

TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2008-2011)**

ONE HUNDRED AND TWELFTH REPORT

(Presented on 22nd March, 2010)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2010

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On

**Paragraphs relating to Higher Education and Tourism Departments
contained in the Reports of the Comptroller and Auditor
General of India for the years ended 31 March 2004 (Civil),
31 March 2005 (Civil), 31 March 2006 (Civil)
and 31 March 2007 (Civil)**

CONTENTS

	<i>Page</i>
Composition of the Committee ..	v
Introduction ..	vii
Report ..	1
Appendices :	
I. Summary of main Conclusions/ Recommendations ..	22
II. Notes furnished by the Government ..	25
III. Letter No. 27857/B3/08/H.Edn., dated 28-10-2008 and its annexure received from the Principal Secretary Higher Education Department in respect of Paragraph No. 4.7.5 [A.R. 2003-04] ..	53

COMMITTEE ON PUBLIC ACCOUNTS (2008-2011)

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INTRODUCTION

I, the Chairman, Committee on Public Accounts having been authorised by the Committee to present this Report on their behalf present the One Hundred and Twelfth Report on Paragraphs relating to Higher Education and Tourism Departments contained in the Reports of the Comptroller and Auditor General of India for the years ended 31 March 2004 (Civil), 31 March 2005 (Civil), 31 March 2006 (Civil) and 31 March 2007 (Civil).

The Reports of the Comptroller and Auditor General of India for the years ended 31 March 2004 (Civil), 31 March 2005 (Civil), 31 March 2006 (Civil) and 31 March 2007 (Civil) were laid on the Table of the House on 20 July 2005, 16 February 2006 and 28 December 2006 and 26 February 2008 respectively.

The Committee considered and finalised this Report at the meeting held on 20 January 2010.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Reports.

Thiruvananthapuram,
22 March 2010.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

REPORT

HIGHER EDUCATION AND TOURISM DEPARTMENTS

AUDIT PARAGRAPH

Inefficient management in execution of civil works :

Failure of the University in monitoring the progress of civil works and to enforce the conditions of contract led to time and cost overrun apart from the blocking of (Rs 2.03 crore) the scarce resources of the University.

The civil works of the University of Kerala are executed by the Engineering Wing of the University. Scrutiny (November 2003) of eight works (PAC – Rs 4.03 crore) undertaken by the University during the period from July 1990 to April 1998 revealed mis-management of works evidenced by non-completion, partial completion, failure to terminate or rearrange the abandoned works at the risk and cost of the original contractor, etc. Details of four works with a PAC of Rs 3.31 crore remaining incomplete even after spending Rs 3.59 crore as of May 2004 (though scheduled dates of completion of the works were between July 1992 and July 1999) are discussed below.

(i) The work of construction of the prestigious Golden Jubilee Complex comprising of a Jubilee Hall, Academic Staff College and Centre for Special Education awarded (June 1990) to a contractor to be completed by July 1992 for an agreed amount of Rs. 2.03 crore could not be completed even as of May 2004. The first contractor completed only the Jubilee Hall by December 1996 incurring an expenditure of Rs.1.56 crore including an enhancement of Rs. 19.45 lakh awarded in April 1995. The work of other two blocks were rearranged and awarded to a second contractor for the same contract amount. As the works dragged on, inspite of awarding two arbitration awards involving enhancement in rates amounting to Rs 60.99 lakh, the contract was terminated (September 2002) and the work of Block II was awarded (October 2002) to a third contractor. However the second contractor was allowed to complete the balance works of block III. The works have not been completed. Though an expenditure of Rs 2.89 crore had been incurred against the agreed rate of Rs. 2.03 crore, the construction of Golden Jubilee Complex taken up to commemorate the Golden Jubilee of the University remained incomplete even after a decade.

(ii) The work of construction of the Women's Hostel Block III was awarded to a contractor in April 1998 for an agreed amount of Rs. 61. 50 lakh. Though five years had elapsed from the stipulated date of completion (November 1998) only structure of the three storied building was completed incurring an expenditure of Rs. 25.01 lakh and the work was in an abandoned stage

(December 2003). Due to non-completion of the work UGC assistance of Rs 8 lakh was lost.

(iii) Similarly, construction of Golden Jubilee Library building entrusted to a contractor in December 1997 for a contract amount of Rs. 43.43 lakh to be completed by November 1998 had not been completed though the time of completion was extended up to December 2002. The expenditure incurred aggregated to Rs. 24.03 lakh.

(iv) Kerala State Nirmithi Kendra was entrusted (March 1997) with the work of construction of Bio-technology building at an estimated cost of Rs. 23.06 lakh with stipulated date of completion as July 1999. After incurring an expenditure of Rs. 20.74 lakh, the work was at a standstill from June 2001. No action had been taken by University for completion of the work.

No specific reasons were adduced by the University for the inordinate delay in completion of the works. Failure of the University to monitor the progress of works despite having a full-fledged Engineering wing cannot be justified and the undue delay in completing the works rendered blocking of (Rs. 2.03 crore) scarce resources of the University, apart from denying the benefits to the students. Besides, the action of the University in granting repeated enhancement in rates and extension of time as demanded by the contractors and its inaction in enforcing the conditions stipulated in the contract also indicated absence of due professional care in safeguarding the financial interests of the University.

The matter was referred to Government in August 2004; reply had not been received (November 2004).

[Paragraph 4.7.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Civil)]

[Note furnished by government on the above audit paragraph is included as Appendix II]

1. Regarding the audit observation relating to the Construction of the Golden Jubilee Complex comprising of a Jubilee Hall, Academic Staff College and Centre for Special Education by University of Kerala, the Committee noted that of the work which was proposed to be completed in the year 1992, only the construction of Jubilee Hall was completed in 1996, that too after a delay of 4 years. The Committee enquired the reason for the cost escalation and delay in the completion of the work. The University Engineer (in-charge) informed that the main reason for lapse of time and cost escalation was some labour problems which persisted during the construction work.

2. The Committee was dissatisfied over the reply furnished by the official and asked the Principal Secretary, Higher Education Department as to whether he was aware of such a problem. Since the witness could not give a satisfactory reply, the Committee wanted to be furnished with the details to prove the prevalence of such a labour problem during the time of construction work, within a week. The witness agreed to do so (A Report was submitted to the Committee vide letter No. 27867/B3/08/H.Edn.d 28-10-2009 which is included as Appendix III).

3. While pointing out that an avoidable loss of Rs.60.99 lakh occurred during the construction of the Academic Staff College and Centre for Special Education, the Committee further enquired the reason for re-tendering the work related to the construction. The Committee asked why the department had not realised the risk & cost of the same and desired to know the reason for cancelling the first tender. The Finance Officer, University of Kerala informed that the work was retendered as the first Contractor had dropped the work half way. To the Committee's repeated query regarding the non-realisation of risk & cost, the witness did not have any satisfactory answer.

4. The Committee enquired whether the work had been completed and commissioned and desired to know the amount spent for the whole construction work and the current position of the building. The Finance Officer, University of Kerala submitted that the work had been completed and the building was commissioned on 28-10-2004 and that an amount of Rs. 3.45 crore had been spent for the same.

5. The Committee wanted to know whether the three blocks including the women's hostel block had been put to use and the Finance Officer answered in the affirmative.

6. The Committee enquired whether the University had received grant-in-aid from U.G.C. To this query the Finance Officer informed that no grant had been received by them in this regard and that the main reason for the situation was the delay in the completion of the work. He added that correspondence with UGC was going on for getting the grant.

7. The Committee then asked whether the construction of the Biotechnology building and Golden Jubilee Library building had been completed. The Finance Officer informed that both the works had been completed. The Committee also wanted to know the total cost incurred for the construction of the Biotechnology building done by Nirmithi Kendra and the current position of the building. The Finance Officer answered that the work had already been completed and the department had started functioning there. He added that the total cost of the project was Rs. 37 lakh.

8. The Committee, at this juncture noted that University had not included penalty clause in the MoU executed with the contractor firm and opined that the University could not initiate any action against the contractor for the delay in completion, due to this lapse. The Finance Officer informed that they had not included penalty clause in the MoU since the contractor firm of the work was Nirmithi Kendra, a Government undertaking. The Committee pointed out that eventhough Nirmithi Kendra was bestowed with the work, the legal status of it was that of a contractor and hence penalty clause should have been included in the MoU. The Principal Secretary, Higher Education Department replied that if they had included penalty clause in MoU, then it would have affected the working capacity of Nirmithi Kendra. Refuting the argument of the witness, the Committee disclosed that the University had not included penalty clause even in works entrusted to private contractors. The Committee enquired whether the University had separate engineering wing and if so the staff pattern there. To this question the University Engineer informed that the Engineering Wing of the University had a total staff strength of 18 officials, including one Executive Engineer, one Asst. Executive Engineer, two Assistant Engineers, overseers and others.

9. The Committee enquired whether the Engineering staff of the University was dealing with tender procedures and whether the P.W.D. Manual was not applicable to them. The University Engineer informed that the University was following P.W.D. Manual in construction works. The Committee opined that though the action in not including Nirmithi Kendra in the risk and cost liability could be spared, risk & cost and fine should have been levied from private contractors. The Committee opined that the University should have acted as per PWD Manual.

10. The Committee enquired the reason for terminating the work without effecting risk and cost from the private contractors. The Committee was disappointed on hearing the answer submitted by the Finance Officer, Kerala University, that there was arbitration clause in that case. The Committee opined that risk and cost clause could have been included in the arbitration clause itself.

11. The Committee further noted that the University had reduced the fine of Rs. 1000 per day imposed to the contractor by the Arbitrator for the delay occurred in the completion of the work; to a marginal amount of Rs. 100. The Committee viewed this as a unilateral and unruly action on the part of the University for favoring the contractor. The Committee pointed out that the University should have implemented the Arbitrator's decree instead of overruling it.

12. The Committee criticised the callous attitude of the officials and reminded that they had no right to do things in accordance with their will and pleasure. The Committee recommended that the department should fix responsibility against the erring officials for causing heavy loss to the University by the way of profound conspiracy as revealed in the work of Golden Jubilee Complex. Besides this, responsibility should also be fixed against those officials who unlawfully bypassed the order of the Arbitrator by reducing the amount of fine imposed by the latter.

Conclusions/Recommendations

13. **As far as the audit objection relating to the construction of the Golden Jubilee Complex is concerned, the Committee note that the excess amount spent for the construction is more than 50% of the estimated cost. All the more serious is the fact that it took 12 more years from the proposed date of completion to finish the whole work. The Committee observes that due to the non-inclusion of penalty clause in the MoU the University could not initiate any action against the contractor for the delay in the completion of the work. The Committee does not approve the contention that there existed labour problems in the site because those hindrances could be overcome had the University authorities approached the matter in a serious manner. The only thing the authorities had done was sending letters to Government Secretary and Police Officials.**

14. **The Committee views the act of the University in reducing the fine amount imposed by the Arbitrator from Rs. 1000 to Rs. 100 as a unilateral and unruly one, for favouring the contractor. The argument that the syndicate has power to waive the order of the Arbitrator is not digestible to the Committee. The University authorities relieved the first contractor citing the Arbitration clause. But in the case of fine imposed, the University acted in a different manner. The Committee sees this as a clear 'double standard' opted by the University authorities for giving undue benefit to the contractor. The Committee strongly feels that the University Syndicate has shown undue favour towards the contractor thereby causing heavy loss to the University.**

15. **The Committee recommends to fix responsibility against the erring officials involved in the construction of the Golden Jubilee Complex and also against those who unlawfully bypassed the order of the Arbitrator for reducing the fine amount.**

AUDIT PARAGRAPH

Inordinate delay in publication of Malayalam Encyclopaedia :

Out of 20 volumes of Malayalam encyclopaedia only 12 volumes could be published so far even after three decades of the publication of the first volume suggesting poor governance by the Board/Government.

