinerator consumed much less fuel than what was stated in the technical offer, the operation of the incinerator in the LSGIs was stated to be not economically viable. Thus, the decision of LSGD to procure a mobile Incinerator for ₹2.14 crore without considering its economic viability in the LSGIs resulted in its under-utilisation and consequent decommissioning. Further, the objective of LSGD in procuring the incinerator to ameliorate the hazardous public health situation by treating the solid waste in TMC could not be achieved.

The GoK while agreeing (January 2019) to the audit contention stated that in order to avoid further financial loss towards repair and maintenance of mobile incinerator, GoK had decided to decommission the same. M/s. Clean Kerala Company Limited has since informed Audit (February 2020) that the current valuation of the incinerator was ₹50 lakh and that the tendering process for the disposal of the mobile incinerator was in progress.

Government may ensure that purchases are undertaken only after ensuring that the operation of equipment is economically viable in the implementing units, so as to avoid idling/under-utilisation of equipment.

<sup>44</sup> M/s. Clean Kerala Company Limited, under LSGD, was formed with the objective of ensuring hygiene management of the State

<sup>45</sup> Kottakkal Municipality	-	11.07.2013 to 01.08.2013
Kalamassery Municipality	-	20.03.2015 to 31.03.2015
Kochi Municipal Corporation	-	23.05.2015 to 02.06.2015



## 2.6. Loss of revenue due to non-adherence to the Kerala Panchayat Raj (Property Tax, Service Cess and Surcharge) Rules, 2011

**Failure of Kolazhy Grama Panchayat to adhere to the Kerala Panchayat Raj (Property Tax, Service Cess and Surcharge) Rules, 2011 led to revenue loss of ₹37.71 lakh**

Section 203 of Kerala Panchayat Raj Act, 1994 (KPR Act) stipulates that Grama Panchayats (GP) shall, in accordance with the provisions of the Act and Rules as may be prescribed, levy property tax on every building within the area of the respective GP. Rule 3(1) of Kerala Panchayat Raj (Property Tax, Service Cess and Surcharge) Rules, 2011, stipulates that the Secretary shall levy Property Tax (PT) from every building unless the building is exempted under Section 207 of the KPR Act. Further, as per Section 203(2)(a) of KPR Act, for the purpose of levying PT, the Government shall, by notification, fix the minimum and maximum rates of basic property tax applicable to one square metre plinth area for different categories of buildings. Accordingly, the Government of Kerala (GoK) fixed (January 2011) the rate of ₹70 and ₹90 for one square metre area as the minimum and maximum rate respectively for Shopping Malls having plinth area above 200 square metres. Based on the minimum and maximum rate fixed by the Government, GPs through a resolution had to adopt the basic PT rate applicable to each category of building in their area. Further, Rule 3(4) of Kerala Panchayat Raj (Property Tax, Service Cess and Surcharge) Rules, 2011, stipulates that, if any portion of a building is assigned for common use, the plinth area of that portion shall be proportionately added to the plinth area of other portions for calculating PT.

Audit of Kolazhy GP (March 2018) in Thrissur District revealed that the occupancy certificate (November 2015) of a multi-storied building, Sobha City Mall, issued by the GP showed a total plinth area of 40,240.91 m<sup>2</sup>. The Secretary, Kolazhy GP levied PT at the rate of ₹80 per square metre for an area of 29,543.82 m<sup>2</sup> excluding an area of 10,697.09<sup>46</sup> m<sup>2</sup>. Audit observed that the area excluded by the Secretary from the levy of PT was assigned for common purpose, and should have been included in the plinth area for calculating PT. Thus, exclusion of 10,697.09 m<sup>2</sup> of area led to loss of revenue of ₹37.71 lakh to the GP for the three-year period from 2015-16 to 2017-18 (**Appendix 2.7**).

The Government of Kerala agreed with the audit findings and stated (January 2019) that the exempted area of the building was a portion assigned for common use and hence had to be proportionally added to the plinth area of other floors for calculating PT. It was further stated that GoK would issue proper clarification to avoid similar misinterpretation of rules in other local bodies and would take action against officials responsible for loss of revenue.

<sup>46</sup> Parking area – 9,456.91 m<sup>2</sup>; Electrical room – 899.43 m<sup>2</sup>; Pump house – 200.50 m<sup>2</sup>; Ducts – 75.45 m<sup>2</sup>; Lift – 64.80 m<sup>2</sup>.

Though the Government accepted the audit findings, the GP is yet to realise the short-recovered amount of ₹37.71 lakh (October 2019).

Government may ensure that the LSGIs adhere to Kerala Panchayat Raj (Property tax, Service Cess and Surcharge) Rules, 2011, while assessing and levying property tax.

## 2.7. Loss of excavated material in Thiruvananthapuram Municipal Corporation

### Failure on the part of Thiruvananthapuram Municipal Corporation to safeguard blasted rubble obtained from the Vilappilsala Solid Waste Management Project resulted in loss of ₹31.02 lakh

Section 2206.8 of the Kerala Public Works Department (KPWD) Manual, 2012 stipulates that any excess excavated material which is not required for the construction of the works is the property of the Department. The contractor shall stockpile these materials separately or place the materials in an approved location on-site.

Thiruvananthapuram Municipal Corporation (TMC) awarded the work of 'Sanitary Land Fill at Vilappilsala - Preparation of Land Fill site' relating to Vilappilsala Solid Waste Management project to M/s. Jamshedpur Utilities and Services Company Limited (JUSCO) for an agreed amount of ₹6.66 crore. The agreement was executed in March 2010 with the date of completion in November 2010. The work consisted of six components<sup>47</sup>. Due to public agitation, the Government had to foreclose the project in December 2011. The contractor had executed site-development works partially and the total value of work done was calculated as ₹1.31 crore. Final payment of ₹75 lakh including retention money was made in March 2017.

