

CHAPTER III AUDIT OF TRANSACTIONS

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Functioning of Drugs Control Department

3.1.1 Introduction

The Government of India enacted the Drugs and Cosmetics Act, 1940 (Act) and framed the Drugs and Cosmetics Rules, 1945 (Rules) to regulate the import, manufacture, distribution and sale of drugs and cosmetics in the country. The Drugs Control Department was made responsible for enforcement of the aforesaid Act and Rules through (a) licencing and inspections of manufacturing units, blood banks and sales premises (b) drawal and testing of drugs samples, and (c) initiating prosecution against offenders. Under the jurisdiction of the Department, there were 1,456 manufacturing and 16,500 selling units under different categories⁵⁴ (March 2011).

3.1.2 Organisational set up

The Drugs Control Department is headed by the Drugs Controller (DC), assisted by three Deputy Drugs Controllers (DDCs), seven Assistant Drugs Controllers (ADCs), three Senior Drugs Inspectors (SDIs)/three Regional Drugs Inspectors (RDIs), one Chief Drugs Inspector and 50 Drugs Inspectors (DIs). The Drugs Testing Laboratory (DTL) located at Thiruvananthapuram functions under Chief Government Analyst (CGA). Budget provision of ₹ 37.26 crore (Plan: ₹ 7.43 crore and Non-plan: ₹ 29.83 crore) was provided during 2008-09 to 2011-12. The department also collected ₹ 3.83 crore by way of licence fee, penalties imposed etc., during this period.

3.1.3 Earlier Audit

Mention was made in Paragraph 3.2 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 2003 about the shortcomings in the working of the department. The Committee on Public Accounts (PAC) had recommended in its Report presented in Eighty Eighth Report (June 2009) the following:-

- The application for renewal of licences needs to be submitted six months before the due date of expiry of the licences and the department should take necessary steps to amend the respective rule to that effect.
- A joint inspection of blood bank by Central and State agencies should be coordinated by the DC so as to ensure smooth functioning of blood banks.

⁵⁴ Allopathy, Ayurveda, Blood bank, Cosmetics, Homoeopathy, Poison, Sidha and Unani.

Government submitted the Action Taken Report to PAC in October 2012.

3.1.4 Scope and Audit Coverage

A Thematic audit on the functioning of the Drugs Control Department in the implementation of relevant Act and Rules in Kerala for the period from 2008-09 to 2011-12 was conducted during December 2011 to January 2012.

Audit test checked the records in the Office of the Drugs Controller (DC), Drugs Testing Laboratory (DTL), Deputy Drugs Controller (Ayurveda, Sidha and Unani), Thiruvananthapuram, three ADC (Regional) Offices⁵⁵ and three⁵⁶ Drug Inspectors' Offices and observed the following.

3.1.5 Licensing

According to Section 18(c) of the Act, no person shall himself or by any other person on his behalf manufacture for sale or for distribution or sell or stock or exhibit or offer for sale or distribute any drug or cosmetic except under, and in accordance with the conditions of, a licence issued for such purpose under Chapter IV of the Act. As per Rule 63 of Drugs & Cosmetics Rules, 1945 an original license or a renewed licence to sell drugs, unless sooner suspended or cancelled, shall be valid for a period of five years on and from the date on which it is granted or renewed. The license shall be deemed to have expired if application for its renewal is not submitted within six months after its expiry.

3.1.5.1 Renewal of licences of selling unit

There were 2,354 (retail-1,327 and wholesale-1,027) selling units in Ernakulam region as of April 2012. It was noticed that four sales premises under ADC, Ernakulam operated without valid licence for periods ranging between eight and 34 months in contravention to the provisions of the Act as detailed in **Table 3.1**:

Table 3.1: Details of selling units not applied for renewal of licences within the period prescribed

Sl. No.	Name of firm & Original Drug Licence Number	Valid up to	Date of Application	Fee Collected (in ₹)	Date of Inspection	New Drug Licence No.
1	Bharath Medicals 7-365/20/05 7-366/21/05 dated 21 July 2005	20 July 2010	05 August 2011	19000 Ch. No. 272 dated 28 July 2011	06 August 2011	7-379/20/11 7-380/20/11 dated 08 August 2011
2	Bolgatty Medicals 7-94/20/04 7-95/21/04 dated 21 February 2004	20 February 2009	20 October 2009	12000 Ch.No.228 dated 20 October 2009	27 October 2009	7-469/20/09 7-470/21/09 dated 28 October 2009
3	Sreekrishna Medical Stores 260/20/94/CZ 261/21/94/CZ dated 24 March 1994	31 December 1995	29 October 2009	12000 Ch.No.144 dated 29 October 2009	12 November 2009	7-499/20/09 7-500/21/09 dated 18 November 2009
4	Medlace Disposables 7-357/20B/02 7-358/21B/02 dated 04 September 2002	03 September 2007	24 February 2009	12000 Ch.No.796 dated 02 February 2009	27 February 2009	7-68/20B/09 7-69/21B/09 dated 28 February 2009

Source: Details collected from departmental records

⁵⁵ Ernakulam, Kozhikode and Kannur.

⁵⁶ DI (Ayurveda, Sidha and Unani), Ernakulam, Kozhikode and DI, Kasaragod.

Four selling units in Ernakulam operated without valid licence for eight to 34 months

DC attributed (June 2012) the non-renewal of licences in the four cases to the absence of fool proof surveillance mechanism in the department to watch the status of every licensee and timely renewal of licences.

3.1.5.2 *Renewal of licence of manufacturing units*

As per provisions of the Rule, the manufacturers should comply with the requirements of Good Manufacturing Practices laid down in Schedule ‘M’ for obtaining manufacturing licences.

**Kerala State
Drugs and
Pharmaceuticals
Limited was
functioning
without renewal of
licence**

Audit noticed that, a State Government company viz., Kerala State Drugs and Pharmaceuticals Limited (KSDP) Alappuzha was functioning without renewing its license from January 2007. Inspection conducted (August 2007) by DC revealed that KSDP was not observing the parameters in respect of building premises, water system, production and processing control, quality assurance, etc. DC, however, did not suspend the licence of the firm in consideration of the firm’s plea (February 2008) that the entire plant was under the process of remodelling after possible grant of ₹ 17 crore from the Government.

KSDP is a major supplier of various drugs to the Government hospitals in the State. As per details furnished (November 2012) by the Kerala Medical Services Corporation Limited⁵⁷ (KMSCL) out of 1.03 lakh quantity of medicines purchased during 2008-09 to 2011-12 from KSDP, 0.23 lakh quantity of medicines (Cost: ₹ 6.88 lakh) were of ‘Not of Standard Quality’.

3.1.5.3 *Blood Bank Licences*

As per Rule 122 H of Rules, the validity of a licence for operation of a Blood Bank was for a period of five years. As per Rule 122 (F) (4), (5) and (6) of Part XB of Rules, Blood Bank Licences are renewed after the State Licensing Authority and the Central Licence Approving Authority (CLAA) satisfy themselves through inspections that the requirements laid down in the rules are fulfilled. The Rule provides for continuation of operation under the existing licence till orders on renewal application are communicated to the applicant, if the applicant applies for renewal of license after its expiry but within six months of such expiry or before the expiry of licence.

There were 162 blood banks in the State. Test Check of records relating to 39 blood banks in Kozhikode region revealed the following:

**Eighteen blood
banks out of 39
test checked
were
functioning
without renewal
of licences**

The licences of 18 blood banks were not renewed as of February, 2012. The delay in renewal of licences as of February, 2012 ranged between two and 60 months. Audit noticed that delays in renewal of licenses were due to (i) non-conducting of combined inspections (four cases) and (ii) non-issue of renewal certificates, though combined inspections were conducted (14 cases).

The DC stated that non-receipt of reports of combined inspections in two cases⁵⁸, non-return of certificates in four cases⁵⁹ by the CLAA, non-conducting of combined inspection in Malabar Cancer Centre, Kodyeri,

⁵⁷KMSCL is the Central procurement agency for all essential drugs and equipments for the Government hospitals in the State.

⁵⁸Edappal Hospital Private Ltd, Edappal and Alshifa Hospital, Perinthalmanna.

⁵⁹PVS Hospital, Kozhikode, Nirmala Hospital, Kozhikode, KSCHC & CAMS Ltd. Pariyaram and National Hospital, Kozhikode.

**Licence of six
Blood Banks in
the Government
Hospitals were
not renewed due
to deficiencies in
basic facilities**

Kannur and non-forwarding of application to Central Licence Approving Authority (CLAA) in respect of Fathima Hospital, Kozhikode were the reasons for non-renewal of licenses to blood banks. In three⁶⁰ cases, the DC did not furnish any specific reason.

Out of the 12 Blood banks of Government hospitals in the region, licenses of six⁶¹ Government hospitals whose licences were due for renewal between December 2007 and December 2008, were not renewed due to the deficiencies in basic facilities (**Appendix 3.1**). Show-cause Notices were issued in all cases except Medical College, Kozhikode. The institutions did neither rectify the defects nor reported compliance as of September 2012.

Government, stated (June 2012) that, stringent action like cancellation or suspension of licences of Government hospitals could not be taken as these institutions cater to the needs of poor public in the State. Audit holds the view that lack of quality systems in these blood banks would compromise the quality of blood and associated risk in blood transfusion and that the Government should have taken steps to see that the hospitals remedied the deficiencies fully and expeditiously.

3.1.5.4 Sales of Ayurvedic drugs

There are more than 25,000 retail outlets selling more than 5,000 varieties of Ayurvedic drugs in the State. In the absence of specific provisions in the Rules for licensing and inspection of sales premises and collection of samples for analysis of Ayurvedic drugs, the Government directed (December 2011) the Department to examine the scope of framing State Rules for regulation of sale of Ayurvedic/Unani/Sidha drugs. However, action in this regard was still pending even though the department was aware of the sale of substandard ayurvedic drugs in the market.

3.1.5.5 Manufacturing Units – Ayurveda

The quality of drugs is a critical issue which cannot be compromised. The basic objective of carrying out inspection was to ensure that the units were functioning in accordance with the norms specified in Acts/Rules. Inspection by the Drugs Control Department in manufacturing units has been envisaged as a control mechanism to address the risk of poor quality of drugs being manufactured.

Rule 162(i) of Rules requires an Inspector to inspect not less than twice a year, all premises licensed for manufacture of Ayurvedic drugs including Sidha or Unani drugs within the area allotted to him.