State Institute of Encyclopaedic Publications, Kerala (Society) was constituted by Government in May 1976 by converting the erstwhile Malayalam Encyclopaedia Department into a society registered under the Travancore Cochin Literary, Scientific and Charitable Societies Act, 1995. The aim of the Institute was to publish encyclopaedia in Malayalam and similar other publications in Malayalam. The Institute having a staff strength of 63 is financed by grants from Government and an expenditure of Rupees one crore is being incurred annually by the Institute.

Mention was made in Paragraph 7.3 of the Report of the Comptroller and Auditor General of India for the year 1983-84 (Civil) about certain serious deficiencies in the functioning of the Institute and its unsatisfactory performance in bringing out only seven of the 20 volumes of the encyclopaedia. The Public Accounts Committee (1984-86) in its 106th Report severely criticised (March 1986) the functioning of the Institute and urged that a time schedule be drawn up to bring out the remaining 13 volumes. A scrutiny conducted (October 2003) revealed that there was no improvement in the functioning of the Institute.

- No time-frame had been drawn up by the Institute for publishing the remaining volumes. Only five more volumes of Malayalam encyclopaedia were published in a span of 20 years.
- During this period four out of the 10 volumes of Encyclopaedia of World Literature were also published. A complete set of encyclopaedia in Malayalam language could not be made available even after three decades of the publication of the first volume by the former Malayalam Encyclopaedia Department.
- Though the Board of Trustees of the Institute was to meet once in four months and also approve the programme of work for each year and the annual Budget to be submitted to Government, the Board did not meet regularly; the last meeting of the Board was held in November 2001.
- The report to be submitted to the Government by the Board within six months after the close of each financial year on the working of the Institute was also not being prepared by the Institute.

- The Institute supplied copies of the encyclopaedia to educational institutions, libraries etc., on credit basis. An amount of Rs 26.28 lakh was awaiting collection from them which included amounts relating to the period from 1977 which indicated that the Institute had not taken adequate steps to realise the amounts due.

The above facts suggest poor governance of the Institute by the Board/ Government. It is recommended that the Government may review urgently the progress of work made by the Institute and take necessary steps to bring out the remaining volumes within a limited time frame.

Government stated (September 2004) that a master plan had been chalked out to bring out the remaining volumes within four years.

[Paragraph 4.7.6 Contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Civil)]

[Note furnished by government on the above audit paragraph is included as Appendix II]

16. While referring to the audit observation regarding the functioning of the State Institute of Encyclopaedic Publications, Kerala (Society) the Committee enquired the latest position of the publication of 20 volumes of Malayalam Encyclopaedia as aimed earlier. The witness, Secretary, Tourism Department informed that the State Institute of Encyclopaedic Publication which was entrusted with the work relating to the publication of Malayalam encyclopaedia could not fully achieve its objective due to various problems. He submitted that the situation had changed a lot subsequently and that there was much progress in the publication works. He added that 14 volumes had already been released and they were planning to publish the fifteenth volume during August 2009.

17. The witness continued that the previous volumes of the encyclopaedia needed revision and revised versions of the previous volumes had been published. Along with the scriptural publication of new volumes, the work relating to publication of the earlier volumes in the website had also been carried out. He informed that the Institute was facing shortage of staff. No posting had been made after the year 1999, after entrusting the appointment in SIEP to KPSC due to delay in framing special Rules for appointment. He submitted that even though there was 52 sanctioned post of Editors only 18 posts were filled. The Editors were doing the main works and their shortage was the reason for the low output of the Institute.

18. The Committee enquired about the number of members in the Board of Trustees and their details and asked whether the Board used to hold its meetings regularly. The witness replied that the previous meeting was on 10-4-2008. He also submitted that they had convened a meeting in the year 2007 also.

19. The Committee pointed out that constitution of the Board implied that the same should hold meeting every four months, but it was not followed. To this observation the witness stated that the main difficulty in convening the meeting was that they could not get a convenient time for holding meetings as the Chief Minister and Education Minister were the Chairman and Vice Chairman of the Board respectively. He added that usually the Work Plan would be submitted during the annual meeting so there was no need for convening another meeting for discussing administrative matters.

20. The Committee viewed this argument as a flimsy one and opined that the Board's meeting could be conducted even in the absence of the Chairman. If Chief Minister was not available, the Education Minister could preside over the meeting and that there should not be any lapse in this matter. The Secretary, Tourism Department agreed to take steps for enabling the Board of Trustees to meet as specified.

21. The Committee understood that the Institute was not able to publish a complete set of Encyclopaedia since three decades of the publication of the first volume. The witness admitted the lapse and adduced several reasons for this, the main one being the lapse in doing basic responsibilities. But he added that there was considerable improvement in the functioning of the Institute. The institute was able to publish two volumes of Encyclopaedia during the previous two years and the third volume was supposed to be published on 9th August 2009. They revised 5 volumes of encyclopaedia pertaining to earlier periods for entering it in the web. The Committee pointed out that the institute needed the approval of the Board of Trustees for implementing each and every programme and enquired whether all those things were compiled regularly. The Director, SIEP informed that all the programmes were approved by the Board. Commenting that the Public would not get the real benefit without publishing the whole set of Encyclopaedia, the Committee enquired as to when the work relating to this would be completed and what steps were taken by the department regarding this. The Director, SIEP informed that they had prepared a plan for publishing the remaining volumes and had decided to conduct a workshop on 24th of the succeeding month with the participation of hundreds of professors and authors for the sole purpose of completing the remaining volumes. The topic list of pending volumes would be completed in that

workshop. Essays would also be assigned there. When the Committee again enquired about the target date of this, the Director informed that it was a 3-year programme.

22. The Committee pointed out that as per rule, the Institute should submit its half yearly report to the Government after the preparation of Annual Plan. The witness informed that it was routinely followed by the Institute and that half yearly reports were being received by the Government. But the Committee repeated that the Board didn't meet regularly and the previous meeting was in November 2001. The Committee urged the department to furnish within a week the date of meetings of the Board of Trustees held after the year 2001. The Committee desired to know the details of the amount realized and the amount outstanding from educational institutions and libraries towards the supply of encyclopaedia worth Rs. 26.28 lakh.

23. The witness brought to the notice of the Committee the fact that there were mainly two types of outstandings; one being the long term outstanding and another one being current outstanding. In long term outstanding, books were lent to public on credit basis and the amount got accumulated.

24. In the case of current outstanding, books were distributed to schools, institutions, libraries etc. In the case of long term outstanding, the government, on examination had permitted to write off an amount below Rs. 3 lakh, which was considered as irrecoverable debt due to death of the debtors.

25. The Committee enquired about the position of the remaining Rs. 23.28 lakh. The witness informed that while collecting the details for the previous three years it was found that Rs. 10 to 20 lakh was outstanding every year. Hence directions were already given to the Institute to collect demand, collection and balance details to have a clear idea. He added that out of Rs. 26.28 lakh, Rs.19.56 lakh had already been collected. Sahitya Pravarthaka Sahakarana Sangham had a debt of more than Rs. 2 lakh.

26. The Committee enquired about the total pending amount to be realized. The witness explained that out of the pending amount of Rs. 6.69 lakh, Rs. 3 lakh had been written off by the Government and about Rs. 3 lakh was pending. He also brought to the notice of the Committee the fact that the figure of Rs. 26 lakh was not static; it varies every year. The Director SIEP read the D.C.B. statement for the month of April 2008 where the total balance was Rs. 33,07,324. To a question of the Committee regarding the audit of the Institute, the Director informed that the Comptroller and Auditor General had conducted audit inspection during the previous month and the audit 418/2010.

of Local Fund Audit Department was going on. The Director also informed that Local Fund Audit Department had completed the audit up to the year 2006-07.

27. The Committee desired to know the staff' strength of the Institute. The Director submitted that out of the sanctioned post there were eight Associate Editors on temporary basis and two clerical staff. He added that the decision to fill up the number of sanctioned posts was vested with the Institute. The Committee enquired whether there was any difference between the sanctioned strength and the actual strength and whether there was additional staff than sanctioned posts. The Director stated that the actual number of staff was below half of the sanctioned posts.

Conclusions/Recommendations

28. **The Committee sees various problems in the functioning of the State Institute of Encyclopaedic Publications, Kerala, such as inordinate delay in the publication of new volumes of Malayalam encyclopaedia, lapse in convening meetings of the Board of Trustees, delay in the auditing of the accounts etc. It is understood that shortage of staff, especially in the post of editors, is the main problem for delay in the publication of new volumes. Hence the Committee suggests that steps should be accelerated for framing special Rules for the appointment of staff in SIEP which will enable KPSC to speed up the selection procedure for the appointment of staff in the Institute. The Committee is of the opinion that the intended purpose of the establishment of SIEP will be served only when a complete set of Malayalam Encyclopaedia is published and it reached the hands of the public. The Committee suggests that earnest steps should be taken to ensure that the Board of Trustees hold its meeting regularly even at the absence of the Chairman.**

29. **The Committee also desires to know the present stage of the publication of the remaining volumes of Malayalam Encyclopaedia.**

AUDIT PARAGRAPH

Avoidable expenditure on payment of House Rent Allowance at higher rates :

Sree Sankaracharya University of Sanskrit paid House Rent Allowance at higher rates to its employees resulting in avoidable expenditure of Rs. 43.23 lakh.

According to the pay revision orders issued by the Government in November 1998, House Rent Allowance (HRA) payable to employees working in offices located in unclassified places was Rs.100 per month irrespective of the pay range; the revised rates were payable only from 1 November 1998.

It was however, observed (April 2005) in Audit that Sree Sankaracharya University of Sanskrit located at Kalady, an unclassified place had been paying HRA to its employees at higher rates ranging from Rs. 120 to Rs 660 per month applicable to 'C' class cities. The irregular excess payment made from March 1997 to March 2005 worked out to Rs. 43.23 lakh.

The action of the University in extending unintended benefit to its employees in violation of the orders of the Government led to an avoidable expenditure of Rs. 43.23 lakh.

The matter was referred to the Government in July 2005; reply had not been received (September 2005).

[Paragraph 4.3.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2005 (Civil)]

30. Regarding the audit observation relating to Sree Sankaracharya University of Sanskrit, Kalady, where House Rent Allowance was paid to the employees at a higher rate, which resulted in a loss of Rs. 43.23 lakh to the public exchequer, the Committee enquired whether the amount had been recovered. The Committee also desired to know the person responsible for the loss and asked whether responsibility had been fixed against the delinquent officer and action taken by the department against him. The witness, Principal Secretary, Higher Education Department stated that this issue was prevailing in all Universities in Kerala. He added that the employees working at Kariyavattam Campus under University of Kerala were paid House Rent Allowance at rates applicable to city even though Kariyavattam is situated away from Thiruvananthapuram city. This was also practiced in other Universities like Calicut University, Cochin University, Sanskrit University etc. Considering this situation Government had issued an order on 5.1.2008 directing Universities to strictly comply with the State Government's House Rent Allowance Rule and to recover the excess amount paid.

31. The Committee enquired as to why the department had not recovered the excess amount even though there was strict Government Order regarding this. The Deputy Secretary, Higher Education Department informed that as per the Government Order issued in the year 2006 the Universities had stopped the over payment of House Rent Allowance and the department requested to drop the recovery of over payment made since all Universities paid excess amount.