As per the agreement, for executing the component 'site development works', a quantity of 3,100 m<sup>3</sup> hard rock was to be blasted for an agreed rate of ₹6,109 per 10 m<sup>3</sup>. Audit observed that though the work of blasting was done before the closure of the plant in December 2011, the measurements were recorded in the Measurement Book (M-Book) only in December 2014 by the Public Health Engineer, Jawaharlal Nehru National Urban Renewal Mission (JnNURM) and the check measurement was done by Assistant Executive Engineer, Local Self-Government Department (LSGD). Scrutiny of the M-Book revealed that a quantity of 5,094.13 m<sup>3</sup> hard rock was blasted against the agreed quantity of 3,100 m<sup>3</sup>. An amount of ₹31.12 lakh<sup>48</sup> was paid to the contractor on this account as a part of the final bill. As per the Standard Data Book of KPWD, 1965, blasting 10 m<sup>3</sup> of hard rock (measured in solid) when stacked for measurement would yield 15 m<sup>3</sup> of blasted rubble. Accordingly, 5,094.13 m<sup>3</sup> when stacked

<sup>47</sup> (i) site development works, (ii) construction of retaining wall, (iii) formation of land fill barrier, (iv) construction of compound wall, (v) construction of bore wells and (vi) providing drainage system to the vertical earth cutting face.

<sup>48</sup> 5,094.13 m<sup>3</sup> x ₹ 610.90 = ₹ 31.12 lakh



for measurement would have yielded 7,641.20 m<sup>3</sup> of blasted rubble. The joint site verification (September 2018) by Audit along with officials of the Engineering wing of TMC revealed that blasted rubble available at the site was only 255.26 m<sup>3</sup>. On a scrutiny of the work bill and the M-Book, Audit observed that neither the balance quantity<sup>49</sup> of 7,385.94 m<sup>3</sup> blasted rubble was utilised for the work nor the stack measurement of blasted rubble recorded in the M-Book. The Secretary, TMC confirmed that blasted rubble was not sold, but failed to explain its absence. Thus, the failure on the part of TMC to safeguard the excavated material obtained from the Vilappilsala Solid Waste Management Project resulted in disappearance of the material which would have fetched ₹31.02 lakh if sold<sup>50</sup>.

The Government of Kerala stated (February 2019) that the matter had been examined in detail and that based on the report of the Chief Engineer, LSGD it would initiate action against the officials responsible for the loss of excavated material from the site.

Local Self-Government Institutions (LSGI) should take prompt action to safeguard/ dispose of excavated materials belonging to LSGIs, after making necessary recordings in the M-book.

## **2.8. Non-adherence to Service Tax Rules, 1994, by Kothamangalam Municipality**

### **Failure of Kothamangalam Municipality to collect and remit Service Tax in time led to a loss of ₹23.64 lakh**

Service Tax was introduced by the Government of India from July 1994 through the Finance Act, 1994. The responsibility for payment of Service Tax rests on the service provider except certain exemptions specified in Rule 2(d)(i) of the Service Tax Rules, 1994. Non-remittance of Service Tax within the prescribed time will attract interest at the rates prescribed from time to time.

Rule 4 of the Service Tax Rules, 1994 stipulates that every person liable for paying the Service Tax shall make an application for registration within a period of 30 days from the date on which the Service Tax under the Act is levied. Failure to register shall attract a penalty which may extend to ₹10,000.

Audit of Kothamangalam Municipality (November 2017) revealed that, the Municipality was providing taxable services from June 2007, but it got registered under the Service Tax Rules and paid Service Tax to the Central Excise Department from November 2008 only. According to the order (May 2012) of the Additional Commissioner, Office of the Commissioner of Central Excise and Customs, Kochi, the Municipality was liable to pay<sup>51</sup> Service Tax of ₹7.05 lakh, ₹4.28 lakh and ₹0.50 lakh for services such as “Renting of

<sup>49</sup> 7,641.20 m<sup>3</sup> of blasted rubble – 255.26 m<sup>3</sup> rubble available at site = 7,385.94 m<sup>3</sup> rubble

<sup>50</sup> Cost of 7,385.94 m<sup>3</sup> of blasted rubble at the rate of ₹ 420 per m<sup>3</sup> (KPWD Schedule of Rates 2012)

<sup>51</sup> Renting of immovable property from June 2007 to 2009-10.

Business support service and sale of space or time for advertisement services from 2006-07 to 2010-11.

Immovable Property”, “Business Support Services” and “Sale of Space or Time for Advertisement Service” respectively and a penalty equal to 100 *per cent* of the demand under Section 78 of Finance Act, 1994. Subsequently, based on the appeal (January 2015) of the Municipality, the Commissioner of Central Excise and Service Tax exempted the Municipality (April 2016), from paying the demand and penalty imposed for “Business Support Services”.

Though the Municipality partially remitted the Service Tax in instalments, the penalty and interest remained unpaid. Consequently, Central Excise Department recovered Service Tax, interest and penalty of ₹23.64 lakh from the Municipality by debiting an amount of ₹11.81 lakh (December 2015) from the Own Fund Account maintained in Ernakulam District Co-operative Bank and the Municipality was permitted to remit the balance amount of ₹11.83 lakh in 15 equal instalments starting from March 2016. The failure of the Municipality to get itself registered, collect Service Tax from the tenants/ advertisers and remit the same to the Central Excise Department led to penalty, tax and interest being paid from its own funds and a consequent loss of ₹23.64 lakh.