There is one Deputy Drugs Controller (ASU) at Thiruvananthapuram and three Drugs Inspectors at Kollam, Ernakulam and Kozhikode. A test check of records of the offices of Deputy Drugs Controller (ASU) and two Drugs Inspectors (Ernakulam and Kozhikode) revealed that there was 67 per cent shortfall in inspections conducted as shown in **Table 3.2**:

⁶⁰Kannur Medical College Super Speciality Hospital, Kannur, Cannanore Co-operative Hospital, Talap, Kannur and Sara Memorial Blood Hospital, Kannur.

⁶¹Medical College Hospital, Kozhikode, Government Hospital, Beach, Kozhikode, General Hospital, Thalasseri, District Hospital, Mananthavady, Wayanad, Taluk Headquarters Hospital, Sulthan Batheri, Wayanad and Taluk Headquarters Hospital, Kasargode.

Table 3.2: Details of inspections conducted

Designated Inspector	No. of districts under his jurisdiction	Total No. of Manufacturing Units	Total No. of Inspections to be conducted (minimum two per year)	Inspections actually conducted	Shortfall & Percentage of shortfall in Inspection with reference to Statutory requirement
DI (Ayu) Kollam	3	200	400	149	251 (63)
DI (Ayu) Ernakulam	5	469	938	238	700 (75)
DI (Ayu) Kozhikode	5	303	606	262	344 (57)
Total	13	972	1944	649	1295 (67)

Source: Data furnished by the department

Shortfall in inspection of Ayurvedic drug manufacture units ranged from 57 to 75 per cent

As there were only three DIs (Ayu) who were entrusted with the Inspection of 1,087 Ayurveda manufacturing units operated in the State, the government sanctioned (March 2006) one post of Drug Inspector under a Centrally Sponsored Scheme and was posted in February 2007 with Thiruvananthapuram District as his jurisdiction. But the post of DI was in operation only up to September 2008. There were 115 manufacturing units in the Thiruvananthapuram District as of December, 2011. As no DI was entrusted with inspection duty, these units were not inspected from September 2008. Though DDC (ASU) requested (October 2008 and May 2010) the DC to give the jurisdiction of Thiruvananthapuram District to the DI, Kollam, no action was taken (December 2011) by DC.

DDC (ASU) while admitting (June 2012) that deficiency in inspections could lead to compromise in the quality of drugs, attributed the non-achievement of target to shortage of Enforcement Officers in Ayurveda Drugs Control Wing.

3.1.6 Banning of prohibited drugs

As per Section 26-A of the Act, the Central Government may, by notification in the official Gazette regulate, restrict or prohibit the manufacture, sale or distribution of drugs that is likely to involve any risk to human being or any drug that does not have therapeutic value.

No prescribed procedure was evolved to ensure immediate and complete withdrawal of banned drugs from the market

There were instances of availability of some of the banned drugs in the market. Audit noticed that though GOI banned drugs with fixed dose of combination of vitamins and analgesic in July 1983, the department detected the availability of the drug Septidase-D containing the above combination in the market in September 2011. The DC issued orders banning the drug in October 2011. The drug Gatifloxacin formulations was banned as per GOI Gazette notification No. GSR No. 218 (E) dated 16 March 2011. However, the Drug Inspector, Ranni (Pathanamthitta District) detected the availability of the above drug formulation in the shops in that area in May 2011.

The above instances show that the action taken by the department was not effective. Audit noticed that the DC had failed to enforce the ban and to ensure immediate and complete withdrawal of the banned drug from the market. There was no mechanism at the DC/ADC Offices to ensure return of the balance stock of the banned drug by the retailer to manufacturer. The DC did not even monitor the progress of action taken by the ADCs/DIs effectively by obtaining report of compliance of ban.

The Government replied (June 2012) that the department was in the process of preparing a standard operating procedure for uniformity in action.

3.1.7 Testing of Samples

3.1.7.1 Partial analysis of drug samples

The samples of drugs and cosmetics drawn by the DIs (Section 22 of Act) were required to be analysed at the Drug Testing Laboratory, Thiruvananthapuram, the only Government laboratory in the State, to ascertain the quality of drugs and cosmetics. Rule 46 of the Rules stipulate that the Government Analyst shall forward the report of analysis to the DI in triplicate together with full protocol of the test or analysis applied.

Audit noticed that certain drugs, including commonly used drugs⁶², received in the laboratory were partially analysed and reported as 'Standard' and in other cases, returned untested for want of testing equipments⁶³/chemicals/reference standards. It was noticed that during 2008-09 to 2010-11, 84 drug samples (as per details given in **Appendix 3.2**) were returned untested. Also, as reported (August 2011) by the ADC (IB), in 36 out of 97 test results, the Government Analyst declared the samples as standard with the remarks that 'in expressing the opinion of declaring the drug as standard quality, only the tests and analysis as performed and given in the laboratory protocol have been taken into consideration'. This indicated that all the tests/analyses to be conducted as per the respective pharmacopoeia were not done in those cases.

Reporting the drugs as 'Standard' without conducting all tests/analysis as per the pharmacopoeia, involves the risk of enhanced consumption of NSQ drugs by the general public.

3.1.7.2 Testing of Ayurveda, Sidha and Unani (ASU) drugs

Drug Testing Laboratory, Thiruvananthapuram is functioning with one section exclusively for testing ASU drugs. Scrutiny revealed that Atomic Absorption Spectrophotometer (to detect type of metal present in Ayurveda and Unani drugs), Gas Chromatograph (for detection of exact type of alcohol), Polarised Digital Microscope (for comparison macroscopy of the plant crude drug), reference medium with authentic specimens and herbarium, etc., required for getting reliable and accurate results, were not available in the ASU section of the Laboratory.

CGA replied (December 2011) that tender formalities for purchase of new Atomic Absorption Spectrophotometer and the software for the Gas Chromatograph were in progress.

3.1.7.3 Renovation of Drugs Testing Laboratory (DTL)

Government of India, under the World Bank Aided programme of Capacity Building Project on Food and Drugs safety, approved (May 2007) the proposal for renovation of DTL and released ₹ 0.93 crore to Kerala State Aids Control Society (KSACS), out of which ₹ 25 lakh was earmarked for establishment of Microbiology Laboratory. The works were to be completed within a period of 18 months. The work of renovation of the DTL was entrusted (June 2007) to Kerala Health Research and Welfare Society (KHRWS) at an estimated cost

⁶² Paracetamol, Ampicillin, Amoxicillin, etc.

⁶³ HPTLC Columns, Vacuum Oven, Gas Chromatograph, Turbidimeter, etc.

of ₹ 63 lakh. However, KSACS released the entire amount of ₹ 93 lakh to KHRWS. Audit noticed that KHRWS completed the renovation work at a cost of ₹ 62.47 lakh in July 2010 only, i.e., after three years of entrustment of work. KHRWS intimated (January 2011) the Chief Government Analyst that though a consultant was appointed by the department, neither the consultant nor the officials of the department initiated steps for setting up of the laboratory and hence KHRWS was unable to continue the project. CGA stated (October 2012) that the work has been entrusted (August 2012) to M/s HLL Life Care Limited, a Government of India undertaking.

3.1.8 Prosecution cases

Scrutiny of records/details made available to Audit revealed that out of 206 cases filed by the department in the court as of 31 March 2011, 53 cases were disposed of by the Court. One hundred and fifty three cases were pending disposal as of March 2011. Of the 53 disposals, 38 cases resulted in conviction and 15 in acquittal. Audit conducted a test check of five cases of acquittal which revealed that these cases pertained to manufacture and sale of NSQ drugs, stocking of drugs without valid license, etc., and the acquittals were due to various departmental failures like delay in sending samples for testing, change of statement by witness during cross examination, etc. Government admitted (June 2012) that where seizures are conducted during routine inspections, the department was forced to include available witnesses who generally become hostile at the time of conducting the case.

3.1.8.1 Sanction for prosecution and filing of prosecution cases

All Drugs Inspectors were instructed (September 2001) to observe a reasonable time frame within which final complaints are to be made in Courts. As per the instructions, in normal case, one month for completion of enquiries and one month for other process will be sufficient for filing prosecution cases.

Audit test checked 46 prosecution cases in five districts and found that there was delay ranging from one to two years in issuing sanction for prosecution. Similarly, in two cases, final complaint had not been filed even after the expiry of the period of limitation for filing. The failure in obtaining essential documents from the accused manufacturer, delay in initiating timely action for completing the investigation, vacancy of DIs for long period, etc., were the reasons which were attributed for the delay in filing final complaint in the Court.

There was no fool proof surveillance mechanism in the department to watch the status of every licensee, and timely renewal of licences. Four selling units in the Ernakulam District operated without valid licence for eight to 34 months. KSDP, a major supplier of various drugs to the Government hospitals, was functioning without renewal of licence from January 2007, and defects relating to premises and quality control measures, etc., pointed out by DC during inspection were not rectified as on June 2012. Licences of six Blood banks in the Government hospitals were not renewed due to deficiencies in basic facilities. No efforts were made by the department to ensure immediate withdrawal of banned drugs from the market. Certain drugs were only partially analysed and reported as 'Standard'. Shortfall ranging from 57

to 75 per cent in the inspection of Ayurvedic drug manufacturing units was noticed.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Prevention of Food Adulteration

3.2.1 Introduction

Government of India (GOI), with a view to preventing the adulteration of food stuff intended for human consumption during the stages of manufacture, storage and sale enacted 'The Prevention of Food Adulteration (PFA) Act, 1954' and framed the Rules thereunder in 1955. In exercise of powers conferred under the Act, the State Government framed 'The Kerala Prevention of Food Adulteration Rules 1957', which came into force with effect from April 1957, and in supersession of this, Government notified (February 2007) the Kerala PFA Rules, 2007.

In order to consolidate the laws relating to food and to establish the Food Safety and Standards Authority of India, the GOI enacted the Food Safety and Standards (FSS) Act, 2006 and framed Food Safety and Standards Rules, 2011 in May 2011 for enforcement of the above Act which became effective from 5 August 2011. The PFA Act 1954 and PFA Rules 1955, therefore continued to be in force up to 4 August 2011. In pursuance of Section 30(1) of the FSS Act 2006, the Government appointed (May 2009) the Commissioner of Food Safety (CFS) and also ordered that the CFS should also act as the State (Food) Health Authority for the purposes of PFA Act 1954 till transition from PFA to FSS Act was completed.

Audit conducted an assessment of effectiveness of implementation of provisions of both the Acts in the areas of inspection and collection of samples, testing of samples and prosecution. Audit scrutinized the records of the Office of the Commissioner of Food Safety, four⁶⁴ District Offices and three⁶⁵ Analytical Laboratories covering the period from 2007-08 to 2011-12.