32. The Committee pointed out that the government had rejected the proposal put forth by the Department in January 2008 and opined that it was the duty of the department to take steps to recover the amount which was paid in excess.

Conclusions/Recommendations

33. The Committee recommends that the department should take necessary steps to recover the amount which was paid in excess to the employees of universities towards House Rent Allowance.

AUDIT PARAGRAPH

Unfruitful expenditure on a Senate hall /auditorium :

Abandonment of work midway resulted in the expenditure of Rs 67.88 lakh incurred on it unfruitful.

Mahatma Gandhi University awarded (February 1998) the work of construction of a Senate hall/auditorium in the University campus to a firm of contractors for an agreed amount of Rs 3.19 crore, at 65 per cent above the estimated cost. The agreement executed (August 1998) with the firm provided for completion of the work within 20 months which was subsequently extended by six months up to October 2000.

Audit scrutiny revealed that after the commencement of the work the site was changed based on the directions of the Vice Chancellor. The larger gradient of the new site necessitated about 100 per cent increase in quantities of major items by doubling the height of the cellar portion below the auditorium. When the structure of the cellar portion was nearing completion the work was stopped abruptly in November 2000, after incurring an expenditure of Rs. 67.88 lakh. No reasons were on record for the stoppage of work and the work was still in an abandoned stage (February 2007).

It was also noticed that 3,450 kg of cement and 16,046 kg of steel valued at Rs. 4.79 lakh supplied to the contractors was still in their custody for over six years. There were huge variations in the quantities of materials issued to the contractor as per entries in the office copies of the bills and the materials at site account. The University Engineer attributed this huge variation to the failure to carry out the corrections in the office copy of the bills made out at the time of passing of bills with reference to the materials at site account. This is a serious lapse which gives scope for misappropriation.

Thus the action of the University authorities in abandoning the work of construction of senate hall/auditorium midway rendered the expenditure of Rs. 67.88 lakh incurred on it unfruitful.

Government stated (June 2007) that the work was stopped due to paucity of funds and the cost of balance materials would be recovered from the security deposit and retention amount of the contractor.

[Paragraph 4.3.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil)]

34. While going through this audit observation the Committee found that Mahatma Gandhi University awarded the work of construction of a Senate Hall/Auditorium to a firm of contractors at 65 percent above the estimated cost and after the commencement of the work, the work site was changed based on the direction of the Vice-Chancellor. The Committee enquired the reasons for these changes. The witness, Secretary, Higher Education Department stated that it was reported by the University authorities that the Syndicate in its meeting convened on 5-7-2008 took two decisions in this case. One was to construct a new building retaining the existing structure of the Senate hall and another one was that the Planning and Development Standing Committees of the University Syndicate should negotiate with the contractor to settle the issue.

35. When the Committee again enquired the reason for the site change, the Finance Officer, Mahatma Gandhi University stated that the site was not changed after initiating the construction work. Then the Committee desired to know the reason for ceasing the work abruptly, after incurring an expenditure of Rs. 67.88 lakh. The Committee enquired about the circumstances which led the Vice-Chancellor to take the decision to change the work site, the Finance Officer informed that the site was not changed after the commencement of the work, but it was stopped temporarily due to paucity of funds. Denying this argument, the Committee pointed out that the Registrar of Mahatma Gandhi University in his letter dated 22-5-2007 to the Accountant General disclosed that the site was changed as per the direction of the Vice-Chancellor. The Registrar submitted that he took over charge in 1995 and he had sent the letter based on the report of the University Engineer at that time. The Principal Secretary brought to the notice of the Committee the fact that the Syndicate had decided to reconsider the earlier site for the construction purpose which meant that the Syndicate has once decided to change the site.

36. The Committee noticed the act of the Mahatma Gandhi University authorities as highly irregular and it was forecasted that this would result in extra expenditure. The Committee viewed this as very serious and enquired about the staff strength of the Engineering Wing of the University. The Registrar answered that the Engineering wing had a strength of 42 Staff and an Executive Engineer was given the charge of the University Engineer. The Committee noted that even though there was an Engineering wing, about 3450 kg of cement and 16, 046 kg of steel valued at Rs. 4.79 lakh had been in the custody of the Contractor for a period of six years. In addition to this the office copies of bills and the site account showed a huge variation in the quantities

of the materials issued to the contractor. To this allegation the witness didn't have any satisfactory answer.

37. The Committee enquired whether the cost of the materials had been recovered. The Registrar informed that no amount was recovered till then and in the case of steel supplied earlier, an amount was fixed as its price and was being used for the other works. But the Committee opined that every work should have a procedure but the officials had nothing to reply in this matter.

38. The Committee pointed out the reply furnished by the University Engineer that the huge variation was due to failure in carrying out the corrections in the office copy of the bills at the time of passing of bills and invited the comments of the officials in this regard. The Principal Secretary, Higher Education Department stated that it was a serious issue and that he had directed the University Officials the other day to answer the audit observation. The Committee was not ready to spare the guilty officials and recommended that the University should fix responsibility against the concerned officers for this serious lapse and suggested that the amount with interest should be recovered from them and that a report in this regard should be submitted to the Committee within a week.

Conclusions/Recommendations

39. The Committee finds that the M.G. University Syndicate's decision to negotiate with the contractor is with a malafide intention for giving more money to the latter. The Committee notices this act of the Mahatma Gandhi University authorities as highly irregular. The Committee is surprised to see that eventhough the university had an engineering wing, materials worth Rs. 4.79 lakh were kept in the custody of the contractor for a period of 6 years. In addition to this the office copies of the bills and the site account of quantity of materials showed huge variations. The Committee recommends to fix responsibility against the guilty officials for the loss incurred and suggests to recover the amount with interest from the defaulters. The Committee opine that every work should be done as per the procedure prescribed.

TOURISM DEPARTMENT

AUDIT PARAGRAPH

Blockage of funds in an ill-conceived project :

Failure of the Government initially to assess the viability of the project 'Guest House at Mumbai' led to abandonment of work midway resulting in blocking of funds of Rs 3.48 crore.

State Government decided (February 1997) to construct a Guest House at Mumbai for the Kerala Tourism Department to provide accommodation to Ministers, officials and people from Kerala visiting Mumbai. In October 1997 the department took possession of 2000 square metres of land at Vashi, New Mumbai on lease for 90 years from the City and Industrial Development Corporation, Mumbai by paying lease premium of Rs. 1.29 crore for the land.

Based on the administrative sanction issued by Government (September 1998) for construction of the Guest House at a cost of Rs 7.27 crore, Kerala Public Works Department entrusted (November 1999) the construction of civil works of the building to a Mumbai based firm for Rs 2.96 crore. After spending Rs. 1.62 crore for completing the structure, Government felt (February 2002) that further provision of funds would not be possible due to financial constraints and that the project would not be viable due to limited utility and huge recurring and non-recurring expenditure. As the lease deed prohibited sale of land or transfer of ownership, Government decided to convert the project into a Joint Venture Concern (JVC) and ICICI Kinfra was appointed (May 2003) as a Consultant for finding a partner, which has not been done as of October 2004.

Though it was decided in February 2002 not to go ahead with the project, the work was terminated only in July 2003. The expenditure incurred on the project upto May 2004 was Rs. 3.48 crore.

Failure of the Government initially to assess the viability of the project, led to abandonment of work midway resulting in blocking of funds of Rs 3.48 crore.

Government stated (August 2004) that the Guest Houses are not constructed as commercial projects. The reply of the Government is not convincing as Government itself decided (February 2002) not to go ahead with the project after it was found that the project was not at all viable due to limited utility. Government added that the consultant ICICI Kinfra had submitted a draft bid document for inviting JVC partner.

[Paragraph 4.5.3. contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Civil)]

[Notes furnished by Government on the above audit paragraph is included as Appendix II]

40. The Committee found that the construction of State Guest House at New Mumbai had been dropped after incurring an expenditure of Rs. 3.48 crore. When the Committee enquired the latest position of the case, the witness, Secretary, Tourism Department informed that the work was completed in November 1999 and it was ready to function. The department had decided to

complete the work in a different model as it was difficult for them to use the building as Kerala House. After this the Government had constituted a Cabinet Sub Committee for dealing with this. Regarding the Committee's query relating to the partners of the work the witness stated that there wasn't any partner for completing the work. The work was re-started as per the instruction of the Cabinet Sub Committee. As far as the amenities of the Guest House were concerned, the Director, Tourism Department stated that there were 15 rooms and its rent was similar to that of the Kerala House. To a query of the Committee regarding the economic viability of the Guest House at Mumbai, the Secretary Tourism Department disclosed that generally Guest Houses are economically non-viable and the one at Mumbai was not an exception.

41. The Committee enquired whether the building and the compound were fully under the control of the state government and the witness answered in the affirmative.

Conclusions/Recommendations

42. **No comments.**

AUDIT PARAGRAPH

Idle investment on a tourism project :

Acquisition of land falling under Coastal Regulation Zone resulted in idle investment of Rs. 28.44 lakh and non-achievement of the project.

Government sanctioned (June 1999) acquisition of land measuring 5.58 acres (2.2582 hectares) in Dharmadam Island in Kannur district for development as a tourist centre to make the island a good tourist attraction in an eco-friendly manner. Special Tahsildar, Land Acquisition (LAO), Thalassery passed award for Rs. 23.66 lakh as compensation in March 2001 for acquiring the land. Expenditure of Rs. 4.78 lakh on survey (Rs. 0.01 lakh) establishment (Rs. 4.73 lakh) and other charges (Rs. 0.04 lakh) led to total cost of acquisition as Rs. 28.44 lakh.

Tourism Department allotted (August 2000 and March 2001) Rs. 26.7 lakh towards acquisition of land. Of this, Rs. 23.66 lakh awarded as compensation was deposited in Sub Court, Thalassery (August 2001) as the land owners did not produce valid document to prove the absolute right over the acquired land. District Tourism Promotion Council (DTPC) took possession of the land in March 2001.

It was noticed (October 2005) in Audit that the Department made no efforts to establish a tourist centre even five years after acquisition of the land.

District Collector and Chairman, DTPC intimated (October 2005) Audit that the acquired land fell under the Coastal Regulation Zone (CRZ) and, therefore, no permanent construction was possible in that area. Tourism Department could have foreseen that CRZ restrictions before acquisition of land in view of the fact that the Government of India had issued the CRZ notification as early as in 1991. Tourism Department directed DTPC to conduct a study by a competent technical expert. Further developments were awaited (May 2006).

The land acquired at a cost of Rs. 28.44 lakh remained idle for the last five years and the possibility of development of the land into a tourist centre appears to be remote in view of the CRZ restrictions. Thus, the expenditure of Rs. 28.44 lakh incurred for the acquisition of land intended for a tourist centre resulted in an idle investment due to lack of foresight and poor planning.

The matter was referred to Government in July 2006; reply had not been received (August 2006).

[Paragraph 4.2.1. contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 Vol. I (Civil)]

[Note furnished by Government on the above audit paragraph is included as Appendix II].

43. Regarding the audit observation relating to the purchase of land at a cost of Rs. 26.7 lakh at Dharmadam Island in Kannur District, the Committee pointed out that the department had made no effort to establish a tourism center even after 5 years of acquisition of land. The Committee enquired whether the land had been utilized. The witness, Secretary, Tourism Department explained that the Island was under the illegal possession of private parties. When a tourism plan for Kannur District was prepared in the year 1999 it was decided to acquire Dharmadam Island. The main intention behind this was to conserve the ecological stability of the land. He also submitted that the department had no intention for constructing permanent buildings there, since the area fell under Coastal Regulation Zone; the main intention was to keep the Island under the possession of the government on the assumption that it wouldn't benefit the visitors if the same was in the hands of the private parties.