The Government of Kerala accepted (April 2019) the audit observation and further stated that the loss sustained by the Municipality would be recovered from officers responsible.

Government must ensure that all LSGIs providing taxable services should obtain registration under extant Act/Rules and ensure collection and remittance of tax within the prescribed time limit.

## 2.9. Unfruitful expenditure on construction of a modern fish market

**Construction of a modern fish market by Thiruvananthapuram Municipal Corporation without proper investigation and correlating its design with the requirements of the vendors resulted in non-utilisation of the modern fish market constructed for ₹23.25 lakh, rendering the expenditure unfruitful**

As per Section 1402 of Kerala Public Works Department (KPWD) Manual, 2012, every work shall be properly investigated and all relevant data collected and correlated before finalising the design and estimate for the work. Wrong choice of site or designs based on incorrect or insufficient data can result in considerable avoidable expenditure and delays.

Thiruvananthapuram Municipal Corporation (TMC) undertook (March 2015) a two-year project (2014-16) for the construction of a modern fish market in Palayam Connemara Market. The project was to construct a new modern fish vending zone to replace the existing temporary fish vending zone in the market. The estimated cost of the project was ₹25 lakh and technical sanction was accorded for the same amount (March 2015). Tenders were invited and the work was awarded (May 2015) to the lowest tenderer at 6.20 *per cent* below estimate rate. While executing the work, based on the request (September 2015) of the

then Ward Councillor to accommodate more vendors in the available space, TMC revised the items in the estimate without change in the total project cost.

The work was completed in October 2016 and an amount of ₹23.25 lakh was paid to the contractor (May 2017).

Scrutiny of the records in TMC and joint site inspection (May 2018) conducted by Audit along with TMC officials revealed that the fish market remains unutilised due to its unscientific design and lack of space for fish vendors. Fish vending is still carried out from the temporary fish market. Audit noticed the following lapses in construction of the fish market which were the primary reasons for non-utilisation of the fish market.

- There was no seating facility provided for the fish vendors due to lack of space. The fish vendors had to stand and do their work which was not acceptable to the vendors.
- As per the approved plan for construction of fish market, the fish vending tables were to be arranged in three rows, i.e., two rows back-to-back and a separate third row. A space of 1.90 metre width should have been provided between the fish vending tables of the two back-to-back rows and 1.06 metre was to be provided between the table and wall for the third row of fish vending tables. Against this, the space provided was only 1.60 metre and 0.80 metre respectively, which was insufficient for making any seating arrangement.
- While revising the estimate, the TMC had deleted essential items like plumbing works, water supply, etc., and included non-essential items like replacing ceramic with vitrified tiles for floor, changing the surface of fish vending table from kota stone to mirror finished marble stone, etc. This led to a situation where the fish market was completed without provision for drainage, water, etc., which was essential for normal hygienic operation and maintenance of the fish market.

Further, scrutiny of Measurement Book (M-Book) and joint site verification of the fish market revealed that the contractor was paid ₹4.11 lakh for works not executed as detailed in **Appendix 2.8**.

The design of the fish market was prepared without assessing the requirements of the fish vendors and the market was constructed without ensuring the facilities required for its functioning. Thus, construction of a modern fish market building by TMC without proper investigation and correlating the design with the requirements of fish vendors resulted in non-utilisation of the modern fish market, rendering an expenditure of ₹23.25 lakh unfruitful. Further, the failure of Executive Engineer to verify the actual work done before effecting the payment resulted in overpayment of ₹4.11 lakh to the contractor.

The Government of Kerala agreed (January 2019) with the audit findings that the estimate was technically defective as it did not provide seating facility for

the fish vendors and the space provided was insufficient. It also agreed that deletion of some items from the original estimate like provision for water, drainage, etc., led to non-utilisation of the market. Regarding excess payment to the contractor for works not executed, GoK intimated that based on the direction of the Government to the Corporation, the contractor has refunded an amount of ₹3.61 lakh (October 2018). The Government of Kerala further informed that necessary steps have been taken to rectify the defects identified by Audit and initiated disciplinary action against the officers responsible for the failure of the project.

Though the excess payment has been partially recovered, the fact remains that the fish market remains unutilised even after a lapse of two years.

Local Self-Government Institutions may ensure that utilities being created are designed to meet the requirements of end-users and the constructed utilities possess all required facilities.

## PLANNING AND ECONOMIC AFFAIRS DEPARTMENT

### 2.10. Non-adherence to Government of India directions on deposit of MPLADS funds in Banks and resultant loss of at least ₹4.76 crore

**Failure of District Collectors and the Central Plan Monitoring Unit in complying with the directions of the Government of India to convert MPLADS Savings Bank accounts into Savifix/Saviplus accounts resulted in loss of interest of at least ₹4.76 crore to the Scheme**

The Government of India (GoI) launched (1993-94) Members of Parliament Local Area Development Scheme (MPLADS), to enable Members of Parliament (MP) to recommend developmental works for creation of durable community assets based on the locally felt needs. From 2011-12 onwards, the scheme provided for making available ₹ five crore annually to each MP in two instalments. The scheme is administered by the Ministry of Statistics and Programme Implementation (MoSPI), GoI. In Kerala, the Central Plan Monitoring Unit (CPMU) is the Nodal Department and the fund is managed by the District Collector (DC). The funds released under the MPLADS are directly credited to the Savings Bank (SB) accounts maintained by the DCs for each MP to meet expenditure on works therefrom.