Audit findings are discussed in the following paragraphs.

3.2.2 Inspection

Rule 50 of PFA Rules 1955 stipulate that "no person shall manufacture, sell, stock, distribute or exhibit for sale any article of food including prepared food or ready to serve food except under a licence". Local Self Government Institutions (LSGIs) were issuing licences under the provisions of the PFA Act 1954. Rule 9(a) of PFA Rules 1955 authorize Food Inspector to inspect as frequently as may be prescribed by the Food (Health) Authority or local authority, all establishments licensed for the manufacture, storage or sale of an article of food within the area assigned to him. As per Section 31(4) of FSS Act 2006 (effective from 5 August 2011), Designated Officers appointed by

⁶⁴ Thiruvananthapuram, Ernakulam, Palakkad and Kozhikode.

⁶⁵ Thiruvananthapuram, Ernakulam and Kozhikode.

The department had not maintained the database of Food establishments

the Commissioner of Food Safety of the State are authorized to grant licence to commence or carry on any food business.

The department had not maintained the data base (either manual or computerised) of Food establishments⁶⁶. The Food (Health) Authority or Local Authorities had not prescribed the number of inspections or names of Food establishments to be inspected by the Food Inspector⁶⁷ in any month. Hence, Food Inspectors were engaged most of the days in a month for court duty or other general duties and inspections were conducted in an *ad-hoc* manner. There was also no risk based planning for inspection and assigning priority for revisiting Food establishments, where earlier inspection had revealed sale of adulterated food. Thus, there was no fair and transparent system in the selection of food establishments for inspection.

The Government stated (September 2012) that a systematic planning was not possible due to shortage of 32 posts of Food Inspectors. The reply is not acceptable since the information gathered by Audit from the department revealed that only eight out of 32 posts of Food Inspectors under Municipality/Corporation were vacant during 2009-2012, and that systematic planning for inspection of food establishments should have been undertaken and inspections carried out within the facilities existing with the department.

3.2.3 Collection of Samples

Shortfall in collection of samples ranged from 34 to 65 per cent in the districts test checked

As per Section 10(1) (a) of PFA Act 1954, a Food Inspector shall have power to collect samples of any article of food from any person selling or who is in the course of conveying, delivering or preparing to deliver such article to a purchaser or consignee or from a consignee after delivery of such article to him.

According to the norms fixed (January 2006) by the Government, a total number of 24,624 food samples were to be collected in the test checked districts of Thiruvananthapuram, Ernakulam, Palakkad and Kozhikode during the period 2008-09 to 2010-11. Audit, however observed that only 12,345 samples (50 per cent) were collected and tested. There were shortfalls in collection of food samples ranging from 34 (Kozhikode 2008-09) to 65 per cent (Palakkad 2010-11).

Government admitted (September 2012) that, due to shortage of Food Inspectors, sampling under PFA Act was not properly supervised by the Department. Deficiencies in the collection of samples indicate weak enforcement mechanism and this would result in consumption of adulterated food by the public.

⁶⁶ Under the FSS Act, 'Food Business Operators'.

⁶⁷ Under the FSS Act, 'Food Safety Officer'.

3.2.3.1 *Sampling of fish and meat products*

Fish and meat products were rarely sampled for analysis

On the basis of the recommendations of the Legislative Committee on Health and Family Welfare, Government directed (December 2007) the Director of Health Services to furnish reports on the action to be taken to ensure that fish and fish products imported to the State are free from adulterants. However, analysis of the data collected from the selected district level offices revealed that Fish and fish products were rarely sampled. Similarly, meat and meat products, alcoholic beverages, etc., were also rarely sampled for food analysis. The Food Safety Officer, Thiruvananthapuram replied (March 2012) that samples from hotels and bakery, fish and fish products, vegetable, etc., decay very fast and hence the shortfall in collection. The reply was not acceptable as CFS should have made proper arrangements for immediate storage of samples collected, to address the risk of further decay after sampling.

Government stated (September 2012) that on the basis of the observations made by Audit, field level officers of the department were given training regarding fish and meat sampling by experts in this field.

3.2.3.2 *Sampling for microbiological analysis*

Sampling for microbiological analysis was not done during 2007-12

The presence of microbiological organisms in the food can cause infection or injury or toxicity to the consumers. The microbiological safety of food was to be achieved by ensuring the absence of pathogenic micro organism and by preventing their multiplication. Sampling for conducting microbiological tests was to be made as per standards prescribed under IS 5404:1984. It was noticed in audit that samples were not collected for microbiological analysis during 2007-12. The CFS stated (September 2012) that there were no microbiological analytical facilities or microbiologists for conducting microbiological analysis available in any of the analytical laboratories in the State. Non-conducting of tests for detection of microbiological organisms would increase the risk of consumption of adulterated and unhygienic food products by the people.

3.2.3.3 *Defective collection of samples*

Rules 14 to 18 of PFA Rules 1955 provide for the procedures to be followed by Food Inspectors for collection and sending of samples for analysis such as:

- a) The label on any sample of food sent for analysis shall bear code number and serial number of local health authority, date and place of collection, etc.
- b) Memorandum containing the above details and impression of seal used to seal the sample should be sent to Analytical laboratories immediately, not later than the succeeding working day.

Procedural lapses in collection of samples by Food Inspectors led to rejection of samples by Analytical laboratories

Audit noticed that 559 out of 38,560 samples received for analysis in the three Analytical Laboratories during the period 2008-09 to 2011-12, did not conform to the provisions of PFA Act and were returned by Analytical Laboratories without conducting analysis as per proviso to Rule 7(3) of PFA Rules. It was noticed that the deficiency in the samples was due to mistakes in

procedures like differences in date in label and memorandum, absence of code number, etc.

3.2.4 Testing of Samples

Modern and sophisticated machineries with uptodate technology are essential for various types of analysis of samples in the Analytical Laboratories as shown in **Table 3.3**:

Table 3.3: Details of equipments required for analysis

Name of equipment	Nature of analysis
Atomic Absorption spectrometer	Detection of Heavy metals
High performance liquid Chromatography	Detection of Pesticide residue in food additives and preservatives
Kjedahl Digestion Unit	Analysis of protein, nitrogen, etc.
Gas Chromatography	Pesticide residual analysis
Autoclave	Bacteriological analysis
Muffle furnace	Inorganic determination

Source: Details furnished by the department

Infrastructure facilities in the Analytical laboratories were grossly inadequate

There was only one Government Analyst Laboratory at Thiruvananthapuram and two Regional Analytical Laboratories (RAL) at Ernakulam and Kozhikode for conducting the analysis of samples. The laboratories were not provided with many of the major sophisticated machineries. Some of the equipments supplied to the laboratories during 2004-07 were not in working condition.

In the Government Analyst Laboratory, Thiruvananthapuram equipment like Atomic Absorption Spectrometer with Graphite Furnace, Rotary Vacuum Evaporator, Micro wave Digestion unit, Bio safety cabinet, etc., were not in working condition from 2005-06 onwards. In RAL at Ernakulam, the Gas liquid Chromatography was not working from October 2008. The Atomic Absorption Spectrometer was only partially installed in January 2006 and metal estimation process was not being conducted. In RAL Kozhikode, Atomic Absorption Spectrometer, High performance liquid chromatography, Kjeldahl digestion unit, Gas chromatography, Rotary vacuum evaporator, etc., were not working from 2006-07.

Absence of many of the equipments in the laboratories, essential for conducting the tests for detection of adulteration in food led to consumption of untested food stuff in the test checked districts.

Government stated (September 2012) that many of the machineries were supplied by the GOI under the scheme 'Food and drugs capacity building project' and the machinery supplied were defective or lying idle in the laboratories for repair. Government also admitted that the Analytical Laboratories were not equipped with modern machineries such as GCMS, AAS with Graphite Furnace and Hydride Generator, IR, HPTLC, FTIR, etc.

3.2.4.1 Analysis of private samples

Test reports of samples collected by Food Inspectors under PFA Act and private parties, analysed in the Analytical Laboratories during the period 2007-08 to 2010-11 revealed that the adulteration in private samples was substantially higher than in the samples collected by Food Inspectors, as shown in **Table 3.4:**

Table 3.4 :Rate of adulteration in Samples collected by Food Inspectors/Private Samples

Sl. No	Year	Rate of adulteration (per cent)	
		Samples collected by Food Inspectors	Private Samples
1	2007-08	2.45	10.39
2	2008-09	2.78	15.36
3	2009-10	2.21	12.63
4	2010-11	2.81	9.43

Source: Data collected from Government Analytical Laboratory, Thiruvananthapuram

This indicated the absence of risk based selection of samples by Food Inspectors. The Government admitted (September 2012) that low rate of adulteration in samples collected by Food Inspectors was due to selection of majority of items for analysis from branded items.

3.2.5 Prosecution

There were large number of acquittals in the prosecution cases due to procedural deficiencies

Section 13(2) of the PFA Act 1954 provides for prosecution of traders manufacturing/storing/selling adulterated food. A total number of 1,879 prosecution cases initiated under PFA Act were pending as at the end of 2011-12.

Out of 822 cases decided during the year 2007-08 to 2011-12, 441 cases resulted in acquittal. Audit test checked 100 acquitted cases and found that the acquittal in 22 cases was mainly due to procedural deficiencies on the part of officials to establish the facts or produce proper records/documents before the court, such as the following:

- Deficiency in preparation of *mahazar*⁶⁸: (cc No. 196/08) Variation in the statement recorded in the *mahazar* and the depositions before the court regarding the procedure adopted for collection of the sample of adulterated vinegar.
- Defects in sampling: (cc No.770/03) Inability of the Food Authority to prove the adequacy of the procedure adopted by the Food Inspector in preparation of homogeneous sample of adulterated ghee.
- Mistake in *mahazar*: (cc No.669/2007) Food Inspector failed to record the label description in the *mahazar* and the label was not produced in the Court.

⁶⁸It is a description of facts and state of things which an investigating officer observes in a scene of crime.

- Non-compliance of requirements under Section 13 (2) of PFA Act: (cc No.415/05) The report of analysis of the food item was issued to the accused only after eight months from the date of taking the food sample resulting in sending the second sample to Central Food Laboratory.
- In another case, the State Government had not given permission to launch prosecution, as the adulteration was detected in food kept for sale in the Supplyco outlet at Perinthalmanna, owned by Kerala State Civil Supplies Corporation. Thus, the supplier of adulterated food escaped from prosecution only on the ground that the vendor was a State Corporation.