44. When the Committee enquired more about the ownership of the land, the witness replied that as per revenue records about 5 acres of land was under the custody of private parties. In the year 1999 the department had decided to acquire the land. While the department had gone ahead with the acquisition process it was found that the private parties didn't have clear ownership of the land. So the revenue authorities were unable to hand over the price of the land.

So the amount was deposited in the Court as per the provision in the Land Acquisition Act. And it was the duty of the concerned people to collect that amount from the Court. But due to certain technical reason they had not collected the amount. He added that it would not prevent the department from taking over the land and the same is in the possession of District Tourism Promotion Council.

Conclusions/Recommendations

45. **No comments.**

AUDIT PARAGRAPH

Idle investment on tourist complexes/Yathri Nivas :

Four tourist complexes/Yathri Nivas constructed between October 2002 and August 2004 at a cost of Rs. 5.11 crore were not put to any use, rendering the investment idle.

As a part of providing facilities to the tourists, the Government decided to construct tourist complexes/Yathri Nivas with the Central assistance. The work was entrusted to the Central Public Works Department (CPWD) between 1995 and 1999. CPWD completed the construction of buildings between October 2002 and August 2004 at a cost of Rs 5.11 crore. The details of funding, expenditure and status of these projects were as follows.

(Rupees in lakh)

<i>Sl. No</i>	<i>Name of project</i>	<i>Total amount released</i>	<i>Total cost of construction</i>	<i>Month of completion</i>	<i>Date of taking over by Tourism Department</i>
1	Tourist complex at Guruvayur	208.55	183.05	October 2002	April 2003
2	Yathri Nivas at Kondotty	89.84	88.06	Sept. 2002	Sept. 2004
3	Yathri Nivas at Thirunelli	107.25	92.08	August 2004	May 2005
4	Tourist Complex at Kalady	148.15	147.35	February 2003	August 2005
	Total	553.79	510.54		

Government decided to lease out these projects to private agencies and accorded sanction (May 2003) for engaging Infrastructure Development Finance Company (IDFC) for preparing lease documents and upset value for leasing out the project at a fee of Rs 13 lakh. Based on the recommendation (October 2003) of the evaluation committee, the Director requested (November 2003) Government to issue orders for transferring the four projects to the successful bidders. Government decided to retender for the leasing out of the projects at Kondotty, Thirunelly and Kalady as the offers received were acceptable and ordered (June 2005) to lease out the tourist complex at Guruvayur to Guruvayur Devaswom Board (Board) for 15 years. Government fixed lease rent at the rate of Rs. 15.92 lakh in September 2005 for Guruvayur complex but the Board refused to execute the agreement on the plea that the rate of Rs. 15.92 lakh fixed was high. Thus none of the four Yathri Nivas / Tourist complex had been leased out as of April 2006.

The building constructed between September 2002 and August 2004 at a cost of Rs. 5.11 crore remained idle for 20 to 43 months. The Tourism department had not shown any urgency in putting the buildings to its intended use even though the delay was causing revenue loss to the Government by way of lease rent receivable. The lack of concern of the department is also evident from the abnormal delay even in taking over three of the completed buildings. Over and above the objective of providing facilities to tourists also was not achieved.

The matter was referred to Government in June 2006; reply had not been received (August 2006).

[Paragraph 4.4.4. contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 (Civil)] Vol. I

[Note furnished by Government on the above audit paragraph is included as Appendix II]

46. While the Committee enquired the latest position of the four Yathri Nivas constructed by the Tourism Department, the witness stated that during the time of audit inspection the construction work was not completed, but the work was completed afterwards and that the buildings were functioning and that they were taken over by K.T.D.C.

47. The Committee asked whether the Yathri Nivas at Guruvayoor was functioning well. The witness informed that it was functioning well.

Conclusions/Recommendations**48. No comments.**

AUDIT PARAGRAPH

Release of funds without ensuring implementation of projects :

Release of second instalment of fund by the Tourism Department to Varkala Municipality for implementing a project without ascertaining utilisation of first instalment resulted in blocking of Rs. 50 lakh for three years.

Government accorded (August 2003) administrative sanction to the Director of Tourism (Director) for a project of providing parking facilities and construction of toilet blocks at Varkala at an estimated cost of Rs.50 lakh. The work was to be executed by the Varkala Municipality (Municipality). The Tourism Department (Department) released the amount in two instalments of Rs. 25 lakh each to the Municipality in October 2003 and March 2004. The Municipality deposited the amount in a Scheduled Bank. As no land was available with the Municipality, they could not commence the work on the project. In June 2006, after a lapse of about two years since the release of funds, the Director requested the Government to cancel the project as the Municipality had not commenced the work. Accordingly, the Government cancelled the project (August 2006) and directed the Municipality to refund the amount to the Department with immediate effect. In January 2007, the Municipality intimated the Department that the amount was spent for administrative purposes of the Municipality. The amount has not been refunded so far (July 2007).

Audit ascertained that apart from releasing the funds, the department had no effective mechanism to monitor the progress of execution of the project at definite intervals of time. The Department's action of releasing the final instalment to the Municipality without ascertaining the utilisation of first instalment was therefore irregular and lacked justification.

Government stated (July 2007) that funds were released to avoid lapse of appropriation of funds and Varkala Municipality was responsible for the idle investment of money as they failed to execute the project in time.

[Paragraph 4.5.1. contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil)]

[Note furnished by Government on the above audit paragraph is included as Appendix II]

49. The Committee found that the Tourism Department had released Rs. 50 lakh to Varkala Municipality for providing parking facility and construction of toilet blocks at Varkala but the work was not commenced and the amount was spent by the Municipality for administrative purposes. The main reason for this was the lapse in providing adequate land for the project. The Committee enquired about the latest position of the case. The witness informed that the case had been reviewed and the District Collector had promised to allot land by the end of September 2008 for implementing the project and that the work would definitely be undertaken.

Conclusion/Recommendation

50. The Committee desires to know the present stage of the project. If the project is not implemented, the Committee want to know whether the fund has been refunded to Government.

Thiruvananthapuram

ARYADAN MUHAMMED

Chairman

Committee on Public Accounts.

APPENDIX I

Summary of main Conclusions/Recommendations*Conclusions/
Recommendations*

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	
(1)	(2)	(3)	(4)
1.	13	Higher Education	As far as the audit objection relating to the construction of the Golden Jubilee Complex is concerned, the Committee note that the excess amount spent for the construction is more than 50% of the estimated cost. All the more serious is the fact that it took 12 more years from the proposed date of completion to finish the whole work. The Committee observes that due to the non-inclusion of penalty clause in the MoU the University could not initiate any action against the contractor for the delay in the completion of the work. The Committee does not approve the contention that there existed labour problems in the site because those hindrances could be overcome had the University authorities approached the matter in a serious manner. The only thing the authorities had done was sending letters to Government Secretary and Police Officials.
2.	14	„	The Committee views the act of the University in reducing the fine amount imposed by the Arbitrator from Rs.1000/- to Rs.100/- as a unilateral and unruly one, for favouring the contractor. The argument that the syndicate has power to waive the order of the Arbitrator is not digestible to the Committee. The University authorities relieved the first contractor citing the Arbitration clause. But in the case of fine imposed, the University acted in a different manner. The Committee sees this as a clear 'double standard' opted by the University authorities for giving undue benefit to the contractor. The Committee strongly feels that the

(1)	(2)	(3)	(4)
3.	15	Higher Education	University Syndicate has shown undue favour towards the contractor thereby causing heavy loss to the University. The Committee recommends to fix responsibility against the erring officials involved in the construction of the Golden Jubilee Complex and also against those who unlawfully bypassed the order of the Arbitrator for reducing the fine amount.
4.	28	”	The Committee sees various problems in the functioning of the State Institute of Encyclopaedic Publications, Kerala, such as inordinate delay in the publication of new volumes of Malayalam encyclopaedia, lapse in convening meetings of the Board of Trustees, delay in the auditing of the accounts etc. It is understood that shortage of staff, especially in the post of editors, is the main problem for delay in the publication of new volumes. Hence the Committee suggests that steps should be accelerated for framing special Rules for the appointment of staff in SIEP which will enable KPSC to speed up the selection procedure for the appointment of staff in the Institute. The Committee is of the opinion that the intended purpose of the establishment of SIEP will be served only when a complete set of Malayalam Encyclopaedia is published and it reaches the hands of the public. The Committee suggests that earnest steps should be taken to ensure that the Board of Trustees hold its meeting regularly even at the absence of the Chairman.
5.	29	”	The Committee also desires to know the present stage of the publication of the remaining volumes of Malayalam Encyclopaedia.
6.	33	”	The Committee recommend that the department should take necessary steps to recover the amount which was paid in excess to the employees of universities towards House Rent Allowance.

(1)	(2)	(3)	(4)
7.	39	Higher Education	<p>The Committee find that the M.G University Syndicate's decision to negotiate with the contractor is with a malafide intention for giving more money to the latter. The Committee notices this act of the Mahatma Gandhi University authorities as highly irregular. The Committee is surprised to see that eventhough the university had an engineering wing, materials worth Rs.4.79 lakh were kept in the custody of the contractor for a period of 6 years. In addition to this the office copies of the bills and the site account of quantity of materials showed huge variations. The Committee recommend to fix responsibility against the guilty officials for the loss incurred and suggests to recover the amount with interest from the defaulted. The Committee opine that every work should be done as per the procedure prescribed.</p>
8.	50	Tourism	<p>The Committee desire to know the present stage of the project. If the project is not implemented, the Committee want to know whether the fund has been refunded to Government.</p>

APPENDIX II

**Report of the Comptroller and Auditor General of India for the Year ended
31st March 2004 (Civil) Action Taken Report**

- I. (a) higher education (b) department
- (b) inefficient management in execution of civil worker
- (c) paragraph No. 4,7,5
- (d) report for the year ended 31st March 2004 (civil)
- II (a) date of receipt 8-9-2005
- (b) date of reply 3.2006

III. Regarding the audit paragraph the Registratr, University of Kerala has intimated the government as follows.

1. The work of construction of Golder Jubilee Complex (Block I, II & III) in the University of Kerala, was awarded to the contractor Sri. P. I. Issac. The work of Block I was started by the contractor on 15-9-1990 and completed in all respects on 16-12-1996 and the building allotted to entre for Kerala Studies, Academic staff College, Hindi Department etc. Due to the labour problems in the area after the completion of Block I, the contractor Sri. P. I. Issac had exercised his option to relieve him of his obligation from taking up the work relating to Block II and III and had withdrawn from the work. In the mean time Sri. D. Hariharaputhran, another contractor of the University had represented to the University that he is willing to execute the work at the same condition and at the rates awarded to the earlier contractor. To avoid further increase in the rate and to avoid dealy, the Syndicate considered the representation and awarded the work to Sri. D. Hariharaputhran at the same rate and conditions as that of Sri. P. I. Issac. The work of Blicck II and III was awarded to the contractor Sri. D. Hariharaputhran vide agreement No. 70/92-93 dtd 25-2-1993 with time of completion as 18 months from the date of handling over the site. The site was handed over on 10-3-1993 but the contractor failed to complete the work within the stipulated period and after several extended periods. But it is a fact that due to labour problems in the area, the work was disrupted on several occasions. The demands made by the Trade Unions regarding the huge coolie charegs, loading and unloading charges, bonus demands and the demand of 'sons of soil' etc retarded the progress of the work.