In November 2014, GoI directed all DCs to change the existing SB accounts to Savifix/Saviplus accounts<sup>52</sup> with auto-sweep facilities, to enable the deposits of MPLADS funds to earn interest at higher rates. A Compliance Audit on the 'Implementation of MPLAD Scheme' conducted between May and October

<sup>52</sup> Savifix/Saviplus accounts are SB accounts with auto-sweep facility wherein surplus funds above a threshold limit in the SB account will be swept out automatically to Fixed Deposits (FD) opened in multiples of ₹1,000 for a year which earns interest at higher rates. If the balance of the SB account becomes insufficient to meet any need, then the FDs will be broken and the required amount will be swept back into the SB account.

2018 covering the period 2015-18, revealed failure of CPMU and DCs to comply with these directions and resultant loss of at least ₹4.76 crore (**Appendix 2.9**) as detailed below.

Funds made available under MPLADS were deposited in 154 SB accounts<sup>53</sup> maintained in the 14 Districts in the State during the period 2015-18. Upto July 2015, only 23 MPLADS Savings Bank accounts were converted into Savifix/Saviplus accounts with auto-sweep facility in compliance with the orders of GoI.

Audit attempted to calculate the loss of interest incurred during the period 01 April 2015 to 31 March 2018 by using the interest rates and norms for auto-sweep prescribed by the State Bank of India<sup>54</sup> as the benchmark. A test check of 59 of the 131 MPLADS accounts which were not converted to Savifix/Saviplus accounts revealed that failure of the DCs to comply with the GoI directions resulted in loss of interest amounting to at least ₹4.63 crore. Further, one account maintained for MPLADS funds managed by the CPMU, the Nodal Department, was also not converted into Savifix/Saviplus accounts with auto-sweep facility, resulting in loss of interest amounting to at least ₹0.13 crore.

The matter was brought to the notice of the DCs and the CPMU. The DCs replied (July - August 2018) that they were unaware of the directions of the GoI and that steps would be taken to convert the SB accounts to Savifix/Saviplus accounts with auto-sweep facility. The replies offered by the DCs citing ignorance of GoI orders are not tenable since orders of GoI communicating directions to convert the accounts were issued to the DCs with copies endorsed to the Secretary, Nodal Department dealing with MPLADS. Besides, these directions were also uploaded on the MPLADS website. Failure of the CPMU is also evident from the fact that its own account was also not a Savifix/Saviplus account, and it was only after the audit observation that the CPMU issued (November 2018) directions to all DCs requiring them to take immediate steps to change the existing SB accounts to Savifix/Saviplus accounts with auto-sweep facility.

Government of Kerala informed (May 2020) Audit that all the existing SB Accounts of MPLADS fund were since converted to Saviplus accounts with auto-sweep facility.

However, the fact remains that failure to implement GoI directive promptly resulted in loss of at least ₹4.76 crore to the Scheme.

<sup>53</sup> There are 20 Lok Sabha MPs and nine Rajya Sabha MPs from Kerala. However, the accounts maintained by DCs during the period include accounts pertaining to Lok Sabha MPs from 15<sup>th</sup> Lok Sabha and 16<sup>th</sup> Lok Sabha and also former and current Rajya Sabha MPs. Further, accounts of nominated MPs like Sachin Tendulkar and accounts opened for administrative purposes are also included.

<sup>54</sup> Threshold limit: ₹35,000; Minimum balance to be maintained in the account: ₹25,000; Minimum amount to be transferred to FD: ₹10,000 and thereafter in multiples of ₹1,000; Interest rates: as prescribed from time to time and as per the duration of the FD.

Government may ensure that GoI guidelines/directions with regard to maintenance of MPLADS accounts are adhered to by the State Nodal Department and District Authorities.



**(ANIM CHERIAN)**  
**Principal Accountant General**  
**(Audit - I), Kerala**

**Thiruvananthapuram,**  
**The 04 March 2021**

**Countersigned**



**(GIRISH CHANDRA MURMU)**  
**Comptroller and Auditor General of India**

**New Delhi,**  
**The 10 March 2021**

# APPENDICES





**Appendix 1.1****Eleventh Schedule (Article 243G)***(Reference: Paragraph 1.6.2; Page: 4)*

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

## Appendix 1.2

### Twelfth Schedule (Article 243W)

(Reference: Paragraph 1.6.2; Page: 4)

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries.

## Appendix 1.3

## Year-wise break up of outstanding Inspection Reports (IRs) as on 30 June 2019

(Reference: Paragraph 1.7.1; Page: 8)

Year	Upto 2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>ELECTION DEPARTMENT</b>						
No. of IRs	7	3	8	0	1	<b>19</b>
No. of paragraphs	12	12	25	0	7	<b>56</b>
No. of IRs for which initial reply has not been received (no. of paragraphs)	1 (4)	2 (11)	4 (13)	-	-	<b>7 (28)</b>
<b>HOME DEPARTMENT</b>						
No. of IRs	84	59	55	53	49	<b>300</b>
No. of paragraphs	312	343	427	468	626	<b>2176</b>
No. of IRs for which initial reply has not been received (no. of paragraphs)	-	-	-	1 (6)	9 (85)	<b>10 (91)</b>
<b>INFORMATION AND PUBLIC RELATIONS DEPARTMENT</b>						
No. of IRs	8	1	1	-	-	<b>10</b>
No. of paragraphs	14	4	9	-	-	<b>27</b>
No. of IRs for which initial reply has not been received (no. of paragraphs)	2 (10)	-	-	-	-	<b>2 (10)</b>
<b>WATER RESOURCES DEPARTMENT*</b>						
No. of IRs	146	38	2	14	13	<b>213</b>
No. of paragraphs	387	155	23	88	73	<b>726</b>
No. of IRs for which initial reply has not been received (no. of paragraphs)	-	-	-	-	-	<b>-</b>
<b>GRAND TOTAL</b>						
<b>No. of IRs outstanding</b>						<b>542</b>
<b>No. of Paragraphs outstanding</b>						<b>2985</b>
<b>No. of IRs for which initial reply has not been received (no. of paragraphs)</b>						<b>19 (129)</b>