Government stated (September 2012) that acquittals due to serious laxity on the part of officials were looked into and explanation sought for from the officials concerned. It was also stated that the lapses on the part of prosecution had been looked into and it was ensured that the same would not be repeated.

3.2.6 Enforcement of FSS Act 2006

Section 30(1) of the FSS Act 2006 authorises the State Government to appoint the Commissioner of Food Safety for the State for efficient implementation of the Act and other requirements laid down under this Act and the rules and regulations made thereunder.

Prosecution of erring FBOs as per the FSS Act could not be done

As per Section 43 of FSS Act, the Food Authority was required to notify food laboratories and research institutions accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL). FSS Act⁶⁹ further provides for notification of Adjudicating Officers for prosecution of erring Food Business Operators (FBOs). Both these provisions were not complied with (August 2012). The State (Food) Authority was not in a position to prosecute the FBOs manufacturing, selling or storing the adulterated food since August 2011 because of delay in notification of accredited food laboratories and Adjudicating Officers. Government replied (September 2012) that notifying Adjudicating Officers is under process. The Government also stated that a committee has been formed to speed up the formalities for availing NABL accreditation to all analytical laboratories under the Government.

3.2.6.1 Delay in taking preventive measures

As per Section 32(1) of the FSS Act, the Designated Officer (DO) was empowered to issue improvement notices to FBOs in case the FBOs are found violating the provisions of the FSS Act. Section 32(2) also provided for suspension of licences of FBOs who fail to comply with the improvement notice. It was noticed in audit that the competent authority failed to invoke these provisions in spite of detection of adulteration by same FBO on more than one occasion.

⁶⁹ Section 68 of FSS Act, 2006.

There was delay in taking immediate preventive measures for 'Sudan' adulterated chilli powder

The Spices Board⁷⁰ intimated (17 November 2011) the CFS that an adulterant chemical 'Sudan' which was highly toxic and hazardous to human health was detected in a consignment of chilli powder notified for export by Eastern Condiments (P) Limited (firm). Though the Spices Board directed the firm to destroy the consignment in the presence of Food Safety Officers within fifteen days, CFS issued instruction in this regard only after one month (19 December 2011). Instead of taking immediate action for testing the product of the supplier meant for domestic market, the CFS issued instructions to all designated officers only on 22 December 2011 to collect samples from all batches of chilli powder of the brand for ensuring consumer safety. The factory premises were inspected by the District Food Safety Officer, Idukki for collection of samples on 18 January 2012 i.e., only two months after detection of adulteration.

The Spices Board detected the same adulterant in the chilli powder of the firm again in March 2012 and intimated the CFS for destruction of the consignment. It was noticed in audit that the FSO, Idukki did not issue improvement notice, as prescribed in the FSS Act, to the firm even after detection of adulteration in the same article of the firm on more than one occasion. Since the same adulterant, highly toxic and hazardous to health was detected again, the Commissioner of Food Safety should have initiated stringent measures against the firm, including cancellation of licence.

Thus, the implementation of the Prevention of Food Adulteration Act, 1954 was deficient and inadequate. Inspections were conducted by the Food Inspectors in an ad-hoc manner. Shortfalls in collection of samples ranging from 34 to 65 per cent were noticed in the selected districts. Microbiological analysis was not conducted in the Analytical Laboratories. Many of the modern machineries were either not provided or were not in working condition. Though the FSS Act came into force in August 2011, the provisions of the Act could not be implemented due to non-creation of facilities statutorily required in the Act.

HOME DEPARTMENT

3.3 Implementation of Coastal Security Scheme

3.3.1. Introduction

The Government of India (GOI), Ministry of Home Affairs, formulated (January 2005) the Coastal Security Scheme (CSS) for implementation by Coastal States and Union Territories within five years from 2005-06. The CSS plan envisaged setting up of Coastal Police Stations on/near the coastal area equipped with land and sea capability by providing adequate number of vessels, vehicles, communication equipments, computer systems, etc. A Standard Operating Procedure (SOP) was also issued by the GOI (Bureau

⁷⁰ A flagship organisation under the Ministry of Commerce, Government of India for the development and world wide promotion of Indian spices.

of Police Research & Development) as a guideline for smooth functioning of the Coastal Police Stations. Each Coastal Police Station (CPS) was to have legal jurisdiction of 12 nautical miles off the coastal line with operational jurisdiction up to five nautical miles.

The GOI sanctioned (December 2005) an outlay of ₹ 43.56 crore for implementation of the Phase I of the scheme in the State. The scheme also provided for the reimbursement of the entire recurring expenditure on fuel, maintenance and repair of vessels for five years.

The operationalisation of the scheme involved the following activities:-

- Identification, taking possession and handing over of land to the constructing agency for construction of CPSs,
- Construction of Coastal Police Stations,
- Construction of Boat Jetties,
- Procurement of Interceptor Boats and Vehicles and
- Training of personnel for deployment.

Operationalisation of the scheme within the time frame requires the department to fix milestones for each activity mentioned above. But audit scrutiny revealed that the department had not fixed any time frame for each activity. Consequently, the scheme implementation remained incomplete till date (August 2012).

3.3.2 Construction of Coastal Police Stations

The High Level Empowered Committee (HLEC) held its meeting (November 2005) under the chairmanship of Union Home Secretary and approved construction of eight CPSs in eight coastal districts⁷¹ in the State at a cost of ₹ 24.70 lakh each (Total cost: ₹ 1.98 crore). The State Government entrusted (December 2005) the construction of CPSs to Kerala Police Housing Construction Corporation Ltd. (KPHCC)⁷². The period required for construction of Coastal Police Station was 15 months. Smooth progress of construction of CPSs was critically dependent on taking possession of free sites. The department, however, failed to ensure that the lands required were acquired well before the construction of CPSs. Without ensuring this requirement in advance, the department requested GOI to transfer the first instalment (50 *per cent*) of ₹ 98.80 lakh to KPHCC. Accordingly, KPHCC received ₹ 98.80 lakh from GOI in January 2006. But, the sites were handed over to KPHCC belatedly from April 2009 to August 2009. This led to blocking of ₹ 98.80 lakh with KPHCC for over three years. The balance amount of GOI grant, ₹ 98.80 lakh was also transferred to KPHCC in November 2009.

⁷¹Thalangara-Kasargod, Azheekal-Kannur, Beypur-Kozhikode, Azheekode-Thrissur, Fort Kochi-Ernakulam, Thottapilly-Alapuzha, Neendakara-Kollam, Vizhinjam-Thiruvananthapuram.

⁷²A Government of Kerala undertaking engaged in construction activities of police department.

Only seven out of eight CPSs have been completed so far (August 2012). In the remaining one CPS at Azheekal, though the site was handed over to the contractor in December 2009, the work was yet to be completed as of August 2012. KPHCC attributed the delay in construction at Azheekal to the undue delay caused by the contractor and stated that the work was terminated (August 2012) at the risk and cost of the contractor.



Incomplete CPS at Azheekal

Delay in handing over the site to KPHCC and change of design increased the cost per CPS by 183 per cent

Department met the additional cost of construction of CPSs by diverting funds from MoPF, in contravention of GOI instructions

Five out of eight CPS were not constructed on/near to the sea coast

The HLEC decided (November 2005), to construct CPSs as per the design and norms of Bureau of Police Research and Development. Later, GOI allowed (February 2006) the department to carry out suitable local design modifications to the CPS within the sanctioned grant (₹ 24.70 lakh). GOI also clarified (November 2008) that additional cost of construction of CPSs should be met by the states from their own budget and that funds from CSS and Modernization of Police Force (MoPF) Scheme should not be dovetailed.

As against the estimated cost of ₹ 24.70 lakh, the average cost of construction of CPSs was ₹ 70 lakh i.e., increased by 183 *per cent*. The cost over-run in construction of CPSs was mainly due to delay in timely takeover of sites and changes in the design of CPSs. The department should have obtained sanction of Government for the change in design as the State Government was to bear the additional cost of construction. But there was failure on the part of the department to obtain permission from the State Government for changes in the design and increased cost estimates. The department met the excess expenditure by diverting funds, to the extent of ₹ 3.57⁷³ crore, from MoPF, in violation of GOI directions.

The scheme stipulates that, the CPSs be constructed on/near to the sea coast. However, it was observed in audit that five out of eight CPSs, were not constructed near to the sea coast. The distance of the CPSs from the sea coast varied from 0.750 km to 3.500 km and were not suitable to the police personnel for search and surveillance of coastal areas.

According to paragraph 12, Chapter 10 of the SOP, there should be a provision for keeping watch over on the high sea/coast from the places like watch towers, etc., which are to be on or near to the sea coast. The guards were to be equipped with night vision binocular, normal binoculars, etc.

Of the completed seven CPSs, watch towers were constructed only in six CPSs. Watch towers of five CPSs have limited vision. Watch tower at Fort Kochi has no vision of sea at all. In respect of one CPS, yet to be completed

⁷³ ₹ 5.55 crore – ₹ 1.98 crore = ₹ 3.57 crore.

(Azheekal), it has no view of sea.

Government replied (July 2012) that watch tower being a minor assistance tool was not a crucial factor in Coastal Security. The reply was not acceptable as the role of watch tower was a crucial factor in coastal surveillance in terms of aforesaid provision of the SOP, mainly because of the fact that watch towers strengthen coastal security by incessant surveillance and vigil exercised. As the visibility of the sea from the watch tower was nil/ limited, the purpose of constructing these were defeated.

View from watch towers



CPS, Thottappally



CPS, Azheekal

3.3.3 Manpower

According to Chapter 16 of SOP, in addition to the specialized and intensive training on various aspects of their specialized functions, one month On Job Training (OJT) onboard Coast Guard vessel was to be given to Inspector, Sub Inspector and ASI of CPS by Coast Guard.

3.3.3.1 Availability of trained man power

According to Chapter 4.3 of the SOP, 568⁷⁴ personnel and 144⁷⁵ boat crew were required for the functioning of eight CPSs. But the Government sanctioned only 341 personnel in the CPSs. The available strength was 306 personnel in the CPSs and 57 Boat crew (daily wage) for the Interceptor Boats (IB).