As per U.O. No. Pl.Gl.4261/97 dated 23-4-2000 the time of completion has been extended upto 31-3-2001 with a direction to recover @Rs. 1000 per day as fine if the work was not completed within 31-3-2001. The rate of enhancement was made by the Hon'ble Arbitrator. During the time of Arbitration the University Engineer defended adequately but the Arbitrator did not take into consideration the statement of facts and passed the award resulting the contract amount to increase. Due to the slow progress of the work and considering the incapacity of the contractor to tackle the labour problem, etc. at last, as per U.O. No. PL.G.4261/97 dtd 9-9-2002 the University relieved the contractor Sri. D. Hariharaputhran from executing the work of Block II and allowed him to continue the work of Block III by executing new agreement. The contractor executed agreement No.130/2002-03 dated 18-1-2003. The work of Block III was completed on 31-6-2004 the building was allotted to the University Engineering College by completing the ground floor and College started functioning in the partially completed building from the year 2000 onwards. The College was continuing to function in the above building. Due to the increase of strength in year after year more facilities were required for the College which were also provided along with the original work which further delayed the completion of the work. However a major part of the building was made available for use of the University during the year 2000 itself. As per U.O.PL.GL.269/96 dtd 1-9-2004 it was ordered that the penalty for the delay in completion of work imposed on the contractor for the work of Golden Jubilee Block II and III be reduced from Rs. 1000 per day and the penalty be realized from the contractor till 18-1-2003 (the date on which new agreement has been executed). So the total penalty recovered was Rs. 65800 only (658 day X 100). The mobilization advance paid to the contractor has been recovered in full. An amount of Rs. 673703 was recovered as interest on mobilization advance. As per U.O.No.Pl.G.269/96 dtd 1-9-2004 the rate of interest was reduced from 12% to 6% and an amount of Rs. 336851 was released to the contractor on 31-3-2005. As per the agreement condition market rates were given to cement and steel. But due to objection raised by the audit party an amount of Rs. 253939 paid as escalation charges for cement and Rs. 70603 paid as escalation charges for steel were also recovered from the final bill of the contractor. The final bill for the Block III and Block II balance work comes to Rs. 11209707.

The work of Golden Jubilee Block II was re arranged at the risk and cost of the contractor Sri. D. Hariharaputhran. The work of Block II was retendered and awarded to the contractor Sri. Bijukrishna and he executed the agreement No.62/2002-03 dtd 10-10-2002. The work of Block II was completed on 28-10-2004.

A penalty for the delay in completion of the work was imposed on the contractor at the rate of Rs. 100 per day from 24-7-2004 onwards. An amount of Rs. 9700 was recovered from the final bill as fine for the delay. The final bill amount for Block II comes to Rs. 7743490.

2. The work of construction of women's Hostel Block III was delayed due to various reasons beyond the control of the University. Labour problems in the locality disputed the works on several occasions. Since the site is located inside the Women's Hostel compound entries of labourers are also restricted due to security problem. This was also a reason for tardy progress. Moreover the incapability of the contractor to solve the problems also delayed the work. There was a delay of 211 days after 1-4-2004. An amount of Rs. 21100 was recovered as fine for the delay. In addition to this an amount of Rs. 2000 was recovered as fine for delay up to 31-12-2003 and part bill and an amount of Rs. 500 was recovered as fine. The work was completed in all respects on 28-10-2004. The final bill amount for this work comes to Rs. 4427398. After the completion of the work steps have been taken by the planning section to obtain the remaining grant from UGC.

3. The work of construction of Golden Jubilee Library building (Ground floor) was delayed due to various reasons beyond the control of the University. The main reasons were the labour problem in the locality and the incapacity of the contractor to tide over the problem. Due to slow progress, the work was terminated and rearranged. Based on the request of the contractor and as decided in the conciliation meeting to avoid legal disputes and further delay the termination order was revoked by the Syndicate and after executing fresh agreement he was permitted to carry out the balance work also. There was a delay of 239 days after 31-12-2003. An amount of Rs. 23900 was recovered as fine for the delay as per U.O.No.Pl.Gl.2689/96 dated 14-2-2005 from cc IV and final bill. In addition to this an amount of Rs. 2000 was recovered as fine for delay upto 31-12-2003 from cc VII and part bill. The work was completed in all respects on 25-8-2004. The final bill amount comes to Rs. 3322711.

4. Construction of Biotechnology building was entrusted with the KSNK based on the M.O.U. dated 3-3-1997. As per the M.O.U. the University shall pay the amount in instalments and effecting all statutory recoveries from the payments. The Deputy Director of Local Fund Audit has informed that all statutory recoveries otherwise exempted are to be effected. But the KSNK has accounted the net amount paid to them only and not calculated the amount of taxes payable by them. Due to this dispute delay had occurred in part payments. KSNK had not taken any initiative to complete the work in time. There was no penalty clause in the M.O.U. So the University could not initiate

any action against them. After constant follow up by the University, M/s.KSNK completed all the work as per the estimate. The electrification work was also arranged through a electrical contractor Sri. R. Rajayyan and completed.

As a follow up action on the audit observation, all the contractors were directed to complete the work within the allotted time and penalties and fines were imposed on the contractors who failed to complete the work within the stipulated time. The unsuccessful contractors were barred from quoting for further works in the University.

IV. The Government has asked for certain clarification on the report of the University of Kerala on certain points. For instance, it is stated that the penalty imposed for delay in the construction was reduced from Rs. 1000 per day to Rs.100 per day. The reason for such a huge reduction has not been specified. The Registrar, University of Kerala has been asked to explain this point.

V. (a) Government agree in principle with the conclusion of the Audit.

**Report on the Audit of the Accounts & Registers of the State Institute of
Encyclopaedic for the year 2003-04 of the Comptroller and
Auditor General**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Draft Paragraph</i>	<i>Action Taken Statement</i>
(1)	(2)	(3)	(4)
1.	4.7.6	<p><i>Inordinate delay in publication of Malayalam Encyclopaedia :</i></p> <p>Out of 20 volumes of Malayalam Encyclopaedia only 12 volumes could be published so far even after three decades of the publication of the first volume suggesting poor governance by the Board/Government</p> <p>State Institute of Encyclopaedic Publications, Kerala (Society) was constituted by Government in November 1976 by converting the erstwhile Malayalam Encyclopaedia Department into a society registered under the Travancore Cochin Literary, Scientific and Charitable Societies Act 1955. The aim of the Institute is to publish Encyclopaedia in Malayalam and similar other publications in Malayalam. The Institute having a staff strength of 63 is financed mostly by grants from Government and an expenditure of Rupees One Crore is being incurred annually by the Institute.</p>	<p>The State Institute of Encyclopaedic publications is an institution established for publishing Encyclopaedias and other similar reference books in the Malayalam language keeping a high standard comparable to that of renowned Encyclopaedias like 'Encyclopaedia Britanica' and 'Americana'.</p> <p>The first effort for preparing an Encyclopaedia in Malayalam at Government level began in the year 1961 when a new department by name 'Malayalam Encyclopaedia Department' was formed under the Higher Education Department. The original scheme was to prepare and publish an encyclopaedia in ten volumes. Subsequently the scope and overall framework of the scheme was widened, incorporating about forty thousand titles in 20 volumes on the mode of Encyclopaedia Department was reconstituted into an autonomous institution by the name 'The State Institute of Encyclopaedia Publications'. By this time two volumes of the</p>

(1)	(2)	(3)	(4)
1.	4.7.6	<p>Mention was made in paragraph 7.3 of the Report of the Comptroller and Auditor General of India for the year 1983-84 (Civil) about certain serious deficiencies in the functioning of the Institute and its unsatisfactory performance in bringing out only seven of the 20 volumes of the Encyclopaedia. The Public Accounts Committee (1984-86) in its 106th Report severely criticised (march 1986) the functioning of the Institute and urged that a time schedule be drawn up to bring out the remaining 13 volumes. A srutiny conducted (October 2003) revealed that there was no improvement in the functioning of the Institute.</p> <p>No time-frame had been drawn up by the Institute for publishing the remaining volumes. Only five more vloumes of Malayalam encyclopaedia were published in a span of 20 years. During this period four out of the 10 volumes of Encyclopaedia of World Literature were also published. A complete set of encyclopaedia in Malayalam language could not be made available even after three</p>	<p>General Encyclopaedia (GE) (Sarvavijnanakosam) were published-the 1st volume in December 1972 and the 2nd in December 1974.</p> <p>After the formation of the autonomous Institution in 1976 different scheme were introduced with a view for enlarging its sphere of activities. The most important one was publication of Subject Encyclopaedias on World Literature, Social Sciences, Physical Sciences, Folklore and Science and Technology. As a first step for the implementation of the said schemes, publication of the "Encyclopaedia World Literature" (EWL) (Viswasahityavijnanakosam) in ten volumes was taken up.</p> <p>The Institute has so far published 14 volumes of the General Encyclopaedia and five volumes of the Encyclopaedia World Literature. As such, six volumes of the General Encyclopaedia and five vloumes of the Encyclopaedia World Literature still remain to be published. The preparation of the 15th Volume of General Encyclopaedia and 6th Volume of the Encyclopaedia of World Literature are at the final stage and is expected to be released shortly.</p> <p>The latter half of the 20th centuray witnessed tremendous revolutions in the fields of information and</p>

(1)	(2)	(3)	(4)
1.	4.7.6	decades of the publication of the first volume by the former Malayalam Encyclopaedia Department.	<p>knowledge, so that it has become imperative to take immediate notice of the growing obsloescence of our earlier volumes. We feel that the first ten volumes, which were published long ago, lag behind the rapidly expanding global horizons of knowledge. Many new disciplines and areas of knowledge have since come into existence. So we have decided to revise and publish, the first ten volumes of the General Encyclopaedia, incorporating and reflecting the new trends in knowledge in this age of information. We have designated this project as the 'Millennium Revision Project'. This project is a great endeavor that could broaden the knowledge base of the contemporary Kerala society.</p> <p>The revised edition of General Encyclopaedia (Sarvavijnanakosam) Vol I has been released on 26-3-2007. The following volumes are expected to be released within the current year.</p> <p>General Encyclopaedia Vol 2 (revised edition)-November 2008</p> <p>Encyclopaedia of World Literature Vol 6-December 2008</p> <p>General Encyclopaedia Vol 6 (revised edition) -February 2009</p> <p>General Encyclopaedia Vol 3 (revised edition) -April 2009</p>

(1)	(2)	(3)	(4)
1.	4.7.6	General Encyclopaedia Vols 7 & 10 (revised edition) -July 2009	General Encyclopaedia Vol 15-August 2009
		The remaining revised volumes will be published during the year 2009 itself.	The Institute has proposed to publish Encyclopaedia of Kerala Vinjjanakosam and Encyclopaedia of Law. The preliminary work of the same has been started. It is expected to release during 2009-2010
		In order to collect the uptodate and complete information in respect of a particular title, it may become necessary to refer various Encyclopaedia and other similar high standard authorities texts published from different countries, to discuss the subject with scholars well worsed in the subject and sometimes to visit certain places of importance connected with history and culture. The articles prepared by the Editors have to be subjected to minute scrutiny and editing at various levels. This causes unforeseen dealay in the publication of volumes.	The Government have decided to entrust the appointments of employees of State Institute of Encyclopaedic Publications with