\* excluding Kerala Water Authority

**Appendix 1.4**

**Details of Action Taken Notes pending as of August 2020**

(Reference: Paragraph 1.7.3; Page: 8)

Sl. No.	Department	2014-15	2015-16	2016-17	2017-18	Total
1.	Higher Education	-	1	2	-	3
2.	General Administration	-	2	-	-	2
3.	Local Self-Government	1	-	1	-	2
4.	Labour	-	-	1	-	1
5.	General Education	-	-	-	1	1
6.	Cooperation	-	-	-	1	1
7.	Consumer Affairs	-	-	-	1	1
8.	Housing	-	-	-	1	1
9.	Home	-	-	-	1	1
10.	Labour and Skills, Scheduled Castes Development, Scheduled Tribes Development	-	-	-	1	1
11.	Water Resources	-	-	-	1	1
12.	Fisheries	-	-	-	1	1
<b>Total</b>		<b>1</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>16</b>

## Appendix 1.5

## Statement showing the details of paragraphs pending discussion by the Public Accounts Committee as of August 2020

(Reference: Paragraph 1.7.4; Page: 9)

Sl. No.	Department	2013-14	2014-15	2015-16	2016-17	2017-18	Total
1.	Ayush	-	-	-	1	-	1
2.	Public Works	-	-	-	1	-	1
3.	General Administration	-	-	2	-	-	2
4.	General Education	-	1	-	-	1	2
5.	Cooperation	-	-	-	-	1	1
6.	Cultural Affairs	1	-	-	-	-	1
7.	Consumer Affairs	-	-	-	-	1	1
8.	Housing	1	-	-	-	1	2
9.	Home & Vigilance	-	-	-	1	1	2
10.	Labour & Skills	-	-	-	2	-	2
11.	Labour and Skills, Scheduled Castes Development, Scheduled Tribes Development	-	-	-	-	1	1
12.	Revenue	-	3	-	-	-	3
13.	Scheduled Castes Development	1	1	-	-	-	2
14.	Water Resources	-	2	1	1	1	5
15.	Information Technology	1	-	-	-	-	1
16.	Higher Education	-	2	3	2	-	7
17.	Social Justice	-	-	-	1	-	1
18.	Local Self-Government	-	1	-	1	-	2
19.	Fisheries	-	-	-	-	1	1
<b>TOTAL</b>		<b>4</b>	<b>10</b>	<b>6</b>	<b>10</b>	<b>8</b>	<b>38</b>

**Appendix 2.1**

**Selected Districts and Block Panchayats**

*(Reference: Paragraph 2.1.3; Page: 12)*

<b>Districts</b>	<b>Block Panchayats</b>
Thiruvananthapuram	<ol style="list-style-type: none"> <li>1. Kilimanoor</li> <li>2. Pothencode</li> <li>3. Chirayinkeezh</li> <li>4. Nedumangad</li> </ol>
Alappuzha	<ol style="list-style-type: none"> <li>1. Aryad</li> <li>2. Ambalappuzha</li> <li>3. Bharanikkavu</li> <li>4. Champakulam</li> </ol>
Thrissur	<ol style="list-style-type: none"> <li>1. Chalakudy</li> <li>2. Chavakkad</li> <li>3. Chowannur</li> <li>4. Kodakara</li> <li>5. Mullassery</li> </ol>
Kozhikode	<ol style="list-style-type: none"> <li>1. Balussery</li> <li>2. Koduvally</li> <li>3. Panthalayani</li> <li>4. Tuneri</li> </ol>

## Appendix 2.2

## Details of houses with plinth area exceeding permissible limits

(Reference: Paragraph 2.1.6.3; Page: 17)

Sl. No.	Block Panchayat	PMAY ID	Area of house as per joint verification report
1.	Koduvally	1145223	above 223 sq.m
2.	Koduvally	1045681	above 121 sq.m
3.	Koduvally	1125749	above 121 sq.m
4.	Koduvally	1009439	above 121 sq.m
5.	Koduvally	1151391	above 102 sq.m
6.	Koduvally	1110547	above 102 sq.m
7.	Koduvally*	1159164	above 66 sq.m
8.	Koduvally*	1142778	above 66 sq.m
9.	Koduvally*	1137697	above 66 sq.m
10.	Tuneri	1109414	above 139 sq.m
11.	Balusserly	1147541	above 121 sq.m
12.	Balusserly	1021871	above 121 sq.m
13.	Balusserly	1001066	above 121 sq.m
14.	Aryad	1101900	above 111 sq.m
15.	Bharanikkavu	1150239	above 74 sq.m
16.	Bharanikkavu	1099596	above 74 sq.m
17.	Kilimanoor*	1169875	above 84 sq.m

\* Financial assistance stopped since area exceeds the permissible limit

### Appendix 2.3

#### Houses shown as completed in MIS seen lacking in facilities during field verification

(Reference: Paragraphs 2.1.7 and 2.1.8.2; Page: 19 and 20)