According to the SOP, no police personnel should be posted to a CPS without being given the basic training. As per the information furnished (August 2012) to Audit, only 161 personnel out of the available strength of 306 personnel in the CPSs were trained. In order to overcome the shortage of trained personnel, the Department instructed (August 2011) the District Police Officers to retain the trained CPS personnel at least for three years in the CPSs. It was seen that 45⁷⁶ trained personnel who had not completed three years at CPSs were transferred out of CPSs. It was also noticed that there were frequent transfers of trained personnel from CPSs by the District Officers despite specific direction from department to retain the trained police personnel in CPSs. Government replied (July 2012) that these trained personnel cannot be retained in CPSs always and due to promotions and other administrative reasons they have to be transferred from CPSs. The reply is not acceptable as those personnel who are not likely to be shifted in near

⁷⁴ 71 personnel per CPS x eight CPSs.

⁷⁵ 18 crew per CPS x eight CPSs.

⁷⁶ Thiruvananthapuram (1) + Kollam (3) + Kochi (20) + Thrissur (4) + Kozhikode (17).

Shortage of boat crews adversely affected the upkeep and maintenance of Interceptor Boats

future due to promotion, etc., should have been imparted training. Retention of 145 untrained personnel in the CPSs when enough trained personnel were available is not in accordance with the standards set in the Scheme. Further, the department extensively engaged 101⁷⁷ of CPSs personnel for other special duties not related to the CPS activities. The shortage of police personnel and boat crew affected the targeted patrolling hours and in turn the surveillance. Failure of the department to ensure retention of the trained personnel in the CPSs was not conducive to the functional efficiency of the CPSs.

3.3.3.2 Shortage of boat crew

To overcome the shortage of trained boat crew, the GOI issued (December 2006) instructions for recruitment of service personnel from Navy and Coast Guard on deputation basis. But no such recruitment has taken place so far. The Coast Guard's suggestion (August 2010) to induct ex-service personnel who have strong marine background was also not adopted by the department. The remuneration sanctioned by the Government for the technical crew on daily wages was too low to attract ex-service personnel. As per the SOP⁷⁸, incentive in the form of Risk Allowance at the rate of 50 *per cent* of basic pay was to be given to personnel posted in CPSs. But the department failed to sanction the incentive. This reduced the attractiveness of being posted in CPS. Audit noticed that Karnataka Government had already sanctioned the incentive as envisaged in the SOP to the personnel managing the CPSs.

For the proper upkeep and maintenance of IBs, detailed routine maintenance works as per the schedule prescribed in the guidelines were to be carried out by the boat crew. The SOP (Chapter 6) also stipulates the responsibilities of boat crew in this regard. There were frequent breakdowns and idling of boats. Failure of the department to provide sufficient number of trained boat crews adversely affected the upkeep and maintenance of the IBs. The lack of experienced technical personnel has resulted in under utilization of boats and in turn inadequate surveillance.

3.3.4 Interceptor Boats

Chapter 4 of SOP states that the Coastal Police Stations shall have an exclusive Marine wing for keeping surveillance on sea through boat patrolling. One of the objectives of establishing Coastal Police Station, as per Chapter 2 was to strengthen the infrastructure for patrolling and surveillance of coastal areas. The most essential equipment required for the above purpose is IBs.

MHA directed (March 2009) all coastal states/UTs to ensure the readiness to handle the Interceptor Boats (IBs) allocated to them with the following preparatory steps, before receiving IBs:-

- Coastal Police Stations to be operational to use the Boats.
- Trained manpower/crew to be available at the designated place of delivery to handle the boats
- Readiness of logistics such as jetty, electrical shore supply and fuelling capacity.

⁷⁷ Neendakara (3), Azheekode (43), Beypore (41), Bakel (14).

⁷⁸ Article 22.3.

- Availability of crane/lifting device and lifting beam.

The department informed (March 2009) the GOI that all the logistics/facilities required, as per MHA letter (March 2009) for running the boats were available except facility of crane/lifting device and lifting beam. Based on this, GOI supplied 24 IBs (sixteen 12 ton IBs and eight 5 ton IBs) costing ₹ 44.94 crore during the period July 2009 to November 2010 .

Scrutiny by audit revealed that the status of implementation of the scheme in March 2009 was as follows:

- Two Coastal Police stations⁷⁹ were not operational
- Trained manpower/crew with SOP specifications was not available in any of the CPSs.
- Exclusive jetty with SOP specifications was not available for berthing the IBs in any of the CPSs.

Submission of incorrect information by the department led to idling of IBs

Audit observed furnishing of incorrect information by the State Government to GOI in respect of readiness of the CPSs to use IBs, availability of trained manpower, and readiness of logistics such as jetty, electrical shore supply and fueling capacity led to supply of boats as early as in July 2009 to November 2010. Due to non availability of trained manpower/crews in CPSs, the supplied boats could not be used to the desired level. Non-availability of exclusive jetties in all CPSs resulted in the IBs being berthed along with fishing boats of local fishermen. This led to non maintenance and under utilization of boats.

Construction of one out of eight CPSs was yet to be completed (August 2012). There was shortage of trained personnel in all the CPSs and Boat jetties were not available in any case as of October 2012.

3.3.4.1 Idling of IBs

The actual utilisation of IBs was 5.64 per cent of the target fixed

Two 12 ton interceptor boats and one five ton interceptor boats were supplied to each CPS. As per GOI stipulation (September 2009), the IBs were to be tasked for a minimum of 120 hours in a month, with annual tasking of minimum 1,400 hours which was revised (October 2010) to 150 hours and 1,800 hours respectively. Audit scrutiny revealed that though all the 24 boats in eight CPSs were to run 90230 hours during the period from the date of supply to July 2012, the actual achievement was only 5,086 hours. This constitutes only 5.64 *per cent* of the target fixed and indicates that all the boats were almost idling during the last two and half years resulting in non-surveillance on sea coast to the extent of 85,144 hours against the target of 90,230 hours. Audit scrutiny, further revealed that the utilization of IBs was low due to technical defects and physical damage such as Diesel Generator Set complaints, Port Side Engine Complaints, Water mixing in the Jet level Oil, Fuel pump defects etc. Eight IBs⁸⁰ were having opaque front glass which affected vision and smooth voyage and surveillance leading to limited navigation.

Poor quality Interceptor boats supplied were not useful for patrolling purposes

⁷⁹ Azheekal, Thottappally.

⁸⁰ Kozhikode (three cases), Kasaragod & Thiruvananthapuram (two cases each) and Thrissur (one case).

Government attributed the underutilization of IBs to low fuel efficiencies, difficulties in procuring costly LSHS diesel, delay in repairing technical defects by GSL authorities, non availability of spare parts and lack of sufficient boat crew.

Boat with opaque glass



Required reduction of charges on account of failure to attend timely repair and maintenance of Interceptor Boats was not effected

3.3.4.2 Maintenance of IBs

To maintain the boats an Annual Maintenance Contract was entered between GSL, Goa and Ministry of Home Affairs (January 2010). According to the terms⁸¹ of AMC, the technician should reach the repairing yard of the boat within five days which is not seen adhered to. Further, if a boat is non-operational for more than four weeks continuously after the receipt of call from base stations, the AMC charges⁸² were to be reduced by 0.5 per cent per week for delay in repair beyond four weeks. But the base stations were not keeping any records in this respect for imposing the penalty.

As per the assessment carried out by Inspector of Police, CPS, Beypore, the servicing of boats by GSL authorities was very poor even after repeated messages and phone calls. Failure to carry out timely repair and work by these agencies would result in idling of IBs and in turn non-surveillance of coastal area.

Government admitted (July 2012) that the response times in respect of calls for repairing were very low and usually more than two months were taken to get the services of the GSL, Goa technicians.

3.3.4.3 Boat jetties

In six CPS, Interceptor Boats were berthed in private/fishermen jetties far away from CPS

Chapter 9 of SOP states that in maintaining secrecy of operation and for security of IBs, it would be necessary for each CPS to have its own boat jetty. It also states that the jetty should ideally be located in the close vicinity of CPS and should not be close to the beach/jetties used by local fishermen. Scrutiny by audit revealed that in six⁸³ CPSs, IBs were berthed in private/fisheries jetty far away from CPSs. At Fort Kochi and Azhikode CPSs IBs were berthed in make shift jetties close to the CPS. At Vizhinjam CPS, the IBs were docked in harbour meant for docking ships. The Police Inspector (Vizhinjam CPS) reported (December 2010) the Inspector General of Police

⁸¹ Annexure II to AMC.

⁸² Article 4.2 of the AMC.

⁸³ Thalangara, Azheekal, Beypore, Thottappally, Neendakara, and Vizhinjam.

(Internal Security) that, due to non-availability of wharfs, the boats were being damaged in sea roughness. Government stated (July 2012) that no fund was allotted by GOI for construction of boat jetties.



In fisheries harbour at Azheekal



Damaged/make shift jetty at Thottappally

3.3.5 General

3.3.5.1 Area of jurisdiction of CPSs

Notification of Chief Judicial Magistrate under sub section (1) of section 14 of Criminal Penal Code defining the local area of jurisdiction of each CPS was mandatory for registering cases by the respective CPSs. According to Article 5.4.4 of the SOP, the CPS was required to keep surveillance over the villages, roads, highways, government/private jetties, vehicles, hotels etc. However, the notification was issued (July 2012) only in respect of CPSs at Azheekode, Neendakara, Fort Kochi and Bakel. In the other cases, the required notification was yet to be issued (July 2012).

3.3.5.2 Phase II of the Scheme

Phase II of the Coastal Security Scheme envisages carrying out the objectives of phase I further by way of providing additional infrastructural support to the State/UT police with a view to supplementing other coastal security initiatives being effected by the Navy and Coast Guard. The period of implementation was five years starting from 2011-12. Kerala has been sanctioned 10 new Coastal police stations and 20 twelve ton IBs in phase II.

Audit observed that the department was yet (August 2012) to identify suitable land for the new CPSs even after a lapse of one year. Moreover, one CPS included in phase I was not yet fully⁸⁴ operational.

The implementation of Coastal Security Scheme suffered due to lack of synchronization of activities like taking possession of land in advance, arrangement of works, etc., which led to enormous delays in the operationalization of the Scheme, such as delay in construction of CPSs, non-construction of CPSs near the sea coast, non deployment of trained police personnel/boat crews, non-supply of boats suitable for patrolling, frequent

⁸⁴ CPS Azheekal is now functioning in a building nine km away from sea coast, as its own building is yet to be completed. 25 police personnel were posted, of which only seven are trained. No boat crew was posted.

break down of boats and failure to carry out timely maintenance and repair leading to idling of boats for long periods, etc. Consequently, the main objective of strengthening coastal security against infiltration, intrusion and other illegal activities, remained unachieved.