(1)	(2)	(3)	(4)
1.	4.7.6		<p>Kerala Public Service Commission in the year 1999 as per G.O(P) No. 35/99/CAD dated 18-8-1999. When experienced senior Editors and staff in the Ministerial wing retire from service, the Institute cannot fill up the resultant vacancies due to the non finalisation of Draft Recruitment Rules by Government/ Public Service Commission. This results the shortage of manpower in the Editorial wing and Ministerial wing, thereby delaying the publication of the Encyclopaedia volumes. The Standing Committee meeting of this Institute which held on 31-7-1007 decided to appoint 10 Editorial Assistants on contract basis for 11 months. As per the decision, 8 Editorial Assistants have been fixed to complete the General Encyclopaedic Volumes within 3 years, with the help of writers and experts from outside the Institute. The available volumes are now being put into the (Web Edition) viz, Sarvavinjanakosam.gov.in. Writers will be requested to contribute through the Web. A workshop for writers and Advisory Board members is being held on 24-9-2008 in Trivandrum inorder to update the topic list and assign topics to authors. Periodic review meetings will be held regularly. Our Intention is to complete the volumes first in the Web edition and then in Print edition.</p>

(1)	(2)	(3)	(4)
1.	4.7.6	<p>Though the Board of Trustees of the Institute was to meet once in four months and also approve the programme of work for each year and the annual Budget to be submitted to Government, the Board did not meet regularly; the last meeting of the Board was held in November 2001. The report to be submitted to the Government by the Board within six months after the close of each financial year on the working of the Institute was also not being prepared by the Institute.</p> <p>The Institute supplied copies of the Encyclopaedia to educational institutions, libraries etc. on credit basis. An amount of Rs. 26.28 lakh was awaiting collection from them which included amounts relating to the period from 1977 which indicated that the Institute had not taken adequate steps to realise the amounts due.</p>	<p>As per State Institute Encyclopaedic Publication Rules 12, the Board shall meet at least once in four months. The Chief Minister and Minister of Cultural Affairs are the Chairman and Vice chairman of the Governing Body respectively. We often find it difficult to get a convenient date available to both of them to convene the Goerning Body meeting as per the period prescribed by the Rules. Recently the Governing Body meeting has been held on 10-4-2008. However action is bing taken to convene the Governing Body Meeting within the prescribed period.</p> <p>The sale of Encyclopaedic volumes of Educational Institutions, School Libraries, Govt. Employees etc is an ongoing scheme. Encyclopaedia Volumes 1 to 13 and Encyclopaedia of World Literature Volume 1 and 2 were given to Educational Institutions, School Libraries, Govt. Employees etc on credit basis during the period upto 31-3-2008. Most of the outstanding dues during this period has been cleared by the deucational institutions. But new dues continue to appear as new Schools and new Employees join the scheme.</p>

(1)	(2)	(3)	(4)		
1.	4.7.6		The details of collection statement as on 31-3-2008 as follows.		
			Demand	Collection	Balance
		Schools	77,97,417	64,66,134	13,31,283
		Book Mart	33,52,605	18,77,762	14,74,843
		Credit Sales Scheme to Govt. Employees	1,68,39,182	1,41,84,316	26,54,866
		Sahitya Pravarthaka Co-operative Society	2,07,000	Nil	2,07,000

Action has already been taken to collect the arrears within a stipulated time.

Book Mart has partially cleared the old dues and continues to sell new volumes. The dues is gradually decreasing.

In the case of the Sahitya Pravarthaka Co-operative Society, the Governing Body has proposed a scheme by which 75% of the old dues may be written off, accepting the remaining 25% based on the request of the society. It is part of the renewal scheme of the Co-operative Society. The Governing Body of State Institute of Encyclopaedic Publications in its meeting held on 10-4-2008 has approved it and it is now awaiting Government approval.

(1)	(2)	(3)	(4)
1.	4.7.6	<p>The above facts suggest poor governance of the Institute by Board/ Government. It is recommended that the Government may review urgently the progress of work made by the Institute and take necessary steps to bring out the remaining volumes within a limited time frame.</p> <p>Government stated (September 2004) that a master plan had been chalked out to bring out the remaining volumes within four years.</p>	<p>Out of the proposed 20 volumes of the General Encyclopaedia, the Institute could publish 14 volumes of the same and also, 5 volumes of Encyclopaedia of World Literature. Publication of the 15th General Encyclopaedia and the 6th volume of World Literature, is in the final stage. Apart from this task, the Institute could publish revised edition of Vol 1 of General Encyclopaedia. Publication of revised edition of some more General Encyclopaedia is expected to be done before July 2009.</p> <p>The Kerala Public Service Commission has finalised the Special Rules of the Institute and communicated their decision to Government in August 2008. Action is being taken to get the approval of the Subject Committee.</p>

**Format for furnishing action taken notes on comproller and auditor
General's reports**

- I. (a) Department : (tourism) Department
 (b) Subject/Title of the Review
 Paragraph : Blockage of funds in an ill
 conceived project.
 (c) Paragraph Number : 4.5.3
 (d) Report Number and Year : Report of the C&AG of India for
 the year ended 31-3-2004
- II. (a) Date of receipt of the Draft
 Paragraph Review in the
 Department : 6-9-2005
 (b) Date of Department's
 Reply : 19-9-2005
- III. Gist of Paragraph Review-Failure of the Govt. initially to assess the
 viability of the project Guest House at Mumbai led to abandonment
 of work midway resulting in blocking of funds of Rs. 3.48 crores
- IV. (a) Does the Department agree with the facts and figures included in
 Paragraph? : Yes
 (b) If not, please indicate the areas of disagreement and also attach
 copies of relevant documents in support: N.A.
- V (a) Does the Department agree with the Audit conclusions : No
 (b) If not, please indicate specific areas of disagreement with reasons for
 disagreement and also attach of relevant documents, where necessary.

Taking into account of the paucity of funds, Government has decided
 ton develop the Guest House at Vashi, New Mumbai as a Joint venture concern.
 However, despite earnest efforts a viable JVC project could not be materialised.
 In the circumstances as per G.O.(MS) No. 191/05/GAD dated 15-6-2005, (copy
 enclosed) Government have issued orders for completion of the balance work of
 the Guest House, Vashi at an estimated cost of Rs. 4 crores, utilizing
 Government funds. It has been decided to complete the works within a period of
 Six months.

VI. Remedial Action Taken

1. Improvement in system and procedures including internal control- Nil.
 2. Recovery of overpayment pointed out by Audit : N.A.
 3. Recovery of under assessment, short levy or other dues : N.A.
 4. Modifications in the schemes and programmes including financing pattern : N.A.
 5. Review of similar cases/complete scheme project in the light of findings of sample check by audit : Nil.
-

GOVERNMENT OF KERALA

Abstract

Department of Tourism—Government Guest House at Vashi, New Mumbai—
Completion of Works—Orders issued.

TOURISM (A) DEPARTMENT

G.O.(Ms) No. 191/05/GAD.

Dated, Thiruvananthapuram 15-6-2005.

- Read : 1. G.O.(Ms) No. 59/97/GAD dated 28-2-1997
2. G.O.(Ms) No. 462/98/GAD dated 2-9-1998
3. G.O.(Rt) No. 3598/03/GAD dated 28-5-2003

ORDER

As per the G.O.1st read above, in principle sanction had been accorded for the construction of a Guest House at Vashi, New Mumbai and to accept the offer of the City and Industrial Development Corporation, a Government of Maharashtra undertaking, to lease out an extent of 2000 sq.m. in Sector 30A at Vashi, New Mumbai on payment of lease premium of Rs. 128.80 lakhs. Rs. 9000 towards annual rent, Rs. 1 lakh towards water resource development and Rs. 500 towards documentation charges. It was decided to construct a Guest House comprising of a ground floor and four floors.

Based on the building plans prepared by the Chief Architect, PWD, a rough cost estimate was prepared and Administrative Sanction was accorded for an amount of Rs. 7.27 Crores vide G.O. 2nd read above. Accordingly the structural work of the building was completed. The remaining works of the building came to a stand still due to the financial constraints of the Government. Taking into account the paucity of funds Government decided to develop the area under a Joint Venture Concern (JVC) envisaging participation of private firms and M/s ICICI KINFRA was selected as the consultant for selecting the JVC project has not been materialized. In the circumstances, Government decided to review the matter and examined the scope of other options so as to complete the project at the earliest.

A Cabinet Sub Committee has been constituted accordingly for making suggestions for the utilization of the partly completed Guest House.

The Cabinet Sub Committee examined the whole issue and opined that it is not fair to complete the remaining works of the building under JVC, as major portion of construction works (75%) has already been completed. The Cabinet Sub Committee has suggested to modify the earlier decision of the Government to form a JVC and recommended to complete the remaining works with Government funds, within a short span of time.

The Director, Department of Tourism and the Executive Engineer, Public Works Department have informed that an amount of Rs. 4 Crores is required for completing the residuary works of the aforesaid building.

In the circumstances detailed above, and in view of the recommendation of the Cabinet Sub Committee, Government are pleased to cancel its earlier decision to form a JVC to develop the Guest House at New Mumbai and order that the residuary works of the aforesaid building will be completed with Government funds within six months, at an estimated cost of Rs. 4 Crores.

The Director, Department of Tourism will take urgent follow up action to get the budgetary provision available in the current years budget released for the execution of the residuary works of the aforesaid building. If budgetary provision is not sufficient, required funds shall be obtained through supplementary Demand for Grants.

The Government Order read as 3rd & 4th above will stand cancelled.

By order of the Governor

E. K. BHARATH BHUSHAN,
Principle Secretary.

To,

The Director, Department of Tourism, Thiruvananthapuram.

The Managing Director, City and Industrial Development Corporation of Maharashtra Ltd. CIDCO Bhavan, New Mumbai.

The Chief Engineer, Public Works Department, (Building & Local Works) Thiruvananthapuram.

The Superintending Engineer, Public Works Department, (Building & Local Works) Thiruvananthapuram

The Accountant General (Audit) Kerala, Thiruvananthapuram, (this issues with the concurrences of Finance Department vide U.O No. 38362/Exp A2/05/Fin dated 25-4-2005)

The Public Works Department.

The Finance Department.

The General Administration (SC) Department
(vide item No. 672 dated 9-6-2005)

The General Administration (Political) Department.

The Stock File/Office copy.