Sl. No.	Block Panchayat	Total Houses visited	Houses shown as 'completed' in MIS	Deprivation of facilities noticed by Audit during field verification			
				Electricity	LPG	Toilet	Drinking Water
1	Kilimanoor	53	13	8	13	13	3
2	Chirayinkeezh	24	7	--	3	1	2
3	Pothencode	24	9	1	2	--	--
4	Nedumangad	14	6	1	--	1	--
5	Aryad	11	4	--	2	4	--
6	Bharanikkavu	14	7	--	2	5	--
7	Champakulam	10	2	2	2	3	1
8	Ambalappuzha	12	6	5	--	4	1
9	Chalakydy	10	4	--	2	--	--
10	Kodakara	10	1	--	4	--	--
11	Mullassery	10	6	--	--	1	--
12	Chavakkad	16	4	--	15	--	--
13	Chowannur	10	5	--	--	--	--
14	Panthalayani	10	--	1	3	--	--
15	Tuneri	10	1	--	--	1	--
16	Koduvally	19	10	3	--	5	--
17	Balussery	18	12	--	1	4	--
	<b>Total</b>	<b>275</b>	<b>97</b>	<b>21</b>	<b>49</b>	<b>42</b>	<b>7</b>



## Appendix 2.4

## Breakup of unit cost and sharing pattern

(Reference: Paragraph 2.1.9.2; Page: 23)

(₹ in lakh)

Year	Category	Paid from SNA (Central-60 per cent +State 40 per cent)	DP Share (35 per cent of Addl. Assistance)	BP Share (40 per cent of Addl. Assistance)	GP Share (25 per cent of Addl. Assistance)	SC/ST** Development Department Share	Total
2016-17	General	1.20	0.28	0.32	0.20	0	2.00
	Scheduled Caste	1.20	0.28	0.32	0.20	1.00	3.00
	Scheduled Tribe	1.20	0.45	0.52	0.33	1.00	3.50
2017-18	General	1.20	0.98	1.12	0.70	0	4.00
	Scheduled Caste	1.20	0.63	0.72	0.45	1.00	4.00
	Scheduled Tribe	1.20	1.33	1.52	0.95	1.00	6.00

\*\* The share of ST Department was met from development funds of PRIs

**Appendix 2.5**

**Shortfall in transfer of funds by Grama Panchayats**

(Reference: Paragraph 2.1.9.2; Page: 23)

Sl. No.	Block Panchayat	Grama Panchayat	Total amount required as GP share (in ₹)	Total amount transferred by GP (in ₹)	Short Payment (in per cent)
1	Chalakudy	Meloor	490000	0	100
2	Bharanikkavu	Thamarakkulam	646598	80000	88
3	Chalakudy	Kadukutty	145000	20000	86
4	Chavakkad	Vadakkekkad	1775721	320000	82
5	Panthalayani	Moodadi	363330	80000	78
6	Bharanikkavu	Nooranad	872600	270000	69
7	Tuneri	Chekiad	781000	252500	68
8	Tuneri	Purameri	243000	80000	67
9	Chalakudy	Kodassery	360000	120000	67
10	Tuneri	Tuneri	249000	100000	60
11	Tuneri	Vanimel	694333	280000	60
12	Tuneri	Valayam	666000	280000	58
13	Tuneri	Nadapuram	284000	120000	58
14	Tuneri	Edacheri	189000	80000	58
15	Chalakudy	Athirapally	210000	90000	57
16	Koduvally	Thiruvambady	495333	220000	56
17	Bharanikkavu	Palamel	553800	270000	51
18	Pothencode	Andoorkonam	2300000	1209600	47
19	Balusseri	Kottur	3850000	2041000	47
20	Kodakara	Alagappanagar	600000	320000	47
21	Kodakara	Thrikkur	450000	240000	47
22	Bharanikkavu	Bharanikkavu	782734	420000	46
23	Chirayinkeezh	Anchuthengu	2520000	1405000	44
24	Chalakudy	Pariyaram	365000	215000	41
25	Nedumangad	Anad	1020417	615000	40
26	Koduvally	Kodanchery	1043083	652000	37
27	Pothencode	Azhoor	2640000	1755000	34
28	Champakulam	Kainakary	220000	150000	32
29	Pothencode	Pothencode	2240000	1560000	30
30	Koduvally	Madavoor	1010333	710410	30
31	Pothencode	Kadinamkulam	2800000	1980000	29
32	Pothencode	Mangalapuram	2620000	1895000	28
33	Chavakkad	Punnayurkulam	2937908	2170000	26
34	Koduvally	Puduppadi	1017667	770600	24
35	Kilimanoor	Navaikulam	4208852	3225000	23
36	Kilimanoor	Nagaroor	3211988	2565000	20
37	Kilimanoor	Karavaram	5315406	4385000	18
38	Bharanikkavu	Chunakkara	387000	320000	17
39	Chalakudy	Koratty	125000	105000	16
40	Panthalayani	Arikulam	307000	270000	12
41	Chirayinkeezh	Mudakkal	2080000	1978878	5
42	Chirayinkeezh	Chirayinkeezh	2070000	1970000	5
43	Mullassery	Pavaratty	768200	760000	1

## Appendix 2.6

## Excess funds transferred by Grama Panchayats

(Reference: Paragraph 2.1.9.2; Page: 23)