LABOUR AND REHABILITATION DEPARTMENT

3.4 Kerala Building and Other Construction Workers Welfare Board-Collection of building cess, contribution and disbursement of benefits

3.4.1 Introduction

Collection of building cess is regulated by Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (Act), Building and Other Construction Workers Welfare Cess Act 1996 (Cess Act), Building and Other Construction Workers Welfare Cess Rules, 1998 (Cess Rules) and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Kerala Rules, 1998 (Kerala Rules). These Acts and Rules were framed to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures. According to the instructions issued (January 2007) by the Labour Commissioner, the responsibility of levying and collection of cess in respect of private buildings were entrusted with the Assistant Labour Officers Grade I. As per Section 3(2) of the Cess Act, deduction of cess in respect of building and other construction work of a Government or Public Sector Undertaking have to be made at source from the contractors' work bills.

The Kerala Construction Workers Welfare Fund Board constituted in April, 1990 by the Government as per the provisions of the Kerala Construction Workers Welfare Fund Act, 1989 was renamed as Kerala Building and Other Construction Workers Welfare Board with effect from 1 November, 1998 in terms of Section 18 of the Act.

The audit was conducted during February to June 2012 to assess the collection of cess from the employers of the establishments, contributions from the members of the Board and disbursement of benefits to the beneficiaries. The records of Board's Headquarters and district offices of Labour Department and Board's offices at Thiruvananthapuram, Kollam and Thrissur districts⁸⁵ were test checked covering the period 2007-08 to 2011-12.

3.4.2 Financial resources

As per Section 24 of the Act, the Board constituted a fund, which includes grants and loans made by the Central government, all contributions made by the beneficiaries and all sums received by the Board from such other sources.

⁸⁵Though Thiruvananthapuram and Kollam are adjoining districts, these were selected to identify dual membership among the beneficiaries.

Annual Accounts of the Board have been certified up to 2008-09 and accounts for 2009-10 to 2011-12 are provisional.

Details of funds received and expenditure incurred for welfare benefits during 2007-08 to 2011-12 are shown in **Table 3.5:**

Table 3.5: Details of fund received and payments of welfare benefits

Year	Receipt of funds		Welfare Benefits
	Cess Collection	Contribution	
2007-08	47.40	20.02	45.83
2008-09	60.78	21.06	53.92
2009-10	54.00	23.55	60.85
2010-11	69.05	25.61	89.49
2011-12	104.60	30.20	97.92
Total	335.83	120.44	348.01

Source: Annual Accounts of the Board up to 2008-09 and provisional accounts for 2009-10 to 2011-12.

The audit findings are discussed in the succeeding paragraphs.

3.4.3 Collection of Cess

As per Section 3 of the Cess Act, employer of building and other construction works is the assessee for levy and collection of cess. Cess is to be levied at one *per cent* of the total construction cost. In terms of Rule 4 of the Cess Rules, the cess levied shall be paid by an employer within thirty days of completion of the construction of project/the date on which assessment of cess payable is finalized, whichever is earlier.

3.4.3.1 Registration of Employer's Establishment

As per Section 7 of the Act, every employer, who employs building workers in any building or other construction work, shall register their establishment with the District Labour Officer (DLO) within a period of sixty days from the commencement of work.

It was seen that registrations were made only in 405 cases out of 28,247 test checked cases requiring registration in the three Corporations of the districts test checked. This led to the loss of registration fee of ₹ 34.80 lakh to the Department (at the minimum rate of ₹ 100 plus penalty 25 *per cent*) in the remaining 27,842 cases⁸⁶.

The Labour Department has not taken any action to enforce the registration of establishments of the employers. No penal action was taken as stipulated in Rule 31 of the Kerala Rules against the non-registered employers. The department replied in March 2012 that due to meagre staff strength and lack of infrastructural facilities all the establishments could not be identified as potential employer for registration at the time of construction. However, the department has not made any attempt to enforce the registration of establishments with the utilization of available facilities.

There was loss of ₹ 34.80 lakh on account of non-registration of employer's establishment

⁸⁶ Thiruvananthapuram-16,373,Kollam-5,246,Thrissur-6,223.

Department did not impose any penalty on the employers who did not intimate the date of commencement of work

3.4.3.2 Information about commencement of work by the employers

Provisions of the Rule 29(1) of Kerala Rules, requires employers to submit before thirty days of commencement of construction work, a notice in Form IV intimating the actual date of commencement of work. Further, Section 48 of the Act stipulates imprisonment/fine of ₹ 2,000 or both in case of non-filing of Form IV. Section 50(3) of the Act enjoins issue of notice to the employers before imposing penalty.

The department had not received Form IV from any of the employers during 2006-07 to 2011-12 and no notices were issued to the employers for imposing penalties. Therefore, the penalties of three months' imprisonment/fine of ₹ 2,000 or both could not be imposed on these defaulters. This has resulted in non-identification of establishment/employer, location of the building, details of registration, nature of work involved and the facilities including plant and machinery provided, etc., and thereby the department could not identify all employers for assessment of cess. The department admitted the observation made by Audit.

3.4.3.3 Furnishing of information by the assessee

At present the DLO is identifying employers for the purpose of assessment of cess, from the register for property tax maintained by the local authorities. The cases taken from the local authorities are recorded in the assessment register maintained by the DLO. After that, notices along with Form I as required in Rule 6 of Cess Rules were sent to the identified assesseees. On receipt of duly filled in Form I from the employer, assessment notices were served with the direction to remit the cess amount within 15 days, or to be present before the Assessing Officer for redressal of grievances if any, failing which the final assessment order will be served to the assesseees. According to Section 10 of the Cess Act, any amount due from an employer is to be recovered as an arrear of land revenue. Deficiencies in the collection mechanism led to the following:

Due to slackness of the department, ₹ 2.36 crore remained to be recovered from employers in test checked cases

- There was failure to collect cess in 621 test checked cases⁸⁷ after serving Form I to the assesseees in the three test checked Corporations. This showed that even the initial step of assessment had not been carried out in these cases.
- Even though assessment notices were served on the assesseees in the test checked districts, 274 employers⁸⁸ failed to pay cess of ₹ 75.18 lakh during the audit period.
- There was failure to recover the dues amounting to ₹ 1.20 crore in 367 test checked cases⁸⁹ for which final assessments were made through Revenue Recovery Act in the three test checked districts.
- Even though the Assessing Officers had initiated RR proceedings against certain defaulters, an amount of ₹ 40.64 lakh in 143 test checked cases⁹⁰ is pending recovery due to lack of effective follow up action.

⁸⁷ Thiruvananthapuram-521, Kollam-50, Thrissur-50.

⁸⁸ Thiruvananthapuram-174, Kollam-50, Thrissur-50.

⁸⁹ Thiruvananthapuram-267, Kollam-50, Thrissur-50.

⁹⁰ Thiruvananthapuram-81, Kollam-42, Thrissur-20.

The department replied (March 2012) that assessment could not be made in time due to lack of means of transport, vast territorial jurisdiction and shortage of staff. The department added that steps would be taken to collect the amount under Revenue Recovery proceedings. The fact remains that no follow up action has been taken by the department to carry out the assessment and collect the dues.

3.4.3.4 Collection of cess from work bills

As per Section 3 (2) of the Cess Act, the cess levied shall be collected from every employer including deduction at source in relation to a building or other construction work of a Government or of a Public Sector Undertaking. However, no penalty clause has been envisaged in the Act/Rules for non-deduction of cess from the work bills.

An amount of ₹ 17.72 lakh relating to the period 2007 to 2010 and ₹ 29.18 lakh for the period 2007-08 have not been recovered from the contractors' bill in respect of works carried out by the Kerala Health Research and Welfare Society, Thiruvananthapuram and Kerala State Rural Water Supply & Sanitation Agency, Thiruvananthapuram respectively. Both the institutions had confirmed (July 2012) that the amount had not been recovered so far.

The Board had not maintained the details of construction works undertaken by the Government departments/Public Sector Undertakings and as such the Board was not in position to ensure that cess amount was being collected from these institutions from all the work bills.

3.4.3.5 Maintenance of database by employer

As per Section 15 of the Act and Rule 247 of Kerala Rules every employer shall maintain a register in form XV showing the details of workers employed in building or other construction work undertaken by him and the same was required to be inspected by the Board without any prior notice. The Board was not conducting inspection as stipulated in the Act. Inspection would have facilitated verification of bonafides of the workers registered with the Board. As the Board was not having any data base of employers, registration of all employers could not be ensured.

It was noticed that relevant control measures/checks provided in the Act /Rules have not been exercised by the Board, and hence it could not be ensured that all registered beneficiaries were bonafide building workers. The Board replied (April 2012) that Government had not notified the Board authorities so far for inspection of the register in form XV to be maintained by the employers. The reply is not acceptable as the Act clearly stipulates that inspection shall be done by the Secretary/authorized Officer of the Board.

3.4.4 Contribution from workers

Section 12 of the Act stipulates that every building worker who has completed eighteen years of age, but has not completed sixty years of age, and has been engaged in any building or other construction work for not less than 90 days during the immediate preceding year shall be eligible for membership. There were 17, 98,611 workers registered with the Board as on 31 March 2012.

Loss of ₹ 46.90 lakh on account of non-deduction of cess from work bills

3.4.4.1 Registration of Membership

As registration of membership was done without proper documentation, there is no assurance that all persons are bonafide construction workers

As per Rule 283 (3) of the Kerala Rules, a certificate from the employer/contractor shall be produced by the applicant along with the application for membership to prove that the applicant was a construction worker. In case such a certificate was not available, a certificate obtained from the Trade Unions, Assistant Labour Officer and Executive Officer of the Panchayat also was to be considered. On a scrutiny of records in the test checked districts, it was noticed that more than 99 *per cent* of the registrations were made on the basis of certificates provided by Trade Unions. But the certificates furnished by the Trade Unions did not reveal details of the employer or contractor. In the absence of details of establishment, employer and contractor etc., there is no assurance that all persons registered are bonafide construction workers.

3.4.4.2 Compliance of codal provisions

No space was provided in the identity card for recording the details of workers

Section 13 of the Act stipulates that the Board shall give to every beneficiary an identity card with his photograph duly affixed thereon with enough space for entering the details of the building or other construction work done by him. Further sub section (2) provides that every employer shall enter in the identity card, the details of the building or other construction work done by the beneficiary and authenticate the same and return it to the beneficiary.