**Remedial Measures taken on Audit paras 4.2.1 and 4.4.4 of the C&AG
Report for the year 31st March 2006**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Subject</i>	<i>RMT</i>
(1)	(2)	(3)	(4)
1.	4.2.1	<p><i>Idle investment on a tourism project.</i></p> <p>Acquisition of land falling under Coastal regulation Zone resulted in idle investment of Rs. 28.44 lakh and non-achievement of the project :</p> <p>Government sanctioned (June 1999) acquisition of land measuring 5.58 acres (2.2582 hectares) in Dharmadm island in Kannur District for Development as a tourist centre to make the islan a good tourist attraction in an eco-friendly manner. Special Tahsildar, Land Acquisition (LAO), Thalassery passed award for Rs. 23.66 lakh as compensation in March 2001 for acquiring the land. Expenditure of Rs. 4.78 lakh on survey (Rs. 001 lakh) establishment (Rs. 4.73 lakh) and other charges (Rs. 0.04 lakh) let to total cost of acquisition as Rs. 28.44 lakh.</p>	<p><i>Audit Para No. 4.2.1-Idle investment on Tourism Project.</i></p> <p>The issue is on not any tourism activity in the land acquired at Dharmadom Island. Considering the tourism potential, DTPC have acquired an extend of 5.58 acres. Director Department of Tourism initially directed DTPC to conduct a detailed study for developing this Island in an eco friendly manner. But DTPC did not go for the study, as the Island could not be developed in view of the CRZ regulations and the eclolgical sensitiveness and decided to conserve the area rather than going for disturbing the island. If it can be preserved without any intervention, this will become one of the unique Tourism products of the State. As the land at Dharmadom was with a private party the Director. Department of Tourism with available law could not have intervened to keep the land pristine, without going for an acquisition.</p>

(1)	(2)	(3)	(4)
1.	4.2.1	<p>Tourism Department allotted (August 2000 and March 2001) Rs. 26.7 lakh towards acquisition of land. Of this, Rs. 23.66 lakh awarded as compensation was deposited in Sub Court, Thalassery (August 2001) as the land owners did not produce valid document to prove the absolute right over the acquired land. District Tourism Promotion Council (DTPC) took possession of the land in March 2001.</p>	
		<p>It was notices (October 2005) in Audit that the Department made no efforts to establish a tourist Centre even five years after acquisition of the land. District Collector and Chairman DTPC intimated (October 2005) ..Audit that the acquired land fell under the Coastal Regulation Zone (CRZ) and, therefore, no permanent construction was possible in that area. Tourism Department could have foreseen the CRZ restrictions before acquisition of land in view of the fact that the Government of India had issued the CRZ notification as early as in 1991. Tourism Department</p>	

(1)	(2)	(3)	(4)
1.	4.2.1	<p>directed DTPC to conduct a study by a competent technical expert. Further developments were awaited (May 2006).</p> <p>The land acquired at a cost of Rs. 28.44 lakh remained idle for the last five years and the possibility of development of the land into a tourist centre appears to be remote in view of the CRZ restrictions. Thus, the expenditure of Rs. 44 lakh incurred for the acquisition of land intended for a tourist centre resulted in an idle investment due to lack of foresight and poor planning.</p> <p>The matter was referred to Government in July 2006, reply had not been received (August 2006).</p>	

Sl. Para No. No.		Subject	RMT
(1)	(2)	(3)	(4)

2. 4.4.4 *Idle Investment on Tourist Complexes/Yatri Nivases*

Four tourist Complexes/Yatri Nivas constructed between October 2002 and August 2004 at a cost of Rs. 5.11 crore were not put to any use, rendering the investment idle.

As a part of providing facilities to the tourists, the Government decided to construct tourist complexes. Yatri Nivas with the Central assistance. The work was entrusted to the Central Public Works Department (CPWD) between 1995 and 1999. CPWD completed the construction of buildings between October 2002 and August 2004 at a cost of Rs. 5.11 crore. The details of funding, expenditure and status of these projects were as follows :

Sl. No.	Name of Projects	Total amount released	Total cost of construction	Month of Completion	Date of taking over by Tourism Department
1	Tourist Complex at Guruvayoor	208.55	183.05	October 2002	April 2003
2	Yatri Nivas at Kondotty	89.84	88.06	September 2002	September 2004
3	Yatri Nivas at Thirunelly	107.25	92.08	August 2004	May 2005
4	Tourist Complex at Kalady	148.15	147.35	February 2003	August 2005
Total		553.79	510.54		

Audit Para No. 4.4.4-Idle investment on Tourist Complexes/Yatri Nivases.

Department of Tourism have constructed Yatri Nivas at Kodotty, Thirunelly, Guruvayoor and Kalady. Government have accorded sanction for engaging the service of M/s.IDFC for providing advisory services for leasing out these facilities vide G.O. (Rt.) No.3597/2003, dated 28-5-2003. The lease period was fixed at 30 years. Open tenders were invited for the leasing out of this units. The following agencies were selected for the operation of Units.

1 Yatri Nivas at Kondotty	M/s. Kanichal Hotels Pvt. Ltd.,Tvp.
2 Yatri Nivas at Thirunelly	The Kusumam Hotels Pvt. Ltd., Thrissur
3 Tourist Complex, Guruvayoor	R.R. Holiday Homes Pvt. Ltd., Kovalam
4 Tourism Complex, Kalady	R.R. Holiday Homes Pvt. Ltd., Kovalam

(1)	(2)	(3)	(4)
	<p>Government decided to lease out these projects to private agencies and accorded sanction (May 2003) for engaging Infrastructure Development Finance Company (IDFC) for preparing lease documents and upset value for leasing out the project at a fee of Rs. 13 lakh. Based on the recommendation (October 2003) of the evaluation Committee, the Director requested to the successful bidders. Government decided to re tender for the leasing out of the projects at Kondotty, Thirunelly and Kalady as the officers received were not acceptable and ordered (June 2005) to lease out the tourist complex at Guruvayoor to Guruvayoor Devaswom Board (Board) for 15 years. Government fixed lease rent at the rate of Rs. 15.92 lakh in September 2005 for Guruvayoor complex but the Board refused to execute the agreement on the pleas that the rate of Rs. 15.92 lakh fixed was high. Thus none of the four Yatri Nivas/Tourist Complex had been leased out as of April 2006.</p> <p>The building constructed between September 2002 and August 2004 at a cost of Ts. 5.11 crore remained idle for 20 to 43 months. The tourism Department had not shown any urgency in putting the building to its intended use even</p>		<p>Meanwhile Tourist Complex at Guruvayoor was transferred to Guruvayoor Devaswom (G.O. (Ms) No. 195/05/GAD dated 15-6-2005). The lease rent for the building was fixed as Rs. 15.92 lakhs per year, which was not acceptable to Guruvayoor Devaswom Government vide letter dated 15-6-2005 directed to furnish fresh proposal for leasing out of Yatri Nivas at Kondotty and Thirunelly and Tourist Complex at Kalady. Government also gave direction for furnishing proposal; for fixing lease rent for Tourist Complex at Guruvayoor. Department of Tourism have given work order to M/s. ICICI Kinfra for providing advisory services for leasing out of units, vide their letter dated 11-12-2005. Department of Tourism invited tenders for leasing out, on 28-4-2006 with ICICI KINFRA as consultant. But there was not enough response. There is no lapse on the part of Department of Tourism. Now Government have ordered to hand over the above units to Kerala Tourism Development Corporation and directed them to takeover the units. As there was no lapse from the part of Department of Tourism it is requested to drop this paragraph from the report of C&AG</p>

(1) (2)

(3)

(4)

though the delay was causing revenue loss to the Government by way of lease rent receivable. The lack of concern of the Department is also evident from the abnormal delay even in taking over three of the completed buildings. Over and above the objective of providing facilities to tourist also was not achieved.

The matter was referred to Government in June 2006, reply had not been received (August 2006).

**Action Taken Statement on the Report of the C&AG of India for the Year
ended 31-3-2007**

<i>Para No.</i>	<i>Subject</i>	<i>Action Taken</i>
(1)	(2)	(3)
4.2.1	<p><i>Release of funds without ensuring implementation of Projects.</i></p> <p>Release of second instalment of fund by the Tourism Department to Varkala Municipality for implementing a project without ascertaining utilization of first installment resulted in blocking of Rs. 50 lakh for three years.</p> <p>Government accorded (August 2003) administrative sanction to the Director of Tourism (Director) for a project of providing parking facilities and construction of toilet blocks at Varkala at an estimated cost of Rs. 50 lakh. The work was to be executed by Varkala Municipality (Municipality). The Tourism Department (Department) released the amount in two installments of Rs. 25 lakh each to the Municipality in October 2003 and March 2004. The Municipality deposited the amount in a Scheduled Bank. As no land was available with the Municipality, they could not commence the work on the Project. In June 2006, after a lapse of about two years since the release of funds, the Director, requested the Government to</p>	<p>Government had accorded Administrative sanction for the project vide order No. G.O. (Rt.) No. 5349/03/GAD dated 1-8-2003 to the tune of Rs. 50 lakh in order to construct permanent toilet blocks and urinals and to develop parking facilities. Varkala Municipality was the executing agency. The expenditure was to be met from the head of account "3452-01-102-93 schemes to be implemented through line Department (Plan)".</p> <p>Since it was a deposit work Department of Tourism released the first installment of Rs. 25 lakh in October 2003. Before releasing the 2nd installment of Rs.25 lakhs in March 2004 discussions were carried out between Municipal Chairman and Department of Tourism and the Municipal authorities told that procurement of land was in good progress.</p> <p>Even after a long time the Municipality could not possess land for the project. Since Department of Tourism could not indefinitely hold the project recommended to cancel the project.</p>

(1)	(2)	(3)
4.2.1	<p>cancel the project as the Municipality had not commenced the work. Accordingly, the Government cancelled the project (August 2006) and directed the Municipality to refund the amount to the Department with immediate effect. In January 2007, the Municipality intimated the Department that the amount was spent for administrative purposes of the Municipality. The amount has not been refunded so far (July 2007).</p> <p>Audit ascertained that apart from releasing the funds, the Department had no effective mechanism to monitor the progress of execution of the projects at definite intervals of time. The Department's action of releasing the final installment to the Municipality without ascertaining the utilization of first installment was therefore irregular and lacked justification.</p> <p>Government stated (July 2007) that funds were released to avoid lapse of appropriation of funds and Varkala Municipality was responsible for the idle investment of money as they failed to execute the project in time.</p>	<p>As per G.O.(Rt) No.6126/06/TSM dated 1-3-2006 the project was cancelled and Department of Tourism asked municipality to repay the amount deposited for the project. Since then Department of Tourism has been repeatedly asking them repay the amount but Municipal authorities have not yet remitted it.</p> <p>Later as per G.O.(Rt) No. 7036/07/TSM dated 23-6-2007 the cancellation has been revoked as the major impediment in the implementation of the project viz procurement of land has been overcome. The mechanism for the effective monitoring of the projects by Department of Tourism has been the periodic review meetings held by it which has been very successful with almost all executing agencies with exceptions caused by contingent factors. Since the Municipality was the executing agency of this project they are responsible for the delay in the land procurement and causing the fund to get blocked for a long period. Department of Tourism deposited the fund only with the good intention of getting the project implemented at the earliest to help the development of the destination.</p>

(1)	(2)	(3)
4.5.2	<p data-bbox="797 352 1167 411">Unproductive expenditure on land</p> <p data-bbox="797 432 1167 683">Lapse on the part of the Tourism Department and Industries Department in acquiring suitable land for implementation of the intended projects resulted in abandonment of the projects and idling of land acquired at the cost of Rs. 9.61 crore.</p> <p data-bbox="797 703 1167 1214">Government sanctioned (1966 and 1999) two projects to be implemented by the Industries Department and Tourism Department. The projects were, however, not implemented as the land acquired by the Departments for the projects were found to be suitable. The Departments abandoned the projects and the expenditure of Rs. 9.61 crore on the acquisition of land remaining blocked for the last five to six years. The details of the projects are furnished below.</p> <p data-bbox="797 1235 1167 1422">Government sanctioned (August 1999) a project, viz., setting up of an Amusement park at Veli, Thiruvananthapuram through private participation on a Build-Own-Operate-Maintain (BOOM)</p>	<p data-bbox="1189 209 1568 363">The Department of Tourism have given stridct direction to Varkala Municipality to carry out the project in war foot manner and report.</p> <p data-bbox="1189 384 1568 991">As stated in the Audit report, Department of Tourism bas acquired 93143 Hectors of Land for setting up of an Amusement Park at Veli through Private Participation (Build-Own-Operate-Maintain (BOOM) basis. On the basis of competative bidding Department of Tourism has selected M/s. S.F.C. Group, Abdudabi for the above purpose. Even aftrer the lapse of several years, the agency has not initiated the Project. Under this circumstances, it has been decided to transfer this land to the Tourist Resort (Kerala) Ltd. for preparing fresh proposals for Tourism purpose.</p> <p data-bbox="1189 1011 1568 1326">Accordingly Tourist Resort (Kerala) Ltd. have invited Expression of Interest (EOI) from the consultants for preparing Project profile suitable for the location and to assist the company for finalizing the best method of implementation of Private Public Participation (PPP) mode.</p> <p data-bbox="1189 1347 1568 1406">They have received 22 numbers of applications from consultants.</p>