Sl. No.	Block Panchayat	Grama Panchayat	Total amount required as GP share (in ₹)	Total amount transferred by GP (in ₹)	Excess Payment (in per cent)
1	Balussery	Panangad	2520000	2626500	4
2	Kilimanoor	Kilimanoor	1863778	1944000	4
3	Chirayinkeezh	Kizhuvilam	2220000	2320000	5
4	Kilimanoor	Pazhayakunnummel	2782930	2922500	5
5	Kilimanoor	Pulimath	3297434	3485000	6
6	Chavakkad	Kadappuram	980000	1040000	6
7	Kilimanoor	Madavoor	2829512	3106000	10
8	Mullassery	Elavally	700500	770000	10
9	Aryad	Muhamma	235000	275000	17
10	Kodakara	Kodakara	677000	793708	17
11	Koduvally	Kizhakkoth	1851000	2241662	21
12	Koduvally	Koodaranji	1302000	1623000	25
13	Kilimanoor	Pallickal	321108	414000	29
14	Kodakara	Mattathur	906080	1177500	30
15	Chavakkad	Punnayur	658000	920000	40
16	Koduvally	Omassery	914333	1280000	40
17	Chavakkad	Orumanayur	682999	964730	41
18	Chirayinkeezh	Vakkom	375000	550000	47
19	Koduvally	Kattippara	752333	1105374	47
20	Mullassery	Venkidangu	1750000	2575800	47
21	Bharanikkavu	Vallikunnam	559001	840000	50
22	Aryad	Mararikkulam South	970000	1520000	57
23	Kodakara	Pudukkad	331000	525000	59
24	Balussery	Ulliyeri	1190000	2146625	80
25	Aryad	Aryad	440000	820000	86
26	Chirayinkeezh	Kadakkavoor	720000	1391000	93
27	Aryad	Mannanchery	450000	880000	96
28	Koduvally	Thamarassery	638333	1330000	108
29	Kodakara	Varandarappilly	1114080	2347396	111
30	Mullassery	Mullassery	895000	2225000	149
31	Panthalayani	Chemancheri	271000	737875	172
32	Balussery	Naduvannur	840000	2432425	190
33	Balussery	Unnikulam	2520000	7671000	204
34	Balussery	Koorachund	1120000	3783000	238
35	Balussery	Balussery	700000	2440606	249
36	Panthalayani	Chengottukavu	205000	806000	293
37	Panthalayani	Atholi	342000	1354000	296
38	Kodakara	Nenmanikkara	Nil	295000	

**Appendix 2.7**

**Details of short levy of Property Tax**

(Reference: Paragraph 2.6; Page: 35)

**Proportionate allocation of excluded area to each floor for the calculation of property tax**

Floor	Plinth area (m <sup>2</sup> )	Total excluded common area (m <sup>2</sup> )	Area for calculation of property tax of each floor after proportionate allocation of excluded area (m <sup>2</sup> )
Basement floor	11291.880	10697.09	$(11291.88/40240.91) \times 10697.09 = 3001.68$
Ground Floor	10078.66		$(10078.66/40240.91) \times 10697.09 = 2679.17$
First Floor	9368.61		$(9368.61/40240.91) \times 10697.09 = 2490.42$
Second Floor	9419.85		$(9419.85/40240.91) \times 10697.09 = 2504.04$
Terrace Floor	81.91		$(81.91/40240.91) \times 10697.09 = 21.77$
<b>Total</b>	<b>40240.91</b>		

**Statement showing short levy of Property Tax in respect of Sobha City Mall, Kolazhy Grama Panchayat, Thrissur for the period from 2015-16 to 2017-18**

(in ₹)

Floor	Proportionate allocation of excluded area to each floor	Rate of tax applicable ₹80/m <sup>2</sup>	Mandatory Additions: 20 per cent for road approach, 15 per cent for granite flooring, 10 per cent for centralised A/C Total = 45 per cent	PT due after mandatory additions	Deductions: 5 per cent for first floor, 10 per cent for second floor and 15 per cent for third floor	PT	+ Library Cess 5 per cent	Total PT due
Basement	3001.68	240134.40	108060.48	348194.88	0	348194.88	17409.74	365604.62
Ground	2679.17	214333.60	96450.12	310783.72	0	310783.72	15539.19	326322.91
First	2490.42	199233.60	89655.12	288888.72	14444.44	274444.28	13722.21	288166.49
Second	2504.05	200324.00	90145.80	290469.80	29046.98	261422.82	13071.14	274493.96
Terrace	21.77	1741.60	783.72	2525.32	378.79	2146.53	107.33	2253.86
<b>Total</b>	<b>10697.09</b>	<b>855767.20</b>	<b>385095.24</b>	<b>1240862.44</b>				<b>1256841.84</b>

Property Tax for excluded area for one year

= ₹12.57 lakh

Property Tax for three-year period from 2015-16 to 2017-18

= ₹37.71 lakh

## Appendix 2.8

## Excess payment to the Contractor

(Reference: Paragraph 2.9; Page: 39)

Name of the item of work	Rate as per agreement (₹)	Quantity of work done as per M-Book	Excess payment to the contractor (₹)	Remarks of Audit based on joint site verification
Fixing of wall tiles in 16 pillars	1095.17 per m <sup>2</sup>	49.92 m <sup>2</sup>	54671	Ceramic tiles were not fixed in 16 pillars.
Vitrified tiles on top of the duct	1713.75 per m <sup>2</sup>	23 m <sup>2</sup>	39416	Two ducts for collecting drain water were not covered and tiles not fixed.
Cement plastering in slabs	200.65 per m <sup>2</sup>	54 m <sup>2</sup>	10835	Since the cement plastering is an item of work included in the work of fixing granite/marble on reinforced cement concrete slabs, it should not have been shown as a separate item.
Surfacing fish vending table	7368.17 per m <sup>2</sup>	74.284 m <sup>2</sup>	306334*	The surface of the table was fixed with black granite stone instead of mirror finished Italian marble.
<b>Excess paid</b>			<b>411256</b>	