However, it is noticed that Form XXXI prescribed for identity card as per Kerala Rule 283(8) does not provide any space to record the details of the construction work done by the beneficiary and hence not recorded any details. Without recording the above details, the Board failed to ensure that the beneficiary was a bonafide construction worker while disbursing the benefits. The Board stated (March 2012) that the matter would be placed before the board meeting.

3.4.4.3 Maintenance of database of members

There was no database of details of workers

As per Section 12 and Rule 283(4) of the Kerala Rules, every building worker eligible to become a beneficiary to the fund shall submit an application to the Secretary of the Board with prescribed fees. Rule 284 enjoins that a beneficiary of the fund shall contribute to the fund ₹ 20 per month and this contribution shall be remitted in advance once in three months in the specified banks.

During 2006-07 to 2011-12, an amount of ₹ 140.39 crore and ₹ 2.36 crore towards contribution and registration fee respectively were realized by the Board from the beneficiaries. No database containing details of workers was maintained. Contributions received from the workers were not posted in the individual ledger accounts to watch the promptness in payment.

3.4.5 Disbursement of benefits

3.4.5.1 Cessation as a beneficiary

Disbursement of ₹ 32.37 lakh to members without ensuring validity of membership

Section 14 of the Act stipulates that a building worker who has been registered as a beneficiary shall cease to be as such as and when not engaged in building or other construction work for not less than 90 days in a year. Hence, a document evidencing that the beneficiary had engaged in construction work for not less than 90 days in a year was required for continuing membership in the subsequent years.

It was noticed in audit that an amount of ₹ 32.37 lakh in 1,145 test checked cases⁹¹ relating to marriage and maternity benefits was disbursed to the beneficiaries in the districts test checked during the audit period without verifying whether the beneficiary was engaged in construction work for stipulated period in a year.

The Board admitted that (March 2012) the above provision was not complied with at the time of disbursement of benefits. The Board also stated that, currently the practice of insisting the renewal of the membership of the applicant was being followed. Non-compliance of the above provision has led to irregular payments to the beneficiaries whose membership had ceased.

3.4.5.2 Granting benefits without ascertaining authenticity

As per Rule 284(2) of Kerala Rules, if a beneficiary defaults in the payment of contribution continuously for a period of one year, he shall cease to be a beneficiary.

Disbursement of benefits without ensuring the proof of remittance

The Board used to disburse benefits on the basis of the entries made in the pass book. Verification of the pass book revealed that in many cases the remittances were not authenticated by banks by affixing the bank seal or initials of the officers. The Board was not maintaining a ledger account in respect of each beneficiary to record the remittances (contribution to the fund) made into bank. The Board was neither verifying the bank scrolls nor do the beneficiaries submit the bank chalans as to the proof of remittances at the time of applying for benefits. It was replied that no system exists in the Board for maintenance of ledger accounts of the beneficiaries.

3.4.5.3 Refund of contribution

Refund of contribution of ₹ 2.27 crore in violation of Act and Rules

As per Rule 303(1) of Kerala Rules, refund of contribution was to be allowed only in the case of deceased members. However, in violation of the above Rules an amount of ₹ 2.27 crore was refunded as contribution to all deceased and retired beneficiaries during 2006-07 to 2011-12. The Board replied that the refund of contribution to all retired beneficiaries was made on the basis of Board's decision. But the refund of contribution on retirement admissible in terms of Section 13 of the Kerala Construction Workers Welfare Fund Act, 1989 was superseded by the present Act and Rules in which there was no provision for refund of contribution to retired employees. Further, as per Rule 309 of Kerala Rules, fund shall not be expended for any purpose other than those mentioned in the Act and Rules without previous approval of the Government. As such, the Board was not competent to take such major decisions involving huge financial liability without obtaining approval of Government.

There was no proper mechanism to ensure registration of employers. The recovery of building cess from defaulting parties was poor. Deficiencies were noticed in registration of workers and collection of contributions from them. The intention of the Act has been diluted by accepting employment certificate given by the Trade Unions without exercising proper verification and adequate documentation in support of the genuineness of employment. There was no database of workers.

⁹¹ Thiruvananthapuram-957, Kollam-88, Thrissur-100.

The above issues were referred to Government in July 2012. Their reply had not been received (October 2012).

SCHEDULED CASTES AND SCHEDULED TRIBES DEVELOPMENT DEPARTMENT

3.5 Resettlement of Landless Tribals

3.5.1 Introduction

The Government constituted (November 2001) the Tribal Resettlement and Development Mission (TRDM) for implementation of the scheme for Resettlement of Landless Tribals. The main objectives of the scheme were to distribute free of cost one to five acres of land to each landless tribal family, and development of infrastructure facilities including housing, drinking water, power, road, irrigation, employment generation, education, health, etc. The Principal Secretary, Scheduled Castes/Scheduled Tribes Development Department was appointed as Mission Chief. An Empowered Mission Committee was constituted at the state level for taking policy decision for the functioning of the TRDM and to settle the problems that may arise at the field level. District Mission at district level was also formed with District Collector as Chairman and Project Officer, Integrated Tribal Development Project (ITDP)/Tribal Development Officer (TDO) as Convener. The Government released ₹ 175 crore to the TRDM for implementation of the scheme during 2002-03 to 2011-12.

Audit made an assessment of the achievement in the allotment of land, construction of houses and other developmental activities by TRDM for Resettlement of Landless Tribals on the basis of the scrutiny of the records of the Scheduled Tribes Development Department, TRDM Chief Office, four⁹² District TRDM Offices and respective District Collectorates during February - March 2012. Majority of beneficiaries identified belonged to the districts of Wayanad, Kannur, Idukki, Palakkad and Kasaragod.

The following were observed.

3.5.2 Distribution of land

Under the scheme, one to five acres of land was to be distributed to all landless tribes including those who possess less than one acre of land. The procedure for selection of beneficiaries laid down (July 2002) by Government stipulated that a preliminary list of beneficiaries should be published after inviting applications for further examination by Oorukoottams⁹³ and People's

⁹² Wayanad, Kannur, Idukki and Palakkad.

⁹³ The basic unit consisting of local people for preparation of proposals to execute work in a locality and preparation of beneficiary lists for availing of benefits under various schemes.

Records relating to selection of beneficiaries were not available in two of the four districts test-checked

Committee⁹⁴. Final list was to be published after considering their recommendation and suggestions. Priority was to be given to families who do not possess land or those who possess less than one acre of land.

Audit found in two⁹⁵ out of four test-checked districts that the details of selection of beneficiaries were not on record in the files relating to distribution of land produced for audit at Collectorates/ITDP Offices. In the absence of proper records, audit could not assess whether selection of beneficiaries was made in a fair and transparent manner and whether land was allotted in accordance with the Government Order.

Under the Scheme, as against 17,294 families identified in the State for distribution of land, only 6,777 (39 *per cent*) families were allotted land measuring 8943 acres as of March 2012. Audit observed the following.

Table 3.6: Details of allotment of land

Sl. No	District	Land allotted		No. of families to whom land yet to be allotted
		Extent of land in acres	No. of beneficiary families	
1	Kasaragod	123.43	114	1215
2	Kannur	3604.37	3700	170
3	Wayanad	2526.60	997	4913
4	Kozhikode	600.00	420	301
5	Malappuram	46.38	61	733
6	Palakkad	4.44	10	1826
7	Thrissur	5.68	20	74
8	Ernakulam	418.90	296	194
9	Idukki	1460.00	949	453
10	Kottayam	19.00	19	206
11	Alappuzha	7.67	35	212
12	Pathanamthitta	12.19	28	128
13	Kollam	114.68	128	76
14	Thiruvananthapuram	0	0	16
	TOTAL	8943.34	6777	10517

Source: Reply furnished by TRDM

Only 39 *per cent* of target was achieved in distribution of land even after 10 years.

Delay in purchase of land despite availability of funds.

- Though the Project was to be completed within five years, only 39 *per cent* of the families identified had been given land, even 10 years after starting the project. The Government replied (June 2012) that most of the land identified could be distributed only with the prior permission of GOI and that the State Government have approached GOI for clearance of 30,124 acres of forest land for assignment to tribal families.
- In Wayanad district, allotment of land was made to 997 families, leaving 4,913 families to be allotted. Government issued orders to purchase 1,000 acres of land by resorting to fast track belatedly in January 2010 and an amount of ₹ 50 crore was released (₹ 40 crore in October 2010 and ₹ 10 crore in March 2012) for the purchase. The amount kept in a

⁹⁴ Peoples committee consists of District Panchayath President as the Presiding officer, all MPs and MLAs, Grama Panchayath presidents, Peoples representatives of tribal sectors in Grama, Block, District Panchayath, respective Tahsildars, representatives of KIRTHADS and Project Officer/Tribal Development Officer of District ST Development Department as members.

⁹⁵ Wayanad and Idukki.

Delay in distribution of land owing to non-finalisation of beneficiary list

Treasury Savings Bank account remained unutilised (April 2012). The purchase of land was not made so far. The Project Officer, Wayanad replied (March 2012) that the terrain of land in the district was hilly and therefore there was delay in identifying suitable land for resettlement.

- In Palakkad district as against 1,836 beneficiaries identified, land measuring 4.44 acres was distributed to 10 families only. Audit noticed that even the land distributed was not accepted by the beneficiaries as the major portion of the same was rocky and unsuitable for any type of developmental activities, including cultivation. Further, about 63.19 acres of land belonging to Irrigation Department was ordered (August 2003) to be transferred to the TRDM for distribution. However, formalities for taking possession of land were completed only in May 2010. The Project Officer ITDP, Palakkad stated (February 2012) that the land had not been distributed to beneficiaries as the selection of beneficiaries was not completed.
- In Idukki district, land was allotted only to 949 out of 1,402 families identified. Though land measuring 123 acres was identified, the land could not be distributed to the beneficiaries due to encroachment of land. At Sinkukandam and Pandadikalam resettlement area in Idukki district, though land had been allotted to 363 families, only 16 beneficiaries occupied the plots. The Project Officer replied (March 2012) that the beneficiaries were not willing to occupy the plots allotted to them due to attack of wild animals like elephant, etc.

3.5.3 Housing

Under the scheme houses were to be provided to all families to whom land was allotted. Each house was to have a minimum area of 300 sq.ft with facilities like rooms, verandha, kitchen, toilet, etc. Construction of these houses was to be undertaken by the beneficiaries themselves or by involving Non-Governmental Organisations (NGOs). Amount allotted for construction of houses varied from ₹ 0.75 lakh (up to April 2007), ₹ one lakh (2007-2009), ₹ 1.25 lakh (April 2009 to February 2012) and ₹ 2.50 lakh (from February 2012 onwards).