(1)	(2)	(3)
4.2.1	<p>basis. Revenue Department acquired 9.3143 hectares (ha) of land for the Project between June 1999 and June 2001 at a cost of Rs. 8.39 crore and handed it over to the Tourism Department. Out of this 7.4370 ha. of land was offered for setting up of the Amusement Park on a 30 year lease. On the basis of competitive bidding M/s. S.F.C. Group, Abu Dhabi Firm which quoted the highest annual lease rent of 8.05 per cent of the land value (Rs. 35.25 lakh) was selection in December 1999 to implement the Project. As per the bid conditins, the Firm was to commission the park within 18 months from the date of communication of bid acceptance.</p> <p>Audit scrutiny (May 2005) of the records of the Directorate of Tourism revealed that after selection, the firm demanded several concessions, which were not originally included in the bid conditions on the ground that a protion of land offered for the part fell under Coastal Regulation Zone (CRZ) and no development activity was possible in that area. Government conceded (October 2002) the demands of the firm which included exemption from payment of lease rent for the land falling under CRZ, for reducing land value for</p>	<p>Out of these 4 consultants were short-listed and the final scrutiny of the consultants are going on.</p> <p>It may be noted that the amount in question spent so far can be put to use when a new scheme is materialized at Veli. The delay occurred at present is not at all intentional.</p>

(1)	(2)	(3)
4.2.1	<p>calculation of lease rent, exemptions from stamp duty and registration charges, exemption from lease rent for the first six years etc. In spite of such post bid concessions, the Firm had not signed the agreement (April 2007) pending acquisition of 0.1748 ha. of land additionally demanded (January 2003) by the Firm. Government decided (June 2007) to withdraw the offer made to the firm as despite the incentives given, the firm did not sign the agreement or initiate action for kick starting the project. It was also decided to transfer the land to the Tourism Resorts (Kerala) Limited for preparing fresh proposals for tourism purposes.</p>	
	<p>Thus the land acquired at a cost of Rs. 8.39 crore could not be put to any use for the last six years and the intention of Government to set up an amusement park of international standards was not achieved.</p>	

കേരള സർക്കാർ
ഉന്നത വിദ്യാഭ്യാസ (ബി) വകുപ്പ്

നം. 27857/ബി3/08/ഉ.വി.വ.

തീയതി, തിരുവനന്തപുരം, 28-10-2008.

പ്രിൻസിപ്പൽ സെക്രട്ടറി.

സെക്രട്ടറി
കേരള നിയമസഭ
തിരുവനന്തപുരം.

സർ,

വിഷയം : ഉന്നത വിദ്യാഭ്യാസം-സർവ്വകലാശാലകൾ-പബ്ലിക് അക്കൗണ്ട്സ് കമ്മിറ്റി (2005-08)-3-9-2008-ലെ യോഗം-സമിതി ആവശ്യപ്പെട്ട അധിക വിവരങ്ങൾ ലഭ്യമാക്കുന്നതു സംബന്ധിച്ച്

സൂചന :- 22-9-2008-ലെ ഇതേ നമ്പർ സർക്കാർ കത്ത്.

2. താങ്കളുടെ 10-10-2008-ലെ 16793/പി. എ.സി.എ4/08/ലെജി. നമ്പർ കത്ത്.

സൂചനയിലേക്ക് ശ്രദ്ധ ക്ഷണിക്കുന്നു. സൂചന 1-ലെ കത്തുപ്രകാരം പബ്ലിക് അക്കൗണ്ട്സ് കമ്മിറ്റി മുമ്പാകെ സമർപ്പിക്കുന്നതിന് 31-3-2004-ലെ സി&എ.ജി.യുടെ സിവിൽ റിപ്പോർട്ടിലെ ആഡിറ്റ് ഖണ്ഡിക 4.7.5 സംബന്ധിച്ച് വിശദമായ ഒരു റിപ്പോർട്ട് സമർപ്പിച്ചിരുന്നുവെങ്കിലും ആയതിൽ സമിതി ആവശ്യപ്പെട്ടിരുന്ന രേഖകൾ സമർപ്പിച്ചിട്ടില്ലാത്തതിനാൽ ന്യൂനതകൾ പരിഹരിച്ച് റിപ്പോർട്ട് ലഭ്യമാക്കുവാൻ സൂചന 2-ലെ താങ്കളുടെ കത്തിൽ ആവശ്യപ്പെട്ടിരുന്നു. ആയതുപ്രകാരം കാര്യവട്ടം കാമ്പസ്സിലെ നിർമ്മാണ പ്രവർത്തനങ്ങളുമായി ബന്ധപ്പെട്ട് തൊഴിൽപ്രശ്നം ഉണ്ടായിരുന്നു എന്നതിനുള്ള രേഖകൾ സഹിതമുള്ള റിപ്പോർട്ട് സമിതിക്കു സമർപ്പിക്കുന്നതിലേക്കായി ഇതോടൊപ്പം അയയ്ക്കുന്നു.

വിശ്വസ്തതയോടെ

കെ. എ. ആന്റണി
ജോയിന്റ് സെക്രട്ടറി
പ്രിൻസിപ്പൽ സെക്രട്ടറിക്കുവേണ്ടി.

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
FOR THE YEAR ENDED 31ST MARCH 2004 (CIVIL) ACTION
TAKEN REPORT—FURTHER DETAILS

- I. (a) Higher Education (B) Department
(b) Inefficient management in execution of Civil Worker.
(c) Paragraph No. 4.7.5
(d) Report for the year ended 31st March 2004 (Civil)
- II. Regarding the audit paragraph the Registrar, University of Kerala has intimated the Government as follows :

The estimate for the work of construction of Golden Jubilee Complex was sanctioned as per U.O.No.P1.A3.3787/85 dated 6-6-1999 for a sum of Rs. 1,14,53,442 and the work was awarded to the contractor Shri P.I. Issac at an agreed rate of 77% above estimate rate and the agreed PAC of the work was Rs. 2,02,72,592 with a time of completion of 24 months [from 11-7-1990) (TOC) upto 10-7-1992]. At the time of preparation of estimate 1986 schedule of rates was applicable.

In the agreement there was a special condition which allows the contractor to claim price escalation on steel and cement. In addition to that there was an arbitration clause. In 1990 and 1992 the Kerala PWD has revised the schedule of rates and because of that and other reasons the price of building materials were increased and the contractor got 24% increase as arbitration award in addition to the price escalation on steel and cement.

The work of Golder Jubilee Complex was a special type of work for which fund was allotted by the UGC apart from the usual head for construction work. As such, special condition for the construction of the Golder Jubilee building was also framed.

- (a) An additional amount of Rs. 19.45 lakhs was given to the contractor by way of
- (i) price escalation of cement and steel as per clause V of special conditions for the construction of Golder Jubilee Complex and
- (ii) arbitration clause.

Price escalation details are as follows :

Payment on 27-7-1992 Rs. 1,45,050

Payment on 19-301993 Rs. 1,74,600 6,70,728

Payment on 6-7-1995 Rs. 3,51,078

The balance amount of Rs. 12,74,272 was paid following arbitration. Settlement through arbitration was preferred by the University to avoid litigation and to facilitate uninterrupted work for a speedy completion of the project. Entering into litigation would have prompted funding agencies to withdraw assistance and demand a remit back.

The construction of Golden Jubilee Complex was a typical work and the engineering unit was less experienced in designing such work. So the architectural design and structural design were entrusted to the consultants, M/s. Triveni Engineering consultants. The preliminary estimate for the work was prepared by the CPWD. There was a delay in receiving the full drawings of the building. There was labour problem in Kariavattom area. The Trade Unions demanded huge coolie for loading and unloading, daily wages, bonus demand and more over raised the demand of son of the soil. These are evident from the letter send by the Registrar to the Commissioner & Secretary, Home Department, Government of Kerala. While executing the work, labour problem was faced by the contractor from the initial stage itself and has been reported to the University. This matter was brought to the notice of the Stateion House Officer, Kazhakootam Police Station, Circle Inspector of Police, Superintendent of Police and Director General of Police etc, accordignly. The University also has taken all possible measures to mitigate the problem. There was a change in the design of the building because of that quantity of certain items of work were exceeded by 125% of the agreed quantity. All these facts were resulted in granting arbitration award of 25% excess in favour of the contractor.

The work of Golden Jubilee hall was completed on 16-12-1996 and an amount of Rs. 19.45 lakh was paid in excess of agreed PAC to the contractor P.I. Issac on account of arbitration award ande price escalation.

- (b) The legal advisor of the University opined that the contractor has the right to opt to relieve from the contractual obligation as the work was postponed for of period of more than 15 months. On the basis of of the legal opinion the Standing Committee of the Syndicate on Planning and Development at its meeting held on 6-8-1992 recommended that Sri P. I. Issac may be relieved of his contractual obligation from taking up the work of Goldern Jubilee Complex, block II and III. Hence the work was terminated without risk and cost of the contractor Shri P. I. Issac.

The construction of Golden Jubilee block II and III was entrusted to the contractor Shri. D. Hariharaputhran at the same rates and condition as that of Shri P. I. Issac. To avoid delay and rate increase the

Syndicate agreed to entrust the work of Block II and III to the contractor Shri D. Hariharputhran. The problems cited above were continued during the period of the second contractor also. The contractor again filed an arbitration case and the arbitrator awarded 90% above for the work done after claiming the CC Vth part. In addition to that there was some data revision and rate revision because of the less experience of the Engineering Unit in executing such a project. In addition to that certain Academic staff college in Block II and III. All these things resulted in excess payment of Rs. 60.99 lakhs since the conditions applicable to Shri P.I. Issac was applicable to Shri D. Hariharaputhran also. So the contractor could claim arbitration amount and relieved of without risk and cost.

In the construction of Academic staff college, the first contractor was relieved by exercising the options available in the agreement and another contractor was awarded the work. The second contractor accepted the work at the same rate and conditions and hence the University did not have to incur any additional financial commitment because of the relieving of the first contractor. The estimated cost of the work was Rs. 2,02,72,592 where the UGC share was Rs. 20,00,000 and rest of the funding was done by the State and University. The University did not receive funds from UGC in time and could not arrange its own sources as well. Consequent to this delay occurred, the University was on a weaker side to claim risk and cost from the contractor. Because of this no further action to levy risk and cost from the first contractor was initiated.

- (c) The work was fully completed on 28-10-2004 with an expenditure of Rs. 3,45,44,445 which includes consultancy charges, soil testing charges, structural consultancy charges, estimate preparation charges etc.

The fine @Rs. 1000 per day of delay was not prevailing in any Department in Kerala. Regarding the reduction in penalty, it is submitted that an amount of Rs. 1000 was imposed more as a deterrent to expedite work. Even though the arbitrator has decided to levy @Rs. 1000 per day the contractor submitted a request before the Syndicate to waive the penalty recovered from his bill totally. As per clause 14 of Notes attached to Form of Tender, Rs. 100 can be levied as liquidated damages. The Syndicate committee being the authority, did not accept the supplication of the contractor but took decision to reduce the amount to Rs. 100 per day.

The above explanation may be accepted in full and further proceedings may be dropped.