\* ₹4123.82 x 74.284 m<sup>2</sup> = ₹306334

₹4123.82 = ₹7368.17 (cost of mirror finished Italian marble) - ₹3244.35 (cost of black granite stone)

**Appendix 2.9**

**Bank Account wise loss of interest for the period April 2015 to March 2018 due to failure to convert Savings Bank Accounts into Savifix/Saviplus Accounts**

(Reference: Paragraph 2.10; Page: 41)

(in ₹)

Sl. No.	Name of Account/MP	Name of Bank	Account Number	Loss of Interest
<b>ALAPPUZHA</b>				
1.	T N Seema	Kerala Gramin Bank	40553100004661	255046
2.	H K Dua	State Bank of India	67345719378	148745
3.	Richard Hay	Punjab National Bank	4252000100141808	7364
<b>ERNAKULAM</b>				
4.	Joy Abraham	Union Bank of India	385402010053747	76915
5.	Abdul Wahab	Union Bank of India	385402010059361	11663
6.	Jose K Mani	Union Bank of India	385402010055025	197116
7.	Innocent	Union Bank of India	385402010052920	2653188
8.	Richard Hay	United Bank of India	2152010020934	18269
9.	K V Thomas	Union Bank of India	385402010052921	4537128
10.	Joice George	Bank of Baroda	30580100003735	183407
<b>IDUKKI</b>				
11.	P T Thomas	Union Bank of India	346702010010985	1032673
12.	Joice George	Union Bank of India	346702010023117	1953450
13.	C P Narayanan	Union Bank of India	346702010014543	22235
14.	M P Achuthan	State Bank of India	67155301447	37939
15.	Richard Hay	State Bank of India	67398343833	24745
16.	Administrative Expenses	State Bank of India	67311584145	98487
<b>KANNUR</b>				
17.	P J Kurien	State Bank of India	67068978825	22398
18.	K K Ragesh	Syndicate Bank	42632200006975	2033171
19.	A K Antony	Canara Bank	5015101000604	120582
20.	Joy Abraham	State Bank of India	35774372060	25269
21.	Vayalar Ravi	State Bank of India	35773951650	112116
22.	Abdul Wahab	State Bank of India	35774363408	4007
23.	Richard Hay	State Bank of India	35759684089	225983
<b>KASARAGOD</b>				
24.	P Karunakaran	Union Bank of India	501002010012000	2740412
25.	C P Narayanan	Indian Bank	632774282	27989
<b>KOTTAYAM</b>				
26.	Jayashree	State Bank of Travancore	67318628202	266625
27.	Anto Antony	State Bank of Travancore	67302284120	45899
<b>KOZHICODE</b>				
28.	M Ramachandran	Syndicate Bank	44052010083569	1013746
29.	M K Raghavan	Canara Bank	4885101000282	3293369
30.	K K Ragesh	Canara Bank	0839101046647	469090
31.	M P Veerendrakumar	Kerala Gramin Bank	40256101017496	81359
32.	Abdul Wahab	Kerala Gramin Bank	40256101017487	38047

Sl. No.	Name of Account/MP	Name of Bank	Account Number	Loss of Interest
<b>PATHANAMTHITTA</b>				
33.	K N Balagopal	State Bank of Travancore	67199933088	86031
34.	Vayalar Ravi	Canara Bank	2318101052033	351411
35.	Ashok S Ganguly	State Bank of Travancore	67319906245	269436
36.	Sachin Tendulkar	Punjab National Bank	4802000100019254	30503
37.	T N Seema	State Bank of Travancore	67177056748	188512
38.	A K Antony	State Bank of India	3013642356-5	616925
39.	Anto Antony	Punjab National Bank	4802000100017399	1722994
40.	P J Kurien	Punjab National Bank	3922001100000017	917385
<b>THIRUVANANTHAPURAM</b>				
41.	C P Narayanan	Indian Overseas Bank	042801000016900	1198792
42.	T N Seema	Indian Bank	909591626	1592377
43.	M P Achuthan	Indian Overseas Bank	076401000011381	1668216
44.	Shashi Tharoor	Indian Overseas Bank	046201000010900	2705795
45.	Shashi Tharoor	Indian Overseas Bank	046201000013000	3195494
46.	A Sampath	Indian Overseas Bank	117101000011000	2398325
47.	Vayalar Ravi	State Bank of Travancore	67294787650	82411
48.	A K Antony	Canara Bank	2499101009098	236189
49.	A Sampath	Indian Overseas Bank	117101000008001	1027486
50.	Suresh Gopi	State Bank of India	67366627993	1579091
51.	Richard Hay	Indian Bank	6400259070	902124
52.	CPMU	State Bank of India	67181158564	1300466
<b>WAYANAD</b>				
53.	M I Shanavas	Canara Bank	0137101060740	2376121
54.	A K Antony	Syndicate Bank	47532200026735	71489
55.	K K Ragesh	Syndicate Bank	47532200029649	192522
56.	Richard Hay	Syndicate Bank	47532200038018	38369
57.	M P Veerendrakumar	Corporation Bank	520101036448091	1066692
58.	Suresh Gopi	Corporation Bank	520101036452961	2163
59.	Abdul Wahab	Corporation Bank	520101036453079	1190
60.	Administrative Expense	Canara Bank	0137101062678	4571
<b>TOTAL</b>				<b>47601512</b>







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