Construction of only 1,276 houses had been completed though land was allotted to 6,777 families

Though land had been allotted to 6,777 families in the State, construction of 1,276 houses only had been completed (February 2012) in all the districts. Details of total amount utilized for the construction of houses were not available with TRDM. The status of construction of houses in three out of four⁹⁶ districts test- checked is shown in **Table 3.7**:

Table 3.7: Status of construction of houses in three districts

District	Target no. of houses constructed		Completed	In progress	Work not started	Expenditure incurred (₹ in lakh)
Idukki	Agency	298	225	49	24	228.56
	beneficiaries	648	137	218	293	162.56
	Total	946	362	267	317	391.12
Kannur	Agency	505	500	5	-	558.75
	beneficiaries	364	50	314	-	193.05
	Total	869	550	319	-	751.80

⁹⁶ There was no allotment of land in Palakkad district.

District	Target no. of houses constructed		Completed	In progress	Work not started	Expenditure incurred (₹ in lakh)
Wayanad	Agency	239	39	176	24	137.04
	beneficiaries	322	108	159	55	244.01
	Total	561	147	335	79	381.05
Total		2376	1059	921	396	1523.97

Source: Data furnished by district level offices

Scrutiny of records relating to the construction of houses revealed as follows.

- Though ₹ 24.05 lakh was paid (between August 2008 and June 2009) to Panamaram SC/ST labour contract society for the construction of 149 houses at Suganthagiri settlement area in Wayanad District, the Society had not completed construction of even a single house as of March 2012. The Project Officer, Wayanad attributed the non construction of houses to difficulties in transporting raw materials, geographical condition of the area, hike in labour charges and cost of raw materials and delinquency of the society.
- Construction of 39 houses at Kunnathidavaka in Wayanad district was entrusted to Kalpetta Block Panchayath and an amount of ₹ 4.38 lakh was released as first instalment during 2007. The Block Panchayath entrusted the construction of 18 houses to beneficiaries themselves and first instalment of ₹ 11,250 each was paid (June 2009 and August 2009) to 17⁹⁷ beneficiaries. However, even the first stage of construction (basement level) was not completed in any case. The Project Officer, ITDP, Wayanad replied (April 2012) that the beneficiaries had utilized the funds for other purposes. Thus, the objective of providing houses to these tribals had been defeated.
- Considering the slow progress, the District Collector, Wayanad entrusted (March 2010) the construction of remaining 21⁹⁸ houses to Keraliyan Smaraka Samithy, Kozhikode. The Samithy constructed 10 houses with metal roofing sheet on the assurance given by the Samithy that the metal sheet roof would withstand the wind. However, roofs of all the houses were blown away by heavy wind. The proposal (January 2012) of the TRDM for providing concrete roofing to the above houses was accepted (February 2012) by the Samithy. But for providing concrete roofs, the whole structure required to be reconstructed. This rendered ₹ 7.5 lakh paid to the agency unfruitful. Provision of metal sheet roof instead of concrete roof without analyzing the wind parameters of the area had resulted in non-completion of houses so far (March 2012).
- Leakage of roof slab, damage of doors and windows, sinkage of closet and toilet tank, etc., in respect of 47 houses constructed at a cost of ₹ 35.25 lakh during 2005 at Poopara in Idukki district by COSTFORD⁹⁹ was reported after taking possession of the houses by the Site Manager in 2010. This indicates lack of control over quality of construction.

⁹⁷ The amount was not paid to one beneficiary as he did not turn-up to receive the amount.

⁹⁸ 39-18.

⁹⁹ An organization involved in providing low-cost & eco friendly housing technology.

- Construction of 71 houses at Kundala in Idukki district was entrusted to COSTFORD (November 2003) for which ₹ 42.5 lakh was advanced. Of this, 35 houses have been completed by the Agency and the remaining are at various stages¹⁰⁰ of construction. The expenditure incurred by the agency as of December 2007 was ₹ 27.83 lakh. Thereafter (December 2007), the agency stopped the work demanding escalation in rate. In another case, construction of 37 houses at Marayur in Idukki district was entrusted to Nirmithy Kendra (January 2003) for which ₹ 43.56 lakh was advanced. The works are at various stages¹⁰¹. Expenditure incurred as of December 2008 was ₹ 27.45 lakh. The agency stopped the work in December 2008 demanding escalation in rate.

As there was no provision for escalation in agreement, in both the cases, the same was not granted.

Thus, even though funds were advanced to various agencies for construction of houses owing to slow progress of work, poor quality of construction, etc., the very objective of providing houses to tribals could not be achieved. This indicated that monitoring by the department/TRDM was very poor.

3.5.4 Other development activities

3.5.4.1 Animal Husbandry Project

An amount of ₹ 1.44 crore was paid (January 2010) to the Veterinary College under Kerala Agricultural University for implementation of Animal Husbandry Project at Aralam in Kannur district for the benefit of resettled tribes. According to the scheme, 232 units of cow, (one cow with a kid valuing ₹ 36,900 per unit) and 247 units of goats (two goats with kids valuing ₹ 16,450 per unit) were to be distributed free of cost. The unit cost includes cost of shed, utensils, insurance premium, etc. The University was to render handholding for a period of three years. The University had distributed 219 units of cows and 191 units of goats up to July 2011. Kerala Agricultural University was bifurcated (December 2010) into Kerala Veterinary and Animal Science University and Kerala Agricultural University.

According to a statement furnished by the Site Manager Aralam, 22 cows and 37 goats were sold out and 143 goats and 18 cows died. The Project Investigator had not ascertained the number of animals in possession with the beneficiaries (April 2012). According to the Veterinary Surgeon, Edoor, 14 cases of death of goat had been reported for which insurance claim had been preferred. In respect of the remaining 129 cases, no insurance claim had been preferred. In the case of 13 cows for which insurance claim had been received by the implementing agency; the animals were not distributed to these beneficiaries as the funds were still retained by the Kerala Agricultural University.

Insurance claims of 129 goats were not preferred

¹⁰⁰ Construction of 24 houses had not been started; construction of 11 houses has reached up to basement level and in respect of one house at wall level.

¹⁰¹ Construction of 27 houses has reached up to roof level and 10 up to wall level.

As per the guidelines issued by Mission Chief, the beneficiaries for distribution of goats and cows were to be selected by the Project Investigator based on interaction with the local people and promoters and also by conducting a survey. However, the beneficiaries were selected by the TRDM by convening Oorukoottams and no survey had been conducted. Thus, the methodology used for selection of beneficiaries was not in accordance with the prescribed procedure.

For evaluating and monitoring the progress of the Animal Husbandry Project at Aralam, a committee comprising District Collector, Project Officer, etc., was to be constituted and convened at least once in every quarter. However, only one such committee meeting was convened so far (March 2012).

3.5.4.2 *Electricity and Water Supply*

In the absence of a Comprehensive master plan for implementation of developmental activities, there was delay in taking up of projects for providing electricity, water supply, etc.

The scheme envisages development in all sectors by providing drinking water, electrification, irrigation facility, employment, etc. A time schedule was fixed (November 2003) by the TRDM for commencement and completion of different development activities. However, a comprehensive master plan for implementation of activities such as economic, social development, resettlement, labour, education, etc., for overall development was not prepared and got approved. A few instances of delay/non-taking up of development projects are discussed below:

- As per the time schedule fixed, project for creation of required infrastructure for supply of power was to be prepared and got approved within two months from the date of allotment of land. Though first phase of allotment of land to 751 families at Aralam settlement area in Kannur district was completed in March 2006, approval for electrification work was granted only in January 2011. An amount of ₹ 1.5 crore was advanced to Kerala State Electricity Board in May 2011. But only about 50 *per cent* of the work had been completed (March 2012) even though the land allotment was completed way back in March 2006.
- According to the time schedule, permanent water supply arrangement was to be provided to the settlement area within one season. In Wayanad district and in Aralam, lands were allotted to 747 and 751 beneficiaries during 2003 to 2005 and 2006 respectively. However, no water supply projects had been taken up in the above areas. Project Officer, ITDP, Wayanad replied that in the District Mission meeting held in March 2012, it was decided to entrust the Project to Kerala Water Authority (KWA) for implementation. Project Officer Kannur replied that the scheme was still in the proposal stage with Ground Water Department and KWA and those 181 open wells had been completed.
- Projects for other development activities like irrigation, rainwater harvesting, internal roads, etc., had not been prepared and implemented in areas where land had been allotted and occupied in various sites in

Kannur and Wayanad districts. In Idukki district, at Marayur and Sinkukandam, water supply works entrusted to Nirmithy Kendra and Habitat Technology Group amounting to ₹ 71 lakh targeted to be completed on or before 25 February 2003 and 5 June 2006 respectively had not been completed till date (March 2012). The Project Officer stated (August 2012) that at Marayur, construction of check dam was objected to by Forest authorities for want of prior sanction and at Sinkukandam, work of installation of water connection to houses has not been initiated as majority of settlers have left the colony due to attack by wild animals.

- In Alakode settlement area in Kannur district, though land had been allotted to 302 families in the years 2006 and 2008, only 150 families are now staying permanently. Infrastructure for supply of power, water, etc., had not been created till date (February 2012). Specific reason for not creating such facilities was not on record in the files produced to audit.
- The status of water supply and electricity facilities yet to be provided to the completed houses in three districts test checked is shown in **Table 3.8:**

Table 3.8: Details of provision of electricity and water supply

District	Number of houses completed	Water supply yet to be provided	Electricity yet to be provided
Kannur	550	255	436
Wayanad	147	Natural source available	89
Idukki	362	315	348
Total	1059	570	873

3.5.5 Monitoring

Monitoring was inadequate

As per the general guidelines, progress report relating to implementation of developmental activities was to be furnished to the State Mission before tenth of every month by the District Mission. However, no progress report was furnished by District Mission, Idukki during 2011-12 and only one each was furnished from Kannur and Palakkad.

Failure to identify suitable land for distribution led to distribution of land only to 6,777 families while 10,517 families identified are yet to receive land. Houses were constructed only for 1,276 families out of 6,777 families who had received land. Selection of beneficiaries under the Animal Husbandry project was done without conducting survey as prescribed in the guidelines. Though a time schedule was fixed for creating the required infrastructure, a Master Plan was not prepared and got approved resulting in delay/non creation of infrastructure facilities like water supply, site electrification, etc.

The above issues were referred to Government in June 2012; their reply had not been received (October 2012).